



nelson mandela bay
MUNICIPALITY

2 0 1 7 / 1 8

ANNUAL REPORT



Nelson Mandela Bay Municipality



www.nelsonmandelabay.gov.za

TABLE OF CONTENTS

CHAPTER 1: MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	1
COMPONENT A: MAYOR’S FOREWORD.....	1
CITY MANAGER’S OVERVIEW	3
COMPONENT B: EXECUTIVE SUMMARY	6
1.1 ABOUT OUR CITY	6
1.2 MUNICIPAL FUNCTIONS	14
1.3 SERVICE DELIVERY OVERVIEW	14
1.4 FINANCIAL HEALTH OVERVIEW	21
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	63
1.6 AUDITOR-GENERAL’S REPORT – INTERNAL AUDIT	64
1.7 STATUTORY ANNUAL REPORT PROCESS	66
CHAPTER 2 - GOVERNANCE	68
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	69
2.1 POLITICAL STRUCTURE	69
2.1.1 COUNCIL	69
2.1.2 THE EXECUTIVE MAYORAL SYSTEM.....	70
2.1.3 OFFICE OF THE CHIEF WHIP.....	74
2.2 ADMINISTRATION.....	75
COMPONENT B: INTERGOVERNMENTAL RELATIONS	77
2.3 INTERGOVERNMENTAL RELATIONS	77
2.3.1 NATIONAL INTERGOVERNMENTAL STRUCTURES	77
2.3.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURES	78
2.3.3 NMBM IGR FORUM.....	78
2.3.4 INTER-MUNICIPAL PARTNERSHIPS	78
2.3.5 PRESIDENTIAL HOTLINE COMPLAINTS.....	78
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	80
2.4 PUBLIC PARTICIPATION.....	80
2.5 IDP PARTICIPATION AND ALIGNMENT	82

COMPONENT D: CORPORATE GOVERNANCE	83
2.6 RISK MANAGEMENT	83
2.7 ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY	86
2.8 SUPPLY CHAIN MANAGEMENT	87
2.9 BY-LAWS	92
2.10 WEBSITE - COMMUNICATIONS	96
2.11 PUBLIC SATISFACTION WITH MUNICIPAL SERVICES	96
CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	100
COMPONENT A: BASIC SERVICES	101
3.1 WATER PROVISION	101
3.2 WASTEWATER (SANITATION) PROVISION	112
3.3 ELECTRICITY AND ENERGY	120
3.4 WASTE MANAGEMENT	128
3.5 HUMAN SETTLEMENTS	135
3.6 FREE BASIC SERVICES AND INDIGENT SERVICES	147
COMPONENT B: ROAD TRANSPORT	151
3.7 ROADS	151
3.8 TRANSPORT	157
3.9 STORMWATER DRAINAGE	163
COMPONENT C: PLANNING AND DEVELOPMENT	168
3.10 LAND PLANNING AND MANAGEMENT	168
3.11 RESEARCH AND DEVELOPMENT	174
3.12 LONG-TERM GROWTH AND DEVELOPMENT PLAN	174
3.13 BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)	175
3.14 INTEGRATION OF STRATEGIC PLANNING INITIATIVES OF NMBM	175
3.15 ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE	176
COMPONENT D: COMMUNITY AND SOCIAL SERVICES	184
3.16 HERITAGE, LIBRARIES AND MUSEUMS	184
3.17 CEMETERIES	206
3.18 SPECIAL SECTOR PROGRAMMES	209
3.19 POLLUTION CONTROL	214
3.20 BIODIVERSITY, LANDSCAPE AND OTHERS	223

COMPONENT F: HEALTH	227
3.21 CLINICS	227
3.22 AMBULANCE SERVICES.....	228
3.23 HEALTH INSPECTION, FOOD AND ABATTOIR LICENSING AND INSPECTION.....	228
3.24 HIV/AIDS AND TB MULTI-SECTORAL RESPONSE.....	228
3.25 METRO POLICE	230
3.26 SECURITY SERVICES.....	235
3.27 FIRE SERVICES	238
3.28 TRAFFIC AND LICENSING SERVICES.....	242
3.29 DISASTER MANAGEMENT.....	245
COMPONENT H: SPORT & RECREATION	248
3.30 BEACHES, RESORTS AND EVENTS MANAGEMENT.....	260
3.31 POLICIES.....	262
3.32 EXECUTIVE AND COUNCIL.....	266
3.33 FINANCIAL SERVICES	269
3.34 HUMAN RESOURCES MANAGEMENT SERVICES	282
3.35 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	286
3.36 LEGAL SERVICES AND RISK MANAGEMENT.....	289
ORGANISATIONAL PERFORMANCE SCORECARD	293
CHAPTER 4 - ORGANISATIONAL DEVELOPMENT.....	315
COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL.....	315
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	315
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	318
4.2 INJURIES, SICKNESS AND SUSPENSIONS	319
4.3 PERFORMANCE REWARDS	324
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	325
4.4 SKILLS DEVELOPMENT AND TRAINING	326
COMPONENT D: MANAGING WORKFORCE EXPENDITURE.....	331
4.5 EMPLOYEE EXPENDITURE.....	331

CHAPTER 5 - FINANCIAL PERFORMANCE	336
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	336
5.1 STATEMENTS OF FINANCIAL PERFORMANCE.....	336
5.2 GRANTS	465
5.3 ASSET MANAGEMENT	476
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS...	482
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	490
5.5 CAPITAL EXPENDITURE.....	490
5.6 SOURCES OF FINANCE	496
5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS.....	498
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS.....	499
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT	503
5.9 CASH FLOW	503
5.10 BORROWING AND INVESTMENTS.....	509
5.11 PUBLIC PRIVATE PARTNERSHIPS	513
COMPONENT D: OTHER FINANCIAL MATTERS	514
5.12 SUPPLY CHAIN MANAGEMENT	514
5.13 GRAP.....	520
CHAPTER 6 - AUDITOR-GENERAL AUDIT FINDINGS	522
COMPONENT A: AUDITOR-GENERAL'S OPINION OF FINANCIAL STATEMENTS (YEAR -1)	522
6.1 AUDITOR-GENERAL'S REPORT: YEAR -1 (2016/17).....	522
COMPONENT B: AUDITOR-GENERAL OPINION: YEAR 0	524
6.2 AUDITOR-GENERAL'S REPORT: YEAR 0 (2017/18).....	524

APPENDICES

- APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE
- APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES
- APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE
- APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY
- APPENDIX E – WARD REPORTING
- APPENDIX F – WARD INFORMATION
- APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0
- APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS
- APPENDIX I – MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE
- APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS
- APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE
- APPENDIX K (i) – REVENUE COLLECTION PERFORMANCE BY VOTE
- APPENDIX K (ii) – REVENUE COLLECTION PERFORMANCE BY SOURCE
- APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG
- APPENDIX M – CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES
- APPENDIX M (i) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME
- APPENDIX M (ii) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME
- APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0
- APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0
- APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS
- APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

- APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY
- APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT
- VOLUME II – CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
- VOLUME III – AUDIT REPORT BY THE AUDITOR-GENERAL
- VOLUME IV – AUDIT COMMITTEE REPORT
- VOLUME V – REPORT ON ENTITY: MANDELA BAY DEVELOPMENT AGENCY

NOTE:

The key to references to the various financial years throughout this Annual Report is provided in the table below:

YEAR	FINANCIAL YEAR
Year -2	2015/16
Year -1	2016/17
Year 0	2017/18
Year 1	2018/19
Year 2	2019/20

ACRONYMS

ABET	Adult Basic Education and Training
ACDP	African Christian Democratic Party
AET	Adult Education and Training
ANC	African National Congress
ATTP	Assistance to the Poor
AIC	African Independent Congress
AG	Auditor General
AGSA	Auditor General South Africa
BEPP	Built Environment Performance Plan
BEE	Black Economic Empowerment
BICC	Bylaw Implementation Coordinating Committee
BEPP	Built Environment Performance Plan
CCTV	Closed Circuit Television Camera
CEO	Chief Executive Officer
CEPIS	Creative Economy Programmes Investment Strategy
CITP	Comprehensive Integrated Transport Plan
CM	City Manager
COGTA	Cooperative Governance and Traditional Affairs
COPE	Congress of the People
CM	City Manager
CSIR	Council for Scientific and Industrial Research
CSD	Central Supplier Database
CDC	Coega Development Corporation
CFO	Chief Financial Officer
DA	Democratic Alliance
DMAF	Disaster Management Advisory Forum
DoRA	Division of Revenue Act
EIA	Environmental Impact Assessment
EMEs	Emerging Micro Enterprises
EPWP	Expanded Public Works Programme
EU	European Union
EFF	Economic Freedom Fighters
EC	Eastern Cape
GASP	Get Ahead Sports Programme

GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HIV/AIDS	Human Immunodeficiency/ Acquired Immunodeficiency Virus
HV	High Voltage
ICC	Industry Consultative Committee
ICT	Information and Communication Technology
ICTS	International Cooperation Trade and Security
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IPTS	Integrated Public Transport System
IT	Information Technology
IDP	Integrated Development Plan
ICDG	Integrated City Development Grant
KPA	Key Performance Area
KPE	Key Performance Element
KPI	Key Performance Indicator
Km	Kilometre
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MBDA	Mandela Bay Development Agency
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MSDF	Metropolitan Spatial Development Framework
MTREF	Medium-Term Revenue and Expenditure Framework
MMC	Member of Mayoral Committee
NDPG	Neighbourhood Development Partnership Grant
NERSA	National Energy Regulator of South Africa
NGO	Non-Governmental Organisation
NHBRC	National Home Builders Registration Council
NMB	Nelson Mandela Bay
NMBESCC	Nelson Mandela Bay Emergency Services Coordinating Committee
NMBMPD	Nelson Mandela Bay Metro Police Department
NMBM	Nelson Mandela Bay Municipality
NMBT	Nelson Mandela Bay Tourism
NPO	Non-Profit Organisation

NUSP	National Upgrading Support Programme
OHS	Occupational Health and Safety
PHB	Provincial Housing Board
POS	Public Open Space
PPPFA	Preferential Procurement Policy Framework Act
PPE	Property, Plant and Equipment
PAC	Provincial Audit Committee
PROs	Provisional Outcome Results
PTIS	Public Transport Infrastructure Support
RDP	Reconstruction and Development Programme
RFQ	Request for Quotation
SAAQIS	South African Air Quality Information System
SALGA	South African Local Government Association
SANS	South African National Standards
SAPS	South African Police Service
SARS	South African Revenue Services
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SMMEs	Small Medium and Macro Enterprises
SPCA	Society for the Prevention of Cruelty to Animals
SPLUMA	Spatial Planning and Land Use Management Act
STI	Sexually Transmitted Infection
SOP	Standard Operating Procedure
SCOA	Standard Chart of Accounts
SABDC	South African Book Development Council
SRAC	Sport, Recreation Art and Culture
TASK	Tuned Assessment of Skills and Knowledge
UDM	United Democratic Movement
USDG	Urban Settlements Development Grant
VAT	Value Added Tax
VANSA	Visual Arts Networks of South Africa
WO	Work Opportunities
WSDP	Water Services Development Plan
WWTW	Waste Water Treatment Works

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A

***Message from the* EXECUTIVE MAYOR, COUNCILLOR MONGAMELI BOBANI**

The new Nelson Mandela Bay Municipality coalition government notes the 2017/18 Annual Report as an indication of what was promised to the residents of the Metro. An Annual Report is an accountability mechanism by government to the citizens.

Central to any government's objectives for its residents should be the overarching need to deliver quality services to the poorest of the poor. It is therefore the residents of Nelson Mandela Bay who will pass judgement on whether as NMBM in the year under review we had attained what we promised to achieve. This accountability is found in the following aspects of the report:

1. Attainment of key performance areas namely:
 - Service delivery
 - Financial management
 - Good governance
 - Local economic development
 - Municipal transformation
2. Auditor-General Report where the level of assurance on the financial position is given and programme performance are audited.

While the report is a historical reflection of promises and actions by the previous regime, the new administration promises to create jobs, deliver quality basic services and communicate more with the residents of NMBM. We know that this new coalition government will give a much more improved performance in the remaining years.

I want to implore all our employees, residents and other stakeholders to join our hands together and make Nelson Mandela Bay a prosperous, inclusive and integrated city that offers the best quality of life for all.

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal stroke and a short vertical stroke.

COUNCILLOR MONGAMELI BOBANI
EXECUTIVE MAYOR

CITY MANAGER'S OVERVIEW

This Annual Report for the 2017/18 financial year provides a detailed picture of the work, projects and programmes undertaken by Nelson Mandela Bay Municipality over the review period, confirming that it has made progress in basic service delivery, rolling out and expanding services to local communities, thereby helping to improve their quality of life and restore their dignity. It also details the institutional performance aims and targets for the year ahead against which the Municipality will be measured.

Some of the highlights of this report include the following:

- Phase 2 of the Nooitgedagt Low Level Scheme was commissioned in July 2017 and resulted in the planned output increasing from 90 M/day to 140 M/day.
- The refurbishment of the Elandsjagt Pump Station, and the upgrading of 11 sewerage pump stations and the Kelvin Jones Wastewater Treatment Works.
- Significant progress was made in bucket eradication (the number of buckets in use was reduced from 14 476 in 2016/17 to 7 098 in 2017/18).
- Altogether 3009 sites were serviced, while 5 informal settlements were upgraded.
- Altogether 14,8 km of roads were tared, while 6,8 km of sidewalks were built.
- Electricity networks to inter alia Swartkops and Bethelsdorp were reinforced.
- Altogether 1200 units in areas that are not formalised were electrified.
- Altogether 51 public open spaces and 6 cemeteries were upgraded.
- A new sports field was constructed at Rocklands (Ward 40).

- Support (i.e. provision of equipment and training) was provided to informal traders in line with the NMBM Informal Trading Development and Support Policy.
- The Municipality rolled out farmers support programmes, which benefited 36 emerging farmers.
- The Municipality established two Enterprise Development Centres in Veeplaas and Uitenhage (these centres provide information and business support to small businesses in these previously disadvantaged areas, thereby reducing travel costs).
- Economic development infrastructure projects such as the Veeplaas Incubator, Motherwell Thusong Centre and the Walmer Youth Centre were completed.
- In terms of the Expanded Public Works Programme (EPWP), altogether 6 274 work opportunities were created, which equated to 973 Full Time Equivalent jobs.
- Altogether 28 tourism SMMEs benefitted from the SMME support programme through capacity building, while 46 youth were enrolled on a tourism learnership programme and 14 permanent jobs were created through the learnership programme.
- Through its Export Help Desk, the Municipality trained 68 SMMEs in courses such as introduction to exports, export orientation course, DTI export incentive schemes and export in aquaculture.
- Various business interventions were implemented, which benefited 1580 SMMEs.
- A total of 31 SMME's in the Information Communication and Technology (ICT) were supported through the SEDA ICT Incubation Programme.
- 25 SMMEs in the construction sector were also supported through the SEDA Construction Incubation Programme.

Some of the critical challenges that the Municipality is still battling with are:

- Persistent drought that affects water supply
- Youth unemployment
- Water and electricity losses
- Finalisation of the organizational structure
- Dealing with the Task grading
- Billing challenges
- MSCOA Implementation
- Illegal dumping
- Building an integrated and inclusive city

I would like to record my sincere appreciation for the dedication and hard work from staff of the Nelson Mandela Bay Municipality, without which the service delivery progress reported in this Annual Report would not have been possible. Their commitment, in the face of constraints and challenges, to service delivery to the communities of Nelson Mandela Bay is commendable.



PETER NEILSON
CITY MANAGER (ACTING)

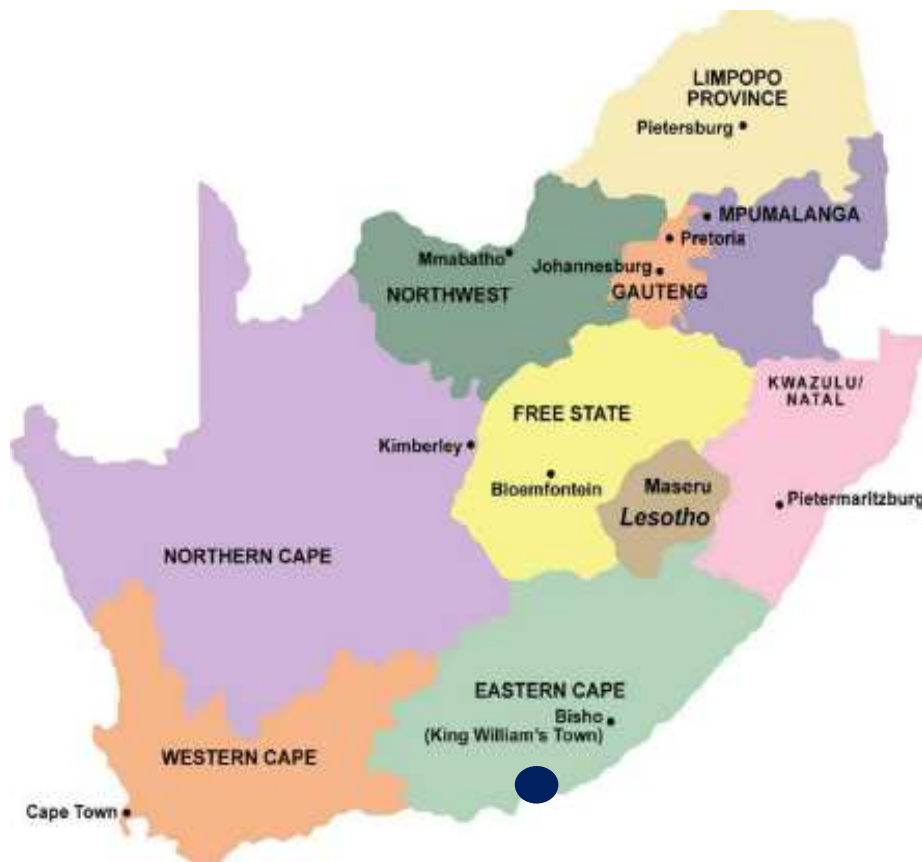
COMPONENT B: EXECUTIVE SUMMARY

1.1 ABOUT OUR CITY

LOCATION

Nelson Mandela Bay is located on the southern coast of South Africa, on the shores of Algoa Bay. The Nelson Mandela Bay Municipality is one of two metropolitan municipalities in the Eastern Cape Province. It incorporates Port Elizabeth, Uitenhage and Despatch, with their surrounding agricultural areas, and has an area of 1959,02 km². Nelson Mandela Bay serves as a centre for both local and international beach sporting and offers exciting outdoor activities. The City is noted for the genuine warm hospitality of its residents, and has been referred to as the *Friendly City*. The location of Nelson Mandela Bay is depicted in the Map below.

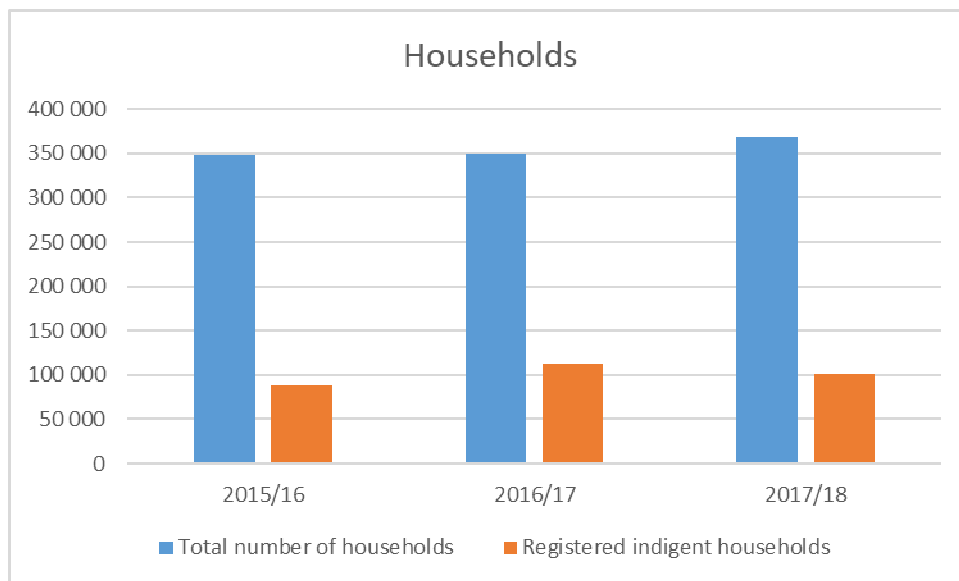
FIGURE 1.1: Location of Nelson Mandela Bay



POPULATION AND HUMAN DEVELOPMENT

The current population of Nelson Mandela Bay is estimated at 1.29 million (STATSA, 2015), with a growth rate of 1.54% (IHS, 2017), which is lower than that of other metropolitan areas in South Africa, such as Ekurhuleni (2.1%) and Tshwane (2.6%). The Municipality has a total of 368 518 households, with an average household size of 3.6 persons per household. Female headed households constitute 41.6 % of the total number of households in the Municipality (Community Survey, 2016). Altogether 640 000 people (representing about 49.6% of the total population) live in poverty in the Nelson Mandela Bay Metropolitan area (ECSECC, 2017). The Figure below indicates the proportion of registered indigent households in the municipal area over three financial years (2015/16 – 2017/18).

FIGURE 1.2: Proportion of registered indigent households



The life expectancy among Nelson Mandela Bay residents is 59.3 years and 53.7 years for females and males respectively. The Table below compares life expectancy in Nelson Mandela Bay to other metropolitan areas in the Republic of South Africa.

TABLE 1.1: Life expectancy

MUNICIPALITY	LIFE EXPECTANCY	
	FEMALE	MALE
Nelson Mandela Bay	59.3	53.7
Cape Town	70.1	64.2
Mangaung	52.7	49.6

Source: SANC, 2016

Nelson Mandela Bay is characterised by a youthful population, with 26 years being the median age. Altogether 45.7% of Nelson Mandela Bay's population have attained Matric, whilst 7,7% have a higher education (Community Survey, 2016); 2.6% of the population have no schooling; 11% have attained Grade 7 or less (primary school level); while 77% have a school education of Grade 12 or less (secondary school level) (Community Survey, 2016).

The Table below depicts the population details of the Nelson Mandela Bay Municipality.

TABLE 1.2: Population details

Population Details									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	66135	64711	130846	65341	64034	129375	64706	63444	128150
Age: 5 - 9	68071	66641	134712	68451	66911	135362	68514	66913	135427
Age: 10 - 19	108518	106768	215286	11285	111050	122335	117600	115711	233311
Age: 20 - 29	107354	101017	208371	106642	100031	206673	105557	98734	204291
Age: 30 - 39	90612	91041	181653	94123	93123	187246	97342	95002	192344
Age: 40 - 49	67211	77962	145173	68325	78097	146422	69486	78184	147670
Age: 50 - 59	50387	66423	116810	51159	67384	118543	51994	68246	120240
Age: 60 - 69	32120	45458	77578	33184	47102	80286	34177	48778	82955
Age: 70+	13516	28317	41833	14008	29953	43961	14498	31585	46083

Source: STATSSA, 2015

ACCESS TO SERVICES

(a) Water

- 100% of households (both formal and informal) have access to a basic level of water supply (including households within a 200 m radius of a standpipe).
- Informal areas receive water through standpipes (within a 200 m radius) and water tanks, except for communities occupying private land illegally.

(b) Sanitation

- 98% of households (both formal and informal) have access to a basic level of sanitation.
- As at 30 June 2018, 7 098 buckets were still in circulation to informal settlements as a means of sanitation.

(c) Waste management (refuse removal)

- 100% of households within the urban edge (excluding informal areas on privately owned erven and erven not earmarked for human settlements development) receive a domestic waste collection service. Informal households on privately owned erven and erven not earmarked for human settlements development take their refuse to the nearest drop-off sites.

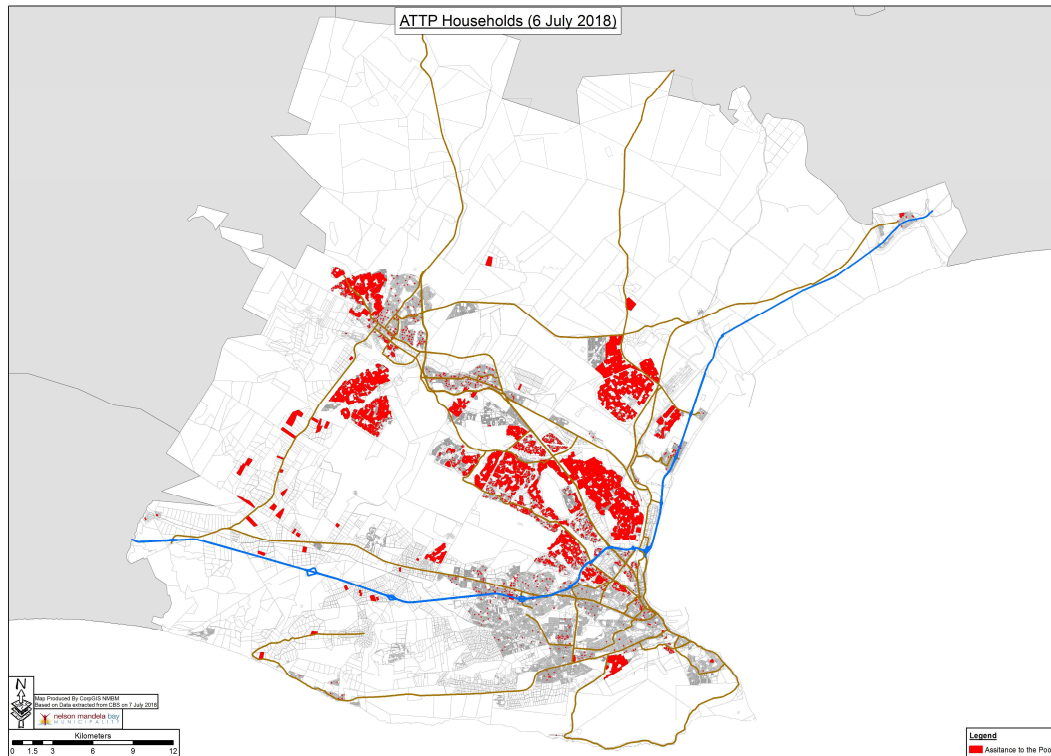
(d) Electricity

- 100% of households on officially surveyed sites are provided with access to electricity.
- 747 (out of 20 000) informal households on non-proclaimed erven were provided with a temporary alternative electricity supply (either an off-grid photo voltage system or a basic 20-amp electrical supply).
- The Municipality continues to explore sustainable approaches towards addressing illegal electricity connections in informal areas on non-proclaimed sites (i.e. sites not serviced or surveyed/pegged, under power lines and on flood plains, and invaded municipal land).

ASSISTANCE TO THE POOR (ATTP) PROGRAMME

The Municipality's ATTP / Indigent Assistance Programme seeks to provide support to indigent households in the Municipality. To this end, qualifying indigent formal households are given subsidies in line with Council approved policy.

FIGURE 1.3: Graphic Distribution of ATTP Programme Beneficiaries



(Source: NMBM CorpGIS, 2018)

The number of ATTP households on the Municipality's Indigent Register decreased by 11 161 in the 2017/18 financial year, which represents a 9.93% decline, compared to the 2016/17 Indigent Register.

The Indigent Register grew by 23,643 in the 2016/17 financial year, due to the change in the Indigent Policy passed by Council during the 2016/17 financial year. This change in the Policy allowed households whose property values do not exceed R100,000 (irrespective of household income) to automatically qualify for the ATTP subsidy. In February 2017, however, Council amended this automatic clause, and with inspections being made of all households that had automatically been granted an ATTP subsidy. Households found to exceed the income criterion were

subsequently removed from the Indigent Register. The amendment has resulted in the Indigent Register being reduced by 11,161 (9.93%) in the 2017/18 financial year, compared to the 2016/17 Indigent Register.

Approximately 27.12% of formal households in the Municipality are classified as indigent in terms of the Indigent Programme. This significant percentage of ATTP households is an indication that the Municipality requires strategic direction in tackling poverty amongst its residents. The Municipality seeks to address poverty through its Long-Term Growth and Development Plan (approved during the 2017/18 financial year) and its Integrated Development Plan, which seeks to create economic opportunities for all residents, whilst also prioritising social development programmes. Through its Built Environment Performance Plan, the Municipality identifies key catalytic programmes and projects and implements them in strategic located areas to improve the standard of living of residents.

The following Table and Figure illustrate the number and value of Equitable Share subsidies allocated to ATTP households over the last six financial years.

TABLE 1.3: ATTP - Number and Value of Financial Assistance to ATTP Households

Description	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Number of Indigents (closing numbers)	101,258	112,419	88,776	86,428	85,022	71,551
Year-on-Year increase / decline in indigents	-11,161	23,643	2,348	1,406	13,471	-849
Actual Indigent Allocation	641,779,834	621,744,119	397,277,713	345,946,687	308,292,772	263,880,851
Gazetted Equitable Share	844,287,000	798,043,000	774,616,000	761,606,000	743,325,000	729,226,000
% of Equitable Share	76.01%	77.91%	51.29%	45.42%	41.47%	36.19%

Source: NMBM Budget & Treasury, 2018

OVERVIEW OF NEIGHBOURHOODS WITHIN NELSON MANDELA BAY

The Table below presents an overview of neighbourhoods within Nelson Mandela Bay.

TABLE 1.4: Overview of neighbourhoods within Nelson Mandela Bay

Settlement Type	Households	Population	Comment
Towns			
Blue Horizon Bay	219	419	Including backyard and other types of dwellings
Clarendon Marine	805	1920	
Colchester	574	2073	
Despatch	11696	32572	
Nelson Mandela Bay (including Port Elizabeth)	132478	483610	
Uitenhage	23116	101212	
Sub-total	168888	621806	
Townships			
Ibhayi	53703	209980	
Motherwell	36786	136144	
KwaNobuhle (Uitenhage Township)	25850	99149	
Sub-total	116339	445273	
Rural settlements			
None	0	0	
Sub-total	0	0	
Informal settlements			
Various across Nelson Mandela Bay	39064	85037	Including informal areas and backyard dwellings
Sub-total	39064	85037	
Total	324291*	1152116	

Source: Census 2011

NATURAL RESOURCES

The Nelson Mandela Bay Municipality is endowed with many natural resources, which are of relevance to the development of communities within the Municipality. The Table below indicates five major natural resources and their relevance to the development of local communities.

TABLE 1.5: Natural resources

Natural Resources	
Major Natural Resource	Relevance to Community
The ocean	Creates recreational and job opportunities (Ocean economy)
Wildlife and game reserves	Creates recreational and job opportunities (tourism)
5 Biomes (Thicket, Grassland, Nama-Karoo, Fynbos and Forest Biomes)	Creates recreational and job opportunities (tourism)
Bottlenose dolphins - 28 000 - largest population in the world	Creates recreational and job opportunities (tourism)
Sundays River	Creates recreational and job opportunities (tourism)

COMMENT ON BACKGROUND DATA

The Municipality's youthful population is an indication that sufficient labour is available to support investments. However, the low literacy rate presents a challenge for skilled labour. The presence of major automotive and other manufacturing industries in the Municipality presents an opportunity for improved economic growth. In an effort to create economic opportunities for its citizens, the Municipality seeks to create an environment conducive for businesses to thrive. The Municipality's natural resources, such as the ocean, provides a huge amount of economic opportunities through tourism and the maritime industry. For instance, the Municipality is home to the most modern deep-water port in the Southern Hemisphere - the Port of Ngqura. The availability of wildlife and malaria-free game reserves, together with monumental icons in the Municipality, is vital in unlocking the full tourism potential of the Municipality. The Nelson Mandela Bay houses a significant proportion of South Africa's biological diversity. It is a meeting point for 5 of the 7 South African Biomes (Thicket, Grassland, Nama-Karoo, Fynbos and Forest Biomes). An addition to these advantages is the Port Elizabeth International Airport, which provides international air access for tourists and investors.

The Municipality's major challenges include high rate of unemployment and its resultant poverty levels. About 27.12% of formal households in the Municipality are classified as indigent and are supported by the Municipality through its ATTP Programme. The Municipality funds its ATTP Programme from its Equitable Share allocation. This results in the quick depletion of the Equitable Share allocation; leaving little for repairs and maintenance. The consequence of this financial challenge is a growing backlog in municipal repairs and maintenance.

1.2 MUNICIPAL FUNCTIONS

Section 152 of the Constitution of the Republic of South Africa (1996), stipulates the core objects of municipalities, which include the provision of services to communities in a sustainable manner.

The Nelson Mandela Bay Municipality is responsible for the delivery of basic services to its residents. In doing so, the Municipality strives to provide quality services to all communities in Nelson Mandela Bay. Amongst other functions, the Municipality ensures the provision of the following services to its citizens:

- Integrated human settlements
- Water and sanitation services
- Electricity services
- Waste management services
- Stormwater drainage
- Roads
- Public transport

1.3 SERVICE DELIVERY OVERVIEW

The Municipality has made some good strides in service delivery during the 2017/18 financial year. Of particular interest were the deliverables and outcomes achieved through the Urban Settlements Development Grant (USDG) during the review period. Key highlights are reflected below:

TABLE 1.6: Service delivery highlights

DELIVERABLE	OUTPUT
Nooitgedacht Low Level Scheme	Phase 2: Commissioned in July 2017, with plant output increasing from 90 MI/d to 140 MI/d.
Nooitgedacht/Coega Low Level System	Maximisation of available water from the NCLLS for drought interventions: <ul style="list-style-type: none"> • Pipe & pump station modifications at Nooitgedacht & Chelsea • Temporary pumpstation to Despatch • Modifications to Grassridge Reservoir
Elandsjaght Pump Station	Complete refurbishment of raw water pump station
Loerie Water Treatment Works: Augmentation	10% completion of the upgrade of the final water pump station

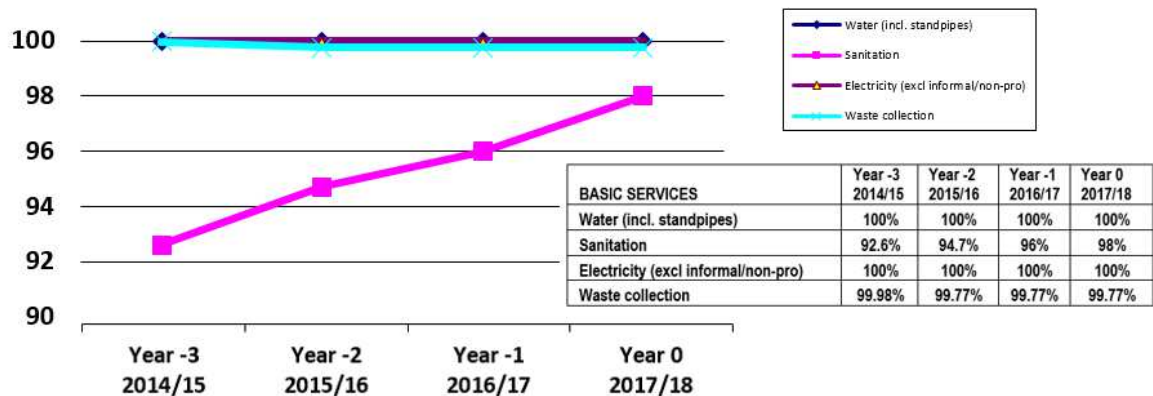
DELIVERABLE	OUTPUT
Upgrading of sewerage systems to support the Housing Programme	7 major projects completed (4 km sewer line)
Purchase and installation of water meters in support of the Housing Programme	6000 meters purchased and installed at unmetered RDP houses in various wards
Rehabilitation of reservoirs	8 reservoirs refurbished
Upgrade and rehabilitation of water pipelines	14 major projects completed (12 km)
Upgrading of water systems to support the Housing Programme	5 major projects complete (10 km) (Helenvale, Kabega, KwaNobuhle, Reservoir Hills, Joe Slovo)
Chatty Valley collector sewer upgrade	New line installed: 96% Complete
Markman sewer construction	35% completion of contract implementation
Papenuils sewer rising main & pump station	100% completion of contract implementation
Joe Slovo, Mandelaville, Alanridge sewer pipelines	50% completion of contract implementation
Upgrading of sewerage pump stations to support the Housing Programme	11 pump stations refurbished: <ul style="list-style-type: none"> • Veeplaas • Motherwell • Missionvale 1 • Missionvale 4 • Matanzima • Hella • The Creek (Deal Party) • Roedolf • Despatch • Aloes • Summerstrand
Kelvin Jones Wastewater Treatment Works upgrade	The sludge drying plant at Kelvin Jones is also operational and has resulted in improved final treated effluent, reducing the risk of pollution in the Swartkops River and also providing recycled water to school sportfields and a golf course and also the use of potable water.
Fishwater Flats Wastewater Treatment: Phase 1	Phase 1 was commissioned at the start of the financial year and has assisted the NMBM in supporting its housing delivery and bucket eradication programmes by providing treatment capacity for waterborne sanitation.
Bucket eradication	40 containers retrofitted as ablution facilities: Wards 18 (10), 20 (16), 30 (2) & 37 (12). 2224 single toilets constructed: Wards 16 (714), 24 (126), 50 (277) & 54 (1107).

DELIVERABLE	OUTPUT
Number of sites serviced	3009 (Motherwell, KwaNobuhle, Khayamnandi, Jachtvlakte, MK Silvertown, Uitenhage and Malabar areas)
Number of informal settlements upgraded	5 (Motherwell, Raymond Mhlaba, MK Silvertown, Uitenhage areas)
Clearing of rubble from vandalised houses in Motherwell NU 29	146 sites cleared
Tarring of roads	14.892 km (New Brighton, Motherwell, KwaNobuhle, Missionvale)
Stormwater improvements	Upgrading of stormwater system (Walmer Gqebera and Cannonville, Colchester)
Sidewalks	6.855 km of sidewalks (various Wards)
Public lighting	1246 main road LED retrofitted fittings 443 post tops installed 130 residential street lights installed (Booyens Park, Jo Slovo West, KwaNobuhle, Motherwell)
LED retrofitted fittings installed in Swartkops Village	103 (Swartkops)
Reinforcement of electricity network - Redhouse	Purchase of transformers for conversion (6,6 to 11 kV) of Murrel and Carden Streets and Girdlestone substations (Perseverance Village)
Reinforcement of electricity network - Bethelsdorp	Reinforcement of 11 kV network from EMV1/28 to EMV1/61 and provision of new link from Vista Substation to EMV1/28/3/52 to strengthen 11 kV network (Missionvale).
Cable replacement 6.6 kv	Refurbishment of 6.6 kV underground cable in North Depot area, inclusive of New Brighton, Zwide, Ibhayi, Bethelsdorp, Bloemendal, Gelvandale and Helenvale.
Reinforcement of electricity network - Swartkops	Purchase of transformers for conversion (6.6 to 22 kV) for Caulfield local, Drake Street, Drake Street, No 2 and Roscom Holdings distribution substations.
MV and HV switchgear replacement	Replacement of switchgear at Brickmakerskloof, Kragga Kamma, Deal Party and Mabandla Substations, placing of containerised switchgear substation at Northdowns Substation to replace 22 kV equipment.
HV network reinforcement - new substations	Materials for completion of Nivensdrift (Uitenhage)
Relocation of existing electrical service	Various wards
Refurbishment of power transformers	Matomela Transformers 1 & 2, Kwaford Transformer 2, Lawson Road Transformers 1 & 2, Ditchling Transformers 1 & 2, Kragga Kamma Transformer 1, Perl Road Transformers 1 & 2, Rowallan Park Transformer 1

DELIVERABLE	OUTPUT
<p>Undeclared informal electrification <i>(undeclared informal electrification refers to the electrification of areas that are not formalised, i.e. areas that are not pegged or surveyed, without erf numbers, areas on private land or in a floodplain areas that do not qualify for Department of Energy grant funding)</i></p>	<p>Total of 1200 units electrified and meters installed supplying electricity, and additional 1800 prepaid meters purchased for installation in 2018/19 financial year.</p>
<p>Upgrading of public open spaces</p>	<p>64 public open spaces upgraded (Walmer, New Brighton, KwaZakhele, Booysens Park, Veeplaas, Kwamagxaki, Missionvale, Greenbushes, KwaNobuhle, Rosedale, Despatch and Motherwell)</p>
<p>Upgrading of cemeteries</p>	<p>6 upgraded: 1. Matanzima Cemetery (Ward 47) was upgraded with the construction of berms. 2. Bloemendal Cemetery (Ward 29) was upgraded with the provision of a sewerage system, the tarring of the road, and stormwater drainage. 3. Motherwell Cemetery (Ward 53) - fencing and berms 4. Forest Hill (Ward 29) - sewerage system 5. Walmer Gqebera (Ward 4) - was upgraded with the construction of berms. 6. Zwide (Ward 28) - sewerage system.</p>
<p>Upgrading of existing sports facilities</p>	<p>Upgrading of the plumbing system at Uitenhage Central Stadium, and construction of new sports fields at Rocklands (Ward 40).</p>
<p>Astroturf surfaces</p>	<p>Completion of a new soccer astroturf in Ward 30, Veeplaas.</p>
<p>Mendi Arts and Culture Centre</p>	<p>Completion of parking area, demolition of old buildings, and new concrete walkways.</p>

The Figure below illustrates the trend in households with access to basic services over the last three financial years.

FIGURE 1.4: Percentage of households with access to basic services



COMMENT ON BASIC SERVICE DELIVERY

The provision of quality services to residents is a priority of the Municipality. The Municipality provided access to basic services such as electricity, refuse removal, water and sanitation to its citizens during the period under review. Significant progress was made towards bucket eradication, which is unfortunately the only means of sanitation for many informal settlement dwellers. The Municipality managed to reduce the number of buckets in use from 14 476 in 2016/17 to 7 098 in the 2017/18 financial year.

An overview of basic service delivery and the financial performance of the Municipality during the 2017/18 financial year is presented below:

Electricity

Progress with regard to the provision of electricity is reflected below:

TABLE 1.7: Access to electricity

Type of service	2016/17	2017/18	2017/18
	Actual	Target	Actual
% of households on officially surveyed sites provided with access to electricity	100%	100%	100%
Number of housing units on formalised sites connected to electricity	3 432	2069	1581
Number of informal households on non-proclaimed erven provided with a temporary alternative electricity supply (either an off-grid photo voltage system or a basic 20 amp electrical supply)		1000	747

Water and sanitation

Progress with regard to the provision of water and sanitation services is reflected below:

TABLE 1.8: Access to water and sanitation

Type of service	2016/17 Actual	2017/18 Target	2017/18 Actual
% of households (both formal and informal) with access to a basic level of water supply (including households within a 200 m radius of a standpipe)	100%	100%	100%
Number of erven provided with permanent water and sanitation services	2517	3 000	3009
% of households (both formal and informal) with access to basic level of sanitation	100%	100%	98%

Refuse removal

Progress with regard to refuse removal over the review period is reflected below:

TABLE 1.9: Refuse removal

Type of service	2016/17 Actual	2017/18 Target	2017/18 Actual
% households within the urban edge receiving a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development)	100%	100%	100%

Housing delivery

Performance with regard to housing delivery over the review period is reflected below:

TABLE 1.10: Housing Opportunities

Type of service	2016/17 Actual	2017/18 Target	2017/18 Actual
Number of housing opportunities (social housing and state subsidised housing) provided	2 188 (state subsidised housing)	350	359
	346 (social housing)	200	144

COMMENT ON ACCESS TO BASIC SERVICES

The Nelson Mandela Bay Municipality continues to seek sustainable and improved ways of providing basic services that will improve the lives of its citizens. The provision of quality basic services, such as electricity, water, sanitation and refuse removal services, is of the utmost importance to the Municipality. The Municipality's ATTP Programme goes some way to support indigent households in the Municipality. Detailed performance in terms of each service delivery category is provided in the following chapters.

1.4 FINANCIAL HEALTH OVERVIEW

This section presents the financial performance highlights (based on the audited results) during the 2017/18 financial year.

Financial Performance:

During the 2017/18 financial year, actual operating revenue amounted to R9.54 billion, whilst actual operating expenditure amounted to R8.83 billion, resulting in an operating surplus of R712.112 million. The Adjustments Budget for operating revenue during the 2017/18 financial year amounted to R9.65 billion, whilst operating expenditure amounted to R9.67 billion, resulting in a budgeted deficit of R25.02 million. The operating surplus achieved, indicates that the Municipality performed better than anticipated in the 2017/18 Adjustments Budget. However, the combined operating revenue for property rates and service charges was lower than anticipated in the 2017/18 Adjustments Budget, due to the following factors:

Property Rates

During the 2017/18 financial year, property rates revenue raised amounted to R2.008 billion, compared to the Adjustments budgeted amount of R1.940 billion. It is, however, important to note that revenue raised, was reduced by an amount of approximately R112.05 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the Equitable Share. Property rates revenue raised was approximately R66.858 million more than anticipated.

Service charges – Electricity Revenue

Electricity revenue raised, amounted to R3.483 billion, compared to the Adjustments budgeted amount of R3.724 billion during the 2017/18 financial year. It is, however, important to note that revenue raised, was reduced by an amount of approximately R56.84 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the Equitable Share. The electricity revenue raised was approximately R240.075

million less than anticipated. It is of concern that electricity revenue raised in 2017/18 is approximately R93.467 million lower than the R3.576 billion raised during the 2016/17 financial year. The impact of the price elasticity of demand, the consistent annual increase in electricity losses and other factors affecting the electricity revenue stream require urgent attention to mitigate the variance between electricity revenue budgeted and electricity revenue raised.

Service Charges – Water Revenue

During the 2017/18 financial year, water revenue raised, amounted to R1,074 billion, compared to the Adjustments budgeted amount of R1.004 billion. It is, however, important to note that revenue raised, was reduced by an amount of approximately R161.85 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Water revenue raised, was approximately R70.222 million more than anticipated. This is attributed to actual water consumption patterns being higher than the anticipated reduction in use due to drought and higher tariffs. The original 2017/18 Operating Budget required from Water Tariff was R714.594 million. Due to the implementation of punitive water tariffs to assist in managing a severe drought environment and the use of the scarce water resource, an additional amount of R359.518 million in Water Revenue above the budgeted target was raised. Unfortunately, water losses increased from 35.5% (in 2016/17) to 41.1% (in 2017/18). In addition, water debtors reflected a significant growth in net debtors from R303,18 million (in 2016/17) to R436.48 million (in 2017/18).

Service Charges – Sanitation Revenue

During the 2017/18 financial year, sanitation revenue raised, amounted to R457.14 million, compared to the Adjustments budgeted amount of R504.41 million. The revenue raised, was reduced by an amount of approximately R210.76 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the Equitable Share. Sanitation revenue raised, was approximately R47.26 million less than anticipated.

Service Charges – Refuse Revenue

Refuse revenue raised, amounted to R167.80 million, compared to the Adjustments budgeted amount of R186.90 million. Revenue raised was reduced by an amount of approximately R114.18 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the Equitable Share. Refuse revenue raised, was approximately R19.10 million less than anticipated.

Property Rates and Services Revenue:

The Table below reflects the Municipality's revenue streams in respect of property rates and services revenue, excluding revenue foregone.

TABLE 1.11: Property Rates and Services Revenue

Property Rates and Services	2017/18 Adjustments Budget R	Actuals 2017/18 as per AFS R	Variance R	%
Property Rates	1,940,747,180	2,007,605,470	66,858,290	3.44%
Electricity	3,723,756,123	3,483,008,842	(240,747,281)	(6.47%)
Water	1,003,889,581	1,074,111,722	70,222,141	7.00%
Sanitation	504,405,750	457,144,181	(47,261,569)	(9.37%)
Refuse	186,898,455	167,800,660	(19,097,795)	(10.22%)
Total	7,359,697,089	7,189,670,875	(170,026,214)	(2.31%)

Revenue foregone amounted to R655,690,855, compared to the budgeted provision of R580,055,750. Revenue foregone relates to the ATTP rebates for consumers qualifying as poor residents of the Nelson Mandela Bay municipal area. Revenue foregone has been financed by applying the Equitable Share allocation to assist the poor.

Rental of Facilities and Equipment:

During the 2017/18 financial year, R22.47 million was raised from the rental of facilities and equipment, compared to the Adjustments budgeted amount of R30.25 million.

TABLE 1.12: Rental of Facilities and Equipment

Rental of Facilities and Equipment	2017/18 Adjustments Budget	2017/18 Actuals	Variance
Market Related:Investment Property:Straight-lined Operating	-4,085,400	-5,829,989	1,744,589
Non-market Related:Investment Property:Ad-hoc rentals	-1,688,700	-4,472,449	2,783,749
Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Solid Waste Infrastructure	-4,916,860	-3,920,134	-996,726
Total	-10,690,960	-14,222,572	3,531,612

The Annual Financial Statements therefore indicate that revenue raised for rentals of facilities and equipment is approximately R3.42 million more than the anticipated amount of R19.05 million.

Fines:

Fines Revenue

This revenue source as per the 2017/18 Consolidated Annual Financial Statements reflected an actual received of R213.07 million, compared to the 2017/18 Adjustments budget estimate of R256.31 million. However, it does not reflect the cash that was collected. Due to GRAP being applied in respect of Traffic Fines revenue, the Municipality must in its financial records disclose the value of fines issued. Therefore, when analysing the traffic fines revenue of R213.07 million, it must also be analysed against the impairment of fines, as disclosed under the Statement of Financial Performance line item *Impairment – Other*, in the amount of R141.84 million. The remaining balance would then consist of cash collected and traffic fines issued, which is still regarded as recoverable.

Transfer Recognised – Operational:

During the 2017/18 financial year, revenue from transfers amounted to R1.579 billion, compared to the Adjustments budgeted amount of R1.499 billion. This means that R79.535 million or 5.31% more transfers was recognised as revenue than anticipated in the 2017/18 Adjustments Budget.

Grant performance and explanation of variance is indicated below:

DORA Operating Grants:

1. Expanded Public Works Programme (EPWP)

This Grant serves to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery.

DORA Allocation:	R4,807,000
Amount of Grant Received:	R4,807,000
2016/17 Roll-over	R 290,648
Expenditure to date:	R5,097,648
Unspent as at 30 June 2018	R 0

As at 30 June 2018, 100% of the DORA allocation and the 2016/17 roll-over was spent.

2. Public Transport Networks Operations

This Grant serves to provide supplementary operational funding in order to operationalise the IPTS project within the NMBM.

DORA Allocation:	R68,324,000
Amount of Grant Received:	R68,324,000
2016/17 not off-set against E-share:	R 420,374
Expenditure to date:	R68,559,829
Unspent as at 30 June 2018:	R 184,545

As at 30 June 2018, 99.76% of the DORA allocation was spent. An amount of R184,545 remained unspent for the 2017/18 financial year. As no application was made to National Treasury, these funds will be off-set against the November 2018 Equitable Share allocation.

3. Infrastructure Skills Development

This Grant serves to strengthen the capacity of local government to effectively and efficiently deliver quality infrastructure, by increasing the pool of skills.

DORA Allocation:	R15,394,000
Amount of Grant Received:	R15,394,000
Expenditure to date:	R11,747,535
Unspent as at 30 June 2018:	R 3,646,465

The Infrastructure Skills Development DORA allocation was not fully spent during the 2017/18 financial year. An amount of R3,646,465 remained unspent as at 30 June 2018. No application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury, as no contractual commitments existed as at 30 June 2018. Funds will be off-set against the November 2018 Equitable Share allocation.

4. Finance Management Grant

This Grant promotes and supports reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R1,050,000
Amount of Grant Received:	R1,050,000
Expenditure to date:	R1,050,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

5. Human Settlements Development Grant

This Grant provides funding to create sustainable human settlements that enable the improved quality in household life, as well as improved access, integration and settlements:

Unspent as at 30 June 2017	R 1,874,752
Amount of Grant Received:	R 9,682,619
Debtors raised	R 213,093,224
Reversal of prior year accrual	(R217,980,531)
Expenditure to date:	R (4,795,313)
Unspent as at 30 June 2018:	R 1,874,751

As this Grant is not a DORA grant, no application is required to roll-over the unspent funds to the 2018/19 financial year.

As at financial year-end, a debtor was raised in the amount of R213,093,224 for outstanding claims to be paid by Provincial Treasury for top structures built by the Municipality, based on an Agency Agreement basis. As at 30 June 2018, the Municipality was bridge-funding this project by approximately R196.53 million, increasing from R194.4 million in the 2016/17 financial year. This had an impact on the Municipality's cash flow, as well as its investment portfolio, resulting in less

interest revenue earned and/or inability to fund critical projects that could enhance the revenue base of the institution.

6. Urban Settlements Development Grant

This Grant assists metropolitan municipalities in improving urban land production, to the benefit of poor households, as well as improving spatial integration and densities, by supplementing their budgets.

DORA Allocation:	R59,182,005
Adjustments DORA additional allocation	R18,000,000
Amount of Grant Received:	R77,182,005
Expenditure to date:	R77,182,005
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

Other Operating Grants

7. Provincial Department of Human Settlements: Accreditation Grant

This Grant is used for capacity building towards Level 3 accreditation in the preparation of the NMBM in Human Settlements matters.

Unspent as at 30 June 2017:	R 1,973,952
Expenditure to date:	R 0
Unspent as at 30 June 2018:	R 1,973,952

No funds were spent during 2017/18. As this is not a DORA grant, no application is required to roll-over the unspent funds to the 2018/19 financial year.

8. European Union Grant (3rd Tranche)

This Grant contributes to the improvement of the quality of life of marginalised people in urban areas within the framework of the South Africa Government's Urban Renewal Programme.

Unspent as at 30 June 2017:	R1,865,362
Expenditure to date:	R 0
Unspent as at 30 June 2018:	R1,865,382

The spending incurred against the unspent European Union Grant amounted to 0%, as at 30 June 2018.

9. National Lotteries

This Grant is used to fund arts and culture programmes.

Unspent as at 30 June 2017:	R 1,660,389
Expenditure to date:	R 128,528
Unspent as at 30 June 2018:	R 1,477,861

The spending incurred against the unspent National Lotteries grant amounted to 7.74%, as at 30 June 2018.

10. Provincial Government Grants: Library Services

This Grant is used to subsidise NMBM libraries.

Received	:	R15,000,000
Expenditure to date:		R15,000,000
Unspent as at 30 June 2018:	R	0

As at 30 June 2018, the subsidy was fully spent.

11. Smart Grid Initiative

This Grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Unspent as at 30 June 2017:	R	711,836
Amount of Grant Received:	R	0
Expenditure to date:	R	0
Unspent as at 30 June 2018:	R	711 836

As at 30 June 2018, 0% of the allocation was spent. As this is not a DORA grant, no application is required to roll-over the unspent funds to the 2018/19 financial year.

12. Department of Public Service and Administration Grant

This Grant is used for the improvement of front-line public service delivery in South Africa.

Unspent as at 30 June 2017:	R	0
Amount of Grant Received:	R	733,270
Expenditure to date:	R	492,114
Unspent as at 30 June 2018:	R	241,156

As at 30 June 2018, 67.11% of the allocation was spent. As this is not a DORA grant, no application is required to roll-over the unspent funds to the 2018/19 financial year.

13. LGSETA Discretionary Learnership Funding

This Grant is used to facilitate access to skills development, education and training in the local government sector and community in general.

Unspent as at 30 June 2017:	R 4,957,859
Amount of Grant Received:	R 3,436,246
Expenditure to date:	R 4,846,628
Unspent as at 30 June 2018:	R 3,547,477

As at 30 June 2018, 57,74% of the allocation was spent. As this is not a DORA grant, no application is required to roll-over the unspent funds to the 2018/19 financial year.

14. Provincial Dept Agency: Communication Grant

This Grant is used for the roll-out of public Wi-Fi to all municipal libraries, customer care centres and traffic licencing centres.

Unspent as at 30 June 2017:	R 872,782
Amount of Grant Received:	R 0
Expenditure to date:	R 0
Unspent as at 30 June 2018:	R 872,782

As at 30 June 2018, 0% of the allocation was spent. As this is not a DORA grant, no application is required to roll-over the unspent funds to the 2018/19 financial year.

15. Department of Roads and Public Works Grant

This Grant is used to fund the maintenance of provincial roads in the Metropolitan area.

Unspent as at 30 June 2017:	R 0
Amount of Grant Received:	R 9,422,754
Expenditure to date:	R (9,422,754)
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the allocation was fully spent.

Interest Earned – External Investments:

Interest earned – External investments were R33.45 million higher than anticipated in the 2017/18 Adjustments Budget. Interest earnings were influenced by the extent of the Municipality's investment portfolio throughout the financial year, mainly due to the high level of unspent conditional grants during the 2017/18 financial year. The interest earned could, however, have been significantly higher, if it was not for the bridge-funding of housing projects, in the amount of approximately R194.4 million. Management should focus on reducing the bridge-funding to approximately R100 million over the short term, as it impacts significantly on the cash position of the Municipality.

Interest Raised – Outstanding Debtors:

Interest raised – Outstanding debtors amounted to R46.27 million more than the Adjustments budgeted amount of R178.36 million. Interest was also influenced by the extent of outstanding debtors. The audited Consolidated Annual Financial Statements reflected the growth of property rates and service debtors as from the 2016/17 financial year to the 2017/18 financial year as follows: -

TABLE 1.13: Interest Raised Outstanding Debtors

2016/17	Gross Balances	Impairment Allowance	Carrying Amount
Electricity	1,160,563,033	(454,517,876)	706,045,157
Water	751,755,685	(448,477,275)	303,278,410
Refuse	201,273,871	(142,825,766)	58,448,105
Sanitation	368,314,760	(231,159,232)	137,155,528
Property Rates	949,576,612	(620,516,206)	329,060,406
House Rentals	27,474,915	(17,379,732)	10,095,183
Total	3,458,958,876	(1,914,876,087)	1,544,082,789
2017/18			
Electricity	1,166,950,980	(503,360,394)	663,590,586
Water	1,227,068,053	(790,591,133)	436,476,920
Refuse	254,925,150	(183,470,006)	71,455,144
Sanitation	418,710,427	(284,328,421)	134,382,006
Property Rates	1,142,417,612	(750,700,559)	391,717,053
House Rentals	35,216,826	(24,987,031)	10,229,795
Total	4,245,289,048	(2,537,437,544)	1,707,851,504

The above Table clearly indicates that water service debt increased significantly during the 2017/18 financial year. The extent of the growth in consumer debt was higher than originally anticipated and therefore the interest earned on outstanding debtors followed the same trend. The interest raised on outstanding debtors may not necessarily result in a cash inflow for the Municipality. The Municipality may only charge 9% interest on overdue accounts.

Licenses and Permits:

Licenses and permits revenue was R6.986 million less than anticipated in the 2017/18 Adjustments budget, mainly due to the following:

The revenue earned from Driver's License card conversions amounted to R8.76 million in 2017/18. The following resulted in the actual revenue being below the required level:

- Legislation does not specify where card conversions must take place. With such services also being provided by neighbouring municipalities, there is a risk of competition with these municipalities in providing Driver's License services. Strategies should be put in place to ensure that NMBM residents view the NMBM as the preferred service provider in the provision of Driver's License services.
- Provision of licensing services is impacted by broken machines which are not being repaired timeously by the Provincial Government.

TABLE 1.14: Licenses and Permits

Item description	2017/18 Adjustments Budget R	2017/18 Actual R	Variance R
Drivers Licence Cards	11,194,280	8,756,520	2,437,760
Learners Licence Application Fees	5,088,000	3,976,228	1,111,772
Drivers Licence Application Fees	6,117,930	2,541,558	3,576,372
TOTAL	22,400,210	15,274,306	7,125,904

Other revenue:

Other revenue was R41.13 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 1.15: Other Revenue

Other Revenue	2017/18 Adjustments Budget	2017/18 Actuals	Variance
Operational Revenue:Administrative Handling Fees	-8,438,477	-22,923,630	14,485,153
Operational Revenue:Collection Charges	-4,042	-3,349,250	3,345,208
Operational Revenue:Insurance Refund	-4,477,766	0	-4,477,766
Operational Revenue:Sale of Property	-122,919	-752,110	629,191
Sales of Goods and Rendering of Services:Advertisements	-4,126,930	-6,519,580	2,392,650
Sales of Goods and Rendering of Services:Cleaning and Removal	-235,187	-14,404,890	14,169,703
Sales of Goods and Rendering of Services:Entrance Fees	-6,356,349	-12,808,970	6,452,621
Sales of Goods and Rendering of Services:Housing (Boarding Services):Private	-7,024,507	-10,503,670	3,479,163
Sales of Goods and Rendering of Services:Laboratory Services	-637,229	-1,304,180	666,951
Sales of Goods and Rendering of Services:Legal Fees	-12,133,569	-23,824,670	11,691,101
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Recycling of Waste	-11,774,230	-14,504,470	2,730,240
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Treatment Effluent	-25,347,277	-28,920,790	3,573,513
Sales of Goods and Rendering of Services:Transport Fees	-854,254	-5,755,990	4,901,736
Total	-81,532,737	-145,572,200	64,039,463

The Operating Expenditure was lower than anticipated in the 2017/18 Adjustments Budget, due to the following factors:

Employee Related Costs:

Actual expenditure was R2.803 billion, compared to the Adjustments budgeted amount of R2.908 billion, resulting in underspending of R105.02 million. The underspending is mainly attributable to the line items indicated in the table below.

TABLE 1.16: Employee Related Costs

Employee Related Costs	2017/18 Adjustments Budget	2017/18 Actual	Variance
Municipal Staff:Post-retirement Benefit:Pension:Current Service Cost	76,247,950	179,620,453	103,372,503
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	21,146,890	16,778,174	-4,368,716
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Housing Benefits	15,344,790	11,664,573	-3,680,217
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	11,628,270	15,840,754	4,212,484
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	133,569,110	122,404,398	-11,164,712
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	23,617,940	18,063,180	-5,554,760
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	83,068,540	136,990,263	53,921,723
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	128,952,940	134,006,011	5,053,071
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	14,937,250	20,718,512	5,781,262
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	65,556,900	59,292,866	-6,264,034
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	1,702,866,460	1,509,846,682	-193,019,778
Municipal Staff:Salaries, Wages and Allowances:Bonuses	34,809,260	32,809,726	-1,999,534
Municipal Staff:Social Contributions:Medical	151,742,310	158,405,314	6,663,004
Municipal Staff:Social Contributions:Pension	272,991,780	268,608,971	-4,382,809
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	18,385,660	14,653,722	-3,731,938
Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	2,851,230	257,322	-2,593,908
Total	2,757,717,280	2,699,960,921	-57,756,359

Interest Expense – External Borrowings:

The interest expense is in line with the Municipality's loan repayment obligations.

Debt Impairment: Receivables

Bad debts are written off upon Council's approval. The bad debts written off for the 2017/18 financial year amounted to R187,216,915; this is significantly lower than the bad debts written off in the 2016/17 financial year, which amounted to R599,720,059.

Write-offs in respect of arrears amounts reflected on the accounts of poor households prior to these households qualifying for the ATTP subsidy are reflected in the Table below:

TABLE 1.17: Write offs

Period	Capital	VAT	Total
2014/15	47,290,190.07	4,177,616.69	51,467,806.76
2015/16	36,433,157.18	3,285,414.60	39,718,571.78
2016/17	429,161,048.51	39,190,453.06	468,351,501.57
2017/18	32,273,234.02	3,128,872.28	35,402,106.30

Write-offs in respect of arrears amount to over ninety days reflected on the accounts of poor households qualifying for the ATTP subsidy, are provided below:

TABLE 1.18: Write-offs

Period	Capital	VAT	Total
2014/15	97,644,607.19	10,674,551.72	108,349,158.91
2015/16	90,758,098.45	10,211,901.07	100,969,999.52
2016/17	130,374,723.69	15,080,772.58	145,455,496.27
2017/18	155,943,968.99	17,995,588.94	162,939,557.93

TABLE 1.19: Debt Relief Programme: Write-offs

Period	Capital	VAT	Total
2014/15	114,387,293.15	9,507,544.42	123,894,837.57
2015/16	70,313,014.35	5,600,160.44	75,913,174.79
2016/17	41,913,506.80	3,609,129.06	45,522,635.86
2017/18	62,440.06	4,167.37	66,607.43

The automatic write-off in respect of ATTP customers outstanding for ninety days and over presents a number of challenges to the Municipality. Procedures are continuously being put in place to address such challenges.

TABLE 1.20: Debt Impairment - Receivables

Org	Directorate	Category	2017/18 Adjustments Budget	2017/18 Actual	Variance
1477	Electricity & Energy	Provision for Doubtful Debts	226,475,720	42,282,530	184,193,190
1198	Budget & Treasury	Provision for Doubtful Debts	123,504,000	127,588,983	- 4,084,983
1412	Metro Water Service	Provision for Doubtful Debts	67,279,000	287,054,796	- 219,775,796
1193	Public Health - Refuse	Provision for Doubtful Debts	16,733,330	34,255,534	- 17,522,204
1411	Sanitation - Metro	Provision for Doubtful Debts	38,680,120	42,431,033	- 3,750,913
1198	Budget & Treasury	Bad Debts	-	33,731,137	- 33,731,137
1477	Electricity & Energy	Bad Debts	-	10,008,009	- 10,008,009
1412	Metro Water Service	Bad Debts	-	106,224,221	- 106,224,221
1193	Public Health	Bad Debts	-	11,401,096	- 11,401,096
1411	Sanitation - Metro	Bad Debts	-	34,270,083	- 34,270,083
1191	Human Settlements	Bad Debts	-	3,461,408	- 3,461,408
1194	Recreational & Cultural Services	Bad Debts	-	75,914	- 75,914
1195	Safety & Security	Bad Debts	-	284,691	- 284,691
Total			472,672,170	733,069,435	- 260,397,265

Debt Impairment – The variance in receivables was mainly due to the outstanding Water Service Debtors increasing materially over the 2017/18 financial year, as a result of punitive water tariffs.

Bulk Purchases:

The actual bulk purchases of electricity exceeded the 2017/18 Adjustments Budget by R5.84 million, despite a 1.07% reduction in the units purchased, compared to the 2016/17 financial year. Electricity bulk purchases were overspent in the amount of R5.84 million or 0.2%. However, electricity losses increased from 13.6% in the 2016/17 financial year to 13.95% in the 2017/18 financial year. Further strategies are being implemented to eliminate electricity losses, which could also assist in reducing electricity purchases. The electricity bulk purchases (purchase of power - Eskom vote) was also impacted by approximately R24 million, spent in respect of Green Energy resources.

TABLE 1.21: Bulk Purchases

Item	Item Description	Estimate	Actual	Balance	%
	Purchase of Power				
1390	Purchase of Power - Eskom	2,887,187,170	2,893,025,688.01	-5,838,518.01	100
	Purchase Of Water				
1303	Irrigation Board - Gamtoos River	3,028,350	2,332,472.79	695,877.21	77
1304	Irrigation Board - Sundays River	1,700,970	2,359,336.43	-658,366.43	139
3387	Water Purchases	137,586,530	116,825,436.63	20,761,093.37	85

Water bulk purchases was lower than anticipated. The drought related restrictions on water usage assisted in this regard. However, water losses increased from 35.5% in the 2016/17 financial year to 41.1% in the 2017/18 financial year. Urgent strategies to reduce water losses are critical to mitigate the severity of future drought periods.

Transfers and Grants:

Actual expenditure was R31.59 million, compared to the Adjustments budgeted amount of R89.83 million, resulting in underspending of R58.24 million.

Contracted Services, Other Expenditure and Other Materials:

Due to the ongoing implementation of the Municipal Standard Chart of Accounts (mSCOA) the Municipality recategorised certain line items to the more appropriate expenditure categories. It must be noted that every year the National Treasury provides a new version of the Standard Chart of Accounts, which in certain instances require changes in expenditure categories. Therefore, the variances for all three categories will be provided at the SCOA line item format, aligned to the Consolidated Annual Financial Statements. The combined actual spending for the three categories was R1.613 billion against an Adjustments budgeted amount of R1.982 billion, resulting in an underspending of approximately R369.58 million. The Table below highlights some of the major variances.

TABLE 1.22: Contracted Services, Other Materials and Other Expenditure

Contracted Services, Other Materials and Other Expenditure	2017/18 Adjustments Budget	2017/18 Actual	Variance
Contracted Services:Consultants and Professional Services:Business and Advisory:Forensic Investigators	7,387,970	0	7,387,970
Contracted Services:Consultants and Professional Services:Business and Advisory:Project Management	4,199,420	1,248,579	2,950,841
Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Architectural	1,542,450	-2,373	1,544,823
Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	8,326,600	4,691,734	3,634,866
Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Engineering:Electrical	21,839,500	24,065,571	-2,226,071
Contracted Services:Consultants and Professional Services:Legal Cost:Collection	25,813,360	18,611,068	7,202,292
Contracted Services:Consultants and Professional Services:Legal Cost:Issue of Summons	5,160,240	0	5,160,240
Contracted Services:Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	40,210,070	44,029,466	-3,819,396
Contracted Services:Contractors:Building	133,940,300	14,513,345	119,426,955
Contracted Services:Contractors:Catering Services	7,840,260	658,066	7,182,194
Contracted Services:Contractors:Gardening Services	3,089,860	2,070,763	1,019,097
Contracted Services:Contractors:Maintenance of Buildings and Facilities	68,568,040	54,443,148	14,124,892
Contracted Services:Contractors:Maintenance of Equipment	149,315,150	114,239,706	35,075,444
Contracted Services:Contractors:Maintenance of Unspecified Assets	40,170,410	37,345,013	2,825,397
Contracted Services:Contractors:Management of Informal Settlements	1,038,240	5,772,543	-4,734,303
Contracted Services:Contractors:Medical Services	3,629,250	486,369	3,142,881
Contracted Services:Contractors:Prepaid Electricity Vendors	6,683,310	4,679,038	2,004,272
Contracted Services:Contractors:Safeguard and Security	3,178,960	855,644	2,323,316
Contracted Services:Contractors:Sewerage Services	44,303,140	41,764,495	2,538,645
Contracted Services:Contractors:Transportation	1,818,380	67,455	1,750,925
Contracted Services:Outsourced Services:Administrative and Support Staff	2,706,520	393,164	2,313,356
Contracted Services:Outsourced Services:Alien Vegetation Control	6,675,290	1,492,101	5,183,189
Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	7,515,130	4,195,273	3,319,857
Contracted Services:Outsourced Services:Business and Advisory:Communications	7,004,090	4,115,328	2,888,762
Contracted Services:Outsourced Services:Business and Advisory:Project Management	316,974,090	291,602,805	25,371,285
Contracted Services:Outsourced Services:Business and Advisory:Research and Advisory	2,010,950	495,550	1,515,400
Contracted Services:Outsourced Services:Cleaning Services	2,972,240	569,237	2,403,003
Contracted Services:Outsourced Services:Clearing and Grass Cutting Services	32,543,740	27,598,414	4,945,326
Contracted Services:Outsourced Services:Connection/Disconnection:Water	6,741,600	814,623	5,926,977
Contracted Services:Outsourced Services:Electrical	22,246,960	32,088,383	-9,841,423
Contracted Services:Outsourced Services:Hygiene Services	61,311,420	56,120,003	5,191,417
Contracted Services:Outsourced Services:Litter Picking and Street Cleaning	30,751,320	24,143,424	6,607,896
Contracted Services:Outsourced Services:Meter Management	15,705,630	9,020,970	6,684,660
Contracted Services:Outsourced Services:Refuse Removal	20,421,250	13,168,849	7,252,401

Contracted Services, Other Materials and Other Expenditure	2017/18 Adjustments Budget	2017/18 Actual	Variance
Contracted Services:Outsourced Services:Security Services	75,304,410	132,693,061	-57,388,651
Contracted Services:Outsourced Services:Sewerage Services	2,055,490	996,862	1,058,628
Contracted Services:Outsourced Services:Traffic Fines Management	15,117,160	13,364,824	1,752,336
Contracted Services:Outsourced Services:Transport Services	2,677,910	1,547,920	1,129,990
Inventory Consumed:Consumables:Standard Rated	28,938,080	19,498,288	9,439,792
Inventory Consumed:Consumables:Zero Rated	62,159,630	47,898,388	14,261,242
Inventory Consumed:Finished Goods	76,304,840	37,656,104	38,648,736
Operating Leases:Computer Equipment	3,198,790	1,731,471	1,467,319
Operating Leases:Furniture and Office Equipment	12,485,630	9,054,246	3,431,384
Operating Leases:Infrastructure:Solid Waste Disposal	6,979,270	4,239,401	2,739,869
Operating Leases:Other Assets	25,463,440	14,700,901	10,762,539
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	10,610,990	5,178,577	5,432,413
Operational Cost:Assets less than the Capitalisation Threshold	18,757,480	9,945,611	8,811,869
Operational Cost:Commission:Prepaid Electricity	19,918,740	15,683,648	4,235,092
Operational Cost:Commission:Third Party Vendors	4,852,480	2,674,398	2,178,082
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	11,703,650	13,516,477	-1,812,827
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	18,570,240	15,088,201	3,482,039
Operational Cost:Contribution to Provisions:Decommissioning, Restoration and Similar Liabilities:Non-specific	0	-40,354,907	40,354,907
Operational Cost:External Computer Service:Data Lines	2,533,510	1,224,960	1,308,550
Operational Cost:External Computer Service:Information Services	10,061,070	1,345,230	8,715,840
Operational Cost:External Computer Service:Specialised Computer Service	2,935,620	1,260,356	1,675,264
Operational Cost:External Computer Service:Wireless Network	6,524,780	11,079,008	-4,554,228
Operational Cost:Hire Charges	70,250,930	72,914,884	-2,663,954
Operational Cost:Insurance Underwriting:Premiums	13,032,140	9,281,929	3,750,211
Operational Cost:Insurance Underwriting:Risk Management Programs	1,241,690	16,839	1,224,851
Operational Cost:Intercompany/Parent-subsiary Transactions	83,261,040	62,748,267	20,512,773
Operational Cost:Learnerships and Internships	8,993,740	5,911,540	3,082,200
Operational Cost:Municipal Services	45,451,570	37,132,698	8,318,872
Operational Cost:Registration Fees:Seminars, Conferences, Workshops and Events:National	4,901,130	2,766,520	2,134,610
Operational Cost:Rewards Incentives	2,680,000	1,267,632	1,412,368
Operational Cost:Skills Development Fund Levy	23,277,460	21,995,000	1,282,460
Operational Cost:Travel and Subsistence:Domestic:Accommodation	2,045,870	838,268	1,207,602
Operational Cost:Workmen's Compensation Fund	3,133,640	5,342,142	-2,208,502
Total	1,789,057,560	1,375,596,498	413,461,062

Debt Impairment: Other and Depreciation

Impairment – Other relates to the impairment of traffic fines. Traffic fines issued to date but not yet paid totalled R213,017,274 as at 30 June 2018. Traffic fines issued during 2017/18 amounted to R176,697,278. Based on historical trends of actual collection of traffic fines an amount of R141,837,351 was calculated as the impairment value for traffic fines - fines that are very unlikely to be paid. Only R34,859,927 of the traffic fines issued, was paid during the 2017/18 financial year.

TABLE 1.23: Depreciation and Impairment - Other

Description	2017/18 Original Budget	2017/18 Adjustments Budget	2017/18 Actual	2016/17 Restated Actual	2016/17 Actual	2015/16 Actual	2014/15 Actual
Depreciation	808,877,177	809,577,900	280,095,083	294,325,766	612,570,774	800,188,256	868,362,629
Impairment- Other							
Land and buildings						59,517,518	1,638,737
Moveable assets						24,233	733,243
Traffic Fines	165,022,170	165,022,170	141,837,351	165,679,512	165,679,512	154,403,489	31,144,372
Housing Debtors						81,168,189	0
MBDA			55,340	65,069			
Total	165,022,170	165,022,170	141,892,691	165,744,581	165,679,512	295,113,429	33,516,352

An audit qualification was issued by the Office of the Auditor-General in respect of the 2016/17 financial audit. The Municipality subsequently assessed the useful life of PPE and Intangible Assets and, as a result, had to restate the line item Depreciation and Amortisation of assets in order to disclose an accurate value of the fixed assets in the 'Statement of Financial Position'. The adjustments to the financial statements required that adjustments be processed through the depreciation and amortisation accounts, as well as the accumulative depreciation and amortisation accounts. Amortisation applies to depreciation in respect of intangible assets.

Conclusion

The 2017/18 Consolidated Annual Financial Statements disclosed a restated 2016/17 operating deficit of R49,478,977. The main contributor to this restatement was the impact of the reassessment of the useful life of PPE as a result of an audit qualification received in respect of the 2016/17 financial audit. The depreciation and amortisation of assets line item decreased from R612,570,774 in the 2016/17 Consolidated Annual Financial Statements to the 2016/17 restated amount of R294,327,766, as disclosed in the 2017/18 Consolidated Annual Financial Statements.

The 2017/18 Consolidated Annual Financial Statements reflected an operating surplus in the amount of R712,112,064, compared to the anticipated 2017/18 Adjustments budgeted deficit of R25,023,883. The adjustments to the depreciation line item as a result of the assessment of the useful life of assets contributed largely to the surplus position. The actual depreciation of R280.095 million is approximately R529,48 million less than the budgeted R808,877 million. Savings in the employee related costs (R105.022 million), other materials, other expenditure and contracted services (R369.575 million) also contributed to the surplus outcome for the 2017/18 financial year.

Unfortunately, due to the escalating outstanding debtors, debt impairment had to be increased by approximately R234.843 million more than anticipated in the 2017/18 Adjustments Budget. The 93.1% collection rate on property rates and service debtors is lower than the 94% provided for in the 2017/18 Adjustments Budget.

Due to punitive drought water tariffs and property rates, water service contributed by raising more revenue than anticipated in the 2017/18 Adjustments Budget, However, electricity service, refuse and sanitation services performed poorly when compared to the 2017/18 Adjustments Budget. Taking into account the persistent annual increases in respect of the percentages of electricity and water losses, the escalating outstanding debtors and the reduced revenue streams against planned budgets, the Municipality should urgently implement strategies to address and mitigate the high risk it is exposed to, in order to prevent a deficit outcome for the 2018/19 financial year.

Statement of Financial Position

Net Assets:

Net assets increased from R13.87 billion (2016/17) to R15.94 billion (2017/18), as a result of the following:

Non-current Liabilities:

Long-term liabilities decreased from R1.29 billion in 2016/17 to R1.21 billion in 2017/18, due to the redemption of loans. No loans were taken up during the 2017/18 financial year.

The Employee Benefit Obligation increased during the 2017/18 financial year, based on an actuarial valuation. The obligation consequently increased from R1.989 billion in 2016/17 to R2.090 billion in 2017/18. The Employee Benefit Obligation consists of three categories, namely Gratuity Benefits, Post-retirement Benefits, and Long Service Awards and Long Service Bonuses. Post-retirement Benefits contributed R100.01 million towards the overall increase. It includes the following provisions: -

- Gratuity Benefit – R10.21 million
- Post-retirement Benefits – R1.442 billion
- Long Service Awards and Long Service Bonus – R637.55 million

Other non-current provisions, however, increased by R20,42 million (from R368.51 million to R388.93 million), including the following provisions: -

- Rehabilitation of Swartkops River – R75.68 million
- Rehabilitation of landfill sites – R313.25 million

The increase of R39.833 million from R3.648 billion in 2016/17 to R3.688 billion in 2017/18 in respect of non-current liabilities impacted negatively on the net assets or equity of the Municipality.

Current liabilities:**Provisions:**

The current Employee Benefit Obligation provision increased by R17.49 million, whilst the other current provisions decreased by R53.42 million from the 2016/17 financial year to the 2017/18 financial year. The current Employee Benefit Obligation was mainly impacted by -

- Post-retirement Benefits increasing by R12.85 million from R65.61 million in 2016/17 to R78.47 million in 2017/18.
- Long service awards and long service bonuses increasing by R9.76 million from R88.96 million in 2016/17 to R98.72 million in 2017/18.
- The Gratuity Obligation decreasing by R4.51 million from R5.63 million in 2016/17 to R1.12 million in 2017/18.

The other current provision was impacted by the provision for litigation and claims decreasing by R53.42 million (from R92.19 million in 2016/17 to R38.77 million in 2017/18).

The additional provisions were mainly the result of more comprehensive information, resulting in a more accurate determination of the liabilities requiring funding.

Trade and Other Payables:

Creditors increased by R584.15 million, from R1.720 billion in 2016/17 to R2.304 billion in 2017/18. At financial year-end, long outstanding payments were still experienced in certain directorates.

Creditors consist of the following:

TABLE 1.24: Creditors – Exchange Transactions

Description	2017/18 R	2016/17 R
Payables and Accruals	1,675,315,623	1,240,521,075
Transfers and Subsidies	155,629,511	47,361,949
Payments Received in Advance	137,367,579	102,933,973
Retentions	119,306,914	112,891,609
Staff Leave	216,227,536	215,984,052
Total Creditors	2,303,847,163	1,719,692,658

Transfers and Subsidies: (Unspent Conditional Grants)

It is to be noted that unspent conditional grants increased from R47.36 million in the 2016/17 financial year to R155.63 million in the 2017/18 financial year. The following DORA grants remained unspent as at 30 June 2018:

- Infrastructure Skills Development – R3.646 million
- Neighbourhood Partnership Development Grant – R4.325 million
- Public Transport Infrastructure Grant – R27.075 million
- Public Transport Networks Operations Grant – R0.185 million
- Integrated National Electrification Programme Grant – R5.705 million
- Drought Relief Grant – R89.218 million

The applications for the roll-over of unspent conditional grants were submitted to National Treasury. The grants that did not receive approval will be paid into the National Revenue Fund or National Treasury will reduce the November equitable share to off-set the above unspent grants that were not approved to be rolled over.

In addition, the following non-DORA Grants remained unspent as at 30 June 2018:

- PHB Subsidies – R1.875 million
- European Union Grant (3rd Tranche) – R1.865 million
- National Lotteries – R1.478 million
- Smart Grid Initiative – R0.712 million
- CDC Walmer Intervention Funding Grant – R9.068 million
- LGSETA Discretionary Learnership Funding – R3.547 million
- Provincial Department Agency: Communication Grant – R0.873 million

- Provincial Department of Human Settlements: Accreditation Grant – R1.973 million
- Department of Public Service and Administration Grant – R0.241 million

Consumer Deposits:

Consumer deposits, consisting of electricity and water deposits, increased by R17.25 million in the 2017/18 financial year, due to the required deposits by new home owners/lessees and also adjustments to existing home owners' deposits in cases of non-payment.

VAT Payable:

VAT payable decreased by R37 million from R38.22 million in 2016/17 to R1.22 million in 2017/18.

The increase in current liabilities resulted in a decrease of R521.182 million towards the net assets or equity of the Municipality.

Non-current Assets:

- PPE increased by R1.069 billion from R15.397 billion in 2016/17 to R16.466 billion in 2017/18.
- Heritage assets increased by R5.478 million from R224.22 million to R229.70 million.
- Investment property increased by R26.75 million from R193.63 million to R220.38 million.
- Intangible assets increased by R359.26 million from R83.39 million to R442.65 million.
- Long-term receivables increased by R13.54 million from R64.06 million to R77.60 million.

The increase in non-current assets saw a contribution of R1.474 billion towards the net assets or equity of the Municipality.

Current Assets:**Consumer Debtors:**

The increase in consumer debtors of R101.11 million, or 8.32%, compared to the previous financial year, is cause for concern. A debtors' collection rate of 93.1% was achieved in the 2017/18 financial year, against a target of 94%. Debt collection requires attention in order to improve the financial sustainability of the Municipality.

TABLE 1.25: Consumer Debtors

Year	Gross Balances R	Impairment Allowance R	Carrying Amount R
2016/17	2,509,382,264	(1,294,359,881)	1,215,022,383
2017/18	3,102,871,436	(1,786,736,985)	1,316,134,451
Increase	593,489,172	492,377,104	101,112,068

The main contributing factor towards the growth in service debtors is the water outstanding accounts. Gross water debtors increased from R751,755,685 in 2016/17 to R1,227,068,053 in 2017/18, mainly due to the inability to pay for the drought related punitive tariffs introduced by the NMBM to manage the severe drought.

Other Debtors

It is to be noted that other debtors increased by R49.44 million from R743.11 million in the 2016/17 financial year to R792.54 million in the 2017/18 financial year. Property rates debtors is included under Other Debtors. Net Property Rates Debtors increased by 62.66 million from R329,06 million in 2016/17 to R391,72 million in 2017/18. The accrued income: Transfers and Subsidies decreases from R58.40 million to R37.23 million year-on-year.

VAT Refund and VAT Receivable

SARS owed the Municipality an amount of R33.33 million as at 30 June 2018, which impacted on the institution's cash position at financial year-end.

Short-term Investments, Short-term Investment Deposits and Bank Balances and Cash

This component of current assets increased by R991,588 million (60.72%), from R1,633,025,294 in 2016/17 to R2,624,612,955 in 2017/18. The following factors contributed towards the level of this category:

- The electricity sales, sanitation and refuse revenue not being realised as projected in the 2017/18 Adjustments Budget.
- Property rates and water revenue was higher than anticipated.
- The debtors' collection rate was only 93.1% compared to the 94% as provided for in the Adjustments Budget.
- Increase in water debtors.
- Poor billing and/or collection of rentals relating to facilities and equipment.
- Unsustainable level of bridge-funding of housing projects in the amount of R196.53 million, as at 30 June 2018, which continues to increase.
- Capital spending at 98,42% of the Adjustments Budget and the additional USDG (R178.6 million) and the Drought Relief Fund (R97 million).
- Unspent conditional grants as at 30 June was R561,788,848.
- Operating spending only at 91,25% of Adjustments Budget.

The accrued balance for unspent conditional grants is R155,629,511 as indicated in Note 7.1 of the 2017/18 Audited Consolidated Annual Financial Statements. It is also indicative from the level of Trade and Other Payables, which increased from R1,240,521,075 to R1,675,315,623, that major cash outflows are anticipated during July to August 2018, when invoices dated in the 2017/18 financial year are being paid during the 2018/19 financial year. Financial year-end accruals therefore assisted in the increase in Trade and Other Payables. Therefore, it should be noted that most of the increase in Cash and Cash Equivalents are committed to expenditure already incurred, but not yet paid as at 30 June 2018.

The aforementioned influenced the interest earned on investments by the Municipality.

Inventory:

This component of current assets decreased by R18.23 million from R198.40 million in 2016/17 to R180.17 million in 2017/18. The increase in Current Assets saw a contribution of R1.157 billion towards the net assets or equity of the Municipality.

Conclusion:

The Municipality's financial position was influenced by the following factors:

- Cash and investments increased by R991.59 million (62.74%) from R1.633 billion in 2016/17 to R2.625 billion in 2017/18.
- Only 85.85% of the available capital funds for the 2017/18 financial year was spent.
- The continued escalation in outstanding debtors poses a risk to the Municipality's financial sustainability.
- Increase in electricity losses.
- Escalation of water losses.
- The cost coverage ratio at 3.28 months for 2017/18 was higher than the anticipated 2.25 months Adjustments Budget target. National Treasury has set a benchmark of three months to ensure continued financial sustainability.
- The financially unsustainable level of bridge-funding for housing top structures of R196.53 million has negatively affected the Municipality's cash and investments. A further risk is that the Provincial Government may not honour some of the Municipality's claims.
- Employee related costs decreased by R266.129 million, from R3.069 billion to R2.803 billion. In the 2016/17 financial year, the provision for Long Service Awards and Long Service Bonuses increased by R587.60 million from the anticipated R82.99 million to R670.59 million, based on an actuarial valuation that was performed and implemented for the first time. This single event had contributed materially in 2016/17 to the disclosure of a deficit position at financial year-end. In 2017/18, the provision increased by R9.76 million only.
- The liquidity ratio of 0.953:1 should at least be 1:1 to ensure medium to long-term financial sustainability.
- The debtors' collection rate of only 93.1 is lower than the target of 94%.

- Revenue raised from electricity, sanitation, refuse and other smaller revenue streams requires urgent analysis to ensure realistic revenue budgeting practices.

In general, the financial ratios show an improvement compared to the previous financial years. However, the following ratios reflecting the Municipality's sustainability require urgent attention:

- Total outstanding service debtors
- Creditors systems efficiency
- Repairs and maintenance
- Employee costs

TABLE 1.26: Financial ratio

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Liquidity ratio	0.55	0.68	0.70	0.67	0.71	0.73	0.95
Cost coverage	1.22	1.98	2.24	2.03	1.96	2.20	3.28
Total outstanding service debtors	13.36%	13.70%	20.89%	21.52%	20.99%	24.55%	24.83%
Debt coverage	17.97 times	19.40 times	20.56 times	23.12 times	28.16 times	29.20 times	34.16 times
Creditors systems efficiency	84.0%	75.0%	75.0%	59.0%	65%	58%	59%
Capital charges to operating expenditure	4.16%	4.20%	4.08%	3.53%	3.07%	2.84%	2.64%
Employee costs	31.71%	26.84%	23.38%	26.40%	26.85%	34.88%	29.37%
Repairs and maintenance	6.81%	7.36%	6.50%	6.83%	4.69%	3.89%	3.51%

To strengthen the financial sustainability of the institution, the targets for the aforementioned ratios will be reviewed and included in the IDP and 2019/20 MTREF. The effectiveness and efficiency of the creditors' payment process will be prioritised to achieve a more efficient creditors system.

Achieving improved ratios should contribute positively towards the credit rating of the Municipality, which will in turn contribute positively towards investment in the City and lower borrowing, based on lower perceived financial risks.

TABLE 1.27: Financial Overview: Year 2017/18

Financial Overview: Year 2017/18			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	1,543,704	1,499,041	1,578,577
Taxes, Levies and tariffs	7,168,139	7,538,059	7,414,305
Other	651,693	614,744	549,234
Sub Total	9,363,536	9,651,844	9,542,116
Less: Expenditure	9,488,809	9,676,868	8,830,004
Net Total*	(125,274)	(25,024)	712,112

COMMENT ON OPERATING RATIOS

Liquidity Ratio

The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from monetary assets. The liquidity ratio represents the monetary assets, divided by current liabilities. The ratio remained at a level of approximately 0.7:1 from the 2012/13 to the 2016/17 financial years. The ratio significantly increased to 0.952:1 for the 2017/18 financial year. This indicates that the NMBM has become more stable. The NMBM must, however, achieve a ratio of at least 1:1 to be considered financially sustainable. Cash and Cash Equivalents increased by R991.588 million during the 2017/18 financial year. Current liabilities increased by R521.82 million, from R2.231 billion in 2016/17 to R2.753 billion in 2017/18, mainly due to an increase in unspent conditional grants from R177.33 million as at 30 June 2017 to R561.79 million as at 30 June 2018.

The increase in payables and accruals from R1.241 billion to R1.675 billion indicates that cash and cash equivalents as at 30 June 2018 will decrease over the period July to August 2018, due to invoices in respect of the 2017/18 financial year being paid in the 2018/19 financial year. Current provisions decreased by R35.93 million, mainly due to the provision for Litigation and Claims decreasing by R53.42 million. The liquidity ratio increased from 0.732:1 in the 2016/17 financial year to 0.953:1 in the 2017/18 financial year, which still indicates a medium-term risk to the financial sustainability of the Municipality.

Cost Coverage

The ratio indicates the extent to which the available cash and investments are adequate to cover monthly payments. The cost coverage ratio closely follows the trends observed in the liquidity ratio. The 2017/18 ratio of 3.387 months is higher than the 2016/17 ratio of 2.198 months. Although Cash and Cash Equivalents increased by R991.588 million from R1,633 billion in 2016/17 to R2.625 billion in 2017/18, it was mainly due to an increase in unspent conditional grants from R177.33 million as at 30 June 2017 to R561.79 million as at 30 June 2018. The increase in payables and accruals from R1.241 billion to R1.675 billion indicates that the cash and cash equivalents as at 30 June 2018 will decrease over the period July to August 2018, due to invoices in respect of the 2017/18 financial year being paid in the 2018/19 financial year.

It should also be noted that only approximately 85.85% of the capital Adjustments Budget and the additional Adjustments DORA funds were spent. The annual cash payments in respect of suppliers and employees decreased by 9.35% from R8.084 billion to R7,328 billion due to various initiatives, such as the implementation of the Cost Containment Policy. The cost coverage ratio, therefore, increased from 2.198 months in the 2016/17 financial year to 3.387 months in the 2017/18 financial year, which had a positive influence on the financial sustainability of the Municipality. National Treasury promotes a ratio of at least 3 months to be assessed as adequately sustainable. The ratio must be treated with caution, as the outflow of cash during the period July to August 2018 will be substantial to deal with the outstanding invoices in respect of the 2017/18, reflected in payables and accruals, as reflected in the 2017/18 Consolidated Annual Financial Statements.

Total Outstanding Service Debtors:

This ratio focuses on the amount owed by outstanding service debtors as a percentage of the annual operating services revenue. The ratio increased from 12.6% in 2011/12 to 24.55% in 2016/17. The ratio further increased to 24.834% during the 2017/18 financial year, due to a debtors' collection rate of only 93.1% for the 2107/18 financial year, as well as the material increase in water service debtors as a result of the punitive drought induced water tariffs.

This trend must be viewed with caution. The gross outstanding service debtors increased by 22.73% from R3.459 billion in 2016/17 to R4.245 billion in 2017/18. Water Services Debtors represents approximately R475.3 million or 60% of the gross outstanding debtors that had increased by R786 million during the 2017/18 financial year. The provision for doubtful service debtors had to be adjusted from R1.915 billion to R2.537 billion. The doubtful debt provision level indicates that 55.36% of gross debtors for 2016/17 and 59.77% for 2017/18 are considered to be doubtful. Bad debts in the amount of R187.22 million was written off during the 2017/18 financial year, compared to the R599.72 million written off during the 2016/17 financial year. Debt collection must therefore be prioritised to improve the financial sustainability of the Municipality. The current level of outstanding service debtors is cause for concern and all credit control and other related strategies will be implemented to improve the collection rate of the Municipality to address this ever-increasing ratio, which impacts negatively on the cash position of the institution.

Debt Coverage

This ratio indicates the number of time the operating revenue covers the debt servicing costs. The ratio improved positively over the last financial year, from 29.204 times in 2016/17 to 34.158 times in 2017/18. This improvement is attributed to the fact that no external borrowing was raised as from the 2011/12 financial year. The financial position of the Municipality indicates that external borrowing in the amount of R750.6 million can be taken up over the next four years as indicated in the 2018/19 MTREF, to improve the funding mix of capital expenditure. It is, however, critical that external borrowing is only taken up for revenue generating assets and/or cost reduction capital projects.

Creditors System Efficiency

The efficiency of the Creditors System refers to the proportion of creditors paid within a term (i.e. 30 days). This ratio is calculated by outstanding trade creditors, divided by credit purchases. A ratio of 59% indicates that the NMBM is not performing at the required level and is therefore not legislatively compliant. Management reports are prepared on a monthly basis, indicating the total days each directorate takes to process payments from the date of receipt of the invoice. Most directorates are not meeting the legislative timeframe of processing payments within 30 days from the

date of receipt of the invoice. This ratio does not reflect the efficiency of the Creditors Section *per se*, but measures the efficiency of the payment process from the date of receipt of the invoice by each directorate until the processing of the payment through the creditors payment system. The scorecards of Executive Directors should include the legislative timeframes for processing payments. **The ratio of 59% represents a marginal improvement from the 58% achieved in the 2016/17 financial year.**

Capital Charges to Operating Expenditure

This ratio indicates the proportion of capital charges (interest & principal paid on borrowing) to actual operating expenditure to date. The ratio also provides assurance that the proportion of capital charges to total annual operating expenditure is financially prudent. The ratio has decreased from 4.2% in 2010/11 to 2.64% in 2017/18, and will further decrease until new external borrowings are taken up. Council has indicated its intention to take up external borrowing during the second half of the 2017/18 financial year.

Employee Costs

This ratio assesses the extent to which the Municipality's Operating Revenue is consumed by costs associated with the employment of human resources. Employee costs as a percentage of operating revenue decreased from 34.89% in the 2016/17 financial year to 29.37% in 2017/18. The ratio has, however, been increasing annually since the 2013/14 financial year, in which the ratio was 23.38%. National Treasury has stated that there is no benchmark for employee costs for municipalities, as they operate under different circumstances. Considering the current financial position of the NMBM, the target for this ratio should be revisited. Financial pressures, such as TASK implementation, the filling of vacancies and the finalisation of the new organisational structure, will be significant factors to manage over the 2018/19 MTREF. Employee related costs decreased by R266.13 million from R3.069 billion (in 2016/17) to R2.803 billion (in 2017/18).

The ratio still indicates cash flow pressures over the short to medium term and will negatively impact on the financial sustainability of the Municipality, should employee related costs not be properly managed and kept under control.

Repairs and Maintenance

This represents the proportion of operating expenditure spent on Repairs and Maintenance projects. The ratio is calculated by dividing the total repairs and maintenance by the annual operating revenue. The ratio is at a low 3.51%. It is critical that the Municipality either increases its spending on infrastructure repairs and maintenance or increases its capital spending on the renewal of current assets in order to deal with the ever-growing backlog in maintaining old infrastructure. Considering the backlog in maintaining infrastructure, it is evident that this ratio should at least be at a 6% level. At this stage, the Municipality's cash position is unable to support a level in excess of 6%. Alternative strategies and/or funding mechanisms must be developed to address the eradication of infrastructure maintenance backlogs. The main risk associated with a low repairs and maintenance ratio is that the expected useful lives of assets will decrease, resulting in the earlier replacement of assets, for which inadequate financial capacity exists within the NMBM's current revenue base.

TABLE 1.28: Operating Ratios

Operating Ratios	
Detail	%
Employee Cost	31.74%
Repairs & Maintenance	3.79%
Finance Charges & Impairment	11.52%
The ratios is calculated as a percentage of total operating expenditure	

The above Table reflects the percentage spent on employee related costs, repairs and maintenance and finance charges and impairment, as measured against the total operating expenditure. The percentages is higher than anticipated due to depreciation and amortisation costs being substantially lower than originally anticipated: An amount of R809.58 million was provided for depreciation in the 2017/18 Adjustments Budget; however, due to the condition assessment and the redetermination of the useful life of assets, the accumulated depreciation, asset value as well as the depreciation and amortisation had to be adjusted to reflect the correct asset value representing the remaining useful life of the fixed assets in the financial records. The net effect was that the total operating costs was approximately R529 million less than anticipated and therefore resulted in higher ratios than would be experienced under normal circumstances.

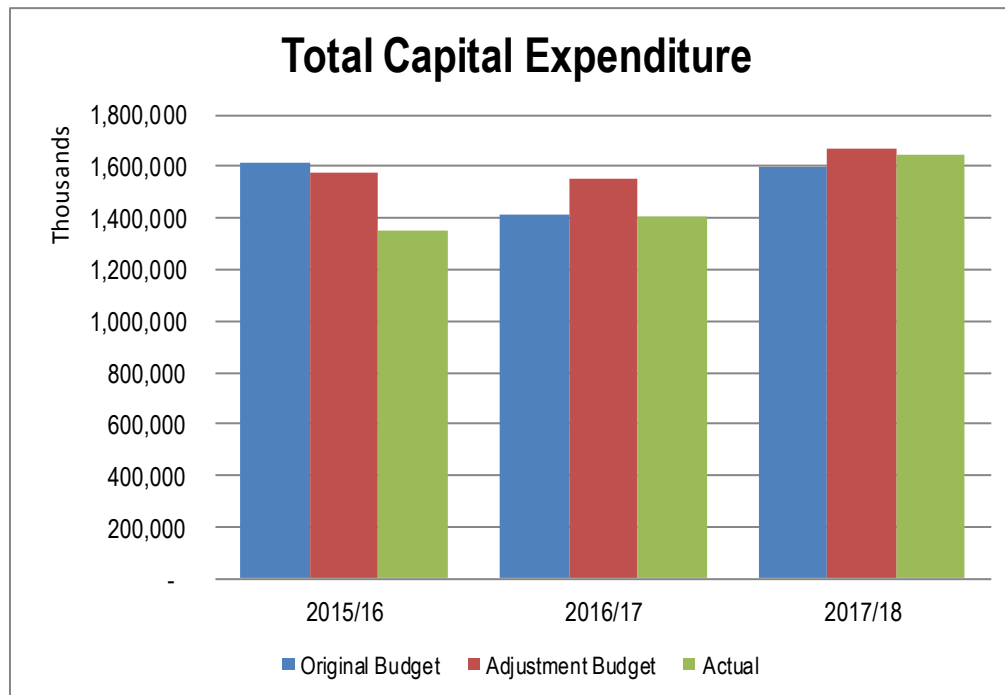
Capital Budget Spending

The Municipality spent R1.643 billion or 98.42% of its approved R1.670 billion Adjustments Budget. However, additional funds such as the Urban Settlements Development Grant (R178.6 million) and the Drought Relief Grant (R97 million) were received during April 2018 in terms of the Adjustments DORA. The aforementioned funds were not provided for in the 2017/18 Adjustments Budget as it was not clear at the time the 2017/18 Adjustments Budget was approved which capital and operating projects will be implemented to spend the funds received. The funds had to be spent in the 2017/18 financial year in terms of the DORA. Therefore, the Capital Adjustments Budget was technically adjusted due to the implementation of the DORA requirements. The full Urban Settlements Development Grant was spent at financial year-end, however, only R7.782 million of the R97 million Drought Relief Funds was spent as at financial year-end.

The Municipality had therefore spent R1.643 billion or 85.83% of the available R1.914 billion for the 2017/18 financial year. Delays in certain SCM processes and the unavailability of certain stock/asset types resulted in lower than anticipated spending on capital projects. Theft and SMME interruptions also affected capital project implementation in the 2017/18 financial year.

TABLE 1.29: Total Capital Expenditure: 2015/16 to 2017/18

Total Capital Expenditure			
			R'000
Detail	2015/16	2016/17	2017/18
Original Budget	1,612,510	1,416,400	1,601,891
Adjustment Budget	1,573,441	1,552,012	1,669,909
Actual	1,352,298	1,403,912	1,643,457

FIGURE 1.5: Total capital expenditure

The Table below indicates the spending by municipal directorates (including MBDA projects) against the Capital Budget:

TABLE 1.30: Capital Spending by Directorates

Directorate / Vote	Adj. Budget R'000	201718 Actual R'000	% Spent	Reason for variance
Budget and Treasury	23,575	4,156	17.63	The variance is mainly attributable to the Systems Enhancements (EMS) Capital Project. A decision was taken by the Project Manager to change the payment structure for this project. This meant that instead of monthly payments, the service provider would be paid based on milestones achieved. The expenditure position as at 30 June 2018 is directly attributable to milestones not achieved.
Public Health	55,288	87,738	158.70	Public Health was allocated an additional R25 million USDG Grant funding. The Budget amendment was approved by Council.
Human Settlements	258,326	220,989	85.55	An additional R18 million USDG Grant funding was allocated to Human Settlements. The Budget amendment was approved by Council.

Directorate / Vote	Adj. Budget R'000	201718 Actual R'000	% Spent	Reason for variance
Economic Development, Tourism and Agriculture	36,384	999	2.75	The EDTA Budget was R1 million and it was spent in full. The capital projects that MBDA manages on behalf of the Municipality were originally budgeted under the EDTA, as the Directorate managing entities. However, when the asset is handed over to the Municipality, it is recognised against the appropriate directorate. Therefore, the actual spending was distributed among many directorates.
Corporate Services	53,320	41,446	77.73	Underperformance is mainly due to delay in SCM processes in respect of the procurement of servers, which will be delivered only in the 2018/19 financial year.
Rate and General Services	455,012	458,532	100.77	The Public Transport Infrastructure Grant and the Public Networks Operations Grant in the amounts of R27,074,669 and R184,546 respectively remained unspent as at 30 June 2018. The roll-over of funds to the 2018/19 financial year is subject to National Treasury approval for the roll-over of unspent conditional funds. An additional R21.11 million USDG Grant funding was allocated to Roads, Stormwater and Transportation. The Budget amendment was approved by Council.
Water Services	200,200	256,306	128.02	Projects to the value of R50.8 million were funded from additional USDG funding received from National Treasury during April 2018. The Budget amendment was approved by Council. The Drought Relief Funds in the amount of R97 million were received during April 2018.
Sanitation Services	231,764	209,647	90.46	The Budget amendment was approved by Council.
Electricity and Energy	282,372	313,748	111.11	Received an additional R55.92 million in USDG Grant funding, and the Budget amendment was approved by Council.
Executive and Council	6,411	6,419	100.12	
Safety and Security	16,700	15,636	93.63	All the projects have been completed, some commitments are in the payment process.
Nelson Mandela Bay Stadium	0	0	0.00	No budget was allocated to the Stadium.

Directorate / Vote	Adj. Budget R'000	201718 Actual R'000	% Spent	Reason for variance
Strategic Programmes Directorate	7,895	6,662	84.38	NMBM Customer Care moved into the Motherwell Traffic and Licencing Centre with limited services to the public. Customer Services wanted to spend the balance of the funds towards finishing the interior and exterior, but encountered SCM challenges.
Sports, Recreation and Cultural services	42,387	20,802	84.13	The variance is attributed to the Capital Sportsfields Projects. The contractor lacked capacity and capability to perform the contract. Several meetings were held with the Contractor where turnaround strategies and a revised construction programme were presented and agreed upon. By mid-March 2018, the contractor was 6 weeks behind the scheduled programme.
Mandela Bay Development Agency	376	376	100	Good performance on MBDA assets spending
Total	1,669,909	1,643,457	98.42	<i>NOTE: 85.83% of Capital Budget (including funds received after the Budget Adjustment period) was spent.</i>

Performance of the Five Largest Capital Projects

IPTS - Work Package: Road Works - The purpose is to provide enabling road infrastructure on the truck route and feeders for the roll-out of the IPTS starter service. These projects are implemented on a phased approach as per the roll-out of the IPTS service approved by Council. These projects include the upgrading of road infrastructure that will prioritise the IPTS bus service over other modes of transport. The budget allocation is determined by funding availability from the National Department of Transport's Public Transport Network Grant. Challenges experienced in the implementation of the project included the approval of the "open ended contracts" and delays with project execution. The capital Adjustments Budget for the project was R68.615 million. The actual expense incurred was R93.257 million. Funds has been viremented from the IPTS Work Package TDM and ITS project to fund the over expenditure.

IPTS – Work Package: Public Transport Facilities –The City has a responsibility to provide a safe, reliable and universally accessible transport to all commuters and thus has to make provision for these facilities. These projects are implemented on a phased approach as per the roll out of the IPTS service as approved by Council. These include but not limited to the provision of bus stations, route shelters and passenger terminals. The budget allocation is determined by the funding availability from the National Department of Transport Public Transport Network Grant. Challenges experienced in the implementation of the project include delays with project execution. The capital Adjustments Budget for the project was R58.627 million. The actual expense incurred was R79.705 million. Funds has been viremented from the IPTS Work Package TDM and ITS project to fund the over expenditure.

Tarring of Gravel Roads – This is an annual project geared towards eradicating the backlog in roads that still need to be tarred within metro human settlements. The total current backlog in gravel roads in the NMBM is 778 km. The budget allocation per annum is determined by the funding availability as well as the ward-based priorities determined in the IDP. The work is then executed in line with the budget availability. Future budget requirements and work to be undertaken will be determined by individual ward priorities. The Capital Adjustments Budget for the project was R97 million. The actual expense incurred was R85.158 million.

Nooitgedacht/Coega Low Level System - The Nooitgedacht Water Treatment Works and high-pressure pipeline were commissioned in 1992 with a treatment and transfer capacity of 70 Ml/day. The planning, design and tender preparation for the refurbishment and upgrading of the Nooitgedacht Water Treatment Works and the construction of the low-pressure pipeline commenced in 2006, with the first round of tenders being advertised in May 2010. The refurbishments, upgrades and new low-pressure pipeline are referred to as the Nooitgedacht/Coega Low Level Scheme (NCLLS). A phased implementation approach was adopted, based on the limited water capital budget available each financial year. Phase 2 of the project has been completed and Phase 3, managed by Amatola Water commenced on 22 May 2017. The 2017/18 budget provided for this project was fully spent. The capital Adjustments Budget for the project was R23.450 million. The actual expenditure incurred was R50.708 million.

Upgrade and Development of Public Open Spaces

The Municipality has a responsibility to develop new parks and upgrade existing degraded ones. There were no major delays in terms of the upgrading of parks during the 2017/18 financial year. However, interruptions by SMMEs may hamper future projects. The Capital Adjustments Budget for the project was R12.5 million. The actual expense incurred was R41.183 million. Funds have been viremented from other projects to fund the over expenditure on this project.

The 2017/18 Capital Budget was funded as follows:

TABLE 1.31: Capital Spending

Funding Source	% of Original Budget	% of Adjustments Budget	% of Actual Expenditure
Grant Funding	87.04%	62.42%	81.31%
Internal Funding	8.14%	37.58%	17.11%
Borrowing	0.00%	0.00%	0.00%
Public Contributions	4.83%	0.00%	0.00%
Total	100.00%	100.00%	98.42%

The public contributions revenue source was reviewed and is now referred to as 'private contributions' under the 'Transfers and Subsidies' revenue category. This funding source relates to funds provided by private entities to Council for the provision of infrastructure to enhance their business operations.

The following account for the performance of capital grants and explains the variance:

DORA Capital Grants:

1. Urban Settlements Development Grant

This Grant serves to assist metropolitan municipalities in improving urban land production, to the benefit of poor households, and improving spatial integration and densities by supplementing their budgets.

DORA Allocation:	R 852,578,995
Amount of Grant Received:	R 852,578,995
Additional DORA Allocation received	R 160,800,000
Expenditure to date:	R1,013,378,995
Unspent as at 30 June 2018	R 0

As at 30 June 2018, the DORA allocation was fully spent. An additional amount of R178.8 million in terms of the 2017/18 Adjustments DORA was allocated to the NMBM for spending in the 2017/18 financial year. R160.8 million was allocated for capital expenditure whilst the remaining R18 million was allocated to the Operating Budget for operating projects.

2. Public Transport Infrastructure Grant

This Grant provides for the accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

DORA Allocation rolled over:	R204,973,000
Amount of Grant Received:	R204,973,000
2016/17 not off-set against E-share	R 2,351,663
Expenditure to date:	R180,249,994
Unspent as at 30 June 2018:	R 27,074,669

As at 30 June 2018, 87.94% of the 2017/18 DORA allocation was spent.

The application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury but rejected, due to the lack of a permanent Chief Financial Officer in the Municipality. Therefore, the unspent conditional grant will be off-set against the November 2018 Equitable Share allocation.

3. Neighbourhood Development Partnership Grant

This Grant supports and facilitates the planning and development of Neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods.

DORA Allocation:	R15,000,000
DORA Adjustments Budget	R12,110,000
Amount of Grant Received:	R12,110,000
Expenditure to date:	R 7,784,934
Unspent as at 30 June 2018:	R 4,325,066

As at 30 June 2018, 64.29% of the DORA allocation was spent. National Treasury has indicated that an amount of R6 million of the R15 million Grant will be stopped due to the Njoli Project being put on hold, pending the redrafting of the Precinct Plan (already commissioned) The amended Precinct Plan is expected to change the face of and connectivity in the area spatially, including the road network development. As the allocation was reduced to R9 million, it is anticipated that the Municipality will pay back funds to National Treasury, as the NMBM has already received R12.11 million from National Treasury in terms of this Grant.

4. Integrated National Electrification Programme

This Grant provides funding to municipalities to address the electrification backlog in occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

DORA Allocation:	R30,000,000
Amount of Grant Received:	R30,000,000
Expenditure to date:	R24,295,074
Unspent as at 30 June 2018:	R 5,704,926

As at 30 June 2018, 80.98% of the DORA allocation was spent. The application to roll-over the unspent conditional grant funds to the 2018/19 financial year was unsuccessful, as no proven commitment existed for the unspent grants as at 30 June 2018. Therefore, the unspent balance will be off-set against the November 2018 Equitable Share allocation.

5. Integrated City Development Grant

This Grant provides a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

DORA Allocation:	R7,308,000
Amount of Grant Received:	R7,308,000
Expenditure to date:	R7,308,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

6. Drought Relief Grant or Disaster Management Grant

An amount of R97 million was received for Drought Relief.

DORA Allocation:	R97 000 000
Amount of Grant Received:	R97,000,000
Expenditure to date:	R 7,782,215
Unspent as at 30 June 2018:	R89,217,785

As at 30 June 2018, 8.02% of the DORA roll-over allocation was spent. The application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury; however, R18.5 million thereof was rejected, due to the fact that the Municipality was applying for a change in scope. A change of scope does not constitute as a contractual commitment. The Municipality was required to have contractually committed the funds as at 30 June 2018. As no tender was awarded / in place as at 30 June 2018 for the amount of R18.5 million to provide the required services, the funds were uncommitted and was therefore required to be paid back to National Treasury. Therefore, an amount of R18.5 million will be off-set against the November 2018 Equitable Share allocation.

Other Capital Grants

7. CDC Walmer Intervention Funding Grant

This Grant is used to speed up service delivery intervention in the Walmer Gqebera Township.

Received 2015/16:	R 5,546,957
Received 2016/17	R15,000,000
Expenditure to date:	R11,478,537
Unspent as at 30 June 2018:	R 9,068,420

As at 30 June 2018, 55.85% of the allocation was spent.

8. Smart Grid Initiative

This Grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Received 2017/18:	R 8,000,000
Expenditure to date:	R 8,000,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018 the Grant was fully spent.

Applications were submitted to National Treasury for roll-overs to the 2018/19 financial year in respect of all unspent conditional DORA grants. Notification of approval of roll-over funds is anticipated by 31 October 2018. Revenue is recognised against the unspent grant only once the conditions in respect of the grant are met.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The workforce at the Nelson Mandela Bay Municipality as at 30 June 2018 was as follows:

- 6 289 permanent employees
- 458 temporary employees
- 6 Section 56 appointments

As at 30 June 2018, four (4) senior managerial positions in terms of Section 56 were vacant, i.e. the positions of Executive Director: Public Health; the Executive Director: Electricity and Energy; The Executive Director: Corporate Services; and the Chief Financial Officer. The recruitment processes for these vacant positions are expected to be concluded in the first quarter of the 2018/19 financial year. During the 2017/18 financial year, the process of developing a new Service Delivery Model, Organisational Structure and Staff Establishment aligned to the current IDP commenced.

Employees' pension and medical aid funds

Employees' pension and medical aid statistics as at 30 June 2018, are reflected in the Table below.

TABLE 1.32: Employees' pension and medical aid fund

Names of Pension Fund	Number of Members	Names of Medical Aids	Number of Members
Consolidated Retirement Fund	3 393	LA Health	2 366
SALA	2 377	Bonitas	1 664
SAMWU Prov Fund	68	Key Health	252
LA Retirement Fund	83	Hosmed	379
		SAMWUMED	606

1.6 AUDITOR-GENERAL'S REPORT

The Municipality received a qualified audit opinion for the 2017/2018 financial year. The basis of the qualified audit opinion as per the Auditor-General's report was as follows:

Exchange Revenue – Service Charges

“The Municipality did not bill for and record all revenue owing to it for services rendered, as required by SA Standard of GRAP 9, *Revenue from exchanged transactions*. This was related to service charge revenue from Assistance to the Poor (ATTP) Subsidy. Consequently, service charge revenue was understated by R86,8 million, with a corresponding understatement on trade receivables – exchange transactions. In addition, I was unable to obtain sufficient and appropriate audit evidence that electricity revenue of R3,5 billion was fully accounted for, due to poor controls over the management of prepaid meters. I was unable to confirm this electricity revenue through alternative means. Consequently, I was unable to determine if any further adjustments were necessary to service charge revenue stated at 5,2 billion in note 21.1 of the consolidated and separate financial statements”.

Property, Plant and Equipment (PPE)

“The Municipality did not adequately assess whether there were any indications that its expectations on the useful lives of PPE (moveable and immovable assets) had changed, as required by SA Standard of GRAP 17, *Property, plant and equipment*. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm that land was registered in the name of the Municipality nor could I physically verify all moveable assets due to the status of accounting records. I was unable to confirm PPE through alternative means. Consequently, I was unable to determine whether any adjustments were necessary to PPE stated at R16,5 billion (2016-17: R15,4 billion) as disclosed in note 9 to the consolidated and separate financial statements and depreciation expenses of R636,8 million (2016-17: R301,2 million) as disclosed in note 31.1 to the consolidated and separate financial statements”.

Intangible Assets

“The Municipality did not adequately assess whether there were any indication that its expectations on the useful lives of intangible assets had changed, as required by SA Standards of GRAP 31, *Intangible assets*. In addition, I was unable to obtain sufficient appropriate audit evidence for intangible assets as they could not be physically verified, due to the status of accounting records. I was unable to confirm intangible assets through alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the intangible assets stated at R442,7 million (2016-17: R83,4 million) as disclosed in note 11 to the consolidated and separate financial statements and the amortisation expense of R356,7 million (2016-17: R6,8 million) as disclosed in note 31.2 to the consolidated and separate financial statements”.

Irregular Expenditure

“The Municipality did not have proper systems in place to identify and record all irregular expenditure disclosed in note 44.2 to the consolidated and separate financial statements, as required by section 125(2)(d) of the MFMA. This expenditure resulted from payments made in contravention of the supply chain management (SCM) requirements. I was unable to confirm the amount of irregular expenditure by alternative means and it was impracticable to determine the full extent of the understatement of irregular expenditure. Consequently, I was unable to determine whether any adjustments were necessary to the irregular expenditure disclosed at R12,4 billion (2016-17: R11,6 billion) in the consolidated and separate financial statements”.

The Auditor-General also identified the following emphasis of matter:

- Restatement of corresponding figures
- Material losses and impairments
- Unauthorised expenditure
- Fruitless and wasteful expenditure

The Municipality is in the process of drafting an action plan to address the findings by the Auditor-General.

The Auditor-General's Audit Report in its entirety is stated in "Volume III" of this Annual Report.

1.7 STATUTORY ANNUAL REPORT PROCESS

The Table below indicates the Annual Report process plan.

TABLE 1.33: Statutory Annual Report Process

NO	ACTIVITY	TIMEFRAME
1	Drafting and submission of a Multi-year Strategic Planning time schedule to Council	May 2018
2	Finalisation of the Fourth Quarter Report for the 2017/18 financial year	July 2018
3	Submission of the Fourth Quarter Report for the 2017/18 financial year to Internal Audit	August 2018
4	Drafting and submission of first Draft 2017/18 NMBM Annual Report to Internal Audit, Auditor-General and National Treasury	August 2018
5	Auditor-General audits Consolidated Financial Statements and performance data	October 2018
6	Receipt of Auditor-General's Audit Report and commencing with addressing findings	December 2018
7	Submission of second Draft 2017/18 Annual Report to the Auditor-General	January 2019
8	Executive Mayor tables NMBM 2017/18 Annual Report and audited Financial Statements to Council, complete with the Auditor-General's Report	January 2019
9	Audited NMBM 2017/18 Annual Report is made public and representations are invited	January/February 2019
10	Public participation held on the 2017/18 Annual Report	February 2019
11	Municipal Public Accounts Committee concludes assessment of NMBM 2017/18 Annual Report	March 2019
12	Council adopts Oversight Report on 2017/18 Annual Report	March 2019
13	Oversight Report is made public	March 2019
14	Oversight Report is submitted to relevant Provincial and National Departments	March 2019

COMMENT ON THE ANNUAL REPORT PROCESS

The above Annual Report Process Plan seeks to ensure alignment between the Municipality's Integrated Development Plan (IDP), Budget and Performance Management System. To this end, the development of the 2017/18 Annual Report took into consideration the Annual Financial Statements and the Annual Performance Report of the Municipality for the said year.

The Municipal Finance Management Act: Annual Report Circular 63 places a stringent timeline on municipalities for the development and adoption of annual reports by their Councils. The Municipality was unable to table its 2017/18 Annual Report to Council by December 2018, as required by MFMA Circular 63, due to the fact that, the Auditor-General's Report in terms of the 2017/18 financial year was made available only towards the end of December 2018. However, the Municipality strived to achieve the timelines stipulated in the above Annual Report Process Plan to comply with the appropriate sections of the Local Government: Municipal Finance Management Act, 56 of 2003.

CHAPTER 2 - GOVERNANCE

INTRODUCTION

Good governance describes how public institutions such as municipalities conduct themselves in delivering services to communities, and the utilisation of public resources. Key elements of good governance include transparency, responsiveness, accountability, public participation, effectiveness and efficiency.

Good governance can be seen as a wheel on which effective and sustainable service delivery thrives. Good governance further results in transparent and inclusive decision-making processes that produce better outcomes.

The Nelson Mandela Bay Municipality prides itself in conducting its municipal affairs in an open, transparent and accountable manner and in accordance with all good governance principles.

Consultation with communities (through public participation) in decision-making processes is key to the Nelson Mandela Bay Municipality. In doing so, the Municipality undertakes public participation programmes on planning and implementation of the Municipality's programmes and projects.

Furthermore, the Municipality undertakes customer satisfaction surveys to ensure that the voices of local communities are heard on areas that require intervention. An open dialogue is regarded as key to ensure that valuable inputs are taken into consideration in municipal planning and decision-making processes and that, the Municipality is governed in partnership with stakeholders such as local communities.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipal structure is made up of both political and administrative structures.

2.1 POLITICAL STRUCTURE

The Nelson Mandela Bay Municipality is governed by a Coalition government. Political parties represented in Council include the following:

- African Christian Democratic Party (ACDP)
- African Independent Congress (AIC)
- African National Congress (ANC)
- Congress of the People (COPE)
- Democratic Alliance (DA)
- Economic Freedom Fighters (EFF)
- Patriotic Alliance (PA)
- United Democratic Movement (UDM)
- United Front Eastern Cape (UFEC)

The political structure of the Nelson Mandela Bay Municipality comprises the Council, the Executive Mayoral Committee, the Portfolio Committees and the Municipal Public Accounts Committee (MPAC) and the Rules and Ethics Committee.

2.1.1 Council

The Council of the Nelson Mandela Bay Municipality governs the local government affairs of the Municipality. The Council performs this core function through exercising both legislative and executive authority over the Municipality's administrative processes.

The Council of the Nelson Mandela Bay Municipality is headed by the Speaker, supported by the Chief Whip. The Council comprises 120 Councillors, elected through a mixed-member proportional representation system. Altogether 60 of the Councillors were elected through a voting process in the 60 wards that make up Nelson Mandela Bay. The remaining 60 Councillors were selected from party lists,

on the basis that the total number of party representatives must be proportional to the number of votes received.

During the review period, of the 120 Councillors serving in Nelson Mandela Bay, 37 were female and 83 were male. The Democratic Alliance had the largest number of seats (57), followed by the African National Congress (ANC) (50 seats); the Economic Freedom Fighters (EFF) (6 seats); the United Democratic Movement (2 seats); and the Congress of the People (COPE), the Patriotic Alliance (PA), the United Front Eastern Cape (UFEC), African Christian Democratic Party (ACDP) and the African Independent Congress (AIC) (1 seat each). The political party seat allocation and gender distribution of the Nelson Mandela Bay Municipality's Council in the review period is illustrated in the Table below.

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER DISTRIBUTION	
		MALE	FEMALE
Democratic Alliance	57	43	14
African National Congress	50	32	18
Economic Freedom Fighters	6	3	3
United Democratic Movement	2	1	1
Congress of the People	1	0	1
African Christian Democratic Party	1	1	0
African Independent Congress	1	1	0
Patriotic Alliance	1	1	0
United Front Eastern Cape	1	1	0
TOTAL	120	83	37

The Municipality has a functional Municipal Public Accounts Committee (MPAC) in place, which performs an oversight role in respect of administrative structures.

2.1.2 The Executive Mayoral System

The Executive Mayor's role and responsibilities include identifying and prioritising community needs and drafting strategies to deliver on those needs. In addition, he oversees the delivery of services by the administrative structure of the City. The Executive Mayor is supported by the Deputy Executive Mayor and the Mayoral Committee comprising eleven members, each chairing a Portfolio Committee.

The political structure of the Nelson Mandela Bay Municipality is illustrated in the Figure below.

FIGURE 2.1: POLITICAL LEADERSHIP



Councillor M Bobani
Executive Mayor



Councillor B Mafaya
Speaker



Councillor B Ndoni
Chief Whip



Councillor T Buyeye
Deputy Executive Mayor

MEMBERS OF THE MAYORAL COMMITTEE



Cllr M Mtsila
MMC: Budget and Treasury

Budget and Treasury *inter alia* relate to budget and financial control; expenditure management; revenue management; customer care; and supply chain management.

Cllr I Ranyele
MMC: Constituency Services

Constituency Services *inter alia* relate to stakeholder management; and special sector development e.g. youth, women, children, People with Disabilities and the elderly.



Cllr M Feni
MMC: Corporate Services

Corporate Services *inter alia* relate to human resource management services; labour relations; skills development and employment equity; and asset and facilities management.



Cllr A Mfunda
MMC: Human Settlements

Human Settlements *inter alia* relate to land planning and management; housing delivery; development and support; and social development, education and administration.

Cllr A Lungisa
MMC: Infrastructure, Engineering, Electricity and Energy

Infrastructure and Engineering, Electricity and Energy *inter alia* relate to water and sanitation; design and implementation; distribution of electricity supply; and retail and commercial management.



Cllr Y Pali
MMC: Public Health

Public Health *inter alia* relate to waste management services; occupational health, safety and wellness; HIV/AIDS and TB multi-sectoral response; environmental health; and environmental management.



Cllr L. Suka
MMC: Safety and Security

Safety and Security *inter alia* relate to fire and emergency services; disaster management; security services; traffic and licencing services; and the Metro Police.

Cllr R Daaminds
MMC: Roads and Transport

Roads and Transport *inter alia* entail the development and maintenance of roads; and the provision of integrated public transport.



Cllr L. Mfana
MMC: Sport, Recreation, Arts and Culture

Sport, Recreation, Arts and Culture *inter alia* relate to libraries, arts and culture; museums; beaches and resorts; and sports development.



Cllr N. Pink
Economic Development, Tourism and Agriculture

Economic Development, Tourism and Agriculture *inter alia* relate to trade and investment; sector development; fresh produce market and urban agriculture.



The Municipality also has a Municipal Public Accounts Committee (MPAC) in place. Details of the Committee Chairperson are reflected below.



**Cllr P Tshanga
MPAC Chairperson**

The Municipal Public Accounts Committee (MPAC) performs an oversight function in order to assist Council in achieving efficient and effective performance of its functions and powers.

2.1.3 Office of the Chief Whip

The Office of the Chief Whip of Council has existed in the Nelson Mandela Bay Municipality since 2003. Its primary purpose, namely maintaining discipline amongst Council members, has evolved over many decades, through custom and precedent in many legislatures around the world. The Office of the Chief Whip has been adapted to local conditions since the inception of Parliamentary democracy in 1994. The Office of the Chief Whip serves as the contact point between the executive and legislative spheres of the Municipality.

The Office of the Chief Whip focuses on the following:

- Building better relations between the various political parties represented in Council.
- Political management of Council meetings.
- Management of the majority and Coalition caucuses.

The relationship between the political parties is enhanced through bi-monthly internal meetings, as well as multi-party whippy meetings. The multi-party whippy is a forum in which all parties represented in Council discuss the order of business in Council and determine which items serving before it will require debate.

The Office of the Chief Whip is also responsible for recommending to the Executive Mayor which Councillors should serve on committees and represent the Municipality on external bodies. The Office of the Chief Whip also deals with addressing and resolving complaints that come directly from communities or through the Municipality's Petitions Office.

POLITICAL DECISION MAKING PROCESS

Draft resolutions are usually tabled in Council by directorates/offices through the following structures:

- Executive Mayor's reports to Council
- City Manager's reports to Council
- The Speaker's reports to Council
- MPAC's reports to Council
- Those outlined in Council's Rules of Order

Council resolutions are extracted from Council minutes, compiled by Secretariat. Such resolutions emanate from Council deliberations, based on the reports as outlined above and implemented by the administration.

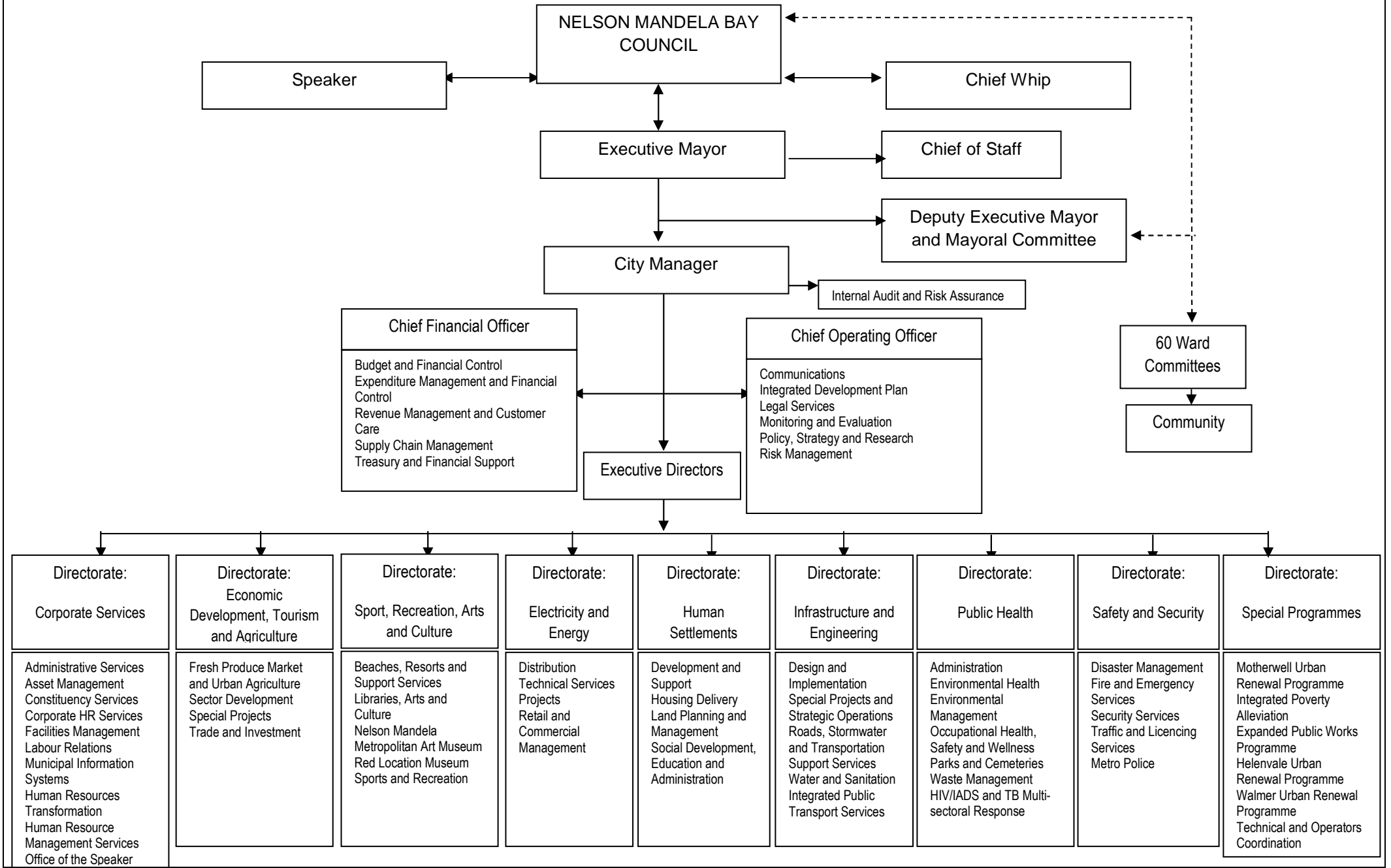
2.2 ADMINISTRATION

The Administration of the City is headed by the City Manager, who is also the Accounting Officer. The City Manager is appointed by the municipal Council. The City Manager has an Executive Management Team to assist him in running the administration. The Executive Management Team comprises 10 senior managers, each responsible for a directorate, which largely matches the corresponding political portfolio.

- Chief Operating Officer
- Chief Financial Officer
- Executive Director: Corporate Services
- Executive Director: Economic Development, Tourism and Agriculture
- Executive Director: Electricity and Energy
- Executive Director: Human Settlements
- Executive Director: Infrastructure and Engineering
- Executive Director: Public Health
- Executive Director: Sport, Recreation, Arts and Culture
- Executive Director: Safety and Security

The organisational structure of the City is presently being reviewed. The current organisational structure is reflected in the Figure below.

FIGURE 2.2: ORGANISATIONAL STRUCTURE OF NELSON MANDELA BAY MUNICIPALITY



2.3 INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

As enshrined in the Constitution, the Nelson Mandela Bay Municipality has adopted a democratic model of cooperative governance, which provides the foundation for its intergovernmental relations. Intergovernmental relations are intended to promote and facilitate cooperative decision making, and ensure that policies and activities across all spheres of government encourage service delivery and meet the needs of citizens in an effective way.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3.1 National Intergovernmental Structures

The Municipality has a functional External Relations Unit, which participates in the Consultative Forum on International Relations (CFIR). The CFIR is an inter-governmental co-ordinating structure comprising senior officials from all three spheres of government and other relevant stakeholders that meets twice annually to ensure proper information sharing and coordination. As such, it provides measures and guidelines for the effective coordination of South Africa's international engagements.

The work of the CFIR is around the following:

- Information sharing: Sharing of information regarding all stakeholders' international involvements, i.e. policy statements, visits abroad, conferences, summits and incoming visits.
- Foreign policy guidance on international issues.
- Planning and co-ordination of international visits (incoming and outgoing).
- Discussion of pressing issues to enable government to convey information on key foreign policy issues to various levels of government, in a consistent and principled manner.
- Possible private sector/civil society engagement and national outreach programmes.

The CFIR is not a policy-making structure. The development of intergovernmental policies is the remit of the International Cooperation, Trade and Security (ICTS) Cluster. However, the CFIR provides information to the ICTS Cluster.

2.3.2 Provincial Intergovernmental Structures

The Municipality's External Relations Unit participates in the Eastern Cape Consultative Forum on International Relations and Cooperation, coordinated and supported by the Office of the Premier. The Forum emulates the National CFIR and shares information with local authorities on matters discussed at the CFIR. It seeks to mitigate against potential risks in the management of international relations in the Province. The Eastern Cape Consultative Forum on International Relations and Cooperation seeks to create a shared responsibility amongst stakeholders. The Forum further seeks to create a shared vision and best practices on international activity in the Province. It also seeks to leverage on existing nodes of concentrated international relations capacity in the Province, as well as build a platform for international relations and official development assistance, capacity and competency in the Province.

2.3.3 NMBM IGR Forum

The IGR Forum seeks to ensure better coordination of intergovernmental relations activities in the NMBM. A Draft IGR Strategy is in place, envisaged to be adopted by Council in the 2018/19 financial year. Furthermore, the External Relations Unit will review and submit for adoption a revised NMBM IGR Policy during the 2018/19 financial year.

2.3.4 Inter-municipal Partnerships

A key priority of the Municipality is to share experiences, knowledge and support with its surrounding municipalities. In this regard, the Municipality has concluded partnerships with Nxuba and Cacadu, as well as a co-operative arrangement with the Sunday's River Municipality. However, these partnerships have not been active in the past two financial years. Attempts will be made to revive communication and relations with the municipalities in the 2018/19 financial year.

In addition to the above, the Municipality is currently investigating a proposed relationship with eThekweni Municipality, which stems from the proposed partnership between the Eastern Cape Province and the Kwazulu-Natal Province.

INTERNATIONAL RELATIONS

The Municipality manages and coordinates its international relations within the national and international protocol framework parameters. Through its international relations, the NMBM seeks to position itself globally through sharing experiences, knowledge and information in various fields, including economic development. The Municipality establishes international relations with other sister cities through entering into sister city agreements and memoranda of understanding. The Municipality further undertakes study tours and scoping visits and attends conferences focusing on best practices.

During the 2017/18 financial year, two partnership related visits were undertaken. The first working visit was to the City of Gothenburg, Sweden, from 5 to 6 March 2018. The NMBM/Gothenburg Partnership was approved by the International Centre for Local Democracy (ICLD) under the Swedish International Development Cooperation Agency (SIDA) to work on a further project for three years; from 1 July 2017 to 30 June 2020. In terms of the approved projects, two Partnership meetings were held in each city to discuss the progress of the approved projects, as well as to plan for the following year of the project period. The delegation from the Municipality visited Gothenburg in March 2018 to discuss the Accessible Cities and Youth projects, and to undertake project site visits to get a deeper understanding of the project objectives and what was achieved in the first year of project implementation.

The second partnership visit was to the City of Jacksonville, Florida, USA, from 1 to 6 May 2018. The driving objective of the visit was to identify projects for collaboration and partnership, to facilitate skills transfer and exchange between officials, to benefit communities in the respective cities. The purpose of the visit was further to strengthen working relationships between the arts, cultural and heritage sectors in Jacksonville and Nelson Mandela Bay. The following projects were identified for cooperation:

- **Libraries:** Books Exchange of local and national authors; Oral History Project (archiving of local histories through interviews); and the digitisation of special historic and newspaper collections.

- **Museums and galleries:** Exhibition exchange; public lecture series and workshops on innovative exhibition technologies and strategies.
- **Living arts:** Artists in residence (training and master classes); artists and cultural exchange (sharing of expertise and platforms) and expertise around the establishment of Music Hubs.
- **Heritage:** Liberation heritage route strategies; capacity building of heritage site tour guides and public engagement strategies for establishing community heritage boards.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public accountability is an important component of local governance, as it promotes community involvement and participation. The Nelson Mandela Bay Municipality is committed to ensure public engagement and participation in its planning and decision-making processes.

2.4 PUBLIC PARTICIPATION

Public participation is the cornerstone of democracy. Consultation with communities helps municipalities to make decisions based on the needs of their residents. In this regard, the Nelson Mandela Bay Municipality ensures community participation takes place in all municipal planning, community development and decision-making processes.

With regard to the IDP and Budget development and review processes of the Municipality, the following role-players and stakeholders play an important role:

- Communities of Nelson Mandela Bay
- Organised stakeholder groupings, e.g. Chambers of Commerce; NGOs; civic groupings; unions and ratepayers' associations.
- The Nelson Mandela University and government sector departments.
- Surrounding municipalities.
- Economic sectors.
- Creative arts and heritage organisations.
- Special sectors (youth, women, elderly people and People with Disabilities)
- Municipal Councillors and officials.
- Ward committees.

Details of public participation during the review period are provided below.

TABLE 2.2: Public Participation

Nature and purpose of meeting	Date of events	Number of community members attending	Issue addressed (Yes/No)
IDP and Budget Public Participation	19 September to 27 October 2017	5928	Mostly yes
IDP / Budget Cluster Meetings	18-24 August 2017	3000 (1) Zola Nqini Cluster; (2) Alex Matikinca Cluster; (3) Govan Mbeki Cluster; (4) Champion Galela Cluster; (5) Molly Blackburn Cluster; and (6) Lillian Diedericks Cluster.	Mostly yes
Ward-based Imbizos	3-12 October 2017; 27-29 November 2017; and 9-24 April 2018	47 cluster meetings. covering all 60 wards	Mostly yes
IDP and Budget Public Participation	9 to 24 April 2018	3328	Mostly yes

COMMENT ON THE EFFECTIVENESS OF PUBLIC PARTICIPATION

Different roleplayers were consulted during the 2017/18 financial year, as part of the Municipality's IDP/Budget development processes. The public participation meetings served as a tool to solicit inputs/concerns from citizens. The matters raised by communities during the public participation meetings were addressed. Any issues that could not be dealt with were either referred to the relevant directorates for implementation or included in the Integrated Development Plan and Budget.

2.5 IDP PARTICIPATION AND ALIGNMENT

TABLE 2.3: IDP participation and alignment

IDP Participation and Alignment Criteria	Yes/No
Does the Municipality have impact, outcome, input and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they be calculated into a score?	Yes
Does the Budget align directly to the KPIs in the Strategic Plan?	Yes
Do the KPIs in the IDP align to Section 57 managers?	Yes
Do the KPIs in the IDP lead to functional area KPIs, as per the SDBIP?	Yes
Do the KPIs in the IDP align with the provincial KPIs on the 12 Outcomes?	Yes
Were the indicators communicated to the public?	Yes (IDP, SDBIP and Annual Reports are open for inspection and municipal libraries, Customer Care Centres and on Municipal Website)
Were the four quarter aligned reports submitted within stipulated timeframes?	The four quarterly aligned reports were submitted within the following timeframes: First Quarter: 29 November 2017 Second Quarter: The Mid-Term Performance Report was tabled in Council on 25 January 2018 Third Quarter: 24 May 2018 Fourth Quarter: The Fourth Quarter Performance Report was submitted to Internal Audit, the Auditor-General and National Treasury on 31 August 2018.

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Section 62(1) of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) stipulates that the Accounting Officer must take all reasonable steps to ensure that the Municipality has and maintains an effective, efficient and transparent system of financial, risk management and internal control systems, as well as the effective, efficient and efficient utilisation of resources. The Municipality has instituted such a systematic and formalised process to identify, assess, manage and monitor risks, which effectively ensures the achievement of those planned goals and objectives. Risk management is essentially a good governance measure, instituted to ensure that the Municipality accomplishes its vision, mission and strategic objectives.

The Municipality's Risk Management System comprises a Risk Management Policy and procedures for identifying, assessing, monitoring and reporting of all material risks facing the institution. The Executive Committee ensures that governance, risk management and internal control systems are regularly reviewed for adequacy and effectiveness. The latest review was conducted by Internal Audit for the 2017/18 financial year period, and included the adequacy and effectiveness of Enterprise Risk Management (ERM) within the Municipality.

Risk monitoring and management is a continuous process. However, to enable transparency and adequate oversight, formalised risk reporting structures and requirements are defined and aligned with the NMBM's Risk Management Committee responsibilities, as stipulated in the Risk Management Committee Charter. The Risk Management Unit conducts a quarterly analysis of the NMBM's identified risks. Workshops and interviews are conducted with senior managers to gather the necessary information to mitigate possible risks.

Internal control

The Risk Management Unit provides independent oversight and systems for the management of all categories of risks. As part of the overall management of risks, the Municipality has put in place internal control systems to ensure that it operates in line with legislative requirements, policies and procedures and that it achieves its strategic objectives.

A Chief Risk Officer was appointed to drive the implementation of risk management processes and to improve the risk maturity level of the Municipality. The Chief Risk Officer reports to the Risk Management Committee and Audit Committee (through the Risk Committee Chairperson) on a quarterly basis on the status of risk management in the Municipality.

The NMBM Enterprise Risk Management Policy has been reviewed to ensure that it is in line with institutional changes and the Public Sector Risk Management Framework, as issued by National Treasury. The Municipality is also in the process of implementing appropriate risk monitoring tools to proactively alert management of material risks that may materialise. This will be done by the setting of risk tolerance levels for all key risk categories. The risk tolerance levels will seek to detect and prevent any significant risk from materialising and to minimise any negative consequences thereof.

Control Self-Assessment

The Municipality annually performs a control self-assessment to obtain an opinion on the effectiveness of internal control systems put in place to mitigate risks.

Internal Financial Controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that employees are suitably qualified, that there is appropriate segregation of duties, and that appropriate reviews are performed.

Internal Assurance Providers

The NMBM Internal Audit and Risk Assurance Unit is the main internal assurance provider for the Municipality. It provides objective and independent assurance to management and the Council of the Municipality. Internal audit processes are governed by an Internal Audit Charter, approved by the NMBM's Audit Committee, and is reviewed annually. The Charter defines the purpose, authority and responsibility of the Internal Audit Unit.

External Audit

On an annual basis, the Office of the Auditor-General provides stakeholders with an independent opinion on whether the annual financial statements fairly present, in all material respects, the financial position of the Municipality. To eliminate duplication of effort, the Office of the Auditor-General regularly communicates with the NMBM Internal Audit Unit to understand the scope of work and the audit results of the Unit. Both external and internal auditors attend Committee meetings and have unrestricted access to the Audit Committee and its chairperson at all times, ensuring that their independence is not compromised.

Risk Disclosure

The Integrated Enterprise Risk Management process is at the initial stages of risk maturity, as measured using the National Treasury's Local Government Risk Management Maturity Framework. Efforts are under way to embed the process into the daily operations of the Municipality and to foster a culture of continuous improvement.

Top Risks

The five key risks of the Municipality are:

- Water scarcity and water losses
- Theft of electricity
- Fraud and corruption (in conclusion of contracts)
- Sub-standard work by contractors in housing delivery
- Infrastructure backlogs

2.7 ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has an Anti-Fraud and Anti-Corruption Strategy in place (approved by Council on 31 March 2011). The Anti-Fraud and Anti-Corruption Strategy was reviewed during the 2017/2018 financial year, to ensure uniformity in reporting alleged financial misconduct and the investigation thereof. The Strategy has been converted into a policy document, to be considered for approval and adoption by Council during the 2018/2019 financial year.

The Draft Policy makes provision for the appointment of individuals to a “*Disciplinary Board of Financial Misconduct*”, to whom all allegations of alleged financial misconduct are to be reported, to be reviewed and assessed. The Disciplinary Board will submit preliminary assessment reports to Council, whereafter the relevant matter will be submitted to independent investigator for investigation. The independent investigator will be required to issue a forensic report within 30 days of commencing the investigation, to allow Council to conclude investigative processes within acceptable timeframes.

The Draft Policy intends to introduce a new approach to combating financial impropriety through continuous preventative auditing. This preventative approach is expected to promote ethics, compliance and accountability within municipal directorates. Such approach will enhance the continuous identification of financial impropriety, which would be subjected to immediate reactive investigative processes, thus enhancing the immediate addressing of risk.

The Municipality launched its Ethics Hotline in November 2016, to facilitate the reporting of alleged financial impropriety/misconduct by the broader community, staff and third parties on a confidential basis. During the 2017/18 financial year, the Municipality commenced a process of developing a Fraud Risk Register for an on-going Fraud Risk Assessment. Directorates within the Municipality participate in identifying and describing high level fraud risks within the Municipality. The fraud risk assessment includes the identification of root causes; consequences; risk rating; current controls; control effectiveness; and action to improve risk prevention. The Forensic Investigation Division of the Municipality conducted a workshop on ethical conduct for directorates as part of the fraud risk assessment process during the 2017/18 financial year.

Effective investigation within the Municipality is usually hampered by inadequate staffing capacity within the Internal Audit Unit. The Municipality continues to develop its staffing capacity to ensure speedy investigation processes and also implement fraud prevention mechanisms.

2.8 SUPPLY CHAIN MANAGEMENT

BRIEF NARRATIVE OF SCM POLICIES AND PROCESSES

The Municipality adopted SCM Policy (Version 5 of 2018) on 29 March 2018. The SCM Policy is in line with Municipal Supply Chain Management Regulations. SCM Standard Operating Procedures were developed, giving step-by-step guidance in respect of procurement processes. Information sharing sessions were held with SCM role-players. The SCM role-players were trained in the Standard Operating Procedures, and their roles in the SCM processes were clearly defined.

The procurement of goods and services with a value ranging from R10 000 to R30 000 (VAT inclusive) is tendered for through written price quotations. Written price quotations are sourced from three different service providers. Where three quotations are not obtained, a written report is compiled and submitted to the City Manager to provide reasons for not obtaining three quotations.

The procurement of goods and services with a value exceeding R30 000, but not exceeding R200 000 (VAT inclusive) are sourced through competitive bidding processes. Invitations for bids are advertised for seven days on the municipal Website and notice-boards.

Bids above R200 000 follow a competitive bidding process and are advertised in the local newspapers, on the NMBM website, National Treasury's e-Tender Portal, and the CIDB website (Construction Works). The closing period for the submission of NMBM tenders is not less than either 30 days or 14 days, depending on the type of formal tender. Tender period may, however, be shortened on justifiable grounds, considered and approved by the City Manager.

IMPROVEMENTS CONTRIBUTING TO EFFECTIVE SERVICE DELIVERY

Proper procurement processes can contribute effectively to service delivery, in that the Municipality can provide the required services to its residents at the right price, culminating in value for money. The Municipality is implementing a Quality Management System as part of ensuring proper procurement processes. Supply Chain Management for Infrastructure Procurement and Delivery Management (SIPDM) is also included as Annexure "B" of the Municipality's SCM Policy. This will ensure value for money in the implementation of infrastructure related projects.

Establishment of SCM Elements

SCM Demand Management, Contracts Management and Risk and Performance Management elements were established with effect from 01 July 2017. The functions of each SCM element are described and regulated by written Standard Operating Procedures. The establishment of a Contracts Management element resulted in a fully-fledged Acquisitions Management element. The contracts Management element is divided into three sections - the Contracts Management Section; the Performance Management Section; and the Records Management Section.

Filling of Critical Vacancies

Funds to fill positions listed in the Table below were sourced during the 2017/18 financial year.

TABLE 2.4: Filling of Critical Vacancies

Section	Position	Number of Posts	Task Grade
Demand Management	Chief Administrator: Demand Management	1	12
	Senior Administrator/Senior Provisioning	1	9
Acquisitions Management	Head (Deputy Director): Acquisitions Management	1	15
Contracts Management	Deputy Director: Contracts Management	1	15
	Chief Admin Support	1	11
	Records Clerk	1	7
	Clerk Admin	1	6
Logistics and Disposal Management	Store-keeper	2	6
Compliance Management	Head (Deputy Director): Risk and Performance Management	1	15
	Compliance Officer	1	10

Process and systems improvement

- The establishment of Demand Management Section has resulted in the development of an Institutional Procurement Plan.
- Acquisitions Management functions are centralised. All requests for quotation functions are performed by SCM practitioners. SCM has developed and implemented an electronic 'request for quotation' (RFQ) system. The electronic RFQ system is designed to mitigate risks and to promote fairness, transparency, competitiveness, effectiveness and efficiency.
- In the 2017/18 financial year, a Contracts Register was developed. It entails details and values of awarded tenders, status of (signed/unsigned) contracts and monitoring and performance management status.

- A new filing system was developed and implemented. Files are stored in secured filing rooms, and access is restricted and properly controlled.
- Information sharing sessions were held quarterly to promote compliance; manage and mitigate SCM risks; and to enhance the performance of the SCM unit.
- The following training interventions for SCM practitioners took place in the 2017/18 financial year.
 - Thirty-seven (37) employees were trained regarding Unit Standard 16343 (Apply the Principles of Ethics in a Municipal Environment)
 - Twenty (20) SCM practitioners were trained in Unit Standard 16353 (Participate in the Design and Implementation of Municipal Supply Chain Management)
 - Twenty-three (23) Logistics Management employees were trained in forklift driving
 - Eight (8) SCM practitioners were trained through Health and Safety courses

CHALLENGES EXPERIENCED IN ATTAINING STANDARDS SET IN SECTION 112 OF MFMA

The Demand Management, Acquisitions Management, Contracts Management and Compliance Management Sections are not appropriately resourced, and strategies to improve SCM performance are consequently adversely affected. Vacancy risk has an effect on the level of non-compliance with appropriate legislation. The Table below indicates the current vacant positions in the NMBM Supply Chain Management Unit:

TABLE 2.5: SCM Vacant Positions

Section	Position	Number of Vacant Positions
Demand Management	Chief Administrator	1
	Senior Provisioning Admin Officer	4
	Admin Clerk	1
Acquisitions Management	Head (Deputy Director): Acquisitions	1
	Clerk Admin	2
	Buyers	3
	Assistant Buyers	7
	Assistant Controller (General)	1
	Assistant Controller (Technical)	1
	Assistant Controller	1
	Procurement Officer	6
	Procurement Clerks	2
Contracts Management	Head (Assistant Director): Contracts	1
	Senior Admin Officer (Support)	4
	Senior Admin Officer (Contracts)	2
	Chief Admin (Contracts)	1
	Chief Admin (Support)	1
	Records Clerks	3
	Admin Clerks	1
Logistics and Disposal Management	Store-keepers	4
	Stores Assistant	2
	Admin Clerks	2
Risk and Performance Management	Deputy Director: Risk Management	1
	Chief Compliance Officer	2
	Compliance Officer	2
	Senior Compliance Clerk	2

Long-term Contracts

Appointments for a number of consultants for Infrastructure related projects are in excess of three (3) years. These appointments relate to longer-term projects, i.e. the Nooitgedacht Low-level Scheme.

Remedial Action

These appointments are currently being reviewed and the process of terminating some of the contracts has started. Thirty-three (33) of such contracts have since been terminated.

2.9 BY-LAWS

It is a constitutional responsibility of municipalities to ensure the implementation of By-laws. To this end, NMBM directorates are responsible for ensuring that By-laws relating to their functional areas are in place and implemented. In addition to this, the NMBM By-law Implementation Coordinating Committee (BICC) was established in the 2016/2017 financial year, to coordinate and monitor the implementation of municipal by-laws. The Committee is made up of representatives from the following directorates/offices:

- Office of the Executive Mayor (RRTT)
- Office of the Chief Operating Officer (Coordinator)
- Economic Development, Tourism and Agriculture
- Sport, Recreation, Arts and Culture
- Public Health
- Human Settlements
- Electricity and Energy
- Infrastructure and Engineering
- Budget and Treasury
- Corporate Services
- Safety and Security
- Mandela Bay Development Agency

The following are the key roles and responsibilities of the BICC:

- Receiving complaints on NMBM By-law transgressions
- Undertaking site visits
- Organising joint operations pertaining to infringements of municipal By-laws where there are three or more infringements
- Holding regular meetings to discuss issues or concerns relating to By-law transgressions and complaints

A By-law Implementation Framework, which proposes to guide the process of implementing and monitoring By-laws, is in place. The By-law Implementation Framework focuses on the following:

- Development of a municipal Code of By-laws
- Educating and communicating the existence and importance of by-law adherence to communities
- Training of municipal officials and Councillors in By-law implementation
- Implementation and enforcement of By-laws

The BICC meets monthly to consider specific actions to be taken in respect of identified By-law transgressions. During the 2017/18 financial year, the BICC held fifteen (15) meetings to report transgressions and discuss the progress made in respect of By-law implementation and enforcement within the Municipality.

Joint operations are undertaken together with the South African Police Service and the Department of Home Affairs. After each site visit/joint operation, the By-law implementing directorates provide feedback on the progress made in addressing identified By-law transgressions to the BICC on a regular basis. Individual complaints of By-law transgressions from citizens, municipal Councilors and the business community are directed to the responsible directorates/offices for intervention. Complaints received from the different sources are recorded in a By-law Complaints Register. The By-law Complaints Register assists in tracking the implementation of decisions taken by the BICC in response to transgressed By-laws.

During the 2017/18 financial year, altogether, eleven (11) site visits and joint operations were conducted to monitor By-law compliance in the Municipality. Notices and fines were issued, where applicable, and awareness was created in respect of By-law compliance. The Table below shows the number of site visits that the By-law Coordinating Committee undertook during the 2017/18 financial year.

TABLE 2.6: Site visits / joint operations

NO	SITES VISITED	DATE
1	Strand Street, Swartkops Street and Pier 14	4 July 2017
2	Burman Road, Deal Party	4 July 2017
3	Intersection of R75 / Ziyabuya Complex	6 July 2017
4	Walmer	7 September 2017
5	Victoria Drive / Arlington Tip	4 October 2017
6	Rocklands	10 November 2017
7	9 Middle Land and 40 Middle Street, North End	17 November 2017
8	Slater Street, Attree Street, South Street and Cliffside (North End)	29 May 2018
9	Kenako Shopping Centre	7 June 2018
10	Robertson Street and Swartkops Street	7 June 2018
11	Russel Road and Parliament Street	17 June 2018

A total of one hundred and fifty-one (151) By-law transgressions were reported/identified by the BICC during the 2017/18 financial year (this excludes By-law transgressions directly reported to directorates). Forty-one (41) of the 151 reported By-law transgressions (representing 27%) were addressed; eighty (80) are still being addressed; while thirty (30) have not been addressed. The report/identified By-law transgressions are categorised into recurring and non-recurring transgressions. Recurring transgressions happen on a regular basis and require constant monitoring. Such transgressions include informal trading at non-designated spaces, illegal electricity connections, illegal dumping and road traffic contraventions.

The following are the commonly reported/identified by-law transgressions:

- *Road traffic contraventions:* - These include unroadworthy vehicles; mechanics fixing cars in the streets - blocking other road users; and illegal parking.
- *Land invasion and town planning/zoning scheme contraventions:* - These include the invasion of land by informal traders; illegal caravans; encroachment of municipal land; and illegal land uses.
- *Building regulation contraventions:* These include dilapidated buildings.
- *Displaced persons:* These include 'homeless' people living on the streets, in parks, under trees and in temporary structures.
- *Illegal dumping:* This includes the illegal disposal of industrial and domestic waste.
- *Stray animals:* These include animals causing obstruction to traffic on the road.

By-law transgressions are mitigated through awareness campaigns; site visits; joint operations; and follow-up visits in identified hotspots. The Municipality adopted a multidisciplinary approach, whereby representatives from various directorates work together in addressing complaints regarding By-law contraventions. The monitoring of By-law compliance is a continuous process. The BICC will continue to coordinate and monitor the implementation of municipal By-laws through regular site visits and joint operations with other government departments.

TABLE 2.7: By-laws introduced during 2017/18

By-laws introduced during 2017/18					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-laws (Yes/No)	Dates of Public Participation	By-laws Gazetted (Yes/No)	Date of Publication
No new By-laws were promulgated during 2017/18.					

2.10 WEBSITE - COMMUNICATIONS

TABLE 2.8: Website

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current Annual and Adjustments Budgets and all budget-related documents	Yes	2017/18 Adjustments Budget: 10 April 2018 2018/19 Draft Budget: 4 April 2017 2018/19 Final Budget: 15 June 2018
All current Budget-related policies	Yes	30 June 2018
The previous Annual Report (Year -1 = 2016/17)	Yes	25 January 2018
The Annual Report (Year 0 = 2017/18)	No	To be published by 31 January 2019
All current performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act (Year 0 = 2017/18) and resulting scorecards	Yes	2017/18: 07 July 2017
All service delivery agreements (Year 0 = 2017/18)	N/A	No service delivery agreements entered into during the review period
All long-term borrowing contracts (Year 0 = 2017/18)	N/A	No long-term borrowing contracts entered into during the review period
All Supply Chain Management contracts above a prescribed value (give value) for Year 0	No	Not as yet implemented
An information statement containing a list of assets over a prescribed value, disposed of in terms of Section 14(2) or (4) during Year	Yes	20 February 2018 2 May 2018
Contracts agreed in Year 0 (2017/18) to which Subsection (1) of Section 33 apply, subject to Subsection (3) of that Section	N/A	No agreements entered into during the review period
Public-private partnership agreements referred to in Section 120 made in Year 0 (2017/18)	N/A	No agreements entered into during the review period
All quarterly reports tabled in Council in terms of Section 52(d) during Year 0 (2017/18)	Yes	Qtr 1: Council meeting in November 2017 Qtr 2: 25 January 2018 Qtr 3: Council Meeting May 2018 Qtr 4: To be submitted in August 2018

2.11 PUBLIC SATISFACTION WITH MUNICIPAL SERVICES

CUSTOMER SATISFACTION SURVEY

The South African Constitution places an obligation on local government to, amongst other things, “ensure the provision of services to communities in a sustainable manner,” and “to encourage the involvement of community and community organisations in the matters of local government”.

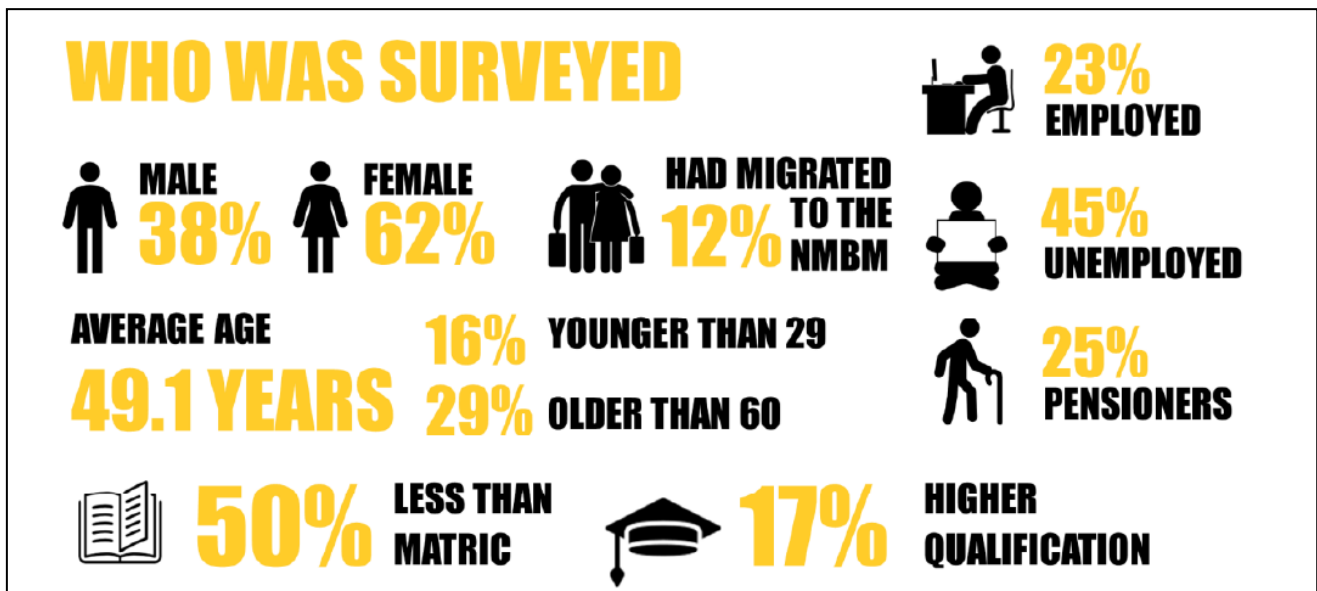
The Nelson Mandela Bay Municipality conducts an annual Customer Satisfaction Survey to obtain feedback from its residents on the services rendered by the Municipality.

The purpose of the Survey includes the following:

- To assess the level of satisfaction with the municipal services rendered by the Municipality.
- To develop a mechanism that will point to areas of service delivery shortfalls.
- To detect early dissatisfaction with service delivery provision in order to implement corrective actions.

The Figure below indicates the demographic analysis of participants in the 2017/18 Customer Satisfaction Survey.

FIGURE 2.3: Demographic Analysis of Participants



The Figure below indicates the satisfaction levels in respect of the different service delivery areas.

The Table below indicates the detail of the 2017/18 Customer Satisfaction Survey.

TABLE 2.9: Detail of the 2017/18 Customer Satisfaction Survey

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	Face-to-face interviews with selected households per Ward	April-May 2018	9932	60%
(b) Municipal Service Delivery	Face to face interviews with selected households per Ward	April-May 2018	9932	60%
(c) Mayor	N/A	N/A	N/A	N/A
Satisfaction with:				
(a) Refuse Collection / Waste Management	Face-to-face interviews with selected households per Ward	April-May 2018	9932	64%
(b) Road Maintenance	Face-to-face interviews with selected households per Ward	April-May 2018	9932	59%
(c) Electricity Supply	Face –to-face interviews with selected households per Ward	April-May 2018	9932	62%
(d) Water Supply / Water and Sanitation	Face-to-face interviews with selected households per Ward	April-May 2018	9932	65%
(e) Information supplied by Municipality to the public / Governance	Face-to-face interviews with selected households per Ward	April-May 2018	9932	51%
(f) Opportunities for consultation on municipal affairs / Governance	Face-to-face interviews with selected households per Ward	April-May 2018	9932	51%

COMMENT ON SATISFACTION LEVELS

The 2017/18 Customer Satisfaction Survey was conducted across a wide range of demographic criteria, with the intention of measuring whether there was a statistical significant difference in the overall satisfaction of respondents across gender, age and education attainment. Overall, 60% of participants indicated that they were happy with municipal service delivery.

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Below are the service delivery performance highlights during the 2017/18 financial year.

- **Provision of integrated and sustainable human settlements**
 - 359 state subsidised housing units provided.
 - 144 social housing units provided.
 - 3 009 erven provided with permanent water and sanitation services.
 - 910 households relocated from stressed informal settlements and other servitudes to Greenfield development areas.

- **Provision of quality potable water and reliable water supply**
 - 100% of households (both formal and informal) have access to a basic level of water supply (including households within a 200 m radius of a standpipe).

- **Provision of sanitation services**
 - 98% of households (both formal and informal) with access to basic level of sanitation.

- **Provision of electricity and energy**
 - 1 581 electricity connections provided.

- **Provision of solid waste management services**
 - 100% households within the urban edge receiving a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development).

- **Provision of recreational facilities and public amenities**
 - 2 beaches upgraded through the provision of either revetments / parking areas / walkways / security cameras / picnic facilities and/or dune stabilisation.
 - 64 public open spaces upgraded through the provision of either outdoor gym equipment / fencing / pathways / benches and / or playground infrastructure.

- 6 cemeteries upgraded through either the construction of berms / installation of cameras / upgrade of the sewerage system and / or provision of fencing.
- 60% completion of the Main Library Restoration / Upgrade.
- **Response time to emergencies**
 - 7 minutes and 29 seconds average response time to traffic emergencies within Nelson Mandela Bay (from Control Centre receiving notification of emergency to dispatched officer arriving at the scene).
 - 12 minutes and 16 seconds average response time to fire emergencies within Nelson Mandela Bay (from Control Center receiving notification of emergency to dispatched officer arriving at the scene).

Other key focus areas of the Municipality include:

- Institutional development and transformation
- Local economic development (including job creation through the Expanded Public Works Programme)
- Financial viability and management
- Promoting good governance and public participation

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The Municipality prioritises the provision of basic services to its residents. The provision of basic services includes water; waste water (sanitation); electricity; waste management; and housing services.

3.1 WATER PROVISION

The Municipality's Water Services Development Plan provides the general water services requirements of the Municipality. In addition to the Water Service Development Plan, the Municipality has a Water Master Plan, which gives effect to the water services needs and forms the basis of water provision for the Municipality. The following are the priority areas in terms of water provision by the Municipality:

Basic Water:

100% of households located within the urban edge have access to a basic potable water supply. However, water provision to communities located on private land in the peri-urban areas remains a challenge. The Municipality's relocation programme seeks to address the challenge of water provision to households living on private land. To this end, households living in stressed informal settlements and other servitudes are moved to Greenfield developments where water can be provided. During the 2017/18 financial year, the Municipality continued with the upgrading of seven water treatment facilities. The Nooitgedacht Low Level Scheme (Phase 2) was completed while Phase 3 is under construction.

Water Augmentation:

Progress in terms of the water augmentation is indicated in the Table below.

TABLE 3.1: Water Augmentation

No	Augmentation	Progress	O/S
1	Nooitgedacht Low Level Scheme:	Phase 2: Commissioned in July 2017. Phase 3. Construction is underway via Amatola Water Board, as appointed by the DWS (funding agency).	Phase 3
2	Coega Kop boreholes	Commenced with the drilling of production boreholes.	Water is high in iron & manganese and therefore needs a water treatment works (2020)
3	Plan to implement a return effluent scheme from Fishwater Flats to Coega.	Designs for the scheme are completed, including the issuing of an EIA. However, the funding of ±R600 million is still to be acquired or appropriate arrangements must be made with Coega or an investor.	On-going
4	Sundays River irrigation return flows	DWS is currently busy with the prefeasibility studies. On confirmation of viability, the NMBM will take the project forward.	On-going
5	Desalination	Site location completed. Preliminary investigation stage.	Funding model for implementation
6	Non-revenue water	Curbing of water losses makes more water available for use. A 10 Year Business Plan was approved. In addition, a loan was approved by Council to commence with the implementation.	Funding model for further implementation of Business Plan is required

Efficient Water Use:

The Table below indicates water operations and presents a comparative analysis of water losses since 2013/14.

TABLE 3.2: Water Savings

Details	2013/14	2014/15	2015/16	2016/17	2017/18
Treated volume (MI)	107 655	107 358	109 875	101 298	100 028
Billed volume (MI)	62 110	60 420	62 139	65,386	58,839
Non-Revenue Water %	42.3	41.9	43.4	35.5	41.1
Real losses %	36.3	35.9	35.9	29.4	39.1
Non-Revenue Water	45 544	44 996	47 736	35,912	41,189
Real Losses	36.3	38 520	40 985	29 807	39111

The Table below indicates the total use of water by sector during the 2017/18 financial year.

TABLE 3.3: Total Use of Water by Sector (Megalitres)

Total Use of Water by Sector (Megalitres)					
	Agriculture	Forestry	Industrial & Commercial	Domestic	Unaccountable water losses
Year -1	Nil	Nil	22142	41120	29.4%
Year 0	Nil	Nil	17434	37406	34.2%

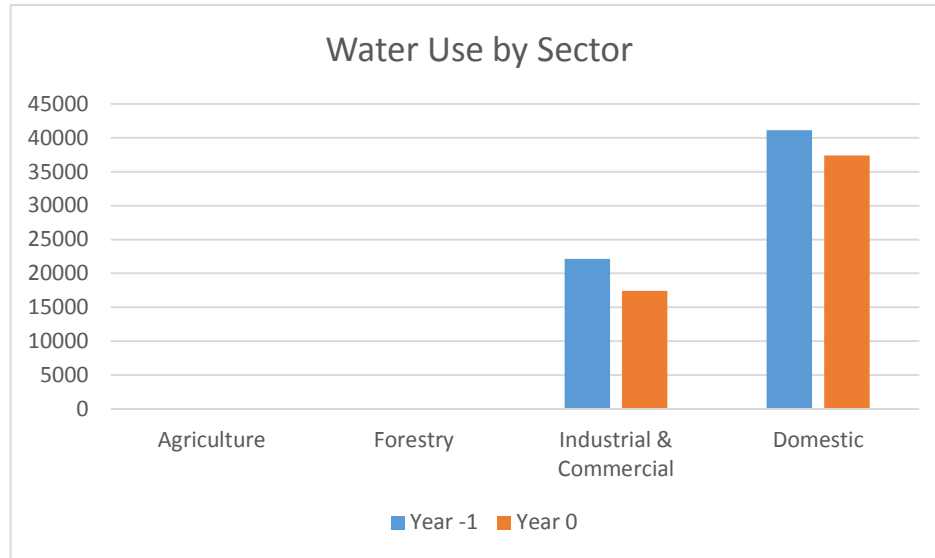
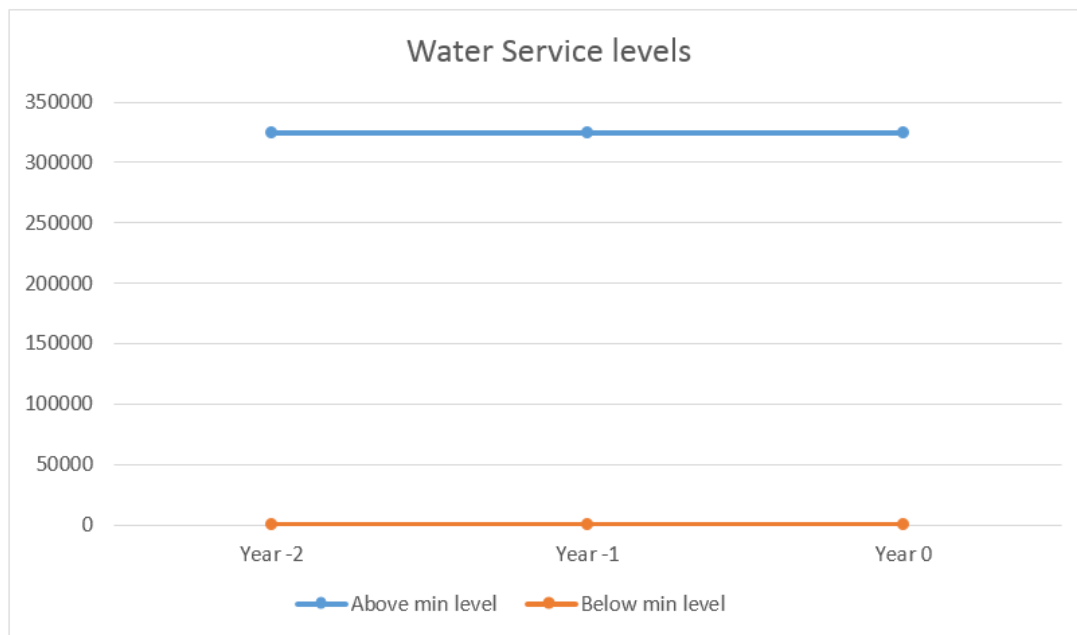
FIGURE 3.1: Water Use by Sector**FIGURE 3.2: Water (above minimum level)**

TABLE 3.5: Household Access to Water

Year	Proportion of households with access to water points	Proportion of households with access to piped water
Year -2	16627	307665
Year -1	15231	309061
Year 0	14372	309920

TABLE 3.6: Performance scorecard

KEY PERFORMANCE AREA AND KEY PERFORMANCE ELEMENT	KEY PERFORMANCE INDICATOR	Year -1	Year -1	Year 0	Year 0	Year 1
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
		2016/17	2016/17	2017/18	2017/18	2018/19
KPA: Basic Service Delivery	Percentage of households (both formal and informal) provided with access to a basic water supply (including households within a 200 m radius of a standpipe)	100%	100%	100%	100%	100%
KPA: Basic Service Delivery	Number of new water connections meeting minimum standards	N/A	N/A	N/A	N/A	3000 In line with Housing Programme
KPA: Basic Service Delivery	Percentage real water losses as defined by the International Water Association (physical losses of water from the distribution system, including leakage and storage overflows)	N/A	N/A	29.3%	34.17%	32%
KPA: Basic Service Delivery	% completion of Nooitgedacht Water Treatment Works - (Phase 2)	90%	88%	100% of Phase 2 completed by 30 September 2017	100% of Phase 2 completed by 31 March 2018	N/A

KEY PERFORMANCE AREA AND KEY PERFORMANCE ELEMENT	KEY PERFORMANCE INDICATOR	Year -1	Year -1	Year 0	Year 0	Year 1
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
		2016/17	2016/17	2017/18	2017/18	2018/19
KPA: Basic Service	% completion of the Coega Kop borehole exploration	N/A	N/A	15% (Phase 1)	48% (Phase 1)	50% (Phase 1)
Delivery	Percentage of complaints/call-outs responded to within 24 hours (water)	N/A	N/A	N/A	N/A	75%
KPA: Basic Service	Percentage non-revenue water (including both real water losses and apparent water losses)	N/A	N/A	N/A	N/A	40%
Delivery	Water connections metered as a percentage of total connections	N/A	N/A	N/A	N/A	95%

TABLE 3.7: Employees: Water Services

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	175	250	235	15	6%
4 - 6	93	160	146	14	9%
7 - 9	48	79	68	11	14%
10 - 12	29	54	44	10	19%
13 - 15	3	30	7	23	77%
16 - 18	3	3	2	1	50%
19 - 20	0	1	0	1	100%
Total	351	577	502	75	13%

TABLE 3.8: Financial performance: Water Services

Financial Performance Year 2017/18: Water Services					
					R'000
Details	2016/17	2017/18			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	966,238	915,605	1,233,599	1,511,227	39%
Expenditure:					
Employees	172,144	167,105	159,346	149,839	-12%
Other	542,215	605,582	671,153	876,155	31%
Total Operational Expenditure	714,359	772,686	830,499	1,025,995	25%
Net Operational Expenditure	(251,879)	(142,919)	(403,100)	(485,232)	71%
Repairs and Maintenance	98,043	105,522	143,408	139,499	24%

TABLE 3.9: Capital Expenditure: Water Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustments Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	196,000	200,200	256,306	24%	
Purchase new vehicles	2,000	4,000	2,753	27%	Ongoing
Reservoir fencing	1,000	1,000	1,754	43%	Ongoing
Rehabilitation of Reservoirs	4,000	3,000	28,991	86%	Ongoing
Office Accommodation: Water	–	1,000	970	100%	Ongoing
Improvements to System - General	14,000	30,000	37,135	62%	Ongoing
Cathodic Protection of Steel Pipelines	1,000	–	–		Ongoing
Elandsjagt - Upgrade to Restore Capacity	12,000	11,000	9,258	-30%	Ongoing
Rehabilitation of Reservoirs	6,000	17,000			Ongoing
Loerie Treatment Works: Rehabilitation	20,000	4,000	1,475	-1256%	Ongoing
1412:Loerie Water Treatment Works:Rehab New Contract		6,000			Ongoing
Installation of Zone Water meters	3,250	3,250	2,385	-36%	Ongoing
Purchase of Water Meters - Metro	9,000	15,000	17,631	49%	Ongoing
Upgrade of Groendal Water Treatment Works	1,000	1,000	856	-17%	Ongoing
Construction of Amanzi Reservoir and Pipeline	2,000	1,000	1,722	-16%	Ongoing
Seaview Bulk Water	8,000	600	686	-1065%	Ongoing
St Albans Bulk Water	800	–	–		Ongoing
Construction of a 1,0 MI reclaimed effluent reservoir: Uitenhage	1,000	100	83	-1099%	Ongoing
:Upgrade and Rehabilitation of Water Pipelines	19,500	29,300	40,815	52%	Ongoing
Augment Older Dams Pipelines	1,000	2,700	2,463	59%	Ongoing
Linton: Additional treatment facility	1,000	–	–		Ongoing
Nooitgedacht / Coega Low Level Scheme	12,750	23,450	50,708	75%	Ongoing
1412:Nooitgedacht/CoegaLowLevel Scheme WTW PH2 Mech&Elec Equi		6,000	5,543	100%	Ongoing
Seaview Pump Station: Upgrade	25,000	2,800	6,763	-270%	Ongoing
1412:Seaview Water Pump Station:Upgrade WIP		1,000			Ongoing
Upgrading of Churchill Water Treatment Works	10,000	1,500	1,100	-809%	Ongoing
Coega Reclaimed Effluent Scheme	1,000	500	–		Ongoing
Upgrading of Springs Water Treatment Works	1,000	500	–		Ongoing
Rudimentary Service: Water	1,000	1,700			Ongoing

Capital Projects	2017/18				
	Budget	Adjustments Budget	Actual Expenditure	Variance from original budget	Total Project Value
Access Roads: Upgrade	–	–	907	100%	Ongoing
Telemetry Systems: Upgrade	2,000	2,800	3,111	36%	Ongoing
Coegakop Wellfield and Water Treatment Works (Groundwater)	19,000	9,000	15,435	-23%	Ongoing
1412:Groundwater:Drought Intervention:Drilling of Boreholes		10,000	1,434	100%	Ongoing
Desalination Augmentation	3,000	–	–		Ongoing
Jachtvlakte: Bulk Water Supply Pipeline	1,000	–	–		Ongoing
Rehabilitation of Pipe Bridges	1,000	–	–		Ongoing
Bulk Water Metering and Control	2,000	2,000	2,638	24%	Ongoing
Govan Mbeki Midblock Mains	100	–	–		Ongoing
Helenvale Urban Renewal Programme	100	–	–		Ongoing
Water Services: Rehabilitation of Pump Stations	5,000	3,000	4,322	-16%	Ongoing
Water Services: Rehabilitation of Dams	1,000	–	–		Ongoing
KwaNobuhle: Upgrading of water reticulation	500	–	–		Ongoing
Balmoral Reservoir and Bulk Pipeline	500	–	–		Ongoing
KwaNobuhle Reservoir Link Watermain	500	–	–		Ongoing
Advanced Meter Infrastructure	3,000	6,000	8,599	65%	Ongoing
Emergency Disaster Relief - Water Ground Schemes	–	–	6,767	100%	Ongoing

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

The Municipality is committed to maintaining a 100% access to the provision of potable water to all its residents. To this end, standpipes in informal settlements are continuously repaired to provide access to potable water for informal households within at least 200 m from where they live. The upgrading of the seven water treatment facilities (including the Nooitgedacht Low Level Scheme) within the Municipality will seek to meet the required demand for water supply. In addition, the Municipality will embark on the development of bulk water infrastructure to support its Housing Programme.

3.2 WASTEWATER (SANITATION) PROVISION

During the 2017/18 financial year, the Municipality prioritised the service delivery in terms of sanitation provision.

- **Bucket eradication:** During the 2017/18 financial year, the number of buckets was reduced to 7098 (from 14476 in 2016/17). Although much progress has been made, two areas remain unresolved:
 - Some communities have refused the Bucket Eradication Programme (BEP) options, insisting that they want houses.
 - Informal settlements located on pockets of private land. The Municipality cannot service such private land.

Approximately 4 458 buckets are in use in the above two areas.

- **Bulk wastewater pipelines:** The following projects are currently under construction:
 - Markman sewer (R50 million contract value under construction).
 - Chatty sewer pipeline (R36 million contract value, 95% complete).
 - Paapenkuils sewer sising main and pump station (R5 million contract value, 95% complete).
 - Joe Slovo, Mandelaville, Allanridge sewer pipeline (R23 million contract value - under construction).
 - Driftsands collector sewerline augmentation (R45 million contract value - Phase 1, 95% complete).
 - BEP link sewer lines constructed to support the BEP and provide connectivity to the ablution facilities.
- **Upgrading of wastewater treatment works:** The Fishwater Flats inlet works have been fully commissioned and the sludge drying plant at Kelvin Jones is also operational and has resulted in improved final treated effluent.

The Table below illustrates the sanitation service delivery levels.

TABLE 3.11: Households – Sanitation Service Delivery Levels below the Minimum

Households - Sanitation Service Delivery Levels below the minimum						
Households						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Target	Actual	Variance
	No.	No.	No.	No.	No.	No.
Formal settlements						
Total households	324292	324292	324292	324292	317194	-2141
Households below minimum service level	0					
Proportion of households below minimum service level	0	0	0			
Informal settlements						
Total households	324292	324292	324292	324292	324292	
Households below minimum service level	18402	16317	14476	0	7098	
Proportion of households below minimum service level	0.05674516	0.050315765	0.044638782	0	0.022	

TABLE 3.12: Household Access to Sanitation

	Proportion of households with access to sanitation
Year -2	307,975
Year -1	309,816
Year 0	317,194

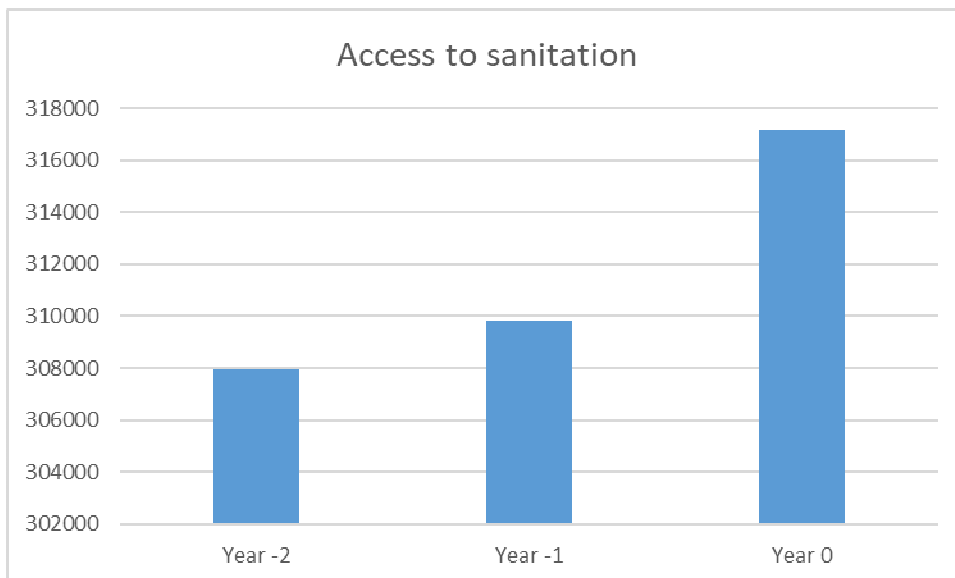
FIGURE 3.3: Access to Sanitation

TABLE 3.13: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	% of households (both formal and informal) with access to basic level of sanitation	96%	100%	100%	98%	100%
KPA: Basic Service Delivery	Number of new sewer connections meeting minimum standards	N/A	N/A	N/A	N/A	3000 In line with Housing Programme
KPA: Basic Service Delivery	Percentage of complaints/call-outs responded to within 24 hours (sanitation/wastewater)	N/A	N/A	N/A	N/A	75%
KPA: Basic Service Delivery	Number of buckets remaining in circulation	N/A	N/A	N/A	N/A	3500

TABLE 3.14: Employees: Sanitation Services

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	211	310	175	135	44%
4 - 6	81	188	45	143	76%
7 - 9	49	55	30	25	45%
10 - 12	29	41	19	22	54%
13 - 15	6	18	4	14	78%
16 - 18	2	2	1	1	50%
19 - 20	0	0	0	0	0%
Total	378	614	274	340	55%

TABLE 3.15: Financial Performance 2017/18: Sanitation Services

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	710,619	787,796	836,844	758,155	-4%
Expenditure:					
Employees	189,362	185,894	182,281	181,478	-2%
Other	274,307	288,683	336,251	317,855	9%
Total Operational Expenditure	463,669	474,577	518,532	499,332	5%
Net Operational Expenditure	(246,951)	(313,219)	(318,312)	(258,822)	-21%
Repairs and Maintenance	55,606	61,685	76,250	59,245	-4%

TABLE 3.16: Capital Expenditure 2017/18: Sanitation Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	281,964	231,764	209,647	-34%	
Office Accommodation: Sanitation	–	150	39	100%	Ongoing
Bucket Eradication Programme: Supply and Install Communal Ablution Facilities	40,000	4,900	10,989	-264%	Ongoing
Rehabilitation of Sewer Pipes	3,400		–		Ongoing
Sewer Replacement and Relining	8,000	5,000	2,067	-287%	Ongoing
Improvements to Sewerage System	7,000	15,500	20,947	67%	Ongoing
KwaNobuhle: Upgrade of sewer reticulation	400	–	–		Ongoing
TEI: Sampling Stations	600	–	–		Ongoing
Rehabilitation of KwaZakhele Collector Sewer	4,000	150	673	-495%	Ongoing
Markman - Replace 600mm Sewer	22,000	1,000	–		Ongoing
Markman Sewer Pipeline - Replace 600mm Sewer	–	10,000	12,164	100%	Ongoing
Motherwell North Bulk Sewerage	3,000	2,000	2,910	-3%	Ongoing
Paapenkuis Main Sewers Augmentation	564	1,364	1,062	47%	Ongoing
Lorraine - Bulk Sewerage Augmentation	1,000	150	–		Ongoing
Lorraine - Bulk Sewerage Augmentation - Additional Capacity	–	100			Ongoing
Colchester - Bulk Sewerage Infrastructure & WWTW	500	–	–		Ongoing
Sewer Protection works for collector sewers	1,000	1,800	1,536	35%	Ongoing
Jachtvlakte Bulk Sewerage	1,000	250	–		Ongoing
Augment Collector Sewer for Walmer Heights and Mt Pleasant	5,000	3,000	101	-4842%	Ongoing
Augment Collector Sewer for Walmer Heights - WIP	–	4,000			Ongoing
Chatty Valley Collector Sewer Stage 1 (nodes 20 -24)	1,000	500	495	-102%	Ongoing
Chatty Valley Collector Sewer - Install New Bulk Sewer	–	500			Ongoing
Motherwell Main Sewer Upgrade	1,000	–	–		Ongoing
Swartkops Low Level Colector Sewer Upgrade	10,000	10,000	45	-22281%	Ongoing
Swartkops Low Level Colector Sewer Upgrade - New Contract	–	1,000			Ongoing
Seaview Bulk Sewer	1,000	–	–		Ongoing
Driftsands Collector Sewer - Augmentation	32,000	19,500	35,784	11%	Ongoing
Driftsands Collector Sewer - Augmentation - WIP	–	16,100	2,511	100%	Ongoing
Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	9,500	5,000	–		Ongoing
Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	–	8,000	8,244	100%	Ongoing
Industrial Site (Airport Valley) - Bulk Sewer	1,000	–	–		Ongoing
Motherwell/Coega WWTW and outfall sewer	5,000	3,000	3,282	-52%	Ongoing
KwaNobuhle Area 11 - Link Sewer	100	500			Ongoing
Sanitation Services: Rehabilitation of Sewerage Pump Stations	10,000	15,000	11,185	11%	Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Rocklands PHB Housing project WWTW	500	–	–		Ongoing
Kelvin Jones WWTW: Upgrade	13,000	2,100	3,841	-238%	Ongoing
Kelvin Jones WWTW: Upgrade - Upgrading of Sludge Handling Process	–	10,000	14,864	100%	Ongoing
Improve access roads - Sanitation	–	700			Ongoing
Telemetry - Pump Stations	2,000	2,000	1,987	-1%	Ongoing
Brickfields: Upgrade	500	500	73	-587%	Ongoing
Driftsands WWTW Phase 3 extension	15,000	2,500	1,952	-668%	Ongoing
Fishwater Flats WWTW Upgrade	64,400	21,050	13,205	-388%	Ongoing
Fishwater Flats WWTW: Medium Voltage Network Phase 2	–	13,800	16,019	100%	Ongoing
Fishwater Flats WWTW: Treated Effluent Reticulation System	–	3,000	1,017	100%	Ongoing
Fishwater Flats WWTW: Sludge Stabilisation	–	19,700	24,772	100%	Ongoing
Fishwater Flats WWTW: Mechanical and Electrical Equipment for Inet Works	–	950	460	100%	Ongoing
Fishwater Flats WWTW: Grit and Sludge Treatment Facility	–	2,000	1,062	100%	Ongoing
KwaNobuhle WWTW : Upgrading	10,000	6,000	982	-918%	Ongoing
Cape Receife WWTW : Upgrade	7,000	1,200	4,273	-64%	Ongoing
Cape Receife WWTW : Upgrade - New Contract	–	500			Ongoing
Upgrade Despatch Reclamation Works	500	–	–		Ongoing
Witteklip Bulk Sewerage	1,000	550	520	-92%	Ongoing
WWTW - Sludge Treatment and disposal facilities	–	–			Ongoing
Replacement of Sewerage Collection Vehicles	–	5,550	4,605	100%	Ongoing
Sanitation Services: KwaNobuhle Area 11 - Link sewer			67	100%	Ongoing
1411:Driftsands WWTW: Upgrade Existing Composting Plant		11,200	5,911	100%	Ongoing

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Municipality aims to eradicate all buckets in circulation to provide 100% access of basic sanitation to its residents. The Municipality focuses on the upgrading of its seven wastewater treatment facilities to meet both the demand for sanitation services and legislative requirements. The institution further continues to invest in bulk wastewater infrastructure development to support the NMBM Housing Programme, which informs the upgrading of informal settlements and the provision of sanitation to poor households, as well as to cater for local economic development.

3.3 ELECTRICITY AND ENERGY

Universal access to electricity

The Municipality seeks to provide access to electricity connections for all residents/communities in Nelson Mandela Bay.

The Department of Energy's Integrated Electrification Programme provides funds for the Municipality to electrify homes in line with the NMBM Human Settlements Plan. The funds are used to provide electricity to formal erven that contain formal or informal structures. Altogether 1 581 households were electrified under this Programme during the 2017/18 financial year. Informal settlements situated on road reserves, servitudes and flood-plains that will not attract any future formalisation require an innovative, low-cost but safe electricity supply as an interim intervention before they are relocated.

A proposed 250 MW Solar Embedded Generation Project will be launched in the 2018/19 financial year to ensure a level of innovation and sustainability for the future. This project will assist in providing a sustainable electricity supply to NMBM users for the next 20 years. It will also assist to in ensuring that the NMBM has a viable "wires based" business model into the future. The Figure below indicates the electricity service delivery levels.

FIGURE 3.5: Electricity

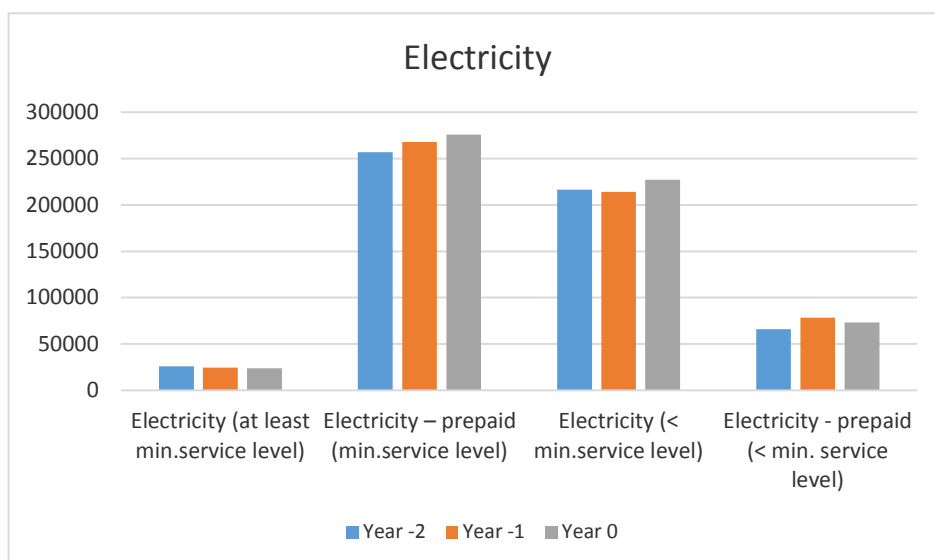


TABLE 3.17: Electricity Service Delivery Levels				
Households				
Description	Year-3 2014/2015	Year -2 2015/2016	Year -1 2016/2017	Year 0 2017/2018
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy (above minimum level)				
Electricity (at least minimum service level)	26748	25850	24569	23797
Electricity – prepaid (minimum service level)	243728	256748	267983	275755
Minimum service level and above sub-total	270476	282598	292552	299552
Minimum service level and above percentage	10.1120084	0.091473	0.083982	0.079009
Energy (below minimum level)				
Electricity (< minimum service level)	123544	216644	214050	227090
Electricity - prepaid (< min. service level)	486568	65954	78502	73346
Other energy sources	54215	13778	13557	13790
Below minimum service level sub-total	664327	296376	306109	314226
Below minimum service level percentage	2.456140286	0.511899	0.511323	0.511323
Total number of households	270476	282598	292552	368 518

TABLE 3.18: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1	Year -1	Year 0	Year 0	Year 1
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
		2016/17	2016/17	2017/18	2017/18	2018/19
KPA: Basic Service Delivery	Number of informal dwellings provided with connections to the mains electricity supply by the Municipality	N/A	N/A	2550	1581	1470
KPA: Basic Service Delivery	% of all households on officially surveyed sites provided with access to electricity	95%	100%	100%	100%	84%
KPA: Basic Service Delivery	Percentage non-technical electricity losses (electricity losses as a result of non-technical causes, attributed to either electricity theft / non-metered electricity / meter tampering / meter failures and/or illegal connections)	10%	13.60%	5.5%	7.95%	7.5% of total electricity losses
KPA: Basic Service Delivery	Total rand amount revenue lost due to electricity losses (both technical and non-technical)	N/A	N/A	N/A	N/A	R1 955 417 40,3
KPA: Basic Service Delivery	Renewable energy production as a percentage of total energy consumption	N/A	N/A	5%	1.5%	4%
KPA: Basic Service Delivery	Number of new area lights installed	600	646	600	443	400
KPA: Basic Service Delivery	% year-to-year reduction in electrical power outages on the high voltage network (lasting more than two hours)	8%	7.22%	8%	6.67%	8%

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1	Year -1	Year 0	Year 0	Year 1
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
		2016/17	2016/17	2017/18	2017/18	2018/19
KPA: Basic Service Delivery	Percentage of unplanned outages that are restored to supply within industry standard timeframes	N/A	N/A	N/A	N/A	30% outages restored within 1.5 hours
		N/A	N/A	N/A	N/A	60% outages restored within 3.5 hours
		N/A	N/A	N/A	N/A	90% outages restored within 7.5 hours
		N/A	N/A	N/A	N/A	98% outages restored within 24 hours
KPA: Basic Service Delivery	Average turnaround time for installing a standard 3-phase business electricity supply (from the date of receipt of payment to the date of electricity installation)	N/A	N/A	45 days	43 day	45 days
KPA: Basic Service Delivery	Number of illegal connections addressed through replacement with a cheaper alternative (either an off-grid photo voltage system or a basic 20 amp electrical supply)	N/A	N/A	1300	0	4000
KPA: Basic Service Delivery	Percentage of planned maintenance performed	N/A	N/A	N/A	N/A	100%
KPA: Basic Service Delivery	Installed capacity of embedded generators on the municipal distribution network	N/A	N/A	N/A	N/A	5 Megawatts

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1	Year -1	Year 0	Year 0	Year 1
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET
		2016/17	2016/17	2017/18	2017/18	2018/19
KPA: Basic Service Delivery	Number of informal households on non-proclaimed erven provided with a temporary alternative electricity supply (either an off-grid photo voltage system or a basic 20 amp electrical supply)	N/A	N/A	1000	747	N/A
KPA: Basic Service Delivery	Number of new main road lights installed / LED Retrofitted (replacement of mercury vapour / E57 fittings with LED lighting)	20	69	40	0 installed	20 installed
		0	0	0	1274 retrofitted	180 retrofitted
KPA: Basic Service Delivery	Number of new residential street lights installed / LED Retrofitted (replacement of mercury vapour / E57 fittings with LED lighting)	100	204	160	127 installed	120 installed
		0	0	0	0 retrofitted	240 retrofitted

TABLE 3.19: Employees: Electricity Services

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.				
0 – 3	82	210	90	120	57%
4 – 6	254	592	256	336	57%
7 – 9	35	55	36	19	35%
10 - 12	190	260	185	75	29%
13 - 15	19	24	17	7	29%
16 - 18	5	8	5	3	38%
19 - 20	3	3	3	0	0%
Total	588	1152	592	560	49%

TABLE 3.20: Financial Performance 2017/18: Electricity Services

Details	R'000				
	2016/17	2017/18			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	3,686,736	3,857,239	3,869,315	3,580,438	-8%
Expenditure:					
Employees	290,972	314,626	329,447	316,245	1%
Other	3,262,224	3,398,161	3,362,813	3,157,244	-8%
Total Operational Expenditure	3,553,196	3,712,787	3,692,260	3,473,489	-7%
Net Operational Expenditure	(133,540)	(144,452)	(177,055)	(106,949)	-35%
Repairs and Maintenance	45,560	31,607	31,582	30,960	-2%

TABLE 3.21: Capital Expenditure 2017/18: Electricity Services

Capital Projects	R' 000				
	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	276,435,789	282,371,749	313,747,977	12%	
Radio & Test Equipment	750,000	150,000	165,519	-353%	Ongoing
Non Electrification Areas - Service Connections	2,000,000	2,000,000	2,159,504	7%	Ongoing
Low Voltage Reticulation Improvement	1,200,000	1,200,000	1,111,004	-8%	Ongoing
Miscellaneous Mains and Substations	30,000,000	20,000,000	14,678,321	-104%	Ongoing
Peri-Urban Network	2,000,000	2,000,000	1,464,339	-37%	Ongoing
Private Township Development	15,000,000	10,000,000	7,298,630	-106%	Ongoing
Informal Housing Electrification	36,315,789	35,715,789	21,909,349	-66%	Ongoing
Public Lighting	20,000,000	33,335,960	40,794,249	51%	Ongoing
Meters and Current Transformers	4,000,000	5,380,000	6,579,854	39%	Ongoing
Supervisory Control Systems Upgrade	2,000,000	2,000,000	1,989,429	-1%	Ongoing
Reinforcement of Electricity Network- Redhouse	540,000	540,000	2,326,406	77%	Ongoing
Reinforcement of Electricity Network Wells Estate	550,000	3,050,000	2,800,872	80%	Ongoing
Reinforcement of Electricity Network - Summerstrand	1,000,000	200,000	259,943	-285%	Ongoing
Reinforcement of Electricity Network- Bethelsdorp 11kV	1,100,000	200,000	717,647	-53%	Ongoing
Cable Replacement 6.6kV	2,000,000	2,000,000	1,466,142	-36%	Ongoing
Relay Replacement	3,000,000	3,600,000	6,990,904	57%	Ongoing
Distribution Kiosk Replacement	2,000,000	2,000,000	2,106,599	5%	Ongoing
Reinforcement of Electricity Network - Malabar/ Helenvale	1,000,000	100,000	47,437	-2008%	Ongoing
Reinforcement of Electricity Network - Coega	30,000,000	30,000,000	29,989,974	0%	Ongoing
Substation Security Alarm Upgrade	3,000,000	-	-		Ongoing
Reinforcement of Electricity Network- Korsten	1,000,000	-	-		Ongoing
Reinforcement of Electricity Network- Swartkops	2,200,000	700,000	1,675,039	-31%	Ongoing
Reinforcement of Electricity Network - Ibhayi	1,700,000	200,000	-		Ongoing
Reinforcement of Electricity Network - Uitenhage	6,000,000	3,500,000	3,410,739	-76%	Ongoing
New/Replacement of Plant and Motor Vehicle	3,000,000	3,000,000	2,320,930	-29%	Ongoing
Reinforcement of Electricity Network- Mount Road	3,000,000	-	-		Ongoing
Computer Systems Upgrade	1,000,000	1,000,000	1,060,435	6%	Ongoing
Reinforcement of Electricity Network- Despatch	1,500,000	1,500,000	1,552,442	3%	Ongoing
Reinforcement of Electricity Network- Walmer Lorraine	3,000,000	9,650,000	8,944,760	66%	Ongoing
Reinforcement of Electricity Network - Hunters Retreat	2,000,000	2,000,000	1,155,903	-73%	Ongoing
Overhead Lines Refurbishment	6,000,000	6,000,000	5,317,198	-13%	Ongoing
MV and HV Switchgear replacement	20,000,000	20,000,000	23,919,205	16%	Ongoing
Reinforcement of Electricity Network - Western	2,000,000	2,000,000	1,357,274	-47%	Ongoing
HV Network Reinforcement - Overhead Cabling	16,500,000	16,500,000	16,729,704	1%	Ongoing
HV Line Refurbishment (66 & 132kV)	9,000,000	9,000,000	14,751,304	39%	Ongoing
Replace Switchgear in Mini susbs - KwaNobuhle	1,000,000	1,000,000	855,745	-17%	Ongoing
Control Room Upgrade	1,080,000	100,000	1,946,403	45%	Ongoing
Gas Turbine Refurbishment	-	-	-		Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Substation Fibre Optic Backbone	2,500,000	2,100,000	2,061,663	-21%	Ongoing
Fairview Refurbishment	1,000,000	1,000,000	487,165	-105%	Ongoing
HV Network Reinforcement - Underground Cabling	5,000,000	5,000,000	5,330,930	6%	Ongoing
HV Network Reinforcement - New Substations	6,500,000	6,500,000	11,930,808	46%	Ongoing
Relocation of existing electrical services	4,000,000	7,150,000	19,629,979	80%	Ongoing
Refurbishment of Power Transformers	5,000,000	5,000,000	5,585,961	10%	Ongoing
North Depot Improvements	1,000,000	1,000,000	728,816	-37%	Ongoing
SANEDI - Smart Grid Initiative Programmes	3,000,000	14,000,000	16,005,847	81%	Ongoing
Undeclared Informal Electrification	8,500,000	8,500,000	22,099,707	62%	Ongoing
Test Van Equipment	1,500,000	1,500,000	-		Ongoing
Distribution Substation Building Refurbishment Program	1,000,000	1,000,000	33,900	-2850%	Ongoing

COMMENT ON ELECTRICITY PROVISION PERFORMANCE OVERALL:

All households (on officially surveyed sites) within Nelson Mandela Bay have access to electricity. During the 2017/18 financial year, altogether 1 581 state subsidised housing units on formalised sites were connected to electricity, against a target of 2 069. The non-achievement of the annual target was due to the slow pace of the relocation of households to formalised sites, which hampered the progress made with electrification projects. Various meetings were held between relevant roleplayers to discuss and address the challenges affecting service delivery in respect of electrification projects in the Municipality.

During the 2017/18 financial year, the Municipality reduced the year-to-year electrical power outages on its high voltage network by 6.67%, against a target of 8%. The non-achievement of the annual target was due to the high number of faults recorded in February 2018. The increased number of faults was due to the bad weather (thunder and lightning) experienced, which resulted in equipment failure. To mitigate against the equipment failure, on 18 March 2018, the Municipality conducted a planned outage affecting Walmer, Malabar and Kragga Kamma, in order to execute corrective maintenance and testing on equipment.

During the period under review, the Municipality reported 7.95% electricity losses, resulting from non-technical causes, attributed to either electricity theft / non-metered electricity / meter tampering / meter failures and/or illegal connections, against a target of 5.5%. The non-achievement of the annual target was mostly due to continued theft, meter tampering and

illegal connections. Meter failures and non-metered electricity also contributed to electricity losses. Electricity De France (EDF) entered into negotiations with the Municipality to manage electricity losses (both technical and non-technical losses). Once negotiations have been finalized, EDF will, focus on non-technical issues, which include electricity theft, illegal connections, irregular metering and bypass meters. The Municipality will furthermore, during the 2018/19 financial year, award a Back-to-Basics tender, which will focus on the reduction of non-technical electricity losses.

During the 2017/18 financial year, the Municipality provided 747 informal households on non-proclaimed erven with a temporary alternative electricity supply (either an off-grid photo voltage system or a basic 20-amp electrical supply) against a target of 1000. The non-achievement of the annual target was due to the poor performance of the contractor appointed to the project, emanating from the slow delivery of the required materials by the subcontracted materials supplier. The Municipality intervened between the contractor and the materials supplier, which led to a better working relationship and improved performance by the contractor.

3.4 WASTE MANAGEMENT

The implementation of waste management functions is guided by the Second Generation Integrated Waste Management Plan, approved by Council in the 2017/18 financial year.

Cleansing operations

The implementation of the Municipality's Strategy for the Elimination of Illegal Dumping and Maintenance of Municipal Land and Property (approved in 2010) continued in the 2017/18 financial year. To this end, four (4) additional Town Rangers were appointed to ensure the enforcement of the Municipality's Waste Management Bylaw. The Municipality further implemented a War on Waste Programme in an effort to curb illegal dumping in the Metro. The War on Waste Programme comprised the establishment of community based clean-up units, cleaning-up at accumulated hotspot areas, conducting awareness programmes, conducting a wheely bin survey to determine availability, condition and community acceptance; and improved law enforcement.

The Municipality's Litter Picking Programme continued in the 2017/18 financial year. The Litter Picking Programme will be converted into a 43 entities programme. The tenders for sourcing the 43 entities were advertised in 2017/18. It is anticipated that the tenders will be awarded during the 2018/19 financial year. The implementation of the 43 entities programme will provide full waste management services (including waste collection and cleansing services) to 41 618 households; 90 900 households are to be provided with cleansing services only. During the 2017/18 financial year, the Municipality initiated a pilot project, in conjunction with the Department of Public Service and Administration (DPSA) (i.e. community-based model for law-enforcement - Tirelo Bosha Project) as a feasibility project to utilise community members in the law enforcement component of waste management.

Collection of domestic waste

During the 2017/18 financial year, altogether 246 333 formal households were serviced by means of kerbside collection services (120 056 via a black bag system, and 126 277 via a Wheely Bin system). A total of 240 000 tons of municipal waste was disposed of at the two main landfill sites.

Collection of trade waste

The Municipality provides waste management services to industries in terms of the removal and disposal of trade waste. A total of 2100 collection points were serviced during the 2017/18 financial year in the above regard. This category of waste management service is performed at a fee, approved annually by Council, and is categorised as a revenue earning service.

DISPOSAL OF WASTE

Landfill Sites

The Municipality currently has two active landfill sites (i.e. Arlington and Koedoeskloof). In addition to the above, the Municipality has two closed landfill sites (i.e. Ibhayi and KwaNobuhle), which need to be rehabilitated. The landfill sites are managed in terms of permit conditions determined by the Department of Water and Sanitation. Compliance audits and ground water monitoring on the landfill sites are carried out annually by external professional companies, and submitted to the Department of Water and Sanitation for information. The audit for the 2017/18 financial year indicated the following levels of compliance:

- Arlington – 85%
- Koedoeskloof – 89.7%
- Ibhayi – 53.6%
- KwaNobuhle – 97.6%

The outstanding lifespan predictions for the landfill sites are: 4 years for Koedoeskloof and 14 years for Arlington, within current footprints. Development plans are being prepared to allow for the expansion of the site boundaries and extend their lifespans. The development plans are expected to be completed in the 2018/19 financial year. A critical aspect of the development plans is the upgrading of the Koedoeskloof Access Road, which is found to be non-compliant with the Permit conditions. Preliminary designs for the Koedoeskloof Access Road were completed in 2017/18, and construction is expected to begin in the 2018/19 financial year. During the 2017/18 financial year, a total of 170 000 tons of waste was received at the Arlington landfill site (excluding cover material), and 216 000 tons at Koedoeskloof. A total amount of R47 541 900 was accrued (through tariffs) from waste disposed at the landfill sites.

Waste Drop-off Sites

Currently, a total of 19 formal and 33 informal drop-off sites are serviced. In 2017/18, a total of 50 000 tons of waste was removed from the formal drop-off sites to the landfill sites. Designs for the upgrading and improvement of the Gillespie Street Drop-off site were completed, and applications were made to the Department of Environmental Affairs for registration. It is anticipated that construction will commence in the 2018/19 financial year.

Waste Beneficiation

Council approved a contract for the extraction of gas at the Arlington and Koedoeskloof landfill sites in the 2017/18 financial year. However, the award of the contract was subject to successful negotiations with the preferred bidder, which also has legal implications. It is anticipated that the tender processes will be completed in the 2018/19 financial year.

Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<i>Solid waste removal (Minimum level)</i>				
Removed at least once a week	200022	307811	359633	356518
<i>Minimum service level and above sub-total</i>	200022	307811	359633	356518
<i>Minimum service level and above percentage</i>	0.61679597	0.93128184	0.96313843	0.96633843
<i>Solid waste removal: (Below minimum level)</i>				
Removed less frequently than once a week	101716	0	0	0
Using communal refuse dump	15468	14968	10865	11761
Using own refuse dump	0	0	0	0
Other rubbish disposal	6852	6852	0	0
No rubbish disposal	234	893	2899	658
<i>Below minimum service level sub-total</i>	124270	22713	13764	12419
<i>Below minimum service level percentage</i>	38.32%	6.87%	3.69%	3.37%
Total number of households	324292	330524	373397	368937

Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original target	Adjusted target	Actual
	No.	No.	No.	No.	No.	No.
Formal settlements						
Total households	280744	285228	359304	356757	356757	356757
Households below minimum service level	42582	0	380	1038	1038	1038
Proportion of households below minimum service level	0.151676	0	0.001058	0.00291	0.00291	0.00291
Informal settlements						
Total households	36696	39064	13764	11761	11761	11761
Households below minimum service level	14154	15921	13764	11761	11761	11761
Proportion of households below minimum service level	39%	41%	100%	100%	100%	100%

TABLE 3.24: Performance Scorecard

KEY PERFORMANCE AREA AND KEY PERFORMANCE ELEMENT	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	% households within the urban edge receiving a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development)	99%	100%	100%	100%	70%
KPA: Basic Service Delivery	Percentage of known informal settlements receiving integrated waste handling services	N/A	N/A	N/A	N/A	97%
KPA: Basic Service Delivery	Percentage of known formal settlements receiving integrated waste handling services	N/A	N/A	N/A	N/A	100%

TABLE 3.25: Employees: Solid Waste Magement Services

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	156	156	155	1	0.64%
4 - 6	76	76	65	11	14.47%
7 - 9	0	0	0	0	0.00%
10 - 12	13	13	13	0	0.00%
13 - 15	3	3	0	3	100.00%
16 - 18	1	1	1	0	0.00%
19 - 20	0	0	0	0	0.00%
Total	249	249	234	15	6.02%

TABLE 3.26: Employees: Waste Disposal and Other Services

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	333	401	254	138	34.41%
4 - 6	15	21	17	4	19.05%
7 - 9	3	4	2	1	25.00%
10 - 12	13	23	10	12	52.17%
13 - 15	0	2	2	1	50.00%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	0.00%
Total	364	451	285	156	34.59%

TABLE 3.27: Financial Performance 2017/18: Solid Waste Management, Waste Disposal and Other Services

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	304,843	337,813	355,957	304,023	-11%
Expenditure:					
Employees	183,815	184,097	176,207	167,907	-10%
Other	148,636	193,150	189,295	152,349	-27%
Total Operational Expenditure	332,450	377,247	365,501	320,256	-18%
Net Operational Expenditure	27,607	39,433	9,544	16,233	-143%
Repairs and Maintenance	1,550	1,374	994	577	-138%

TABLE 3.28: Capital Expenditure 2017/18: Waste Management Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	12,500	24,688	16,685	25%	
Replacement of Refuse Compactors	3,500	16,338	8,823	60%	Ongoing
Urban Refuse Transfer/Recycling Station	3,000	1,000	119	-2422%	Ongoing
Waste Management Containers	1,500	1,500	575	-161%	Ongoing
Development of Waste Disposal Facilities	4,000	4,000	6,263	36%	Ongoing
Upgrade Infrastructure - Metro Integration	500	1,850	905	45%	Ongoing

3.5 HUMAN SETTLEMENTS

Development and support

The Municipality's Human Settlements Directorate is responsible for the provision of sustainable and integrated human settlements within Nelson Mandela Bay. The provision of sustainable and integrated human settlements includes the provision of quality infrastructure services to communities in terms of the available grant funding, and in line with the NMBM Human Settlements Plan. This involves the prioritisation of projects based on technical readiness, including town planning layout approvals, general plan layout approvals, environmental approvals, completed geotechnical investigations, and the availability of bulk infrastructure, to guide the upgrading of informal settlements. The Human Settlements Plan aims to achieve the structured upgrading of informal settlements. The Plan includes the upgrading of 84 informal settlements, which comprises *in situ* upgrades, full relocations and Greenfields developments. Altogether 47 informal settlements have been upgraded and 18 Greenfields developed as at 30 June 2018 (4 in the 2017/2018 financial year). This includes about 34 020 sites serviced since the implementation of the NMBM Human Settlements Plan.

Housing Delivery

During the 2017/18 financial year, the Municipality delivered 359 state subsidised housing units and 144 social housing units to qualifying households across the Municipality. The implementation of the housing delivery programme was hampered by the on-going investigation in respect of some projects in Motherwell NU 29 and Missionvale, which were found to be of poor quality. Furthermore, land invasion challenges arose when serviced sites in the Khayamnandi housing projects were invaded. A legal process to evict the households occupying the serviced sites illegally is underway. Lack of funding to undertake the testing of constructed slab foundations, which is a NHBRC requirement, has also delayed the provision of houses. The Housing Development Agency (HDA), as an implementing agent appointed in terms of the M3 Agreement and the subsequent Implementation Protocol, had a target of 2330 units, but could deliver 830 units only.

Social Development, Education and Administration

The NMBM Social Development, Education and Administration Sub-Directorate is responsible for managing informal settlements within the Municipality. The Sub-Directorate undertakes the enumeration and profiling of informal settlements. It further manages the Housing List and undertakes the relocation of households from stressed informal settlements to housing projects. A total of 8072 households have been relocated from stressed informal settlements since the 2008/09 financial year. During the period under review, altogether 910 households were relocated from stressed informal settlements and other servitudes to Greenfield development areas. As part of its relocation programme, the Municipality provides temporary shelters to families that have been affected by emergencies and disasters like flooding, fires and strong winds. Together with its social partners, Ford and the Al Fidaa Foundation, the Municipality has provided 24 temporary shelters (in the form of containers and wooden structures) to about 40 families in Vastrap, Booyens Park and KwaLanga.

The Municipality's current housing demand is estimated at 84 950 and there are 84 identified informal settlements in the Metro. The Municipality undertakes housing consumer education to empower communities regarding their rights and responsibilities in terms of the housing delivery programme. The Municipality is faced with unlawful house occupation and land invasions. The following areas have been invaded since January 2018: Rocklands; Kuyga; Colchester; Govan Mbeki; Joe Slovo West; and KwaNoxolo. The sporadic mass land invasion is a threat to housing delivery, as it leaves the Municipality with no land available to build houses. Dedicated officials patrol identified vacant municipal land on a frequent basis in an effort to prevent land invasion. A Housing Indaba with all Councillors and other stakeholders will be held in the 2018/19 financial year to address the challenge of land invasion in the Metro.

The Municipality is currently involved in the following programmes that seek to manage informal settlements.

National Upgrading Support Programme (NUSP)

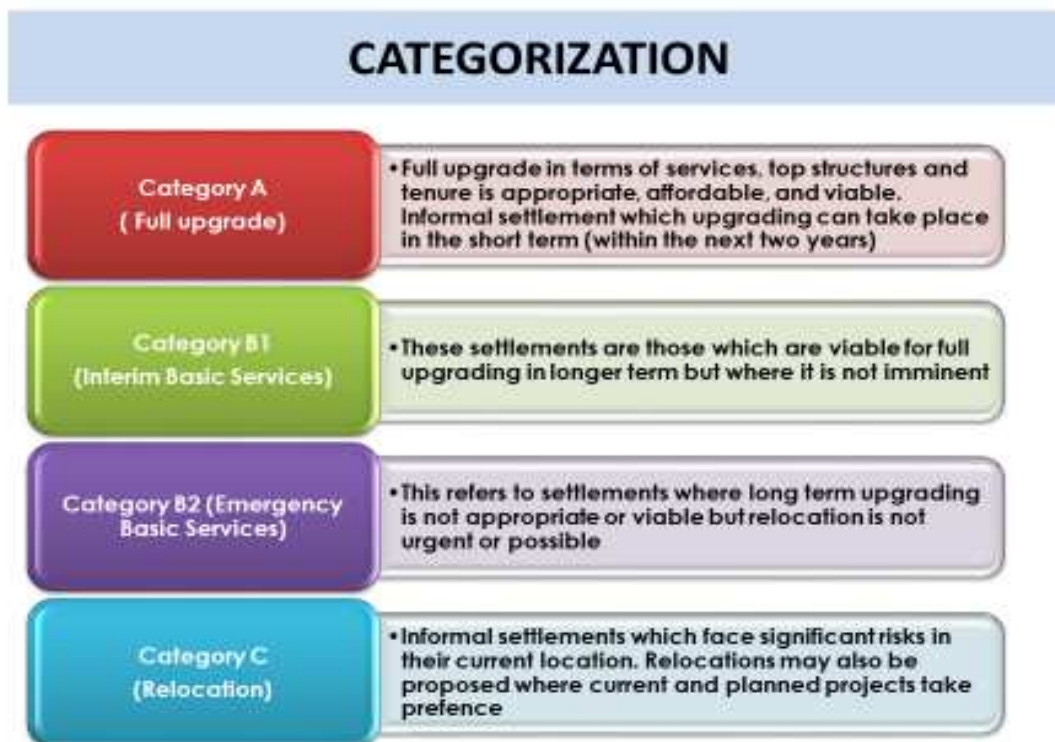
The Municipality is implementing the National Upgrading Support Programme (NUSP) as part of its informal settlements upgrading programme. NUSP is an initiative by the National

Department of Human Settlement to provide assistance to provinces and municipalities in upgrading informal settlements. NUSP seeks to ensure the following:

- Provision of basic services (including water and sanitation)
- Security of tenure
- Community empowerment

NUSP identified, assessed and classified informal settlements in the Municipality, as illustrated in the Figure below.

FIGURE 3.6: Classified Informal Settlements



The Table below indicates the informal settlements that were assessed and classified.

TABLE 3.29: Classified informal settlements

NO	INFORMAL SETTLEMENTS	LOCATION	CATEGORISATION
1.	GroGro	Kragga Kamma	B1
2.	Ericadene	Greenbushes	B2
3.	Malabar	Malabar	C
4.	Fairview - Hlatini	Fairview	B1
5.	Fairview - Gumtree	Fairview	B1
6.	Lorraine - Peters Ground	Lorraine	B1
7.	Lorraine - Doreen's Ground	Lorraine	B1
8.	Enkuthazweni	Kwazakhele	B1
9.	Riemvasmaak	Kleinskool	B1
10.	Kuyga	Greenbushes	B1
11.	Kliprandt	Kleinskool	B1
12.	Edongweni	Kwazakhele	C
13.	Seaview - New Rest	Seaview	B1
14.	Moeggesukkel - Rosedale	Rosedale	B2
15.	Seaview - Zweledinga	Seaview	B1
16.	Chris Hani (New Brighton Tip Site)	New Brighton	C
17.	Vastrap	Booysens Park	B1
18.	Walmer Area N	Walmer	A1
19.	Ngxazula	KwaLanga	C
20.	Pola Park	KwaLanga	A1
21.	Bethelsdorp Ext. 32	Bethelsdorp	B1
22.	Bethelsdorp Ext. 34	Bethelsdorp	B1
23.	Bethelsdorp Ext. 36	Bethelsdorp	B1
24.	Moeggesukkel - Bethelsdorp	Bethelsdorp	B1
25.	Endulini	KwaZakhele	B1
26.	Westville	KwaDwesi	B1
27.	Powerline (location)	Motherwell NU8	C
28.	Hlalani (location)	Motherwell NU10	B1 and C
29.	Endlovini (location)	Motherwell NU8	B1 and C
30.	Silvertown Power Station	Kwazakhele	B1

NO	INFORMAL SETTLEMENTS	LOCATION	CATEGORISATION
31.	Afghanistan (location)	Gerald Smith - Uitenhage	B1
32.	McCarthy Land (location)	Uitenhage	B1
33.	Vistarus (location)	Missionvale	B1
34.	Ramaphosa (location)	New Brighton	C
35.	Mandela Village (location)	New Brighton	B1
36.	Walmer Federation (location)	Walmer	B1
37.	James Mjo (location)	New Brighton	A1

The following further informal settlements are being assessed by the National Department of Human Settlements:

TABLE 3.30: Informal Settlements being Assessed

INFORMAL SETTLEMENTS		
Bloemendal Block 23	Missionvale (Garden Lots)	Rocklands Temporary Holdings
Chatty Riverside	Moses Mabhida	Zingisa Village
Church Village	Ngwendu	Bethelsdorp Ext.9
Emalydin	Power Station (KwaZakhele)	Sikhothina
Helenvale, Barcelona	Qaqawuli	Jacob Matomela
Joe Slovo Hillside	Sharpville	Knockpal
Joe Slovo PE	Sidone Street	Ebhongeni
Kragga Kamma	Stemele Street	Shamrock
Malabar Ext.6	Veeplaas	Mbengo Square
Masakhane	Vista Village	Dikiza
Masibulele	Walmer Airport	
Matthew Goniwe	Walmer Area O	
Mayibuye	Walmer G West	

Housing List Review

The Municipality observed unfair practices and lack of transparency in the allocation of housing opportunities to beneficiaries, resulting in protest actions and even land invasions. The Municipality is currently reviewing its Housing List. Currently, 84 950 people with housing needs are registered on the National Housing Needs Register (34 708 are males and 50 243 are females). The Table below indicates the age groups of the people with housing needs.

TABLE 3.31: Age Groups of People with Housing Needs

NO	AGE GROUP	POPULATION
1	Below 18 years	2
2	Below 35 years	11517
3	Below 59 years	62706
4	Below 79 years	9685
5	80 years and above	1040
	TOTAL	84950

Creation of a Housing Link (Housing App)

An enquiry function was created on the NMBM Mobile Application to enable beneficiaries to enquire about the status of their housing applications. When a beneficiary types his/her identity number into the system, his/her status on the housing list appears with percentage points. Devices will be installed in public libraries across the Metro to provide more accessibility to the Housing Link System. When the Mobile Application is fully developed, potential beneficiaries will be able to submit their housing needs via mobile phones.

TABLE 3.32: Percentage of Households with Access to Basic Housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
Year -3	324 292	276 850	85%
Year -2	324292	276 850	85%
Year -1	324292	276850	85%
Year 0	368 518	344305	94.8%

TABLE 3.33: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA : Basic Service Delivery	Number of housing opportunities (social housing and state subsidised housing) provided	220 Social housing 3000 State subsidised housing	346 2188	582 (State subsidised houses) 366 (Social housing units)	359 (State subsidised houses) 144 (Social housing units)	300 (State subsidised houses) 0 (Social housing units)
KPA : Basic Service Delivery	Number of households relocated from stressed informal settlements and other servitudes to Greenfield development areas	1200	601	800	908	600
KPA : Basic Service Delivery	Number of erven provided with permanent water and sanitation services	4000	4004	3000	3009	1500 (electricity) 2500 (water and sanitation)
KPA : Basic Service Delivery	Average number of days taken to register the title deed (subsidised stands and units)	N/A	N/A	N/A	N/A	2500 day average (from the date of completion of the house until the date of formal registration at the deeds register)
KPA : Basic Service Delivery	Number of "backlog" Title Deeds handed over to qualifying beneficiaries	N/A	N/A	N/A	N/A	1750

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA : Basic Service Delivery	Average number of days taken to process zoning applications	N/A	N/A	N/A	N/A	≤450 days
KPA : Basic Service Delivery	Number of informal settlements enumerated and classified (in terms of National Upgrading Support Programme or equivalent classification)	N/A	N/A	N/A	N/A	0 (Count was completed in the 2017/18 financial year)
KPA : Basic Service Delivery	Percentage of informal settlements using a participatory approach to planning or implementing upgrading	N/A	N/A	N/A	N/A	100%

TABLE 3.34: Financial Performance 2017/18: Housing Services

R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	67,312	284,002	140,155	9,294	-2956%
Expenditure:					
Employees	89,986	97,612	96,783	92,597	-5%
Other	179,493	298,095	183,492	55,221	-440%
Total Operational Expenditure	269,479	395,707	280,275	147,818	-168%
Net Operational Expenditure	202,167	111,705	140,120	138,525	19%
Repairs and Maintenance	1,890	4,427	8,501	498	-789%

TABLE 3.35: Capital Expenditure 2017/18: Housing Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	221,676,316	221,676,316	220,988,716	0%	
Bethelsdorp Ext 32, 34 & 36 - Roadworks (Human Settlements)	350,000	150,000	132,399	-164%	Ongoing
Bethelsdorp Ext 32, 34, & 36 - Sewer Bulk(Human Settlements)	300,000	150,000	34,345	-773%	Ongoing
Bethelsdorp Ext 32, 34, & 36 - Stormwater(Human Settlements)	100,000	70,000	60,870	-64%	Ongoing
Bethelsdorp Ext 32, 34, & 36 - Water Bulk(Human Settlements)	250,000	100,000	86,957	-188%	Ongoing
Erf 10015, Uitenhage - Stormwater (Services)	-	175,000	10,000	100%	Ongoing
ERF 10015, Uitenhage Human Settlements (Services)	-	475,000	400,489	100%	Ongoing
Erf 10015, Uitenhage -Sewer Bulks (Services)	-	175,000	10,000	100%	Ongoing
Erf 10015, Uitenhage -Water Bulks (Services)	-	175,000	16,803	100%	Ongoing
ERF 12931, UITENHAGE SEWER BULK	-	250,000	153,000	100%	Ongoing
ERF 12931, UITENHAGE STORMWATER	-	250,000	249,999	100%	Ongoing
ERF 12931, UITENHAGE WATER BULK	-	250,000	152,999	100%	Ongoing
Erf 12931,Uitenhage-Roadworks (Human Settlements)	-	2,450,000	2,260,721	100%	Ongoing
Erf 3179 Uitenhage Roads (Human Settlements)	-	1,900,000	3,065,231	100%	Ongoing
Erf 3179, Uitenhage - Sewer Bulk(Human Settlements Services)	-	359,000	358,933	100%	Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Erf 3179, Uitenhage - Stormwater(Human Settlements Services)	-	218,000	217,901	100%	Ongoing
Erf 3179, Uitenhage - Water Bulk(Human Settlements Services)	-	362,000	361,954	100%	Ongoing
ERF 818/868, Roadworks (Human Settlements)	-	2,000,000	149,564	100%	Ongoing
Erf 818/868, Sewer Bulks	-	1,000,000	-		Ongoing
ERF 818/868, Uitenhage Stormwater	-	1,000,000	149,564	100%	Ongoing
ERf 818/868, water bulks	-	1,000,000	-		Ongoing
Jagvlagte (Chatty 11-14) Roadworks (Human Settlements)	20,000,000	23,800,000	21,534,417	7%	Ongoing
Jagvlagte (Chatty 11-14) Stormwater (Human Settlements)	6,000,000	8,200,000	5,212,105	-15%	Ongoing
Jagvlagte (Chatty 11-14) Sewer Bulks (Human Settlements)	8,000,000	10,000,000	5,999,999	-33%	Ongoing
Jagvlagte (Chatty 11-14) Water Bulks (Human Settlements)	6,000,000	8,000,000	6,076,532	1%	Ongoing
					Ongoing
John Street Sewer Bulks	-	900,000	-		Ongoing
John Street Stormwater	-	700,000	-		Ongoing
John Street Water Bulks	-	700,000	-		Ongoing
John Street-Roadworks (Human Settlements)	-	700,000	-		Ongoing
Khayamnandi Extension - Stormwater (Human Settlements)	3,750,000	250,000	104,810	-3478%	Ongoing
Khayamnandi Extension - Water Bulks (Human Settlements)	3,750,000	250,000	104,810	-3478%	Ongoing
Khayamnandi Extension - Sewer Bulks (Human Settlements)	5,000,000	450,000	139,747	-3478%	Ongoing
Khayamnandi Extension - Roadworks (Human Settlements)	12,500,000	11,500,000	11,337,539	-10%	Ongoing
Kleinskool Kliprand - Roadworks Human Settlements (Services)	350,000	60,000	-		Ongoing
Kleinskool Kliprand - Sewer Bulks (Human Settlements)	300,000	50,000	14,236	-2007%	Ongoing
Kleinskool Kliprand - Stormwater (Human Settlements)	100,000	60,000	-		Ongoing
Kleinskool Kliprand - Water Bulks (Human Settlements)	250,000	50,000	-		Ongoing
Kuyga Phase 3 - Water Bulks (Human Settlements)	125,000	-	-		Ongoing
Kuyga Phase 3 - Roadworks Human Settlements (Services)	175,000	-	-		Ongoing
Kuyga Phase 3 - Sewer Bulks (Human Settlements)	150,000	-	-		Ongoing
Kuyga Phase 3 - Stormwater (Human Settlements)	50,000	-	-		Ongoing
KwaZakhele: Ekuphumleni - Roadworks (Human Settlements)	-	5,100,000	4,776,058	100%	Ongoing
KwaZakhele: Ekuphumleni Stormwater (Human Settlements)	-	800,000	511,992	100%	Ongoing
KwaZakhele: Ekuphumleni Sewer Bulks (Human Settlements)	-	800,000	695,828	100%	Ongoing
KwaZakhele: Ekuphumleni Water Bulks (Human Settlements)	-	800,000	511,992	100%	Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
KwaNobuhle Area 11 - Roadworks Human Settlements (Services)	21,001,316	17,376,316	24,068,740	13%	Ongoing
KwaNobuhle Area 11 - Sewer Bulks (Human Settlements)	8,400,526	4,318,921	4,143,714	-103%	Ongoing
KwaNobuhle Area 11 - Stormwater (Human Settlements)	6,300,395	5,946,000	6,497,158	3%	Ongoing
KwaNobuhle Area 11 - Water Bulks (Human Settlements)	6,300,395	4,500,395	5,804,247	-9%	Ongoing
Malabar Ext 6 Phase 2 - Sewer Bulks (Human Settlementd)	12,900,000	6,900,000	4,565,707	-183%	Ongoing
Malabar Ext 6 Phase 2 - Roadworks (Human Settlements)	15,050,000	8,050,000	10,103,836	-49%	Ongoing
Malabar Ext 6 Phase 2 - Stormwater (Human Settlementd)	4,300,000	2,000,000	2,360,456	-82%	Ongoing
Malabar Ext 6 Phase 2 - Water Bulks (Human Settlementd)	10,750,000	6,350,000	4,501,607	-139%	Ongoing
Missionvale Garden Lots - Human Settlements (Services)	-	6,600,000	15,705,893	100%	Ongoing
MK Silvertown 2 Qaqawuli - Human Settlements (Services)	-	5,500,000	6,163,452	100%	Ongoing
MK SILVERTOWN 2 QAQAWULI SEWER BULK	-	4,000,000	3,704,907	100%	Ongoing
MK SILVERTOWN 2 QAQAWULI STORMWATER	-	4,000,000	4,029,460	100%	Ongoing
MK SILVERTOWN 2 QAQAWULI WATER BULK	-	4,500,000	3,091,371	100%	Ongoing
Motherwell NU 29 - Sewer Bulks (Human Settlements)	600,000	266,300	263,275	-128%	Ongoing
Motherwell NU 29 - Stormwater (Human Settlements)	200,000	-	-		Ongoing
Motherwell NU29 - Roadworks (Human settlements)	700,000	-	-		Ongoing
Motherwell NU 29 - Water Bulks (Human Settlements)	500,000	175,500	175,439	-185%	Ongoing
Motherwell NU 31 - Sewer Bulks (Human Settlements)	400,000	483,000	482,536	17%	Ongoing
Motherwell NU 31 - Stormwater (Human Settlements)	300,000	-	-		Ongoing
Motherwell NU 31 - Water Bulks (Human Settlements)	300,000	142,000	141,874	-111%	Ongoing
Motherwell NU31- Roadworks Human Settlements (Services)	1,000,000	703,000	702,578	-42%	Ongoing
Motherwell NU30 - Roadworks Human Settlements (Services)	2,000,000	17,750,000	20,758,079	90%	Ongoing
Motherwell NU30 - Sewer Bulk (Human Settlements)	800,000	2,300,000	2,522,273	68%	Ongoing
Motherwell NU30 - Stormwater (Human Settlements)	600,000	2,100,000	1,728,668	65%	Ongoing
Motherwell NU30 - Water Bulk (Human Settlements)	600,000	2,500,000	2,714,237	78%	Ongoing
N2 North Development - Sewer Bulk (Human Settlements)	1,600,000	500,000	314,885	-408%	Ongoing
N2 North Development - Roadworks (Human Settlements)	4,000,000	500,000	388,722	-929%	Ongoing
N2 North Development - Stormwater (Human Settlements)	1,200,000	500,000	233,233	-415%	Ongoing
N2 North Development - Water Bulk (Human Settlements)	1,200,000	500,000	396,739	-202%	Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Nkatha/Seyisi - Roadworks (Human Settlements)	350,000	150,000	33,299	-951%	Ongoing
Nkatha/Seyisi - Sewer Bulks (Human Settlements)	300,000	50,000	28,542	-951%	Ongoing
Nkatha/Seyisi - Stormwater (Human Settlements)	100,000	50,000	9,514	-951%	Ongoing
Nkatha/Seyisi - Water Bulks (Human Settlements)	250,000	50,000	23,785	-951%	Ongoing
Pola Park - Human Settlements (Services)	-	750,000	719,804	100%	Ongoing
Pola Park Extension - Sewer Bulks (Services)	-	500,000	152,802	100%	Ongoing
Pola Park Extension - Stormwater(Human Settlements services)	-	500,000	99,466	100%	Ongoing
Pola Park Extension - Water Bulks (Services)	-	500,000	333,478	100%	Ongoing
Raymond Mhlaba Sewer Bulks (Human Settlements Services)	-	1,376,000	1,375,947	100%	Ongoing
Raymond Mhlaba Stormwater (Human Settlements Services)	-	93,000	174,476	100%	Ongoing
Raymond Mhlaba Water Bulks (Human Settlements Services)	-	232,000	436,189	100%	Ongoing
Raymond Mhlaba/ Buyambo - Human Settlements (Services)	-	255,000	1,158,604	100%	Ongoing
Rocklands - Roadworks (Human Settlements)	525,000	1,175,000	539,609	3%	Ongoing
Rocklands - Sewer Bulks (Humen Settlements)	450,000	1,100,000	98,500	-357%	Ongoing
Rocklands - Stormwater (Humen Settlements)	150,000	800,000	709,804	79%	Ongoing
Rocklands - Water Bulks (Humen Settlements)	375,000	1,025,000	-		Ongoing
Seaview Housing - Sewer Bulks (Human Settlements)	2,400,000	50,000	-		Ongoing
Seaview Housing - Stormwater (Human Settlements)	800,000	50,000	-		Ongoing
Seaview Housing - Water (Human Settlements)	2,000,000	50,000	-		Ongoing
Seaview Housing Project - Roadworks (Human Settlements)	2,800,000	50,000	5,160	-54162%	Ongoing
Walmer Development - Roadworks Human Settlements (Services)	14,935,789	11,935,789	14,430,695	-4%	Ongoing
Walmer Development - Sewer Bulk (Human Settlements)	12,802,105	4,032,605	4,961,511	-158%	Ongoing
Walmer Development - Stormwater (Human Settlements)	4,267,368	862,568	1,673,762	-155%	Ongoing
Walmer Development - Water Bulk (Human Settlements)	10,668,421	1,898,921	3,568,888	-199%	Ongoing

COMMENTS ON PERFORMANCE OF HOUSING SERVICE

The successful implementation of the Municipality's Relocation Programme during the 2017/18 financial year is attributed to the close working relationships established with stakeholders through the introduction of cluster meetings to monitor the progress of the Programme. During the period under review, altogether, 3009 erven were provided with permanent water and sanitation services in the following areas: Motherwell NU30 (98); KwaNobuhle Area 11 (790); Khayamnandi (747); Jachtlakte (700); MK Silvertown (55); Uitenhage Small Sites (238); and Malabar Extension 6 (381). Informal settlements such as Raymond Mhlaba, MK Silvertown Phase 2A, Mk Silvertown Phase 3, Motherwell NU 30 Phase 3 and Erf 12872, Uitenhage informal settlements were upgraded during the financial year.

3.6 FREE BASIC SERVICES AND INDIGENT SERVICES

In 2003, the Nelson Mandela Bay Municipality adopted its Assistance to the Poor (ATTP) Policy, in line with government's directives. The qualifying criterion to access the benefits offered in terms of the ATTP programme is that the combined household income may not exceed the equivalent of two welfare state pensions (R3 000 as from 1 April 2016; this excludes grants, such as foster child grants, care development grants, and child support grants). Annually, the ATTP Policy criteria and conditions are reviewed to address the needs of local communities. Altogether 4,229 manual applications were still awaiting approval as at 30 June 2018; with 45 staff members employed, servicing a database of 101,258 indigent households.

In terms of the NMBM ATTP Policy, indigent households receive the following support and benefits:

- i) Full credit for monthly property rates
- ii) Full credit for monthly refuse
- iii) Credit (to the maximum of 8 kl of water per month)
- iv) Credit (to the maximum of 11 kl of sewerage per month)
- v) Free monthly token of 75 kWh of electricity per month

In the event that the indigent households consume more than the limit provided for by the support, the debt is written off after three months. Section 2.1.1 of the ATTP Policy states that all miscellaneous once-off charges incurred by an ATTP beneficiary, with the exception of tampering charges, after initial registration, will be written off. Furthermore, Section 2.1.2 states that no further legal costs and call fees will be charged to ATTP accounts, with the exception of tampering charges.

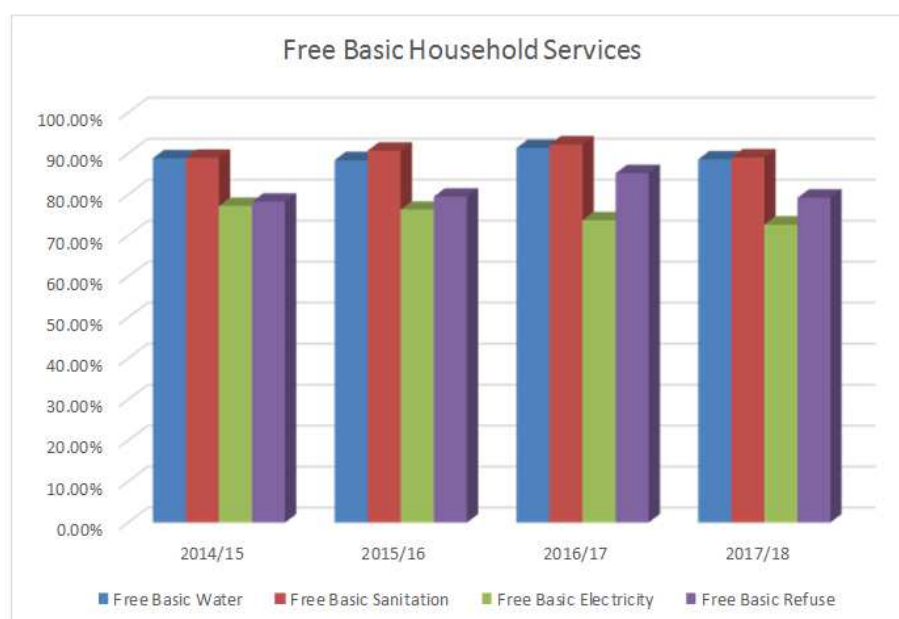
Expenditure:

The Table below indicates the institution's Free Basic Services expenditure for the 2017/18 financial year.

TABLE 3.36: Free Basic Services Expenditure

Description	2016/17	2017/18	Variance	% Growth
Property rates	102,547,209	112,047,534	9,500,325	9.26
Services				
Electricity	58,630,342	56,840,570	-1,789,772	-3.05
Water	141,676,792	161,847,583	20,170,791	14.24
Sanitation	199,097,729	210,762,665	11,664,936	5.86
Refuse	119,792,047	114,182,503	-5,609,544	-4.68
Sub-total	519,196,910	543,633,321	24,436,411	4.71
Total	621,744,119	655,680,855	33,936,736	5.46

FIGURE 3.7: Free Basic Household Services



Grants received during the 2017/18 financial year

The Equitable Share Grant amount for 2017/18 was R844 287 000.

TABLE 3.37: Free Basic Services to Low Income Households											
	Number of Households										
	Total	Households earning less than R3,000 per month									
		Total Households		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	%	Access	%	Access	%	Access	%	Access	%
2014/15	334,007	85,840	25.70	76,272	88.85	76,371	88.97	66,300	77.24	67,214	78.30
2015/16	334,007	87,050	26.06	76,944	88.39	78,970	90.72	66,448	76.33	69,206	79.50
2016/17	334,007	112,419	33.66	97,742	91.35	98,689	92.23	78,916	73.75	91,192	85.23
2017/18	373,393	101,258	27.12	89,721	88.61	90,175	89.05	73,593	72.68	80,221	79.22

TABLE 3.38: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	% qualifying households earning less than or equal to R3 200 per month (two state pensions) with access to free basic services	100%	100%	100%	100%	100%
KPA: Local Economic Development	Percentage of the Municipality's operating budget spent on free basic services to indigent households	N/A	N/A	N/A	N/A	6%

TABLE 3.39: Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered

Services Delivered	2016/17	2017/18			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	141,676,792	123,542,590	123,542,590	161,847,583	38,304,993
Wastewater (Sanitation)	199,097,729	175,309,540	175,309,540	210,762,665	35,453,125
Electricity	58,630,342	59,333,150	59,333,150	56,840,570	-2,492,580
Waste management (Solid Waste)	119,792,047	104,217,650	104,217,650	114,182,503	9,964,853
Total	519,196,910	462,402,930	462,402,930	543,633,321	81,230,391

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

During the period under review, 100% of qualifying households earning less than R3 200 per month (two state pensions) had access to free basic services. As at 30 June 2018, the value of the free basic services was R614 218 196, provided to 101 645 qualifying households in terms of its Assistance to the Poor (ATTP) Programme. Assistance was provided to the following number of households: 89 721 (water); 90 175 (sanitation); 73 593 (electricity); 80 221 (refuse removal); and 76 392 (rebate on rates accounts). There is currently, further to the aforementioned qualifying households, a backlog of 4 229 applications in the system. The backlog is attributed to the detailed nature of the verification processes. The Municipality continues to prioritise the processing of ATTP applications. ATTP applications are reviewed in a 3 year cycle.

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

The Municipality's Pavement Management System (PMS) is used to manage the existing road network. This involves periodic inspections of the road condition, reporting on the condition of the network, and making recommendations regarding resurfacing treatments, priorities and the estimated costs. Feedback from councillors, operations staff and the community is also taken into consideration in the design, construction and maintenance of roads. The priority evaluation of the surfacing of gravel roads was approved by Council in 2006; however, the tarring of gravel roads was reprioritised following a meeting of the Transport Committee on 23 May 2018. An item on the reprioritisation of the tarring of gravel roads will be submitted to Council during the 2018/19 financial year.

The Municipality uses its Comprehensive Integrated Transport Plan (CITP) for the planning of roads/transport projects, capital budgeting, and land planning and development. The CITP is reviewed annually and is updated every 5 years. A new CITP with new capital projects is currently being developed and a draft plan will be completed in the 2018/19 financial year.

The Municipality is also undertaking an increasing number of in-house designs; thus making less use of consulting engineers. During the 2017/18 financial year, the Municipality planned, designed, constructed and managed numerous civil engineering projects through using internal resources, the largest being the upgrading and widening of Circular Drive.

Traffic movement patterns are regularly assessed and congested roads have been identified for upgrading, coupled with an advanced traffic signalised system. The settings and phasing of existing traffic signals are monitored daily, and any need for adjustments to the signals is implemented as soon as the work can be accommodated in the work programme.

The Municipality continues to implement a comprehensive road tarring programme. The following projects were implemented by the institution during the 2017/18 financial year:

- Tarring of gravel roads
- Provision/repair of sidewalks and cycle tracks
- Rehabilitation of roads
- Resurfacing of roads
- Fixing of potholes
- Painting of road markings
- Rehabilitation and maintenance of bridge structures and stormwater culverts

Kilometres	
Year	Gravel roads upgraded to tar
Year -2	10.88
Year -1	10.24
Year 0	14.892

TABLE 3.41: Tarred Road Infrastructure

Kilometres	
Year	New tar roads
Year -2	10.88
Year -1	10.236
Year 0	21.13

TABLE 3.42: Cost of Construction/Maintenance

R' 000						
	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
Year -2		107682		107682		
Year -1		71088		71088		
Year 0		97000		38036		29500

FIGURE 3.8: Roads Infrastructure costs

TABLE 3.43: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Km of gravel roads tarred	10km	10.12km	15km Amended to 15.5km	14.892km	11km
KPA: Basic Service Delivery	Km of sidewalks constructed	3.5km	3.8km	4.75km Amended to 5km	6.855km	6km
KPA: Basic Service Delivery	m ² of roads resurfaced/ rehabilitated/ resealed	30 000m ²	55 820m ²	65 000m ²	182 956.4m ²	N/A
KPA: Basic Service Delivery	Number of pedestrian bridges constructed	N / A	N / A	2	2	N/A
KPA: Basic Service Delivery	Percentage of unsurfaced road graded	N / A	N / A	N / A	N / A	1%
KPA: Basic Service Delivery	Percentage of surfaced municipal road lanes which has been resurfaced and resealed	N / A	N / A	N / A	N / A	0.37%

TABLE 3.44: Financial Performance 2017/18: Road Services

R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20,660	16,089	13,525	12,604	-28%
Expenditure:					
Employees	76,478	88,598	95,853	89,701	1%
Other	278,203	243,021	243,024	67,128	-262%
Total Operational Expenditure	354,680	331,618	338,877	156,829	-111%
Net Operational Expenditure	334,021	315,529	325,352	144,225	-119%
Repairs and Maintenance	30,421	23,280	24,194	21,975	-6%

TABLE 3.45: Capital Expenditure 2017/18: Road Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	236,308	237,615	230,706	-2%	
Resurfacing Tar roads (non-subsidy)	30,000	29,000	19,758	-52%	Ongoing
Resurfacing of Subsidised Roads	10,000	10,000	17,737	44%	Ongoing
Rehabilitation of roads	9,000	8,500	23,755	62%	Ongoing
Rehabilitate Concrete Roads - Northern Areas	1,000	1,000	944	-6%	Ongoing
Upgrading Depots and Offices	2,000	2,545	143	-1302%	Ongoing
Replacement Vehicles Fleet	7,000	10,000	11,045	37%	Ongoing
Tarring of Gravel Roads	90,000	97,000	85,158	-6%	Ongoing
Motherwell NU29 & 30 : Roads & S/w Bulk Infrastructure	2,000	500	-		Ongoing
New Traffic Signals	800	2,600	2,652	70%	Ongoing
Glen Hurd Drive Upgrading	12,500	14,000	3,800	-229%	Ongoing
TM24 Guidance Signs	350	350	350	0%	Ongoing
Public Transport Facilities	500	1,500	1,369	63%	Ongoing
Traffic Control Equipment (Subsidy)	1,500	1,500	1,487	-1%	Ongoing
Traffic Calming Measures	1,000	1,000	1,374	27%	Ongoing
Planning and Design of Main Roads	1,000	400	36	-2661%	Ongoing
Construction of Bloemendal Arterial	15,000	500	17	-87707%	Ongoing
Stanford Road Extension	2,000	1,600	-		Ongoing
Upgrade Main Road through Swartkops	1,500	1,500	1,478	-1%	Ongoing
Provision of Rudimentary Services - Roads and Stormwater	-	2,000	2,976	100%	Ongoing
Njoli Square Redevelopment	5,658	-	14	-41750%	Ongoing
Rehabilitation of Verges and Sidewalks - Northern Areas	1,500	1,500	1,496	0%	Ongoing
Embizweni Square Upgrading (Mayoral Project) - Roadworks	-	300	299	100%	Ongoing
Minor Intersection Improvements	1,000	1,000	994	-1%	Ongoing
Access Road to Chatty Developments	5,000	5,000	7,031	29%	Ongoing
Seyisi Square & Daku Square Development	100	600	519	81%	Ongoing
Road Upgrades to increase Capacity (ie Circular Drive, Algoa Road, Etc)	10,000	10,000	9,895	-1%	Ongoing
Iron Man - Upgrade of Routes	-	1,000	12,896	100%	Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Fleet Management System	1,000	1,000	–		Ongoing
Construction of Footbridges	1,000	1,000	978	-2%	Ongoing
Facilities for the Disabled	1,000	1,000	1,161	14%	Ongoing
Provision of Sidewalks	20,000	25,820	16,143	-24%	Ongoing
Laboratory equipment - Scientific Services	1,000	2,000	2,516	60%	Ongoing
Fleet Management - Workshop Equipment	500	500	311	-61%	Ongoing
Motherwell Canal Pedestrian crossings	1,400	1,400	2,374	41%	Ongoing

Note: Employee statistics for the Roads Unit are included under the section covering Stormwater, as Roads and Stormwater are a combined sub-directorate.

Operational budget information for the Roads Unit is included under the section covering stormwater as Roads and Stormwater are a combined sub-directorate.

COMMENT ON OVERALL PERFORMANCE OF ROADS

During the 2017/18 financial year, the Municipality tarred 14.892 km of roads in different wards. The Municipality further resurfaced/rehabilitated/resealed 182959.4 square meters of roads and constructed 6,855 km of sidewalks in different wards across the Municipality. Two (2) pedestrian bridges were also constructed in Ward 37 and Ward 38.

3.8 TRANSPORT

PUBLIC TRANSPORT STRATEGY

The Municipality seeks to provide an efficient, safe, affordable, sustainable and accessible multi-modal public transport system that supports social and economic development. The Municipality's Integrated Public Transport System (IPTS) is implemented in terms of the National Transport Policy and relevant legislation. The IPTS is implemented in phases in the following five contract areas in different parts of the Metropole:

- Contract Area 1: Motherwell
- Contract Area 2: Njoli
- Contract Area 3: Cleary Park
- Contract Area 4: Western Suburbs
- Contract Area 5: Uitenhage

Contract Areas 2, 3 and 4 were implemented in 2017/18. Summerstrand will be implemented in 2019/20 and Uitenhage will be implemented in 2020/21. Further planning will be undertaken to determine when Contract Area 1: Motherwell will be implemented. This will need to be a co-ordinated approach, to coincide and integrate with the implementation of PRASA's Motherwell Passenger Rail Corridor.

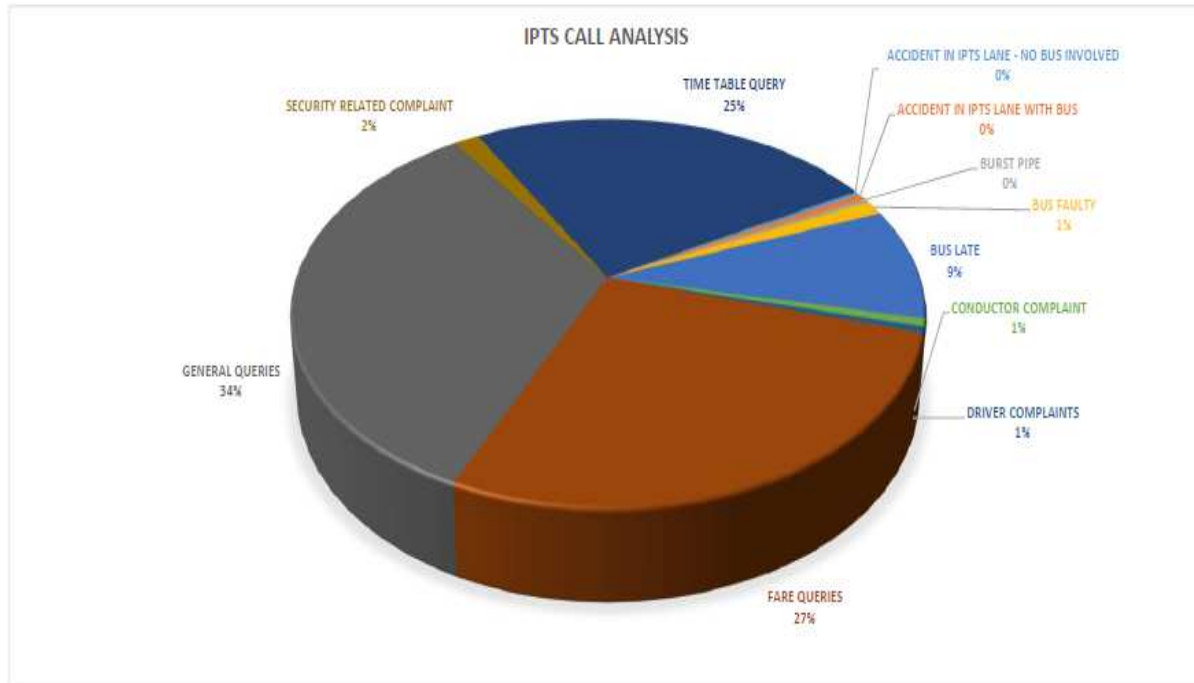
SHORT-MEDIUM TERM ACHIEVEMENTS

The Operational and Business Plans for Cleary Park, Njoli and Summerstrand were completed in 2016. During November 2017, successful dry runs were conducted with the articulated buses on the Cleary Park trunk route. On 26 March 2018, further dry runs were commenced in which passengers were provided with free tickets that were valid until 9 April 2018. These dry runs were highly successful, with very full buses being achieved, partly due to the school holidays at the time. Full paid operations were due to commence on 10 April 2018. Unfortunately, employees embarked on a nationwide strike, which resulted in the cancellation of Libhongoletu services, due to security concerns, until the end of the strike. Operations were finally resumed on 16 May 2018 (trunk route, 1 Northern Areas feeder (Route L340), and the CBD shuttle service). On 21 May 2018, the second Northern Areas feeder (Route L341) was introduced, with the remaining feeder (Route L347) commencing operations on 28 May 2018. Ticket sales started on 30 April 2018, from the Customer Care Centres at Cleary Park and the Mafanasekhaya Gqobose Building in Govan Mbeki Avenue.

The Transport Operational Centre (TOC) has been operational since November 2017, and is handling numerous customer calls (591 received) as well as monitoring the operations along the trunk route. Statistics regarding the implementation of the IPTS during the 2017/18 financial year are as follows:

- Passengers conveyed: 132,327
- Revenue collected: R938,750
- Kilometres scheduled: 211,813
- Scheduled trips: 32,838

The Figure below presents a the breakdown of the types of calls handled during the 2017/18 financial year:

FIGURE 3.9: IPTS Call Analysis

A consortium was appointed to undertake the continued operational planning and the revision of the Comprehensive Integrated Transport Plan (CITP). Work commenced towards undertaking various surveys and counts required for the Transport Register, as well as a household travel survey and additional Public Transport Operations Verification (PTOV) surveys required for the detailed planning of the Phase 1B and 1C starter services, which are due to be implemented in the 2019/20 financial year. Phase 1 of the Cleary Park Depot has been completed, along with numerous additional infrastructure projects on the Cleary Park Corridor.

A tender was advertised and is in the process of being awarded for an Operations Monitoring System (OMS), inclusive of on-board CCTV and all the vehicles that are intended for operations in the next three years. It is expected that installation on the initial fleet will be completed during August/September 2018. A paper based ticketing system (ALMEX) was procured during the 2017/18 financial year, and is already operational on the current fleet.

A Vehicle Operating Company Agreement was successfully negotiated with Spectrum Alert ITS (PTY) Ltd, which is running the services on the Cleary Park Corridor. Additionally, all taxi associations have signed Memoranda of Understanding to participate in the Industry Consultative Committee (ICC). Negotiations in terms of the implementation of Phase 1B and 1C of the IPTS will commence during the 2018/19 financial year.

IPTS IMPLEMENTATION CHALLENGES

Inadequate capacity exists within the IPTS Unit, which has affected the implementation of the system. There is also a challenge with delayed recruitment processes. In addition to the above challenge, transport planning consultants were appointed only in May 2018, with delays been experienced in the conclusion of the service level agreements. The tender for business planning services was cancelled, as the only responsive tender being excessively expensive. Business planning will consequently be undertaken internally. There were also delays in terms of achieving compliance with the requirements of the National Transport and Treasury Departments for operating the Integrated Public Transport System.

SERVICE DELIVERY PRIORITIES

The service delivery priorities linked to the IPTS include the following:

- Implementation of public transport facilities (i.e. depot to enhance operations and the activation of a monitoring and management system).
- Establishment and maintenance of an efficient and effective negotiation structure with the public transport operators.
- Provision of empowerment and skills development processes for the operators, including customer care training.

Public Transport Efficiencies

Operations in terms of Phase 1A commenced in May 2018 only. Although some initial amendments to the service have been made, it is still too early to determine the actual demand for the service. The service will need to “mature” and stabilise over a 3 to 6-months’ period before any significant changes to effect efficiencies can be made.

Bus Operations Approach

Detailed service planning will be undertaken for the Phase 1B and 1C corridors during the 2018/19 financial year, with the intention to implement these corridors during the 2019/20 financial year. The procurement of additional buses has commenced and is due for submission to the Bid Specifications Committee in July 2018.

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	1	1	0	0%
4 – 6	13	11	2	9	81%
7 – 9	1	1	0	1	100%
10 – 12	0	0	0	0	0%
13 – 15	11	6	5	1	17%
16 – 18	13	8	5	3	38%
19 – 20	2	2	0	2	100%
Total	42	29	13	16	55%

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	26,146	93,639	29,615	69,414	-35%
Expenditure:					
Employees	14,075	19,353	20,055	13,551	-43%
Other	30,683	61,438	96,816	60,586	-1%
Total Operational Expenditure	44,757	80,790	116,872	74,137	-9%
Net Operational Expenditure	18,612	(12,849)	87,257	4,722	372%
Repairs and Maintenance	1,157	615	988	458	-34%

TABLE 3.48: Capital Expenditure 2017/18: Transport Services					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	168,242	180,250	100%	
IPTS - Work Package: Public Transport Facilities	-	58,627	79,705	100%	Ongoing
IPTS - Work Package: Road Works	-	68,615	93,257	100%	Ongoing
IPTS - Work Package: TDM and ITS	-	41,000	7,288	100%	Ongoing

TABLE 3.49: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Percentage of scheduled municipal bus services 'on time'	N / A	N / A	N / A	N / A	70% (Cleary Park / Town Route)
KPA: Basic Service Delivery	Number of operational public transport access points added	N / A	N / A	N / A	N / A	0
KPA: Basic Service Delivery	Number of taxi and bus embayments constructed to address illegal stopping	N / A	N / A	N / A	N / A	6 (Wards 6,54,40, 38, 49, 50)
KPA: Basic Service Delivery	Number of weekday scheduled municipal bus passenger trips	N / A	N / A	N / A	N / A	180 trips per week
KPA: Basic Service Delivery	Number of public transport stops built within 800 m radius in Integrated Public Transport System operation routes	N / A	N / A	N / A	N / A	10
KPA: Basic Service Delivery	Percentage of scheduled municipal buses that are low entry	N / A	N / A	N / A	N / A	100%

TABLE 3.50: Municipal Bus Service Data

	Details	Year 0		Year 1
		Estimate	Actual	Estimate
1	Passenger journeys	Not Available	14,192,701	15,990,500
2	Seats available for all journeys	Not Available	Not Available	Not Available
3	Average unused bus capacity for all journeys	Not Available	Not Available	Not Available
4	Size of bus fleet at year end	Not Available	565	583
5	Average number of buses off the road at any one time	Not Available	447	459
6	Proportion of the fleet off road at any one time	Not Available	20%	23%
7	Number of bus journeys scheduled	Not Available	Not Available	Not Available
8	Number of journeys cancelled	Not Available	Not Available	Not Available
9	Proportion of journeys cancelled	Not Available	Not Available	Not Available

Note: The above data includes services operated by the Algoa Bus Company within the NMBM, under contract with the Eastern Cape Department of Transport.

3.9 STORMWATER DRAINAGE

Stormwater drainage, bridge and culvert management systems (which *inter-alia* comprise an Assets register, inspection data, condition and priority rating), have been developed and are regularly updated. The Bridge Management System is a highly sophisticated management tool designed by the Council for Scientific and Industrial Research (CSIR). It provides the Municipality with an engineering overview of the condition and maintenance requirements of all its bridges. The stormwater management system also includes the 1:50 and 1:100-year floodlines for the major river systems. This information is used in the planning and design of new developments and areas of interest. Specific high risk flooding areas are constantly monitored through a maintenance programme, which seeks to reduce the risk of flooding. The stormwater management system further flags operational requirements and maintenance intervals and gives guidance regarding priority areas, as well as the installation of bulk stormwater and the reduction of flood risks in informal areas. Inadequate funding, lack of sufficient human resources, plant and materials, prolonged procurement processes, delays with EME appointments and ageing infrastructure remain the key challenges regarding stormwater management in the Municipality.

TABLE 3.51: Stormwater Infrastructure		
Kilometres		
	New stormwater measures	Stormwater measures upgraded
Year -2	1.00	1.00
Year -1	2.47	2.47
Year 0	0	0

TABLE 3.52: Cost of Construction/Maintenance		
R' 000		
	Stormwater measures	
	New	Upgraded
Year -2	36,191	13,411
Year -1	37,714	5,774
Year 0	39,229	15,914

NOTE: The 2017/18 budget for stormwater was used for maintaining the stormwater system, including the cleaning of pipes and repairs.

FIGURE 3.10: Stormwater Infrastructure Costs

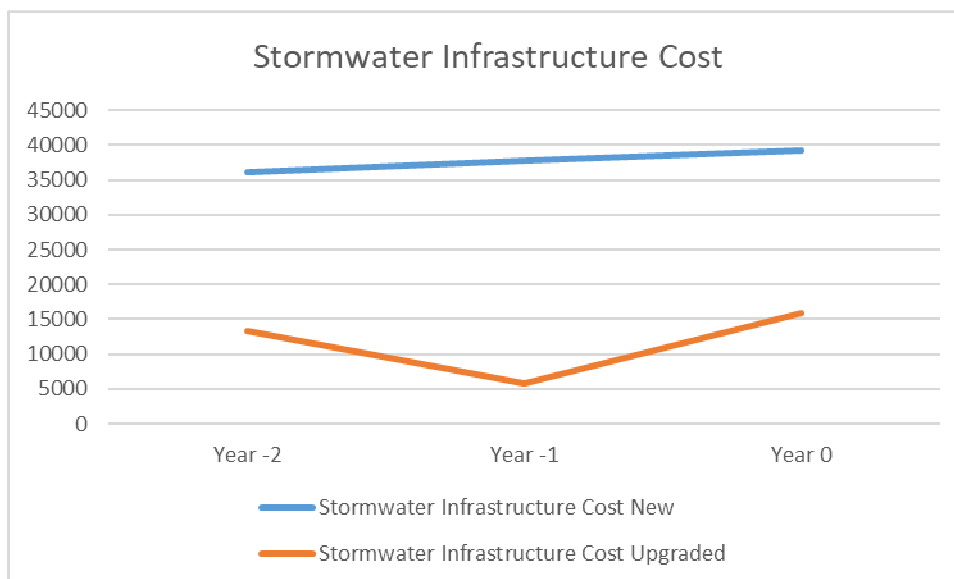


TABLE 3.53: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Meters of stormwater drainage installed	N/A	N/A	N/A	N/A	550 m (Zwide) by March 2019

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.
0 - 3	203	203	197	6	3%
4 - 6	43	147	44	103	70%
7 - 9	22	35	18	17	49%
10 - 12	19	39	22	17	44%
13 - 15	3	15	3	12	80%
16 - 18	1	3	1	2	33%
19 - 20	0	1	1	0	100%
Total	291	443	286	157	35%

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	4	100%
Expenditure:					
Employees	-	-	4,540	3,852	100%
Other	36,617	37,357	32,747	15,922	-135%
Total Operational Expenditure	36,617	37,357	37,287	19,774	-89%
Net Operational Expenditure	36,617	37,357	37,287	19,770	-89%
Repairs and Maintenance	16,185	15,221	11,135	15,055	-1%

TABLE 3.56: Capital Expenditure 2017/18: Stormwater Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	31,400	65,810	47,214	33%	
Lorraine Stormwater Control	-	-	1,183	100%	Ongoing
Blue Horizon Bay Bulk Stormwater	4,000	4,000	3,932	-2%	Ongoing
Cannonville/ Colchester: Stormwater Improvements	8,500	13,500	13,409	37%	Ongoing
Theescombe / Gqebera Bulk Stormwater	3,000	21,000	13,279	77%	Ongoing
Zwide Bulk Stormwater	5,000	5,000	72	-6855%	Ongoing
Stormwater Improvements: Ikamvelihle	2,000	2,000	-		Ongoing
New Brighton/KwaZakhele: Bulk Stormwater	2,500	5,000	4,929	49%	Ongoing
Stormwater Improvements	2,000	5,710	5,627	64%	Ongoing
Chatty: Stormwater Improvement	400	5,400	102	-292%	Ongoing
Rehabilitation of Stormwater Ponds	2,000	2,000	2,522	21%	Ongoing
Reconstruction of stormwater system - Uitenhage	2,000	2,000	1,986	-1%	Ongoing
Motherwell Canal Wetlands	-	-			Ongoing
Embizweni Square Upgrading (Mayoral Project) - Stormwater	-	200	173	100%	Ongoing

The following stormwater projects were implemented by the Municipality during the 2017/18 financial year:

- Stormwater upgrading - Gelvandale
- Stormwater upgrading - Helenvale
- Stormwater upgrading - KwaDwesi
- Stormwater upgrading - Zwide
- Stormwater upgrading - KwaNobuhle
- Stormwater upgrading - Woodlands
- Stormwater upgrading - Lorraine
- Stormwater upgrading - Uitenhage
- Stormwater upgrading - Rosedale
- Stormwater improvements: Ikamvelihle
- Stormwater improvements: Walmer / Gqebera
- Stormwater improvements: Colchester

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 LAND PLANNING AND MANAGEMENT

The Municipality performs the following functions in terms of land planning and management:

- Land Planning: Managing and administering the function of spatial development planning (including the spatial development framework and detailed layout planning); strategic planning; and land use management.
- Planning and Property Administration: Managing and administering the function of planning administration in relation to all land use and land transaction (sale, lease and acquisition) applications; as well as the management and administration of Council's immovable land assets.
- Building Control: Managing and administering the function of building control (building plan assessment; building inspections; illegal building control; and advertising control).
- Social Housing: Responsible for creating an enabling environment for the development of new social rental housing stock by accredited social rental housing institutions. The Sub-Directorate is further responsible for the management and administration of title deeds in relation to municipal housing developments; and the administration of old age homes and municipal rental housing stock.

Municipal Spatial Development Framework Planning (MSDF)

The Metropolitan Spatial Development Framework forms part of a set of three interrelated strategic documents driving the spatial strategy of the Municipality. A revised Metropolitan Spatial Development Framework for the Nelson Mandela Bay Municipality was adopted by Council in December 2015. The revised MSDF offers broad parameters within which initiatives at sectoral and local levels could be translated into tangible and attainable goals, targets, programmes and projects. However, the Framework requires a further review to enhance its alignment with the objectives of the NMBM Integrated Development Plan (IDP); as well as its compliance with the legal framework set by the Spatial Planning and Land Use Management Act (SPLUMA) (2013).

Local Spatial Development Framework Planning

The spatial context of the Metro has been divided into 16 geographical areas, guided by the principles of "Sustainable Community Units," as set out in the Sustainable Community Planning Methodology of the NMBM. Local Spatial Development Frameworks (LSDFs), which will guide the spatial development objectives of these geographical LSDF areas were developed over the last few years. A total of 15 LSDFs have now been completed and adopted by Council.

Precinct Planning

The development of detailed precinct plans for the Njoli and Chatty/ Zanemvula urban precincts was initiated during the reporting period. The work was, however, not completed, due to procurement delays. *Status quo* reports were completed, and it is envisaged that the final precinct plans will be adopted during the 2018/19 reporting period.

Layout Planning

Detailed layout planning undertaken during the current reporting period comprised mostly smaller subdivision layouts for infill residential development in various areas; as well as the continued consideration of planning proposals of the "Walmer 11305" Integrated Residential Development and the proposed Seaview Low Income Residential Project.

Land Use Management

The assessment of land development applications was aligned with the Spatial Planning and Land Use Management Act, 2013 (SPLUMA) development principles. Approximately 348

land applications were processed in the review period. Land use enforcement is largely complaint driven and is heavily reliant on concerned neighbours, citizens and professionals who report suspected illegal land use activities.

Municipal Planning Tribunal (MPT)

The NMBM Municipal Planning Tribunal, established in September 2016, was temporarily suspended due to a legal compliance issue. This has subsequently been rectified with the appointment of a new MPT by Council in May 2018. The MPT has assumed its duties and has already considered in excess of 148 applications at the final two meetings of the reporting period. It is envisaged that the re-establishment of the MPT will contribute to improved efficiencies in the average turnaround time for the assessment of land use applications.

Policies and By-laws

The following by-laws and policies have been submitted for adoption during the review period:

- Problem Buildings By-law
- Student Accommodation Policy
- Guest House Policy
- Outdoor Dining Policy
- Tall Buildings Policy
- The Liquor Outlet Policy and SPLUMA By-law will be presented for adoption during the next reporting period

The Policy on the Disposal of Immovable Assets was subjected to public participation as required in terms of a Council resolution. This has been concluded and the Policy is now being implemented.

Land Strategy

A Draft Land Strategy for the acquisition of land for municipal purposes and the release (disposal) of municipal land for developmental purposes is in place and will be finalised during the 2018/19 financial year.

Social Housing

The Fairview Extension Social Housing Project, comprising 144 units, was completed and tenanting has commenced. The Steve Biko/Mumford House (former Sanlam Building in which struggle hero Steve Biko was incarcerated, has not progressed as anticipated, due to Emerging Micro Enterprise (EME) and construction challenges. The project is expected to be completed in the 2018/19 financial year, and will yield approximately 300 units in the Inner City area.

Title Deeds

Approximately 1763 title deeds were handed over to beneficiaries during the current reporting period.

Old Age Homes

The following old age homes were taken over by the Municipality: Elizabeth Stuurman Home (Korsten), the Adcock Home and the Alan Hendricks Home in Korsten, as well as the Bethelsdorp Old Age Home.

Rental Housing Stock

The Municipality manages the following rental housing stock - the Culemborg, Cuylerhof, Nic Claasen and Fire Station flats.

Building Control

Turnaround time for building plans assessment has been maintained at 8.12 days. Over 5263 plans with an estimated value of R3.8 billion were approved during the 2017/18 period.

Advertising Control:

The Advertising Control Committee sits every six weeks to assess advertising applications.

Detail	Formalisation of Townships		Rezoning		Built Environment	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Planning application received	0	0	170	142	308	355
Determination made in year of receipt	0	0	22	16	50	31
Determination made in following year	0	0	62	23	119	95
Applications withdrawn	0	0	1	1	2	2
Applications outstanding at year-end	0	0	147	125	256	322
Notes			20 finalised in 2018/2019. 65 pending to date	102 pending to date	54 finalised in 2018/2019 / 83 pending to date	227 pending to date

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	7	9	8	1	11%
7 - 9	3	4	3	1	25%
10 - 12	5	16	5	11	69%
13 - 15	5	15	7	8	53%
16 - 18	5	8	5	3	38%
19 - 20	0	0	0	0	0%
Total	26	53	29	24	45%

TABLE 3.59: Employees: Properties and Planning Administration

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	13	17	13	4	76.47%
7 - 9	6	6	6	0	100%
10 - 12	0	4	0	4	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	19	27	19	8	30%

TABLE 3.60: Financial Performance 2016/17: Planning Services

Details	R'000				
	2016/2017	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	32,702,504	134,697,738	24,797,430	34,572,678	-290%
Expenditure:					
Employees	86,425,975	105,732,130	106,428,390	126,863,694	17%
Other	-24,882,837	57,578,728	53,857,560	28,314,027	-103%
Total Operational Expenditure	61,543,139	163,310,858	160,285,950	155,177,721	-5%
Net Operational Expenditure	28,840,634	28,613,120	135,488,520	120,605,043	76%
Repairs and Maintenance	3,107,369	3,544,037	3,796,010	2,622,476	-35%

TABLE 3.61: Capital Expenditure 2017/18: Planning Services

Capital Projects	R' 000				
	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	7,500	7,895	6,662	-13%	
Motherwell Traffic and Licencing Centre	7,500	7,895	6,662	-13%	Ongoing

3.11 RESEARCH AND DEVELOPMENT

Knowledge management is a well-founded management approach that holds significant benefits for public institutions such as municipalities. Knowledge sharing also plays a critical part in improving municipal governance in the local government sector.

The Nelson Mandela Bay Municipality has a dedicated Office to render knowledge management, policy and research services to the institution. One of the key projects undertaken by this Office during the 2017/18 financial year was the coordination of the NMBM Customer Satisfaction Survey to identify the services residents were satisfied with, and the services that did not meet service expectations. The outcomes of the survey will inform future planning.

3.12 LONG-TERM GROWTH AND DEVELOPMENT PLAN

The Municipality developed a Long-Term Growth and Development Plan, which was adopted by Council on 24 May 2018.

The Long-Term Growth and Development Plan is designed to provide a framework for three successive five-year Integrated Development Plans, up to the 2031/2032 financial year. The Plan aims at achieving the comprehensive socio-economic development of Nelson Mandela Bay.

The Long-Term Growth and Development Plan will guide the articulation of a comprehensive local vision for the determination of the developmental objectives of the next three IDPs. This is of considerable importance for properly equipping all directorates of the Municipality to achieve the desired goals.

At a broader level, the strategic focus will be placed on integrating the local economy into the developmental agenda of the national and global economies, and to efficiently manage and capitalise on the impacts of globalisation and climate change, which remain key developmental challenges all over the world.

3.13 BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)

Municipalities are required on an annual basis to develop Built Environment Performance Plans (BEPPs) as part of grant conditions. The Nelson Mandela Bay Municipality is a recipient of a number of grants, including the Urban Settlements Development Grant (USDG), the Integrated City Development Grant (ICDG), the Integrated Housing and Human Settlements Grant (IHHSG), the Public Transport Infrastructure Support (PTIS), the Integrated National Electrification Programme (INEP), and the Neighbourhood Development Partnership Grant (NDPG).

The Council approved the BEPP for the 2018/19 financial year, along with the Budget and IDP, in May 2018. The BEPP and all other strategic documents of the Municipality are available on the Municipality's website at www.nelsonmandelabay.gov.za.

3.14 INTEGRATION OF STRATEGIC PLANNING INITIATIVES OF NMBM

The Municipality has established a Strategic Planning Steering Committee, which fulfils the statutory functions of the IDP and the Budget Steering Committee. The Strategic Planning Steering Committee also seeks to integrate the strategic planning processes of the Municipality in order to ensure a planning led budget process. The Municipality's strategic planning processes include the development of a Long-Term Growth and Development Plan (LTGDP) with the articulation of the Vision, Mission and Brand of the NMBM; the creation of the five-year Integrated Development Plan (IDP) and its annual reviews, the development of a supportive three-year Budget, and the development of the annual Built Environment Performance Plan (BEPP).

3.15 ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE

The Economic Development, Tourism and Agriculture Directorate is responsible for the development and implementation of the Economic Development Strategy for Nelson Mandela Bay.

The Municipality implemented key economic development programmes during the 2017/18 financial year, which yielded some positive outcomes for the citizens of Nelson Mandela Bay. Through public private partnerships with various institutions, the Municipality assisted a number of emerging entrepreneurs in various sectors and attracted new investments, which created much-needed jobs.

The Municipality further provided support (i.e. provision of equipment and training) to informal traders, in line with its Informal Trading Development and Support Policy. In addition, the Municipality rolled out farmers' support programme, which benefited 36 emerging farmers during the 2017/18 financial year. To ensure ease of access to business information and support, the Municipality established two Enterprise Development Centres (in Veeplaas and Uitenhage). These centres provide information and business support to small businesses in these previously disadvantaged areas and their surroundings, thereby reducing travel costs. Economic development infrastructure projects, such as the Veeplaas Incubator, the Motherwell Thusong Centre and the Walmer Youth Centre, were also completed.

The Municipality implements the Expanded Public Works Programme (EPWP) in line with the National Development Plan. The EPWP is a government-wide programme aimed at creating jobs and imparting skills through public spending. It involves orientating line function budgets to create more work opportunities, particularly for unskilled labour. Annually, the Municipality signs incentives agreements with the National Department of Public Works. Through its turnaround strategy, the Municipality secured an improved amount of EPWP Incentive Grant funding, which resulted in a larger number of work opportunities created during the 2017/18 financial year. Altogether 6274 work opportunities were created, which equated to 973 full-time equivalent jobs through the EPWP.

The Nelson Mandela Bay Municipality has a Strategic Tourism Development Plan (Tourism Master Plan), identifies key and strategic development initiatives to position Nelson Mandela

Bay as a destination of choice within South Africa, and also in the African continent. As part of the Tourism Master Plan, the Municipality offers support to tourism SMMEs. During the 2017/18 financial year, 28 tourism SMMEs benefitted from the SMME support programme through capacity building. In addition, 46 youth were enrolled on a tourism learnership programme; 14 permanent jobs were created through the programme.

The Municipality implemented export awareness and development programmes for SMMEs. Through its Export Help Desk, the Municipality trained 68 SMMEs in the following courses: introduction to exports; export orientation; DTI export incentive schemes; and export in aquaculture. The Municipality further provided opportunities for market access to 10 SMMEs through SMME participation in local trade exhibition shows. In terms of export licencing, 7 SMMEs were assisted during the 2017/18 financial year. The Municipality implemented various business interventions, which benefitted 1580 SMMEs, in the 2017/18 financial year. A total of 31 SMMEs in the Information Communication and Technology (ICT) were supported through the SEDA ICT Incubation Programme. 25 SMMEs in the construction sector were also supported through the SEDA Construction Incubation Programme during the 2017/18 financial year. In its desire to see co-operatives thrive, the Municipality conducted workshops in pre-registration, cooperative governance and compliance to support cooperatives in the Nelson Mandela Bay. A total of 245 cooperative members attended the workshops. Workshops were also held to support 163 informal traders during the 2017/18 financial year. The NMBM Informal Trading Policy was adopted by Council on 30 November 2017. An area in KwaDwesi was identified for informal trading. The area has been fenced and paved.

Through the Investment Incentive Programme, the Municipality supported six investors with incentives. The Investment Incentive Programme contributed to the creation of 1830 other work opportunities in Nelson Mandela Bay during the 2017/18 financial year. A number of the Municipality's economic development infrastructure projects are implemented by its municipal entity, the Mandela Bay Development Agency (MBDA).

TABLE 3.62: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Local Economic Development	Number of Small Medium and Micro Enterprises (SMMEs) provided with training through the Export Development and Promotion Programme	N / A	N / A	35	65	35
KPA: Local Economic Development	Number of Small, Medium and Micro Enterprises (SMMEs) graduating from the Nelson Mandela Bay Municipality (NMBM) - Small Enterprise Development Agency (SEDA) Information Communication Technology Incubation (ICT) Programme	N / A	N / A	4	4	38
KPA: Local Economic Development	Number of Small Medium and Micro Enterprises (SMMEs) in the Nelson Mandela Bay Municipality (NMBM) - Small Enterprise Development Agency (SEDA) Construction Incubation Programme obtaining additional construction grade(s)	N / A	N / A	15	17	38
KPA: Local Economic Development	Number of Full-Time Equivalent (FTE) jobs created	1830	776	4117	973	2796.5
KPA: Local Economic Development	Number of Work Opportunities (WOs) created	6009	2986	13172	6274	9660
KPA: Local Economic Development	% completion of the Nelson Mandela Statue project	N / A	N / A	100% (Phase 1: Concept design and development of business plan)	100% (Phase 1: Concept design and development of business plan)	100% (Phase 2: Site identification and approval; Approval of financial model)

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Local Economic Development	% achievement of the Mandela Bay Development Agency's 2017/18 Key Performance Indicators reflected in the Mandela Bay Development Agency Business Plan	N / A	N / A	80%	42%	80%
KPA: Local Economic Development	Percentage of Nelson Mandela Bay Tourism's Key Performance Indicator targets successfully met by Nelson Mandela Bay Tourism per the revised Service Level Agreement with Nelson Mandela Bay Tourism	N / A	N / A	N / A	N / A	95%
KPA: Local Economic Development	Number of rateable residential properties in the subsidy housing market entering the municipal Valuation Roll	N / A	N / A	N / A	N / A	2256
KPA: Local Economic Development	Number of unemployed residents participating in the Nelson Mandela Bay Municipality Adult Basic Education and Training (ABET) Literacy Programme	N / A	N / A	90	310	N/A
KPA: Local Economic Development	% completion of the Njoli Square precinct plan development	N / A	N / A	100%	30%	N/A
KPA: Local Economic Development	Number of jobseekers registered and trained in Nelson Mandela Bay through the Citywide Human Resources and Skills Development Support Programme	N/A	N/A	200	280	N/A

TABLE 3.63: Economic Activity by Sector			
R '000			
Sector	Year -2 (2015/2016)	Year -1 (2016/2017)	Year 0 (2017/2018)
Agriculture, forestry and fishing	180 193	152 736	170 366
Mining and quarrying	106 593	100 554	102 378
Manufacturing	16 268 378	16 418 488	16 333 198
Electricity	399 687	406 052	418 482
Transport	8 277 260	8 384 722	8 499 131
Manufacturing – investment incentives			
Clover	652 000	0	0
Lighting Innovation	16 207	600 000	0
Aspen Pharmaceutical Company	0	0	571 195
LA Mohair	1 242	0	0
RV Footwear	0	0	2 602
BPO and Services – Investment Incentives			
Discovery	4 500	893 700	0
Mutual Financial Analysts (MFA)	4 450	0	0
Price Water House Coopers (PWHC)	0	78 000	2 450
WNS Global Services	0	5 700	39 900
Dimension Data	0	0	3 908
Automotive – investment incentives			
FAW	17 017	800 000	0
Wholesale and retail	12 005 000	12 061 489	11 917 686
Finance, property etc.	16 831 223	17 143 409	17 404 633
Government, community and social services	17 325 872	17 606 867	17 725 957
Infrastructure services	2 434 423	2 444 380	2 417 013
Total	74 524 045	77 096 097	75 608 899

Source: Global Insight, 2017

TABLE 3.64: Economic Employment by Sector			
Sector	Jobs		
	Year 1 (2018/2019)	Year -1 (2016/2017)	Year 0 (2017/2018)
	No.	No.	No.
Agriculture, forestry and fishing	0	8 831	8 555
Mining and quarrying	0	223	220
Manufacturing	0	61 244	59 897
Electricity	0	716	753
Transport	0	14 534	14 658
Manufacturing – investment incentives			
Clover	0	100	0
Aspen Pharmaceuticals	0	0	497
Lighting Innovation	0	120	0
RV Footwear	0	0	96
BPO and Services – investment incentives			
Price Water House Coopers (PWHC)	0	0	150
Discovery	0	500	0
Mutual Financial Analysts (MFA)	0	75	0
WNS Global Services	0	707	671
Sensational Debt Relief	0	85	0
Dimension Data	0	0	375
Automotive – investment incentives			
FAW	0	88	0
Wholesale and retail trade	0	61 131	61 641
Finance, property, etc.	0	51 344	51 561
Government, community and social services	0	78 840	28 445
Infrastructure services	0	19 328	19 521
Total	0	278 538	227 501

Source: Global Insight, 2017

TABLE 3.65: Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)	1789	0	1789	
Year -2 (2015/2016)				
Year -1 (2016/2017)				
Manufacturing - investment incentives				Company reports
Clover	100	0	100	
Aspen Pharmaceuticals	0	0	0	
Lighting Innovation	120	0	0	
RV Footwear	0	0	0	
BPO and services - investment incentives				Company reports
Price Water House Coopers (PWHC)	0	0	0	
Discovery	500	0	500	
Mutual Financial Analysts (MFA)	75	0	75	
WNS Global Relief	707	0	707	
Sensational Debt Relief	85	0	85	
Dimension Data	0	0	85	
Automotive - investment incentives				Company reports
FAW	88	0	88	
Year 0 (2017/2018)				
Manufacturing - investment incentives				Through reports provided by the various companies
Clover	0	0	0	
Aspen Pharmaceuticals	497	0	497	
Lighting Innovation	0	0	0	
RV Footwear	96	0	96	
BPO and Services - Investment Incentives				Company reports
Price Water House Coopers (PWHC)	150	0	150	
Discovery	0	0	0	
Mutual Financial Analysts (MFA)	0	0	0	
WNS Global Relief	671	0	671	
Sensational Debt Relief	0	0	0	
Dimension Data	375	0	375	

Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Automotive - investment incentives				Company reports
FAW	0	0	0	
Initiative A (Year 0) - Manufacturing	593	0	593	
Initiative B (Year 0) - BPO and Services	1196	0	1196	
Initiative C (Year 0) - Automotive	0	0	0	

Source: Global Insight, 2017

TABLE 3.66: Job creation through EPWP Projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2 (2015/2016)	43	1229
Year -1 (2016/2017)	105	2431
Year 0 (2017/2018)	114	6274

TABLE 3.67: Employees: Local Economic Development Services					
Job Level	Year -1 (2016/2017)	Year 0 (2017/2018)			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	10	10	0	0%
4 - 6	16	19	18	1	5%
7 - 9	6	6	5	1	17%
10 - 12	5	6	5	1	17%
13 - 15	4	6	6	0	0%
16 - 18	4	5	5	0	0%
19 - 20	0	0	0	0	
Non-Permanent	0	21	21	0	0%
Special Programmes	34	34	25	9	26%
Total	79	107	95	12	11%

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	112,051	97,958	105,319	105,307	7%
Expenditure:					
Employees	16,121	41,781	20,875	17,261	-142%
Other	73,833	85,280	128,245	96,338	11%
Total Operational Expenditure	89,954	127,061	149,119	113,599	-12%
Net Operational Expenditure	(22,097)	29,103	43,800	8,291	-251%
Repairs and Maintenance	9	70	30	51	-39%

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	1,000,000	999,999	100%	
Informal Trading Infrastructure	-	1,000,000	999,999	100%	Ongoing

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, etc.

3.16 HERITAGE, LIBRARIES AND MUSEUMS

The Municipality's Sport, Recreation, Arts and Cultural Services (SRAC) Directorate is divided into three sub-directorates: Sports and Recreation; Beaches and Resorts; as well as Arts, Culture, Heritage and Libraries.

The Arts, Culture, Heritage and Libraries Sub-directorate mainly provides services for the development of various “art forms”, the preservation and conservation of heritage resources, and “provision of library and information services” through the following sections and facilities:

- Libraries
 - 22 libraries metro wide
 - Three modular libraries (New Brighton, Colchester and Kuyga)
 - Digital library and archives at Red Location Cultural Precinct

- Museums and Gallery
 - Red Location Museum of Struggle
 - Nelson Mandela Metropolitan Arts Museum
 - Red Location Arts Gallery

- Heritage
 - Maintenance of 18 heritage sites
 - Establishment of Heritage Liberation Route
 - Commemoration of heroes and heroines and significant historical events (repatriation and reburials)
 - Establishment and development of memorials (naming and renaming)

- Arts and culture (Living Arts)
 - Arts Development Programmes (film, music, dance, poetry, literature and crafts)
 - Establishment of infrastructure for arts development (Mendi Cultural Arts Centre)
 - Provision of opportunities to develop cultural and creative industries through strategic events platforms, such as the Summer Season, the Splash Festival and Ironman competitions
 - Support to constituency organisations (Small Arts Grants)
 - Strategic partnerships with stakeholders and institutions with interest in the arts and culture

These facilities and sections operate in line with legislation and strategic policy documents that govern the provision of these services to the public. These applicable legislation and strategic policy documents include:

- Revised National White Paper on Arts, Culture and Heritage (2016)

- The National Library of South Africa Act (1998)
- Promotion of Access to Information Act (2000)
- Eastern Cape Library and Information Services Act (2003)
- National Heritage Resource Act No.25 (1999)
- Culture Promotion Amendment Act 35 (1983)
- Cultural Institutions Act No.119 (1998)
- Geographic Names Policy
- Eastern Cape Repatriation and Reburial Policy
- NMBM IDP and SDBIP

MUSEUMS AND GALLERY

NELSON MANDELA METROPOLITAN ART MUSEUM

The mission of the Nelson Mandela Metropolitan Art Museum is to collect, preserve, exhibit and foster understanding and enjoyment of works of art at the highest possible museum and scholarly standards. The Art Museum promotes the City nationally and internationally. The collections are universally accessible and provide a source of inspiration that make a positive difference to people's lives.

During the 2017/2018 financial year, the Art Museum had a total 21 514 visitors. The Art Museum remains critically short staffed and continues to face challenges with regards to limited space and resources. Despite these challenges, the Art Museum has continued to profile its collections, promote the visual arts and the appreciation thereof, thus keeping it relevant in Nelson Mandela Bay and the Eastern Cape at large, through the following programmes and activities:

- **Exhibitions**

During the 2017/2018 financial year, the Nelson Mandela Metropolitan Art Museum installed fourteen (14) new exhibitions. Three exhibitions focused on special interest groups, namely the elderly, young mothers and the Khoisan community. Other highlights included exhibitions celebrating our artistic heritage, including a tribute to George Pemba and an exhibition celebrating Nelson Mandela's legacy through images of art from the Art Museum collection.

The Art Museum received an anonymous donation of artworks by the artist, George Pemba. The Art Museum chose to celebrate this significant donation with an exhibition showcasing the Art Museum's existing collection of Pemba's work alongside the three new donations. To pay tribute to George Pemba and in celebration of Mandela Day, the Art Museum decided to honor the elderly. A group of pensioners from the New Brighton were invited to attend a pre-view of the PEMBA Exhibition and also a workshop on 18 July 2017. Community members from the Kleinskool Area, ACVV North, were also invited to attend a walk-about of the PEMBA exhibition.

The Art Museum's permanent collection was used to pay tribute to mothers everywhere. The selected artworks depicted the beauty and joy of motherhood, alongside works that showed the challenges that women face when they become mothers. The Art Museum supported the exhibition and theme of motherhood with two mother related events: On 17 November 2017, the Art Museum Façade was lit up in purple in support of World Prematurity Day, and on 18 November 2017, a mom's workshop was presented by Leah Hughes, the Founder of Gentle Breastfeeding Support, for new and expectant moms.

At the Cape Recife Natural Reserve, local artists collaborated with 7 Khoisan chiefs to create a performance in honor of the water spirits of the Khoisan people and more broadly of the conservation and celebration of the power of water. *THE WAY / SPIRIT OF WATER* Exhibition was made up of artworks that were produced at this event and was opened at the Art Museum on 27 September 2017, in support of Heritage Month, by the Khoisan Chief, Margaret Coetzee. The Khoisan community attended the opening of the exhibition, conducting a traditional Khoisan cleansing ceremony.

Artists in the Bay were invited to submit one artwork in response to the theme of wind, kites, mobiles, and flying machines. *THE ART OF THE KITE* Exhibition was a fun-filled community exhibition and celebrated the wind for which our City is so well known. The two adult winners were Lisa Walker and Siphon Foley, who received a wooden painters' easel each. The Junior winners were Tyler and Reece Wilson and Cassandra Dicke Wyatt, who each received a voucher each to buy art materials donated by a member of the public.

An exhibition showing the difference between the conservation and restoration of Museum objects titled, *HERE TODAY, HERE TOMORROW* was very popular with audiences. The Exhibition focused specifically on easel painting, ceramics and works on paper. All the artworks were from the Art Museum's permanent collection. The Exhibition was accompanied by multiple walkabouts conducted by the Art Museum's conservator, Anthony Keogh.

- **Reflecting on Mandela's Centenary**

The 2017/18 financial year ended with an exhibition curated in celebration of Nelson Mandela's centenary, titled *ART/LAW – REFLECTING THROUGH ART ON OUR HUMAN RIGHTS PAST AND PRESENT*. This Exhibition used works from the collection of the Art Museum to reflect past injustice and the ongoing struggle for freedom and democracy. Selected artworks include state of emergency, Bantu education, the harsh conditions of mine workers during Apartheid, and other important injustices from the past. Contemporary works reflect on corruption, social issues like HIV/AIDS, and access to resources. The Art Museum engaged the assistance of the Nelson Mandela University (Law Department) in obtaining a selection of reported cases which link to the themes of the artworks on display and to the current Bill of Rights.

- **Education**

During the 2017/18 financial year, the Art Museum's Education Centre offered a comprehensive programme of educational tours, workshops and events designed to foster understanding and enjoyment of the artworks on exhibition. Guided tours and workshops were offered on a first-come-first-serve basis. The Table below indicates the Museum's education support programmes implemented during the 2017/18 financial year.

TABLE 3.70: NMM Art Museum Education Support Programmes

ACTIVITY	DESCRIPTION	NUMBER OF ACTIVITIES IMPLEMENTED	BENEFICIATION
Events	The Art Museum hosts various events for the public and groups, such as exhibition openings, walkabouts, launches and talks.	33	All wards
Guided tours	A guided tour is hosted when a group of people or an organization calls to book a tour and a Museum employee guides them through the exhibitions on show, whilst explaining the artworks.	25	Wards: 1,2,5,3, 15,19,28, 31,32, 40,41,49
School tours	Schools book tours and a Museum employee guides the learners through the exhibitions on show, explaining the artworks.	29	Wards: 2,3,15, 19,28,31, 32,40, 41,47,49
Self-guided tours	A self-guided tour is when a group of people or members from an organisation walk through the exhibitions and conduct the tour themselves. The Art Museum's exhibitions are designed to be self-explanatory and cater for this function.	15	Wards: 1,3,5,13, 47
Workshops	Schools call to book an art workshop and a presenter will guide them through a creative workshop where an artwork will be produced by each learner. The workshop themes match the exhibition's theme and includes such activities as painting, clay or drawing workshops.	77	Wards:1,3,4,5,6,7,8,10,12,14,15,20,21,27, 28,32,40, 42,52,56

ACTIVITY	DESCRIPTION	NUMBER OF ACTIVITIES IMPLEMENTED	BENEFICIATION
Outreach workshops	The Museum is approached by various organisations to conduct art workshops for their groups. Preference is given to centres or homes working with youth and children.	5	Wards: 4,14,5,49
Holiday workshops	The Museum offers fun and creative art activities for children during school holidays. Children across Nelson Mandela Bay between the ages of 7-16 years old are invited.	15	All wards
Special programmes	Organisations, schools or art groups request specific types of workshop.	7	Wards: 2, 13, 14, 15, 28, 33, 37

- **Conservation**

- Five (5) paintings, 18 ceramics and 22 works on paper were restored in 2017/2018.
- Seventy (70) artworks were framed in 2017/2018.
- Special attention was given to the large painting by FT l'Ons, which was removed from the City Hall for restoration purposes. This work is part of the Permanent Collection of the Art Museum and has been on loan to City Hall. It will be worked on by the Museum's Restorer for an extended period.

- **New acquisitions**

The Art Museum has a duty to represent the historical progression of art produced in South Africa and the Eastern Cape. Due to lack of a capital budget for collection acquisitions, the Art Museum was unable to purchase artworks to fulfill one of its main functional responsibilities, (namely the acquisition of artworks). The implications of not collecting new works are dire; the Art Museum has always been an important art patron in the City. Hundreds of local artists are represented in the permanent collections and there is an expectation that the Art Museum will continue to purchase works by local artists.

TABLE 3.71: Performance scorecard						
KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Local Economic Development	% completion of St George's Cricket Stadium upgrade	N / A	N / A	100% (Pollock Pavilion, Duckpond Pavilion, Frielinghouse Pavilion and the Terrace upgrade completed)	100% (Pollock Pavilion, Duckpond Pavilion, Frielinghouse Pavilion and Terrace upgrade completed)	N/A
KPA: Local Economic Development	Number of flagship events hosted to position the Nelson Mandela Bay Metropolitan Municipality as a world class destination	6 (Cultural Festival; City of Champions; Summer Season; Splash Festival; Judo Common Wealth; Ironman)	6 (Cultural Festival; City of Champions; Summer Season; Splash Festival; Judo Common Wealth; Ironman)	6 (City of Champion: Record Breaking, IsiXhosa Festival, Ebubeleni Festival, Summer Season Programme, Ironman, Splash Festival)	6 (EP Athletics: NMB City Relay; Ebubeleni; Summer Season; Herald Cycle Tour; Splash; Ironman)	N/A
KPA: Local Economic Development	% completion of the Mqolomba / Jabavu Sports field development (Phase 1)	35% upgrading of Mqolomba Park Sports field (Ward 44) completed in line with project plan	35% upgrading of Mqolomba Park Sports field (Ward 44) completed in line with project plan	30%	53%	90%

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Local Economic Development	% completion of the upgrade of the changing rooms and ablutions at Walmer / Fountain Road Sports field (Phase 1)	27% upgrading of Walmer/ Qebera Sport precinct (Ward 3) completed in line with project plan	27% upgrading of Walmer/ Qebera Sport precinct (Ward 3) completed in line with project plan	70% Amended to 30%	30%	90%

TABLE 3.72: Employees: Art Museum

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	4	2	2	50%
4 – 6	4	5	4	1	20%
7 – 9	3	4	3	1	25%
10 - 12	3	6	3	3	50%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	13	20	13	7	35%

RED LOCATION CULTURAL PRECINCT: MUSEUM, ART GALLERY, AND DIGITAL LIBRARY AND ARCHIVES

The continued closure of the Red Location Museum Precinct for close to five years has necessitated the adoption of innovative strategies to deliver museum, gallery and digital library and archive services to the residents of the Municipality. This includes the implementation of joint projects with partners such as the Uitenhage Historical Museum. Projects under the partnership include:

1. Struggle and Resistance in Uitenhage 1970s - 1980s:

- Archival historical research was conducted and completed.
- Oral history interviews were conducted with 15 interviewees who played a critical role in the struggle in Uitenhage.
- A ceramic and Found Objects workshop were held with learners from Nkululeko High School, Rocklands High School, Molly Blackburn High School, Thanduxolo High School and Uitenhage High School as part of the “Following in their Footprints” Exhibition.

2. “Mass Action for People’s Power”:

- Archival historical research was conducted and completed.

3. “Orderly Urbanisation”: The Creation of Townships in the Metro”

- Research is still on-going.

RED LOCATION: ART GALLERY

The Art Gallery delivered the following programmes toward strengthening the visual arts sector, with a keen focus on the recognition of excellence and capacity building:

- **Sketchbook Visual Art Project**

The Sketchbook Project is a youth focused visual art initiative created to develop a commitment to visual art and the professional development of the visual arts sector in the NMB. The project seeks to strengthen and maintain a visual database in the Metro by offering young visual artists living and practising in the Nelson Mandela Bay an opportunity to develop their skills. The project seeks to:

- Create an annual art residence programme for young visual artist living and practising in the Nelson Mandela Bay
- Unearth, nurture and develop visual artists in the Nelson Mandela Bay
- Grow visual artists living and practising in the Nelson Mandela Bay to continue to play a positive role in the development of the Metro and the Province at large

Altogether 15 visual artists from all over the Metro were provided with materials after submitting their plans and budget breakdown, and are paid a weekly stipend for transport to get to the studio for a minimum of 4 hours daily for the duration of the project. As part of the project implementation, the project rented a studio space where the artists convened for their workshops and classes. The focus of the project during the 2017/18 financial year was on the following elements of drawing: Portrait, Landscape, Object Drawing. The project for this year was further supported by Art on Target, which sponsored the most promising student, Vusumzi Nondlazi, for year of tuition at the School. The best student from the project, Sonwabo Dumizweni was awarded R10 000 in cash to develop a body of work for exhibition.

- **Fruits of Democracy**

The Third Annual 'Fruits of Democracy' Awards bring awareness to our historical context, reconcile the past with the present and encourage our youth to do greater things in patronage of their past and origins. This annual event seeks to be a cultural symbol of the young people of our City. Intangible changes have been made by young people in their various sectors that often go unnoticed. These include the good reputation that the Bay has earned through its youth through the course of the 2017/18 financial year. This year's awards were organised in collaboration with the Inkufreeheid, Red Location Art Gallery, Canrad (NMU), MBDA, NMBT and the Atheaneaum. The following are the awards categories and winners for this year:

- Arts and Culture: Sakumzi Nyendwana
- Community and Public Service: Isabel Myburgh
- Sports: Siphokazi Nojoko
- Education: Thina Maqubela
- Business: Rochey Walters

The participation of the Red Location Art Gallery in the above award is part of Council approved 'Precinct without Walls' programmes for the year, which serve to encourage the recognition of excellence in the area of arts and culture.

- **Professional Practice Workshops Series**

These workshops are targeted at professional visual artists. The objective of these workshops is to ensure that professional visual artists are empowered and capacitated to make a living. A workshop was conducted with the Visual Arts Networks of South Africa (VANSA) on the 'Best Practice Guide for the Visual Arts Sector'. This Guide was developed by VANSA for the National Department of Arts and Culture. A Live Art Demonstration Workshop was also facilitated by the 4BlindMice Arts Collective for the SamJam Sessions. Both workshops were attended by well over 50 visual artists from all areas across the Metro in line with the 'Precinct Without Walls' programmes.

ARTS, CULTURE AND HERITAGE

The core mandate of the Municipality's Arts, Culture and Heritage Section is underpinned by the desire to ensure that previously disadvantaged communities will benefit from the implementation of arts, culture and heritage projects and programmes.

The key objectives of the Arts, Culture and Heritage Section are the following:

- The creation of platforms for events across sports and arts through partnerships, events and programmes in Nelson Mandela Bay.
- Creating opportunities for the activation of the creative industries and sports tourism to stimulate a diverse economy in the City.
- Building social cohesion: Implementing initiatives that seek to embrace our diversity and bridge existing divides through the mediums of arts, culture and heritage.
- Creating access for the disadvantaged and youth: Ensuring the involvement of youth and disadvantaged persons in arts, culture and heritage programmes and facilities.
- Diversifying towards a creative economy (CEPIS).
- Ensuring the conservation and preservation of heritage in Nelson Mandela Bay through research, development and maintenance.
- Commemorating and celebrating historical significant milestones and events through advocacy programmes.

ARTS AND CULTURE (LIVING ARTS)

The Municipality implemented the following programmes during the 2017/18 financial year, to support the development of cultural and creative industries:

- **Small Arts Grants:** Fourteen (14) grantees were selected from 84 applicants, with a number of the recipients participating in the National Arts Festival, touring ventures and some participating in local programmes that benefitted visual artists, writers and poets. The programme facilitated the exposure of NMBM artists on local and national platforms, thereby increasing brand awareness for the City.

- **Activation of platforms/opportunities through strategic events** (Summer Season, Splash Festival and Ironman) Through these strategic events, local artists from various creative sectors and genres (film, music, dance, poetry, visual arts and theatre) economically benefited as follows:
 - 115 artists benefitted from the Splash Festival
 - 127 artists including crafters, benefitted from the Ironman competition
 - 90 artists benefitted from the Summer Season
- **Film Development:** Ten filmmakers from Nelson Mandela Bay attended the Durban Film Festival to showcase their creativity.
- **Partnership with Opera House:** Forty (40) performing artists gained exposure through dance, drama, theatre and music (including Jazz Sundays) organised by the Opera House in collaboration with the Municipality.

HERITAGE

The Municipality undertook the following projects during the 2017/18 financial year in terms of ensuring the preservation, conservation and management of heritage resources:

- Reburial of six freedom fighters who were executed in Pretoria during the 1980's by the Apartheid regime. The deceased were handed over to the Nelson Mandela Bay Municipality by the Minister of Justice and Correctional Services: Advocate Michael Masutha.
- KwaDwesi Stadium was re-named after Mawabo Dyubhele; a renowned sports activist. This formed part of 2017 Heritage Month celebrations.
- The George Botha Memorial Lecture was held in partnership with the South End Museum.
- Comprehensive research was conducted on the Mfengu grave in Richmond Hill and a feasibility study was conducted on developing the space for commemorating the Mfengu people.
- Heritage Day Programme was presented at Lillian Ngoyi Multipurpose Centre, which celebrated the diversity of cultures in the Nelson Mandela Bay Municipality.

LIBRARIES

In South Africa, Library and Information Services (LIS) are empowered by the Bill of Rights enshrined in the Constitution - the right to access to information. Access to information is a significant catalyst in the growth of democracy. Therefore, access to information is a basic human right. The Libraries Section of the Municipality is mandated to make information accessible to all residents of Nelson Mandela Bay, and to ensure an inclusive and yet accessible library service for all residents. In 2017/18, the Municipality through its education support programmes, circulation of library materials, advocacy campaigns, and acquisitions of library materials, continued to ensure:

- Provision of access to information and library services to all persons, groups, and communities across the Municipality's geographical spread.
- Promotion of a culture of reading through programmes targeting all sectors of society in the key local languages, namely English, isiXhosa and Afrikaans, throughout the Metro.
- Broadening the existing mechanisms for the distribution of resources for all forms of information and culture, with due regard to the specific needs of the community.

Whilst the NMBM Library Services Division receives a grant from the Eastern Cape Department of Arts and Culture, this grant is insufficient to enable the Nelson Mandela Bay Municipality to provide efficient and easily accessible library services to all its residents. Library Services remains an unfunded mandate, but in terms of the Eastern Cape Libraries and Information Services Act (No. 6 of 2003), "the MEC may, in terms of Section 126 of the Constitution, assign any power or function relating to the libraries and information service to a municipal council". The NMBM Library Services Division provided the required library services in the 2017/18 financial year, through its 26 library facilities outreach and modular library outlets.

The Main Library remains closed to the public for rehabilitation; the servicing of its patrons was moved to St Mary's Church Hall across the Library. The rehabilitation of the Main Library will continue into the 2018/19 financial year; as it is a multi-year project that could not be concluded in one financial year, because of the magnitude of the work to be done. Since this is a heritage building, it is critical that it is thoroughly rehabilitated before it is re-opened.

Libraries traditionally present various programmes, as proposed by the International Federation of Library and Information Services Guidelines for Public Libraries. These programmes are aimed at all potential library users, and include adults and children from all educational and socio-economic levels. Some programmes are aimed at specific sectors, such as school children, while others are more general, depending on the target audience.

The main objectives of presenting programmes at libraries are as follows:

- Attracting the general public to the libraries
- Introducing children to the library in a fun and educational way
- Raising reading awareness
- Promoting the use of books in general and of other facilities in the library
- Promoting the use of books on specific topics by presenting subject specific reading promotion programmes
- Providing recreational opportunities for the general public

A number of city-wide programmes took place during the 2017/18 financial year, as listed below:

National Book Week (NBW)

On 17 August 2017, the NMBM accepted an Award from the South African Book Development Council for the most innovative NBW programme among the 2016 programmes. South Africa commemorates National Book Week in September annually. It is an initiative of the South African Book Development Council (SABDC), in collaboration with the Department of Arts and Culture. National Book Week is an important initiative encouraging people to value reading as a fun and pleasurable activity and to showcase how reading can easily be incorporated into one's daily lifestyle. The commemoration coincides with International Literacy Day on 8 September each year. The NMBM Library Unit participated in this initiative through organising book discussion programmes from 30 August to 1 September 2017. A very successful opening of Book Week took place on 4 September 2017, in the Despatch Town Hall.

On 5 September 2017, library staff embarked on a 7h00 train from Uitenhage to Port Elizabeth to encourage people to read. Altogether 17 staff members boarded the train. Some read; others gave little talks to interested individuals, and library promotional materials were

distributed. In the afternoon, about 23 library staff members took the afternoon train at 14h00 from Port Elizabeth to Uitenhage, promoting reading and the NMBM Library Services.

A workshop, presented by Mr Sive Sibanye, NBW Ambassador, took place at Zwide Library. Schools from the Zwide area (Khwezi Lomso High School, Loyiso High and Ndzondelelo High) and library staff attended the workshop. The workshop focused on the use of electronic gadgets for digital reading. There was an e-Media workshop at the Gelvandale Library, facilitated by Nkosi Sikhosana, and an e-newspaper and magazine workshop also organised. Members of the community and library staff attended both workshops.

Library Staff Book Discussion

On Wednesday, 6 September 2017, the NMBM library staff from participating libraries engaged in a book discussion. The title of the book discussed, was is *Rachel's Blue* written by Zakes Mda. The discussion was facilitated and judged by Nelson Mandela University staff members and the Department of Education.

The outcome of the library staff book discussion is as follow:

- North End Library (N. Scott, E. Thomas) – 1st place
- KwaDwesi Library (N. Hote, V. Peter) – 2nd place
- Walmer Library (N. Ledwaba, C. Ellis, S. Murphy) – 3rd place

Parent and Child Reading and Interactive Session

The Parent and Child Reading and Interactive Session is a new campaign that the NMBM Libraries have taken up to introduce reading to children at an early age. This programme also aims to encourage parents to read. The programme was held on 6 September 2017 at the Walmer Gqebera Library, facilitated by Zinzi Nyembezi.

Book Donations

Books received from the South African Book Development Council's (SABDC) Buy a Book Campaign were donated to primary schools around the Metro. These were done over two programmes, one in Newton Park Library and another at the Colchester Community Hall. Both programmes were attended by Councillors, teachers and schoolchildren. A Funda Bala Mascot interacted with the schoolchildren at the Colchester Community Hall. The selected schools were Amanzi Farm School; Bethel Primary School; Colchester Primary School;

Colleen Glen Primary School; Fumisukoma Primary School; John Masiza Primary School; Kama Primary School; Kinkelbos Primary School; Kuyga Primary School; Sivuyiseni Primary School; St Albans Primary School; Lukhanyo Day-Care and Rocklands Senior Secondary.

NBW Closing Day

The NBW Programme's closing ceremony was held at the Uitenhage Market Square on 8 September 2017. The ceremony was preceded by a walk by library staff (Librarians Walk for Literacy). The walk was aimed at creating awareness of NMBM library services and promoting reading in the Metro. A Funda Bala Mascot participated in the walk with the library staff from Allanridge Library to the Uitenhage Market Square.

Mzi Mahola launched his book titled "*Dancing with the hyenas*". The keynote speech was delivered by the NBW Ambassador, Ms Sonwabise Soso Rungqu, who encouraged children to dream big and read. Madoda Ndlakuse held an interactive session with the school children who attended the programme and emphasised the importance of reading and telling stories to young people. The winners of the book discussions received prizes, including a floating trophy.

Kids Arts and Craft Festival

On 2 March 2018, the NMBM Library Service in collaboration with A-Creative participated in the Kids Arts and Craft Festival, aimed at improving literacy levels of young people. The programme was geared toward teaching children between the ages of 9 and 10 years arts and creative crafts. The primary schools invited, were Charles Duna Primary School; Daniels Primary School and Fumisukoma Primary School. The festival activities included storytelling by Nal'ibali, painting, collage/decoupage, word search, beadwork and games.

VW Literacy Conference 2017

NMBM Library Management and staff attended the third Annual Literacy Conference 2017, at the VW People Pavilion in Uitenhage on 16 November 2017. The theme of the Conference was: "*Reading 4 Meaning, The Building Blocks*".

South African Library Week (SALW) 2018

The SALW Media launch took place at the Elukhanyisweni Library on 12 March 2018, and the keynote speaker was the former NMBM Executive Mayor, Cllr Athol Trollip. Both Councillors and community members attended the media launch. The launch of SA Library Week took place at KwaMagxaki Community Hall on 16 March 2018. A representative from the Eastern Cape branch of the Library and Information Association of South Africa (LIASA) presented a speech on the theme of the SA Library Week - "Libraries, heart of the community". The event was attended by community members, including learners from the Khanyisa School for the Blind.

Mandela Bay Book Fair

The Mandela Bay Book Fair was held in March 2018, at which local authors exhibited their books.

NMBM Career Expo 2018

The NMBM Career Expo is an initiative of the Nelson Mandela Bay Municipality in collaboration with the Working World Exhibition. The NMBM Expo was held in April 2018, at the Feather Market Centre.

Freedom Month and World Book Day

In April 2018, all 22 NMBM libraries celebrated Freedom Month and World Book Day by hosting activities for children and adults. The NMBM Library Services also participated in the Nelson Mandela University Expo 2018.

University Expo 2018

University Expo 2018, was held at the Missionvale Campus of the Nelson Mandela University, to promote library and educational awareness among secondary schoolchildren. NMBM Library Services further participated in the Youth Month Programme initiated by NMBM Constituency Services. The Youth Month Programme was held on 13 June 2018, at the Ernest Swanepoel Community Centre in Despatch.

Reading Challenge

The Nelson Mandela Bay Municipality's Library Services hosted a Reading Challenge for local primary schools. Awards were presented to the winners of the Reading Challenge in December 2018. A total of 244 schoolchildren received awards for the Reading Challenge as per the Table below.

TABLE 3.73: Winners Per Library

Library	Boys	Girls	Total
Algoa Park	5	9	14
Allanridge	2	8	10
Booysens Park	19	8	27
Chatty	12	20	32
Colchester (Modular)	15	20	35
Despatch	0	5	5
Elukhanyisweni	7	11	18
Gelvandale	8	7	15
Korsten	3	6	9
KwaDwesi	11	16	27
Kuyga (Modular)	1	2	3
KwaMagxaki	0	3	3
KwaNobuhle	5	8	13
KwaZakhele	0	8	8
Linton Grange	1	11	12
Motherwell	6	7	13
TOTAL	95	149	244

TABLE 3.74: Employees: Libraries – Sport, Recreation, Arts and Culture

Job Grade	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	24	36	24	12	33%
4 – 6	72	144	72	72	50%
7 – 9	16	24	16	8	33%
10 - 12	59	76	59	17	22%
13 - 15	6	5	6	1	20%
16 - 18	1	1	1	0	0%
19 - 20					
Total	177	286	177	110	38%

TABLE 3.75: Financial Performance 2017/18: Libraries; Archives; Museums; Galleries; Community Facilities

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	37,167	41,075	45,374	43,383	5%
Expenditure:					
Employees	90,251	111,652	108,590	99,468	-12%
Other	120,003	85,174	83,929	36,043	-136%
Total Operational Expenditure	210,254	196,826	192,519	135,512	-45%
Net Operational Expenditure	173,086	155,751	147,146	92,129	-69%
Repairs and Maintenance	31,650	18,480	23,286	16,170	-14%

TABLE 3.76: Capital Expenditure 2017/18: Libraries; Archives; Museums; Galleries; Community Facilities; Other

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	13,000,000	11,000,000	3,242,769	-301%	
Upgrade and Restoration of Libraries	13,000,000	11,000,000	3,242,769	-301%	Ongoing

TABLE 3.77: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Percentage completion of the Mendi Cultural Centre Upgrade	N/A	N/A	90% Phase 1	100% (Phase 1 construction and upgrade completed)	100% (Phase 2)
KPA: Local Economic Development	Percentage completion of the Main Library restoration/ upgrade	N/A	N/A	48%	60%	98% (Phase 2 : Contract 1)
KPA: Local Economic Development	Number of programmes delivered by the Port Elizabeth Opera House in line with the Nelson Mandela Bay Municipality / Port Elizabeth Opera House Partnership Agreement	N/A	N/A	40	40	30
KPA: Local Economic Development	Number of sports fields / facilities upgraded	N/A	N/A	N/A	N/A	2 (Walmer/Fountain Road Sports Field and Mqolomba Sports Field)

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES AND OTHERS OVERALL

The Municipality is currently re-constructing the dilapidated old Mendi Bottle Store building into a Multi-Purpose Cultural Centre, which will become a hub for arts, serving New Brighton and its surrounding communities. The following aspect of the Mendi Multi-Purpose Cultural Centre project were completed during the 2017/18 financial year:

- Parking and fencing
- Creating concrete
- Paving
- Demolition of old building

The Mendi Multi-Purpose Cultural Centre is expected to be open for operations in the 2018/2019 financial year.

The refurbishment of the Main Library commenced in the 2017/18 financial year. Construction work on the building has been delayed, due to Emerging Contractors (EME) subcontract works; book cleaning; and ceiling renovation, which had to be undertaken before construction work could begin. The construction work is expected to be completed in the 2018/19 financial year.

3.17 CEMETERIES

The Municipality is committed to creating and maintaining landscaped areas and cemeteries in a sustainable, aesthetic, eco-friendly and safe environment. The top service delivery priorities are as follows:

- Investigating efficient land use strategies for burial services and maintaining and preserving existing cemeteries.
- Developing and maintaining cemeteries.
- Rendering the administration and management of burial services in cemeteries.

During the 2017/18 financial year, altogether 6 cemeteries were upgraded as follows:

- Matanzima Cemetery (Ward 47) was upgraded with the construction of berms.
- Bloemendal Cemetery (Ward 29) was upgraded with the provision of sewerage system, the tarring of the road, and stormwater drainage.
- Motherwell Cemetery (Ward 53) - fencing and berms
- Forest Hill (Ward 29) - sewerage system.
- Walmer Gqebera (Ward 4) - construction of berms.
- Zwide (Ward 28) - sewerage system.

TABLE 3.78: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Number of cemeteries upgraded through either the provision of fencing, construction of berms, installation of cameras, upgrading of sewerage system	6	7	6	6	2 (Motherwell - Fencing and rehabilitation of the main road and Bethelsdorp - Fencing) by March 2019

TABLE 3.79: Employees: Cemeteries and Crematoriums

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	42	42	40	2	4.76%
4 - 6	22	22	22	1	4.55%
7 - 9	6	7	9	1	14.29%
10 - 12	4	4	2	2	50.00%
13 - 15	1	1	1	0	0.00%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	75	76	74	6	7.89%

TABLE 3.80: Financial Performance 2017/18: Cemeteries and Crematoriums

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10,567	25,150	25,150	9,985	-152%
Expenditure:					
Employees	19,198	20,849	21,313	22,185	6%
Other	12,687	14,357	12,987	5,170	-178%
Total Operational Expenditure	31,885	35,206	34,300	27,355	-29%
Net Operational Expenditure	21,318	10,056	9,150	17,370	42%
Repairs and Maintenance	1,274	1,747	1,747	1,974	12%

TABLE 3.81: Capital Expenditure 2017/18: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6,000	6,000	13,719	56%	
Water drainage and roads in cemeteries	2,000	2,000	2,034	2%	Ongoing
Upgrade and Development of Cemeteries	2,000	2,000	1,833	-9%	Ongoing
Fencing of Cemeteries	2,000	2,000	9,852	80%	Ongoing

3.18 SPECIAL SECTOR PROGRAMMES

The Municipality adopts different approaches, strategies and methods in facilitating, coordinating, lobbying and advocating for the best interests of the special sector groups (children, People with Disabilities, elderly, women and youth) in Nelson Mandela Bay. Stakeholders are consulted regarding the provision of services to the special sector groups. The Municipality continues to create an enabling environment for institutions to assist in providing of services for special sector groups. Different stakeholders across sectors such as economic development, social development, administrative and science management services, as well as civil societies (including social movements) are involved in advancing the interests of special sector groups in the Municipality. Some strategic partners have become ambassadors of the Special Sectors Rights Programme. The youth development centres in the Municipality play a critical role in fostering partnerships with stakeholders in delivering the required services to special sector groups.

During the 2017/18 financial year, the Constituency Services Sub-directorate of the Municipality visited Wards, institutions and civil society groups to strengthen the work of sector forum structures at ward, cluster and Metro wide levels. The stakeholders involved in work around children, People with Disability, elderly, women, gender and youth were audited and a list of stakeholders have been compiled, with the intention of conducting stakeholder mapping.

Sector Forum Platforms

Special sector rights programmes are discussed at the sector forum platforms. Government departments, civil societies and the municipal council are engaged in the advancement of the rights and interests of the special sector groups. Some sector forum structures in the Municipality serve as provincial and national ambassadors of the Special Sectors Rights Programme. These sector forum structures include the Children's Forum, the Children's Advisory Council, the Older Persons Forum, the People with Disabilities Forum and the Gender and Women Empowerment Forum. The Youth Council is in the process of being established, in consultation with organised youth formations.

Cluster Forum Structures

Sector forum platforms have been established in six clusters (Alex Matikinca, Champion Galela, Govan Mbeki, Lillian Diedericks, Molly Blackburn and Zola Nqini) to ensure grassroots participation in planning and implementing special sector rights programmes. The cluster forum structures are constituted by constituency based ward representatives and organisations operating in the respective wards.

Ward Based Forum Structures

Ward based sector forum structures are established in close liaison with Ward Committees and Ward Councillors and to promote ward based participation in special sector programmes. Many Councillors are playing an important role in the implementation of special sector programmes. This has culminated in many elderly people and People with Disabilities becoming active in special sector programmes.

During the 2017/18 financial year, the Municipality, together with its strategic partners, implemented a number of programmes and projects that benefited special sector groups, particularly children, youth and People with Disabilities. The programmes and projects include training and capacity building, entrepreneurial support, skills development, learnerships and internships, advocacy and lobbying programmes, policy review and coordination, job preparedness, social development and economic development for short, medium and long-term interventions, which included Corporate Social Investments to

selected non-profit organisations, especially by private sector companies, such as Ford Motor Company and EnviroServ.

The following are some of the key achievements in terms of the development and empowerment of special sector groups in the Municipality:

- The Motsepe Foundation enabled 29 young people to access tertiary education at the Nelson Mandela University.
- With the help of the Motsepe Foundation, more than 10 000 learners from disadvantaged groups were provided with toys as part of a Christmas gift donation project among needy communities.
- Altogether 129 people received training in bricklaying, plastering, roofing and project management.
- About 51 259 young people received different services at the following Youth Development Centres:
 - Motherwell Youth Centre Office (14 113)
 - KwaZakhele Youth Centre (4 972)
 - Zwide Youth Centre (16 879)
 - Korsten Youth Centre (3 297)
 - Uitenhage Youth Centre (11 998)
- About 2 104 stakeholder constituencies were reached through bilateral engagements and joint programmes as per the Table below.

TABLE 3.82: Attendance of Sector Meetings

PEOPLE WITH DISABILITIES		
Date	Programme	Number of attendees for each meeting
August 2017	Disability Forum Cluster meetings	92
October 2017	Disability Forum Cluster meetings	94
November 2017	People with Disabilities Seminar	86
February 2018	PWD Forum meeting	20
March 2018	Disability Review Preliminary workshop	45

April 2018	Anti-poverty Alleviation meeting	27
May 2018	PWD Forum meeting	21
June 2018	Disability Policy Review workshop	87
CHILDREN		
January 2018	Prep Meeting to School Campaign with Gambling Board	10
February 2018	Children's Forum meeting	32
March 2018	Children's' Forum Leadership workshop	32
April 2018	Children's Forum meeting	22
May 2018	Meeting with EC Gambling Board	18
May 2018	Youth in School Leadership Exchange	19
June 2018	Youth Day Celebration with Bayworld	186
OLDER PERSONS		
August 2017	Meeting with EC Gambling Board	42
September 2017	Older Persons Forum meeting	11
October 2017	International Day for Older Persons	233
December 2017	Older Persons Forum meetings	80
May 2018	District Golden Games LOC meeting	7
June 2018	Older Persons' Assembly	308
GENDER AND WOMEN		
July 2017	Gender and Women Forum meeting	12
August 2017	Women's Seminar	26
September 2017	Gender and Women Empowerment Orientation: Cluster sessions	383
March 2018	Gender and Women Empowerment meeting	37
April 2018	Champion Galela Cluster meeting	16
May 2018	Capacitation and Entrepreneurship session	59
June 2018	Young Women's Seminar	83

About 108 people from the different special sector groups attended stakeholder meetings held in the 2017/18 financial year.

TABLE 3.83: Performance

KEY PERFORMANCE AREA AND KEY PERFORMANCE ELEMENT	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Good Governance and Public Participation	Number of functional Ward Committees in place within Nelson Mandela Bay	N / A	N / A	60	60	N/A
KPA: Good Governance and Public Participation	Percentage of Ward Committees with 6 or more ward committee members (excluding the Ward Councillor)	N / A	N / A	N / A	N / A	100%
KPA: Good Governance and Public Participation	Number of bi-monthly Ward-based Imbizos held to communicate and receive feedback on critical decisions made by Council	N / A	N / A	6	3	N/A
KPA: Good Governance and Public Participation	Average number of Councillor-convened community meetings per Ward	N / A	N / A	N / A	N / A	1 per quarter
KPA: Good Governance and Public Participation	Percentage of Councillors who have declared their financial interests	N / A	N / A	N / A	N / A	100% by September 2018
KPA: Good Governance and Public Participation	Number of agenda items deferred to the next Council meeting	N / A	N / A	N / A	N / A	<20
KPA: Basic Service Delivery	Number of HIV and/or AIDS and Tuberculosis awareness events held	N / A	N/A	4	4	N/A

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.19 POLLUTION CONTROL

In its effort to promote hygienic working, living and recreational environments, the Municipality seeks to:

- identify the polluting agents and sources of water, air and soil pollution;
- conduct environmental health impact assessments of developmental projects and policies, including the assessment of major hazard installations;
- identify environmental health hazards and conducting risks assessments and the mapping thereof;
- ensure clean and safe air externally (ambient and point sources) through emission monitoring and investigations;
- control and prevent vibration and pollution;
- prevent and control soil pollution that is detrimental to human, animal or plant life.
- ensure compliance with the provisions of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), and its regulations, including anticipating, identifying, evaluating and controlling occupational hazards;
- take the required preventative measures to ensure that the general environment is free from health risks;
- ensure the registration, permitting, monitoring and auditing of all industries, activities, trade, etc., which involves controlling the internal and external effects of pollution on workers and the effect of pollution on the community and the environment;
- monitor water quality and availability, including the mapping of water sources and the enforcement of laws and regulations related to water quality management;
- ensure water safety and acceptability in respect of quality (microbiological, physical and chemical), and access to an adequate quantity for domestic use, as well as quality of water for recreational, industrial, food production and any other human and animal use;
- ensure that water supplies are readily accessible to communities;
- ensure the monitoring of, and effective wastewater treatment and water pollution control, including the collection, treatment and safe disposal of sewage and other

borne waste, and surveillance of the quality of surface water (including the sea) and ground water;

- promote proper and safe water usage and waste water disposal;
- monitor water sampling and testing in the field, and examination and analysis in a laboratory.

Environmental/Community Noise Pollution Control

The Municipality undertakes the following in line with Regulation 698 of 26 June 2009 (Regulation defining municipal health services and the mandate of the environmental health profession):

- Assessment of the extent of noise pollution and its effects on human health.
- Facilitation of noise control measures.
- Measurement of ambient sound levels and noise levels.
- Review of noise impact assessment reports.

Air Pollution Control Services

In implementing the Air Control Bylaws in terms of Section 24 of the South African Constitution, the Municipality performs the following functions:

- Investigating air pollution complaints
- Following up on existing complaints
- Processing air pollution related permit applications
- Issuing statutory notices and, where applicable, spot fines

During the 2017/18 financial year, 63 new air pollution complaints were received as per the Table below.

TABLE 3.84: Air Pollution Complaints

Categories of complaints received	Number
Smoke	17
Dust	26
Offensive odours	8
Fumes	9
Illegal burning	3
Total	63

The above complaints were investigated for validation and statutory notices were issued where appropriate. During the 2017/18 financial year, 216 follow-up inspections in terms of air pollution were conducted as per the Table below.

TABLE 3.85: Air Pollution Follow-up Inspections

Categories of Complaints Received	Number of Follow ups
Smoke	51
Dust	78
Offensive odours	48
Fumes	27
Illegal burning	12
Total	216

During the 2017/18 financial year, 78 compliance monitoring inspections were conducted as per the Table below.

TABLE 3.86: Compliance Monitoring Inspections

Categories of inspection	Number
Routine visits to fuel burning installations	35
Applications for control burning	30
Applications to install new fuel burning equipment	13
Total	78

Noise pollution control services

In implementing the Noise Control Bylaws in terms of Section 24 of the South African Constitution, the Municipality performs the following functions:

- Investigating noise pollution complaints
- Following up on existing complaints
- Processing noise pollution related permit applications
- Issuing statutory notices and, where applicable, spot fines

During the 2017/18 financial year, 136 new complaints regarding noise pollution were received as per the Table below.

TABLE 3.87: Noise Pollution Complaints

Categories of Complaints Received	Number of Complaints
Amplified sound	89
Compressor noise	10
Industrial noise	13
School accommodation	2
Crèche	3
Revvng of cars	2
Panel beating	4
Loud hailers	5
Animals	3
Loud talking	3
Aviation noise	2
Total	136

During the 2017/18 financial year, 140 noise certificates were issued for Open Air Events and 473 follow-up inspections on noise pollution were conducted as per the Table below.

TABLE 3.88: Noise Pollution Inspections

Categories of Inspection	Number
Amplified sound	356
Compressor noise	20
Industrial noise	35
School accommodation	12
Crèche	9
Revvng of cars	6
Panel beating	15
Loud hailers	12
Animals	3
Loud talking	3
Aviation noise	2
Total	473

Ambient Air Quality Monitoring

An ambient air quality monitoring network, consisting of five fixed point monitoring stations, has been established in Walmer, Motherwell, Algoa Park, Sidwell and Uitenhage to monitor compliance with National Framework for Air Quality Management, in terms of the following criteria of pollutants:

- Sulphur Dioxide (SO₂)
- Nitrogen Dioxide (NO₂)
- Particulate Matter (PM₁₀)
- Ozone (O₃)
- Benzene (C₆H₆)
- PM₁₀
- Lead (Pb)

Ambient air quality monitoring is conducted according to accepted norms and standards in order to ensure integrity, quality and representativeness of the resultant data. The data quality objective for the ambient air quality monitoring stations is set for a minimum data capture rate of 80% for all pollutants, except for Ozone of 75% during winter, in line with the requirements of the National Framework for Air Quality Management in the Republic of South Africa. The air pollution measurements for the 2017/18 financial year revealed that the Municipality had an acceptable ambient air quality status and no exceedance of the ambient air monitoring standards were recorded.

Atmospheric Emission Licensing System

The Nelson Mandela Bay Municipality is a Licensing Authority for implementing the licensing system set out in Chapter 5 of the National Environmental Management: Air Quality Act, 2004. Statistics for the reporting period are as follows:

TABLE 3.89: Atmospheric Emission Licensing System Statistics

Item	Number
Atmospheric Emission Licenses applications received	14
Atmospheric Emission Licenses issued	8
Atmospheric Emission Licenses being processed	6
Total Number of Atmospheric Emission Licenses Holders	58

National Atmospheric Emissions Inventory System (NAEIS)

NAEIS is an Internet-based emissions reporting system, which is a component of the South African Air Quality Information System, also known as SAAQIS. NAEIS allows for the regulated industries, mainly atmospheric emission licence holders, as well as authorities to report annual atmospheric emissions from all sectors for the purpose of compiling a national atmospheric emission inventory profile. The annual reporting period is from 1 January to 31 March of each year. The Nelson Mandela Bay Municipality is a licensing authority that audits the submission of emission information on the NAEIS System annually. Auditing is currently being performed by the Municipality on regulated industries, which is expected to be completed before 31 August 2018. Twenty (20) of the 44 NAEIS reports submitted were audited by the Municipality during the 2017/18 financial year.

Emission Reports / EIA Reports / Air Quality Impact Assessment Reports

Ninety (90) reports were scrutinised during the financial year for compliance and comments.

Vehicle Emissions Testing Programme

During 2010, the Nelson Mandela Bay Municipality developed emission standards for motor vehicles, and the standards were included in the Air Pollution Control Bylaws of 2010. Road blocks were held, during which vehicles are pulled off public roads and subjected to a smoke emission test. During the 2017/18 financial year, 300 vehicles were tested. Three vehicles failed the emissions test, and fines were subsequently issued to the drivers.

Air Quality Forum

Four (4) Air Quality Forum meetings were conducted with industries during the 2017/18 financial year.

National Air Quality Index

The Gqebera Air Quality Monitoring Station has been selected as one of approximately 45 stations nationwide to report live data on a real-time basis to the South African Air Quality Information System, hosted by the South African Weather Service. An assessment of the station was conducted on 4 June 2018 by the Department of Environmental Affairs to assess

the condition of the station and analysers. A dual PM10 and PM2.5 analyser will be installed at the Gqebera Air Quality Monitoring Station by the Department of Environmental Affairs. The project will be handed over to the Municipality, following its completion.

Testing of Potable (Drinking) Water

Drinking water is sampled at 77 sampling points, which are scientifically mapped in terms of SANS 241 for drinking water standards.

TABLE 3.90: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Average turnaround time for processing a building plan application (from the date of receipt of the application to the date the application is processed)	2 weeks	2 weeks	14 days	8.6 days	≤30 days
KPA: Basic Service Delivery	Average turnaround time for processing a rates clearance (from the date of receipt of the request to the date the rate clearance is processed)	N / A	N / A	7 days	1.16 days (1 December 2017 to 30 June 2018)	7 days
KPA: Basic Service Delivery	Percentage reduction of environmental noise pollution related complaints	N/A	N/A	N/A	N/A	8%
KPA: Basic Service Delivery	Percentage of biodiversity priority area within the metro	N/A	N/A	N/A	N/A	1%
KPA: Basic Service Delivery	Proportion of biodiversity priority areas protected	N/A	N/A	N/A	N/A	1%
KPA: Basic Service Delivery	Percentage of atmospheric emission licenses (AELs) processed within guideline timeframes	N/A	N/A	N/A	N/A	70%
KPA: Basic Service Delivery	Proportion of Air Quality monitoring stations providing adequate data over a reporting year	N/A	N/A	N/A	N/A	80%

TABLE 3.91: Employees: Pollution Control

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	1	1	0	0.00%
7 - 9	1	0	0	0	#DIV/0!
10 - 12	3	3	3	0	0.00%
13 - 15	0	1	0	1	100.00%
16 - 18	1	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	5	5	4	1	20.00%

TABLE 3.92: Financial Performance: Pollution Control

Financial Performance 2017/18: Pollution Control						R'000
Details	2016/17	2017/18				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	73	265	265	21	-1143%	
Expenditure:						
Employees	2,744	2,630	3,281	3,653	28%	
Other	257	1,532	1,331	204	-652%	
Total Operational Expenditure	3,001	4,162	4,613	3,857	-8%	
Net Operational Expenditure	2,928	3,897	4,348	3,835	-2%	
Repairs and Maintenance	-	1	1	-		

TABLE 3.93: Capital Expenditure 2017/18: Pollution Control

Capital Expenditure 2017/18: Pollution Control						R' 000
Capital Projects	2017/18					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	200	200	-			
Air Pollution Monitoring Equipment	200	200	-		Ongoing	

3.20 BIODIVERSITY, LANDSCAPE AND OTHERS

Public Open Spaces

Section 24 of the Bill of Rights (Chapter 2) of the Constitution of the Republic of South Africa, Act 108 of 1996 (Bill of Rights) guarantees the right to an environment that is not harmful to the health or well-being of persons and the protection of the environment for the benefit of present and future generations, through reasonable legislative and other measures.

The NMBM Parks Department is committed to creating and maintaining landscaped areas in a sustainable, aesthetic, eco-friendly and safe environment to improve the quality of life of all citizens, through the following: -

- Developing and maintaining public open spaces and major traffic routes, including the beachfront and regional and local parks, with horticultural and informal recreational facilities.
- Rendering arboricultural services throughout the Metro.
- Providing horticultural services and facilities for the entire Municipality.
- Providing and maintaining parks infrastructure, including playground equipment and outdoor gyms.
- Planning, developing and implementing a tree-planting programme to aid the environmental greening of the entire NMBM.
- Formulating and implementing horticultural policies and programmes.
- Providing vegetation control services, which include roadside spraying, and removing and controlling invasive species and unwanted growth on road verges/road reserves, in compliance with the National Environmental Management Biodiversity Act.
- Plant production (nurseries) to provide for the horticultural greening of the Metro and civic decorations.

The Environmental Management Sub-directorate of the Municipality is mandated to implement certain National Environmental legislation, policies and regulations that relate to coastal access and public/private launch sites. The Municipality is mandated to manage the Sardinia Bay Marine Protected Area, on behalf of the Department of Environmental Affairs. The Municipality further conducts education and awareness programmes around biodiversity and ecosystem protection. During the 2017/18 financial year, various education initiatives

were conducted across different wards in the NMBM, focusing on previously disadvantaged communities and school learners. Altogether 12 942 learners were educated on biodiversity and ecosystem protection during the 2017/18 financial year.

The following beachfront developments were undertaken during the 2017/18 financial year.

- St George's Strand – Provision of outdoor gym and installation of benches and bins
- Pollock Beach - Gabion construction to stop dune erosion
- Between Flat Rock and the Beacon – provision of braai facilities
- Demolition and removal of derelict structures located within the sensitive coastal zone at Sardinia Bay Beach as per legislative requirements under the Integrated Coastal Management Act (Act No. 24 of 2008). Phase 1 of the extension of the public parking facility/car park has also commenced
- Upgrading and rehabilitation of weirs in the Lower Baakens river area to improve watercourse flow and aesthetic value.

During the 2017/2018 financial year, three (3) trucks, a water tanker and a bakkie were procured to facilitate parks and environmental management in the Municipality.

TABLE 3.94: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Number of Public Open Spaces and Parks upgraded through either the provision of outdoor gym equipment, fencing, pathways, benches, playground infrastructure or tree planting	6	6 (Wards 16, 17, 35, 42, 43, 46)	12	64	12 (Wards 5; 7; 22; 24; 25; 33; 34; 36; 38; 54; 56; 58)
KPA: Basic Service Delivery	Number of parks upgraded at beachfront through the provision of either revetments, parking areas, walkways, security cameras, picnic facilities or dune stabilisation	3	3 (Wards 2, 3, 60)	N/A	N/A	N/A
KPA: Basic Service Delivery	Number of beaches upgraded through the provision of either revetments / parking areas / walkways / security cameras / picnic facilities and/or dune stabilisation	N / A	N / A	3	2	3 (King's Beach, Wells Estate, New Brighton Beach)
KPA: Basic Service Delivery	Number of planted trees on municipal land maintained	N / A	N/A	N / A	N/A	600

TABLE 3.95: Employees: Bio-Diversity; Landscape and Other

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	202	204	194	10	4.90%
4 - 6	52	58	42	16	27.59%
7 - 9	35	15	19	-4	-26.67%
10 - 12	35	25	20	5	20.00%
13 - 15	7	2	6	-4	-200.00%
16 - 18	2	2	2	0	0.00%
19 - 20	0	0	0	0	#DIV/0!
Total	333	306	283	23	7.52%

TABLE 3.96: Financial Performance 2017/18: Bio-Diversity and Landscape

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,002	1,195	1,195	1,305	8%
Expenditure:					
Employees	27,748	34,242	32,004	29,622	-16%
Other	6,767	8,575	7,574	5,414	-58%
Total Operational Expenditure	34,516	42,817	39,578	35,037	-22%
Net Operational Expenditure	33,514	41,622	38,382	33,731	-23%
Repairs and Maintenance	415	606	606	486	-25%

TABLE 3.97: Capital Expenditure 2017/18: Bio-Diversity; Landscape and Other

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	19,500	20,350	53,005	63%	
Re-instatement - Coastal Erosion Facility	1,000	1,000	962	-4%	Ongoing
Beachfront	1,500	1,500	1,322	-14%	Ongoing
Upgrade and Development of Public Open Spaces	12,500	12,500	41,183	70%	Ongoing

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Specialised Vehicle and Plant- Parks	1,500	1,500	7,044	79%	Ongoing
Floodplains and Natural Water Improvement	500	500	465	-7%	Ongoing
Upgrade Major Parks	1,000	1,000	823	-22%	Ongoing
New Playground Equipment	1,500	1,500	467	-221%	Ongoing
Upgrade - Baakens Valley Infrastructure	-	850	739	100%	Ongoing

COMMENT ON PERFORMANCE OF PUBLIC OPEN SPACES

The Municipality continues to prioritise the upgrading of public open spaces to ensure the beautification of Nelson Mandela Bay. During the 2017/18 financial year, altogether 64 public open spaces were upgraded through the provision of either outdoor gym equipment / fencing / pathways / benches and/or playground infrastructure in various areas of Nelson Mandela Bay. Additional funding was received in the form of USDG for upgrading of Public Open Spaces during the 2017/18 financial year.

COMPONENT F: HEALTH

The Municipality focuses on aspects of human health, including quality of life, that are determined by physical, chemical, biological, social and psychosocial factors in the environment. In this regard, the Municipality focuses on the theory and practice of assessing, correcting, controlling and preventing environmental risk factors that can adversely affect the health of present and future generations.

3.21 CLINICS

The provision of primary health care is no longer a function of the Municipality; hence the transfer of this function, together with all municipal clinics, to the Eastern Cape Department of Health.

3.22 AMBULANCE SERVICES

The provision of ambulance services falls outside the role and responsibilities of the Nelson Mandela Bay Municipality. This function is performed by the Eastern Cape Department of Health.

3.23 HEALTH INSPECTION, FOOD AND ABATTOIR LICENSING AND INSPECTION

The Municipality evaluates all milking parlours to ensure that milk produced for local communities complies with the Foodstuffs, Cosmetics and Disinfectants Act. The Municipality further monitors formal and informal food handling premises evaluated and certified in terms of the Foodstuffs, Cosmetics and Disinfectants Act. The Municipality also monitors the fortification of flour and maize, and iodation of salt at producers in accordance with the Foodstuffs, Cosmetics and Disinfectants Act.

3.24 HIV/AIDS AND TB MULTI-SECTORAL RESPONSE

The National Strategic Plan for HIV, TB and STIS (2017-2022) is a guiding document to all stakeholders working on HIV/ AIDS /TB, STI Programmes in South Africa. The National Strategic Plan has key strategic goals and objectives focusing on the following key principles as follows:

1. Accelerate prevention to reduce new HIV/TB/STI infections through awareness campaigns.
2. Treatment
3. Care and support
4. Human rights
5. Monitoring and evaluation
6. Research and surveillance

During the 2017/18 financial year, communities were educated on HIV/AIDS, TB and STIs through the following programmes:

1. Mayor's Back to School Programme
2. World TB Day

3. Candlelight Memorial
4. HIV/TB Counselling, Screening and Testing Campaign
5. World AIDS Day.

The Nelson Mandela District Area has been identified by National Department of Health as a TB Crisis District; therefore, much dedicated effort is needed to effectively implement prevention and 'direct observation of treatment' programmes at ward and community levels, including the establishment of Ward War Rooms.

TABLE 3.98: Employees: Health Inspection

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	4	-3	-300.00%
4 - 6	3	5	10	-5	-100.00%
7 - 9	1	0	5	-5	
10 - 12	33	38	34	4	10.53%
13 - 15	4	6	1	5	83.33%
16 - 18	5	1	3	-2	-200.00%
19 - 20	0	0	0	0	
Total	47	51	57	-6	-11.76%

TABLE 3.99: Financial Performance: Health Inspection

Financial Performance 2017/18: Health Inspection and Etc						R'000
Details	2016/17	2017/18				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	2,445	1,344	1,646	2,044	34%	
Expenditure:						
Employees	41,397	49,948	52,827	47,648	-5%	
Other	12,633	14,169	15,554	8,419	-68%	
Total Operational Expenditure	54,031	64,117	68,381	56,067	-14%	
Net Operational Expenditure	51,586	62,772	66,736	54,023	-16%	
Repairs and Maintenance	2,024	1,625	2,120	1,438	-13%	

TABLE 3.100: Capital Expenditure 2017/18: Health Inspection

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,300	3,300	3,600	64%	
Upgrade of Uitenhage Dog Pound	300	300	300	0%	Ongoing
Upgrade of Public Toilets	1,000	3,000	3,300	70%	Ongoing

COMPONENT G: SAFETY AND SECURITY

This component includes: Metro Police; fire; disaster management; traffic and licensing services and security services.

3.25 METRO POLICE

The primary mandate of the NMBMPD is traffic policing, which also includes By-law enforcement and crime prevention. Through enforcement of the National Road Traffic Act, the Metro Police conducts simultaneous vehicle stop and search operations focusing specifically on the transportation of unlicensed firearms and drugs.

The Metro Police Department consists of two precincts, namely KwaNobuhle and Bethelsdorp. A Special Operations "Ghost Squad" operates in unmarked vehicles throughout Nelson Mandela Bay. The Control Room for the Metro Police Department is situated at the South End Fire Station. The Nelson Mandela Bay Metro Police Department (NMBMPD) has a 24-hour service.

Nelson Mandela Bay experiences high volumes of crime in the following categories:

- Contact crime: robberies, assaults, rapes, murder and attempted murder
- Property crimes: Burglary (business and residential), theft out of motor vehicle, stock theft and theft of motor vehicles.

- Police generated crimes: Possession of unlicensed firearms, ammunition, drugs, drunk and disorderly.
- By-law transgressions: Illegal car guards, illegal hawkers, overnight camping in unauthorised areas.

Weekly plans in line with crime pattern analysis are submitted from each precinct to focus on issues related to the above-mentioned crimes.

REDUCTION OF CRIME LEVELS

A monthly Provincial Joint Meeting is attended by the Chief of the Metro Police. The meeting is chaired by the Provincial Commissioner of the South African Police Service (SAPS). Metro Joints monthly meetings are attended at each Cluster of the SAPS by Metro Police officials, as well as weekly SAPS station meetings.

Joint operations are held with various SAPS Stations across the Nelson Mandela Bay municipal area. These operations are inclusive of Fielia II and are multi-disciplinary operations, which include various roleplayers, including Human Settlements and the Department of Home Affairs. The NMBMPD also conducts autonomous operations. The NMBMPD has designated members conducting patrols in the areas of the Metro known for high incidence of gang related violence. 24 hour patrols are conducted in these areas. These units, in conjunction with the SAPS, respond to gun detector alerts. K78 roadblocks were held in the following areas:

- N2 Freeway and Neptune Street
- N2 Freeway at Baywest off-ramp

Crime prevention duties were conducted at the Ebubeleni Music Festival by performing foot, bicycle and vehicle patrols to ensure safety as well as By-law enforcement. The NMBMPD assists in ensuring safety at major sporting and other events around the Metro. The Table below indicates the arrest successes achieved during the 2017/18 financial year.

TABLE 3.101: Arrests

TYPE OF ARREST	NUMBER OF ARRESTS
Possession of illegal firearms	4
Possession of illegal ammunition	3
Possession of drugs	21
Driving under the influence of alcohol	253
Possession of suspected stolen property	1
Reckless or negligent driving	10
Corruption	5
Drunk and disorderly	1
Theft out of motor vehicle	1
Possession of dagga	14
Passenger overload	5
Riotous behaviour and intimidation	2
Malicious damage to property	1
Resisting arrest	2
Robbery	3
Theft of motor vehicle	1
Assault GH	3
Illegal immigrant	3
TOTAL	333

The NMBMPD “Ghost Squad” focuses on traffic law enforcement. These include concentrating on all violations with special focus on moving violations, as well as on “hotspot” areas. By-law enforcement is conducted according to the Grid Plans of each precinct, as well as attending to complaints related to By-laws. The Municipality receives regular complaints regarding displaced persons. The NMBMPD removes the displaced persons and sends them to the nearest SAPS station, where a caution notice is issued.

During the 2017/18 financial year, 377 displaced persons and 174 illegal car-guards were removed from different locations across the Metro.

The Municipality is in the process of finding a long-term solution for displaced persons within the Metro. The Municipality boasts of Blue Flag beaches, where there is zero tolerance to alcohol consumption. Crime prevention patrols, inclusive of foot, bicycle and vehicle patrols, are conducted at the municipal beaches to ensure safety. During the 2017/18 financial year, 736 litres of alcohol was decanted and 74 notices were issued to members of the public for making open fires along the beachfront of the Metro. A Tourist Ambassador Programme was initiated in the 2017/18 financial year. The ambassadors were trained as Peace Officers and patrolled by foot along the beachfront and other tourist attraction sites to assist tourists with any queries or problems they may encounter.

The NMBMPD members were provided with training by the SAPS in relation to crowd management. To this end, the NMBMPD members responded to various incidents of protest actions in the 2017/18 financial year. The NMBMPD further conducted visible policing and crowd management at public participation meetings organised by the Municipality. The NMBMPD, in conjunction with SAPS, intervened in 68 protest actions which took place in various areas across the Municipality.

The Municipality acknowledges the valour of Constable Nojulumba of the Metro Police which that saved a toddler during an illegal land invasion operation, during which the child was thrown from a roof by her father. A total number of 775 hours of foot patrol was conducted across NMBM during the 2017/18 financial year.

In conjunction with the SAPS, the NMB Metro Police Department patrols Helenvale to ensure the safety of school children in the area, as part of the Helenvale School Safety Programme. A clean-up operation was initiated in conjunction with the NMBM Waste Management Sub-Directorate and Hillcrest Primary School to clean the area outside the School.

The NMB Metro Police Department further visits schools across the Nelson Mandela Bay Metro to discuss issues ranging from crime, teenage pregnancy, gangsterism and drug and alcohol abuse. The following schools were visited in terms of this initiative:

- On 31 May 2018, Metro Police attended the Arcadia High School Bus Shelter Programme. Roads were closed and approximately 150 school children were addressed on safety, drugs and gangsterism.
- The Khanyisa Special School in KwaDwesi was visited for the purpose of a talk and demonstration on self-defence, attended by approximately 60 kids.
- Bayview Primary, Hillcrest Primary, Hillside Primary and Gelvandale High Schools visited on a daily basis and the area were patrolled to ensure learner safety.

The NMBMPD also visits clinics to ensure the safety of staff due to threats received from community members: On 14 February 2018, the NMBMPD initiated a blood donation drive in terms of which members of the Metro Police donated blood.

	Details	Year -1	Year 2017/18		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents attended to during the year	68	N/A	234	N/A
2	Number of by-law infringements/fines issued	396	N/A	804	N/A
3	Number of Police officers in the field on an average day	16	18	18	22
4	Number of Police officers on duty on an average day	18	21	21	25

Job Level	Year -1	Year 2017/18			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	14	20	5	15	75%
7 - 9	33	400	99	301	75%
10 - 12	36	330	12	318	96%
13 - 15	6	208	11	197	95%
16 - 18	2	6	3	3	50%
Total	91	964	130	834	87%

TABLE 3.104: Capital Expenditure 2017/18: Police					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2,500	2,417	3,968	37%	
Vehicles for Safety & Security (Metro Police only)	2,500	2,417	3,968	37%	Ongoing

TABLE 3.105: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Number of Metro Police Service Precincts established	N/A	N/A	2 by December 2017	2 (Bethelsdorp and Kwa-Nobuhle by 30 September 2017)	N/A

3.26 SECURITY SERVICES

The Municipality continues to provide secure working environments for its employees and implement systems to protect its assets (e.g. buildings and equipment). To this end, the Security Services Sub-Directorate was established (within the Safety and Security Directorate) to perform the following functions:

- Provision of access control and patrols at strategic municipal localities;
- Investigation of losses/thefts/damage or misuse of municipal assets;
- Monitoring localities and rapid response to any alarm conditions;
- Supervision of all sites guarded by contract security services;
- Armed escorts and other relevant functions;

- Security surveys and recommendations to directorates to prevent loss and potential loss;
- By-law enforcement;
- Integrated firearm management.

TABLE 3.106: Security and Protection Service Data

	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of notices/fines issued in terms of By-law infringements	367	150	375	372
2	Number of security officers in the field on an average day	16	23	34	30
3	Number of security officers on duty on an average day	16	23	43	20

TABLE 3.107: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	% of surveillance cameras in Municipal buildings and/or facilities operational to facilitate safety and security of municipal resources	90% CCTV cameras operational	Target not met (specification done)	65%	10%	N/A

TABLE 3.108: Employees: Security Officers

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
Administrators	0	4	2	2	50%
0 - 3	0	0	0	0	0
4 - 6	110	62	50	12	19%
7 - 9	8	20	7	13	65%
10 - 12	12	20	12	8	40%
13 - 15	10	5	3	2	40%
16 - 18	4	0	0	0	0
Total	144	111	74	37	33%

3.27 FIRE SERVICES

The mandate of the Fire and Emergency Services Sub-directorate of the Municipality, as dictated by the Fire Brigade Services Act, 99 of 1987 (as amended), is the following:

- Preventing the outbreak or spread of fires
- Fighting or extinguishing fires
- The protection of life or property against fires or other threatening dangers
- The rescue of life or property from fires or other dangers

The Nelson Mandela Bay Municipality's Fire and Emergency Services Sub-directorate is a service orientated organisation dedicated to the saving of lives and the property of all residents. The Municipality consults all relevant stakeholders (communities, business, schools, non-governmental organisations and Ward Committees) in an effort to deliver effective fire services to its residents.

During the 2017/18 financial year, the Municipality purchased four (4) light 4 x 4 bushfire response vehicles to enhance its response time to fire emergencies. These vehicles have the advantage of being less cumbersome and easier to operate than the normal larger

bushfire response vehicles used by Fire Services throughout the country. In addition to the above, a dual response system (whereby vehicles from different fire stations respond to the same incident) was established to ensure adequate resource deployment. The dual response system also seeks to address the shortage of firefighters. This is further enhanced by placing other fire stations on standby, should additional resources be required at an incident. A system of senior officer response is also in place, to make up for the shortage of operational staff. Procedures are in place for a second station as a back-up to the initial responding station. This serves as a precautionary measure, in case the initial vehicle is involved in an accident.

The Municipality implemented a number of programmes during the 2017/18 financial year to improve fire safety (i.e. school fire safety programmes, active community participation and door-to-door education in informal settlements). The fire safety education programme includes the distribution of fire safety pamphlets and demonstrations on how to identify and manage fire risks, as well as basic firefighting training to community members. The above fire safety programmes assist communities in making their environments safer.

Emergency response times are monitored to ensure compliance with the Municipality's average response time of 15 minutes. Factors such as the time of day (traffic congestion) and incorrect or vague details are usually the reasons why response times may fall outside the stipulated target.

	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	4056	4000	3183	3500
2	Total of other incidents attended in the year	1279	1200	1318	1250
3	Average turnout time - (combined average of all calls, urban & rural) - in minutes	13m:48s	14	12m:16s	14
4	Average turnout time - rural areas	N/A	N/A	N/A	N/A
5	Fire fighters in post at year end	244	250	247	262
6	Total fire appliances at year end	66	70	70	71
7	Average number of appliances off the road during the year	11	12	14	14

TABLE 3.110: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Average response time to emergencies within the Nelson Mandela Bay (from Control Centre receiving notification of emergency to dispatched officer arriving at the scene): Fire	N / A	N / A	15 minutes	12 minutes, 16 seconds	N/A
KPA: Basic Service Delivery	Percentage compliance with the required attendance time for structural firefighting incidents	N/A	N/A	N/A	N/A	75%
KPA: Basic Service Delivery	Number of full-time firefighters per 1 000 population	N/A	N/A	N/A	N/A	0.2 : 1000

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
Fire-fighters	No.	No.	No.	No.	%
Chief Fire Officer	1	1	1	0	0%
Other Fire Officers					
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	71	80	79	1	1.25%
10 - 12	157	161	156	5	3.1%
13 - 15	14	15	10	5	33.3%
16 - 18	1	5	1	4	80%
19 - 20	1	1	1	0	0%
Total	245	263	248	15	5.7%

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,290	-	-	207	100%
Expenditure:					
Fire fighters	133,652	135,260	145,217	146,231	
Other employees	24,310	26,455	25,268	24,869	-6%
Other	18,997	16,850	16,541	16,748	-1%
Total Operational Expenditure	176,960	178,564	187,025	187,848	5%
Net Operational Expenditure	174,669	178,564	187,025	187,641	5%
Repairs and Maintenance	5,201	3,508	2,955	3,111	-13%

TABLE 3.113: Capital Expenditure 2017/18: Fire Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	7,200	7,200	4,326	-66%	
Replacement of Off Road Appliance - Fire	1,600	3,009	2,631	39%	Ongoing
Replacement of Standby Generators -Fire	450	41	66	-584%	Ongoing
Replacement of Engine Bay Doors - Fire	650	-	-		Ongoing
Replacement of Radios - Fire	1,000	1,000	-		Ongoing
Motherwell Fire Station - Rehab and Refurbishment	2,000	1,650	1,565	-28%	Ongoing
Purchase of Plant and Equipment (Fire & Emergency Services)	1,000	1,000	65	-1438%	Ongoing
Office Accommodation Security - Sidwell Fire Station	500	500	-		Ongoing

3.28 TRAFFIC AND LICENSING SERVICES

The Municipality seeks to promote the safe and free flow of traffic in the municipal area. The Municipality offers the following services to local communities and visitors:

- Law enforcement services
- Licensing services
- Support and training services
- Legal services

The Municipality recorded an average of 7 min, 29 sec response time to traffic emergencies during the 2017/18 financial year. The Municipality implemented different traffic safety initiatives in schools and communities during the financial year. Several traffic safety programmes were implemented in poor communities, pre-primary schools, primary schools, community centres, as well as taxi ranks. The Municipality recorded a turnaround time of 2 weeks and 4.5 weeks in terms of learners' license tests and drivers' license tests respectively. The total number of accidents decreased by 21% year on year, which exceeds the national target of 4%. This decrease could be attributed to increased visible traffic policing, as well as increased roadblocks. The Table below illustrates the traffic service data.

TABLE 3.114: Traffic & Licensing Services - Traffic Service Data

	Detail	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	18449	17000	14486	16000
2	Number of By-law infringements attended	845	1670	885	1670
3	Number of traffic officers in the field on an average day	36	45	38	50
4	Number of traffic officers on duty on an average day	46	50	50	55

TABLE 3.115: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	Average response time to Traffic emergencies within the Nelson Mandela Bay area of jurisdiction (from Control Centre receiving notification of emergency to despatched officer arriving at the scene)	N / A	N / A	15 min	7 min 29 seconds	N/A

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Traffic Officer & Deputy					
Other Traffic Officers					
0 - 3	0	2	2	0	0%
4 - 6	0	5	3	2	40%
7 - 9	5	7	6	1	14%
10 - 12	14	24	14	10	42%
13 - 15	121	230	113	117	51%
16 - 18	2	2	2	0	0%
19 - 20	47	50	46	4	8%
Total	142	270	140	130	48%

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	224,598	242,728	335,675	314,924	23%
Expenditure:					
Police Officers	125,039	154,032	151,167	149,656	
Other employees	119,090	146,672	110,607	159,023	8%
Other	200,875	204,826	303,430	284,796	28%
Total Operational Expenditure	445,004	505,530	565,205	593,476	15%
Net Operational Expenditure	220,406	262,802	229,529	278,552	6%
Repairs and Maintenance	1,473	1,564	1,805	973	-61%

3.29 DISASTER MANAGEMENT

The Municipality adopted good disaster management practices to promote a disaster resilient and safe environment. The Municipality establishes and maintains an all-inclusive integrated and effective disaster management programme, to the benefit of all communities in the Nelson Mandela Bay.

On 13 February 2018, the Head of the National Disaster Management Centre reclassified the Provincial Disaster Declaration as a National Disaster, as a result of the ongoing drought conditions and water shortages - the worst experienced in the Metro for many years. It is anticipated that global climate change will also significantly affect the frequency and intensity of hazards occurring in the country. On 13 March 2018, the drought was gazetted as a National Disaster.

A Disaster Management Advisory Forum (DMAF) was established to coordinate the actions of all relevant role-players in the municipal area on matters relating to disaster risk management, as provided for in Section 51 of the Disaster Management Act, 2002. The DMAF may advise any organ of state, statutory functionary, non-governmental organisation, community or the private sector on any matter relating to disaster risk management and may make recommendations regarding disaster risk management. Three Advisory Forum meetings were held during the period under review. The Safety and Security Standing Committee further recommended to Council that an Interdepartmental Disaster Management Committee be established to further ensure compliance with the Disaster Management Act. The Nelson Mandela Bay Emergency Services Coordinating Committee (NMBESCC) facilitates interaction and coordination amongst local emergency services and stakeholders involved in emergency management. The Committee functions in collaboration with the Disaster Management Advisory Forum (DMAF).

TABLE 3.118: Employees: Disaster Management

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	3	4	4	0	0%
7 - 9	3	26	3	23	88%
10 - 12	14	15	14	1	7%
13 - 15	0	0	0	0	0%
16 - 18	2	3	2	1	33%
19 - 20	1	1	1	0	0%
Total	26	53	28	25	47%

TABLE 3.119: Financial Performance 2017/18: Disaster Management, Animal Licencing and Control, Control of Public Nuisances

R'000

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	407	327	13,525	9,079	96%
Expenditure:					
Employees	29,734	34,240	33,076	31,900	-7%
Other	12,007	12,181	12,376	11,993	-2%
Total Operational Expenditure	41,740	46,421	45,451	43,892	-6%
Net Operational Expenditure	41,333	46,094	31,926	34,814	-32%
Repairs and Maintenance	189	259	259	86	-201%

TABLE 3.120: Capital Expenditure 2017/18: Disaster Management, Animal Licencing and Control, Control of Public Nuisances					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,000	3,083	6,293	52%	
Additional Satelite Offices - Disaster Management	2,000	2,083	281	-612%	Ongoing
CCTV Equipment & Infrastructure - Disaster Management	1,000	1,000	683	-46%	Ongoing
Vehicles for Safety and Security (Security only)	-	-	5,329	100%	Ongoing

COMPONENT H: SPORT AND RECREATION

In support of the 2030 National Development Plan, the sport sector has developed its own vision for 2030. In working towards the achievement of the 2030 ideal sport system, the National Sport and Recreation Plan (NSRP) was developed. In essence, the NSRP details the programmes, projects and activities that are undertaken by all role-players in the sport sector to achieve the objectives of an active nation, a winning nation and the creation of an enabling environment to achieve the active and winning sporting nation.

Strategic Objective 9 of NSRP seeks “to ensure that SA sport and recreation is supported by adequate and well-maintained facilities”. South Africa has a challenge regarding the building, shared utilisation, equitable access and maintenance of sport and recreation facilities. The provision and maintenance of facilities forms the foundation of the sport and recreation system. Key for the Nelson Mandela Bay Municipality is to create an enabling environment for federations to organise their sports and contribute to the success of the South African Sports Confederation and Olympic Committee’s (SASCOC) mandate with regard to the preparation and delivery of Team SA for major events.

The White Paper on Sport and Recreation (2011), requires municipalities to:

- Develop sport and recreation policies
- Implement and monitor sport and recreation policies
- Develop, upgrade, maintain and manage sport and recreation infrastructure in municipalities
- Provide funding of its principal agencies: clubs and individuals

In addition, NMBM Council has adopted the National Norms and Standards for Sport and Recreation Infrastructure Provision and Management (2008) as a framework for the provision and management of sport facilities in the Municipality.

In compliance with the above-mentioned legislative imperatives and the Integrated Development Plan of the Municipality, the NMBM Sport, Recreation, Arts and and Culture Directorate has prioritised the following strategic objectives in implementing its services:

- Development, maintenance and management of sport and recreation infrastructure that is well maintained, safe and secure.
- Creating an enabling environment for sport federations to promote mass-based participation and excellence in sport.
- Promoting sports development programmes that will contribute towards social cohesion, nation building and the quality of life of all citizens of Nelson Mandela Bay.
- Contributing towards the promotion of the NMBM as a preferred destination for sport related events through the provision of world-class facilities.
- Availing grant funding to federations and clubs that will contribute towards the transformation of sport and recreation.

PROVISION OF SPORT AND RECREATION INFRASTRUCTURE

The NMBM Sport, Recreation, Arts and Culture Directorate is the custodian of 310 audited sport and recreation facilities at different levels of development. The Table below reflects the availability and spread of sport and recreation facilities in Nelson Mandela Bay.

TABLE 3.121: Sports and Recreation Facilities

FACILITIES	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	ZONE 6
SPORTS	17	32	44	24	25	14
MPC'S and INDOOR CENTRES	0	2	2	2	2	2
BASKETBALL /NETBALL	9	33	48	31	3	0
POOLS	6	6	2	2	1	3

The sport and recreation facilities are further graded as per the Figure below.

FIGURE 3.11: Sport and Facilities Grading



In the 2017/18 financial year, capital projects to the value of R25 784 690 were planned; which include the following:

- Construction of the Walmer/Fountain Road change-rooms and ablutions for football and rugby
- Mqolomba Sportfield change-rooms and ablutions
- Veeplaas Astro Turf
- Gelvandale Stadium roof development
- Mooredyke Sportfield floodlights

Due to the poor performance of the contractor appointed for the Mqolomba and Walmer field upgrading, the change-rooms could not be completed. The contractor agreed to hand the projects over to another contractor, and the budgets would be carried over for completion in the 2018/19 financial year. The budget of R6 million for the Gelvandale Stadium roof was insufficient to implement the project and was redirected to resurface the Gelvandale Hockey Astro Turf. A Memorandum of Agreement was signed with SA Hockey to implement the project at a more cost effective rate. The Veeplaas Astro Turf was completed; however, paving and floodlights will be installed with the additional budget that was allocated from the Urban Settlements Development Grant. USDG funding was also allocated for the upgrading of the Rocklands and Central Sport fields. Part of the funding for the Rocklands Sport field was spent on drilling a borehole. However, the installation of pipes and the necessary electrical connections will only be completed in the 2018/19 financial year.

During the year under review, the NMB Municipality partnered with Eastern Province (EP) Cricket and Cricket SA to ensure that the St George's Cricket Stadium would be rehabilitated and upgraded with floodlights that would attract more national and international cricket games to the City. A Memorandum of Agreement was signed with EP Cricket for the Nelson Mandela Bay Municipality to fund them with a total amount of R38, 900 000 over a 4-year period of which the first tranche of R 5 900 000 was paid in the 2017/18 financial year.

SUPPORT TO SPORT AND RECREATION CLUBS AND FEDERATIONS

The Municipality creates an enabling environment for sport and recreation programmes through the provision of financial support, venue hire, medals, trophies, sport attire or equipment and medical rescue services. The Table below indicates the various sport organisations and programmes supported in the 2017/18 financial year.

TABLE 3.122: Sport Organisations and Programmes Supported					
NO.	SPORT ORGANISATION / CLUB NAME	PURPOSE	KIND OF SUPPORT (i.e. Cash, Venue, Trophies, etc.)	WARD	COST
1	Swartkops Valley United Brothers	Supported the Club to hire transport and venue	Financial support	55	R 35,000.00
2	Cllr P Hermaans	Provided cricket equipment for practices	6 cricket bats, 4 Pads, 6 gloves, 1 wicket glove, 12 machine balls	13	R10 000
3	Thubalethu Boxing Club	Training equipment for Mr Mpongoshi for Commonwealth Games	Training shoes, boxing boots, scale and 4 boxing gloves	46	R 9,405.00
4	Kyokushin Karate	National Tournament of Karate sponsorship event on 7 April 2018	6 trophies, 84 medals and provision of Raymond Mhlaba MPC	59	R8638.00 & R1260.0
5	L&S Fitness Academy	Women empowerment event 24 March 2018	5 Trophies	44	R 1,550.00
6	Kyokushin Karate Tezuka	National Development Karate Event 16-18 March 2018	Transport - 22 seater	22	R 25,480.00
7	Mbulelo Tennis Club	Junior Tennis Tournament Event 21 April 2018	Zwide Tennis Court, 10 boxes of tennis balls, 30 medals and 2 tennis bats	28	R 3,000.00
8	Swallows Rugby Club	Easter Rugby tournament 30-31 March 2018	2 trophies, 20 Gold, 20 Silver, 1 rugby ball and Jabavu Rugby field	44	R10 000
9	Max Ntshona Tennis Tournament	Development of tennis in the community 21 April 2018	Tennis court, 2 tennis bats and 30 tennis balls	28	R 3,000.00
10	Northern Areas Sport Recreation Arts & Culture	Our Whole Life Coaching	12 balls, 15 hoola hoops, 3 stop watches, 3 whistles, 50 cones	35	R 7,000.00
11	Star of Hope RFC	The Club's old attire needed to be replaced with new.	Provided attire for the Rugby team	44	R 19,000.00
12	PE Stars Football Club	Supported Club by hiring transport and venue	Financial support	10	R 35,000.00
13	Golden Stars FC	Supported Club by hiring transport and venue	Financial support	34	R 35,000.00
14	PE Vikings	Indoor sport, training and playing fixture games in Apr-Jun 2018	Lillian Ngoyi MPC - ISO payment	22	R 4,944.00
15	PE Vikings	Provided handball kits for the Ladies and Gents teams	2 handball kits	22	R 6,400.00
16	Mr Nombola (Cllr)	Easter Soccer Tournament 21 Mar 2018 - 2 Apr 2018	5 trophies, 20 Gold, 20 Silver, 20 Bronze and Missionvale Field	31	R 2,775.00
17	The Unstoppable Youth	Kids beauty contest and games event 24 March 2018	R2 478.00 Wells Estate MPC	60	R 2,478.00
18	Kuyga United Rugby Club	Provide attire for the team	30 shorts, 30 socks and 5 balls	40	R 9,000.00
19	Star of Bethel Cricket Club	For the club to own equipment for their training	Cricket equipment	35	R 9,478.00
20	United Cricket Brothers Club	70th Anniversary celebrations 19 May 2018	Kwamagxaki Hall (ISO payment) & financial support	30	R35,000.00
21	Lion City	Support Club by hiring transport and venue to stay	Financial support	57	R 35,000.00

TABLE 3.122: Sport Organisations and Programmes Supported					
NO.	SPORT ORGANISATION / CLUB NAME	PURPOSE	KIND OF SUPPORT (i.e. Cash, Venue, Trophies, etc.)	WARD	COST
22	All Star Tae-bo & Body Building	June 16 Tae-bo and poetry competition	6 trophies, 48 medals	45	R 9,945.20
23	Show Village United Brothers FC	June 16 Celebration Soccer Tournament	60 Gold, 60 Silver and 60 Bronze	23	R 5,400.00
24	Hotspurs	Soccer Tournament	40 Gold, 40 Silver , 40 Bronze and 10 miniature trophies	7	R 4,427.50
25	Ms NE Sikweyiya	Tournament - Soccer, Netball and Rugby for Ward 47	Soccer Kit, 60 medals and 2 balls	47	R 15,000.00
26	St Johns Methodist Church	5km Fun Run/Walk	Sponsored 100 Medals	5	R 2,500.00
27	The Methodist Church of SA	Playing soccer and netball indigenous games	40 Medals, 2 Balls and MPC	5	R 3,000.00
28	All Star Tae-bo & Body Building	June 16 celebrations	6 Trophies and 48 Medals	45	R 4,500.00
29	Nelson Mandela Bay Netball Association	Celebration of June 16 Netball Tournament	Stretch tent, 2 toilets, netball courts Mawabo Dyubhele	All	R 5,500.00
30	High Bury FC	Supported the Club by hiring transport for them and venue for accommodation	Financial support	11	R 35,000.00
31	Stand-Up Youth Programme	June 16 celebration - 5km marathon and soccer tournament	Sponsored 200 medals and 10 Trophies	28	R 9,000.00
32	Hope-4-Kids	June 16 celebration - Netball Tournament	20 gold, 20 silver, 20 bronze and 10 miniature trophies	27	R 4,427.50
33	35 United Netball Club	For the Club to have kits	Netball kit	41	R 3,200.00
34	Arcadia Lions Netball Club	For the Club to have kits	Netball kit	34	R 3,200.00
35	Bloem Stars Netball Club	For the Club to have kits	Provided netball kits	35	R 3,200.00
36	Kleinskool United	For the Club to have kits	Provided 1 netball kit	37	R 2,300.00
37	Korea United	For the Club to have kits	Provided 1 netballKit	41	R 2,300.00
38	Siyakhula Netball Club	For the Club to have kits	Provided 1 netball kit	43	R 2,300.00
39	Northern Panthers	For the Club to have kits	Provided 1 netball kit	41	R 2,300.00
40	Tug of War	National Tournament of Tug-War 30 June 2018	3 trophies and 15 gold, 15 silver and 15 bronze medals	29	R 3,536.25
41	Amarabha United Football Club	June 16 Celebration - Soccer Tournament	60 medals, 1 trophy and sport fields	44	R 3,000.00
42	Bloom Callies Football Club	Playing kit for the Junior Team of Soccer	Playing kit for soccer	35	R 4,000.00

NO.	SPORT ORGANISATION / CLUB NAME	PURPOSE	KIND OF SUPPORT (i.e. Cash, Venue, Trophies, etc.)	WARD	COST
43	Manchester Babes	Supported the Club by hiring transport for them and venue for accommodation	Financial support	43	R 35,000.00
44	Ward 42, Cllr P Mfama	June 16 celebration - Netball, Soccer and Rugby Tournament	3 trophies, 75 gold and 75 silver medals; 3 balls	42	R 7,000.00
45	Phillipa Robinson	International Tournament - Rowing	Financial support	4	R15,000.00
46	Shamrocks FC	June 16 Celebration - Soccer Tournament	20 Gold, 20 Silver , 20 Bronze and 1 Trophy	12	R2,600.00
47	PENFA	June 16 Celebration - Soccer Tournament	1 Trophy; 40 Medals	41	R2,500.00
48	International Meibukan Go Ju Ryu Karate	June 16 Celebration - Karate Tournament	110 Medals; 10 Trophies	45	R10 .000
49	Emmanual January	June 16 Celebration - Junior Soccer Tournament	20 Gold, 20 Silver, 20 Bronze and 1 Trophy	32	R2,600.00
50	MJ Soweto Karate Club	June 16 Celebration - Karate Tournament	2 Trophies and 48 Medals	27	R3,000.00
51	Gqeberha Youth Movement	June 16 Celebration - Soccer and Netball Tournament	1 Trophy and 40 Medals	4	R2,500.00
52	Zwide Rugby United Club	Playing Club Tournament in King Williams Town 9 June 2018	Transport - 60 Seater	23	R15.000.00
53	Booyens Park Rainbow Stars	June 16 Celebration - Soccer Tournament	20 Gold, 20 Silver and 1 Trophy	29	R1,500.00

MAYORAL CUP

The Mayoral Cup was implemented in partnership with the relevant federations and the Nelson Mandela Bay Sport Council. The Table below indicates the amounts transferred to participating federations for the implementation and administration of the Competition with their affiliated clubs:

TABLE 3.123: Mayoral Cup Financial Support

Sport Code/Organisation	Amount (R)
Nelson Mandela Bay Netball	200 000
SAFA Nelson Mandela Bay Football	314 780
Eastern Province Rugby	400 000
Nelson Mandela Bay Boxing (paid to NMB Sport Confederation)	190 000
Nelson Mandela Bay Basketball	240 000
Nelson Mandela Bay Cricket	205 210
Nelson Mandela Bay Volleyball	101 570

Due to the liquidation of Eastern Province Rugby, Mayoral Cup payments were made directly to the participating clubs. A total of 41 rugby clubs as well as referees benefited from the Mayoral Cup.

The following sports events were hosted in partnership with different stakeholders.

- Seven (7) road races were organised through partnership with Eastern Province Athletics as per the following:
 - Nelson Mandela Bay 21.1km Half Marathon Championships
 - One City Relay
 - Diva Run – exclusively for ladies
 - Motherwell Freedom Run
 - Uitenhage Human Rights Race
 - Gelvandale Run
 - Colchester Development Race

An amount of R4.7 million was paid to Eastern Province Athletics for the implementation of the above projects.

- Get Ahead Sports Programme (GASP) School Talent Harvesting Programme, involving five schools from Helenvale and 10 schools from the New Brighton Area. The 2017/18 financial support of R550 000 was the final payment in terms of the three-year agreement with Iconage Holdings in support of the GASP School Talent Harvesting Programme. The following schools were the beneficiaries of this Programme:
 - Alpha Primary School
 - Bayview Primary School
 - Helenvale Primary School
 - Hillcrest Primary School
 - Gelvan Park Primary School
- The Learn to Swim Programme, in partnership with NMB Aquatics, saw a total of 48 youngsters participating in different league galas, and 75 participating in the Spar River Mile this year.

SUPPORT TO PROFESSIONAL AND SEMI-PROFESSIONAL SPORT

The Municipality invested R18 million in professional sport in the Metro towards the sponsorship of the PRO 14 (Rugby), Eastern Province Cricket and Chippa United Football Club, which contributed directly to promoting the City as a major sports and events destination. Chippa United finished 10th out of the 16 teams that played in the Premier Soccer League at the end of the season. Despite the undesirable low turnout at matches played at the NMB Stadium, the Chippa United Football Club remains amongst the top 6 supported teams for home matches.

The Municipality and MBDA put more stringent reporting mechanisms in place to assist the Chippa United Football Club in complying in terms of the relocation agreement they have with the Municipality. The performance of the PRO 14 Rugby team did not live up to the expectations of local rugby loving fraternity and, as a result, the spectator numbers were generally low at most of their matches played at the NMB Stadium. The Warriors Cricket Team had a very good season in terms of performance, and shared the winning trophy. The investment in cricket has also seen an increase in spectator support at their local games, which contributed to the sustainability of the St George's Cricket Stadium and the development of cricket in the region.

The following semi-professional football clubs playing in the ABC Motsepe League and SASOL Leagues were assisted financially with R35 000 each: Sibanye FC; Highbury FC; Callies FC; PE Stars FC; SUBS FC; Lion City FC; Sophakama FC; Manchester Babes FC and Continental FC.

The following sport and recreation events were hosted in Nelson Mandela Bay during the 2017/18 financial year:

- Standard Bank Ironman African Championships (14th Edition)
- Nelson Mandela Pro Surfing Series (part of the Splash Festival)
- VW Surfing Open Championships (July school holidays)
- Provincial Sports Awards
- National Boxing Awards
- SA Youth and SA Seniors National Championships
- SA Lifesaving Still Water Nationals and Surfing National Championships

- Water Polo SA Schools Nationals
- Herald Cycle Tour

The above events have contributed to promoting tourism and economic development in the City. The Standard Bank Ironman African Triathlon has again lured a large number of international participants to the City and the region, while the National Lifesaving Championships saw in excess of 4 000 participants and spectators from different parts of South Africa descending on the City.

CHALLENGES

The Municipality continues to face the following challenges in its efforts to promote sport and recreation development:

- The current drought experienced by the Municipality has impacted negatively on its ability to deliver sport and recreation services at acceptable norms and standards to all communities. Only 9 of the 20 municipal pools were open during the past pool season as a result of the drought. This situation also had a negative impact on the pool infrastructure: tiles lifted and fibreglass shells were damaged. Water restrictions prohibited the watering of sport fields, which had a detrimental effect on the condition of the grass pitches.
- Insufficient Capital and Operational Budget allocation to address major backlogs on the provision and maintenance of sport and recreation facilities in accordance with national norms and standards.
- Ageing sport and recreation infrastructure and equipment: Some of the sport facilities were constructed more than 30 years ago and now pose a safety risk. This situation has serious implications in terms of compliance with the OHS Act of 1993 and the SASREA Regulations.
- The absence of a dedicated budget to ensure compliance with application legislation as well as the need for Venue Safety Certificates for all municipal sport infrastructure.
- Specialised equipment for maintaining the fields are outdated and in disrepair (Bomag rollers, pitch cutters; lawn mowers; scarifiers)
- Continuous vandalism of sport and recreation facilities
- Declining staff numbers due to natural attrition, coupled with unfunded vacant posts due to budget cuts.
- Huge overtime cost due to sport tournaments and events being staged over weekends.

TABLE 3.124: Employees: Sport and Recreation

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	80	103	68	35	22.33%
4 - 6	55	62	37	25	11.29%
7 - 9	21	24	21	3	12.50%
10 - 12	6	7	5	2	14.29%
13 - 15	1	2	2	1	50.00%
16 - 18	1	1	1	0	0.00%
19 - 20					
Total	164	199	134	66	17.59%

TABLE 3.125: Financial Performance: Sport and Recreation

Financial Performance - 2017/18: Sport and Recreation						R'000
Details	2016/17	2017/18				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	31,476	15,318	4,654	3,874	-295%	
Expenditure:						
Employees	143,159	160,136	220,497	157,089	-2%	
Other	208,052	237,048	172,590	252,075	6%	
Total Operational Expenditure	351,210	397,184	393,088	409,164	3%	
Net Operational Expenditure	319,734	381,866	388,434	405,290	6%	
Repairs and Maintenance	15,868	18,550	13,295	11,098	-67%	

TABLE 3.126: Capital Expenditure 2017/18: Sport and Recreation

Capital Expenditure 2017/18: Sport and Recreation						R' 000
Capital Projects	2017/18					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	25,720	31,387	17,559	-46%		
Mendi Arts and Cultural Center	6,000	2,500	3,663	-64%	Ongoing	
Upgrade Existing Sports Facilities	11,000	7,077	2,898	-280%	Ongoing	
KwaNobuhle Sports Complex	-	3,142	2	100%	Ongoing	
Gelvandale Stadium Roof Structure	6,000	-			Ongoing	
Provision of lighting - Mooredyke Sports Ground	220	220	146	-51%	Ongoing	
Astroturf Surfaces	-	9,346	7,787	100%	Ongoing	
Rehabilitation of Gelvandale Hockey Field	-	6,000	-		Ongoing	

3.30 BEACHES, RESORTS AND EVENTS MANAGEMENT

The Municipality ensures the provision of basic services to all citizens, which include a clean environment with beaches and recreational spaces that are managed efficiently. The Nelson Mandela Bay Municipality has a 120 km coastline, characterized by pristine beaches providing a wide range of recreational opportunities, including safe swimming, sunbathing, walking, snorkeling and scuba diving. The NMBM coastline is of great value, based on its diverse array of natural and heritage resources, which are key tourist and socio-economic assets. These features have also resulted in local beaches playing host to an array of regional, national and international events, including the following:

- Standard Bank African Championship
- Ironman 70.3 World Championship event
- Ironman 5150
- Annual Mandela Bay Splash Festival,
- Summer season events
- Annual Ebubeleni Festival
- Annual Cycle tour
- Richmond Hill Festival
- Cape Recife festival

The hosting of events is a significant part of the strategy to enhance Nelson Mandela Bay as a premier tourist destination of choice, based on its strengths, including its beautiful landscapes, Blue Flag beaches, cultural diversity, rich heritage and sports.

TABLE 3.127: Performance Scorecard

KEY AREA	PERFORMANCE	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery		Number of beaches with Blue Flag status maintained	3 (Humewood Beach, King's Beach and Hobbie Beach)	3 (Humewood Beach, Kings Beach and Hobie Beach)	3 (Humewood Beach, Kings Beach, Hobie Beach)	3 (Humewood Beach, Kings Beach, Hobie Beach)	N/A

TABLE 3.128: Employees: Beaches, Resorts and Events Management

Job Level	Year - 2016/17	Year 2017/18			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	16	24	17	7	29%
4-6	7	12	7	5	42%
7-9	7	12	7	5	42%
10-12	0	3	0	3	0.0%
13 - 15	1	1	1	-	0.0%
16 - 18	2	2	2	-	0.0%
19 - 20	-	-	-	-	0.0%
Total	33	54	34	20	37%

TABLE 3.129: Capital Expenditure 2017/18: Beaches, Resorts and Events Management

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2,500	3,101	3,063	-18%	
Springs Resort-Upgrade Infrastructure	600	114	114	-424%	Ongoing
Upgrade Beaches -Tourism	400	1,487	1,454	72%	Ongoing
Beach Protection Equipment	1,500	1,500	1,495	0%	Ongoing

COMMENTS ON PERFORMANCE OF BEACHES, RESORTS AND EVENTS MANAGEMENT SERVICES

The NMBM experienced a reduction in the number of drowning incidents at its bathing beaches, from 14 drowning incidents (in 2016/17) to 10 incidents in the 2017/18 financial year. This is largely attributed to the interventions that have been put in place by the Municipality, which include the employment of seasonal contract lifeguards, which are employed annually to assist during peak season. The seasonal lifeguards are employed mainly during the summer season (between October and April annually). The NMBM also has a sponsorship agreement with Lifesaving Nelson Mandela Bay, which ensures that lifesaving duties are performed

outside the holiday peak period from November to April on Saturdays, Sundays and public holidays.

The City also extended its agreement with the Bayworld Research Centre for a further three years. The agreement focuses on the NMBM's shark research and planning programme, with the primary aim to establish a great White Shark management and recreational safety plan for the Municipality.

Three beaches participated in the Blue Flag Programme in 2017/18. These are:

- King's Beach
- Humewood Beach
- Hobie Beach

Security at municipal beaches and resorts remains a major challenge. The Municipality is in the process of drafting a Resorts Development and Management Policy. The policy will essentially provide a framework for the development and management of the municipal resorts which will enhance security.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services, etc.

3.31 POLICIES

A database of all policies is managed by the Office of the Chief Operating Officer. The Table below depicts the list of policies registered on the Policy Database as at 30 June 2018.

TABLE 3.130: Corporate Services (HR Policies and Plans)

NO	Name of Policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
		%		
1	Acting Procedure	100 %	Revised draft adopted by Council	23 May 2017
2	Adult Basic Education and Training (ABET) Policy	100%	Due to Policy review process stopped by labour unions in 2017/18, this Policy will be reviewed during 2018/19	September 3, 2003
3	Asset Loss Control Policy	100%	Due to Policy review process stopped by labour unions in 2017/18, this Policy will be reviewed during 2018/19	April 3, 2007
4	Asset Management Policy	100%	Review is ongoing	Reviewed Policy adopted - 6 February 2013
5	Asset Disposal Policy	100%	Review is ongoing	Reviewed Policy adopted - 7 May 2013
6	Policy and Procedure for the Disposal of Movable Assets Not of High Value	100%	Review is ongoing	September 19, 2013
7	Bay Stars Employee Excellence Programme Policy Procedures Manual	100%	Due to Policy review process stopped by labour unions in 2017/18, this Policy will be reviewed during 2018/19	June 19, 2014
8	Career Management Policy	100%	Policy to be reviewed in 2018/19	March 26, 2010
9	Cellular and Data Services Policy	100%	Policy review to be concluded in 2018/19	July 22, 2010
10	Councillor Welfare Policy	100%	Policy under review	2010
11	Councillor Support Policy	100%	Revised policy adopted	June 25, 2009
12	Education, Training and Development (ETD) Policy	100%	Policy to be reviewed in 2018/19	September 3, 2003
13	Experiential and Internship Policy	100%	Policy to be reviewed in 2018/19	September 3, 2003
14	Employee Bursary	100%	Policy to be reviewed in 2018/19	June 19, 2014

NO	Name of Policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
		%		
15	External Bursaries Policy	100%	Policy to be reviewed in 2018/19	September 3, 2003
16	E-governance Policy		Policy to be reviewed in 2018/19	June 20, 2005
17	Induction Policy	100%	Policy to be reviewed in 2018/19	September 2, 2010
18	Information Security Management Policy Procedures and Guidelines	100%	Revised draft adopted by Council	23 May 2017
19	Language Policy		Policy to be reviewed in 2018/19	April 11, 2009
20	Learnership Policy	100%	Policy to be reviewed in 2018/19	March 19, 2010
21	Mentorship Strategy	100%	Policy to be reviewed in 2018/19	March 6, 2013
22	Organisational Establishment Policy	100%	Revised draft adopted by Council	23 May 2017
23	Performance Management Policy	100%	Policy to be reviewed in 2018/19	February 24, 2014
24	Petition Policy	100%	Policy to be reviewed in 2018/19	October 11, 2012
25	Policy Governing Funding to External Organisations (previously called the Grant-in-Aid Policy)		Current	May 22, 2014
26	Public Participation Policy and Public Participation Procedures Manual	100%	Current	August 7, 2014
27	Records Management Policy	100%	Current	June 19, 2014
28	Recruitment, Selection & Retention Policy	100 %	Revised draft adopted by Council	23 May 2017
29	Rules of Order	100%	Policy to be reviewed in 2018/19	September 6, 2007
30	Recognition of Prior Learning Policy	100%	Revised draft adopted by Council	23 May 2017
31	Strategy to integrate People with Disability Policy	100%	Policy to be reviewed in 2018/19	July 16, 2003
32	Strategy to Mainstream Gender in the Workplace Policy	100%	Policy to be reviewed in 2018/19	July 16, 2003
33	Succession Planning Policy	100%	Policy to be reviewed in 2018/19	March 26, 2010
34	Travel Policy	100%	Policy to be reviewed in 2018/19	September 2, 2010

NO	Name of Policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
		%		
35	Ward Committee Policy	100%	Revised draft adopted by Council	April 2017
36	Work Attendance Policy	100 %	Revised draft adopted by Council	23 May 2017
37	Sexual Harassment Policy	100 %	Revised draft adopted by Council	23 May 2017
38	ICT Governance Framework	100 %	Revised draft adopted by Council	23 May 2017
39	ICT Enterprise Change Management Policy and Procedure	100 %	Revised draft adopted by Council	23 May 2017
40	ICT Disaster Recovery Policy	100 %	Revised draft adopted by Council	23 May 2017
41	ICT Policy	100 %	Revised draft adopted by Council	23 May 2017
42	Information Security Governance Framework	100 %	Revised draft adopted by Council	23 May 2017
43	Migration and Placement Policy	100 %	Revised draft adopted by Council	23 May 2017
44	Overtime Policy	100 %	Revised draft adopted by Council	23 May 2017
45	Policy regulating the Transportation of Designated (employees at the Workplace)	100 %	Revised draft adopted by Council	23 May 2017
46	TASK Job Evaluation Policy	100 %	Revised draft adopted by Council	23 May 2017

COMMENT ON WORKFORCE POLICY DEVELOPMENT

The implementation of the twenty (20) approved Corporate Services policies continued during the 2017/18 financial year. Two (2) workshops on the corporate Services policies were arranged during the 2017/18 financial year, which were subsequently cancelled due to labour related issues. The review of Corporate Services policies will continue in the 2018/19 financial year.

3.32 EXECUTIVE AND COUNCIL

The Municipality is governed in terms of an Executive Mayoral System. It has a functional Executive Mayoral Committee in place, headed by the Executive Mayor, supported by the Deputy Executive Mayor and the members of the Mayoral Committee. The Committee, *inter alia*, comprises Councillors who serve as Chairpersons of the following Portfolio Committees:

- (a) Budget and Treasury
- (b) Economic Development, Tourism and Agriculture
- (c) Public Health
- (d) Human Settlements
- (e) Human Resources and Corporate Administration
- (f) Infrastructure and Engineering and Electricity and Energy
- (g) Sport, Recreation, Arts and Cultural Services
- (h) Safety and Security
- (i) Roads and Transport

The Municipality further has a Member of the Mayoral Committee for constituency services whose responsibilities revolve around public participation and other community issues in Council. The NMBM Council is the highest decision-making authority in the Municipality and is chaired by the Speaker. The Municipality also has a functional Whippery system in place.

TABLE 3.131: Employees: The Executive and Council

Job Level	Year -1 (2016/17)	Year 0 (2017/18)			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<p>The NMBM has 120 Councillors in office (60 are Portfolio Councillors and 60 are Ward Councillors). Council has an Executive Mayoral System, which comprises 13 Councillors. Councillors are remunerated in accordance with the Government Gazette, which is promulgated annually. The regulations in this Gazette determine the upper limits of salaries, allowances and benefits of different members of the municipal Council.</p>					

TABLE 3.132: Financial Performance 2017/18: The Executive and Council

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	154	37	181	399	91%
Expenditure:					
Employees	58,654	81,044	74,802	69,754	-16%
Other	221,495	223,104	252,213	147,814	-51%
Total Operational Expenditure	280,149	304,147	327,015	217,568	-40%
Net Operational Expenditure	279,995	304,111	326,834	217,169	-40%
Repairs and Maintenance	163	389	427	23	-1600%

TABLE 3.133: Capital Expenditure 2017/18: The Executive and Council					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6,411	6,411	6,419	0%	/
Integrated City Development Programmes	6,411	6,411	6,419	0%	

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

Over the review period (1 July 2017 to 30 June 2018), altogether eleven (11) Ordinary Council meetings and twelve (12) Special Council meetings were held. Council meetings are convened in accordance with Council's Calendar of meetings, which is adopted annually by Council either in November or December each year, prior to the December recess period. Special Council meetings are convened by the directive of the Speaker to address urgent / special matters. Special Council meetings are additional to the meetings set in Council's calendar of meetings. The current term of office for Councillors serving in local government commenced on 6 August 2016, and will expire after 5 years (5 August 2021).

As at 30 June 2018, altogether, seven hundred and fifty-five (755) items (including Notices of Questions and Motions in terms of Rule 24 and Motions of Exigency in terms of Rule 25) were tabled in Council. Two hundred and thirty-eight (238) main sets of active/implementable/executable resolutions were taken by Council, based on the tabled items. The remaining five hundred and seventeen (517) items were either deferred, withdrawn, noted or adopted by Council and therefore did not require any actions.

During the 2017/18 financial year, altogether 79 councillors were provided with training, in line with the NMBM Skills Development Plan for Councillors.

3.33 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

The Municipality has an effective financial management system, which supports the implementation of the Municipality's IDP. The financial management system of the Municipality seeks to ensure a stable and sustainable financial environment, from which Council can deliver services to all residents. This is done mainly through the following specific strategic priorities:

- Providing effective and efficient Supply Chain Management processes.
- Providing effective and efficient customer service centres.
- Ensuring that Council approves and implements a Cost Efficiencies Framework.
- Developing a long-term financial model and strategy to assist Council in developing a long-term and strategic planning framework.
- Implementing a priority rating system that allows Council strategic decision-making when funding is limited.
- Ensuring a legally compliant IDP-based budget that enhances financial sustainability.
- Ensuring sustainable and improved revenue generation and collection.
- Expanding the revenue base by identifying additional sources of revenue and ensuring sustainable growth in the revenue base.
- Providing efficient and effective cash management and asset risk management systems.
- Providing efficient and effective expenditure management and control processes.
- Ensuring a sound and legally compliant system of financial management, advice, control, accounting and reporting.

TABLE 3.134: Performance Scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Municipal Financial Viability and Management	% billed revenue collection rate (before write-offs)	94%	94.30%	94%	93.10%	95%
KPA: Municipal Financial Viability and Management	Credit rating achieved	N / A	N/A	N/A	N/A	Rating of A1.za with stable outlook maintained by June 2019
KPA: Municipal Financial Viability and Management	Debt coverage ratio (debt servicing costs to annual operating income)	8%	2.97%	4%	2.41%	40.3 times
KPA: Municipal Financial Viability and Management	% outstanding service debtors to revenue	20%	24.11%	20%	24.834%	25.5%
KPA: Municipal Financial Viability and Management	Cost coverage ratio (excluding unspent conditional grants)	2 months	2.32 months	2 months	3.387 months	3 months
KPA: Municipal Financial Viability and Management	% of the Municipality's Capital Budget actually spent on capital projects identified in terms of the Municipality's IDP	95%	97.50%	95%	98.42%	95%
KPA: Municipal Financial Viability and Management	% of the Municipality's approved Budget spent on implementing its institutional Workplace Skills Plan	0.114%	0.063%	0.0945%	0.036%	0.08%

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Municipal Financial Viability and Management	% of the Municipality's approved Budget spent on repairs and maintenance	5.94%	3.32%	2.9%	3.51%	4.5%
KPA: Municipal Financial Viability and Management	% revenue collection from traffic fines (as per the set budget target)	100%	94%	100% Amended to: 90%	87.10%	90%
KPA: Municipal Financial Viability and Management	Average quarterly turnaround time for the processing of valid invoices (from the date of receipt of invoice to the actual date of payment) in line with Section 65(2)(e) of the Local Government Municipal Finance Management Act No 56 of 2003	N/A	N/A	N/A	N/A	Within 30 calendar days
KPA: Municipal Financial Viability and Management	Percentage of the Mandela Bay Development Agency's Capital Budget actually spent	N/A	N/A	N/A	N/A	95%
KPA: Basic Service Delivery	Percentage service delivery complaints and faults resolved within the timeframes stipulated in the service delivery standards	N/A	N/A	N/A	N/A	75%
KPA: Municipal Financial Viability and Management	% year-to-year reduction in rental fleet cost	N/A	N/A	N/A	N/A	1%
KPA: Municipal Financial Viability and Management	Percentage overall procurement spent through all new contracts awarded on procurement from local suppliers, contractors and consultants within Nelson Mandela Bay	N/A	N/A	N/A	N/A	75%
KPA: Good Governance and Public Participation	Number of repeat audit findings	N/A	N/A	N/A	N/A	60 (reduced from the 78 2016/17 repeat audit findings) By December 2018

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Good Governance and Public Participation	Percentage year-to-year reduction in unauthorised/fruitless/irregular/wasteful expenditure as reported in the Auditor-General's Report	N/A	N/A	N/A	N/A	25% reduction
KPA: Good Governance and Public Participation	Number of active suspensions longer than three months	N/A	N/A	N/A	N/A	0
KPA: Good Governance and Public Participation	Quarterly salary bill of suspended officials	N/A	N/A	N/A	N/A	R-value of salaries less than R13 million (cost incurred in 2016/17)
KPA: Good Governance and Public Participation	Staff vacancy rate	N/A	N/A	N/A	N/A	5%
KPA: Good Governance and Public Participation	Number of reports on the cost/ease of doing business in Nelson Mandela Bay submitted to National Treasury	N/A	N/A	N/A	N/A	4

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Good Governance and Public Participation	Unqualified Audit Report received from the Auditor-General in respect of the 2016/17 financial year	Receipt of Unqualified Audit Report by December 2016	Target Not Met in December 2016 (Qualified Audit Report received)	Unqualified Audit Report received by December 2017	Target Not Met in December 2017 (Qualified Audit Report received)	N/A
KPA: Good Governance and Public Participation	% of customers satisfied with services rendered by Nelson Mandela Bay Municipality	N / A	N / A	50%	60%	N/A

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	21	22	21	1	4.55%
4 - 6	324	390	317	73	18.72%
7 - 9	119	148	116	32	21.62%
10 - 12	90	123	90	33	26.83%
13 - 15	33	36	30	6	8.33%
16 - 18	18	19	18	1	5.26%
19 - 20	3	4	4	0	0%
Total	608	742	596	146	19.67%

Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,795,522	2,498,848	2,543,580	2,756,123	9%
Expenditure:					
Employees	863,037	451,059	437,124	481,557	6%
Other	377,821	365,461	382,206	613,825	40%
Total Operational Expenditure	1,240,857	816,519	819,331	1,095,382	25%
Net Operational Expenditure	(1,554,665)	(1,682,328)	(1,724,250)	(1,660,741)	-1%
Repairs and Maintenance	1,505	4,032	3,995	1,057	-282%

TABLE 3.137: Capital Expenditure 2017/18: Financial Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	25,575	9,175	4,156	-84%	
System Enhancements - Various	18,000	1,600	2,024	-89%	Ongoing
Upgrade and Furnishing Customer Care Centres	3,000	2,200	268	-91%	Ongoing
SCM Building Additions and Upgrades	2,425	2,425	24	-99%	Ongoing
Creditors Filing Equipment	1,500	1,500	954	-36%	Ongoing
Replacement Handheld Devices - Meter Reading	300	360	370	23%	Ongoing
Replacement of Vending POS Equipment	350	290	172	-51%	Ongoing
Replacement of Revenue Sub Directorate Computer Equipment	-	800	345		Ongoing

Capital

The main capital project within the Budget and Treasury Directorate is the Systems Enhancements Capital Project. This relates to the implementation of the Enterprise Management Solution (EMS), which continued from the 2016/17 financial year.

Operating

TABLE 3.138: Budget and Treasury

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	159,095,163	123,504,000	-35,591,163
Contracted Services	114,454,586	123,247,980	8,793,394
Depreciation and Amortisation	317,678,833	25,226,340	-292,452,493
Employee Related Cost	481,556,630	437,124,390	-44,432,240
Finance Charges	1,720,654	1,900,440	179,786
Other Materials	-2,826,504	5,997,590	8,824,094
Other Expenditure	23,702,570	96,745,420	73,042,850
Transfers and Subsidies	5,517,100	5,584,500	57,400
Total Expenditure	1,100,909,032	819,330,660	-281,578,372
Revenue by Category			
Agency Services	-2,774,279	-2,726,940	47,339
Interest Earned - External Investments	-153,093,842	-120,000,000	33,093,842
Other Revenue	-22,124,021	-44,193,480	-22,069,459
Rental of Facilities and Equipment	-28,891	-13,780	15,111
Fines, Penalties and Forfeits	-33,253,774	-36,188,440	-2,934,666
Interest Raised - Outstanding Debtors	-80,141,603	-58,794,390	21,347,213
Property Rates	-2,007,605,470	-1,940,854,500	66,750,970
Transfers and Subsidies	-457,100,830	-340,808,870	116,291,960
Total Revenue	2,756,122,709	-2,543,580,400	212,542,309

Operating Revenue Matters

Property Rates

Property rates revenue raised, amounted to R2.008 billion, compared to the Adjustments budgeted amount of R1.940 billion. It is, however, important to note that revenue raised, has been reduced by an amount of approximately R112.05 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Property rates revenue raised, was approximately R66.858 million more than anticipated.

Table 3.139: Property Rates

Property Rates	2017/18 Actual	2017/18 Adjustments Budget	Variance
Agricultural Property	-4,972,238	-4,959,020	13,218
Business and Commercial Properties	-714,218,145	-643,276,920	70,941,225
Industrial Properties	-224,937,974	-219,724,250	5,213,724
Mining Properties	-139,811	-139,820	-9
Other Categories	-265	0	265
Public Benefit Organisations	-1,534,167	-859,130	675,037
Public Service Infrastructure Properties	-655,606	-766,710	-111,104
Residential Properties:Developed	-822,470,482	-832,431,470	-9,960,988
Residential Properties:Vacant Land	-88,390,369	-87,879,810	510,559
Special Rating Area	-1,333,560	-1,335,170	-1,610
State-owned Properties	-148,952,853	-149,482,200	-529,347
Total	-2,007,605,470	-1,940,854,500	66,750,970

Interest Earned – External Investments

Interest Earned – External investments were R33.09 million higher than anticipated in the 2017/18 Adjustments Budget. Interest earnings were influenced by the extent of the Municipality's investment portfolio throughout the financial year, mainly due to the high level of unspent conditional grants during the 2017/18 financial year. The interest earned could, however, have been significantly higher, if it were not for the bridge-funding of housing projects in the amount of approximately R194.4 million. Management focus should be on reducing the bridge-funding to approximately R100 million over the short term, as it impacts significantly on the cash position of the Municipality.

TABLE 3.140: Interest Earned – External Investments

Interest Earned - External Investments	2017/18 Actual	2017/18 Adjustments Budget	Variance
Interest, Dividend and Rent on Land: Interest: Current and Non-Current Assets: Short Term Investments and Call Accounts	-153,093,842	-120,000,000	33,093,842
Total	-153,093,842	-120,000,000	33,093,842

Interest Raised: Outstanding Debtors

Interest Raised: Outstanding debtors was R21.35 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 3.141: Interest Raised: Outstanding debtors

Interest Raised - Outstanding Debtors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Non-exchange Revenue: Interest, Dividend and Rent on Land: Interest: Receivables: Property Rates	-80,141,319	-58,794,390	21,346,929
Total	-80,141,319	-58,794,390	21,346,929

Fines, Penalties and Forfeits

Fines, penalties and forfeits were R2.93 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 3.142: Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Forfeits: Deposits	434,306	0	-434,306
Forfeits: Retentions	-1,824,803	0	1,824,803
Forfeits: Unclaimed Money	-119,282	0	119,282
Disconnection Fees	-31,743,995	-36,188,440	-4,444,445
Total	-33,253,774	-36,188,440	-2,934,666

Transfers and Subsidies

Operating and capital transfers and subsidies were R116.29 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 3.143: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational: Monetary Allocations: National Governments: Local Government Financial Management Grant [Schedule 5B]	-1,050,000	-1,050,000	0
Operational: Monetary Allocations: National Revenue Fund: Equitable Share	-455,814,846	-228,290,430	227,524,416
Operational: Monetary Allocations: National Revenue Fund: Fuel Levy (RSC Replacement Grant)		-111,468,440	-111,468,440
Total	-456,864,846	-340,808,870	116,055,976

Fuel Levy and Equitable Share were allocated to other directorates, in line with the actual spending in respect of projects funded by the Fuel Levy and Equitable Share. The SARS transfer represents the value of VAT claimed on VAT paid on invoices, whilst meeting the conditions of Conditional Grants.

Other Revenue

Other revenue was R22.07 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 3.144: Other Revenue

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Collection Charges	0	-3,334,850	-3,334,850
Operational Revenue:Insurance Refund	-1,190,912	0	1,190,912
Sales of Goods and Rendering of Services:Advetisements	-2,760,945	-4,332,180	-1,571,235
Sales of Goods and Rendering of Services:Entrance Fees	-4,461,935	-10,800,000	-6,338,065
Sales of Goods and Rendering of Services:Legal Fees	-12,109,008	-23,782,560	-11,673,552
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Scrap	298,613	0	-298,613
Total	-20,224,187	-42,249,590	-22,025,403

Operating Expenditure matters:

Employee Related Costs

Employee related costs were R44.43 million more than anticipated in the 2017/18 Adjustments Budget. This is mainly attributed to adjustments in the level of provision for Post-Retirement Benefits by R103.53 million.

TABLE 3.145: Employee Related Costs

Employee Related Cost	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Post-retirement Benefit:Pension:Current Service Cost	136,910,238	33,382,480	-103,527,758
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental: Essential User	4,003,354	5,018,250	1,014,896
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Acting and Post Related Allowances	1,350,381	973,950	-376,431
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Bonus	16,087,352	17,364,220	1,276,868
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:	10,081,113	20,811,530	10,730,417

Employee Related Cost	2017/18 Actual	2017/18 Adjustments Budget	Variance
Leave Pay			
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Long Service Award	23,684,462	9,194,750	-14,489,712
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Overtime:Non Structured	10,624,329	10,290,750	-333,578
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	5,830,822	6,542,290	711,468
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	208,748,238	266,212,790	57,464,552
Municipal Staff:Social Contributions:Medical	20,467,739	19,170,200	-1,297,539
Municipal Staff:Social Contributions:Pension	35,181,670	37,673,570	2,491,900
Senior Management:Chief Financial Officer:Salaries and Allowances:Basic Salary	1,124,214	1,927,230	803,016
Senior Management:Chief Financial Officer:Salaries and Allowances:Bonuses	-112,421	291,400	403,821
Senior Management:Municipal Manager:Salaries and Allowances:Basic Salary	1,588,034	2,082,540	494,506
Senior Management:Municipal Manager:Salaries and Allowances:Bonuses	0	291,560	291,560
Total	464,945,196	431,227,510	-33,717,686

Debt Impairment – Receivables

Debt Impairment – Receivables were R35.59 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 3.146: Debt Impairment – Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Bad Debts Written Off	159,095,163	123,504,000	-35,591,163
Total	159,095,163	123,504,000	-35,591,163

Contracted Services

Contracted services were R8.79 million less than anticipated, mainly due to the following: -

TABLE 3.147: Contracted Services

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory: Business and Financial management	574,164	937,300	363,136
Consultants and Professional Services:Business and Advisory:Commissions and Committees	4,697	987,360	982,664
Consultants and Professional Services:Business and Advisory:Forensic Investigators	0	3,362,310	3,362,310
Consultants and Professional Services:Legal Cost:Collection	18,611,068	25,813,360	7,202,292

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Legal Cost:Issue of Summons	0	5,160,240	5,160,240
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	3,419,795	4,504,620	1,084,825
Contractors:Maintenance of Buildings and Facilities	247,904	798,760	550,856
Contractors:Maintenance of Equipment	1,224,660	3,713,570	2,488,910
Contractors:Prepaid Electricity Vendors	4,679,038	6,683,310	2,004,272
Contractors:Tracing Agents and Debt Collectors	21,461	450,650	429,189
:Outsourced Services:Business and Advisory:Project Management	69,636,921	39,941,610	29,695,311
Outsourced Services:Business and Advisory:Valuer	1,388,832	2,000,000	611,168
Outsourced Services:Connection/Dis-connection:Water	814,623	6,741,600	5,926,977
Outsourced Services:Meter Management	9,020,970	13,994,690	4,973,720
Total	109,644,134	115,089,380	5,445,246

Other Materials

Other materials were R8.82 million less than anticipated, mainly due to the following: -

TABLE 3.148: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Standard Rated	-3,260,535	4,497,410	7,757,945
Expenditure:Inventory Consumed:Consumables:Zero Rated	342,738	1,386,020	1,043,282
Expenditure:Inventory Consumed:Materials and Supplies	-662,515	0	662,515
Total	3,580,312	5,883,430	9,463,742

Depreciation and Amortisation

Depreciation was R292.45 million more than anticipated in the 2017/18 Adjustments Budget. The assessment of the useful life of assets resulted in the depreciation and accumulated depreciation being adjusted in order to reflect the correct asset values in the Statement of Financial Position.

TABLE 3.149: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	317,639,102	19,966,030	-297,673,072
Depreciation:Assets	1,877,895	2,304,620	426,725
Depreciation:Roads Infrastructure	-96,992	2,208,950	2,305,942
Depreciation:Solid Waste Infrastructure	-1,741,172	522,050	2,263,222
Total	317,678,833	25,001,650	-292,677,183

Other Expenditure

Other expenditure was R73,04 million less than anticipated due to the following: -

TABLE 3.150: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Computer Equipment	147,800	508,210	360,410
Operating Leases:Furniture and Office Equipment	1,567,651	2,212,350	644,699
Operating Leases:Other Assets	7,427,813	12,076,870	4,649,057
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	248,114	901,760	653,646
Operational Cost:Assets less than the Capitalisation Threshold	1,804,363	2,423,420	619,057
Operational Cost:Bank Charges, Facility and Card Fees:Bank Accounts	4,024,211	4,820,580	796,369
Operational Cost:Commission:Third Party Vendors	2,674,398	4,852,480	2,178,082
Operational Cost:Communication:Postage/Stamps/Frinking Machines	9,962,262	10,893,980	931,718
Operational Cost:Communication:SMS Bulk Message Service	719,479	1,123,610	404,131
Operational Cost:Communication:Telephone,Fax,Telegraph and Telex	8,242,739	9,483,230	1,240,491
Operational Cost: Contribution to Provisions: Decommissioning, Restoration and Similar Liabilities: Non-specific	-40,354,907	0	40,354,907
Operational Cost:Deeds	735,468	1,175,250	439,782
Operational Cost:External Computer Service:Data Lines	209,161	776,530	567,369
Operational Cost:External Computer Service: Specialised Computer Service	1,260,356	1,594,800	334,444
Operational Cost:Insurance Underwriting:Insurance Brokers Fees	244,268	698,800	454,532
Operational Cost:Municipal Services	1,108,536	2,497,790	1,389,254
Operational Cost: Uniform and Protective Clothing	21,189	324,870	303,681
Total	42,890	56,364,530	56,321,540

3.34 HUMAN RESOURCES MANAGEMENT SERVICES

The Municipality's main objectives in terms of human resources management include:

- Attending to the human resources requirements of the various municipal directorates.
- Establishing and maintaining a working environment that encourages personal growth, development, enrichment and job satisfaction.
- Ensuring that human resources policies and procedures are administered in such a way as to protect the interests of both the Municipality and its employees.

To accomplish the above objectives, professional support services are rendered in respect of the following functional areas:

- Recruitment and selection
- Induction of newly appointed staff
- Personnel administration – administration of staff benefits and maintaining employee records
- Maintaining and monitoring Conditions of Service in line with applicable legislation, Bargaining Council agreements and Council policies
- Placement at the request of the institution
- Staff movement
- General administration

During the 2017/18 financial year, the Human Resources Management Services (HRMS) Sub - directorate received altogether 363 Recruitment Notifications, of which 161 vacancies have been filled. The Municipality further absorbed and inducted 458 security personnel from private security companies into its Safety and Security Directorate.

Capturing, shortlisting, interviewing and appointment processes are administered on an on-going basis. The recruitment processes are normally delayed due to inadequate resources. To improve the turnaround time for capturing applications, the Municipality has implemented an e-Recruitment system, in terms of which applications are submitted electronically. Furthermore, the advertising strategy has been revised, and lower level positions are now advertised internally only, except in circumstances where operational requirements and/or the non-availability of scarce skills from within the Municipality dictate otherwise. This intervention should also reduce the number of applications received, as well as the processing thereof.

Due to the large volume of vacant posts caused by the moratorium that was in place prior to the 2016/17 financial year and the lifting thereof only in the fourth quarter of the said year (April 2017), the recruitment turnaround time exceeded the three months' turnaround period almost in all instances, as the bulk of critical vacancies had to be administered simultaneously. The average turnaround time for the filling of vacancies (from the receipt of the completed Recruitment Notification to the date of issuing the appointment letter) was 146 days during the 2017/18 financial year.

TABLE 3.151: Performance scorecard

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Municipal Institutional Development and Transformation	Number of filled positions from employment equity target groups in the three highest levels of management (City Manager, Section 56 Managers and Strategic Skilled Level Managers) in compliance with the Municipality's approved Employment Equity Plan	47 African Male - 25 African Female - 7 Coloured Male - 3 Coloured Female - 2 White Male - 5 White Female - 4 Indian Male - 1 Indian Female - 0	61 African male (27); African female (9); Coloured male (6); Coloured female (2); White male (11); White female (3); Indian male (1); Indian female (2).	71 Black Males - 27; Black Females - 18; Coloured Males - 6; Coloured Females - 3; Indian males - 1; Indian females - 2; White males - 11; White females - 3	6 Black Females - 6 Coloured Females - 0	11 (4 Section 56 Managers and 7 Strategic Skilled Level Managers)

TABLE 3.152: Employees: Human Resources Services

Job Level	Year -1 ((2016-17)	Year 0 (2017/18) details for HR Management staff only			
	HR Management Services staff only	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	4	2	2	50%
4 - 6	7	15	12	3	20%
7 - 9	-	2	2	0	0%
10 - 12	9	11	10	1	9%
13 - 15	1	2	2	0	0%
16 - 18	2	2	1	1	50%
19 - 20	0	0	0	0	0%
Total	24	36	29	7	19%

TABLE 3.153: Financial Performance 2017/18: Human Resource Services

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5,480	4,571	8,459	4,903	7%
Expenditure:					
Employees	93,551	104,890	113,925	106,831	2%
Other	21,972	31,252	31,324	14,257	-119%
Total Operational Expenditure	115,523	136,142	145,249	121,089	-12%
Net Operational Expenditure	110,043	131,571	136,790	116,186	-13%
Repairs and Maintenance	235	324	330	102	-219%

NOTE: No capital projects were implemented by the Human Resources Management Services Sub-directorate during the 2017/18 financial year.

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCES MANAGEMENT SERVICES

A new intervention (e-recruitment processes for positions on salary Task Grade 12 and above), was implemented during the 2017/18 financial year. Investigation in terms of cascading the e-recruitment process to positions on salary Task Grade 11 and below is underway, to shorten the capturing process and turnaround time in the filling of vacancies.

3.35 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Municipality is committed to providing a reliable and sustainable ICT environment that supports its goals and objectives, as defined in the Integrated Development Plan. ICT services can be classified into four categories: Application Development; Technical Support Services; Enterprise Programmes; and ICT Governance.

- (a) In terms of Application Development, application programmes are provided that match the user directorate's exact needs, by allowing them to utilise the application programmes for achieving their specific objectives, as set out in the IDP, harmoniously, efficiently and timeously.
- (b) In terms of Technical Services, hardware infrastructure that enables all directorates to communicate electronically, both internally and externally, is provided and maintained.
- (c) In terms of Enterprise Programmes, all new requirements identified by the various directorates within the Municipality are researched and developed, in conjunction with the Application Development and Technical Services functions.
- (d) The aim of ICT Governance is to assist in ICT risk management, the alignment of ICT to the IDP, ICT performance management, value creating and accountability.

TABLE 3.154: Employees: ICT Services

Job Level	Year -1 (2016/17)	Year 0 (2017/18)			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	11	11	11	0	0%
7 - 9	3	6	4	2	33%
10 - 12	27	37	31	6	16%
13 - 15	5	8	5	3	38%
16 - 18	3	3	3	0	0%
19 - 20	1	1	0	1	100%
Total		66	54	12	18.2%

TABLE 3.155: Financial Performance 2017/18: ICT Services

Details	R'000				
	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9	107	110	5	-1844%
Expenditure:					
Employees	2,698	4,343	2,597	2,307	-88%
Other	22,293	87,960	96,605	21,949	-301%
Total Operational Expenditure	24,991	92,303	99,202	24,257	-281%
Net Operational Expenditure	24,982	92,196	99,092	24,251	-280%
Repairs and Maintenance	1,187	1,648	1,648	684	-141%

The Table below illustrates the ICT related capital projects implemented by the Municipality during the 2017/18 financial year.

TABLE 3.156: Capital Expenditure 2017/18: ICT Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9,500	20,600	10,695	11%	
Upgrade/ replacement of computers - Safety and Security	1,000	1,000	1,049	5%	ongoing
Computer Enhancements - Corporate	2,000	1,400	2,035	1.71%	ongoing
Disaster Recovery Center - Information Security	4,000	1,000	302	-1223.44%	ongoing
IT Infrastructure for mSCOA	1,800	1,900	1,688	-6.64%	ongoing
Purchase of Servers and Other IT Related Infrastructure	–	14,000	4,682	100.00%	ongoing
Computer and Office Equipment (Public Health)	100	600	577	83%	ongoing
Fleet Management System	500	500	–		ongoing
Purchase of computer equipment (Design & Implementation)	100	200	362	72%	ongoing

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The implementation of three key ICT capital projects commenced during the 2017/18 financial year: computer enhancements; purchase of servers; infrastructure and disaster recovery centre and information security. The first two projects mentioned are under-funded and need to be considerably enlarged to meet current technological needs. The Infrastructure and Disaster Recovery Centre and Information Security projects are in the planning phase. Altogether 1 575 users were upgraded to MS Office 2016. Furthermore, 2 757 computers were tested to establish if they were able to run Office 365 and Windows 10. A digital transformation workshop was held for Corporate Services Management officials in terms of the above.

3.36 LEGAL SERVICES AND RISK MANAGEMENT

The provision of legal services in local government is key to ensure that municipalities carry out their duties legally, effectively, efficiently, economically and, most importantly, in accordance with set rules and regulations.

The Nelson Mandela Bay Municipality has a Legal Services Unit, which is *inter alia* responsible for:

- Provision of an effective and professional legal service to Council, management and staff in the discharge of their responsibilities.
- Provision of legal advice in the formulation of By-laws to ensure that the Municipality complies with all relevant legislation as well as its Constitutional mandate.
- Provision of advice on labour matters.
- Provision of contract management services.
- Provision of litigation and claims services.

The Nelson Mandela Bay Municipality has a Risk Management Unit in place, which performs the following functions:

- Developing and implementing the Municipality's Risk Management Policy.
- Performing risk management activities in accordance with relevant legislation, policies and guidelines.
- Coordinating risk management skills transfer within the institution.
- Facilitating and overseeing the compilation of both strategic and operational risk registers and record identified and inherent unidentified risks.
- Monitoring the effectiveness and adequacy of existing controls.
- Facilitating the process of evaluating and assessing identified risks.
- Facilitating the adoption of an appropriate risk response.

TABLE 3.157: Employees: Legal Services

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	Number	Number	Number	Number	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	3	3	3	0	0%
10 - 12	4	1	4	1	20%
13 - 15	3	1	3	2	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	12	7	12	3	25%

TABLE 3.158: Employees: Risk Management

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	Number	Number	Number	Number	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	1	2	1	33%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	3	2	3	1	25%

The position of a Risk Specialist became vacant during the 2017/18 financial year. The position is currently going through recruitment processes and will be filled during the 2018/19 financial year.

TABLE 3.159: Financial Performance 2017/18: Property; Legal; Risk Management and Procurement Services

R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11,197	7,730	11,324	10,826	29%
Expenditure:					
Employees	102,665	120,004	124,425	111,777	-7%
Other	65,683	75,724	90,398	(218,681)	135%
Total Operational Expenditure	168,348	195,728	214,823	(106,904)	283%
Net Operational Expenditure	157,151	187,997	203,499	(117,729)	260%
Repairs and Maintenance	29,916	15,703	27,311	26,783	41%

TABLE 3.160: Capital Expenditure 2017/18: Property; Legal; Risk Management and Procurement Services

R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5,760	34,920	32,739	82%	
Air Conditioning of buildings	1,000	1,000	994	-1%	ongoing
Lillian Diedericks Building - Upgrading and Rehabilitation	500	500	304	-65%	ongoing
Mfanasekhaya Gqobose Building - Upgrade and Rehabilitation	500	500	472	-6%	ongoing
Corporate Services: Acquisition of Vehicles	500	500	411	-22%	ongoing
Mathew Goniwe - Councillors office	180	-	-		ongoing
Joe Slovo - Councillor office	180	-	-		ongoing
Lillian Diederiecks office Renovations	1,770	1,470	698	-154%	ongoing
Harrower Road Office renovations	300	-	1	-33435%	ongoing
KwaNobuhle Administration Building - Upgrade	500	-	-		ongoing
Uitenhage town Hall - Upgrade	180	-	-		ongoing
Despatch Town Hall - Ugrade	150	-	-		ongoing
Acquisition of Fidelity Building	-	30,000	29,490	100%	ongoing
Paperless Admin	-	500	369	100%	ongoing
Office Furniture - Corporate Admin	-	100			ongoing
Ward Councillor Furniture	-	200			ongoing
Office Furniture Chief Whip	-	150			ongoing

COMMENT ON THE PERFORMANCE OF LEGAL SERVICES AND RISK MANAGEMENT

The establishment of a new Panel of Attorneys, which will be finalised in the 2018/19 financial year, will assist greatly in providing efficient and effective legal services to the institution.

During the latter part of 2016/17, two Risk Specialists were appointed, and one Risk Specialist was appointed in the 2017/18 financial year. However, a vacancy arose on the resignation of a Risk Specialist during the review period. Risk assessments were concluded for the following directorates/offices during the 2017/18 financial year:

- Office of the City Manager
- Electricity and Energy
- Infrastructure and Engineering
- Budget and Treasury
- Human Settlements
- MIS: Corporate Services
- Sport, Recreation, Arts and Culture
- Public Health
- Safety and Security
- Economic Development, Tourism and Agriculture
- Office of the Chief Operating Officer
- Mandela Bay Development Agency

**ORGANISATIONAL PERFORMANCE SCORECARD
FOR THE PERIOD ENDING 30 JUNE 2018**

INTERPRETATION OF TRAFFIC LIGHTS AND OVERALL ACHIEVEMENT	
Over Achieved	Achievement of target exceeded
Achieved	Target achieved as planned
Partially achieved	75% progress towards achievement of the target
Not achieved	Below 75% progress towards achievement of target

NELSON MANDELA BAY MUNICIPALITY																		
Service Delivery Budget Implementation Plan (SDBIP)																		
2017/18 ADJUSTED ANNUAL PERFORMANCE REPORT																		
KEY PERFORMANCE AREA (KPA)	IDP PILLAR	STRATEGIC OBJECTIVE	IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEADER/DIRECTOR	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Universal access to reliable electricity services	1	% of households on officially surveyed sites provided with access to electricity	ELECTRICITY AND ENERGY	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	WORK DONE: As at 30 June 2018, all households within Nelson Mandela Bay have access to electricity. In terms of the Municipality's electricity billing system, a total number of 314 226 connections to electricity exist. According to STATS SA (2016 Census), Nelson Mandela Bay has 368 518 households (both formal and informal). If the aforementioned figures were to be used to calculate actual performance (as required by the Auditor-General), the conclusion must be that only 85.3% of households within Nelson Mandela Bay have access to electricity, which is not a true reflection of actual service delivery. The discrepancy in the two percentage figures is further attributed to the fact that whilst the Municipality's Billing System relates to individual connections per dwelling, there are instances where two or more households occupy one dwelling, resulting in a lower number of electricity connections than the number of households at any given point in time. The Municipality has engaged National Treasury and the Auditor General in this regard to find a solution and/or best practice for aligning household figures to actual service delivery (connections).	Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Universal access to reliable electricity services	2	Number of state subsidised housing units provided with access to electricity KPI amended to: Number of housing units on formalised sites connected to electricity (KPI amended in line with Council resolution dated 29 March 2018)	ELECTRICITY AND ENERGY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	2550 Target amended to: 2069 (in line with Council Resolution dated 29 March 2018)	350	121 Amended to: 138 (In line with audit outcome)	1100	565 Amended to: 612 (In line with audit outcome)	1960 Target amended to: 1400 (in line with Council Resolution dated 29 March 2018)	1226	2550 Target amended to: 2069 (in line with Council Resolution dated 29 March 2018)	1581	WORK DONE: During the 2017/18 financial year, altogether 1 581 housing units on formalised sites were connected to electricity in the following areas: Joe Slovo West Phase 3 (102); Khayamandi Phase 2B (22); Motherwell NU 30 Phase 03 (387); Chatty Ext 1060 (28); Walmer (10); MK Shertown Qacawuli (304); KwaZakhele (44); Missionvale (2); Ibhayi (1); Daleview Ext (2); Booyens Park (2); Bethelsdorp (2); Govan Mbeki (1); SoS (5); Elukweni (1); KwaNobuhle erf 8228 (108); Pola Park Ext (76); Joe Slovo West 4000 (22); Motherwell NU 11 (1); Motherwell NU 9 (3); Chatty Ext Phase 03 (15); Strelitzia Park (Uitenhage) (1); Windvogel Cres (Uitenhage) (1); Kabah Langa (2); Greenfields (1); Motherwell NU 10 (1); KwaNobuhle Area 11 (288); Masakhane Village (98); Raymond Mhlaba Ext (43); Motherwell NU 12 (3); Bloemendal (2); Motherwell Tjokville (1); Zwide (1); Khayamandi (1). REASON(S) FOR UNDERPERFORMANCE: A housing unit is built on a formalised site and is connected to electricity once it has been occupied (a person has moved in or has been relocated to the unit). The underperformance reported against this Key Performance Indicator is due to the slow relocation of people formalised sites which hampered the progress made with electrification projects. It must be noted that although a number of relocations did occur, that not all were to a formalised site which is a requirement before an electricity connection can be made. CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance, various meetings were held between relevant role players to discuss and address the challenges affecting service delivery in respect of electrification projects in the Metro.	Partially achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Universal access to reliable electricity services	3	% year-to-year reduction in electrical power outages on the high voltage network	ELECTRICITY AND ENERGY	7.22% month-to-month reduction	8%	2%	11% Amended to: 10.59% (in line with audit outcome)	4%	12% Amended to: 11.09% (in line with audit outcome)	6%	5% Amended to: -5.47% (in line with audit outcome)	8%	6.67%	WORK DONE: During the 2017/18 financial year, the Municipality decreased the year-to-year electrical power outages on its high voltage network by 6.67%. The electrical power outages are calculated as follows: Accumulative Total July - June 2017 (930) - Accumulative Total July - June 2018 (868) / July - June 2017 (930) 930 - 868 / 930 = 6.67% REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the high number of faults recorded in February 2018. The increased number of faults was due to the bad weather (thunder and lightning) experienced, which resulted in equipment failure. CORRECTIVE ACTION / MITIGATION: To mitigate against equipment failure, on 18 March 2018, the Municipality conducted a planned outage affecting Walmer, Malabar and Krassa Kamma, in order to execute corrective maintenance and testing on equipment. The results of the maintenance and the testing of the equipment has reduced the number of unplanned outages from 930 in the previous year to 868 in 2017/18.	Partially achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Universal access to reliable electricity services	4	% of electricity losses as a result of non-technical causes attributed to either electricity theft / non-metered electricity / meter tampering / meter failures and/or illegal connections	ELECTRICITY AND ENERGY	13.60%	5.50%	5.50%	7.2% Amended to: 9.36% (in line with audit outcome)	5.50%	6.48% (At 30 November 2017) Amended to: 7.36% (in line with audit outcome)	5.50%	6.75% Amended to: 7.39% (in line with audit outcome)	5.50%	7.95%	WORK DONE: During the period under review, the Municipality reported 7.95% electricity losses, resulting from non-technical causes attributed to either electricity theft / non-metered electricity / meter tampering / meter failures and/or illegal connections. The 7.95% electricity losses were calculated as follows: (1) Unbilled Energy: (Total Purchase Energy (3 489 556 542 Kwh) minus Total Sales Energy (2 958 369 202 kwh) = 531 187 340 kwh; (2) Energy Loss: (Unbilled Energy (531 187 340 kwh) minus Street Lights (44 292 492 kwh) = 486 894 848 kwh; (3) % Total Losses: (Energy Loss (486 894 848 kwh) divided by Total Purchase Energy (3 489 556 512 Kwh) = 0.139 529 14828 x 100 = 13.95% (this percentage includes both Technical & Non-Technical Losses); (4) Technical Losses are calculated at 6% (KW/h): Total Purchased Energy (3 489 556 542 Kwh) x 0.06 = 209 373 392.52 kwh; (5) Non-Technical Losses: Energy Loss (486 894 848 kwh) minus Technical Losses (209 373 392.52 kwh) = 277 521 455.48 kwh; (6) Electricity Losses = 13.95% (13.95% is Both Technical & Non-Technical Losses) - Technical Losses are calculated at 6% KW/h = 7.95% REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is mostly due to continued theft, meter tampering and illegal connections which are beyond the municipality's control. Meter failures and non-metered electricity, have also contributed. CORRECTIVE ACTION / MITIGATION: Electricity De France (EDF) entered into negotiations with the Municipality to manage electricity losses, both technical and non-technical losses. It is anticipated that once negotiations have been finalised that EDT will as first priority, focus on non-technical issues which includes electricity theft, illegal connections, irregular metering, bypass meters etc. The Municipality will furthermore, during the 2018/19 financial year, award a Back-to-Basics tender which will focus on the reduction of non-technical electricity losses.	Not achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Provision of infrastructure that improves the safety of communities and visitors.	Provision of public lighting	5	Number of new area lights installed	ELECTRICITY AND ENERGY	646	600	300	224	400	274	500	317	600	443	WORK DONE: During the 2017/18 financial year, altogether 443 new area lights (LED post top fittings) were installed in the following areas: 1. Ward 41 (Khayamandi Ext 1, Joe Slovo, Chatty areas) - 366 2. Ward 45 (KwaNobuhle) - 28 3. Ward 51 (Rosedale Ext) - 21 4. Ward 29 (Chatty 1060) - 18 5. Ward 54 (Motherwell NU29) - 10 New area lights are only installed in areas where houses have already been occupied. REASON(S) FOR UNDERPERFORMANCE: New area lights are installed in areas where housing units are occupied or where people have been relocated to a housing unit on a formalised site. The underperformance reported against this Key Performance Indicator is due to the slow relocation of people from stressed areas to serviced or formalised sites which hampered the progress made with new area lighting projects. It must be noted that although relocations did occur, that not all were to formalised sites, which is a requirement before a new area light may be installed by the Municipality. CORRECTIVE ACTION / MITIGATION: It was envisaged that installations would increase in the fourth quarter of the financial year, however, there has been little improvement in the relocation of people to serviced / formalised sites.	Not Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP STRATEGIC OBJECTIVE	IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Provision of infrastructure that improves the safety of communities and visitors.	Provision of public lighting	6	Number of new main road lights installed	ELECTRICITY AND ENERGY	69	40 <u>Target amended to:</u> 1250 (in line with Council Resolution dated 29 March 2018)	10	833 <u>Amended to:</u> 0 (in line with audit outcome)	20	1229 <u>Amended to:</u> 0 (in line with audit outcome)	30 <u>Target amended to:</u> 1239 (in line with Council Resolution dated 29 March 2018)	1246 <u>Amended to:</u> 0 (in line with audit outcome)	40 <u>Target amended to:</u> 1250 (in line with Council Resolution dated 29 March 2018)	0	WORK DONE: During the 2017/18 financial year, the Municipality retrofitted 1274 main road lights in various areas of Nelson Mandela Bay. The KPI does, however, measure the installation of new main road lights which entails the installation of the street light pole, the light fitting and associated distribution network, and not retrofitting of existing lights only. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to a change in demand from new lights to be installed to the refurbishment of existing main road lights. CORRECTIVE ACTION / MITIGATION: The Municipality will continue to install and retrofit new main road lights during the 2018/19 financial year.	Not Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Provision of infrastructure that improves the safety of communities and visitors.	Provision of public lighting	7	Number of new residential street lights installed	ELECTRICITY AND ENERGY	204	160	40	11 <u>Amended to:</u> 7 (in line with audit outcome)	80	25 <u>Amended to:</u> 44 (in line with audit outcome)	120	105	160	127	WORK DONE: During the period under review, altogether 127 new residential street lights were installed in the following areas: 1. Ward 6 (Fairview) - 56 2. Ward 1 (Sasibury) - 31 3. Ward 30 (Perseverance) - 16 4. Ward 45 (Rosedale) - 11 5. Ward 54 (Wells Estate) - 7 6. Ward 52 (Despatch) - 5 REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to capacity challenges within the Electricity and Energy Directorate. CORRECTIVE ACTION / MITIGATION: In mitigation, the Municipality will during the 2018/19 financial year, procure services of external contractors. <u>No actual performance adjustment is required in respect of CoAF 10</u> The Municipality revisited the actual performance information reported against this Key Performance Indicator. The performance analysis was adjusted to read: WORK DONE: During the period under review, altogether 127 new residential street lights were installed in the following areas: 1. Ward 6 (Fairview) - 56 2. Ward 1 (Sasibury) - 31 3. Ward 30 (Perseverance) - 16 4. Ward 45 (Rosedale) - 11 5. Ward 54 (Wells Estate) - 7 6. Ward 52 (Despatch) - 6 REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to capacity challenges within the Electricity and Energy Directorate. CORRECTIVE ACTION / MITIGATION: In mitigation, the Municipality will during the 2018/19 financial year, procure services of external contractors.	Partially Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Provision of infrastructure that improves the safety of communities and visitors.	Eradication of illegal connections	8	Number of informal households on non-proclaimed even provided with a temporary alternative electricity supply (either an off-grid photo voltage system or a basic 20 amp electrical supply)	ELECTRICITY AND ENERGY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	1000	200	313 <u>Amended to:</u> 423 (in line with audit outcome)	500	698 <u>Amended to:</u> 596 (in line with audit outcome)	750	962 <u>Amended to:</u> 747 (in line with audit outcome)	1000	747	WORK DONE: During the 2017/18 financial year, the Municipality provided 747 informal households on non-proclaimed even with a temporary alternative electricity supply (either an off-grid photo voltage system or a basic 20 amp electrical supply). REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the poor performance of the contractor appointed to the project. The poor performance of the contractor was as a result of the slow delivery of required materials by the subcontracted material supplier. CORRECTIVE ACTION / MITIGATION: In mitigation, the Municipality intervened between the contractor and the material supplier, which has led to a better working relationship and improved performance by the contractor.	Not Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Provision of infrastructure that improves the safety of communities and visitors.	Eradication of illegal connections	9	Number of reported illegal connections addressed through the replacement with a cheaper alternative (either an off-grid photo voltage system or a basic 20 amp electrical supply) <u>KPI amended to:</u> Number of illegal connections addressed through the replacement with a cheaper alternative (either an off-grid photo voltage system or a basic 20 amp electrical supply) (KPI amended in line with Council resolution dated 29 March 2018)	ELECTRICITY AND ENERGY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	1300	200	195 <u>Amended to:</u> 0 (in line with audit outcome)	400	195 <u>Amended to:</u> 0 (in line with audit outcome)	800	278 <u>Amended to:</u> 0 (in line with audit outcome)	1300	0	WORK DONE: During the 2017/18 financial year, the Municipality replaced 278 electricity connections with cheaper alternatives within Walmer (Ward 4), but could not substantiate that the connections replaced, were indeed illegal connections. REASON(S) FOR UNDERPERFORMANCE: The number of illegal connections addressed, is reported as zero in the Annual Performance Report, since the Municipality did not have a system in place to adequately substantiate actual performance reported. CORRECTIVE ACTION / MITIGATION: The Municipality will during the 2018/19 financial year put measures in place to ensure that the replacement of illegal connections is adequately recorded.	Not Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 6: THE FORWARD THINKING CITY	Development of an environmentally sustainable city through proactive planning, and conservation of resources and the natural and built environment.	Provision of supplies from renewable energy resources	10	Renewable energy production as a percentage of total energy consumption	ELECTRICITY AND ENERGY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	5%	1%	0.007% <u>Amended to:</u> 1.7% (in line with audit outcome)	2%	0.008% (At 30 November 2017) <u>Amended to:</u> 1.5% (in line with audit outcome)	3%	-0.48% <u>Amended to:</u> 1.4% (in line with audit outcome)	5%	1.5%	WORK DONE: As at 30 June 2018, renewable energy produced as a percentage of total energy consumed is reported at 1.5% for the period under review. The 1.5% is calculated as follows: Total Electricity consumed (52 028 718,30 Kwh) divided by Total green energy purchased (3 489 556 542 Kwh), * 100 = 1.5% REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is attributed to slower than anticipated increases in investors to trade on the green energy platform. At the present moment, only one investor has invested within Nelson Mandela Bay; and it does not have the capacity to meet the demands associated with green energy. CORRECTIVE ACTION / MITIGATION: In terms of mitigation, the Municipality will in the 2018/19 financial year put measures in place to lobby additional investors on the green energy platform. <u>No actual performance adjustment is required in respect of CoAF 16</u> The Municipality revisited the actual performance information reported against this Key Performance Indicator. The performance analysis was adjusted to read: WORK DONE: As at 30 June 2018, renewable energy produced as a percentage of total energy consumed is reported at 1.5% for the period under review. The 1.5% is calculated as follows: Total Electricity consumed (52 028 748. 30 Kwh) divided by Total green energy purchased (3 489 556 542. 30 Kwh), * 100 = 1.5% REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is attributed to slower than anticipated increases in investors to trade on the green energy platform. At the present moment, only one investor has invested within Nelson Mandela Bay; and it does not have the capacity to meet the demands associated with green energy. CORRECTIVE ACTION / MITIGATION: In terms of mitigation, the Municipality will in the 2018/19 financial year put measures in place to lobby additional investors on the green energy platform.	Not Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 1: BASIC SERVICE DELIVERY	PILLAR 5: THE CARING CITY	Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents.	De-densification of informal settlements	11	Number of households relocated from stressed informal settlements and other servitudes to Greenfield development areas	HUMAN SETTLEMENTS	601	800	100	165 <u>Amended to:</u> 164 (In line with CoAF 8)	250	300 <u>Amended to:</u> 298 (In line with CoAF 8)	500	513 <u>Amended to:</u> 513 (In line with CoAF 8)	800	910 <u>Amended to:</u> 908 (In line with CoAF 8)	WORK DONE: During the period under review, altogether 910 households were relocated from stressed informal settlements and other servitudes to different Greenfield development areas across the municipal area as follows: KwaNobuhle (119); Masakhane (38); Qaqawu (220); Moherwell NU30 (401); MK Silvertown (126); Chatty 491 (5); MK Mchaphukiso (1). REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the close working relationships established with stakeholders through the cluster meetings held to monitor the progress of the relocation programme during the first quarter of the 2017/18 financial year. 910 amended to 908 in line with CoAF 8 The Municipality revisited the actual performance information reported against this Key Performance Indicator. Performance reported was adjusted from 910 to 908. WORK DONE: During the period under review, altogether 908 households were relocated from stressed informal settlements and other servitudes to different Greenfield development areas across the municipal area as follows: KwaNobuhle (117); Masakhane (38); Qaqawu (220); Moherwell NU30 (401); MK Silvertown (126); Chatty 491 (5); MK Mchaphukiso (1). REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the close working relationships established with stakeholders through the cluster meetings held to monitor the progress of the relocation programme during the first quarter of the 2017/18 financial year.	Over Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 5: THE CARING CITY	Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents.	Implementation and construction of civil engineering services in support of HSDG top-structures funded through the Urban Settlements Development Grant (USDG)	12	Number of erven provided with permanent water and sanitation services	HUMAN SETTLEMENTS	4004	3000	400	406	1000	1043	1700	1836	3000	3009	WORK DONE: During the period under review, altogether 3009 erven were provided with permanent water and sanitation services in the following areas: Moherwell NU30 (98); KwaNobuhle Area 11 (790); Khayamandi (747); Jagtvlakte (700); MK Silvertown (55); Uitenhage Small Sites (238); and Malabar Ext 6 (381). REASONS FOR OVERPERFORMANCE: Contingencies such as natural, social and technical factors that interrupt project implementation are usually factored into the planning of projects. The overperformance reported against the Key Performance Indicator is attributed to the fact that no such contingencies were experienced during the period under review. As a result, the project was smoothly executed and remained within the allocated budget.	Over Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 5: THE CARING CITY	Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents.	Subsidised housing development (RDP/BNG Development)	13	Number of housing opportunities provided	HUMAN SETTLEMENTS	2188	582 (State subsidised houses)	100 (State subsidised houses)	155	200 (State subsidised houses)	210	350 (State subsidised houses)	293	582 (State subsidised houses)	359 (State subsidised houses)	WORK DONE: During the period under review, altogether 359 state subsidised houses were provided in the following areas: Moherwell (6); Joe Slovo (195); Chatty (37); Khayamandi (54); Bethelsdorp (43); and Soweto-On-Sea (24). REASONS FOR UNDERPERFORMANCE: The underperformance reported against the Key Performance Indicator is due to site invasions by the communities and disagreements between the Municipality and the National Home Builders Registration Council (NHBC) in respect of the testing of slabs on building sites. CORRECTIVE ACTION / MITIGATION: The Municipality and the NHBC will hold engagement sessions to minimise disruption in the provision of state subsidised housing.	Not Achieved
							346	366 (Social housing units)	10 (Social housing units)	0	60 (Social housing units)	0	200 (Social housing units)	72	366 (Social housing units)	144 (Social housing units)	WORK DONE: The delivery of social housing units within Nelson Mandela Bay is currently the competence of the private sector and the Social Housing Regulatory Authority (SHRA), in terms of the Social Housing Act. Social Housing Institutions (SHIs) apply for funding from the Regulator (SHRA). The Regulator approves the funding to the institution to deliver social housing units within Nelson Mandela Bay. The role of the Municipality is that of an enabler; the Municipality assists SHIs in obtaining access to land, to expedite land applications and to ensure that development does take place. For the 2017/18 financial year, the Regulator adjudicated funding to IMIZI to deliver 144 social housing units in Fairview Link Extension and Qhama to deliver 222 social housing units in the Steve Biko Precinct. As at 30 June 2018, IMIZI delivered 144 units in Fairview Link Extension. Qhama did not deliver the 222 social housing units as programmed, due to contractual challenges. Only two demonstration units were completed. REASONS FOR UNDERPERFORMANCE: Qhama's main contractor (NMC Pty Ltd) was liquidated on 31 January 2018 and abandoned site immediately without warning. A new contractor could not be appointed by Qhama until the liquidator agreed to release Qhama from the contract. The liquidation of the contractor has delayed the project by 6 months. CORRECTIVE ACTION / MITIGATION: Qhama was released from the contract and has been back on site since the end of May 2018. It is envisaged that the project will be completed by December 2018.	
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Responsible delivery of water and sanitation services	14	% completion of the Nootgedacht Water Treatment works	INFRASTRUCTURE AND ENGINEERING	88%	100% of Phase 2 completed by 30 September 2017	100% of Phase 2 completed by 30 September 2017	92% of Phase 2 completed by 30 September 2017	N/A	97% of Phase 2 completed by 31 December 2017	N/A	100% of Phase 2 completed by 31 March 2018 (Target Date: 30 September 2017)	100% of Phase 2 completed by 30 September 2017	100% of Phase 2 completed by 31 March 2018 (Target Date: 30 September 2017)	WORK DONE: During the 2017/18 financial year, the Municipality completed the Nootgedacht Phase 2 upgrades. Practical completion was achieved on time (treatment works was good for use by September 2017). Final completion of the project was, however, delayed by minor defects which were discovered during commissioning processes and first had to be rectified.	Achieved, but after target date (late delivery)
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Responsible delivery of water and sanitation services	15	% real water losses as defined by the International Water Association (physical losses of water from the distribution system, including leakage and storage overflows)	INFRASTRUCTURE AND ENGINEERING	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	29.30%	31%	35.67%	30.5%	36.3%	30%	33.49%	29.30%	34.17%	WORK DONE: During the 2017/18 financial year, the Municipality recorded physical water losses of 34,17% (the volume of water lost by the Municipality through all types of leaks, breaks and overflows on mains, service reservoirs and service connections, up to the point of user metering). The total volume of water produced for July to June was 100 028 031, while the total volume of physical losses for July to June was 34 187 096 (34 187 096 / 100 028 031) x 100 = 34,17%. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is attributed to the non-processing of more than 4000 meter installation advices at year-end (backlog), which resulted in the water supplied through these connections being recorded as physical losses. CORRECTIVE ACTION / MITIGATION: The Municipality will during the 2018/19 financial year, ensure that the backlogs in the linking of the cadastral information to the billing system are speedily addressed.	Partially achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP STRATEGIC OBJECTIVE	IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAD DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Responsible delivery of water and sanitation services	16	% of households (both formal and informal) with access to basic level of sanitation	INFRASTRUCTURE AND ENGINEERING	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%	WORK DONE: As at 30 June 2018, 98% of households (both formal and informal) within Nelson Mandela Bay have access to a basic level of sanitation. According to STATS SA (2016 Census), Nelson Mandela Bay has 368 518 households (both formal and informal). Altogether 7184 buckets remain in circulation. REASON(S) FOR UNDERPERFORMANCE: Progress made in the bucket eradication programme impacted on the percentage performance reported against this Key Performance Indicator. However, it should be noted that certain communities intentionally did not support the bucket eradication programme, in the thinking that its rejection would see them prioritised in housing provision. CORRECTIVE ACTION / MITIGATION: The Municipality involved Members of the Mayoral Committee to engage directly with the ward councillors of the communities affected. With the roll-out of the bucket eradication programme in other areas, the Municipality hopes to set an example of the service being rendered and the advantages thereof.	Partially Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Responsible delivery of water and sanitation services	17	% of households (both formal and informal) with access to a basic level of water supply (including households within a 200m radius of a standpipe)	INFRASTRUCTURE AND ENGINEERING	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	WORK DONE: As at 30 June 2018, all households within Nelson Mandela Bay have access to water. However, in terms of the Municipality's water and sanitation Billing System, altogether 214 989 connections to water exist. According to STATS SA (2016 Census), Nelson Mandela Bay has 368 518 households (both formal and informal, including households within a 200 m radius of a standpipe). If the aforementioned figures were to be used to calculate actual performance (as required by the Auditor-General), the conclusion is that only 58% of households within Nelson Mandela Bay have access to water - which is not a true reflection of actual service delivery. The discrepancy in the two percentage figures is further attributed to the fact that whilst the Municipality's Billing System relates to individual connections per dwelling, there are instances where two or more households occupy one dwelling, resulting in a lesser number of water connections than the number of households at any given point in time. The Municipality has engaged National Treasury and the Auditor-General in this regard to find a solution and/or best practice for aligning household figures to actual service delivery (connections).	Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services	A robust, well-maintained road and stormwater network	18	Km of gravel roads tarred	INFRASTRUCTURE AND ENGINEERING	10km Actual recorded amended to: 10.12km (In line with CoAF 006)	15km Target amended to: 15.5km (in line with Council Resolution dated 29 March 2018)	Contractor appointed	Contractor appointed	20%	29% (4.35km of roads tarred)	50%	51.34% (7.959 km of roads tarred)	15km Target amended to: 15.5km (in line with Council Resolution dated 29 March 2018)	14.892 km	WORK DONE: During the 2017/18 financial year, the Municipality tarred 14.892 km in the following Wards: 10, 14, 15, 17, 18, 19, 21, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 36, 37, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 50, 54, 55, 56, 57; and 59. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the termination of contractors that were not performing. CORRECTIVE ACTION / MITIGATION: In mitigation, the Municipality has appointed replacement contractors to complete the outstanding work. BUDGET: An application has been submitted to roll funding over from the 2017/18 to the 2018/19 financial year to ensure completion.	Partially achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services	A robust, well-maintained road and stormwater network	19	m ² of roads resurfaced/rehabilitated/ resealed	INFRASTRUCTURE AND ENGINEERING	55820m ²	65 000m ²	13 000m ²	13 209.6m ²	25 000m ²	30 493.6m ²	49000m ²	114 236.2 m ²	65 000m ²	182 959.4 m ² Amended to: 182 956.4m ² (In line with Revised CoAF 007)	WORK DONE: During the 2017/18 financial year, the Municipality resurfaced/rehabilitated/resealed 182959.4 square meters of roads. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the better than anticipated condition of the road layers when work commenced. Project progress depends on site conditions, soil conditions and "as is" conditions of the pavement on site. BUDGET: The overachievement reported against this Key Performance Indicator had no implication on the budget. Project remained within cost. 182 959.4m² amended to 182 956.4m² in line with Revised CoAF 007 The Municipality revisited the actual performance information reported against this Key Performance Indicator. Performance reported was adjusted from 182 959.4m ² to 182 956.4m ² . WORK DONE: During the 2017/18 financial year, the Municipality resurfaced/rehabilitated/resealed 182 956.4 square meters of roads. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the better than anticipated condition of the road layers when work commenced. Project progress depends on site conditions, soil conditions and "as is" conditions of the pavement on site. BUDGET: The overachievement reported against this Key Performance Indicator had no implication on the budget. Project remained within cost.	Over Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services	A robust, well-maintained road and stormwater network	20	Km of sidewalks and cycle paths constructed	INFRASTRUCTURE AND ENGINEERING	3.5km Actual recorded amended to: 3.8km (In line with CoAF 006)	4.75km Target amended to: 5km (in line with Council Resolution dated 29 March 2018)	Contractor appointed	Contractor appointed	30% completion of layer works (1.05km of G5)	1.3km	50% completion of layer works (1.75km of G5)	55% (2.75 km)	4.75km Target amended to: 5km (in line with Council Resolution dated 29 March 2018)	6.855 km	WORK DONE: During the 2017/18 financial year, the Municipality constructed 6,855 km of sidewalks in the following Wards: 6, 7, 13, 14, 25, 39, 45, 46 and 50. REASON(S) FOR OVERPERFORMANCE / BUDGET: The overperformance reported against this Key Performance Indicator is attributed to additional funding allocated to the project during mid-year budget and target adjustments.	Over Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 4: THE INCLUSIVE CITY	Spatial and built environment developments that promote integrated neighbourhoods, inclusive communities and a well-connected Nelson Mandela Bay	Connected communities and access through planning	21	Number of pedestrian bridges constructed	INFRASTRUCTURE AND ENGINEERING	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	2	Stakeholder consultation undertaken	Stakeholder consultation undertaken	Planning and design completed	Planning and design completed	Contractor appointed	Contractor appointed	2	2	WORK DONE: During the 2017/18 financial year, the Municipality constructed two pedestrian bridges: one in Ward 37 and another in Ward 38.	Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 6: THE FORWARD THINKING CITY	Development of an environmentally sustainable city through proactive planning, and conservation of resources and the natural and built environment.	Improved water sustainability	22	% completion of the Coega Kop Boreholes exploration	INFRASTRUCTURE AND ENGINEERING	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	15% (Phase 1)	Tender evaluated	Tender evaluated	Contractor appointed	Contractor appointed	5% (Phase 1)	42% (Phase 1)	15% (Phase 1)	54% (Phase 1) Amended to: 48% (Phase 1) (In line with CoAF 007)	WORK DONE: During the period under review, the Municipality completed 54% of Phase 1. The 15% annual target set against this Key Performance Indicator involved (1) investigation; (2) design; and (3) procurement processes. The overachievement of 39% involved: (1) site handover; (2) commencement of exploration; (3) drilling of production boreholes; and (4) installation of a raw water rising main (untreated drinking water pumping pipeline). REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the fact that the programme is still largely in the initial planning and administrative processes, which were dealt with faster than anticipated. Physical construction of the project will commence in the 2018/19 financial year only. BUDGET: The overperformance reported, did not impact on the budget allocated to this project. 54% (Phase 1) amended to 48% (Phase 1) in line with CoAF 007 The Municipality revisited the actual performance information reported against this Key Performance Indicator. Performance reported was adjusted from 54% (Phase 1) to 48% (Phase 1). WORK DONE: During the period under review, the Municipality completed 48% of Phase 1. The 15% annual target set against this Key Performance Indicator involved (1) investigation; (2) design; and (3) procurement processes. The overachievement of 33% involved: (1) site handover; (2) commencement of exploration; (3) drilling of production boreholes; and (4) installation of a raw water rising main (untreated drinking water pumping pipeline). REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the fact that the programme is still largely in the initial planning and administrative processes, which were dealt with faster than anticipated. Physical construction of the project will commence in the 2018/19 financial year only. BUDGET: The overperformance reported, did not impact on the budget allocated to this project.	Over Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 1: BASIC SERVICE DELIVERY	PILLAR 1: THE WELL RUN CITY	Transform the institutional systems, processes and organisational structure to one of high performance in order to effectively deliver basic services.	Effective waste management	23	% households within the urban edge receiving a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development)	PUBLIC HEALTH	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	WORK DONE: As at 30 June 2018, all households within the urban edge of Nelson Mandela Bay receive a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development). According to the Municipality's records, 258 807 weekly waste collection points exist within Nelson Mandela Bay; and according to STATS SA (2016 Census), Nelson Mandela Bay has 368 518 households (both formal and informal). If the aforementioned figures were to be used to calculate actual performance (as required by the Auditor General), the conclusion would be that only 70% of households within Nelson Mandela Bay have access to a weekly waste collection service - which is not a true reflection of actual service delivery. The discrepancy in the two percentage figures is further attributed to the fact that whilst the Municipality's weekly waste collection points relate to individual collection points per dwelling, there are instances where two or more households occupy the same dwelling, resulting in a lesser number of collection points than the number of households at any given point in time. The Municipality has engaged National Treasury and the Auditor-General in this regard to find a solution and/or best practice for aligning household figures to actual service delivery (waste collection points).	Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	Facilitate and promote infrastructure led growth, development and tourism.	Beaches, resorts, leisure and recreation tourism	24	Number of beaches upgraded through the provision of either revetments / parking areas / walkways / security cameras / picnic facilities and/or dune stabilisation	PUBLIC HEALTH	3	3	Relevant Stakeholders Consulted	Relevant Stakeholders Consulted	1	1	2	2	3	2	WORK DONE: During the 2017/18 financial year, the following two beaches were upgraded as follows: 1. Hobie Beach was provided with revetments to retain the wall, which will protect beachfront infrastructure from erosion by strong waves. 2. Beacon Beach (Beachfront) was provided with picnic and braai facilities. In addition to the above, the Municipality also provided Wells Estate Beach with playground equipment. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to a shift in priorities to address the need for playground equipment at Wells Estate Beach. CORRECTIVE ACTION / MITIGATION: The Municipality will continue to upgrade beaches during the 2018/19 financial year in line with the needs of the relevant communities.	Not Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 5: THE CARING CITY	Promote the health and well-being of all communities through the spatially equitable provision of social infrastructure.	Promotion of healthy, active lifestyles for residents and visitors	25	Number of public open spaces upgraded through the provision of either outdoor gym equipment / fencing / pathways / benches and/or playground infrastructure	PUBLIC HEALTH	6	12	Relevant Stakeholders Consulted	Relevant Stakeholders Consulted	4	6 <u>Amended to:</u> 5 (in line with audit outcome)	8	8	12	51 <u>Amended to:</u> 64 (in line with CoAF 24)	WORK DONE: During the 2017/18 financial year, altogether 51 public open spaces were upgraded through the provision of either outdoor gym equipment / fencing / pathways / benches and/or playground infrastructure in various areas of Nelson Mandela Bay. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to additional funding received in the form of USDG for upgrading of Public Open Spaces, which allowed the Municipality to be able to upgrade more than the anticipated number of public open spaces. <u>51 amended to 64 in line with CoAF 24</u> The Municipality revisited the actual performance information reported against this Key Performance Indicator. Performance reported was adjusted from 51 to 64. WORK DONE: During the 2017/18 financial year, altogether 64 public open spaces were upgraded through the provision of either outdoor gym equipment / fencing / pathways / benches and/or playground infrastructure in various areas of Nelson Mandela Bay. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to additional funding received in the form of USDG for upgrading of Public Open Spaces, which allowed the Municipality to be able to upgrade more than the anticipated number of public open spaces.	Over Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 5: THE CARING CITY	Provide effective general environmental and public health services.	Cemeteries provision	26	Number of cemeteries upgraded through either the construction of berms / installation of cameras / upgrade of the sewerage system and/or provision of fencing	PUBLIC HEALTH	7	6	Relevant Stakeholders Consulted	Relevant Stakeholders Consulted by 17 July 2017 AND 1 (Matanzima Cemetery upgraded with construction of berms)	2	2	4	6	6	6	WORK DONE: During the 2017/18 financial year, altogether 6 cemeteries were upgraded as follows: 1. Matanzima Cemetery (Ward 47) was upgraded with the construction of berms. 2. Bloemendal Cemetery (Ward 29) was upgraded with the provision of sewerage system, the tarring of the road, and stormwater drainage. 3. Motherwell Cemetery (Ward 53) - fencing and berms 4. Forest Hill (Ward 29) - sewerage system 5. Walmer Gqebera (Ward 4) - construction of berms. 6. Zwilde (ward 28) - sewerage system.	Achieved
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Deliver well-resourced and capacitated policing and emergency services in order to ensure the safety of communities and visitors.	Capacitating of the fire stations	27	Average response time to emergencies within the Nelson Mandela Bay (from Control Center receiving notification of emergency to dispatched officer arriving at the scene)	SAFETY AND SECURITY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	Traffic: 15 min	Traffic: 15 min	Traffic: 5 min 53 seconds <u>Amended to:</u> 5 min 5 seconds (in line with audit outcome)	Traffic: 15 min	Traffic: 5 min 50 seconds <u>Amended to:</u> 4 min 55 seconds (in line with audit outcome)	Traffic: 15 min	Traffic: 6 min 58 seconds <u>Amended to:</u> 5 min 36 seconds (in line with audit outcome)	Traffic: 15 min	Traffic: 7 min 29 seconds	WORK DONE: As at 19 May 2018, the Municipality reported an average response time of 7 minutes and 29 seconds to traffic emergencies within Nelson Mandela Bay for the period 1 July 2017 - 19 May 2018. Unfortunately, the NATIS system failed on 19 May 2018. Performance information captured after this period could not be validated and is therefore not reflected, since it may be corrupt and/or inaccurate. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the increased visibility of Traffic Officers, which resulted in some traffic emergencies being reported to the Control Centre by the Traffic Officers themselves as they came across these during their normal patrol duties, thus reducing overall response times.	Over Achieved
							New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	Fire: 15 min	Fire: 15 min	Fire: 15 min 22 seconds <u>Amended to:</u> 11 min 53 seconds (in line with audit outcome)	Fire: 15 min	Fire: 12 min 05 seconds <u>Amended to:</u> 12 min 29 seconds (in line with audit outcome)	Fire: 15 min	Fire: 12 min 21 seconds <u>Amended to:</u> 12 min 26 seconds (in line with audit outcome)	Fire: 15 min	Fire: 12 min 16 seconds	WORK DONE: During the 2017/18 financial year, the Municipality reported an average response time of 12 minutes and 16 seconds to fire emergencies within Nelson Mandela Bay. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to improved communication between the Fire and Emergency Services Operational Division and the Control Centre. Additionally, although this Key Performance Indicator does not measure response times to vegetation fires, the fact that fewer vegetation fires were experienced, meant that more resources were available to attend to emergency incidents quicker.	
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Deliver well-resourced and capacitated policing and emergency services in order to ensure the safety of communities and visitors.	Operationalisation of the Metro Police Service	28	Number of Metro Police precincts established within Nelson Mandela Bay	SAFETY AND SECURITY	7	2 by 31 December 2017	1	2 (Bethelsdorp and Kwa-Nobuhle by 30 September 2017)	2 by 31 December 2017	2 (Bethelsdorp and Kwa-Nobuhle by 30 September 2017)	N/A	2 (Bethelsdorp and Kwa-Nobuhle by 30 September 2017)	2 by 31 December 2017	2 (Bethelsdorp and Kwa-Nobuhle by 30 September 2017)	WORK DONE: During the 2017/18 financial year, the Municipality established two Metro Police precincts, one in Bethelsdorp and one in KwaNobuhle. "Established" is interpreted as the demarcation of a specific area within which Metro Police resources are deployed, i.e. staff and vehicles. In this regard, satellite stations were opened in the aforementioned precincts in an effort to bring the services of the Metro Police closer to the people. In Bethelsdorp, the satellite station was officially opened on 12 July 2017, while in KwaNobuhle, the station was opened on 19 July 2017. REASONS FOR OVERPERFORMANCE: Early delivery against this Key Performance Indicator can be attributed to the commitment of the political leadership and administration in this regard.	Over Achieved (early delivery)
KPA 1: BASIC SERVICE DELIVERY	PILLAR 3: THE SAFE CITY	Provision of infrastructure that improves the safety of communities and visitors.	Security surveillance cameras	29	% of surveillance cameras in Municipal buildings and/or facilities operational to facilitate safety and security of municipal resources	SAFETY AND SECURITY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	65% <u>Target amended to:</u> 40% (in line with Council Resolution dated 29 March 2018)	50%	18.86%	55%	18.86%	60% <u>Target amended to:</u> 20% (in line with Council Resolution dated 29 March 2018)	32.1% <u>Amended to:</u> 28.1% (in line with audit outcome)	65% <u>Target amended to:</u> 40% (in line with Council Resolution dated 29 March 2018)	10%	WORK DONE: During the 2017/18 financial year, 114 of the remaining 1167 municipal cameras were operational within the Nelson Mandela Bay Municipality. All 1479 cameras (baseline as at 30 September 2017) were assessed and found to be redundant (life span of longer than 5 years). Of the 1479, altogether 132 cameras were written off and the remaining 1053 redundant cameras are in the process of being written off, which implies that only 10% of surveillance cameras in municipal buildings and/or facilities were operational as at 30 June 2018. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the fact that no surveillance camera maintenance contract is in place, due to ongoing litigation in respect of surveillance cameras. Performance was further hampered due to insufficient funding to implement a turnaround strategy. CORRECTIVE ACTION / MITIGATION: As an interim mitigation measure, the Municipality is currently undertaking the process of writing off all redundant cameras. It is anticipated that a Business Plan to provide a new CCTV Network for Nelson Mandela Bay will be tabled to Council during the 2018/19 financial year.	Not Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC PERFORMANCE ELEMENT	KEY INDICATOR	NO	KEY PERFORMANCE INDICATOR	LEAD DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 1: BASIC SERVICE DELIVERY	PILLAR 5: THE CARING CITY	Promote the health and well-being of all communities through the spatially equitable provision of social infrastructure.	Upgrade and restoration of library facilities	% completion of the Main Library Restoration Upgrade	30	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	SPORTS, RECREATION, ARTS AND CULTURE		48%	30%	26%	35%	35%	42%	43%	48%	60%	WORK DONE: During the 2017/18 financial year, the Municipality completed 60% overall of the Main Library restoration / upgrade. The work completed, comprised the following: 1% of project entailed book cleaning; 12% of the project entailed supply chain management processes; and 47% of the project progress comprised construction. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the close monitoring of the project. BUDGET: The overperformance had no implication on the budget, since all project expenditure was in line with the service level agreement and project plan.	Over Achieved
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 4: THE INCLUSIVE CITY	Deliver on transformation objectives, promote redress and foster social cohesion.	Transformation through employment equity	Number of filled positions from employment equity target groups in the three highest levels of management (City Manager, Section 56 Managers and Strategic Level Managers) in compliance with the Municipality's approved Employment Equity Plan	31	African male (27); African female (9); Coloured male (6); Coloured female (2); White male (11); White female (3); Indian male (1); Indian female (2). Black Males - 27; Black Females - 18; Coloured Males - 6; Coloured Females - 3; Indian males - 1; Indian females - 2; White males - 11; White females - 3. Target amended to: 11 Black Females - 10; Coloured Females - 1 (in line with Council Resolution dated 29 March 2018)	CORPORATE SERVICES		71	Conduct audit on the equity status and number of vacancies in the three highest levels of management Employment Equity Plan reviewed in line with audit outcome	In Progress (Conduct audit on the equity status and number of vacancies in the three highest levels of management)	Revised Employment Equity Plan submitted to Council for approval Progress Report submitted to the Human Resources and Corporate Administration Standing Committee	In Progress (Employment Equity Plan under review) Progress Report submitted to the Human Resources and Corporate Administration Standing Committee	Progress Report submitted to the Human Resources and Corporate Administration Standing Committee	Progress Report submitted to the Human Resources and Corporate Administration Standing Committee	71 Black Males - 27; Black Females - 18; Coloured Males - 6; Coloured Females - 3; Indian males - 1; Indian females - 2; White males - 11; White females - 3 Target amended to: 11 Black Females - 10; Coloured Females - 1 (in line with Council Resolution dated 29 March 2018)	6 Black Females - 6 Coloured Females - 0	WORK DONE: As at 30 June 2018, the Municipality filled 6 of the 11 targeted positions. The recruitment process for the remaining 5 positions has commenced, but could not be finalised during the 2017/18 financial year. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to delays experienced in the recruitment and selection processes, mostly between the placement of the advert and the commencement of the selection processes. CORRECTIVE ACTION / MITIGATION: In terms of mitigation, the Municipality will extend its e-recruit system to all employee levels during the 2018/19 financial year. The Municipality will furthermore ensure that whenever a vacancy is created e.g. through a resignation / retirement / dismissal, etc., that the documentation for termination of employment is accompanied by a detailed recruitment and selection plan.	Not Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT KPA amended to: KPA 1: BASIC SERVICE DELIVERY (in line with Council Resolution dated 29 March 2018)	PILLAR 2: THE OPPORTUNITY CITY IDP Pillar amended to: PILLAR 5: THE CARING CITY (in line with Council Resolution dated 29 March 2018)	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation. Provide dignified housing and sanitation and accelerate access to improved services to indigent households in order to create safe and decent living conditions for all residents (in line with Council Resolution dated 29 March 2018)	Economic empowerment KPE amended to: Provision of free basic services to indigent households (in line with Council Resolution dated 29 March 2018)	% qualifying households earning less than R3 200 per month (two state pensions) with access to free basic services	32	100%	BUDGET AND TREASURY	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	WORK DONE: During the period under review, 100% of qualifying households earning less than R3 200 per month (two state pensions) had access to free basic services. As at 30 June 2018, the value of the free basic services was R614 218 196, provided to 101 591 qualifying households in terms of its Assistance to the Poor (ATTP) Programme. Assistance was provided to the following number of households: 89 721 (water); 90 175 (sanitation); 73 593 (electricity); 80 221 (refuse removal); and 76 392 (rebate on rates accounts). There is currently, further to the aforementioned qualifying households, a backlog of 4 229 applications in the system. The backlog is attributed to the detailed nature of the verification processes. The Municipality continues to prioritise the processing of ATTP applications. ATTP applications are reviewed in a 3 year cycle. Inconsistencies in beneficiary figures per category above are attributed to the following: 1) Where an ATTP recipient is not the registered owner of the property, he/she will qualify for free basic water and electricity only (not for general rates and refuse charges). 2) Where a property is registered in a missing/absconded husband's name and the water/electricity account is registered in the wife's name, she will be granted an ATTP rebate for water/electricity/sewerage only (not for general rates and refuse charges). 3) Body Corporates: Sectional title property owners and electricity consumers (credit/pre-paid) may apply for ATTP rebates. However, water accounts are centrally administered by Body Corporates and while individual consumers may apply for a water rebate, the benefit will go to the Body Corporates. No basic refuse charges apply to Body Corporates that have private refuse removal contracts in place. Total number of households receiving free basic services amended from 101 258 to 101 645 in line with CoAF 009 The Municipality revisited the actual performance information reported against this Key Performance Indicator. The total number of households with access to free basic services reported was adjusted from 101 258 to 101 645. WORK DONE: During the period under review, 100% of qualifying households earning less than R3 200 per month (two state pensions) had access to free basic services. As at 30 June 2018, the value of the free basic services was R614 218 196, provided to 101 645 qualifying households in terms of its Assistance to the Poor (ATTP) Programme. Assistance was provided to the following number of households: 89 721 (water); 90 175 (sanitation); 73 593 (electricity); 80 221 (refuse removal); and 76 392 (rebate on rates accounts). There is currently, further to the aforementioned qualifying households, a backlog of 4 229 applications in the system. The backlog is attributed to the detailed nature of the verification processes. The Municipality continues to prioritise the processing of ATTP applications. ATTP applications are reviewed in a 3 year cycle. Inconsistencies in beneficiary figures per category above are attributed to the following: 1) Where an ATTP recipient is not the registered owner of the property, he/she will qualify for free basic water and electricity only (not for general rates and refuse charges). 2) Where a property is registered in a missing/absconded husband's name and the water/electricity account is registered in the wife's name, she will be granted an ATTP rebate for water/electricity/sewerage only (not for general rates and refuse charges). 3) Body Corporates: Sectional title property owners and electricity consumers (credit/pre-paid) may apply for ATTP rebates. However, water accounts are centrally administered by Body Corporates and while individual consumers may apply for a water rebate, the benefit will go to the Body Corporates. No basic refuse charges apply to Body Corporates that have private refuse removal contracts in place.	Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 5: THE CARING CITY	Provide for the social needs of communities and empowerment of vulnerable people through provision of access to social services, social development and indigent support.	Inculcate a culture of reading and writing in NMBM	Number of unemployed residents participating in the Nelson Mandela Bay Municipality Adult Basic Education and Training (ABET) Literacy Programme	33	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	CORPORATE SERVICES		400	100	80	200	65	300	104	400	310	WORK DONE: During the 2017/18 financial year, altogether 310 unemployed residents participated in the Nelson Mandela Bay Municipality's Adult Education and Training (AET) Literacy Programme. REASONS FOR OVERPERFORMANCE: The Municipality originally received funding for 104 participants only. However, additional funding was received from LGSETA during the third quarter which resulted in the Municipality enrolling an additional 206 participants.	Over Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	An enabling environment to do business in Nelson Mandela Bay	Average turnaround time for installing a standard 3-phase business electricity supply (from the date of receipt of payment to the date of electricity installation)	34	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	ELECTRICITY AND ENERGY		45 days	45 days	N / A (Applications processed and quotes issued, but no payments received from customers to proceed with work) Amended to: 37 days (in line with audit outcome)	45 days	N / A (Applications processed and quotes issued, but no payments received from customers to proceed with work) Amended to: 44 days (in line with audit outcome)	45 days	N / A (Applications processed and quotes issued, but no payments received from customers to proceed with work) Amended to: 45 days (in line with audit outcome)	45 days	43 days	WORK DONE: During the 2017/18 financial year, altogether 49 applications to install a standard 3-phase business electricity supply were processed by the Municipality within an average turnaround period of 43 days. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to a conscious effort and diligence by the Municipality to process standard 3-phase business electricity supply applications on time.	Over Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	An enabling environment to do business in Nelson Mandela Bay	Average turnaround time for processing a building plan application (from the date of receipt of the application to the date the application is processed)	35	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	HUMAN SETTLEMENTS		14 days	14 days	9.2 days	14 days	9.08 days	14 days	8.73 days	14 days	8.6 days	WORK DONE: As at 30 June 2018, the average turnaround time for the processing of a building plan application (from the date of receipt of the application to the date the application is processed) was 8.6 days. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to a conscious effort and diligence by the Municipality to process building plan applications on time. NOTE: The development of an online integrated Electronic Building Plan Assessment System (e-BPAS) is currently receiving attention as part of the Sub-National Doing Business initiative, and is furthermore linked to the development of an Integrated Land Application System (e-LAMS) for Land Use Applications. The development of a customer orientated workflow process will receive attention in 2018/19. Budgetary provision for the development of the e-LAMS and e-BPAS is recommended for the incoming financial period.	Over Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Execution of existing and design and implementation of new projects that competitively differentiate Nelson Mandela Bay as a destination city for business, tourism and investment – including through strategic partnerships.	Key catalytic projects	36	% completion of the Njol Square precinct plan development	HUMAN SETTLEMENTS	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	100%	Tender advertised	Tender advertised	Tender adjudicated	In Progress (Tender undergoing Bid Committees process)	Consultant appointed	In Progress (Appointment of Consultant in progress)	100%	30%	WORK DONE: The Njol Square precinct plan development consists of four phases. As at 30 June 2018, Phase 1 was 100% complete, which implies that 30% of the overall precinct plan development had been completed. The 30% achievement consists of the following: 1) Submission of a <i>status quo</i> report to the Human Settlements Standing Committee meeting held on 19 June 2018. 2) Appointment of a Service Provider that produced the Inception Report/Project Programme, detailing how the project is to be implemented. 3) Establishment of a Technical Group consisting of various Service Directorates; as well as the relevant Government Sector Departments. 4) Hosting of introductory engagements and initial consultation with the community, through the relevant Ward Councillors. Such consultations will be on-going throughout this project. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to various delays experienced in respect of supply chain management processes; leading to the appointment of the service provider towards the end of the third quarter, where after work could commence. CORRECTIVE ACTION / MITIGATION: The Municipality has since addressed its supply chain management challenges. Completion of the project was carried over to the 2018/19 financial year.	Not Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Facilitate and promote infrastructure led growth development and tourism.	Successful delivery on Municipality mandates	37	% achievement of the Mandela Bay Development Agency's 2017/18 Key Performance Indicators reflected in the Mandela Bay Development Agency Business Plan	OFFICE OF THE CITY MANAGER	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	80%	MBDA 2017/18 performance scorecard in place	MBDA 2017/18 performance scorecard in place	Performance monitoring meeting held with the Chief Executive Officer: MBDA / Board of Directors	In Progress (Performance monitoring meeting held with the Chief Executive Officer: MBDA / Board of Directors	Performance monitoring meeting held with the Chief Executive Officer: MBDA / Board of Directors	Performance monitoring meeting held with the Chief Executive Officer: MBDA / Board of Directors	80%	42%	WORK DONE: During the period under review, the Mandela Bay Development Agency achieved 42% of the entity's Key Performance Indicators reflected in the Business Plan. REASON FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the following: • Project cancellations in relation to invalid lease agreements; • Delays experienced in financial approvals to virement funding; • Expansion on scope of works to be undertaken; • Delays experienced in tendering processes due to litigation and objections; • Bidder appointments put on hold due to bid withdrawals; and • Delays experienced in the appointment of new contractors. CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported against this Key Performance Indicator, the following corrective measures have been put in place:- • A Steering Committee was established to assist in driving all authorisation processes; • Focus has been shifted towards attending to administrative and compliance matters to address delays experienced in Supply Chain Management processes; • Close working relationships have been established with relevant partners and stakeholders to accelerate the processes required to finalise projects; • The Mandela Bay Development Agency proactively conducted an internal analysis and cost estimate to address the challenges experienced with bid withdrawals; and • To address the delays experienced in the appointment of new contractors, it was decided to continue with an existing service provider. The Municipality will, further to the corrective measures undertaken by the MBDA, ensure that the performance of the MBDA is closely monitored through the EDTA Standing Committee and the MBDA Board of Directors during 2018/19.	Not Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Facilitate and promote infrastructure led growth development and tourism.	Economic development through commercial sports and cultural tourism infrastructure	38	% completion of St George's Cricket Stadium upgrade	SPORTS, RECREATION, ARTS AND CULTURE	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	100% (Pollock Pavilion, Duckpond Pavilion, Frielinghouse Pavilion and the Terrace upgrade completed)	Business Plan in respect of the St George's Cricket Stadium upgrade received from the Eastern Province Cricket Union	Business Plan in respect of the St George's Cricket Stadium upgrade received from the Eastern Province Cricket Union	Funds transferred to the Eastern Province Cricket Union	In progress (Funds transferred to the Eastern Province Cricket Union)	Progress Report based on the St George's Cricket Stadium Upgrade Business Plan submitted to the Sports, Recreation, Arts and Culture standing Committee	100% (Pollock Pavilion, Duckpond Pavilion, Frielinghouse Pavilion and Terrace upgrade completed)	100% (Pollock Pavilion, Duckpond Pavilion, Frielinghouse Pavilion and Terrace upgrade completed)	100% (Pollock Pavilion, Duckpond Pavilion, Frielinghouse Pavilion and Terrace upgrade completed)	WORK DONE: During the 2017/18 financial year, the Municipality reported 100% completion of the upgrades at the St Georges Cricket Stadium by March 2018. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the close monitoring of the project, as well as the prompt transferring of funds to the Eastern Province Cricket Union, which contributed to the upgrades being completed before the anticipated delivery time.	Over Achieved (early delivery)
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	Economic empowerment through commercial sports and cultural tourism infrastructure	39	Number of jobseekers registered and trained in Nelson Mandela Bay through the Citywide Human Resources and Skills Development Support Programme	CORPORATE SERVICES	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	450 <u>Target amended to:</u> 200 (in line with Council Resolution dated 29 March 2018)	100	135 <u>Amended to:</u> 233 (in line with audit outcome)	150	152 <u>Amended to:</u> 233 (in line with audit outcome)	200 <u>Target amended to:</u> 170 (in line with Council Resolution dated 29 March 2018)	233 <u>Target amended to:</u> 200 (in line with Council Resolution dated 29 March 2018)	450 <u>Target amended to:</u> 200 (in line with Council Resolution dated 29 March 2018)	306 <u>Amended to:</u> 280 (in line with CoAF 25)	WORK DONE: During the 2017/18 financial year, altogether 306 jobseekers were registered and trained in Nelson Mandela Bay through the Citywide Human Resources and Skills Development Support Programme. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against the Key Performance Indicator is attributed to the fact that more job seekers were placed within the Municipality than originally anticipated. BUDGET: The initial placements were funded through the LGSETA project budget. The additional placement of job seekers was funded through the relevant directorates' budgets. <u>306 amended to 280 in line with CoAF 25</u> The Municipality revisited the actual performance information reported against this Key Performance Indicator. Performance reported was adjusted from 306 to 280. WORK DONE: During the 2017/18 financial year, altogether 280 jobseekers were registered and trained in Nelson Mandela Bay through the Citywide Human Resources and Skills Development Support Programme. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against the Key Performance Indicator is attributed to the fact that more job seekers were placed within the Municipality than originally anticipated. BUDGET: The initial placements were funded through the LGSETA project budget. The additional placement of job seekers was funded through the relevant directorates' budgets.	Over Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	An enabling environment to do business in Nelson Mandela Bay	40	Average turnaround time for processing a rates clearance (from the date of receipt of the request to the date the rate clearance is processed)	BUDGET AND TREASURY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	7 days	7 days	2.45 days <u>Amended to:</u> 2.45 days (unvalidated data / manual system in place)	7 days	1.82 days <u>Amended to:</u> Unvalidated performance: 1.82 days Validated performance: 1.01 days (December 2017 only)	7 days	1 day <u>Amended to:</u> Unvalidated performance: 1 day Validated performance: 1 day (1 December 2017 to 31 March 2018)	7 days	1.33 days <u>Amended to:</u> Unvalidated performance: 1.33 day Validated performance: 1.16 days (1 December 2017 to 30 June 2018)	WORK DONE: As at 30 June 2018, the average turnaround time for processing a rates clearance (from the date of receipt of the request to the date the rate clearance is processed) was calculated at 1.33 days. REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to a conscious effort by the Municipality to diligently process rates clearance applications.	Over Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	Economic empowerment through commercial sports and cultural tourism infrastructure	41	Number of youth employed through the implementation of municipal funded youth employment projects	ECONOMIC DEVELOPMENT - TOURISM AND AGRICULTURE	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	800	Integrated Grant received from the Department of Public Works	Integrated Grant received from the Department of Public Works	300	0	700	N/A	800	N/A	NOTE: This Key Performance Indicator was removed during the 2017/18 mid-term adjustments as no budget had been allocated to it, in line with the Council Resolution dated 29 March 2018.	N/A

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEADER / DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	SMME development and support	42	Number of Small Medium and Micro Enterprises (SMMEs) graduating from the Nelson Mandela Bay Municipality (NMBM) - Small Enterprise Development Agency (SEDA) Information Communication Technology Incubation (ICT) Programme	ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE	53 SMMEs incubated	4	Progress report on the NMBM SEDA ICT Incubation Programme submitted to the Economic Development, Tourism and Agriculture Standing Committee	Progress report on the NMBM SEDA ICT Incubation Programme submitted to the Economic Development, Tourism and Agriculture Standing Committee	Progress report on the NMBM SEDA ICT Incubation Programme submitted to the Economic Development, Tourism and Agriculture Standing Committee	Progress report on the NMBM SEDA ICT Incubation Programme submitted to the Economic Development, Tourism and Agriculture Standing Committee	Progress report on the NMBM SEDA ICT Incubation Programme submitted to the Economic Development, Tourism and Agriculture Standing Committee	Progress report on the NMBM SEDA ICT Incubation Programme submitted to the Economic Development, Tourism and Agriculture Standing Committee	4	4	WORK DONE: During the period under review, altogether four (4) Small Medium and Micro Enterprises (SMMEs) graduated from the Nelson Mandela Bay Municipality (NMBM) - Small Enterprise Development Agency (SEDA) Information Communication Technology Incubation (ICT) Programme. The following SMMEs graduated from the ICT Programme:- 1. Afri Cloud 2. Dream Big Entertainment House 3. Our Code 4. Synergy Micro	Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	SMME development and support	43	Number of Small Medium and Micro Enterprises (SMMEs) in the Nelson Mandela Bay Municipality (NMBM) - Small Enterprise Development Agency (SEDA) Construction Incubation Programme obtaining additional construction grade(s)	ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE		15	2	1	4	4	8	13	15	17	WORK DONE: During the period under review, altogether seventeen (17) Small Medium and Micro Enterprises (SMMEs) obtained additional construction grades. REASON FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to additional intakes into the Construction Incubator Programme as a result of additional support offered by the Small Enterprise Development Agency (SEDA). BUDGET: As the Municipality provides fixed grant funding to the SEDA, the overperformance reported, had no additional financial implications for the Municipality.	Over Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	SMME development and support	44	Number of Small Medium and Micro Enterprises (SMMEs) provided with training through the Export Development and Promotion Programme	ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE	11	35	8	30	20	44 <i>Amended to: 43 in line with CoAF 18</i>	28	58 <i>Amended to: 57 in line with CoAF 18</i>	35	68 <i>Amended to: 65 in line with CoAF 18</i>	WORK DONE: During the period under review, altogether sixty-eight (68) Small, Medium and Micro Enterprises (SMMEs) were trained in export development. REASON FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to collaborative efforts between the Municipality, the Department of Trade and Industry (DTI) and the Nelson Mandela Bay Export Helpdesk. BUDGET: The training of the additional number of SMMEs was funded through the Department of Trade and Industry (DTI) and thus had no additional financial implications for the Municipality. 68 amended to 65 in line with CoAF 18 The Municipality revisited the actual performance information reported against this Key Performance Indicator. Performance reported was adjusted from 68 to 65. WORK DONE: During the period under review, altogether sixty-five (65) Small, Medium and Micro Enterprises (SMMEs) were trained in export development. REASON FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to collaborative efforts between the Municipality, the Department of Trade and Industry (DTI) and the Nelson Mandela Bay Export Helpdesk. BUDGET: The training of the additional number of SMMEs was funded through the Department of Trade and Industry (DTI) and thus had no additional financial implications for the Municipality.	Over Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Execution of existing and design and implementation of new projects that competitively differentiate Nelson Mandela Bay as a destination city for business, tourism and investment – including through strategic partnerships.	Key catalytic projects	45	% completion of the Nelson Mandela Statue project	ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	100% (Phase 1: Concept design and development of business plan)	Project process plan approved by EDTA Standing Committee and Executive Mayoral Committee	Target not Met (Draft Project process plan in place)	Project process plan approved by Council	In Progress (Project process plan approved by EDTA Standing Committee and Executive Mayoral Committee)	Service provider appointed	Service provider appointed	100% (Phase 1: Concept design and development of business plan)	100% (Phase 1: Concept design and development of business plan)	WORK DONE: As at 30 June 2018, the concept design and business plan for the completion of the Nelson Mandela Statue project were in place.	Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	Employment through public works	46	Number of Work Opportunities (WO) created	OFFICE OF THE CITY MANAGER	2986	13172	2000	1177	5000	1304	9000	3640	13172	6274	WORK DONE: During the period under review, altogether 6274 Work Opportunities were created within Nelson Mandela Bay. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to:- • Reporting not always conforming to EPWP requirements. • Unrealistic targets being agreed to between the Municipality and the Department of Public Works without taking into consideration that the budget also encompassed other items not related to the creation of work opportunities, such as the procurement of equipment and machinery, and work that requires specialised skills. CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported against this Key Performance Indicator, the following corrective measures have been undertaken by the Municipality:- • Engagements with directorates to conduct an in-depth analysis to determine reason(s) for underperformance against current targets and to provide advice, where necessary, to inform targets for 2018/19. • Engagements between the Municipality and the Department of Public Works to agree on realistic and achievable targets for 2018/19 and to amend the targets in the Protocol Agreement. No actual performance adjustment is required in respect of CoAF 49 The Municipality revisited the actual performance information reported against this Key Performance Indicator. The performance analysis was amended to include a note as stated below: WORK DONE: During the period under review, altogether 6274 Work Opportunities were created within Nelson Mandela Bay. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to:- • Reporting not always conforming to EPWP requirements. • Unrealistic targets being agreed to between the Municipality and the Department of Public Works without taking into consideration that the budget also encompassed other items not related to the creation of work opportunities, such as the procurement of equipment and machinery, and work that requires specialised skills. CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported against this Key Performance Indicator, the following corrective measures have been undertaken by the Municipality:- • Engagements with directorates to conduct an in-depth analysis to determine reason(s) for underperformance against current targets and to provide advice, where necessary, to inform targets for 2018/19. • Engagements between the Municipality and the Department of Public Works to agree on realistic and achievable targets for 2018/19 and to amend the targets in the Protocol Agreement. NOTE: The final performance as recorded in the 2017/18 Annual Performance Report is provided by the National Department of Public Works who owns, manages and audits the System.	Not Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP STRATEGIC OBJECTIVE	IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	Employment through public works	47	Number of Full-time Equivalent (FTE) jobs created	OFFICE OF THE CITY MANAGER	776	4117	800	224	1600	303	2400	670.89	4117	973	<p>WORK DONE: During the period under review, altogether 973 full-time jobs were created within Nelson Mandela Bay.</p> <p>REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to:-</p> <ul style="list-style-type: none"> Reporting not always conforming to EPWP requirements. Unrealistic targets being agreed to between the Municipality and the Department of Public Works, without taking into consideration that the budget also encompassed other items not related to creation of work opportunities, such as the procurement of equipment and machinery, and work requiring specialised skills. <p>CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported against this Key Performance Indicator, the following corrective measures have been undertaken by the Municipality:-</p> <ul style="list-style-type: none"> Engagements with directorates to conduct an in-depth analysis to determine reason(s) for underperformance against current targets and to provide advice where necessary to inform targets for 2018/19. Engagements between the Municipality and the Department of Public Works to agree upon realistic and achievable targets for 2018/19 and to amend the targets in the Protocol Agreement. <p>No actual performance adjustment is required in respect of CoAF 49</p> <p>The Municipality revised the actual performance information reported against this Key Performance Indicator. The performance analysis was amended to include a note as stated below:</p> <p>WORK DONE: During the period under review, altogether 973 full-time jobs were created within Nelson Mandela Bay.</p> <p>REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to:-</p> <ul style="list-style-type: none"> Reporting not always conforming to EPWP requirements. Unrealistic targets being agreed to between the Municipality and the Department of Public Works, without taking into consideration that the budget also encompassed other items not related to creation of work opportunities, such as the procurement of equipment and machinery, and work requiring specialised skills. <p>CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported against this Key Performance Indicator, the following corrective measures have been undertaken by the Municipality:-</p> <ul style="list-style-type: none"> Engagements with directorates to conduct an in-depth analysis to determine reason(s) for underperformance against current targets and to provide advice where necessary to inform targets for 2018/19. Engagements between the Municipality and the Department of Public Works to agree upon realistic and achievable targets for 2018/19 and to amend the targets in the Protocol Agreement. <p>NOTE: The final performance as recorded in the 2017/18 Annual Performance Report is provided by the National Department of Public Works who owns, manages and audits the System.</p>	Not Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Grow and diversify the local economy through the attraction of new investment, skills development and facilitation of an enabling environment for small business growth and job creation.	Development of the cultural and creative economy	48	Number of programmes delivered by the Port Elizabeth Opera House in line with the Nelson Mandela Bay Municipality / Port Elizabeth Opera House partnership agreement	SPORTS, RECREATION, ARTS AND CULTURE	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	40	16	16	26	29	34	33	40	40	<p>WORK DONE: During the 2017/18 financial year, altogether 40 programmes were delivered by the Port Elizabeth Opera House in line with the Nelson Mandela Bay Municipality / Port Elizabeth Opera House partnership agreement as follows:-</p> <ol style="list-style-type: none"> Fallen Fells; 2. Truck Driver; 3. The road; 4. Skank and the Roots; 5. Joash Soobramoney; 6. Brown Sugar and Black Tie; 7. Mandela Bay Jazz Orchestra; 8. Ikanana My Boarding School; 9. Women in Arts Manyano; 10. The House of truth; 11. Curl up and die; 12. Flamebook; 13. Webro Mosia; 14. Take me home; 15. Mano Smith; 16. Melvyn Matthews; 17. Ohay and Yaikeem; 18. Mandela Bay Jazz Legacy; 19. So Ry Miss Daisy; 20. Andy Ndizizwana; 21. VUDU; 22. Yyo Summer Festival; 23. Yyo Summer Festival; 24. Imbizo Arts Mandela Bay Book Fair; 25. Iphulo Festival; 26. EC Comedy All Stars; 27. Praat Launch; 28. Jazz Afro; 29. Siki Jo-An; 30. Jazz Afro; Asanda Barn; 30. Praat Poetry School Edition; 31. Jazz Afro; Thembelani Mbini; 32. Jazz Afro; Benjamin Jephtha; 33. Jazz Afro; Thandela Marwanga; 34. School Outreach Development; 35. Jazz Afro; Phumlani Mtshali; 36. Mandela Bay Gospel Choir Auditions; 37. NMU Student Jazz Band; 38. Schools Outreach Programme - Graphs; 39. Jazz Afro; Alex Kuze; 40. Return of the Moon. <p>The Port Elizabeth Opera House also delivered the following programmes - in addition to the 40 programmes planned for 2017/18 in the partnership agreement:</p> <ol style="list-style-type: none"> Women Die Here; 2. Imida Yothando; 3. Tribute to Bob Marley; 4. Mendi Road; 5. Ulbambe Lingatshoni; 6. Me over Society; 7. Dance and Drama Development; and 8. School Development Programme. 	Achieved
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Facilitate and promote infrastructure led growth, development and tourism.	Beaches, resorts, leisure and recreation tourism	49	Number of beaches with Blue Flag status maintained	SPORTS, RECREATION, ARTS AND CULTURE	3 (Humewood Beach, Kings Beach, Hobie Beach)	3 (Humewood Beach, Kings Beach, Hobie Beach)	Lifeguards appointed	Lifeguards appointed	WESSA Blue flag award received	WESSA Blue flag award received	Report on Compliance with criteria submitted to Sport, Recreation, Arts and Culture Standing Committee	Report on compliance with criteria submitted to Sport, Recreation, Arts and Culture Standing Committee	3 (Humewood Beach, Kings Beach, Hobie Beach)	3 (Humewood Beach, Kings Beach, Hobie Beach)	<p>WORK DONE: During the 2017/18 financial year, the Municipality maintained the Blue Flag status of the following three beaches: Humewood Beach; Kings Beach and Hobie Beach.</p>	Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 3: LOCAL ECONOMIC DEVELOPMENT	PILLAR 2: THE OPPORTUNITY CITY	Execution of existing and design and implementation of new projects that competitively differentiate Nelson Mandela Bay as a destination city for business, tourism and investment including through strategic partnerships.	Major strategic events Standard Bank Ironman African Championship Ironman 70.3 World Champs in 2018 Mandela Festival Summer Season Festival Xterra Triathlon Ebubeleni Festival EP Athletics Splash Festival	50	Number of flagship events hosted to position the NMBM as a world class destination	SPORTS, RECREATION, ARTS AND CULTURE	8 (City of Champion: Record Breaking, Isixhosa Festival, Ebubeleni Festival, Summer Season Programme, Ironman, Splash Festival, City Relay, NMB Half Marathon Championships) Actual recorded amended to: 9 (City of Champion: Record Breaking, Isixhosa Festival, Ebubeleni Festival, Summer Season Programme, Xterra Trail Run, Ironman, Splash Festival, City Relay, NMB Half Marathon)	6 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Xterra; Splash; Ironman) Target amended to: 6 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Herald Cycle Tour; Splash; Ironman) (in line with Council Resolution dated 29 March 2018)	1 (EP Athletics: NMBM City Relay)	0	3 (EP Athletics: NMB City Relay; Ebubeleni Summer Season)	3 (EP Athletics: NMB City Relay; Ebubeleni Summer Season)	4 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Xterra) Target amended to: 4 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Herald Cycle Tour) (in line with Council Resolution dated 29 March 2018)	5 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Herald Cycle Tour and Splash Festival)	6 (EP Athletics: Ebubeleni Festival; Summer Season Festival; Xterra Triathlon; Splash Festival; Ironman) Target amended to: 6 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Herald Cycle Tour; Splash; Ironman) (in line with Council Resolution dated 29 March 2018)	6 (EP Athletics: NMB City Relay; Ebubeleni Summer Season; Herald Cycle Tour; Splash; Ironman)	WORK DONE: During the 2017/18 financial year, the Municipality hosted the following flagship events to position NMBM as a world-class destination: 1. EP Athletics: NMB City Relay (16 October 2017); 2. Summer Season Festival (16 - 31 December 2017); and 3. Ebubeleni Festival (30 December 2017); 4. Herald Cycle Tour (24 March 2018); 5. Splash Festival (30 March 2018); and 6. Ironman (16 April 2018).	Achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	51	% billed revenue collection rate (before write-offs)	BUDGET AND TREASURY	94.30%	94%	94%	89.10%	94%	94.46%	94%	92.30%	94%	93.10%	WORK DONE: The billed revenue collection rate as at 30 June 2018 is calculated at 93.10% (before write-offs). This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to overdue debtors, that have grown from 30 June 2017 to 30 June 2018 in excess of R762 300 000 as a result of arrear water accounts. Another contributing factor is the punitive charges raised on water service due to the drought situation, which mainly affects residential consumers. CORRECTIVE ACTION / MITIGATION: The Municipality is currently implementing stringent credit control measures in an attempt to curb overdue debtors. The Municipality is furthermore implementing awareness campaigns to educate residential consumers on methods to restrict water consumption and use water responsibly.	Partially achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	52	Debt Coverage ratio (debt servicing costs to annual operating income)	BUDGET AND TREASURY	2.79%	4%	4%	2%	4%	1.54%	4%	1.69%	4%	2.41%	WORK DONE: As at 30 June 2018, the debt servicing cost to operating income ratio amounted to 2.41%. This implies that the Municipality currently spends 2.41% of its operating income on servicing its existing debt costs (external loan obligations). The risk that the Municipality may not be able to settle its annual long-term borrowing commitments becomes greater the higher this ratio. The Municipality therefore exercises due caution to ensure that its operating revenue is not overburdened by the level of borrowing. The careful and judicious management of borrowing is considered critical in ensuring continued financial viability. The ratio can also be converted to a debt coverage ratio, which implies that the Municipality has sufficient operating income available to service its debt obligations 41.47 times as at 30 June 2018. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the Municipality's conscious efforts to pay its loan obligations on time, thereby avoiding further loan charges as a result of late payments. In addition, the Municipality did not take up any new loans during the period under review.	Over Achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	53	% outstanding service debtors to revenue	BUDGET AND TREASURY	24.11%	20%	20%	27.18%	20%	17.90%	20%	21.39%	20%	24.834%	WORK DONE: The % outstanding service debtors to revenue ratio was calculated at 24.834% as at 30 June 2018. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the overdue debtors, which have grown from 30 June 2017 to 30 June 2018 in the amount of R762 282 720, as a result of arrear water accounts. The contributor in this instance is the punitive charge applicable to the water service due to the drought situation. The largest part of the arrear growth is in respect of residential consumer accounts. CORRECTIVE ACTION / MITIGATION: The Municipality is currently implementing stringent credit control measures to turn the situation around. These measures include, but are not limited to, prioritising queries raised by government departments and businesses in order to facilitate payments and disposing of debtors' assets to recover debt owing to the Municipality	Partially achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	54	Cost Coverage Ratio (excluding conditional grants)	BUDGET AND TREASURY	2.32 months	2 months	2 months	2.72 months	2 months	2.60 months	2 months	3.01 months	2 months	3.387 months	WORK DONE: The cost coverage ratio (excluding unspent conditional grants) as at 30 June 2018 amounted to 3.387 months. The actual performance of 3.387 months is an indication that the Municipality can meet its financial obligations for a period of 3.3 months without any income being received. REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to inter-alia a capital spending ratio of 98.42%. In addition, employee costs expended were less than budgeted for.	Over Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP OBJECTIVE	STRATEGIC IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAF DIRECTORATE	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure that the municipality is staffed throughout with a motivated, committed and capable workforce.	Institutional resources human capacity, compliance, and excellence	55	% of the Municipality's budget actually spent on implementing its Workplace Skills Plan	OFFICE OF THE CITY MANAGER	0.063%	0.0945%	0.023%	0.0086%	0.04%	0.0275%	0.07%	0.0406%	0.0945%	0.036%	<p>WORK DONE: During the period under review, the Municipality spent 0.036% of its approved Budget on implementing its institutional Workplace Skills Plan. The actual performance reported, implies that the Municipality spent R3 500 560 on its workplace skills development programmes.</p> <p>REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the following factors:</p> <ol style="list-style-type: none"> 1) Contracts of approved training providers and programmes expired on 8 November 2017, placing a halt on all training and skills development. As at 30 June 2018, new contracts were not yet finalised. 2) Competing operational priorities. 3) Officials attending developmental programmes / seminars that are not funded through the training budget. 4) Officials attending skills development programmes that are free of charge to the Municipality. 5) Officials opting not to participate in further skills development programmes. <p>CORRECTIVE ACTION / MITIGATION: The Municipality is in the process of finalising the appointment of training providers under a new contract and continues to monitor the implementation of the Workplace Skills Plan and training budget expenditure through the Skills Development and Employment Equity Committee; Directorate Skills Development and Employment Equity Forums / Focus Groups and quarterly performance reviews of Senior Managers.</p>	Not Achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	56	% of the Municipality's Capital Budget actually spent	OFFICE OF THE CITY MANAGER	97.50%	95%	10%	14.45%	30%	36.08%	60%	51.19%	95%	98.42%	<p>WORK DONE: During the period under review, the Municipality spent 98.42% of its Capital Budget. The actual performance reported implies that the Municipality spent R1 643 456 970 of its adjusted Capital Budget of R1 669 909 607.</p> <p>REASON(S) FOR OVERPERFORMANCE: The over-performance reported against this Key Performance Indicator is attributed to the fact that the calculation is based on the approved adjustments capital figure of R1.669 billion and has not taken into consideration any additional funds received thereafter.</p>	Over Achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	57	% of the Municipality's approved Operating Budget spent on repairs and maintenance	OFFICE OF THE CITY MANAGER	3.32%	2.9%	0.70%	0.544%	1.45%	1.26%	2.15%	2.2%	2.9%	3.51%	<p>WORK DONE: During the period under review, the Municipality spent 3.51% of its approved Operating Budget on repairs and maintenance. The actual performance reported against this Key Performance Indicator implies that the Municipality spent R334 923 899 on repairs and maintenance from an approved total adjusted Operating Budget of R9 694 835 149.</p> <p>REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the Municipality's continued monitoring of expenditure on repairs and maintenance through the Budget Performance Monitoring Forum. Furthermore, every Directorate is required to implement a Planned Repairs and Maintenance Plan, which is monitored through quarterly performance reporting and the performance reviews of senior managers.</p>	Over Achieved
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 3: THE SAFE CITY	Deliver well-resourced and capacitated policing and emergency services in order to ensure the safety of communities and visitors.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	58	% revenue collection from traffic fines (as per the set budget target)	SAFETY AND SECURITY	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	100%	25%	19.32%	50%	39.60%	75%	97.12%	100%	87.10%	<p>WORK DONE: During the 2017/18 financial year, the Municipality collected 87.10% from traffic fines in line with the set budget target.</p> <p>REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to delays experienced in the finalisation of the Service Level Agreement between the Municipality and Traffic Management Technologies (TMT), which resulted in no summonses being issued, no new traffic fines being circulated, and minimum cameras utilised, etc. for a period of 6 months. The Municipality solely relied on revenue collection in respect of fines that were on the system, issued prior to January 2018.</p> <p>CORRECTIVE ACTION / MITIGATION: During July 2018, the Municipality entered into a Service Level Agreement with TMT, which should result in improved performance being reported against revenue collection from traffic fines during the 2018/19 financial year. To improve future revenue collection, the Municipality will also implement the Natis Block, which will see offenders being prohibited from renewing drivers / vehicle licences should they have outstanding warrants.</p>	Partially achieved
KPA 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 3: THE SAFE CITY	Deliver well-resourced and capacitated policing and emergency services in order to ensure the safety of communities and visitors.	Perception of public safety	59	% of customers satisfied with services rendered by Nelson Mandela Bay Municipality	OFFICE OF THE CITY MANAGER	Customer satisfaction survey on services rendered by NMBM conducted	50%	Research proposal revised	Research proposal revised	Goods and services to undertake survey procured	In Progress (Procurement of goods and services to undertake survey in progress)	Fieldworkers and data capturers recruited and trained	Fieldworkers and data capturers recruited and trained	50%	60%	<p>WORK DONE: During the period under review, 60% of customers surveyed were satisfied with municipal services.</p> <p>REASON(S) FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the fact that more customers were satisfied with the services rendered by Nelson Mandela Bay Municipality than originally anticipated.</p>	Over Achieved
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 4: THE INCLUSIVE CITY	Ensure institutional accessibility, effective communication channels for participatory and responsive governance	Accessible governance	60	Number of functional Ward Committees in place within Nelson Mandela Bay	CORPORATE SERVICES	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	60	60	60	60	59	60	60	60	60	<p>WORK DONE: As at 30 June 2018, altogether 60 Ward Committees within Nelson Mandela Bay were functional. It must, however, be noted that Ward 29 did not have meetings in the months of April and May 2018, due to lack of participation by Ward Committee members. A new temporary Proportional (PR) Councillor was appointed to address challenges within Ward 29. A meeting was subsequently convened within Ward 29 on 20 June 2018.</p>	Achieved
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 4: THE INCLUSIVE CITY	Ensure institutional accessibility, effective communication channels for participatory and responsive governance	Accessible governance	61	Number of bi-monthly ward-based Imbizos held to communicate and receive feedback on critical decisions made by Council	CORPORATE SERVICES	New Key Performance Indicator (not reflecting in 2016/17 SDBIP)	6	1	0	2	2	3	2	6	3	<p>WORK DONE: To communicate and receive feedback on critical decisions made by Council, the Municipality held three ward-based Imbizos as follows:</p> <ol style="list-style-type: none"> 1) Over the period 18-24 August 2017, the Municipality hosted an IDP/Budget Imbizo by conducting 20 cluster meetings covering all 60 wards. 2) Over the period 3-12 October 2017 and 27-29 November 2017, the Municipality hosted a Public Participation Imbizo. Meetings were convened in a six cluster approach and covered all 60 ward. 3) Over the period 9-24 April 2018, the Municipality hosted an IDP/Budget Imbizo by conducting 27 cluster meetings covering all 60 wards. <p>REASON(S) FOR UNDERPERFORMANCE: No political directive was received for additional feedback meetings to be convened.</p> <p>CORRECTIVE ACTION / MITIGATION: The Municipality will continue to host feedback meetings with communities during the 2018/19 financial year.</p>	Not Achieved

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	IDP STRATEGIC OBJECTIVE	IDP PERFORMANCE ELEMENT	KEY NO	KEY PERFORMANCE INDICATOR	LEAD DIRECTORATE/ OFFICE/ CITY MANAGER	BASELINE PERFORMANCE AS AT 30 JUNE 2017	2017/18 ANNUAL TARGET	TARGET QUARTER ENDING 30 SEPTEMBER 2017	ACTUAL QUARTER ENDING 30 SEPTEMBER 2017	TARGET QUARTER ENDING 31 DECEMBER 2017	ACTUAL QUARTER ENDING 31 DECEMBER 2017	TARGET QUARTER ENDING 31 MARCH 2018	ACTUAL QUARTER ENDING 31 MARCH 2018	TARGET QUARTER ENDING 30 JUNE 2018	ACTUAL PERFORMANCE / PROGRESS MADE OVER THE PERIOD 1 JULY 2017 - 30 JUNE 2018	PERFORMANCE ANALYSIS: - REASONS FOR OVERPERFORMANCE - REASONS FOR UNDERPERFORMANCE, MITIGATION OR MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE - BUDGETARY COMMENTS	ACHIEVEMENT STATUS
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 1: THE WELL RUN CITY	Ensure financial prudence and transparent governance and work towards eradicating corruption.	Sound financial management (Implementation of the 2016/17 to 2018/19 medium term revenue and expenditure framework (MTREF))	62	Unqualified audit report received from the Auditor-General in respect of the 2016/17 financial year	OFFICE OF THE CITY MANAGER	Target not met in December 2016 (Qualified audit report received)	Unqualified Audit Report received by December 2017	2016/17 performance information and financial statements submitted to the Auditor-General by 31 August 2017	2016/17 performance information and financial statements submitted to the Auditor-General by 31 August 2017	Unqualified Audit Report received by December 2017	Target Not Met in December 2017 (Qualified Audit Report received)	N/A	Target Not Met in December 2017 (Qualified Audit Report received)	Unqualified Audit Report received by December 2017	Target Not Met in December 2017 (Qualified Audit Report received)	<p>WORK DONE: The Nelson Mandela Bay Municipality received a qualified Audit Report from the Auditor-General in respect of the 2016/17 financial year. On 7 December 2017, the Office of the Auditor-General delivered the Audit Report upon conclusion of the audit of the 2016/17 annual financial statements and the Annual Performance Report.</p> <p>REASONS FOR UNDERPERFORMANCE: The basis for the qualified audit opinion is (1) Property, Plant and Equipment; (2) Creditors (exchange transactions); and (3) Irregular expenditure.</p> <p>CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported against this Key Performance Indicator, the Municipality developed and implemented a comprehensive action plan to address all matters of emphasis raised by the Auditor-General. The Municipality did in addition, through regular reporting and performance reviews, monitoring the implementation of the action plan.</p>	Not Achieved

ADDITIONAL REPORTING

**EASTERN CAPE COGTA INDICATORS
FOR THE PERIOD ENDING 30 JUNE 2018**

KPA 1: BASIC SERVICE DELIVERY**INFRASTRUCTURE AND ENGINEERING**

KPI NO	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
1	Percentage of households with access to potable water OR % of informal households within the urban edge provided with access to basic potable water supply	100%
2	Percentage of indigent households with access to free basic potable water	100%
3	Percentage of clinics with access to potable water	100% (Where facilities are located within an established township)
4	Percentage of schools with access to potable water	100% (Where facilities are located within an established township)
5	Percentage of households in formal settlements using buckets	0%
6	Percentage of households with access to sanitation services OR % households provided with access to basic sanitation (excluding bucket system)	98%
7	Percentage of indigent households with access to free sanitation services	100%
8	Percentage of clinics with access to sanitation services	100% (Where facilities are located within an established township)
9	Percentage of schools with access to sanitation services	100% (Where facilities are located within an established township)

KPI NO	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
10	Percentage of households without access to gravel or graded roads	5.2% All formal houses (both state subsidised and private) have access to either gravel or graded roads

ELECTRICITY AND ENERGY

KPI NO	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
1	Percentage of indigent households with access to basic electricity	73%
2	Percentage of indigent households with access to free alternative energy sources	24%

HUMAN SETTLEMENTS

KPI NO	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
1	Percentage of households living in informal settlements	5.2%
2	Percentage of informal settlements that have been provided with basic services	56%
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	91.8% (based on the number of building plans submitted vs building plans approved in the period)
4	Existence of an effective Indigent Policy	The Municipality has a Council-adopted Indigent Policy in place
5	Existence of an approved SDF	MSDF and 15 LSDFs
6	Existence of Land Use Management System (LUMS)	Land Use Management Systems comprising Spatial Development Frameworks; Zoning Schemes, etc. are in place and functional. An Integrated Zoning Scheme is to be finalised.
7	Percentage of USDG Budget appropriately spent	100%

PUBLIC HEALTH

KPI NO	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2017
1	Existence of Waste Management Plan	Yes

KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

KPI NO	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
1	Percentage of appointment in strategic positions (Municipal Manager and Section 56 managers)	One strategic position was filled in 2017/18. The Executive Director: Corporate Services was appointed in July 2017 and resigned in March 2018. Four (4) out of eleven (11) Section 56 positions remain vacant as at 30 June 2018. 4/11 = 36 %.
2	Percentage of senior managers (Section 54) attending at least one skills/ training/ development course within the financial year	No employees in this category attended training as there was no training panel in place within the NMBM during the 2017/18 financial year.
3	Percentage of managers in technical services with a professional qualification	The NMBM does not have a database in place to reflect the percentage of managers in technical services with a professional qualification.
4	Level of effectiveness of NMBM Performance Management System in the Metro	The level of effectiveness of the NMBM Performance Management System in the Metro is relatively fair. Performance management is effectively cascaded to Section 56 officials, Senior Directors and Directors in certain directorates.
5	Percentage of staff that have undergone a skills audit (including competency profiles)	83% of staff have undergone a skills audit (including competency profiles) to date.
6	Percentage of Councillors who have attended skills development training	66% (79 out of a total of 120) attended training during 2017/18.
7	Percentage of staff complement with disability	0.89%
8	Percentage female employees	35.58%
9	Percentage employees that are aged 35 or younger	21.64%
10	Adoption and implementation of Human Resource Development Plan including Workplace Skills Plan (WSP)	The Municipality annually develops and submits a WSP to the Department of Labour. However, the Human Resource Development Plan will only be developed during 2018/19.

KPA 3: LOCAL ECONOMIC DEVELOPMENT

KPI NO	KEY PERFORMANCE INDICATOR	2017/2018 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
1	Existence of LED Unit	Yes
2	Percentage of LED Budget spent on LED related activities.	79%
3	Existence of LED Strategy	Yes
4	Number of LED Stakeholder Forum meetings held.	1 (Workshop on the Economic Development and Growth Strategy)
5	Percentage of SMMEs that have benefited from a SMME support Programme	<u>Tourism SMMEs</u> <ul style="list-style-type: none"> • A total of 28 SMME supported <u>SEDA Information Communication & Technology Incubator (SEDA ICT)</u> <ul style="list-style-type: none"> • 31 SMME's supported in the Incubation Programme <u>SEDA Construction Incubator</u> <ul style="list-style-type: none"> • 25 SMMEs supported in the Incubation Programme <u>Co-operatives</u> <ul style="list-style-type: none"> ▪ 245 Cooperative members attended workshops on pre-registration, cooperative governance and compliance training <p>A total of 888 SMMEs attended and completed various types of training and/or courses.</p>
6	Number of job opportunities created through EPWP	6 274
7	Number of job opportunities created through PPP (Public- Private Partnership).	1830

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
Salary budget as a percentage of total operational budget (actual as at year end)	31.74%
Trade creditors as a percentage of total actual revenue	17.56%
Total municipal own revenue as a percentage of the total budget	83.45%
Rate of municipal consumer debt reduction	<p>Consumer debt has not decreased</p> <p>Net consumer debtors has increased from R1,215,022,383 (2016/17) to R1,316,134,451 (2017/18)</p> <p>Additionally, the net property rates debtors increased from R329,060,406 (2016/17) to R391,717,053 (2017/18)</p>
Submission of AFS after the end of financial year	The Municipality submitted its AFS on 31 August 2018 and the Consolidated AFS on 30 September 2018

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Indicator Name	Target set for the year R (000) 2017/18	Achievement level during the year R (000) 2017/18	Achievement percentage during the year
Percentage expenditure of Capital Budget	R1,669,908,631 – Adj Budget However, received the following after Adj Budget (DORA, etc.) R244,455,907 Total available for Capital R1,914,364,538	R1,643,457, 000	98.42% 85.83%
% spent of salary budget	R2,907,889,928 –ERC Total Budget	R2.802,867,536- ERC Actual Total Expenditure	96.39%

Indicator Name	Target set for the year R (000) 2017/18	Achievement level during the year R (000) 2017/18	Achievement percentage during the year
	R9,676,868,030 30.05%	R8,862,049,410 31.40%	31.40%
Total creditors as a percentage of total actual revenue	Trade and Other payables: R2,043,668,080 Budget Revenue: R9,651,844,147 =21.17%	Total Creditors: R2,303,847,163 Budget Revenue: R9,542,415,842	24.14%
Total municipal own revenue as a percentage of the total actual budget	R8,152,802,786 Own R9,651,844,147 Total =84.47%	R7,963,539,040 Own R9,542,415,842 Total	83.45%
Rate of municipal consumer debt reduction	Did not anticipate a decrease. Budgeted collection rate was 94%	Increase Service Debtors from R1,215,022,383 Net Debtors to R1,316,134,451 Increase in net Property Rates Debtors from R329,060,406 to R391,717,053	Increase in Net service debtors is 8.32% Increase in Net Property Rates Debtors is 19.04%
Percentage of USDG-operating budget appropriately spent	Budget R59,182,005 VAT Incl Portion of Additional R178.8 million: R18,000,000 VAT Incl	Actual R59,182,005 VAT Incl Actual Spent VAT Incl R18,000,000	100%
Percentage of USDG-Capital budget appropriately spent	Budget R852,578,995 VAT Incl Portion of Additional R178.8 million: R160,800,000 VAT Incl	Actual VAT Incl R852,578,995 Actual Spent Vat incl	100%
Percentage of MIG budget appropriately spent	N/A	N/A	N/A
Percentage of MSIG budget appropriately spent	N/A	N/A	N/A

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KPI NO.	KEY PERFORMANCE INDICATOR	2017/18 ACTUAL PERFORMANCE AS AT 30 JUNE 2018
1	Number of Ward Committees established	60 Ward Committees
2	% of Ward Committees that are functional	100%
3	Existence of an effective system to monitor Community Development Workers	No
4	Existence of an effective Communication Strategy	A Draft Communications Strategy is in place and will be finalised during 2018/19.
5	Number of mayoral imbizos conducted	3

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

INTRODUCTION

In line with service delivery imperatives, the Municipality has to ensure that there are adequate resources to implement its programmes and projects. Whilst there is limited budget to fill all the positions, improvement in systems, procedures, policies and strategies must be taken into account to improve efficiencies.

Following the approval of the political structure on 27 October 2016, the Municipality continued to review the functional structure, which was widely consulted amongst stakeholders. The process of consulting the directorates on the line reporting structure has continued and the finalisation thereof is currently dependent on the approval of the functional structure. A budget was approved for the permanent absorption of 460 security personnel from the two companies which are offering security services to the Municipality.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

TABLE 4.1: Employee Totals, Turnover and Vacancies

Employees					
Description	Year -1 (2016-17)	Year 0 (2017/18)			
	Employees	Approved posts (details as at 30 June 2018)	Employees permanent (excluding contractual, interns, etc)	Vacancies	Vacancies
	No.	No.	No.	No.	%
Budget and Treasury	626	738	589	149	20
Chief Operating Officer	86	95	84	11	12
Corporate Services	423	524	428	96	18
Electricity and Energy	545	801	562	239	29
Human Settlements	319	385	307	78	20
Infrastructure and Engineering	1462	2073	1316	757	37

Employees					
Description	Year -1 (2016-17)	Year 0 (2017/18)			
	Employees	Approved posts (details as at 30 June 2018)	Employees permanent (excluding contractual, interns, etc)	Vacancies	Vacancies
Municipal Manager	23	27	23	4	15
Office of the Executive Mayor	27	28	22	6	21
Public Health	1103	1830	1008	822	45
Safety and Security	934	1260	1451	(191)	-15
Special Projects and Programmes	10	12	14	(2)	-16
SRAC counted with EDTA	500	630	485	145	23
Totals	6058	8403	6289	2114	25

TABLE 4.2: Vacancy Rate: Year 0 (2017-18)

Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using full-time equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	1	100%
Other S56 Managers (excluding finance posts)	11	4	36 %
Other S56 Managers (Finance posts)	0	0	0.00%
Metro Police Officers	124	15	12.10%
Fire-fighters	267	15	5.62%
Total	404	35	8.67%

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2 (2015/16)	207	1913	924%
Year -1 (2016/17)	2995	2477	83%
Year 0 (2017/18)	4443	2358	53 %

COMMENT ON VACANT SENIOR MANAGEMENT POSITIONS AND TURNOVER RATE

The Municipality has ten (10) Executive Director positions, of which four (4) are still vacant. The position of Executive Director: Electricity and Energy was advertised on 18 and 19 March 2018 in the local and national press, and interviews were conducted on 22 June 2018. The SALGA Competency Assessments of the recommended candidates were still to be conducted before the selection process and the outcome thereof submitted to Council for approval.

The position of Executive Director: Public Health was advertised on 18 and 19 March 2018 in the local and national press and interviews were conducted on 7 June 2018. The report on the selection process and outcome thereof will be submitted to Council during the 2018/19 financial year.

The position of Executive Director: Corporate Services was advertised on 15 and 16 April 2018 in the local and national press. The position of Chief Financial Officer was advertised on 11 and 12 February 2018 in the local and national press, and interviews were conducted on 11 May 2018. The report on the selection process and the outcome thereof was submitted to Council.

Whilst the Municipality makes the necessary effort to ensure that vacant senior management and highly skilled positions are filled, the vetting of senior management candidates by State Security Agency contributes largely to the delays experienced in filling these positions.

Reasons for turnover rate

The high turnover rate is attributed to staff leaving the institution for higher salaries and/or better opportunities in other institutions. Other reasons for the high turnover rate include contract expiry, dismissals and natural attrition.

Measures taken to attract and retain staff

Scare skills allowances are paid to positions that fall within the ambit of scarce skills, and assisted education and training is offered to employees to further their studies. The continuous training and development of staff are key priorities.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Nelson Mandela Bay Municipality is an equal opportunity employer who subscribes to the promotion of equal opportunity and fair treatment in employment through the elimination of unfair discrimination. The Municipality has accordingly implemented various affirmative action measures in order to ensure equitable representation in all occupational categories and levels in the workplace.

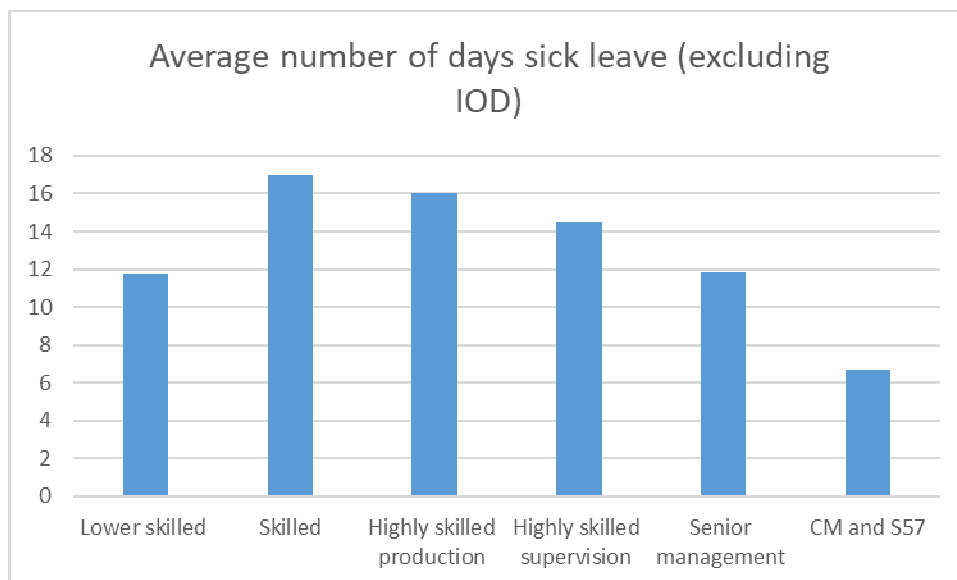
4.2 INJURIES, SICKNESS AND SUSPENSIONS

TABLE 4.4: Number and Cost of Injuries on Duty

Type of injury	Injury Leave Taken	Employees using Injury Leave	Proportion Employees using Sick Leave	Average Injury Leave per Employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	2169	80	N/A	1	1,707,403
Temporary total disablement	N/A	N/A	N/A	N/A	N/A
Permanent disablement	N/A	N/A	N/A	N/A	N/A
Fatal	N/A	1	N/A	N/A	N/A
Total	2169	81	N/A	1	1,707,403

TABLE 4.5: Number of days and Cost of Sick Leave (excluding injuries on duty) (1 July 2017 - 30 June 2018)

Salary Band	Total Sick Leave	Proportion of Sick Leave without Medical Certification	Employees using Sick Leave	Total Employees in Post*	Average Sick Leave per Employees	Estimated Cost
	Days	%	No.	No.	Days	
Lower skilled (Levels 1-2)	8,658.50	20.29 %	735	735	11.780	3,963,778.95
Skilled (Levels 3-5)	28,371.00	32.82 %	1711	1711	16.582	17,364,077.23
Highly skilled production (Levels 6-8)	20,545.50	38.45 %	1312	1312	15.660	17,458,247.77
Highly skilled supervision (Levels 9-12)	20,369.00	38.80 %	1406	1406	14.487	26,768,507.75
Senior management (Levels 13-15)	3,810.50	36.91 %	322	322	11.834	8,783,701.87
CM and S56	40.00	50%	6	6	6.667	295,347.65

FIGURE 4.1: Average number of days sick leave (excluding IOD)

COMMENT ON INJURY AND SICK LEAVE

The Municipality has a Sick Leave Monitoring Committee in place, which addresses matters relating to injury on duty and sick leave. The Work Attendance Policy defines the Municipality's standards of work attendance and regulates the management thereof. Other labour relations interventions include counselling services from the EAP Practitioners and the Labour Relations Sub-directorate.

TABLE 4.6: Suspensions and Disciplinary Cases

Number and Period of Suspensions (1 July 2017 to 30 June 2018)				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Project Manager: IPTS	Making/facilitating/permitting or instructing another official to make irregular expenditure.	02.08.2017	Employee resigned	12.06.2018
Constable	Alleged involvement with other individuals in an attempt to break in and/or steal a motor vehicle.	09.10.2017	Dismissed.	03.04.2018
Chief Forensic Auditor	Failed to loyally execute the lawful policies of the municipal council and/or perform the functions of office in good faith, diligently, honestly and with the objectivity required.	07.02.2018	Disciplinary hearing ongoing	Ongoing
Security Guard (Note: 3 similar cases – same suspension date and same date of final decision)	Under the influence of alcohol whilst on duty at a security point.	12.02.2018	Final written warning	25.04.2018
Director: Internal Audit	Gross dereliction of duty. Dysfunctional leadership style.	16.02.2018	Disciplinary hearing ongoing	Ongoing
Snr Artisan: Mechanical	Dishonest conduct	22.02.2018	Suspension lifted	23.05.2018
Artisan: Auto Electrical	Dishonest conduct	22.02.2018	Suspension lifted.	23.05.2018
Artisan: Mechanical	Dishonest conduct	22.02.2018	Suspension lifted.	23.05.2018
Deputy Director: Skills Development and Employment Equity	Allegations from staff that she humiliated and intimidated them.	27.02.2018	Hearing commenced.	Ongoing

Number and Period of Suspensions (1 July 2017 to 30 June 2018)				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Clerical Assistant	Providing confidential information of traffic fines to a traffic violation specialist	29.09.2017	Final warning	04.12.2017
Cashier/Clerk	Contravening the eNatis policy document that was signed by employee in that she as a Cashier/Clerk unlawfully worked on the user name and password of a colleague who left the service on 31 March 2017, up until 21 April 2017. She further made print-outs on the i-Force system, which she were not permitted to do in the name of a colleague up to 3 August 2017.	13.11.2017	Final warning	04.12.2017
Disaster Management Officer	Illegal activity and theft on 14 June 2017	3 July 2017	Services terminated	14.12.2017
Manager: Occupational Health	In his capacity as Acting Executive Director: Public Health he signed a SLA with Milongani for which he had no authority, and circumvented the Council's recruitment and selection process by appointing Riaan Le Roux via Milongani and circumvented the SCM process to appoint Milongani for the waste diversion and beneficiation project.	06.07.17	Suspension uplifted	11.12.2017
Engineering Artisan	Attempted to assault a colleague with a knife and damaged municipal property on 3 November 2017 while intoxicated.	17.11.2017	Dismissed	15.12.2017
Traffic Officer	Contravention of the eNatis policy document that was signed by him in that he as a supervisor unlawfully worked or instructed a subordinate to work on the user name and password of a colleague who left the service on 31 March 2017, up until 21 April 2017. He made print-outs or instructed a subordinate to make print-outs on the i-Force system, which they were not permitted to do, in the name of a colleague up to 3 August 2017.	25.10.2017	Found not guilty	12.03.2018
Senior Clerk	Instructing subordinates to provide confidential information regarding traffic fines to a traffic violation specialist	03.10.2017	Found not guilty	01.03.2018
Senior Superintendent	Fraudulent and grossly negligent conduct pertaining to his interaction with service providers and alterations that were made to the minimum requirements of the tender log sheets of various tenderers.	23.03.2018	Hearing commenced	Ongoing
Deputy Director: Beaches	Failure to consult with staff and disregard of instructions from her superiors constituted a direct threat to the Municipality maintaining its Blue Flag status for beaches and	23.03.2018	Hearing commenced	Ongoing

Number and Period of Suspensions (1 July 2017 to 30 June 2018)				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	successfully hosting major events, such as the Ironman Championships and World Championship events. Her conduct s resulted in employees in key positions going on stress leave.			
Metro Police Officer	Arrested on 26 March 2018 for drinking and driving.	26.03.2018	Hearing commenced	Ongoing
Metro Police Officer	Misrepresentation during the interview process and when completing the "Application for Employment" form, by omitting the fact of a criminal record.	25.05.2018	Matter commenced	Ongoing
Metro Police Officer	Misrepresentation during the interview process and when completing the "Application for Employment" form, by omitting the fact of a criminal record.	25.05.2018	Matter commenced	Ongoing
Metro Police Officer	Misrepresentation during the interview process and when completing the "Application for Employment" form, by omitting the fact of a criminal record.	25.05.2018	Matter commenced	Ongoing

TABLE 4.7: Disciplinary Action Taken on Cases of Financial Misconduct

Position	Nature of Alleged Misconduct and Rand value of any loss to the Municipality	Disciplinary Action Taken	Date Finalised
Chief Financial Officer	Irregular payments	Settlement agreement reached	28.02.2018
Assistant Director: Contracts Management*	Provided advice wrong in law, resulting in irregular expenses	Services terminated	12.12.2017
Senior Superintendent	Irregular payments	Ongoing	
Manager: Environmental Management	Irregular payments	Ongoing	
Project Officer	Irregular payments	Ongoing	

*Subsequently, the incumbent lodged an appeal and won her case at the South African Bargaining Council and reinstated in her position.

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

During the 2017/18 financial year, twenty-four (24) officials were either placed on suspension or were already on suspension emanating from the previous financial year. Fifteen (15) matters involving suspension were finalised, while nine (9) are still ongoing. Six (6) cases of financial misconduct were reported: three (3) cases were finalised and three (3) are ongoing.

4.3 PERFORMANCE REWARDS

Designations	Beneficiary profile						
	Gender	Period Reviewed	Expenditure on Rewards (Year 1)	Total Number of Employees in Group	Number of beneficiaries	Proportion of Beneficiaries within Group	Payment
			R000			%	Date
N / A							

COMMENT ON PERFORMANCE REWARDS

The 2016/17 Annual Performance Review has been completed and no senior manager qualified for a performance bonus. The 2017/18 Annual Performance Review will only take place in March 2019 after the adoption of the 2017/18 Annual Report by Council, which includes the Auditor-General's Audit Report.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The Municipality has a Workplace Skills Plan in place for the training and development of its staff and the unemployed. In terms of this Plan, a total of approximately 300 employees participated in different learning programmes and interventions during the 2017/18 financial year. The relatively lower number of staff trained during the 2017/18 financial year is attributed to prolonged supply chain management processes in respect of the appointment of training service providers. This process was concluded at the end of the financial year (30 June 2018). The implementation of the WSP will continue in the 2018/19 financial year.

A total of 306 graduates and experiential learners received workplace training in various fields. A total of 310 persons participated in Adult Education and Training (AET). A total number of 35 unemployed learners commenced with apprenticeship training in the field of boilermaking, fitting, electricity, bricklaying and carpentry. The funding for unemployed programmes comes from the Local Government Sector Education and Training Authority (LGSETA).

4.4 SKILLS DEVELOPMENT AND TRAINING

TABLE 4.9: Skills Matrix

Skills Matrix														
Management Level	Gender	Employees in post as at 30 June 2018 (Year 0)	Number of Skilled Employees required and actual as at 30 June 2018 (Year 0)											
			Learnerships			Skills Programmes & other Short Courses			Other Forms of Training			Total		
			No.	Actual: End of Year -1 (2016-17)	Year 0 Target (2017-18)	Actual: End of Year 0 (2017-18)	Actual: End of Year -1 (2016-17)	Year 0 Target (2017-18)	Actual: End of Year 0 (2017-18)	Actual: End of Year -1 (2016-17)	Year 0 Target (2017-18)	Actual: End of Year 0 (2017-18)	Actual: End of Year -1 (2016-17)	Year 0 Target (2017-18)
MM and S56	Female					0		0				0		0
	Male					0		0				0		0
Councillors, senior officials and managers	Female					46		35				90		35
	Male					100		50				127		50
Technicians and associated professionals*	Female		1			8		24				30		24
	Male		12			62		62				72		62
Professionals	Female		7		2	47		60				81		62
	Male		8		2	62		59				417		61
Sub total	Female		8		2	101		119				201		121
	Male		20		2	224		171				616		173
Total			28		4	325		290				817		294

TABLE 4.10: Financial Competency Development: Progress Report

Description	A. Total Number of Officials Employed by Municipality (Regulation 14(4)(a) and (c))	B. Total Number of Officials Employed by Municipal Entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency Assessments Completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total Number of Officials whose Performance Agreements Comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total Number of Officials that meet Prescribed Competency Levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting Officer</i>	1	1	2	2	2	0
<i>Chief Financial Officer</i>	0	1	1	1	1	0
<i>Senior Managers</i>	6	2	8	10	10	5
<i>Any other financial officials</i>	200	2	202	47	0	45
Supply Chain Management Officials						
<i>Heads of Supply Chain Management Units</i>	1	0	1	1	0	1
<i>Supply Chain Management Senior Managers</i>	2	0	2	2	0	1
TOTAL	210	6	216	63	13	52

TABLE 4.11: Skills Development Expenditure

R'000										
Management Level	Gender	Employees as at the Beginning of the Financial Year (1 July 2017)	Original Budget and Actual Expenditure on skills development Year 0 (2017-18)							
			Learnerships		Skills Programmes & other Short Courses		Other Forms of Training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S56	Female	36								
	Male	84								
Legislators, senior officials and managers	Female	64	0	0	356	70	0	0	356	70
	Male	133	0	0	884	171	247	0	1 131	171
Professionals	Female	235	0	0	2 630	356	434	0	3 064	356
	Male	307	0	0	10 557	369	1 120	0	11 678	369
Technicians and associate professionals	Female	120	0	0	679	68	196	0	875	68
	Male	341	379	259	5 602	337	3 203	0	9 185	596
Clerks	Female	976	0	216	4 249	269	0	0	4 249	485

R'000										
Management Level	Gender	Employees as at the Beginning of the Financial Year (1 July 2017)	Original Budget and Actual Expenditure on skills development Year 0 (2017-18)							
			Learnerships		Skills Programmes & other Short Courses		Other Forms of Training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
	Male	386	0	0	1 417	80	0	0	1 418	80
Service and sales workers	Female	281	0	0	2 001	37	0	0	2 001	37
	Male	532	0	0	3 89	23	0	0	3 894	23
Plant and machine operators and assemblers	Female	17	0	90	53	0	0	0	53	90
	Male	587	342	221	823	33	0	0	1 166	254
Elementary occupations	Female	389	25	918	2 142	92	41	0	2 209	1 011
	Male	2038	630	2 012	8 044	76	25	0	8 699	2 089
Sub-total	Female	218	25	1 224	12 113	893	671	0	12 809	2 117
	Male	4408	1 351	2 450	27 719	1 088	4 595	0	37 171	3 581
Total		6526	1 376	1 469	39 832	1 981	5 266	0	49 980	5 698

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON FINANCIAL COMPETENCY REGULATIONS

The Municipality recognises the impact of human resources development on service delivery. The Municipality has therefore implemented a systematic process through which employees are trained to acquire competencies that make them more self-reliant and improve their effectiveness in the realisation of its goals.

In its quest to demand quality training and development delivery to employees, Councillors and community members, the Municipality has implemented a training database consisting of a panel of accredited skills development providers and programmes approved through a stringent tender process.

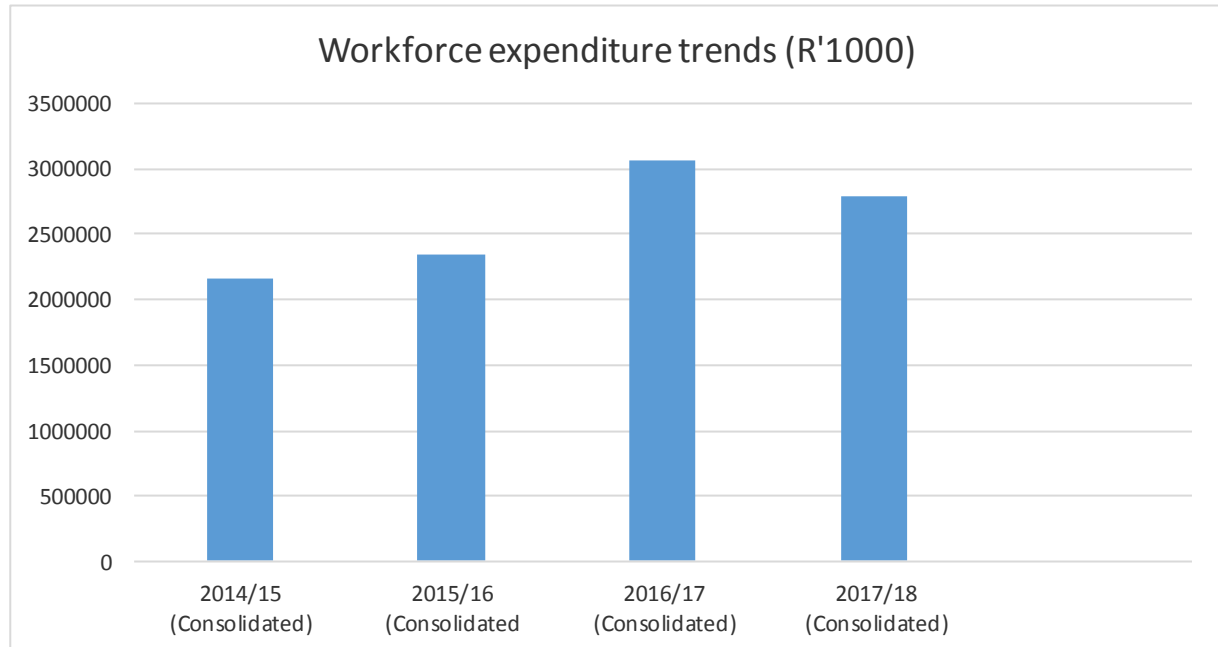
Over the review period, priority was also given to the implementation of National Treasury Regulation No. 29976 on minimum competency levels, published on 15 July 2007. Furthermore, the Municipality has committed itself to the development of a competence-based skills development plan, and is currently undertaking a skills audit of its labour force.

In the face of ongoing challenges in attracting, developing and retaining critically scarce skills, Council has adopted a Mentorship Strategy. The Mentorship Strategy is geared at ensuring career development, growth and succession planning. This initiative will also assist the institution in eliminating over-reliance on a few capable and technically qualified employees. The spin-offs will include sustained service excellence, accelerated service delivery, highly motivated employees, increased knowledge sharing and management, and the effective transfer of the critical and scarce skills and experience needed by the organisation.

The Municipality acknowledges the challenge of unemployment, particularly amongst graduates. The Municipality's Unemployed Graduate Placement Programme seeks to place individuals in the Municipality and businesses across the Metro. This initiative does not only seek to alleviate unemployment, but also provides graduates with opportunities to gain experience for entry into the job market.

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

FIGURE 4.2: Workforce Expenditure Trends



4.5 EMPLOYEE EXPENDITURE

TABLE 4.12: Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Cleaner	1	CTHPEM02	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Clerk	1	CTHWDC13	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Executive Secretary	1	CTHWDC10	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Coordinator: Property Management	1	CTHUIT03	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Senior Clerk	1	CTHPT_30	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Senior Clerk	1	CTHPT_25	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Artisan: Quality Control	2	CTHPEM80	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Deputy Director: Support Services	2	CTHPEM38	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Chief Clerk	2	CTHWDC11	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Deputy Director: SDEA	2	CTHPEM17	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
General Worker	3	CTHPEM04	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Senior Clerk	5	CTHWDC12	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Manager: Creditors	7	CTHPEM16	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Administrator: SDEA	10	CTHPEM15	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
General Worker	16	CTHPEM05	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Team Leader	20	CTHPEM11	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Coordinator: Municipal Court	24	CTHPEM13	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Senior Superintendent: Operations	26	CTHPEM14	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Clerk / Administrative Assistant	36	CTHPEM07	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Senior Traffic Officer	47	CTHPEM12	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Clerical Assistant	65	CTHPEM06	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Senior Clerk: Costing	87	CTHPEM09	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Clerk: Admini (Horticulture)	120	CTHPEM08	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement
Traffic Officer	137	CTHPEM10	N/A	Contractual to holder on grade of previous Conditions of Service/Municipality i.t.o. TASK Implementation Collective Agreement

Employees appointed to posts not approved

The approval of the "As Is" structure by Council in April 2016 incorporated all employees not on the Council approved structure in the past. At this stage, there are no employees in this category.

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

The SALGA Provincial Audit Committee (PAC) considered the Provisional Outcome Results (PORs) submitted by the Municipality. The provisional results were the outcomes of the evaluations that were conducted as part of the objections project. Some positions were upgraded when the Final Outcomes Results (FORs) were received from the SALGA PAC. However, it should be noted that no employees were upgraded in line with the FORs, as these results are yet to be approved by Council before implementation.

CHAPTER 5 - FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

It is quite challenging to contain inflationary pressures, as a number of key cost drivers are influenced and determined by external organisations. Bulk electricity price increases are determined by the National Energy Regulator of South Africa; bulk water price increases are determined by the Department of Water and Sanitation; and salary increases are influenced by negotiations through the South African Local Government Bargaining Council.

In order to contain certain costs, the Municipality is implementing an Operational Efficiencies Work Plan so as to embed efficiency into its operations. The City Manager has issued a written communication, conferring on all NMBM Executive Directors the responsibility to monitor the implementation of the Operational Efficiencies Work Plan (cost containment measures). To this end, Executive Directors are responsible for approving any expenditure incurred against items that are listed in the Operational Efficiencies Work Plan. This delegation means that there is a responsibility for reporting by municipal directorates to the Executive Management Committee and the respective Portfolio Committees.

In providing an overview of the key successes and outcomes for the 2017/18 financial year, it is necessary to compare the 2017/18 Adjustments Budget, the actual financial results, the actual cash inflows and outflows, and the actual expenditure and revenue trends over the period 01 July 2017 to 30 June 2018.

The financial performance highlights, based on the audited results, are as follows:

Financial Performance:

Actual operating revenue amounted to R9.54 billion, whilst actual operating expenditure amounted to R8.83 billion, resulting in an operating surplus of R712.112 million. The 2017/18 Adjustments Budget for operating revenue amounted to R9.65 billion, whilst operating expenditure amounted to R9.67 billion, resulting in a budgeted deficit of R25.02 million. The

operating surplus achieved, indicates that the Municipality performed better than anticipated in the 2017/18 Adjustments Budget. However, the combined operating revenue for Property Rates and Service Charges was lower than anticipated in the 2017/18 Adjustments Budget, due to the following factors:

Property Rates

During the 2017/18 financial year, property rates revenue raised, amounted to R2.008 billion, compared to the Adjustments budgeted amount of R1.940 billion. It is, however, important to note that revenue raised, has been reduced by an amount of approximately R112.05 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Property rates revenue raised was approximately R66.858 million more than anticipated.

Service Charges – Electricity Revenue

Electricity revenue raised amounted to R3.483 billion, compared to the Adjustments budgeted amount of R3.724 billion during the 2017/18 financial year. It is, however, important to note that revenue raised, has been reduced by an amount of approximately R56.84 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Electricity revenue raised, was approximately R240.075 million less than anticipated. It is, however, of concern that electricity revenue raised in 2017/18 was approximately R93.467 million lower than the R3.576 billion raised during the 2016/17 financial year. The impact of the price elasticity of demand, the consistent annual increase in electricity losses and other factors affecting the electricity revenue stream require urgent attention to mitigate the variance between electricity revenue budgeted and electricity revenue raised.

Service charges – Water Revenue

During the 2017/18 financial year, water revenue raised, amounted to R1,074 billion, compared to the Adjustments budgeted amount of R1.004 billion. It is, however, important to note that revenue raised, has been reduced by an amount of approximately R161.85 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Water revenue raised, was approximately R70.222 million more than anticipated. This is attributable to actual water consumption patterns being higher than the anticipated reduction in use due to drought and

higher tariffs. The original 2017/18 Operating Budget required from water tariffs was R714.594 million. Due to the implementation of punitive water tariffs to assist in managing a severe drought environment and the use of the scarce water resource an additional R359.518 million in water revenue above the budgeted target was raised. Unfortunately, water losses increased from 35.5% (in 2016/17) to 41.1% (in 2017/18). In addition, the water debtors reflected a significant growth in net debtors from R303,18 million (in 2016/17) to R436.48 million (in 2017/18).

Service Charges – Sanitation Revenue

During the 2017/18 financial year, sanitation revenue raised, amounted to R457.14 million, compared to the Adjustments budgeted amount of R504.41 million. The revenue raised, has been reduced by an amount of approximately R210.76 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Sanitation revenue raised, was approximately R47.26 million less than anticipated. The harsh economic environment in the NMBM area resulted in more consumers qualifying for ATTP rebates than originally anticipated.

Service Charges – Refuse Revenue

Refuse revenue raised, amounted to R167.80 million, compared to the Adjustments budgeted amount of R186.90 million. Revenue raised has been reduced by an amount of approximately R114.18 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Refuse revenue raised, was approximately R19.10 million less than anticipated.

Property Rates and Services Revenue:

The Table below reflects the revenue streams, excluding revenue foregone:

TABLE 5.1: Property Rates and Services Revenue

Property Rates and Services	2017/18 Adjustments Budget R	Actuals 2017/18 as per AFS R	Variance R	%
Property Rates	1,940,747,180	2,007,605,470	66,858,290	3.44%
Electricity	3,723,756,123	3,483,008,842	(240,747,281)	(6.47%)
Water	1,003,889,581	1,074,111,722	70,222,141	7.00%

Property Rates and Services	2017/18 Adjustments Budget R	Actuals 2017/18 as per AFS R	Variance R	%
Sanitation	504,405,750	457,144,181	(47,261,569)	(9.37%)
Refuse	186,898,455	167,800,660	(19,097,795)	(10.22%)
Total	7,359,697,089	7,189,670,875	(170,026,214)	(2.31%)

Revenue foregone, amounted to R655,690,855, compared to the budgeted provision of R580,055,750. The revenue foregone relates to the ATTP rebates for consumers qualifying as poor residents of the Nelson Mandela Bay municipal area. The revenue foregone has been financed by applying the Equitable Share allocation to assist the poor.

Rental of facilities and equipment:

During the 2017/18 financial year, R22.47 million was raised from the rental of facilities and equipment, compared to the Adjustments budgeted amount of R30.25 million. However, due to the recategorisation of line items, the Adjustments Budget was recategorised in respect of this revenue category as follows: -

TABLE 5.2: Rental of Facilities and Equipment

Rentals of Facilities and Equipment	2017/18 Adjustments Budget	2017/18 Actuals	Variance
:Market Related:Investment Property:Straight-lined Operating	-4,085,400	-5,829,989	1,744,589
Non-market Related:Investment Property:Ad-hoc rentals	-1,688,700	-4,472,449	2,783,749
Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Solid Waste Infrastructure	-4,916,860	-3,920,134	-996,726
Total	-10,690,960	-14,222,572	3,531,612

The Annual Financial Statements therefore indicate that revenue raised for the rental of facilities and equipment is approximately R3.42 million more than the anticipated amount of R19.05 million.

Fines:

Fines Revenue

This revenue source as per the 2017/18 Consolidated Annual Financial Statements had an actual received of R213.07 million, compared to the 2017/18 Adjustments budget estimate of R256.31 million. However, this does not reflect the cash that was collected. Due to GRAP

being applied in respect of traffic fines revenue, the Municipality must in its financial records disclose the value of fines issued. Therefore, the traffic fines revenue of R213.07 million must also be analysed against the impairment of fines, as disclosed under the Statement of Financial Performance line item *Impairment – Other*, in the amount of R141.84 million. The remaining balance would then consist of cash collected and traffic fines issued, that is still regarded as recoverable.

Transfer Recognised – Operational:

The revenue amounted to R1.579 billion, compared to the Adjustments budgeted amount of R1.499 billion. The main variance is the fuel levy transfer that is funding both the Operating Budget and the Capital Budget. However, the current interpretation of National Treasury is that fuel levy should be recognised as an operating revenue and then be treated as an internally funded revenue source (through the Capital Replacement Reserve) to fund the Capital Budget. Therefore, the actual operating grants balance had been increased by R317.16 million, whilst the actual capital grants/transfers had decreased by the same amount. The frustrations with the Provincial Treasury allocation for housing top structures to the NMBM continues, as only R4.795 million of the budgeted R120.12 million was received during the 2017/18 financial year.

The following accounts for the performance of grants and explains the variance:

DORA Operating Grants:

1. Expanded Public Works Programme (EPWP)

This grant serves to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery.

DORA Allocation:	R4,807,000
Amount of Grant Received:	R4,807,000
2016/17 Roll-over	R 290,648
Expenditure to date:	R5,097,648
Unspent as at 30 June 2018	R 0

As at 30 June 2018, 100% of the DORA allocation and the 2016/17 roll-over was spent.

2. Public Transport Networks Operations

This grant provides supplementary operational funding in order to operationalise the IPTS project within the NMBM.

DORA Allocation:	R68,324,000
Amount of Grant Received:	R68,324,000
2016/17 not off-set against E-share:	R 420,374
Expenditure to date:	R68,559,829
Unspent as at 30 June 2018:	R 184,545

As at 30 June 2018, 99.76% of the DORA allocation was spent. An amount of R184,545 remained unspent for the 2017/18 financial year. As no application was made to National Treasury, these funds will be off-set against the November 2018 Equitable Share allocation.

3. Infrastructure Skills Development

This grant strengthens the capacity of local government to effectively and efficiently deliver quality infrastructure, by increasing the pool of skills.

DORA Allocation:	R15,394,000
Amount of Grant Received:	R15,394,000
Expenditure to date:	R11,747,535
Unspent as at 30 June 2018:	R 3,646,465

The Infrastructure Skills Development DORA allocation was not been fully spent during 2017/18 financial year. An amount of R3,646,465 remained unspent as at 30 June 2018. No application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury, as no contractual commitments existed as at 30 June 2018. Funds will be off-set against the November 2018 Equitable Share allocation.

4. Finance Management Grant

This grant promotes and supports reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R1,050,000
Amount of Grant Received:	R1,050,000
Expenditure to date:	R1,050,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

5. Human Settlements Development Grant

This grant provides funding to create sustainable human settlements that enable the improved quality of household life, as well as improved access, integration and settlements:

Unspent as at 30 June 2017	R	1,874,752
Amount of Grant Received:	R	9,682,619
Debtors raised	R	213,093,224
Reversal of prior year accrual	(R217,980,531)	
Expenditure to date:	R	(4,795,313)
Unspent as at 30 June 2018:	R	1,874,751

As this grant is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

As at financial year-end, a debtor was raised in the amount of R213,093,224 for outstanding claims to be paid by Provincial Treasury for top structures built by the Municipality, based on an Agency Agreement Basis. As at 30 June 2018, the Municipality was bridge-funding this project by approximately R196.53 million, increasing from R194.4 million in the 2016/17 financial year. This had an impact on the Municipality's cash flow, as well as its investment portfolio, resulting in less interest revenue earned and/or not funding critical projects that could enhance the revenue base of the institution.

6. Urban Settlements Development Grant

This grant assists metropolitan municipalities in improving urban land production, to the benefit of poor households, as well as improving spatial integration and densities, by supplementing their budgets.

DORA Allocation:	R59,182,005
Adjustments DORA additional allocation	R18,000,000
Amount of Grant Received:	R77,182,005
Expenditure to date:	R77,182,005
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

Other Operating Grants

7. Provincial Department of Human Settlements: Accreditation Grant

This grant is used for capacity building towards Level 3 accreditation in the preparation of the NMBM in human settlements matters.

Unspent as at 30 June 2017:	R 1,973,952
Expenditure to date:	R 0
Unspent as at 30 June 2018:	R 1,973,952

No funds were spent during 2017/18. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

8. European Union Grant (3rd Tranche)

This grant contributes to the improvement of the quality of life of marginalised people in urban areas within the framework of the South African Government's Urban Renewal Programme.

Unspent as at 30 June 2017:	R1,865,362
Expenditure to date:	R 0
Unspent as at 30 June 2018:	R1,865,382

The spending incurred against the unspent European Union Grant amounted to 0%, as at 30 June 2018.

9. National Lotteries

This grant is used to fund arts and culture programmes.

Unspent as at 30 June 2017:	R 1,660,389
Expenditure to date:	R 128,528
Unspent as at 30 June 2017:	R 1,477,861

The spending incurred against the unspent National Lotteries grant amounted to 7.74%, as at 30 June 2018.

10. Provincial Government Grants: Library Services

This grant is used to subsidise municipal libraries.

Received	:	R15,000,000
Expenditure to date:		R15,000,000
Unspent as at 30 June 2018:	R	0

As at 30 June 2018, the subsidy was fully spent.

11. Smart Grid Initiative

This grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Unspent as at 30 June 2017:	R	711,836
Amount of Grant Received:	R	0
Expenditure to date:	R	0
Unspent as at 30 June 2018:	R	711 836

As at 30 June 2018, 0% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

12. Department of Public Service and Administration Grant

This grant is used for the improvement of front-line public service delivery in South Africa.

Unspent as at 30 June 2017:	R	0
Amount of Grant Received:	R	733,270
Expenditure to date:	R	492,114
Unspent as at 30 June 2018:	R	241,156

As at 30 June 2018, 67.11% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

13. LGSETA Discretionary Learnership Funding

This grant is used to facilitate access to skills development, education and training in the local government sector and community in general.

Unspent as at 30 June 2017:	R	4,957,859
Amount of Grant Received:	R	3,436,246
Expenditure to date:	R	4,846,628
Unspent as at 30 June 2018:	R	3,547,477

As at 30 June 2018, 57,74% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

14. Provincial Dept Agency: Communication Grant

This grant is used for the roll out of public Wi-Fi to all Municipal Libraries, Customer Care centres and Ttraffic Licencing centres.

Unspent as at 30 June 2017:	R	872,782
Amount of Grant Received:	R	0
Expenditure to date:	R	0
Unspent as at 30 June 2018:	R	872,782

As at 30 June 2018, 0% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

15. Department of Roads and Public Works Grant

This grant is used to fund the maintenance of Provincial roads in the Metropolitan area.

Unspent as at 30 June 2017:	R	0
Amount of Grant Received:	R	9,422,754
Expenditure to date:	R	9,422,754
Unspent as at 30 June 2018:	R	0

As at 30 June 2018 the allocation was fully spent.

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The following grants were unspent as at 30 June 2018:

TABLE 5.3: Unspent Grants

Description	Amount (R)
DORA Grants	
Public Transport Networks Operations Grant	184,546
Infrastructure Skills Development Grant	3,646,465
	3,831,011
Other Grants	
Municipal Human settlements Capacity Grant	1,973,952
PHB Subsidies	1,874,751
EU Grant	1,865,383
National Lotteries Grant	1,477,861
LGSETA Discretionary Learnership Funding	3,547,477
Provincial Department Agency: Communication Grant	872,782
Other Grants	3,842,437
Smart-Grid Initiative Grant	711,836
Department of Public Service and Administration Fund	241,156
	16,407,635
Total Unspent Operational Conditional Grants	20,238,646

The unspent portion of the Public Transport Networks Operations Grant must be paid over to the National Revenue Fund or will be off-set against the November 2018 Equitable Share if National Treasury does not approve the roll-over of the unspent grant to the 2018/19 financial year. The Infrastructure Skills Development Grant is normally not approved for roll-over purposes by National Treasury, due to the expenditure nature of employee related costs, which cannot be contractually committed as at 30 June 2018.

It is also noted that the following grants reflected no movement in their unspent balances in the 2017/18 financial year: Municipal Human Settlements Capacity Grant, PHB subsidies, EU Grant, Provincial Department Agency: Communication Grant, and Smart-Grid Initiative Grant. It is important to review the grants and to determine why no spending was incurred.

Interest Earned – External Investments:

Interest earned – External investments was R33.45 million higher than anticipated in the 2017/18 Adjustments Budget. Interest earnings were influenced by the extent of the Municipality's investment portfolio throughout the financial year mainly due to the high level of unspent conditional grants during the 2017/18 financial year. The interest earned could, however, have been significantly higher, had it not been for the bridge-funding of housing

projects in the amount of approximately R194.4 million. Management should focus on reducing the bridge-funding to approximately R100 million over the short term, as it impacts significantly on the cash position of the Municipality.

Interest Raised – Outstanding Debtors:

Interest Raised – Outstanding debtors amounted to R46.27 million more than the Adjustments budgeted amount of R178.36 million. Interest is also influenced by the extent of outstanding debtors. The pre-audited Consolidated Annual Financial Statements reflected the growth of Property Rates and Service debtors as from 2016/17 financial year to the 2017/18 financial year as follows: -

TABLE 5.4: Interest Raised Outstanding Debtors

2016/17	Gross Balances	Impairment Allowance	Carrying Amount
Electricity	1,160,563,033	(454,517,876)	706,045,157
Water	751,755,685	(448,477,275)	303,278,410
Refuse	201,273,871	(142,825,766)	58,448,105
Sanitation	368,314,760	(231,159,232)	137,155,528
Property Rates	949,576,612	(620,516,206)	329,060,406
House Rentals	27,474,915	(17,379,732)	10,095,183
Total	3,458,958,876	(1,914,876,087)	1,544,082,789
2017/18			
Electricity	1,166,950,980	(503,360,394)	663,590,586
Water	1,227,068,053	(790,591,133)	436,476,920
Refuse	254,925,150	(183,470,006)	71,455,144
Sanitation	418,710,427	(284,328,421)	134,382,006
Property Rates	1,142,417,612	(750,700,559)	391,717,053
House Rentals	35,216,826	(24,987,031)	10,229,795
Total	4,245,289,048	(2,537,437,544)	1,707,851,504

The above Table clearly indicates that the water service debt increased significantly during the 2017/18 financial year. The extent of the growth in consumer debt was higher than originally anticipated and therefore the interest earned on outstanding debtors followed the same trend. The interest raised on outstanding debtors may not necessarily result in a cash inflow for the Municipality. The Municipality may only charge 9% interest on overdue accounts.

Licenses and Permits:

Licenses and permits revenue was R6.986 million less than anticipated in the 2017/18 Adjustments budget, mainly due to the following:

The revenue earned from Driver's License Card Conversions amounted to R8.76 million in 2017/18. The following resulted in the actual revenue being below the required level:

- Legislation does not specify where card conversions must take place. With such services also being provided by neighbouring municipalities, there is a risk of competition with them in providing driver's license services. Strategies should be put in place to ensure that local residents view the NMBM as the preferred service provider for driver's license services.
- Provision of licensing services are impacted by broken machines that are not timeously repaired by the Provincial Government.

TABLE 5.5: Licenses and Permits

Item description	2017/18 Adjustments Budget R	2017/18 Actual R	Variance R
Drivers Licence Cards	11,194,280	8,756,520	2,437,760
Learners Licence Application Fees	5,088,000	3,976,228	1,111,772
Drivers Licence Application Fees	6,117,930	2,541,558	3,576,372
TOTAL	22,400,210	15,274,306	7,125,904

Other Revenue:

Other revenue was R41.13 million less than anticipated in the 2017/18 Adjustments budget, mainly due to the following:

TABLE 5.6: Other Revenue

Other Revenue	2017/18 Adjustments Budget	2017/18 Actuals	Variance
Operational Revenue:Administrative Handling Fees	-8,438,477	-22,923,630	14,485,153
Operational Revenue:Collection Charges	-4,042	-3,349,250	3,345,208
Operational Revenue:Insurance Refund	-4,477,766	0	-4,477,766
Operational Revenue:Sale of Property	-122,919	-752,110	629,191
Sales of Goods and Rendering of Services:Advertisements	-4,126,930	-6,519,580	2,392,650
Sales of Goods and Rendering of Services:Cleaning and Removal	-235,187	-14,404,890	14,169,703
Sales of Goods and Rendering of Services:Entrance Fees	-6,356,349	-12,808,970	6,452,621
Sales of Goods and Rendering of Services:Housing (Boarding Services):Private	-7,024,507	-10,503,670	3,479,163
Sales of Goods and Rendering of Services:Laboratory Services	-637,229	-1,304,180	666,951
Sales of Goods and Rendering of Services:Legal Fees	-12,133,569	-23,824,670	11,691,101
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Recycling of Waste	-11,774,230	-14,504,470	2,730,240
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Treatment Effluent	-25,347,277	-28,920,790	3,573,513
Sales of Goods and Rendering of Services:Transport Fees	-854,254	-5,755,990	4,901,736
Total	-81,532,737	-145,572,200	64,039,463

Operating expenditure was lower than anticipated in the 2017/18 Adjustments Budget, due to the following factors:

Employee related costs:

Actual expenditure was R2.803 billion, compared to the Adjustments budgeted amount of R2.908 billion, resulting in underspending of R105.02 million. The underspending is mainly attributable to the line items indicated in the table below.

TABLE 5.7: Employee Related Costs

Employee Related Costs	2017/18 Adjustments Budget	2017/18 Actual	Variance
Municipal Staff:Post-retirement Benefit:Pension:Current Service Cost	76,247,950	179,620,453	103,372,503
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	21,146,890	16,778,174	-4,368,716
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Housing Benefits	15,344,790	11,664,573	-3,680,217
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	11,628,270	15,840,754	4,212,484
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	133,569,110	122,404,398	-11,164,712
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	23,617,940	18,063,180	-5,554,760
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	83,068,540	136,990,263	53,921,723
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	128,952,940	134,006,011	5,053,071

Employee Related Costs	2017/18 Adjustments Budget	2017/18 Actual	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	14,937,250	20,718,512	5,781,262
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	65,556,900	59,292,866	-6,264,034
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	1,702,866,460	1,509,846,682	-193,019,778
Municipal Staff:Salaries, Wages and Allowances:Bonuses	34,809,260	32,809,726	-1,999,534
Municipal Staff:Social Contributions:Medical	151,742,310	158,405,314	6,663,004
Municipal Staff:Social Contributions:Pension	272,991,780	268,608,971	-4,382,809
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	18,385,660	14,653,722	-3,731,938
Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	2,851,230	257,322	-2,593,908
Total	2,757,717,280	2,699,960,921	-57,756,359

Interest Expense – External Borrowings:

The interest expense is in line with the Municipality's loan repayment obligations.

Debt Impairment: Receivables

Bad debts are written off on Council's approval. The bad debts written off for the 2017/18 financial year amounted to R187,216,915. This is significantly lower than the bad debts written off in the 2016/17 financial year, which amounted to R599,720,059.

Write-offs in respect of arrears amounts reflected on the accounts of poor households prior to these households qualifying for ATTP subsidies are reflected in the Table below:

TABLE 5.8: Write-offs

Period	Capital	VAT	Total
2014/15	47,290,190.07	4,177,616.69	51,467,806.76
2015/16	36,433,157.18	3,285,414.60	39,718,571.78
2016/17	429,161,048.51	39,190,453.06	468,351,501.57
2017/18	32,273,234.02	3,128,872.28	35,402,106.30

Write-offs in respect of arrears amount to over ninety days reflected on the accounts of poor households qualifying for the ATTP subsidy are reflected below:

TABLE 5.9: Write-offs

Period	Capital	VAT	Total
2014/15	97,644,607.19	10,674,551.72	108,349,158.91
2015/16	90,758,098.45	10,211,901.07	100,969,999.52
2016/17	130,374,723.69	15,080,772.58	145,455,496.27
2017/18	155,943,968.99	17,995,588.94	162,939,557.93

Debt Relief Programme: Write-offs

TABLE 5.10: Write-offs

Period	Capital	VAT	Total
2014/15	114,387,293.15	9,507,544.42	123,894,837.57
2015/16	70,313,014.35	5,600,160.44	75,913,174.79
2016/17	41,913,506.80	3,609,129.06	45,522,635.86
2017/18	62,440.06	4,167.37	66,607.43

The automatic write-off in respect of ATTP customers outstanding for ninety days and over is a bad practice and requires the attention of Council, for the following reasons. Firstly, it implies that the Municipality has no control over this matter: an amount of R162.94 million was not subjected to proper credit control principles. Secondly, it implies that more than 101,000 or 27% of 373 393 households receive an open cheque. Thirdly, it serves as an incentive for consumers not to pay municipal services, as their debts can simply be written off. Procedures should be put in place to determine whether or not each account in the Metro should be written off. This will ensure that the Municipality has applied its mind to each rand outstanding.

TABLE 5.11: Debt Impairment - Receivables

Org	Directorate	Category	2017/18 Adjustments Budget	2017/18 Actual	Variance
1477	Electricity & Energy	Provision for Doubtful Debts	226,475,720	42,282,530	184,193,190
1198	Budget & Treasury	Provision for Doubtful Debts	123,504,000	127,588,983	- 4,084,983
1412	Metro Water Service	Provision for Doubtful Debts	67,279,000	287,054,796	- 219,775,796
1193	Public Health - Refuse	Provision for Doubtful Debts	16,733,330	34,255,534	- 17,522,204
1411	Sanitation - Metro	Provision for Doubtful Debts	38,680,120	42,431,033	- 3,750,913
1198	Budget & Treasury	Bad Debts	-	33,731,137	- 33,731,137
1477	Electricity & Energy	Bad Debts	-	10,008,009	- 10,008,009
1412	Metro Water Service	Bad Debts	-	106,224,221	- 106,224,221
1193	Public Health	Bad Debts	-	11,401,096	- 11,401,096
1411	Sanitation - Metro	Bad Debts	-	34,270,083	- 34,270,083

Org	Directorate	Category	2017/18 Adjustments Budget	2017/18 Actual	Variance
1191	Human Settlements	Bad Debts	-	3,461,408	- 3,461,408
1194	Recreational & Cultural Services	Bad Debts	-	75,914	- 75,914
1195	Safety & Security	Bad Debts	-	284,691	- 284,691
Total			472,672,170	733,069,435	- 260,397,265

Debt Impairment – Receivables in the amount of R730,844,488 was R257.972,318 million more than the R454,191,108 as anticipated in the 2017/18 Consolidated Adjustments Budget, mainly due to outstanding water service debtors increasing materially over the 2017/18 financial year, as a result of punitive water tariffs.

Bulk Purchases:

The actual bulk purchases of electricity exceeded the 2017/18 Adjustments Budget by R5.84 million, despite a 1.07% reduction in the units purchased, compared to the 2016/17 financial year. Electricity bulk purchases were been overspent in the amount of R5.84 million, or 0.2%. However, electricity losses increased from 13.6% in the 2016/17 financial year to 13.95% in the 2017/18 financial year. Effective strategies should be put in place to eliminate electricity losses, which could also assist in reducing electricity purchases. The electricity bulk purchases: purchase of power – *Eskom* vote was also impacted by approximately R24 million spent in respect off Green Energy resources.

TABLE 5.12: Bulk Purchases

Item	Item Description	Estimate	Actual	Balance	%
	Purchase of Power				
1390	Purchase of Power - Eskom	2,887,187,170	2,893,025,688.01	-5,838,518.01	100
	Purchase Of Water				
1303	Irrigation Board - Gamtoos River	3,028,350	2,332,472.79	695,877.21	77
1304	Irrigation Board - Sundays River	1,700,970	2,359,336.43	-658,366.43	139
3387	Water Purchases	137,586,530	116,825,436.63	20,761,093.37	85

Water bulk purchases were lower than anticipated. The water drought restrictions on water usage assisted in this regard. However, the water losses increased from 35.5% in the 2016/17 financial year to 41.1% in the 2017/18 financial year. Urgent strategies to reduce water losses is critical to mitigate the severity of future drought periods.

Transfers and Grants:

Actual expenditure was R31.59 million, compared to the Adjustments budgeted amount of R89.83 million, resulting in underspending of R58.24 million.

Contracted Services, Other Expenditure and Other Materials:

Due to the ongoing implementation of the Municipal Standard Chart of Accounts, the Municipality recategorised certain line items to the more appropriate expenditure categories. It must be noted that every year the National Treasury provides a new version of the Standard Chart of Accounts, which in certain instances requires changes in expenditure categories. Therefore, the variances for all three categories will be provided at the SCOA line item format that is aligned to the Consolidated Annual Financial Statements. The combined actual spending for the three categories was R1.613 billion against an Adjustments Budget of R1.972 billion, resulting in underspending of approximately R369.58 million. The Table below highlights some of the major variances.

TABLE 5.13: Contracted Services, Other Materials and Other Expenditure

Contracted Services, Other Materials and Other Expenditure	2017/18 Adjustments Budget	2017/18 Actual	Variance
Contracted Services:Consultants and Professional Services:Business and Advisory:Forensic Investigators	7,387,970	0	7,387,970
Contracted Services:Consultants and Professional Services:Business and Advisory:Project Management	4,199,420	1,248,579	2,950,841
Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Architectural	1,542,450	-2,373	1,544,823
Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	8,326,600	4,691,734	3,634,866
Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Engineering:Electrical	21,839,500	24,065,571	-2,226,071
Contracted Services:Consultants and Professional Services:Legal Cost:Collection	25,813,360	18,611,068	7,202,292
Contracted Services:Consultants and Professional Services:Legal Cost:Issue of Summons	5,160,240	0	5,160,240
Contracted Services:Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	40,210,070	44,029,466	-3,819,396
Contracted Services:Contractors:Building	133,940,300	14,513,345	119,426,955
Contracted Services:Contractors:Catering Services	7,840,260	658,066	7,182,194
Contracted Services:Contractors:Gardening Services	3,089,860	2,070,763	1,019,097
Contracted Services:Contractors:Maintenance of Buildings and Facilities	68,568,040	54,443,148	14,124,892
Contracted Services:Contractors:Maintenance of Equipment	149,315,150	114,239,706	35,075,444
Contracted Services:Contractors:Maintenance of Unspecified Assets	40,170,410	37,345,013	2,825,397
Contracted Services:Contractors:Management of Informal Settlements	1,038,240	5,772,543	-4,734,303
Contracted Services:Contractors:Medical Services	3,629,250	486,369	3,142,881
Contracted Services:Contractors:Prepaid Electricity Vendors	6,683,310	4,679,038	2,004,272
Contracted Services:Contractors:Safeguard and Security	3,178,960	855,644	2,323,316
Contracted Services:Contractors:Sewerage Services	44,303,140	41,764,495	2,538,645
Contracted Services:Contractors:Transportation	1,818,380	67,455	1,750,925

Contracted Services, Other Materials and Other Expenditure	2017/18 Adjustments Budget	2017/18 Actual	Variance
Contracted Services:Outsourced Services:Administrative and Support Staff	2,706,520	393,164	2,313,356
Contracted Services:Outsourced Services:Alien Vegetation Control	6,675,290	1,492,101	5,183,189
Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	7,515,130	4,195,273	3,319,857
Contracted Services:Outsourced Services:Business and Advisory:Communications	7,004,090	4,115,328	2,888,762
Contracted Services:Outsourced Services:Business and Advisory:Project Management	316,974,090	291,602,805	25,371,285
Contracted Services:Outsourced Services:Business and Advisory:Research and Advisory	2,010,950	495,550	1,515,400
Contracted Services:Outsourced Services:Cleaning Services	2,972,240	569,237	2,403,003
Contracted Services:Outsourced Services:Clearing and Grass Cutting Services	32,543,740	27,598,414	4,945,326
Contracted Services:Outsourced Services:Connection/Dis-connection:Water	6,741,600	814,623	5,926,977
Contracted Services:Outsourced Services:Electrical	22,246,960	32,088,383	-9,841,423
Contracted Services:Outsourced Services:Hygiene Services	61,311,420	56,120,003	5,191,417
Contracted Services:Outsourced Services:Litter Picking and Street Cleaning	30,751,320	24,143,424	6,607,896
Contracted Services:Outsourced Services:Meter Management	15,705,630	9,020,970	6,684,660
Contracted Services:Outsourced Services:Refuse Removal	20,421,250	13,168,849	7,252,401
Contracted Services:Outsourced Services:Security Services	75,304,410	132,693,061	-57,388,651
Contracted Services:Outsourced Services:Sewerage Services	2,055,490	996,862	1,058,628
Contracted Services:Outsourced Services:Traffic Fines Management	15,117,160	13,364,824	1,752,336
Contracted Services:Outsourced Services:Transport Services	2,677,910	1,547,920	1,129,990
Inventory Consumed:Consumables:Standard Rated	28,938,080	19,498,288	9,439,792
Inventory Consumed:Consumables:Zero Rated	62,159,630	47,898,388	14,261,242
Inventory Consumed:Finished Goods	76,304,840	37,656,104	38,648,736
Operating Leases:Computer Equipment	3,198,790	1,731,471	1,467,319
Operating Leases:Furniture and Office Equipment	12,485,630	9,054,246	3,431,384
Operating Leases:Infrastructure:Solid Waste Disposal	6,979,270	4,239,401	2,739,869
Operating Leases:Other Assets	25,463,440	14,700,901	10,762,539
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	10,610,990	5,178,577	5,432,413
Operational Cost:Assets less than the Capitalisation Threshold	18,757,480	9,945,611	8,811,869
Operational Cost:Commission:Prepaid Electricity	19,918,740	15,683,648	4,235,092
Operational Cost:Commission:Third Party Vendors	4,852,480	2,674,398	2,178,082
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	11,703,650	13,516,477	-1,812,827
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	18,570,240	15,088,201	3,482,039
Operational Cost:Contribution to Provisions:Decommissioning, Restoration and Similar Liabilities:Non-specific	0	-40,354,907	40,354,907
Operational Cost:External Computer Service:Data Lines	2,533,510	1,224,960	1,308,550
Operational Cost:External Computer Service:Information Services	10,061,070	1,345,230	8,715,840
Operational Cost:External Computer Service:Specialised Computer Service	2,935,620	1,260,356	1,675,264
Operational Cost:External Computer Service:Wireless Network	6,524,780	11,079,008	-4,554,228
Operational Cost:Hire Charges	70,250,930	72,914,884	-2,663,954
Operational Cost:Insurance Underwriting:Premiums	13,032,140	9,281,929	3,750,211
Operational Cost:Insurance Underwriting:Risk Management Programs	1,241,690	16,839	1,224,851
Operational Cost:Intercompany/Parent-subsiidiary Transactions	83,261,040	62,748,267	20,512,773
Operational Cost:Learnerships and Internships	8,993,740	5,911,540	3,082,200
Operational Cost:Municipal Services	45,451,570	37,132,698	8,318,872

Contracted Services, Other Materials and Other Expenditure	2017/18 Adjustments Budget	2017/18 Actual	Variance
Operational Cost:Registration Fees:Seminars, Conferences, Workshops and Events:National	4,901,130	2,766,520	2,134,610
Operational Cost:Rewards Incentives	2,680,000	1,267,632	1,412,368
Operational Cost:Skills Development Fund Levy	23,277,460	21,995,000	1,282,460
Operational Cost:Travel and Subsistence:Domestic:Accommodation	2,045,870	838,268	1,207,602
Operational Cost:Workmen's Compensation Fund	3,133,640	5,342,142	-2,208,502
Total	1,789,057,560	1,375,596,498	413,461,062

Debt impairment: Other and Depreciation

Impairment – Other relates to the impairment of traffic fines. The total traffic fines issued to date not yet paid was R213,017,274 as at 30 June 2018. Traffic fines issued during 2017/18 amounted to R176,697,278. Based on historical trends of actual collection of traffic fines, an amount of R141,837,351 was calculated as the impairment value for traffic fines. (these traffic fines are very unlikely to be paid). Only R34,859,927 of the traffic fines issued was paid during the 2017/18 financial year.

TABLE 5.14: Depreciation and Impairment-Other

Description	2017/18 Original Budget	2017/18 Adjustments Budget	2017/18 Actual	2016/17 Restated Actual	2016/17 Actual	2015/16 Actual	2014/15 Actual
Depreciation	808,877,177	809,577,900	280,095,083	294,325,766	612,570,774	800,188,256	868,362,629
Impairment-Other							
Land and buildings						59,517,518	1,638,737
Moveable assets						24,233	733,243
Traffic Fines	165,022,170	165,022,170	141,837,351	165,679,512	165,679,512	154,403,489	31,144,372
Housing Debtors						81,168,189	0
MBDA			55,340	65,069			
Total	165,022,170	165,022,170	141,892,691	165,744,581	165,679,512	295,113,429	33,516,352

An Audit qualification was issued by the Office of the Auditor-General in respect of the 2016/17 financial audit. The Municipality has subsequently assessed the useful life of PPE and Intangible Assets and as a result had to restate the Depreciation and Amortisation of assets in order to disclose an accurate value of the Fixed Assets in the Statement of Financial Position. The adjustments to the financial statements required that adjustments be processed through the Depreciation and Amortisation accounts, as well as the Accumulative Depreciation and Amortisation Accounts. Amortisation applies to the depreciation in respect of Intangible Assets.

Conclusion

The 2017/18 Consolidated Annual Financial Statements disclosed a restated 2016/17 operating deficit of R49,478,977. The main contributor to this restatement was the impact of the reassessment of the useful life of PPE as a result of an Audit Qualification received in respect of the 2016/17 financial audit. Depreciation and amortisation of assets decreased from R612,570,774 in the 2016/17 Consolidated Annual Financial Statements to the 2016/17 restated amount of R294,327,766, as disclosed in the 2017/18 Consolidated Annual Financial Statements.

The 2017/18 Consolidated Annual Financial Statements reflected an operating surplus in the amount of R712,112,064 compared to the anticipated 2017/18 Adjustments Budget deficit of R25,023,883. The adjustments to Depreciation as a result of the assessment of the useful life of assets had contributed largely to the surplus position, as the actual for Depreciation of R280.095 million is approximately R529,48 million less than the budgeted R808,877 million. Savings in Employee Related Costs (R105.022 million), Other Materials, Other Expenditure and Contracted Services (R369.575 million) also assisted in the surplus outcome for the 2017/18 financial year.

Unfortunately, due to the escalating outstanding debtors environment of the Municipality, the Debt impairment had to be increased by approximately R234.843 million more than anticipated in the 2017/18 Adjustments Budget. The 93.1% collection rate on property rates and service debtors is lower than the 94% provided for in the 2017/18 Adjustments Budget.

Water services due to punitive drought water tariffs, and property rates contributed by raising more revenue than anticipated in the 2017/18 Adjustments Budget, However, electricity service, refuse and sanitation services performed poorly when compared to the 2017/18 Adjustments Budget. Taking into account the continuous annual increase in respect of the percentage of electricity and water losses, the escalating outstanding debtors and the reduced revenue streams against planned budgets, the Municipality should urgently implement strategies to address and mitigate the high risk it is exposed to, in order to prevent a deficit outcome for the 2018/19 financial year.

Financial Performance by Vote

Revenue as per Appendix K.1

Vote 1: Budget and Treasury

TABLE 5.15: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	159,095,163	123,504,000	-35,591,163
Contracted Services	108,982,507	111,967,720	2,985,213
Depreciation and Amortisation	-38,518,435	17,353,650	55,872,085
Employee Related Cost	409,029,071	376,796,130	-32,232,941
Finance Charges	1,433,144	1,612,930	179,786
Other Materials	3,141,880	5,077,490	1,935,610
Other Expenditure	9,622,708	63,036,190	53,413,482
Loss on the Disposal Of Property, Plant and Equipment	-662,515	0	662,515
Total Expenditure	648,981,643	699,348,110	50,366,467
Revenue by Category			
Interest Earned - External Investments	-153,093,842	-120,000,000	33,093,842
Other Revenue	-15,003,743	-29,395,420	-14,391,677
Rental of Facilities and Equipment	-14,708	0	14,708
Fines, Penalties and Forfeits	-33,253,774	-36,188,440	-2,934,666
Interest Raised - Outstanding Debtors	-80,141,603	-58,794,390	21,347,213
Property Rates	-2,007,605,470	-1,940,854,500	66,750,970
Transfers and Subsidies	-456,864,846	-340,808,870	116,055,976
Total Revenue	-2,745,977,986	-2,526,041,620	219,936,366

Operating Revenue:

Property Rates

During the 2017/18 financial year, property rates revenue raised, amounted to R2.008 billion, compared to the Adjustments budgeted amount of R1.940 billion. It is, however, important to note that revenue raised, has been reduced by an amount of approximately R112.05 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Property rates revenue raised, was approximately R66.858 million more than anticipated.

Table 5.16: Property Rates

Property Rates	2017/18 Actual	2017/18 Adjustments Budget	Variance
Agricultural Property	-4,972,238	-4,959,020	13,218
Business and Commercial Properties	-714,218,145	-643,276,920	70,941,225
Industrial Properties	-224,937,974	-219,724,250	5,213,724
Mining Properties	-139,811	-139,820	-9
Other Categories	-265	0	265
Public Benefit Organisations	-1,534,167	-859,130	675,037
Public Service Infrastructure Properties	-655,606	-766,710	-111,104
Residential Properties:Developed	-822,470,482	-832,431,470	-9,960,988
Residential Properties:Vacant Land	-88,390,369	-87,879,810	510,559
Special Rating Area	-1,333,560	-1,335,170	-1,610
State-owned Properties	-148,952,853	-149,482,200	-529,347
Total	-2,007,605,470	-1,940,854,500	66,750,970

Interest Earned – External Investments

Interest earned – external investments was R33.09 million higher than anticipated in the 2017/18 Adjustments Budget. Interest earnings were influenced by the extent of the Municipality's investment portfolio throughout the financial year mainly due to the high level of unspent conditional grants during the 2017/18 financial year. The interest earned could, however, have been significantly higher, had it not been for the bridge-funding of housing projects in the amount of approximately R194.4 million. Management's focus should be on reducing the bridge-funding to approximately R100 million over the short term, as it impacts significantly on the cash position of the Municipality.

TABLE 5.17: Interest Earned – External Investments

Interest Earned - External Investments	2017/18 Actual	2017/18 Adjustments Budget	Variance
Interest, Dividend and Rent on Land: Interest: Current and Non-Current Assets: Short Term Investments and Call Accounts	-153,093,842	-120,000,000	33,093,842
Total	-153,093,842	-120,000,000	33,093,842

Interest Raised: Outstanding debtors

Interest raised: Outstanding debtors was R21.35 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.18: Interest Raised: Outstanding debtors

Interest Raised - Outstanding Debtors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Non-exchange Revenue: Interest, Dividend and Rent on Land: Interest: Receivables: Property Rates	-80,141,319	-58,794,390	21,346,929
Total	-80,141,319	-58,794,390	21,346,929

Fines, Penalties and Forfeits

Fines, Penalties and Forfeits were R2.93 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.19: Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Forfeits:Deposits	434,306	0	-434,306
Forfeits:Retentions	-1,824,803	0	1,824,803
Forfeits:Unclaimed Money	-119,282	0	119,282
Disconnection Fees	-31,743,995	-36,188,440	-4,444,445
Total	-33,253,774	-36,188,440	-2,934,666

Transfers and Subsidies

Operating and capital transfers and subsidies were R116.29 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.20: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational: Monetary Allocations: National Governments: Local Government Financial Management Grant [Schedule 5B]	-1,050,000	-1,050,000	0
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-455,814,846	-228,290,430	227,524,416
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-111,468,440	-111,468,440
Total	-456,864,846	-340,808,870	116,055,976

Fuel levy and Equitable Share are allocated to other directorates, in line with the actual spending in respect of projects funded by Fuel Levy and Equitable Share. The SARS transfer represents the value of VAT claimed on VAT paid on invoices, whilst meeting the conditions of Conditional Grants.

Other Revenue

Other revenue was R14.39 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.21: Other Revenue

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Collection Charges	0	-3,334,850	-3,334,850
Operational Revenue:Insurance Refund	-1,190,912	0	1,190,912
Sales of Goods and Rendering of Services:Legal Fees	-12,109,008	-23,782,560	-11,673,552
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Scrap	298,613	0	-298,613
Total	-13,001,307	-27,117,410	-14,116,103

Operating Expenditure:Employee Related Costs

Employee related costs were R30.96 million more than anticipated in the 2017/18 Adjustments Budget. This is mainly attributed to adjusting the level of the provision for Post-Retirement Benefits by R103.53 million.

TABLE 5.22: Employee Related Costs

Employee Related Cost	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Post-retirement Benefit:Pension:Current Service Cost	136,910,238	33,382,480	-103,527,758
Municipal Staff: Salaries, Wages and Allowances: Allowances: Housing Benefits and Incidental: Essential User	3,592,780	4,269,360	676,580
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Acting and Post Related Allowances	2,074,548	1,245,660	-828,888
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Bonus	13,245,224	14,445,640	1,200,416
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Leave Pay	10,081,113	20,811,530	10,730,417
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Long Service Award	21,038,782	7,478,520	-13,560,262
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	158,462,729	228,512,230	70,049,501
Municipal Staff:Social Contributions:Medical	16,995,773	15,907,570	-1,088,203
Municipal Staff:Social Contributions:Pension	29,327,874	31,917,210	2,589,336
Senior Management:Chief Financial Officer:Salaries and Allowances:Basic Salary	1,124,214	1,927,230	803,016
Total	390,853,275	359,897,430	-30,955,845

Debt Impairment – Receivables

Debt Impairment – Receivables was R35.59 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.23: Debt Impairment – Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Bad Debts Written Off	159,095,163	123,504,000	-35,591,163
Total	159,095,163	123,504,000	-35,591,163

Contracted Services

Contracted Services was R2.99 million less than anticipated mainly due to the following: -

TABLE 5.24: Contracted Services

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Commissions and Committees	4,697	987,360	982,664
Consultants and Professional Services:Business and Advisory:Forensic Investigators	0	3,362,310	3,362,310
Consultants and Professional Services:Legal Cost:Collection	18,611,068	25,813,360	7,202,292
Consultants and Professional Services:Legal Cost:Issue of Summons	0	5,160,240	5,160,240
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	2,428,639	3,715,850	1,287,211
Contractors:Maintenance of Buildings and Facilities	306,640	871,970	565,330
Contractors:Maintenance of Equipment	773,637	1,057,970	284,333
Contractors:Prepaid Electricity Vendors	4,679,038	6,683,310	2,004,272
Contractors:Tracing Agents and Debt Collectors	21,461	450,650	429,189
:Outsourced Services:Business and Advisory:Project Management	69,632,221	39,184,470	30,447,751
Outsourced Services:Business and Advisory:Valuer	1,388,832	2,000,000	611,168
Outsourced Services:Connection/Dis-connection:Water	814,623	6,741,600	5,926,977
Outsourced Services:Meter Management	9,020,970	13,994,690	4,973,720
Total	107,681,826	110,023,780	2,341,954

Other Materials

Other materials was R1.94 million less than anticipated mainly due to the following: -

TABLE 5.25: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Standard Rated	3,068,261	3,578,000	509,739
Expenditure:Inventory Consumed:Consumables:Zero Rated	626,398	1,316,950	690,552
Expenditure:Inventory Consumed:Materials and Supplies	-677,770	58,190	735,960
Total	3,016,889	4,953,140	1,936,251

Depreciation and Amortisation

Depreciation was R55.87 million more than anticipated in the 2017/18 Adjustments Budget. The assessment of the useful life of assets resulted in depreciation and accumulated depreciation being adjusted in order to reflect the correct asset values in the Statement of Financial Position.

TABLE 5.26: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	-38,518,435	17,353,650	55,872,085
Total	-38,518,435	17,353,650	55,872,085

Other Expenditure

Other expenditure was R53,41 million less than anticipated, due to the following: -

TABLE 5.27: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Other Assets	6,189,923	8,189,280	1,999,357
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	225,696	892,910	667,214
Operational Cost:Assets less than the Capitalisation Threshold	1,976,300	2,478,070	501,770
Operational Cost:Bank Charges, Facility and Card Fees:Bank Accounts	4,024,211	4,820,580	796,369
Operational Cost:Commission:Third Party Vendors	2,674,398	4,852,480	2,178,082
Operational Cost:Communication:Postage/Stamps/Frinking Machines	9,945,005	10,817,050	872,045
Operational Cost:Communication:SMS Bulk Message Service	719,479	1,123,610	404,131
Operational Cost:Contribution to Provisions:Decommissioning, Restoration and Similar Liabilities:Non-specific	-40,354,907	0	40,354,907

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Cost:Deeds	735,468	1,175,250	439,782
Operational Cost:External Computer Service:Data Lines	209,161	776,530	567,369
Operational Cost:Insurance Underwriting:Insurance Brokers Fees	244,268	698,800	454,532
Operational Cost:Municipal Services	1,028,820	2,222,430	1,193,610
Total	-12,382,178	38,046,990	50,429,168

Vote 2: Public Health

TABLE 5.28: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	45,656,630	16,733,330	-28,923,300
Contracted Services	78,251,096	105,272,450	27,021,354
Depreciation and Amortisation	17,162,527	53,052,780	35,890,253
Employee Related Costs	357,003,818	374,107,450	17,103,632
Finance Charges	2,249,957	2,802,190	552,233
Other Materials	22,509,424	30,187,300	7,677,876
Other Expenditure	50,354,723	64,023,990	13,669,267
Loss on Disposal of Property, Plant and Equipment	41	0	-41
Total Expenditure	573,188,216	646,179,490	72,991,274
Revenue by Category			
Interest Raised - Outstanding Debtors	-15,242,008	-16,855,810	-1,613,802
Licences or Permits	-849,303	-696,150	153,153
Other Revenue	-21,917,504	-38,738,500	-16,820,996
Rental of Facilities and Equipment	-3,949,045	-5,176,080	-1,227,035
Service Charges - Waste Management	-168,323,250	-186,898,450	-18,575,200
Fines, Penalties and Forfeits	-183,974	-129,440	54,534
Transfers and Subsidies	-106,452,011	-134,834,180	33,382,169
Total Revenue	-316,917,095	-383,328,610	-66,411,515

Operating Revenue:

Service Charges – Refuse Revenue

Refuse revenue raised, amounted to R167.80 million, compared to the Adjustments budgeted amount of R186.90 million. Revenue raised was reduced by an amount of approximately R114.18 million, relating to free basic services provided to qualifying ATTP consumers, in

accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Refuse revenue raised, was approximately R19.10 million less than anticipated.

TABLE 5.29: Service Charges – Waste management

Service Charges - Waste Management	2017/18 Actual	2017/18 Adjustments Budget	Variance
Waste Management:Refuse Removal	-156,340,186	-174,671,150	-18,330,964
:Waste Management:Waste Bins	-11,983,064	-12,227,300	-244,236
Total	-168,323,250	-186,898,450	-18,575,200

Rentals of Facilities and Equipment

Rental of Facilities and Equipment was R1.23 million less than anticipated in the 2017/18 Adjustments Budget. This is attributed due to:

TABLE 5.30: Rentals of facilities and equipment

Rental of Facilities and Equipment	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			0
Exchange Revenue:Rental from Fixed Assets:Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Solid Waste Infrastructure	-3,920,134	-4,916,860	-996,726
Total	-3,920,134	-4,916,860	-996,726

Interest raised – Outstanding Debtors

Interest raised was R1.63 million less than anticipated in the 2017/18 Adjustments Budget. This is attributable to:

TABLE 5.31: Interest raised – Outstanding Debtors

Interest Raised - Outstanding Debtors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Exchange Revenue:Interest, Dividend and Rent on Land:Interest:Receivables:Waste Management	-15,242,008	-16,855,810	-1,613,802
Total	-15,242,008	-16,855,810	-1,613,802

Other Revenue

Other Revenue was R16.82 million less than anticipated in the 2017/18 Adjustments Budget.

This is attributable to:

TABLE 5.32: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Exchange Revenue:Sales of Goods and Rendering of Services:Cleaning and Removal	-235,187	-14,404,890	-14,169,703
Exchange Revenue:Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Recycling of Waste	-11,771,349	-14,504,470	-2,733,121
Total	-12,006,536	-28,909,360	-16,902,824

Transfers and Subsidies

Transfers and Subsidies were R28.92 million less than anticipated in the 2017/18 Adjustments Budget. This is attributable to:

TABLE 5.33: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:National Governments:Public Service Improvement Facility	-492,114	-1,000,000	-507,886
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-104,217,650	-131,707,200	-27,489,550
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)	0	-1,060,000	-1,060,000
Operational:Monetary Allocations:Provincial Government:Eastern Cape:Health:Primary Health Care	-1,255,148	-274,230	980,918
Total	-105,964,912	-134,041,430	28,076,518

Operating Expenditure:Employee related costs

Employee related costs were R17.10 million less than anticipated in the 2017/18 Adjustments Budget. This is mainly attributable to the following: -

TABLE 5.34: Employee related costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	17,659,709	19,292,230	1,632,521
Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	20,922,089	12,514,670	-8,407,419
Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	20,357,482	21,726,170	1,368,688
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Standby Allowance	1,228,448	646,190	-582,258
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	7,201,115	8,078,640	877,525
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	199,010,392	216,878,450	17,868,058
Municipal Staff:Salaries, Wages and Allowances:Bonuses	15,385,645	18,859,070	3,473,425
Cost:Municipal Staff:Social Contributions:Medical	23,052,161	22,115,730	-936,431
Cost:Municipal Staff:Social Contributions:Pension	38,119,847	38,986,650	866,803
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	0	1,225,120	1,225,120
Total	342,936,888	360,322,920	17,386,032

Impairment – Receivables

Impairment – Receivables was R28.92 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.35: Impairment – Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Bad Debts Written Off	45,656,630	16,733,330	-28,923,300
Total	45,656,630	16,733,330	-28,923,300

Contracted Services

Contracted Services were R27.02 million less than anticipated, mainly due to the following: -

TABLE 5.36: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Project Management	252,574	1,172,350	919,776
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	2,856,253	1,409,850	-1,446,403
Contractors:Gardening Services	2,070,763	3,089,860	1,019,097
Contractors:Maintenance of Buildings and Facilities	7,232,521	5,757,590	-1,474,931
Contractors:Maintenance of Equipment	928,274	2,149,470	1,221,196
Contractors:Medical Services	486,369	3,616,520	3,130,151
Outsourced Services:Alien Vegetation Control	1,112,057	2,585,230	1,473,173
Outsourced Services:Business and Advisory:Project Management	210,781	3,928,050	3,717,269
Outsourced Services:Clearing and Grass Cutting Services	14,279,325	17,501,740	3,222,415
Outsourced Services:Illegal Dumping	7,584,881	8,669,180	1,084,299
Outsourced Services:Litter Picking and Street Cleaning	23,206,650	26,508,620	3,301,970
Outsourced Services:Refuse Removal	13,150,815	20,069,460	6,918,646
Total	73,371,263	96,457,920	23,086,657

Depreciation and Amortisation

Depreciation was R35.89 million less than anticipated.

TABLE 5.37: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	19,925,229	498,460	-18,786,423
:Depreciation:Land	-12,691	23,710,870	23,723,561
:Depreciation:Solid Waste Infrastructure	-2,750,011	28,843,450	31,593,461
Total	17,162,527	53,052,780	35,890,253

Other Materials

Other materials was R7.68 million less than anticipated, mainly due to the following: -

TABLE 5.38: Other materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Inventory Consumed:Consumables:Zero Rated	14,023,944	19,942,020	5,918,076
Inventory Consumed:Materials and Supplies	792,287	1,922,290	1,130,003
Total	14,816,231	21,864,310	7,048,079

Other Expenses

Other expenses were R13.67 million less than anticipated, due to the following: -

TABLE 5.39: Other Expenditure

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Infrastructure:Solid Waste Disposal	4,239,401	6,979,270	2,739,869
Operational Cost:Hire Charges	36,695,459	42,900,320	6,204,861
Operational Cost:Insurance Underwriting:Risk Management Programs	16,839	1,241,690	1,224,851
Operational Cost:Uniform and Protective Clothing	1,927,065	2,610,180	683,115
Total	42,878,764	53,731,460	10,852,696

Vote 3: Human Settlements**TABLE 5.40: Revenue and Expenditure**

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Debt Impairment - Receivables	3,461,408	0	-3,461,408
Contracted Services	47,769,707	159,732,980	111,963,273
Depreciation and Amortisation	3,518,682	26,173,450	22,654,768
Employee Related Costs	155,842,487	160,845,370	5,002,883
Finance Charges	209,550	509,550	300,000
Other Materials	1,126,637	1,560,390	433,753
Other Expenditure	8,647,357	13,142,890	4,495,533
Loss on Disposal of Prperty, Plant and Equipment	19,574	0	-19,574
Total Expenditure	220,595,402	361,964,630	141,369,228
Revenue by Category			
Interest Raised - Outstandig Debtors	-14,552	-18,630	-4,078
Other Revenue	-21,113,413	-30,766,360	-9,652,947
Rentals from Facilities and Equipment	-3,938,581	-1,466,030	2,472,551
Service Charges: Waste Management	0	-37,610	-37,610

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Fines, Penalties and Forfeits	-539,796	0	539,796
Transfers and Subsidies	-6,459,194	-132,846,510	-126,387,316
Total Revenue	-32,065,536	-165,135,140	-133,069,604

Operating Revenue:

Transfers and Subsidies

Transfers and subsidies were approximately R126,39 million less than anticipated.

TABLE 5.41: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Allocations In-kind:Departmental Agencies and Accounts:National Departmental Agencies:South Africa Revenue Service (SARS)	-1,663,881	0	1,663,881
Operational:Monetary Allocations:Provincial Government:Eastern Cape:Housing:Human Settlement Development	-4,795,313	132,846,510	-128,051,197
Total	-6,459,194	132,846,510	-126,387,316

Revenue can be recognised only once the conditions of the grant have been met. Funds received for which the conditions had not been met, will be disclosed under Unspent Conditional Grants, which will either have to be paid back to the National Revenue Fund or be approved by National Treasury for roll-over to the next financial year. Roll-overs are, however, based on the successful application for the roll-over of funds, based on commitments already in place. The Housing Top Structures allocation to the Municipality was previously reallocated to the Housing Development Agency and, therefore, Housing Top Structures revenue and expenditure is less than anticipated.

Other Revenue

Other revenue was approximately R9.65 million lower than anticipated.

TABLE 5.42: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Administrative Handling Fees	-395	-4,614,320	-4,613,925
Operational Revenue:Request for Information:Plan Printing and Duplicates	-9,671	-401,560	-391,889
Operational Revenue:Sale of Property	-188,610	-752,110	-563,500
Sales of Goods and Rendering of Services:Advertisements	-1,365,985	-2,187,400	-821,415
Sales of Goods and Rendering of Services:Building Plan Approval	-10,771,954	-10,259,300	512,654
Sales of Goods and Rendering of Services:Housing (Boarding Services):Private	-7,024,507	-10,503,670	-3,479,163
Total	-19,361,122	-28,718,360	-9,357,238

Rentals of Facilities and Equipment

Rental of facilities and equipment was R2.47 million higher than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.43: Rentals of Facilities and Equipment

Rentals of Facilities and Equipment	2017/18 Actual	2017/18 Adjustments Budget	Variance
Non-market Related:Investment Property:Ad-hoc rentals	-2,692,145	0	2,692,145
Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Other Assets	-819,277	-1,239,700	-420,423
Total	-3,511,422	-1,239,700	2,271,722

Fines, Penalties and Forfeits

Fines, penalties and forfeits were R0.54 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.44: Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Non-exchange Revenue:Fines, Penalties and Forfeits:Fines:Building	-539,796	0	539,796
Total	-539,796	0	539,796

Operating Expenditure:**Employee related costs**

Employee related costs were approximately R5 million lower than anticipated:

TABLE 5.45: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	2,207,493	3,788,080	1,580,587
:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	371,700	0	-371,700
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	7,877,520	8,565,580	688,060
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	6,252,632	4,566,810	1,685,822
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	92,192,379	97,765,470	5,573,091
Municipal Staff:Social Contributions:Medical	9,457,596	8,835,550	-622,046
Municipal Staff:Social Contributions:Pension	17,981,177	17,648,540	-332,637
Total	136,340,497	141,170,030	4,829,533

Contracted Services

Contracted services were R111.96 million lower than anticipated, mainly due to the following: -

TABLE 5.46: Contracted services

Contracted services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Project Management		1,181,150	1,181,150
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	8,927,261	7,980,430	-946,831
Contractors:Building	13,595,481	133,226,510	119,631,029
Contractors:Maintenance of Buildings and Facilities	829,364	9,243,740	8,414,376
Contractors:Management of Informal Settlements	5,772,543	1,020,790	-4,751,753
Contractors:Sewerage Services	2,316,067	0	-2,316,067
Contractors:Transportation	69,948	759,860	689,912
Outsourced Services:Administrative and Support Staff	236,001	1,176,070	940,069
Outsourced Services:Electrical	1,622,645	0	-1,622,645
Outsourced Services:Security Services	12,924,194	2,681,510	-10,242,684
Total	46,293,504	157,270,060	110,976,556

Depreciation and Amortisation

Depreciation was R22.65 million lower than anticipated.

TABLE 5.47: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	77,981	23,155,600	23,077,619
Depreciation:Other Assets	3,440,701	3,017,850	-422,851
Total	3,518,682	26,173,450	22,654,768

Debt Impairment – Receivables

Debt impairment - receivables was R3.46 more than anticipated, due to the following reasons:

TABLE 5.48: Debt Impairment - Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Bad Debts Written Off	3,461,408	0	-3,461,408.
Total	3,461,408	0	-3,461,408

Other Expenditure

Other expenditure was R4.50 million less than anticipated, due to the following: -

TABLE 5.49: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Other Assets	1,179,142	2,823,380	1,644,238
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	1,713,085	1,194,700	-518,385
Operational Cost:External Computer Service:Information Services	0	1,519,110	1,519,110
Operational Cost:Insurance Underwriting:Premiums	267,277	655,400	388,123
Operational Cost:Municipal Services	218,538	892,610	674,072
Operational Cost:Skills Development Fund Levy	1,245,011	900,520	-344,491
Total	4,623,053	7,985,720	3,362,667

Vote 4: Economic Development, Tourism and Agriculture

TABLE 5.50: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	24,508,012	31,131,540	6,623,528
Depreciation and Amortisation	115,762	3,610	-112,152
Employee Related Costs	27,101,695	32,063,460	4,961,765
Other Materials	396,021	503,380	107,359
Other Expenditure	67,645,387	89,993,100	22,347,713
Transfers and Subsidies	14,895,815	20,607,290	5,711,475
Finance Charges	-185,616	-230,720	-45,104
Total Expenditure	134,477,076	174,071,660	39,594,584
Revenue by Category			
Other Revenue	-15,561,503	-18,380,750	-2,819,247
Rental of Facilities and Equipment	-2,147,226	-1,779,800	367,426
Transfers and Subsidies	-91,925,870	-91,925,870	0
Total Revenue	-109,634,600	-112,086,420	-2,451,820

Operating Revenue:

Other Revenue

Other revenue was approximately R2.82 million less than anticipated.

TABLE 5.51: Other Revenue

Other revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Administrative Handling Fees	-15,465,886	-18,298,480	-2,832,594
Total	-15,465,886	-18,298,480	-2,832,594

Operating Expenditure:

Contracted Services

Contracted services were approximately R6.62 million lower than anticipated.

TABLE 5.52: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Contractors:Maintenance of Buildings and Facilities	3,292,607	2,414,490	-878,117
Contractors:Maintenance of Equipment	1,406,962	2,093,760	686,799
Outsourced Services:Business and Advisory:Project Management	19,637,539	24,762,070	5,124,531
Outsourced Services:Security Services	2,430	1,393,380	1,390,950
Total	24,339,538	30,663,700	6,324,162

Employee Related Costs

Employee related costs were approximately R4.96 million lower than anticipated.

TABLE 5.53: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	243,481	380,000	136,519
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	1,227,058	1,479,850	252,792
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	814,014	1,140,690	326,676
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	15,165,704	19,184,550	4,018,846
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	12,230	256,840	244,610
Total	17,462,487	22,441,930	4,979,443

Other Expenditure

Other expenditure was approximately R22.35 million lower than anticipated.

TABLE 5.54: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Cost:Assets less than the Capitalisation Threshold	233,500	754,810	521,310
Operational Cost:Intercompany/Parent-subsidary Transactions	61,517,312	81,925,870	20,408,558
Operational Cost:Municipal Services	921,705	303,750	-617,955
Operational Cost:Rewards Incentives	1,267,632	2,680,000	1,412,368
Total	63,940,149	85,664,430	21,724,281

Vote 5: Corporate Services**TABLE 5.55: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	15,910,759	32,848,890	16,938,131
Depreciation and Amortisation	44,899,739	59,353,870	14,454,131
Employee Related Costs	208,959,759	204,309,810	4,649,949
Finance Charges	1,338,300	1,338,300	0
Other Materials	-2,491,612	5,027,640	7,519,252
Other Expenditure	75,220,859	109,472,320	34,251,461
Transfers and Subsidies	5,842,600	5,900,000	57,400
Loss on Disposal of Property, Plant and Equipment	895	0	-895
Total Expenditure	349,681,299	418,250,830	68,569,531
Revenue by Category			
Agency Services	-2,774,279	-2,726,940	47,339
Other Revenue	-513,718	-867,850	-354,132
Rental of Facilities and Equipment	-9,578,969	-7,675,970	1,902,999
Transfers and Subsidies	-4,846,628	-8,303,730	-3,457,102
Total Revenue	-17,713,594	-19,574,490	-1,860,896

Operating Revenue:**Transfers and Subsidies**

Transfers and subsidies were approximately R3.46 million lower than anticipated.

TABLE 5.56: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational: Monetary Allocations: Departmental Agencies and Accounts: National Departmental Agencies:Local Government, Water and Related Service SETA	-4,846,628	-8,303,730	-3,457,102
Total	-4,846,628	-8,303,730	-3,457,102

LGSETA Funds are paid over to the Municipality for training and learnership purposes. The amounts to be paid to the Municipality are not known in advance. As funds are received, they are allocated towards learnership / training programmes.

Rental of Facilities and Equipment

Rental of facilities and equipment was R1.90 million more than anticipated.

TABLE 5.57: Rental of Facilities and Equipment

Rental of Facilities and Equipment	2017/18 Actual	2017/18 Adjustments Budget	Variance
Market Related:Investment Property:Straight-lined Operating	-5,829,989	-4,085,400	1,744,589
Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Community Assets	-2,595,257	-2,487,530	107,727
Non-market Related:Property Plant and Equipment:Straight-lined Operating:Other Assets	-439,585	-337,080	102,505
Total	-8,964,831	-6,910,010	2,054,821

Operating Expenditure:

Employee Related Costs

Employee related cost was R4.65 million lower than anticipated.

TABLE 5.58: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Acting and Post Related Allowances	1,241,301	836,840	-404,461
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Bonus	9,367,396	10,147,110	779,714
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Long Service Award	9,410,277	6,405,780	-3,004,497
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Overtime:Non Structured	5,057,095	4,711,730	-345,365
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	4,617,617	5,196,500	578,883
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	139,627,255	137,091,290	2,535,965
Municipal Staff:Social Contributions:Medical	11,345,136	10,745,000	-600,136
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	1,588,034	2,082,540	494,506
Total	182,254,111	177,216,790	5,037,321

Depreciation and Amortisation

Depreciation was R14.45 million less than anticipated.

TABLE 5.59: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	69,553,603	0	-69,553,603
Depreciation:Other Assets	-24,653,863	59,353,870	84,007,733
Total	44,899,739	59,353,870	14,454,131

Contracted Services

Contracted services were R16.94 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.60: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	970,346	1,307,320	336,974
Contractors:Fire Protection	372,692	980,940	608,248
Contractors:Maintenance of Buildings and Facilities	7,392,757	12,228,580	4,835,823
Contractors:Maintenance of Equipment	1,828,030	3,461,140	1,633,110
Contractors:Safeguard and Security	181,400	1,487,690	1,306,290
Outsourced Services:Business and Advisory:Human Resources	101,577	518,310	416,733
Outsourced Services:Business and Advisory:Project Management	2,702,920	7,417,310	4,714,390
Outsourced Services:Cleaning Services	403,766	1,342,550	938,784
Outsourced Services:Clearing and Grass Cutting Services	340,108	1,006,360	666,252
Total	14,293,596	29,750,200	15,456,604

Other Materials

Other materials were R7.52 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.61: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Standard Rated	-3,136,603	4,203,220	7,339,823
Total	-3,136,603	4,203,220	7,339,823

Other Expenditure

Other expenditure was R34,25 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.62: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Computer Equipment	1,072,430	741,370	-331,060
Operating Leases:Furniture and Office Equipment	2,329,538	3,151,960	822,422
Operating Leases:Other Assets	3,714,245	6,567,310	2,853,065
Operational Cost:Assets less than the Capitalisation Threshold	1,147,048	2,108,630	961,582
Operational Cost:Bursaries (Employees)	563,120	1,707,220	1,144,100
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	9,848,880	11,067,880	1,219,000
Operational Cost:External Computer Service:Information Services	926,716	8,136,240	7,209,524
Operational Cost:External Computer Service:Software Licences	35,532,849	31,031,970	-4,500,879
Operational Cost:External Computer Service:Wireless Network	7,110,075	3,336,860	-3,773,215
Operational Cost:Insurance Underwriting:Premiums	1,238,419	2,035,910	797,491
Operational Cost:Learnerships and Internships	5,060,799	8,303,740	3,242,941
Operational Cost:Municipal Services	714,328	1,859,850	1,145,522
Operational Cost:Remuneration to Ward Committees –moved to employee related costs	0	21,082,800	21,082,800
Operational Cost:Uniform and Protective Clothing	26,514	379,540	353,026
Total	69,284,961	101,511,280	32,226,319

Vote 6: Rate and General Engineers

TABLE 5.63: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted services	135,683,822	163,850,080	28,166,258
Depreciation and Amortisation	-34,306,863	207,397,120	241,703,983
Employee Related Costs	213,522,766	236,875,420	23,352,654
Finance Charges	47,055,329	48,525,420	1,470,091
Other Materials	14,290,629	16,166,530	1,875,901
Other Expenditure	19,309,063	26,212,890	6,903,828
Transfers and Subsidies	810,745	932,800	122,055
Total Expenditure	382,074,862	699,960,260	317,885,398
Revenue by Category			
Other Revenue	-5,876,522	-10,974,720	-5,098,198

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Rental of Facilities and Equipment	-96,439	-106,290	-9,851
Transfers and Subsidies	-77,860,432	-91,501,000	-13,640,568
Total Revenue	-83,833,596	-102,582,010	-18,748,414

Transfers and Subsidies

Transfers and subsidies were approximately R13.64 million less than anticipated:

TABLE 5.64: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:National Governments:Public Transport Network Operations Grant [Schedule 5B]	-68,559,829	-81,501,000	-12,941,171
Operational:Monetary Allocations:Provincial Government:Eastern Cape:Other:Clean Audit	-9,300,603	-10,000,000	-699,397
Total	-77,860,432	-91,501,000	-13,640,568

Other Revenue

Other revenue was R5.10 million less than anticipated:

TABLE 5.65: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Recovery Infrastructure Maintenance	-3,206,324	-3,413,670	-207,346
Sales of Goods and Rendering of Services:Laboratory Services	-637,229	-1,304,180	-666,951
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Scrap	-1,025,425	-461,100	564,325
Sales of Goods and Rendering of Services:Transport Fees	-854,254	-5,755,990	-4,901,736
Total	-5,723,232	-10,934,940	-5,211,708

Operating Expenditure:

Employee Related Costs

Employee related costs were R23.35 million less than anticipated in the 2017/18 Adjustments Budget. This is mainly attributed to the following: -

TABLE 5.66: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	1,007,060	1,579,090	572,030
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	10,455,748	11,328,850	873,102
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	11,117,767	7,274,220	-3,843,547
Allowances:Service Related Benefits:Overtime:Non Structured	4,316,538	3,989,670	-326,868
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	3,694,543	4,143,330	448,787
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	131,328,928	157,783,680	26,454,752
Municipal Staff:Salaries, Wages and Allowances:Bonuses	3,391,470	2,935,410	-456,060
Municipal Staff:Social Contributions:Medical	13,823,432	13,401,000	-422,432
Total	179,135,486	202,435,250	23,299,764

Contracted Services

Contracted services were R28.17 million less than anticipated, mainly due to the following: -

TABLE 5.67: Contracted Services

Contracted services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Research and Advisory	-401,216	770,000	1,171,216
Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	4,691,734	8,326,600	3,634,866
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	9,770,131	4,382,260	-5,387,871
Contractors:Maintenance of Buildings and Facilities	16,013,582	11,238,970	-4,774,612
Contractors:Maintenance of Equipment	47,323,455	54,650,640	7,327,185
Contractors:Maintenance of Unspecified Assets	11,480,986	13,539,180	2,058,194
Outsourced Services:Business and Advisory:Project Management	42,417,778	67,713,780	25,296,002
Outsourced Services:Security Services	1,565,943	0	-1,565,943
Total	132,862,393	160,621,430	27,759,037

Depreciation and Amortisation

Depreciation was R241,70 million less than anticipated. The useful life of assets has been assessed, following which depreciation and accumulative depreciation were adjusted.

TABLE 5.68: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	-67,923	3,511,650	3,579,573
Depreciation:Roads Infrastructure	-18,630,365	178,645,820	197,276,185
Depreciation:Solid Waste Infrastructure	-1,741,172	522,050	2,263,222
Depreciation:Transport Assets	-13,867,404	24,717,600	38,585,004
Total	-34,306,863	207,397,120	241,703,983

Finance Charges

Finance charges were R1.47 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.69: Finance Charges

Finance Charges	2017/18 Actual	2017/18 Adjustments Budget	Variance
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	47,055,329	48,525,420	1,470,091
Total	47,055,329	48,525,420	1,470,091

Other Materials

Other materials were R1.88 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.70: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Standard Rated	1,469,748	1,947,860	478,112
Expenditure:Inventory Consumed:Consumables:Zero Rated	9,831,794	11,134,980	1,303,186
Expenditure:Inventory Consumed:Finished Goods	2,724,056	2,960,940	236,884
Expenditure:Inventory Consumed:Materials and Supplies	265,030	122,750	-142,280
Total	14,290,628	16,166,530	1,875,902

Other Expenditure

Other expenditure was R6.90 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.71: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Operating Leases:Computer Equipment	24,277	394,980	370,703
Expenditure:Operating Leases:Other Assets	0	1,150,000	1,150,000
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Staff Recruitment	-49,355	366,140	415,495
Expenditure:Operational Cost:External Computer Service:Software Licences	1,085,650	3,235,990	2,150,340
Expenditure:Operational Cost:External Computer Service:Wireless Network	2,288,569	1,937,210	-351,359
Expenditure:Operational Cost:Insurance Underwriting:Premiums	1,279,208	2,989,390	1,710,182
Expenditure:Operational Cost:Licences:Motor Vehicle Licence and Registrations	7,574,296	7,104,060	-470,236
Expenditure:Operational Cost:Skills Development Fund Levy	2,164,071	2,906,210	742,139
Total	14,366,716	20,083,980	5,717,264

Vote 7: Water Services**TABLE 5.72: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	393,279,017	67,279,000	-326,000,017
Bulk Purchases	121,517,246	142,315,850	20,798,604
Contracted Services	158,341,778	176,702,120	18,360,342
Depreciation and Amortisation	65,836,644	120,134,310	54,297,666
Employee Related Costs	155,461,925	164,102,400	8,640,475
Finance Charges	20,588,302	21,578,020	989,718
Other Materials	45,943,276	76,055,990	30,112,714
Other Expenditure	84,378,538	80,787,270	-3,591,268
Total Expenditure	1,045,346,726	848,954,960	-196,391,766
Revenue by Category			
Interest Raised - Outstanding Debtors	-77,087,218	-45,384,950	31,702,268
Other Revenue	4,270,928	0	-4,270,928
Rentals of Facilities and Equipment	-606,499	-463,870	142,629
Service Charges:Water	-1,074,385,399	-1,003,889,580	70,495,819
Transfers and Subsidies	-123,542,590	-183,860,220	-60,317,630
Total revenue	-1,271,350,778	-1,233,598,620	37,752,158

Revenue:Service Charges – Water Revenue

During the 2017/18 financial year, water revenue raised, amounted to R1,074 billion, compared to the Adjustments budgeted amount of R1.004 billion. It is, however, important to note that revenue raised, was reduced by an amount of approximately R161.85 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Water revenue raised, was approximately R70.222 million more than anticipated. This is attributable to actual water consumption patterns being higher than the anticipated reduction in use due to drought and higher tariffs. The original 2017/18 Operating Budget required in respect of water tariffs was R714.594 million. Due to the implementation of punitive water tariffs to assist in managing a severe drought environment and the use of the scarce water resource, R359.518 was raised. Unfortunately, water losses increased from 35.5% (in 2016/17) to 41.1% (in 2017/18). In addition, water debtors reflected a significant growth in net debtors, from R303,18 million (in 2016/17) to R436.48 million (in 2017/18).

TABLE 5.73: Service Charges – Water Revenue

Service Charges:Water	2017/18 Actual	2017/18 Adjustments Budget	Variance
Agricultural and Rural Water Service	-33,141,493	-25,000,000	8,141,493
Availability Charges	-132,937,536	-132,425,300	512,236
:Industrial Water	-262,240,449	-289,521,350	-27,280,901
Sale:Conventional	52,981,645	-11,650,120	-64,631,765
Water:Sale:Flat Rate	-2,174,085	-2,648,900	-474,815
:Urban Higher Level Service	-690,563,527	-536,571,770	153,991,757
Total	-1,068,075,445	-997,817,440	70,258,005

Interest Raised – Outstanding Debtors

Interest raised on outstanding debtors was R31.70 million more than anticipated in the 2017/18 Adjustments Budget due to the escalating level of outstanding water service. Consumer debtors' balances grew, mainly due to the punitive water tariffs charged during the drought experienced in the water catchment areas.

TABLE 5.74: Interest Raised – Outstanding Debtors

Interest Raised - Outstanding Debtors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Exchange Revenue:Interest, Dividend and Rent on Land:Interest:Receivables:Water	-77,087,218	-45,384,950	31,702,268
Interest Raised - Outstanding Debtors	-77,087,218	-45,384,950	31,702,268

Transfers and subsidies

Transfers and subsidies were approximately R60.32 million lower than anticipated.

TABLE 5.75: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational: Monetary Allocations: Departmental Agencies and Accounts: National Departmental Agencies: South African Revenue Service (SARS)		-26,768,000	-26,768,000
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-123,542,590	-153,842,220	-30,299,630
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-3,250,000	-3,250,000
Transfers and Subsidies	-123,542,590	-183,860,220	--60,317,630

Other Revenue

Other revenue was approximately R4.27 million more than anticipated:

TABLE 5.76: Other Income

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Administrative Handling Fees	7,577,978	0	-7,577,978
Operational Revenue:Insurance Refund	-3,304,550	0	3,304,550
Total	4,273,428	0	-4,273,428

Expenditure:Employee Related Costs

Employee related costs were R8.64 million lower than anticipated.

TABLE 5.77: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff: Salaries, Wages and Allowances: Allowances: Housing Benefits and Incidental :Essential User	399,968	659,060	259,092
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits: Acting and Post Related Allowances	730,580	1,096,500	365,920
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	6,566,402	7,077,880	511,478
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	1,461,459	503,030	-958,429
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits :Long Service Award	8,083,531	4,657,690	-3,425,841
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits :Overtime:Night Shift	712,717	852,360	139,643
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits :Overtime:Non Structured	21,192,657	23,992,980	2,800,323
Municipal Staff: Salaries, Wages and Allowances: Allowances: Service Related Benefits :Overtime:Structured	249,327	0	-249,327
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	1,787,018	2,253,560	466,542
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	74,437,588	84,642,580	10,204,992
Municipal Staff:Social Contributions:Medical	9,328,195	8,756,770	-571,425
Municipal Staff:Social Contributions:Pension	14,689,503	14,216,340	-473,163
Total	139,638,945	148,708,750	9,069,805

Debt Impairment – Receivables

Impairment – Receivables was 326.00 million more than anticipated in the 2017/18 Adjustments Budget, due to the punitive water tariffs charged during the severe drought conditions experienced in the water catchment areas. The debtors' collection rate for 2017/18 was 93.1%, compared to the budgeted debtors' collection rate of 94%.

TABLE 5.78: Debt Impairment - Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Bad Debts Written Off	393,279,017	67,279,000	-326,000,017
Total	393,279,017	67,279,000	-326,000,017

Depreciation and Amortisation

Depreciation was approximately R56.30 million less than anticipated.

TABLE 5.79: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Water Supply Infrastructure	65,836,644	120,134,310	54,297,666
Total	65,836,644	120,134,310	54,297,666

Finance Charges

Finance charges were R0.99 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.80: Finance Charges

Finance Charges	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	20,588,302	21,578,020	989,718
Total	20,588,302	21,578,020	989,718

Other Materials

Other materials were R30.11 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.81: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Finished Goods	25,167,946	58,005,470	32,837,524
Expenditure:Inventory Consumed:Materials and Supplies	15,476,497	12,088,990	-3,387,507
Total	40,644,443	70,094,460	29,450,017

Bulk Purchases

Water bulk purchases were lower than anticipated. The water drought restrictions on water usage assisted in this regard. However, the water losses increased from 35.5% in the 2016/17 financial year to 41.1% in the 2017/18 financial year. Urgent strategies to reduce water losses are critical to mitigate the severity of future drought periods.

TABLE 5.82: Bulk Purchases

Bulk Purchases	2017/18 Actual	2017/18 Adjustments Budget	Variance
Purchases:Water	121,517,246	142,315,850	20,798,604
Total	121,517,246	142,315,850	20,798,604

Contracted Services

Contracted services were R18.36 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.83: Contracted services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Research and Advisory	85,165	1,250,000	1,164,835
Services:Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	1,573,670	2,116,060	542,390
Contractors:Maintenance of Buildings and Facilities	1,148,321	2,898,580	1,750,259
Contractors:Maintenance of Equipment	34,935,584	39,197,880	4,262,296
Contractors:Maintenance of Unspecified Assets	21,904,491	19,661,110	-2,243,381
Contractors:Transportation	-839,200	260	839,460
Outsourced Services:Alien Vegetation Control	371,288	4,012,000	3,640,712
Outsourced Services:Business and Advisory:Project Management	91,457,344	98,031,130	6,573,786
Outsourced Services:Clearing and Grass Cutting Services	6,878,584	6,123,960	-754,624
Outsourced Services:Meter Management		1,710,940	1,710,940
Total	157,515,247	175,001,920	17,486,673

Other Expenditure

Other expenditure was R3.59 million more than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.84: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Operational Cost:Communication:Cellular Contract (Subscription and Calls)	409,758	749,430	339,672
Expenditure:Operational Cost:Hire Charges	36,209,642	26,669,650	-9,539,992
Expenditure:Operational Cost:Insurance Underwriting:Claims paid to Third Parties	416,310	759,000	342,690
Expenditure:Operational Cost:Municipal Services	33,425,872	37,812,510	4,386,638
Total	70,461,582	65,990,590	-4,470,992

Vote 8: Sanitation Services**TABLE 5.85: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	76,701,116	38,680,120	-38,020,996
Contracted Services	130,814,163	148,146,400	17,332,237
Depreciation and Amortisation	70,641,816	99,623,430	28,981,614
Employee Related Costs	176,827,608	177,696,570	868,962
Finance Charges	22,784,186	22,752,080	-32,106
Other Materials	9,821,224	18,025,470	8,204,246
Other Expenditure	3,919,087	6,907,240	2,988,153
Total expenditure	491,509,200	511,831,310	20,322,110
Revenue by Category			
Interest Raised - Outstanding Debtors	-30,448,872	-23,162,690	7,286,182
Licences or Permits	0	-8,640	-8,640
Other Revenue	-30,360,376	-33,924,240	-3,563,864
Service Charges:Waste Water Management	-456,870,504	-504,405,750	-47,535,246
Transfers and Subsidies	-182,877,784	-235,070,340	-52,192,556
Total Revenue	-700,557,536	-796,571,660	-96,014,124

Operating Revenue:**Service Charges – Sanitation Revenue**

During the 2017/18 financial year, sanitation revenue raised, amounted to R457.14 million, compared to the Adjustments budgeted amount of R504.41 million. The revenue raised, was reduced by an amount of approximately R210.76 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Sanitation revenue raised, was approximately R47.26 million less than anticipated. The harsh economic environment in the NMBM area resulted in more consumers qualifying for ATTP rebates than originally anticipated.

TABLE 5.86: Service Charges: Waste Water Management

Service Charges:Waste Water Management	2017/18 Actual	2017/18 Adjustments Budget	Variance
Availability Charges	-130,657,098	-128,497,000	2,160,098
Higher Level Service	-96,980,074	-84,626,780	12,353,294
Sanitation Charges	-174,670,377	-236,391,540	-61,721,163
Total	-402,307,549	-449,515,320	-47,207,771

Transfers and Subsidies

Transfers and subsidies were R52.19 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.87: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational: Monetary Allocations: National Governments: Municipal Human Settlements Capacity Grant [Schedule 5B]	-7,568,245	-7,267,970	300,275
Operational: Monetary Allocations: National Revenue Fund: Equitable Share	-175,309,540	-225,702,370	-50,392,830
Operational: Monetary Allocations: National Revenue Fund: Fuel Levy (RSC Replacement Grant)	0	-2,100,000	-2,100,000
Total	-182,877,785	-235,070,340	-52,192,555

Interest Raised – Outstanding Debtors

Interest raised – outstanding debtors was R7.29 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.88: Interest Raised – Outstanding Debtors

Interest Raised - Outstanding Debtors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Interest, Dividend and Rent on Land: Interest: Receivables: Waste Water Management	-30,448,872	-23,162,690	7,286,182
Total	-30,448,872	-23,162,690	7,286,182

Other revenue

Other revenue was R3.56 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.89: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Treatment Effluent	-25,347,277	-28,920,790	-3,573,513
Total	-26,347,277	-28,920,790	-3,573,513

Expenditure:Employee Related Costs

Employee related costs were R0.87 million less than anticipated.

TABLE 5.90: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Leave Pay	4,188,559	674,750	-3,513,809
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Long Service Award	8,970,928	4,708,580	-4,262,348
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Overtime:Non Structured	15,634,237	8,552,180	-7,082,057
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits :Overtime: Structured	520,182	6,561,710	6,041,528
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	86,948,665	95,065,930	8,117,265
Municipal Staff:Salaries, Wages and Allowances:Bonuses	4,618,359	3,856,300	-762,059
Total	120,880,930	119,419,450	1,461,480

Debt Impairment – Receivables

Debt impairment – receivables was R17.33 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.91: Debt Impairment - Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Bad Debts Written Off	76,701,116	38,680,120	-38,020,996
Total	76,701,116	38,680,120	-38,020,996

Contracted Services

Contracted services were R28.53 million lower than anticipated, mainly due to the following:

TABLE 5.92: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Research and Advisory	5,599,090	3,819,380	-1,779,710
Contractors:Maintenance of Buildings and Facilities	307,407	968,950	661,543
Contractors:Maintenance of Equipment	16,706,036	29,113,150	12,407,114
Contractors:Maintenance of Unspecified Assets	186,191	895,120	708,929
Contractors:Sewerage Services	39,368,894	44,035,270	4,666,376
Outsourced Services:Business and Advisory:Project Management	10,515,077	4,863,870	-5,651,207
Outsourced Services:Hygiene Services	53,806,060	57,783,340	3,977,280
Outsourced Services:Sewerage Services	996,862	1,999,900	1,003,038
Total	127,485,617	143,478,980	15,993,363

Depreciation and Amortisation

Depreciation and amortisation were R28.98 million lower than anticipated.

TABLE 5.93: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Furniture and Office Equipment	75,840,408	0	-75,840,408
Depreciation:Sanitation Infrastructure	-5,198,592	99,623,430	104,822,022
Total	70,641,816	99,623,430	28,981,614

Other Materials

Other materials were R8.20 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.94: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Zero Rated	4,805,063	8,269,520	3,464,457
Expenditure:Inventory Consumed:Finished Goods	3,471,265	7,542,070	4,070,805
Total	8,276,328	15,811,590	7,535,262

Other Expenditure

Other expenditure was R2.99 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.95: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Operating Leases:Other Assets		226,380	226,380
Expenditure:Operational Cost:Assets less than the Capitalisation Threshold	190,475	478,730	288,255
Expenditure:Operational Cost:Cleaning Services:Laundry Services	7,436	241,960	234,524
Expenditure:Operational Cost:External Computer Service:Software Licences		336,040	336,040
Expenditure:Operational Cost:External Computer Service:Specialised Computer Service		770,590	770,590
Expenditure:Operational Cost:Hire Charges		392,200	392,200
Expenditure:Operational Cost:Skills Development Fund Levy	1,076,322	1,392,770	316,448
Total	1,274,233	3,838,670	2,564,437

Vote 9: Electricity and Energy**TABLE 5.96: Revenue and Expenditure**

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Bulk Purchases	2,893,025,688	2,887,187,170	-5,838,518
Debt Impairment	52,290,538	226,475,720	174,185,182
Contracted Services	77,502,177	68,209,790	-9,292,387
Depreciation and Amortisation	48,211,512	120,416,280	72,204,768
Employee Related Costs	313,026,696	326,224,520	13,197,824
Finance Charges	38,567,541	39,419,700	852,159
Other Materials	16,419,226	19,085,160	2,665,934
Other Expenditure	31,042,742	36,555,160	5,512,418
Total Expenditure	3,470,086,120	3,723,573,501	253,487,381
Revenue by Category			

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Interest raised – Outstanding Debtors	-21,714,249	-34,145,580	-12,431,331
Other Revenue	-2,961,934	-2,124,450	837,484
Rental of Property, Plant and Equipment	-98,663	-196,080	-97,417
Service Charges:Electricity	-3,483,008,843	-3,731,065,970	-248,057,127
Fines, Penalties and Forfeits	-1,809,851	-7,027,800	-5,217,949
Transfers and Subsidies	-71,080,685	-128,900,380	-57,819,695
Total Revenue	-3,580,674,225	-3,03,460,260	-322,786,035

Operating Revenue:

Service Charges – Electricity Revenue

Electricity revenue raised, amounted to R3.483 billion, compared to the Adjustments budgeted amount of R3.724 billion. It is, however, important to note that revenue raised, was reduced by an amount of approximately R56.84 million, relating to free basic services provided to qualifying ATTP consumers, in accordance with the Municipality's ATTP Policy, which is funded from the equitable share. Electricity revenue raised, was approximately R240.075 million less than anticipated. It is, however, of concern that electricity revenue raised in 2017/18 is approximately R93.467 million lower than the R3.576 billion raised during the 2016/17 financial year. The impact of the price elasticity of demand, the consistent annual increase of electricity losses and other factors affecting the electricity revenue stream require urgent attention to mitigate the variance between electricity revenue budgeted and electricity revenue raised.

TABLE 5.97: Service Charges: Electricity

Service Charges:Electricity	2017/18 Actual	2017/18 Adjustments Budget	Variance
Electricity:Availability Charges	-33,477,070	-3,393,920	30,083,150
Electricity:Electricity Sales:Commercial Conventional (3-Phase)	-208,055,252	-185,298,010	22,757,242
Electricity:Electricity Sales:Commercial Prepaid		-83,654,420	-83,654,420
Electricity:Electricity Sales:Domestic High:Prepaid	1,021,076,623	1,304,043,020	-12,966,397
Electricity:Electricity Sales:Domestic Low:Domestic Indigent	-56,095,366	-59,333,150	-3,237,784
Electricity:Electricity Sales:Domestic Low:Prepaid	-76,711,437	-81,043,880	-4,332,443
Electricity:Electricity Sales:Industrial more than (11 000 Volts) (High Voltage)	1,773,715,439	1,805,240,990	-31,525,551
Electricity Sales:Industrial (400 Volts) (Low Voltage)	-303,437,521	-452,080,140	148,642,619
Electricity Sales:Time of Use Tariffs	-2,865,380	-12,499,220	-9,633,840

Service Charges:Electricity	2017/18 Actual	2017/18 Adjustments Budget	Variance
Electricity:Meter Compliance Testing	-38,529	-7,532,450	-7,493,921
Total	3,475,472,617	3,724,119,200	248,646,583

Interest Raised – Outstanding Debtors

Interest earned on outstanding debtors was R12.43 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.98: Interest Raised – Outstanding Debtors

Interest Raised – Outstanding Debtors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Exchange Revenue:Interest, Dividend and Rent on Land:Interest:Receivables:Electricity	-21,714,249	-34,145,580	-12,431,331
Total	-21,714,249	-34,145,580	-12,431,331

Fines, Penalties and Forfeits

Fines were R5.22 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.99: Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Fines:Illegal Connections	-1,811,318	-7,027,800	-5,216,482
Total	-1,811,318	-7,027,800	-5,216,482

Government Grants and Subsidies

Government grants and subsidies were R57.82 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.100: Government Grants and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:National Governments:Infrastructure Skills Development Grant [Schedule 5B]	-11,511,551	-15,394,000	-3,882,449
Operational:Monetary Allocations:National Governments:Municipal Human Settlement Capacity Grant [Schedule 5B]	-235,984	0	235,984
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-59,333,150	-51,506,380	7,826,770
Operational:Monetary Allocations:Non-profit institutions:Use - It	0	-62,000,000	-62,000,000
Total	-71,080,685	-128,900,380	-57,819,695

Other Revenue

Other revenue was R0.84 million more than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.101: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Recovery Infrastructure Maintenance	-2,559,398	-1,924,000	635,398
Total	-2,559,398	-1,924,000	635,398

Operating Expenditure:Employee Related Costs

Employee related costs were R13.21 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.102: Employment Related Costs

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Acting and Post Related Allowances	2,152,700	160,500	-1,992,200
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Bonus	12,477,395	13,535,870	1,058,475
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Leave Pay	1,654,442	1,221,400	-433,042
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Long Service Award	15,288,407	10,239,750	-5,048,657
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Overtime:Non Structured	24,876,522	29,236,230	4,359,708

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Overtime:Structured	332,592	0	-332,592
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Scarcity Allowance	6,758,601	7,167,810	409,209
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances: Allowances:Travel or Motor Vehicle	14,371,460	14,736,220	364,760
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	152,203,351	165,094,140	12,890,789
Municipal Staff:Social Contributions:Medical	16,086,238	15,532,350	-553,888
Municipal Staff:Social Contributions:Pension	27,025,769	27,859,490	833,721
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary		1,650,000	1,650,000
Total	273,227,477	286,433,760	13,206,283

Debt Impairment – Receivables

Debt impairment – receivables was 174.19 million lower than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.103: Debt Impairment – Receivables

Debt Impairment - Receivables	2017/18 Actual	2017/18 Adjustments Budget	Variance
Bad Debts Written Off	52,290,538	226,475,720	174,185,182
Total	52,290,538	226,475,720	174,185,182

Contracted Services

Contracted services were R9.29 million more than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.104: Contracted Service

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure: Contracted Services: Consultants and Professional Services: Infrastructure and Planning:Engineering:Electrical	24,065,571	21,760,000	-2,305,571
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	2,992,858	4,303,370	1,310,512
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	4,657,731	6,792,910	2,135,179
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	807,391	1,595,110	787,719
Expenditure:Contracted Services:Outsourced Services:Administrative and Support Staff		451,000	451,000
Expenditure: Contracted Services: Outsourced Services: Business and Advisory: Project Management	1,479,493	3,236,260	1,756,767
Expenditure:Contracted Services:Outsourced Services:Clearing and Grass Cutting Services	1,933,911	2,642,170	708,259

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Contracted Services:Outsourced Services:Electrical	30,191,767	21,654,740	-8,537,027
Expenditure:Contracted Services:Outsourced Services:Security Services	5,952,800	32,360	-5,920,440
Expenditure:Contracted Services:Outsourced Services:Transport Services	681,910	1,290,660	608,750
Total	72,763,432	63,758,580	-9,004,852

Depreciation and Amortisation

Depreciation was R72.20 million lower than anticipated.

TABLE 5.105: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Electrical Infrastructure	48,272,871	120,416,280	72,143,409
Total	48,272,871	120,416,280	72,143,409

Other Materials

Other materials were R2.67 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.106: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Inventory Consumed:Consumables:Standard Rated	1,045,241	1,401,930	356,689
Inventory Consumed:Consumables:Zero Rated	4,171,589	3,433,620	-737,969
:Inventory Consumed:Finished Goods	2,957,240	3,871,270	914,030
Inventory Consumed:Materials and Supplies	8,245,156	10,378,340	2,133,184
Total	16,419,226	19,085,160	2,665.934

Finance Charges

Finance charges were R0.85 million lower than anticipated.

TABLE 5.107: Finance Charges

Finance Charges	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	38,625,756	39,419,700	793,944
Total	38,625,756	39,419,700	793,944

Bulk Purchases

The actual bulk purchases of electricity exceeded the 2017/18 Adjustments Budget by R5.84 million, despite a 1.07% reduction in the units purchased, compared to the 2016/17 financial year. Electricity bulk purchases were overspent in the amount of R5.84 million or 0.2%. However, electricity losses increased from 13.6% in the 2016/17 financial year to 13.95% in the 2017/18 financial year. Effective strategies should be put in place to eliminate electricity losses which could also assist in reducing the electricity purchases. Bulk purchases are also now impacted by the approximately R24 million spent in respect of green energy resources.

TABLE 5.108: Bulk Purchases

Bulk Purchases	2017/18 Actual	2017/18 Adjustments Budget	Variance
Electricity:ESCOM	2,893,025,688	2,887,187,170	-5,838,518
Total	2,893,025,688	2,887,187,170	-5,838,518

Other Expenditure

Other expenditure was R5.51 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.109: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Furniture and Office Equipment	947,234	1,564,220	616,986
Operational Cost:Assets less than the Capitalisation Threshold	1,242,734	878,460	-364,274
Operational Cost:Commission:Prepaid Electricity	15,683,648	19,918,740	4,235,092
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	2,429,614	1,660,060	-769,554
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	1,292,792	1,612,540	319,748
Operational Cost:External Computer Service:Software Licences	644,099	1,019,900	375,801
Operational Cost:Uniform and Protective Clothing	532,348	1,046,250	513,902
Total	22,772,469	27,700,170	4,927,701

Vote 10: Executive and Council**TABLE 5.110: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted services	32,879,663	50,502,850	17,623,187
Depreciation and Amortisation	-253,087	72,018,920	72,272,007
Employee Related Costs	86,623,554	97,456,270	10,832,716
Other Materials	922,973	1,298,780	375,807
Other Expenditure	30,450,953	45,786,760	15,335,807
Remuneration of Councillors	71,264,770	70,437,780	-826,990
Transfers and Subsidies	17,578,341	17,387,050	-191,291
Total Expenditure	239,467,166	354,888,410	115,421,244
Revenue by Category			
Other Revenue	-2,956,071	-4,351,400	-1,395,329
Fines, Penalties and Forfeits	-59,300	-20,000	39,300
Transfers and Subsidies	-32,743	-5,142,160	-5,109,417
Total revenue	-3,048,114	-9,513,560	-6,465,446

Transfers and Subsidies

Transfers and subsidies were R5.11 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.111: Government Grants and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational: Monetary Allocations: National Revenue Fund: Fuel Levy (RSC Replacement Grant)	0	-5,000,000	5,000,000
Total	0	-5,000,000	5,000,000

Other Revenue

Other revenue was R1.40 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.112: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Revenue:Administrative Handling Fees	-297,060	0	297,060
Operational Revenue:Staff Recoveries	-19,462	-31,400	-11,938
Sales of Goods and Rendering of Services:Advertisements	-2,639,548	-4,320,000	-1,680,452
Total	-2,956,071	-4,351,400	-1,395,329

Employee Related Costs

Employee related costs were R10.83 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.113: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	2,019,022	2,497,500	478,478
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	3,531,874	3,992,370	460,496
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	2,217,709	1,657,460	-560,249
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	1,924,808	2,576,910	652,102
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	58,005,452	68,139,150	10,133,698
Municipal Staff:Social Contributions:Medical	3,333,670	3,039,280	-294,390
Municipal Staff:Social Contributions:Pension	7,910,600	7,695,550	-215,050
Senior Management:Municipal Manager (MM):Salaries and Allowances: Allowance:Cellular and Telephone	361,848	0	-361,848
Senior Management:Municipal Manager (MM):Salaries and Allowances: Bonuses	175,465	807,480	632,015
Total	79,480,448	90,405,700	10,925,252

Contracted Services

Contracted services were R17.62 million less than anticipated in the 2017/18 Adjustments Budget:

TABLE 5.114: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Accounting and Auditing	0	350,000	350,000
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Forensic Investigators	0	4,025,660	4,025,660
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory :Project Management	826,838	1,218,040	391,202
Expenditure:Contracted Services:Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	13,002,553	14,249,530	1,246,977
Expenditure:Contracted Services:Contractors:Catering Services	184,745	1,209,590	1,024,845
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	494,728	931,810	437,082
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	2,622,396	3,522,490	900,094
Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	4,195,273	6,000,000	1,804,727
Expenditure:Contracted Services:Outsourced Services:Business and Advisory: Communications	4,115,328	7,004,090	2,888,762
Expenditure:Contracted Services:Outsourced Services:Business and Advisory :Project Management	1,017,381	3,143,780	2,126,399
Expenditure:Contracted Services:Outsourced Services:Litter Picking and Street Cleaning	803,305	2,417,310	1,614,005
Total	27,262,547	44,072,300	16,809,753

Remuneration of Councillors

Remuneration of Councillors was R0.83 million lower than anticipated.

TABLE 5.115: Remuneration of Councillors

Remuneration of Councillors	2017/18 Actual	2017/18 Adjustments Budget	Variance
Speaker:Allowances and Service Related Benefits:Basic Salary	65,951,497	66,234,420	282,923
Speaker:Allowances and Service Related Benefits:Cell phone Allowance	4,883,674	3,771,360	-1,112,314
Total	70,835,171	70,005,780	-829,391

Depreciation and Amortisation

Depreciation was R72.27 million lower than anticipated. Due to the assessment of the useful life of assets, depreciation, as well as accumulated assets was recalculated.

TABLE 5.116: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	-253,087	72,018,920	72,272,007
Total	-253,087	72,018,920	72,272,007

Other Materials

Other materials were R0.38 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.117: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Standard Rated	568,195	746,360	178,165
Expenditure:Inventory Consumed:Consumables:Zero Rated	332,899	504,370	171,471
Total	901,094	1,250,730	349,636

Transfers and Subsidies

Transfers and subsidies paid were approximately R0.19 million more than anticipated.

TABLE 5.118: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Allocations In-kind: Departmental Agencies and Accounts: National Departmental Agencies: South Africa Local Government Association (SALGA)	12,635,000	13,215,520	580,520
Operational:Monetary Allocations:Non-profit institutions:Use - It	4,943,341	4,171,530	-771,811
Total	17,578,341	17,387,050	-191,291

Other Expenditure

Other expenditure was R15.34 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.119: Other Expenditure

Other expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Operating Leases:Furniture and Office Equipment	861,012	1,110,830	249,818
Expenditure:Operating Leases:Other Assets	1,788,457	4,371,070	2,582,613
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	1,492,435	6,445,920	4,953,485
Expenditure:Operational Cost:Assets less than the Capitalisation Threshold	962,052	1,275,580	313,528
Expenditure:Operational Cost:Entertainment:Mayor	26,491	319,800	293,309
Expenditure:Operational Cost:External Computer Service:Specialised Computer Service	0	570,230	570,230
Expenditure:Operational Cost:External Computer Service:System Adviser	0	985,430	985,430
Expenditure:Operational Cost:Municipal Services	257,984	1,546,890	1,288,906
Expenditure:Operational Cost:Registration Fees:Seminars, Conferences, Workshops and Events:National	1,485,269	2,964,130	1,478,861
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Accommodation	-90,190	648,870	739,060
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Transport without Operator:Car Rental	89,907	363,710	273,803
Total	6,873,417	20,602,460	13,729,043

Vote 11: Safety and Security**TABLE 5.120: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Other	142,122,052	165,022,170	22,900,118
Contracted Services	134,123,100	86,933,740	-47,189,360
Depreciation and Amortisation	-673,764	5,834,100	6,507,864
Employee Related Costs	508,356,318	501,789,060	-6,567,258
Finance Charges	2,057,667	2,059,000	1,333
Other Materials	14,729,436	15,622,570	893,134
Other Expenditure	19,079,918	14,591,070	-4,488,848
Total Expenditure	819,794,727	791,851,710	-27,943,017
Revenue by Category			
Licences or Permits	-18,602,579	-25,731,250	-7,128,671
Other Revenue	-5,401,426	-4,854,620	546,806
Rental of Property, Plant and Equipment	-216,020	-176,100	39,920
Fines, Penalties and Forfeits	-176,927,585	-212,163,320	-35,235,735
Transfers and Subsidies	-366,107,330	0	366,107,330
Total revenue	-548,652,360	-217,194,040	331,458,320

Fines

This revenue source as per the 2017/18 Consolidated Annual Financial Statements reflected an actual received of R213.07 million, compared to the 2017/18 Adjustments budget estimate of R256.31 million. However, this does not reflect the cash that was collected. Due to GRAP being applied in respect of traffic fines revenue, the Municipality must in its financial records disclose the value of fines issued. Therefore, the traffic fines revenue of R213.07 million must be analysed against the impairment of fines, as disclosed under the Statement of Financial Performance, line item *Impairment – Other*, in the amount of R141.84 million. The remaining balance would then consist of cash collected and traffic fines issued that is still regarded as recoverable.

TABLE 5.121: Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Fines, Penalties and Forfeits:Fines:Traffic:Municipal	-28,233,979	-21,686,160	6,547,819
Fines, Penalties and Forfeits:Fines:Traffic:Service Provider	-148,364,350	-190,415,560	-42,051,210
Total	-176,598,329	-212,101,720	-35,503,391

Licenses and Permits

Licences and permits revenue earned was R7.13 million lower than anticipated, due to the following:

TABLE 5.122: Licenses and Permits

Licences and Permits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Road and Transport:Drivers Licence Application/Duplicate Drivers Licences	-2,552,374	-6,117,930	-3,565,556
Road and Transport:Drivers Licence Certificate	-10,006,074	-12,042,280	-2,036,206
Road and Transport:Learner Licence Application	-4,027,958	-5,088,000	-1,060,042
Total	-16,586,406	-23,188,210	-6.601,804

The following resulted in the actual revenue being below the required level:

- Legislation does not specify where card conversions must take place. With such services also being provided by neighbouring municipalities, there is a risk of competition with them in providing driver's license services. Strategies should be put in place to ensure that local residents view the NMBM as the preferred service provider in the provision of driver's license services.

- The provision of licensing services has been impacted by broken machines, that are not being repaired timeously by the Provincial Government.

Other Revenue

Other revenue was R972,929 lower than anticipated, due to the following:

TABLE 5.123: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Academic Services:Formal Training	3,566,809	-3,672,970	-106,161
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Escort Fees	-920,616	-417,550	503,066
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Fire Services	-144,990	0	144,990
Total	4,632,415	-4,090,520	541,895

Transfers and Subsidies

Transfers and subsidies were R366.11 million more than anticipated.

TABLE 5.124: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-243,228,890	0	243,228,890
Operational: Monetary Allocations: National Revenue Fund: Fuel Levy (RSC Replacement Grant)	-122,878,440	0	122,878,440
Total	-366,107,330	0	366,107,330

Operating Expenditure:

Employee Related Costs

Employee related costs were R6.57 million more than anticipated in the 2017/18 Adjustments Budget:

TABLE 5.125: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental: Housing Benefits	2,263,539	5,846,960	3,583,421
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	2,294,226	664,890	-1,629,336
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	23,626,569	26,028,120	2,401,551
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Long Service Award	23,535,551	16,744,340	-6,791,211
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Overtime:Non Structured	27,319,424	22,263,510	-5,055,914
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Overtime:Shift Additional Remuneration	10,909,606	12,027,720	1,118,114
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime :Structured	18,295,277	8,314,540	-9,980,737
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Standby Allowance	3,689,108	4,168,090	478,982
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	4,615,507	6,021,460	1,405,953
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	294,923,509	302,354,690	7,431,181
Municipal Staff:Social Contributions:Medical	31,681,496	31,025,330	-656,166
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	1,047,264	1,505,420	458,156
Total	444,201,076	436,965,070	-7,236,006

Depreciation and Amortisation

Depreciation was R6,51 million lower than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.126: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	-675,052	5,756,510	6,431,562
Total	-675,052	5,756,510	6,431,562

Other Materials

Other materials were R0.89 million less than anticipated, mainly due to the following:

TABLE 5.127: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Inventory Consumed:Consumables:Standard Rated	4,750,550	3,947,500	-803,050
Inventory Consumed:Consumables:Zero Rated	8,052,286	10,239,390	2,187,104
Inventory Consumed:Finished Goods	1,293,094	974,020	-319,074
Total	14,095,930	15,160,910	1,064,980

Contracted Services

Contracted services were R47.19 million more than anticipated, mainly due to the following: -

TABLE 5.128: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	1,708,177	2,219,820	511,643
Contractors:Maintenance of Buildings and Facilities	2,163,006	2,705,970	542,964
Contractors:Maintenance of Equipment	2,820,522	3,377,140	556,618
Outsourced Services:Business and Advisory:Project Management	240,527	1,154,970	914,443
Outsourced Services:Clearing and Grass Cutting Services	78,706	351,440	272,734
Outsourced Services:Drivers Licence Cards	3,736,016	4,147,220	411,204
Outsourced Services:Security Services	109,674,464	57,305,440	-52,369,024
Outsourced Services:Traffic Fines Management	13,364,824	15,117,160	1,752,336
Total	133,786,242	86,379,160	-47,407,082

Other expenditure

Other expenditure was R4.49 million more than anticipated, due to the following:

TABLE 5.129: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Operating Leases:Computer Equipment	21,473	515,490	494,017
Expenditure:Operational Cost:Assets less than the Capitalisation Threshold	974,421	463,730	-510,691
Expenditure:Operational Cost:Communication:Cellular Contract (Subscription and Calls)	1,042,697	717,030	-325,667
Expenditure:Operational Cost:External Computer Service:Wireless Network	941,288	536,630	-404,658
Expenditure:Operational Cost:Skills Development Fund Levy	4,245,896	3,227,580	-1,018,316
Expenditure:Operational Cost:Uniform and Protective Clothing	5,873,716	2,994,120	-2,879,596
Expenditure:Operational Cost:Workmen's Compensation Fund	689,470	26,500	-662,970
Total	13,788,961	8,481,080	-5,307,881

Debt Impairment – Other

Impairment – Other was R22.90 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the impairment calculated in terms of fines issued.

TABLE 5.130: Revenue and Expenditure

Debt impairment - Other	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Bad Debts Written Off	142,122,052	165,022,170	22,900,118
Total	142,122,052	165,022,170	22,900,118

Vote 12: Nelson Mandela Bay Stadium**TABLE 5.131: Revenue and Expenditure**

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	27,074,138	42,547,420	15,473,282
Other Materials	387,216	16,860	-370,356
Other Expenditure	3,749,175	1,310,500	-2,438,675
Transfers and Subsidies	7,348,552	7,780,000	431,448
Total Expenditure	38,559,080	51,654,780	13,095,700
Revenue by Category			
Other Revenue	-4,461,935	-10,800,000	-6,338,065
Total Revenue	-4,461,935	-10,800,000	-6,338,065

Operating revenue:

Other Revenue

Other revenue was R6.34 million less than anticipated in the 2017/18 Adjustments Budget, due to the level of events income.

TABLE 5.132: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Entrance Fees	-4,461,935	-10,800,000	-6,338,065
Total	-4,461,935	-10,800,000	-6,338,065

Operating Expenditure:**Contracted Services**

Contracted services were R15.47 million more than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.133: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Contractors:Catering Services	0	5,964,430	5,964,430
Contractors:Maintenance of Buildings and Facilities	1,803,522	3,173,300	1,369,778
Contractors:Maintenance of Equipment	970,667	3,800,700	2,830,033
Outsourced Services:Business and Advisory:Project Management	21,367,039	25,552,700	4,185,661
Outsourced Services:Cleaning Services	0	1,254,940	1,254,940
Total	24,141,228	39,746,070	15,604,842

Transfers and subsidies were R0.43 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.134: Transfers and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:Non-profit institutions:Use - It	7,348,552	7,780,000	431,448
Total	7,348,552	7,780,000	431,448

Other Materials

Other materials were also R0.37 million more than anticipated.

TABLE 5.135: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Inventory Consumed:Consumables:Standard Rated	376,654	0	-376,654
Total	376,654	0	-376,654

Other Expenditure

Other expenditure was R2.44 million more than anticipated in the 2017/18 Adjustments Budget:

TABLE 5.136: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	1,080,247	0	-1,080,247
Operational Cost:Bank Charges, Facility and Card Fees:Bank Accounts	647,910	0	-647,910
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	332,073	0	-332,073
Total	2,060,230	0	-2,060,230

Vote 13: Strategic Programmes Directorate**TABLE 5.137: Revenue and Expenditure**

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	49,926	3,522,390	3,472,464
Depreciation and Amortisation	0	790,370	790,370
Employee Related Costs	7,142,943	8,242,580	1,099,637
Other Materials	9,512	185,260	175,748
Other Expenditure	215,648	671,500	455,852
Transfers and Subsidies	86,008	0	-86,008
Total Expenditure	7,504,037	13,412,100	5,908,063
Other Revenue	-4,846	-30,000	-25,154
Transfers and Subsidies	-13,253,690	-13,253,690	0
Total Revenue	-13,258,536	-13,283,690	-25,154

Operating Expenditure:**Employee related Costs**

Employee related costs were R1.10 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.138: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	6,237,208	7,456,340	1,219,132
Total	6,237,208	7,456,340	1,219,132

Contracted Services

Contracted services were R3.47 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.139: Contracted Services

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Contracted Services			
Consultants and Professional Services:Infrastructure and Planning:Architectural	-2,373	1,435,800	1,438,173
Outsourced Services:Litter Picking and Street Cleaning	34,775	1,825,390	1,790,615
Total	32,402	3,261,190	3,228,788

Depreciation and Amortisation

Depreciation was R0.79 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.140: Depreciation and Amortisation

Expenditure by Category	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Depreciation and Amortisation:Depreciation:Furniture and Office Equipment	0	790,370	790,370
Total	0	790,370	790,370

Other Expenditure

Other expenditure was R0.46 million less than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.141: Other Expenditure

Other Expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operating Leases:Furniture and Office Equipment	15,740	94,060	78,320
Operational Cost:Assets less than the Capitalisation Threshold	4,168	73,490	69,322
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	136,282	284,710	148,428
Total	156,190	452,260	296.070

Vote 14: Sport, Recreation, Arts and Culture

TABLE 5.142: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	75,914	0	-75,914
Contracted Services	52,431,769	77,377,300	24,945,531
Depreciation and Amortisation	102,739,864	26,664,930	-76,074,934
Employee Related Costs	163,235,319	181,775,610	18,540,291
Finance Charges	7,853,650	7,853,650	0
Other Materials	4,519,563	6,148,560	1,628,997
Other Expenditure	9,671,479	22,098,570	12,427,091
Transfers and Subsidies	37,362,805	42,025,040	4,662,235
Total Expenditure	377,890,363	363,943,660	-13,946,703
Revenue by Category			
Licences or Permits	-4,237	-6,000	-1,763
Other Revenue	-2,364,196	-2,951,590	-587,394
Rental of Property, Plant and Equipment	-1,826,165	-2,008,770	-182,605
:Fines, Penalties and Forfeits	-296,994	-776,850	-479,856
Transfers and Subsidies	-15,182,528	-15,660,390	-477,862
Total Revenue	-19,674,120	-21,403,600	-1,729,480

Operating Revenue:Transfers and Subsidies

Transfers and subsidies revenue was R0.48 million less than anticipated in the 2017/18 Adjustments Budget.

Fines, Penalties and Forfeits

Fines, penalties and forfeits were R0.48 million less than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.143: Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue:Non-exchange Revenue:Fines, Penalties and Forfeits:Fines:Overdue Books Fine	- 296,994	-776,850	-479,856
Fines, Penalties and Forfeits	- 296,994	-776,850	-479,856

Other Revenue

Other revenue was R0.59 million more than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.144: Other Revenue

Other Revenue	2017/18 Actual	2017/18 Adjustments Budget	Variance
Sales of Goods and Rendering of Services:Camping Fees	-209,932	-467,810	-257,878
Sales of Goods and Rendering of Services:Entrance Fees	-1,894,413	-2,008,970	-114,557
Sales of Goods and Rendering of Services:Photocopies and Faxes	-219,865	-384,140	-164,275
Total	-2,324,210	-2,860,920	-536,710

Operating Expenditure:**Employee Related Costs**

Employee related costs were R18.54 million lower than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.145: Employee Related Costs

Employee Related Costs	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	8,468,327	9,338,060	869,733
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	9,485,103	6,063,270	-3,421,833
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	5,378,941	4,337,010	-1,041,931
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	829,016	61,000	-768,016
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	101,292,760	122,897,960	21,605,200
Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	12,230	256,840	244,610
Total	125,466,377	142,954,140	17,487,763

Contracted Services

Contracted services were R24.95 million lower than anticipated in the 2017/18 Adjustments Budget, mainly due to the following:

TABLE 5.146: Contracted Services

Contracted Services	2017/18 Actual	2017/18 Adjustments Budget	Variance
Contractors:Maintenance of Buildings and Facilities	10,923,797	12,684,650	1,760,853
Contractors:Maintenance of Equipment	986,300	2,064,970	1,078,670
Outsourced Services:Administrative and Support Staff	33,235	559,500	526,265
Outsourced Services:Business and Advisory:Accounting and Auditing		515,130	515,130
Outsourced Services:Business and Advisory:Project Management	30,852,816	37,558,210	6,705,394
Outsourced Services:Business and Advisory:Research and Advisory	150,000	968,560	818,560
Outsourced Services:Security Services	65,884	11,476,230	11,410,346
Total	43,012,032	65,827,250	22,815,218

Depreciation and Amortisation

Depreciation was R76.07 million higher than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.147: Depreciation and Amortisation

Depreciation and Amortisation	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Furniture and Office Equipment	102,753,558	23,388,950	-79,364,608
Depreciation:Libraries	-1,682	3,275,980	3,277,662
Total	102,751,876	26,664,930	-76,086,946

Other Materials

Other materials were R1.63 million less than anticipated:

TABLE 5.148: Other Materials

Other Materials	2017/18 Actual	2017/18 Adjustments Budget	Variance
Inventory Consumed:Consumables:Standard Rated	1,794,203	2,262,210	468,007
Inventory Consumed:Consumables:Zero Rated	598,644	1,101,110	502,466
Inventory Consumed:Finished Goods	730,684	1,060,110	329,426
Inventory Consumed:Materials and Supplies	1,396,032	1,725,130	329,098
Total	4,519,563	6,148,560	1,628,997

Transfers and Subsidies

Transfers and subsidies paid were approximately R4.66 million lower than anticipated:

TABLE 5.149: Grants and Subsidies

Transfers and Subsidies	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:Non-profit institutions:Use - It	37,158,805	41,781,250	4,622,445
Total	37,158,805	41,781,250	4,662,445

Other Expenditure

Other expenditure was R12.43 million lower than anticipated in the 2017/18 Adjustments Budget.

TABLE 5.150: Other Expenditure

Other expenditure	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Operating Leases:Furniture and Office Equipment	978,626	1,385,650	407,024
Expenditure:Operational Cost:Assets less than the Capitalisation Threshold	1,654,451	8,283,380	6,628,929
Expenditure:Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	495,181	1,420,900	925,719
Expenditure:Operational Cost:External Computer Service:Software Licences		1,036,780	1,036,780
Expenditure:Operational Cost:Skills Development Fund Levy	1,325,955	2,622,250	1,296,295
Total	4,454,213	14,748,960	10,294,747

Conclusion:

The 2017/18 Consolidated Annual Financial Statements disclosed a restated 2016/17 operating deficit of R49,478,977. The main contributor to this restatement was the impact of the reassessment of the useful life of PPE as a result of an audit qualification received in respect of the 2016/17 financial audit. Depreciation and amortisation of assets decreased from R612,570,774 in the 2016/17 Consolidated Annual Financial Statements to the 2016/17 restated amount of R294,327,766, as disclosed in the 2017/18 Consolidated Annual Financial Statements.

The 2017/18 Consolidated Annual Financial Statements reflected an operating surplus in the amount of R712,112,064 compared to the anticipated 2017/18 Adjustments Budget deficit of R25,023,883. The adjustments to depreciation as a result of the assessment of the useful life of assets had contributed largely to the surplus position as the actual for depreciation of R280.095 million is approximately R529,48 million less than the budgeted R808,877 million. Savings in the employee related costs (R105.022 million), other materials, other expenditure and contracted services (R369.575 million) also assisted in the surplus outcome for the 2017/18 financial year.

Unfortunately, due to an escalating outstanding debtors environment of the Municipality the debt impairment had to be increased by approximately R234.843 million more than anticipated in the 2017/18 Adjustments Budget. The 93.1% collection rate on property rates and service debtors is lower than the 94% as provided for in the 2017/18 Adjustments Budget.

Due to punitive drought water tariffs, water service and property rates contributed by raising more revenue than anticipated in the 2017/18 Adjustments Budget. However, electricity service, refuse and sanitation services performed poorly when compared to the 2017/18 Adjustments Budget. Taking into account the continuous annual increase in respect of the percentage of electricity and water losses, the escalating outstanding debtors and the reduced revenue streams against planned budgets, the Municipality should urgently implement strategies to address and mitigate the high risk it is exposed to, in order to prevent a deficit outcome for the 2018/19 financial year.

Financial performance by Function

Function 1: Water Services

TABLE 5.151: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	393,279,017	67,279,000	-326,000,017
Bulk Purchases	121,517,246	142,315,850	20,798,604
Contracted Services	146,341,151	165,350,160	19,009,009
Depreciation and Amortisation	65,836,644	119,831,980	53,995,336
Employee Related Costs	149,839,388	159,346,130	9,506,742
Finance Charges	20,588,302	21,578,020	989,718
Other Materials	45,905,486	76,013,710	30,108,224
Other Expenditure	82,687,561	78,784,160	-3,903,401
Total Expenditure	1,025,994,796	830,499,010	-195,495,786
Revenue by Category			
Interest Raised - Outstanding Debtors	-77,087,218	-45,384,950	31,702,268
Other Revenue	7,575,478	0	-7,575,478
Rental of Facilities and Equipment	-558,053	-463,870	94,183
Service Charges:Water	-1,074,385,399	-1,003,889,580	70,495,819
Transfers and Subsidies	-366,771,480	-183,860,220	182,911,260
Total Revenue	-1,511,226,672	-1,233,598,620	277,628,052
Net Result	-485,231,876	-403,099,610	82,132,266

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories:

TABLE 5.152: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Interest, Dividend and Rent on Land:Interest:Receivables:Water	-77,087,218	-45,384,950	31,702,268
Interest Raised - Outstanding Debtors	-77,087,218	-45,384,950	31,702,268
Operational Revenue:Administrative Handling Fees	7,577,978	0	-7,577,978
Other Revenue	7,577,978	0	-7,577,978
Service Charges:Water:Agricultural and Rural Water Service	-33,141,493	-25,000,000	8,141,493
Service Charges:Water:Availability Charges	-132,937,536	-132,425,300	512,236
Service Charges:Water:Industrial Water	-262,240,449	-289,521,350	-27,280,901
Service Charges:Water:Sale:Conventional	52,981,645	-11,650,120	-64,631,765
Service Charges:Water:Sale:Flat Rate	-2,174,085	-2,648,900	-474,815
Service Charges:Water:Urban Higher Level Service	-690,563,527	-536,571,770	153,991,757
Service Charges:Water	1,068,075,445	-997,817,440	70,258,005
Operational:Monetary Allocations:Departmental Agencies and Accounts :National Departmental Agencies:South Africa Revenue Service (SARS)		-26,768,000	-26,768,000
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-366,771,480	-153,842,220	212,929,260
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-3,250,000	-3,250,000
Transfers and Subsidies	-366,771,480	-183,860,220	182,911,260
Total Revenue	1,504,356,165	-1,227,062,610	277,293,555

Operating Expenditure:

The following indicates the main variances within the mSCOA expenditure categories:

TABLE 5.153: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Expenditure:Bad Debts Written Off	393,279,017	67,279,000	-326,000,017
Debt Impairment - Receivables	393,279,017	67,279,000	-326,000,017
Expenditure:Bulk Purchases:Water	121,517,246	142,315,850	20,798,604
Bulk Purchases	121,517,246	142,315,850	20,798,604

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Research and Advisory	85,165	1,250,000	1,164,835
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	201,084	675,720	474,636
Contractors:Maintenance of Buildings and Facilities	1,148,321	2,898,580	1,750,259
Contractors:Maintenance of Equipment	34,918,202	39,154,640	4,236,438
Contractors:Maintenance of Unspecified Assets	21,904,491	19,661,110	-2,243,381
Contractors:Transportation	-839,200	260	839,460
Outsourced Services:Alien Vegetation Control	371,288	4,012,000	3,640,712
Outsourced Services:Business and Advisory:Project Management	80,850,116	88,162,750	7,312,634
Outsourced Services:Clearing and Grass Cutting Services	6,878,584	6,123,960	-754,624
Outsourced Services:Meter Management		1,710,940	1,710,940
Contracted Services	145,518,052	163,649,960	18,131,908
Depreciation:Water Supply Infrastructure	65,836,644	119,831,980	53,995,336
Depreciation and Amortisation	65,836,644	119,831,980	53,995,336
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	730,580	1,096,500	365,920
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	6,287,198	6,837,990	550,792
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	1,461,459	503,030	-958,429
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	7,970,344	4,567,330	-3,403,014
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	21,188,665	23,992,980	2,804,315
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	1,642,309	2,068,910	426,601
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	70,701,723	81,555,700	10,853,977
Municipal Staff:Social Contributions:Medical	9,101,582	8,585,230	-516,352
Municipal Staff:Social Contributions:Pension	14,012,498	13,698,190	-314,308
Employee Related Costs	133,096,359	142,905,860	9,809,501
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	20,588,302	21,578,020	989,718
Finance Charges	20,588,302	21,578,020	989,718
Inventory Consumed:Consumables:Zero Rated	4,835,067	5,230,120	395,053
Inventory Consumed:Finished Goods	25,167,946	58,005,470	32,837,524
Inventory Consumed:Materials and Supplies	15,476,497	12,088,990	-3,387,507
Other Materials	45,479,510	75,324,580	29,845,070
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	396,655	735,270	338,615
Operational Cost:Hire Charges	36,200,037	26,669,650	-9,530,387
Operational Cost:Insurance Underwriting:Claims paid to Third Parties	416,310	759,000	342,690
Operational Cost:Municipal Services	33,425,872	37,812,510	4,386,638
Other Expenditure	70,438,874	65,976,430	-4,462,444
Total Expenditure	995,754,004	798,861,680	-196,892,324

Function 2: Sanitation Services

TABLE 5.154: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	76,701,116	38,680,120	-38,020,996
Contracted Services	133,522,511	149,293,350	15,770,839
Depreciation and Amortisation	70,845,799	100,116,590	29,270,791
Employee Related Cost	181,477,549	182,281,250	803,701
Finance Charges	22,784,186	22,752,080	-32,106
Other Materials	10,058,244	18,432,800	8,374,556
Other Expenditure	3,942,755	6,976,170	3,033,415
Total Expenditure	499,332,160	518,532,360	19,200,200
Revenue by Category			
Interest Raised - Outstanding Debtors	-30,448,872	-23,162,690	7,286,182
Licences or Permits	0	-8,640	-8,640
Other Revenue	-30,352,904	-33,924,240	-3,571,336
Service Charges:Waste Water Management	-456,870,504	-504,405,750	-47,535,246
Transfers and Subsidies	-182,877,785	-235,070,340	-52,192,555
Total Revenue	-700,550,064	-796,571,660	-96,021,596
Net Result	-201,217,904	-278,039,300	-76,821,396

Operating Revenue:

The following indicates the main variances within the mSCOA revenue categories:

TABLE 5.155: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Interest, Dividend and Rent on Land:Interest:Receivables:Waste Water Management	-30,448,872	-23,162,690	7,286,182
Interest Raised - Outstanding Debtors	-30,448,872	-23,162,690	7,286,182
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Treatment Effluent	-25,343,627	-28,920,790	-3,577,163
Other Revenue	-25,343,627	-28,920,790	-3,577,163
Availability Charges	-130,657,098	-128,497,000	2,160,098
Higher Level Service	-96,980,074	-84,626,780	12,353,294
Industrial Waste Water	-52,771,472	-53,251,340	-479,869
Sanitation Charges	-174,670,377	-236,391,540	-61,721,163
Service Charges:Waste Water Management	-455,079,020	-502,766,660	-47,687,640
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-175,309,540	-225,702,370	-50,392,830

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-2,100,000	-2,100,000
Transfers and Subsidies	-175,309,540	-227,802,370	-52,492,830
Total Revenue	-686,181,058	-782,652,510	-96,471,452

Operating Expenditure:

The following indicates the main variances within the mSCOA expenditure categories: -

TABLE 5.156: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Bad Debts Written Off	76,701,116	38,680,120	-38,020,996
Debt Impairment - Receivables	76,701,116	38,680,120	-38,020,996
Consultants and Professional Services:Business and Advisory:Project Management	169,167	510,500	341,333
Consultants and Professional Services:Business and Advisory:Research and Advisory	5,599,090	3,819,380	-1,779,710
Contractors:Maintenance of Buildings and Facilities	2,924,221	1,571,280	-1,352,941
Contractors:Maintenance of Equipment	16,706,036	29,113,150	12,407,114
Contractors:Maintenance of Unspecified Assets	186,191	895,120	708,929
Contractors:Sewerage Services	39,368,894	44,035,270	4,666,376
Outsourced Services:Business and Advisory:Project Management	10,515,077	4,863,870	-5,651,207
Outsourced Services:Sewerage Services	996,862	1,999,900	1,003,038
Contracted Services	76,465,537	86,808,470	10,342,933
Furniture and Office Equipment	75,845,526	0	-75,845,526
Sanitation Infrastructure	-5,198,592	99,623,430	104,822,022
Depreciation and Amortisation	70,646,934	99,623,430	28,976,496
Municipal Staff:Post-retirement Benefit:Pension:Current Service Cost	7,765,714	8,092,630	326,916
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	1,067,796	1,382,410	314,614
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	8,091,875	8,540,510	448,635
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	4,188,559	674,750	-3,513,809
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	9,309,040	4,860,360	-4,448,680
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	16,220,450	9,233,330	-6,987,120
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	520,182	6,561,710	6,041,528
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	2,640,691	3,092,220	451,529
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	89,558,968	97,639,460	8,080,492
Municipal Staff:Salaries, Wages and Allowances:Bonuses	4,709,577	3,987,210	-722,367

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Social Contributions:Group Life Insurance	656,175	1,029,380	373,205
Municipal Staff:Social Contributions:Medical	10,969,716	10,641,360	-328,356
Municipal Staff:Social Contributions:Pension	17,331,582	17,749,580	417,998
Employee Related Cost	173,030,327	173,484,910	454,583
Inventory Consumed:Consumables:Standard Rated	1,332,405	1,807,520	475,114
Inventory Consumed:Consumables:Zero Rated	4,805,063	8,269,520	3,464,457
Inventory Consumed:Finished Goods	3,495,098	7,668,490	4,173,392
Inventory Consumed:Materials and Supplies	425,678	687,270	261,592
Other Materials	10,058,244	18,432,800	8,374,556
Operational Cost:External Computer Service:Software Licences		336,040	336,040
Operational Cost:External Computer Service:Specialised Computer Service		770,590	770,590
Operational Cost:Hire Charges		392,200	392,200
Operational Cost:Skills Development Fund Levy	1,076,322	1,392,770	316,448
Other Expenditure	1,076,322	2,891,600	1,815,278
Total Expenditure	407,978,480	419,921,330	11,942,850

Function 3: Electricity Services

TABLE 5.157: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	52,290,538	226,475,720	174,185,182
Bulk Purchases	2,893,025,688	2,887,187,170	-5,838,518
Contracted Services	77,502,177	68,209,790	-9,292,387
Depreciation and Amortisation	48,211,512	120,416,280	72,204,768
Employee Related Costs	316,245,158	329,446,860	13,201,702
Finance Charges	38,567,541	39,419,700	852,159
Interest Raised - Outstanding Debtors	-21,772,464	-34,145,580	-12,373,116
Other Materials	16,587,149	18,672,710	2,085,561
Other Expenditure	31,059,668	36,577,430	5,517,762
Total Expenditure	3,473,489,430	3,692,260,080	218,770,650
Revenue by Category			
Other Revenue	-2,961,934	-2,124,450	837,484
Rental of Facilities and Equipment	-98,663	-196,080	-97,417
Service Charges:Electricity	3,483,008,843	-3,731,065,970	-248,057,127
Fines, Penalties and Forfeits	-1,809,851	-7,027,800	-5,217,949
Transfers and Subsidies	-70,844,701	-128,900,380	-58,055,679
	-	-	-
Total Revenue	3,558,723,993	-3,869,314,680	-310,590,687
Net Result	-85,235,563	-177,054,600	-91,820,037

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories:

TABLE 5.158: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational Revenue:Recovery Infrastructure Maintenance	-2,559,398	-1,924,000	635,398
Other Revenue	-2,559,398	-1,924,000	635,398
Availability Charges	-33,477,070	-3,393,920	30,083,150
Connection/Reconnection:Connections New:Non-government Housing	-5,496,741	-4,052,400	1,444,341
Electricity Distribution Revenue for Services:Network Charges		-424,000	-424,000
Electricity Sales:Agricultural Medium	-493,820	-100,000	393,820
Electricity Sales:Commercial Conventional (3-Phase)	-208,055,252	-185,298,010	22,757,242
Electricity Sales:Commercial Prepaid		-83,654,420	-83,654,420
Electricity Sales:Domestic High:Farm Dwellings	-1,485,654	-1,814,620	-328,966
Electricity Sales:Domestic High:Prepaid	-1,021,076,623	-1,093,376,170	-72,299,547
Electricity Sales:Domestic Low:Domestic Indigent	-56,095,366	-59,333,150	-3,237,784
Electricity Sales:Domestic Low:Prepaid	-76,711,437	-21,710,730	55,000,707
Electricity Sales:Industrial more than (11 000 Volts) (High Voltage)	-1,773,715,439	-1,805,240,990	-31,525,551
Electricity Sales:Industrial (400 Volts) (Low Voltage)	-303,437,521	-452,080,140	-148,642,619
Electricity Sales:Time of Use Tariffs	-2,865,380	-12,499,220	-9,633,840
Electricity:Meter Compliance Testing	-38,529	-7,532,450	-7,493,921
Service Charges:Electricity	-3,482,948,832	-3,730,510,220	-247,561,388
Fines:Illegal Connections	-1,811,318	-7,027,800	-5,216,482
Fines, Penalties and Forfeits	-1,811,318	-7,027,800	-5,216,482
Operational:Monetary Allocations:National Governments:Infrastructure Skills Development Grant [Schedule 5B]	-11,511,551	-15,394,000	-3,882,449
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-59,333,150	-51,506,380	7,826,770
Operational:Monetary Allocations:Non-profit institutions:Use - It		-62,000,000	-62,000,000
Transfers and Subsidies	-70,844,701	-128,900,380	-58,055,679
Total Revenue	-3,558,164,250	-3,868,362,400	-310,198,150

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories:

TABLE 5.159: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Bad Debts Written Off	52,290,538	226,475,720	174,185,182
Debt Impairment - Receivables	52,290,538	226,475,720	174,185,182
Electricity:ESCOM	2,893,025,688	2,887,187,170	-5,838,518
Bulk Purchases	2,893,025,688	2,887,187,170	-5,838,518
Consultants and Professional Services:Infrastructure and Planning:Engineering:Electrical	24,065,571	21,760,000	-2,305,571
Contractors:Maintenance of Buildings and Facilities	2,992,858	4,303,370	1,310,512
Contractors:Maintenance of Equipment	4,657,731	6,792,910	2,135,179
Contractors:Maintenance of Unspecified Assets	807,391	1,595,110	787,719
Outsourced Services:Administrative and Support Staff		451,000	451,000
Outsourced Services:Business and Advisory:Project Management	1,479,493	3,236,260	1,756,767
Outsourced Services:Clearing and Grass Cutting Services	1,933,911	2,642,170	708,259
Outsourced Services:Electrical	30,191,767	21,654,740	-8,537,027
Outsourced Services:Security Services	5,952,800	32,360	-5,920,440
Outsourced Services:Transport Services	681,910	1,290,660	608,750
Contracted Services	72,763,433	63,758,580	-9,004,853
Expenditure:Depreciation and Amortisation:Depreciation:Electrical Infrastructure	48,211,512	120,416,280	72,204,768
Depreciation and Amortisation	48,211,512	120,416,280	72,204,768
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	2,152,700	160,500	-1,992,200
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	12,636,666	13,745,240	1,108,574
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	1,654,442	1,221,400	-433,042
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	15,590,215	10,441,570	-5,148,645
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	24,934,165	29,313,440	4,379,275
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	332,592	0	-332,592
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Scarcity Allowance	6,892,464	7,301,680	409,216
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	14,542,250	14,963,180	420,930
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	153,912,799	166,803,600	12,890,801
Municipal Staff:Social Contributions:Medical	16,298,706	15,737,940	-560,766
Municipal Staff:Social Contributions:Pension	27,370,088	28,203,820	833,732
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic		1,650,000	1,650,000

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Salary			
Employee Related Costs	276,317,087	289,542,370	13,225,283
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	38,567,541	39,419,700	852,159
Finance Charges	38,567,541	39,419,700	852,159
Interest, Dividend and Rent on Land:Interest:Receivables:Electricity	-21,714,249	-34,145,580	-12,431,331
Interest Raised - Outstanding Debtors	-21,714,249	-34,145,580	-12,431,331
Inventory Consumed:Consumables:Standard Rated	1,046,881	1,405,690	358,809
Inventory Consumed:Consumables:Zero Rated	4,244,601	2,921,200	-1,323,401
Inventory Consumed:Finished Goods	3,050,511	3,969,910	919,399
Inventory Consumed:Materials and Supplies	8,245,156	10,375,910	2,130,754
Other Materials	16,587,149	18,672,710	2,175,561
Operating Leases:Furniture and Office Equipment	947,234	1,564,220	616,986
Operational Cost:Assets less than the Capitalisation Threshold	1,242,734	878,460	-364,274
Operational Cost:Commission:Prepaid Electricity	15,683,648	19,918,740	4,235,092
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	2,442,179	1,668,900	-773,279
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	1,292,792	1,612,540	319,748
Operational Cost:External Computer Service:Software Licences	644,099	1,019,900	375,801
Operational Cost:Uniform and Protective Clothing	537,786	1,053,730	515,944
Other Expenditure	22,790,472	27,716,490	4,926,018
Total Expenditure	3,398,839,171	3,639,043,440	240,204,269

Function 4: Waste Disposal and Other Services

TABLE 5.160: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	45,633,613	16,733,330	-28,900,283
Contracted Services	47,665,490	61,105,970	13,440,480
Depreciation and Amortisation	-151,038	37,871,620	38,022,658
Employee Related Costs	167,906,889	176,206,610	8,299,721
Finance Charges	43,100	43,100	0
Other Materials	15,455,636	19,681,710	4,226,074
Other Expenditure	43,702,229	53,859,020	10,156,791
Total Expenditure	320,255,920	365,501,360	45,245,440
Revenue by Category			
Interest Raised - Outstanding Debtors	-15,242,008	-16,855,810	-1,613,802
Other Revenue	-11,827,624	-14,579,030	-2,751,406
Rental of Facilities and Equipment	-3,920,134	-4,916,860	-996,726
Service Charges:Waste Management	-168,323,250	-186,898,450	-18,575,200
Transfers and Subsidies	-104,709,764	-132,707,200	-27,997,436

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Total Revenue	-304,022,780	-355,957,350	-51,934,570
Net Result	16,233,140	9,544,010	-6,689,130

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.161: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Interest, Dividend and Rent on Land:Interest:Receivables:Waste Management	-15,242,008	-16,855,810	-1,613,802
Interest Raised - Outstanding Debtors	-15,242,008	-16,855,810	-1,613,802
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Recycling of Waste	-11,771,349	-14,504,470	-2,733,121
Other Revenue	-11,771,349	-14,504,470	-2,733,121
Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Solid Waste Infrastructure	-3,920,134	-4,916,860	-996,726
Rental of Facilities and Equipment	-3,920,134	-4,916,860	-996,726
Electricity Sales:Domestic Low:Domestic Indigent		-104,217,650	104,217,650
Refuse Removal	-156,340,186	-70,453,500	85,886,686
Service Charges:Waste Management	-156,340,186	-174,671,150	-18,330,964
Operational:Monetary Allocations:National Governments:Public Service Improvement Facility	-492,114	-1,000,000	-507,886
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-104,217,650	-131,707,200	-27,489,550
Transfers and Subsidies	-104,709,764	-132,707,200	-27,997,436
Total Revenue	-291,983,441	-343,655,490	-51,672,049

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.162: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Bad Debts Written Off	45,633,613	16,733,330	28,900,283
Debt Impairment - Receivables	45,633,613	16,733,330	28,900,283

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Consultants and Professional Services:Business and Advisory:Project Management	252,574	1,172,350	919,776
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	2,188,245	478,260	-1,709,985
Contractors:Maintenance of Equipment	383,743	1,221,000	837,257
Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing		1,000,000	1,000,000
Outsourced Services:Business and Advisory:Research and Advisory	65,291	625,870	560,579
Outsourced Services:Illegal Dumping	7,584,881	8,669,180	1,084,299
Outsourced Services:Litter Picking and Street Cleaning	23,206,650	26,508,620	3,301,970
Outsourced Services:Refuse Removal	13,150,815	20,066,150	6,915,336
Contracted Services	46,832,199	59,741,430	12,909,231
Depreciation:Land	-12,691	23,710,870	23,723,561
Depreciation:Solid Waste Infrastructure	-138,347	14,160,750	14,299,097
Depreciation and Amortisation	-151,038	37,871,620	38,022,658
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	7,460,833	8,068,420	607,587
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	7,817,501	4,750,600	-3,066,901
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	16,608,831	17,931,860	1,323,029
Allowances:Service Related Benefits:Standby Allowance	944,810	536,310	-408,500
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	1,115,695	1,838,830	723,135
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	82,672,146	88,514,420	5,842,274
Municipal Staff:Salaries, Wages and Allowances:Bonuses	15,286,580	18,705,770	3,419,190
Municipal Staff:Social Contributions:Pension	15,904,947	16,396,570	491,623
Employee Related Costs	147,811,342	156,742,780	8,931,438
Inventory Consumed:Consumables:Zero Rated	10,255,131	14,536,580	4,281,450
Other Materials	10,255,131	14,536,580	4,281,450
Operating Leases:Infrastructure:Solid Waste Disposal	4,239,401	6,979,270	2,739,869
Operational Cost:Hire Charges	36,611,618	42,577,850	5,966,232
Operational Cost:Uniform and Protective Clothing	871,109	1,462,920	591,811
Other Expenditure	41,722,128	51,020,040	9,297,912
Total Expenditure	292,103,375	336,645,780	44,542,405

Function 5: Housing Services

TABLE 5.163: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	140,278	0	-140,278
Contracted Services	46,189,937	157,368,690	111,178,753
Depreciation and Amortisation	1,565,905	14,942,700	13,376,795

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Employee Related Costs	92,597,158	96,782,500	4,185,342
Finance Charges	209,550	509,550	300,000
Other Materials	618,684	1,064,940	446,256
Other Expenditure	6,477,271	9,606,440	3,129,169
Loss on Disposal of Property, Plant and Equipment	19,574	0	-19,574
Total Expenditure	147,818,358	280,274,820	132,456,462
Revenue by Category			
Interest Raised - Outstanding Debtors	-14,552	-18,630	-4,078
Other Revenue	-2,279,883	-7,289,800	-5,009,917
Rental of Facilities and Equipment	-266	0	266
Fines, Penalties and Forfeits	-539,796	0	539,796
Transfers and Subsidies	-6,459,194	-132,846,510	-126,387,316
Total Revenue	-9,293,692	-140,154,940	-130,861,248
Net Result	138,524,666	140,119,880	1,595,214

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.164: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational Revenue:Administrative Handling Fees	-395	-4,614,320	-4,613,925
Sales of Goods and Rendering of Services:Advertisements	-1,347,673	-1,800,000	-452,327
Sales of Goods and Rendering of Services:Housing (Boarding Services):Private	-692,119	-370,850	321,269
Other Revenue	-2,040,187	-6,785,170	-4,744,983
Fines:Building	-539,796	0	539,796
Fines, Penalties and Forfeits	-539,796	0	539,796
Operational:Allocations In-kind:Departmental Agencies and Accounts:National Departmental Agencies:South Africa Revenue Service (SARS)	-1,663,881	0	1,663,881
Operational:Monetary Allocations:Provincial Government:Eastern Cape:Housing: Human Settlement Development	-4,795,313	-132,846,510	-128,051,197
Transfers and Subsidies	-6,459,194	-132,846,510	-126,387,316
Total Revenue	-9,039,177	-139,631,680	-130,592,503

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories:

TABLE 5.165: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Business and Advisory:Project Management		1,180,140	1,180,140
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	8,446,743	7,639,520	-807,223
Contractors:Building	13,595,481	133,226,510	119,631,029
Contractors:Maintenance of Buildings and Facilities	801,249	8,917,070	8,115,821
Contractors:Management of Informal Settlements	5,772,543	1,020,790	-4,751,753
Contractors:Sewerage Services	2,316,067	0	-2,316,067
Contractors:Transportation	56,248	735,110	678,862
Outsourced Services:Administrative and Support Staff	236,001	1,176,070	940,069
Outsourced Services:Electrical	1,622,645	0	-1,622,645
Outsourced Services:Security Services	12,924,194	2,668,500	-10,255,694
Contracted Services	45,771,171	156,563,710	110,792,539
Depreciation:Furniture and Office Equipment	36,234	11,966,540	11,930,307
Depreciation:Other Assets	1,529,672	2,976,160	1,446,488
Depreciation and Amortisation	1,565,905	14,942,700	13,376,795
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	1,465,939	2,278,590	812,651
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	4,736,329	5,187,820	451,491
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	3,486,606	2,612,230	-874,376
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	54,366,724	58,282,170	3,915,446
Employee Related Costs	64,055,599	68,360,810	4,305,211
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	209,550	509,550	300,000
Finance Charges	209,550	509,550	300,000
Inventory Consumed:Consumables:Standard Rated	560,683	693,110	132,427
Inventory Consumed:Consumables:Zero Rated	36,007	191,120	155,113
Inventory Consumed:Finished Goods	21,993	180,710	158,717
Other Materials	618,684	1,064,940	446,256
Operating Leases:Other Assets	1,161,168	2,546,080	1,384,912
Operational Cost:Insurance Underwriting:Premiums	263,568	648,920	385,352
Operational Cost:Skills Development Fund Levy	1,245,011	900,520	-344,491
Other Expenditure	2,669,747	4,095,520	1,425,773
Total Expenditure	114,890,656	245,537,230	130,779,889

Function 6: Road Services

TABLE 5.166: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	33,842,452	36,579,340	2,736,888
Depreciation and Amortisation	-18,125,694	152,051,620	170,177,314
Employee Related Costs	89,700,885	95,853,450	6,152,565
Finance Charges	47,055,329	48,525,420	1,470,091
Other Materials	2,713,474	3,700,570	987,096
Other Expenditure	1,642,176	2,166,780	524,604
Total Expenditure	156,828,622	338,877,180	182,048,558
Revenue by Category			
Other Revenue	-3,206,723	-3,418,970	-212,247
Rental of Facilities and Equipment	-96,439	-106,290	-9,851
Transfers and Subsidies	-9,300,603	-10,000,000	-699,397
Total Revenue	-12,603,764	-13,525,260	-921,496
Net Surplus	144,224,858	325,351,920	181,127,062

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories:

TABLE 5.167: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational Revenue:Recovery Infrastructure Maintenance	-3,206,324	-3,413,670	-207,346
Other Revenue	-3,206,324	-3,413,670	-207,346
Operational:Monetary Allocations:Provincial Government:Eastern Cape:Other:Clean Audit	-9,300,603	-10,000,000	-699,397
Transfers and Subsidies	-9,300,603	-10,000,000	-699,397
Total Revenue	-12,506,927	-13,413,670	-906,743

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories:

TABLE 5.168: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	1,722,833	813,030	-909,803
Contractors:Maintenance of Buildings and Facilities	9,296,430	6,993,760	-2,302,670
Contractors:Maintenance of Equipment	11,423,421	15,332,690	3,909,269
Contractors:Maintenance of Unspecified Assets	10,616,568	12,534,010	1,917,442
Contracted Services	33,059,252	35,673,490	2,614,238
Depreciation:Roads Infrastructure	-18,125,694	152,051,620	170,177,314
Depreciation and Amortisation	-18,125,694	152,051,620	170,177,314
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	4,507,181	4,712,780	205,599
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	4,952,521	2,809,710	-2,142,811
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	2,051,094	1,653,890	-397,204
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	996,375	1,294,270	297,895
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	54,836,159	63,034,720	8,198,561
Employee Related Costs	67,343,330	73,505,370	6,162,040
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	47,055,329	48,525,420	1,470,091
Finance Charges	47,055,329	48,525,420	1,470,091
Inventory Consumed:Consumables:Zero Rated	2,195,201	3,346,920	1,151,719
Inventory Consumed:Materials and Supplies	243,764	90,430	-153,334
Other Materials	2,438,965	3,437,350	998,385
Operational Cost:Insurance Underwriting:Premiums	86,383	708,450	622,067
Operational Cost:Workmen's Compensation Fund	162,329	0	-162,329
Other Expenditure	248,713	708,450	459,737
Total Expenditure	132,019,895	313,901,700	181,881,805

Function 7: Transport Services**TABLE 5.169: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	53,454,796	81,052,330	27,597,534
Depreciation and Amortisation	0	5,363,560	5,363,560

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Employee Related Costs	13,550,518	20,055,490	6,504,972
Other Materials	625,017	864,860	239,843
Other Expenditure	6,506,238	9,535,330	3,029,092
Total Expenditure	74,136,570	116,871,570	42,735,000
Revenue by Category			
Other Revenue	-854,254	-5,755,990	-4,901,736
Transfers and Subsidies	-68,559,829	-81,501,000	-12,941,171
Total Revenue	-69,414,083	-87,256,990	-17,842,907
Net Result	4,722,487	29,614,580	24,892,093

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.170: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Sales of Goods and Rendering of Services:Transport Fees	-854,254	-5,755,990	-4,901,736
Other Revenue	-854,254	-5,755,990	-4,901,736
Operational:Monetary Allocations:National Governments:Public Transport Network Operations Grant [Schedule 5B]	-68,559,829	-81,501,000	-12,941,171
Transfers and Subsidies	-68,559,829	-81,501,000	-12,941,171
Total Revenue	-69,414,083	-87,256,990	-17,842,907

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.171: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Business and Advisory:Research and Advisory	-401,216	0	401,216
Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	4,819,478	7,653,180	2,833,702
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	4,816,093	2,000,000	-2,816,093
Contractors:Maintenance of Equipment	210,147	3,978,560	3,768,413
Outsourced Services:Business and Advisory:Project Management	42,040,058	66,980,200	24,940,142
Outsourced Services:Security Services	1,565,943	0	-1,565,943
Contracted Services	53,050,504	80,611,940	27,561,436

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation:Roads Infrastructure	0	5,363,560	5,363,560
Depreciation and Amortisation	0	5,363,560	5,363,560
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	291,713	500,000	208,287
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	11,312,290	17,665,800	6,353,510
Employee Related Costs	11,604,003	18,165,800	6,561,797
Inventory Consumed:Consumables:Standard Rated	76,355	206,410	130,055
Inventory Consumed:Consumables:Zero Rated	226,330	317,820	91,490
Other Materials	302,684	524,230	221,546
Operating Leases:Other Assets		1,150,000	1,150,000
Operational Cost:Advertising, Publicity and Marketing:Staff Recruitment	-49,355	366,140	415,495
Operational Cost:External Computer Service:Software Licences	200,821	2,019,110	1,818,289
Operational Cost:External Computer Service:Wireless Network	2,288,569	1,913,060	-375,509
Operational Cost:Licences:Motor Vehicle Licence and Registrations	2,461,667	1,800,000	-661,667
Other Expenditure	4,901,702	7,248,310	2,346,609
Total Expenditure	69,858,893	111,913,840	42,054,947

Function 8: Stormwater Services

TABLE 5.172: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	16,220,502	12,978,610	-3,241,892
Depreciation and Amortisation	-407,679	19,021,690	19,429,369
Employee Related Cost	3,854,298	4,539,950	685,652
Other Expenditure	106,997	746,980	639,983
Total Expenditure	19,774,118	37,287,230	17,513,112
Revenue by Category			
Other Revenue	-4,042	0	4,042
Total Revenue	-4,042	0	4,042
Net Result	19,770,076	37,287,230	17,517,154

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.173: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Business and Advisory:Research and Advisory	0	770,000	770,000
Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	-127,744	273,410	401,154
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	1,290,512	800,000	-490,512
Contractors:Maintenance of Buildings and Facilities	6,231,022	3,433,840	-2,797,182
Contractors:Maintenance of Equipment	7,959,214	6,710,090	-1,249,124
Contracted Services	15,353,005	11,987,340	-3,365,665
Depreciation:Roads Infrastructure	-407,679	19,021,690	19,429,369
Depreciation and Amortisation	-407,679	19,021,690	19,429,369
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	3,816,184	4,456,800	640,616
Employee Related Cost	3,816,184	4,456,800	640,616
Operational Cost:Insurance Underwriting:Premiums	73,453	712,620	639,167
Other Expenditure	73,453	712,620	639,167
Total Expenditure	18,834,962	36,178,450	17,343,488

Function 9: Planning Services

TABLE 5.174: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	24,882,144	31,295,600	6,413,456
Depreciation and Amortisation	-737	12,785,010	12,785,747
Employee Related Costs	104,077,246	106,428,390	2,351,144
Other Materials	735,131	1,425,900	690,769
Other Expenditure	5,238,091	8,351,050	3,112,959
Transfers and Subsidies	86,008	0	-86,008
Total Expenditure	135,017,883	160,285,950	25,268,067
Revenue by Category			
Other Revenue	-15,828,676	-13,409,580	2,419,096
Rental of Facilities and Equipment	-826,205	-1,252,590	-426,385
Service Charges:Waste Management	0	-37,610	-37,610
Transfers and Subsidies	-5,097,649	-10,097,650	-5,000,001

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Total Revenue	-21,752,529	-24,797,430	-3,044,901
Net Result	113,265,354	135,488,520	22,223,166

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.175: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational Revenue:Insurance Refund	-3,304,550	0	3,304,550
Operational Revenue:Request for Information:Plan Printing and Duplicates	-9,065	-328,990	-319,925
Operational Revenue:Sale of Property		-371,000	-371,000
Sales of Goods and Rendering of Services:Advertisements	-18,312	-387,400	-369,088
Sales of Goods and Rendering of Services:Building Plan Approval	-10,771,954	-10,259,300	512,654
Other Revenue	-14,103,880	-11,346,690	2,757,190
Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Other Assets	-819,277	-1,239,700	-420,423
Rental of Facilities and Equipment	-819,277	-1,239,700	-420,423
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-5,000,000	-5,000,000
Transfers and Subsidies	0	-5,000,000	-5,000,000
Total Revenue	-14,923,157	-17,586,390	-2,663,233

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories:

TABLE 5.176: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Business and Advisory:Project Management	826,838	1,218,040	391,202
Consultants and Professional Services:Infrastructure and Planning:Architectural	-2,373	1,542,450	1,544,823
Consultants and Professional Services:Infrastructure and Planning:Engineering:Civil	0	400,000	400,000
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	3,327,362	1,916,870	-1,410,492
Contractors:Maintenance of Equipment	246,847	741,550	494,703
Contractors:Maintenance of Unspecified Assets	2,622,396	3,522,490	900,094

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Outsourced Services:Litter Picking and Street Cleaning	838,080	4,242,700	3,404,620
Contracted Services	7,859,150	13,584,100	5,724,950
Depreciation:Furniture and Office Equipment	-737	12,482,680	12,483,417
Depreciation:Water Supply Infrastructure	0	302,330	302,330
Depreciation and Amortisation	-737	12,785,010	12,785,747
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	1,625,469	2,680,920	1,055,451
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	949,547	526,480	-423,067
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	3,058,450	2,291,960	-766,490
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	67,055,008	70,422,850	3,367,842
Municipal Staff:Social Contributions:Medical	5,072,079	4,564,030	-508,049
Municipal Staff:Social Contributions:Pension	11,455,076	10,678,090	-776,986
Employee Related Costs	89,215,628	91,164,330	1,948,702
Inventory Consumed:Consumables:Standard Rated	523,810	781,390	257,580
Inventory Consumed:Consumables:Zero Rated	194,449	594,520	400,071
Other Materials	718,260	1,375,910	657,650
Operational Cost:Assets less than the Capitalisation Threshold	275,725	623,990	348,265
Operational Cost:External Computer Service:Information Services	0	1,407,430	1,407,430
Operational Cost:Insurance Underwriting:Premiums	1,806,644	2,239,350	432,706
Other Expenditure	2,082,369	4,270,770	2,188,401
Total Expenditure	99,874,670	123,180,120	23,305,450

Function 10: Local Economic Development Services

TABLE 5.177: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	14,646,298	19,352,020	4,705,722
Depreciation and Amortisation	-127,822	3,610	131,432
Employee Related Costs	17,260,501	20,874,620	3,614,119
Other Materials	210,228	248,070	37,842
Other Expenditure	66,713,677	88,033,540	21,319,863
Transfers and Subsidies	14,895,815	20,607,290	5,711,475
Total Expenditure	113,598,697	149,119,150	35,520,453
Revenue by Category			
Rental of Property, Plant and Equipment	-127,779	-139,400	-11,621
Transfers and Subsidies	-105,179,560	-105,179,560	0
Total Revenue	-105,307,339	-105,318,960	-11,621
Net Result	8,291,358	43,800,190	35,508,832

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.178: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Outsourced Services:Business and Advisory:Project Management	14,427,936	18,754,390	4,326,454
Outsourced Services:Security Services		341,440	341,440
Contracted Services	14,427,936	19,095,830	4,667,894
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	9,774,150	12,497,000	2,722,850
Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	12,230	256,840	244,610
Employee Related Costs	9,786,381	12,753,840	2,967,459
Operational Cost:Intercompany/Parent-subsiary Transactions	61,517,312	81,925,870	20,408,558
Operational Cost:Municipal Services	902,805	139,400	-763,405
Operational Cost:Rewards Incentives	1,267,632	2,680,000	1,412,368
Other Expenditure	63,687,750	84,745,270	21,057,520
Capital:Allocations In-kind:Departmental Agencies and Accounts:Provincial Departmental Agencies:Development Enterprise	970,765	6,682,240	5,711,475
Transfers and Subsidies	970,765	6,682,240	5,711,475
Total Expenditure	88,872,831	123,277,180	34,404,349

Function 11: Libraries; Archives; Museums; Galleries; Community Facilities; Other**TABLE 5.179: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	75,914	0	-75,914
Contracted Services	21,081,008	41,054,840	19,973,832
Depreciation and Amortisation	-775,942	11,697,470	12,473,412
Employee Related Costs	99,468,422	108,590,410	9,121,988
Finance Charges	782,730	782,730	0
Other Materials	4,578,937	4,950,730	371,793
Other Expenditure	9,242,854	22,926,450	13,683,596
Transfers and Subsidies	1,057,786	2,516,750	1,458,964
Total Expenditure	135,511,711	192,519,380	57,007,669
Revenue by Category			
Interest Earned - External Investments	-185,616	-230,720	-45,104
Other Revenue	-16,065,374	-19,290,520	-3,225,146
Rental of Facilities and Equipment	-11,652,121	-9,415,360	2,236,761

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Fines, Penalties and Forfeits	-296,994	-776,850	-479,856
Transfers and Subsidies	-15,182,528	-15,660,390	-477,862
Total Revenue	-43,382,634	-45,373,840	-1,991,206
Net Result	92,129,077	147,145,540	55,016,463

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.180: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational Revenue:Administrative Handling Fees	-15,519,844	-18,304,570	-2,784,726
Sales of Goods and Rendering of Services:Meal and Refreshment	-173,080	-368,350	-195,270
Other Revenue	-15,692,924	-18,672,920	-2,979,996
Market Related:Investment Property:Straight-lined Operating	-5,829,989	-4,085,400	1,744,589
Market Related:Property Plant and Equipment:Ad-hoc rentals: Community Assets	-1,438,629	-1,154,190	284,439
Rental of Facilities and Equipment	-7,268,618	-5,239,590	2,029,028
Fines:Overdue Books Fine	-296,994	-776,850	-479,856
Fines, Penalties and Forfeits	-296,994	-776,850	-479,856
Operational:Monetary Allocations:Departmental Agencies and Accounts: National Departmental Agencies:National Lotteries Board	-182,528	-660,390	-477,862
Transfers and Subsidies	-182,528	-660,390	-477,862
Total Revenue	-23,441,064	-25,349,750	-1,908,686

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditures Categories:

TABLE 5.181: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Expenditure:Contracted Services:Contractors:Audio-visual Services	430,388	872,740	442,352
Expenditure:Contracted Services:Contractors:Fire Protection	372,692	979,940	607,248
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	14,312,590	19,472,890	5,160,300
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2,136,523	3,878,000	1,741,477
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	119,452	434,010	314,558
Expenditure:Contracted Services:Contractors:Pest Control and Fumigation	147,354	450,810	303,456

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Contracted Services:Contractors:Safeguard and Security	241,901	1,892,060	1,650,159
Expenditure:Contracted Services:Outsourced Services:Business and Advisory: Project Management	472,157	1,501,130	1,028,973
Expenditure:Contracted Services:Outsourced Services:Cleaning Services	403,827	1,352,550	948,723
Expenditure:Contracted Services:Outsourced Services:Clearing and Grass Cutting Services	340,108	1,060,110	720,002
Expenditure:Contracted Services:Outsourced Services:Electrical	257,771	592,220	334,449
Expenditure:Contracted Services:Outsourced Services:Security Services	2,428	6,037,700	6,035,272
Contracted Services	19,237,191	38,524,160	19,286,969
Expenditure:Depreciation and Amortisation:Depreciation:Furniture and Office Equipment		1,570,880	1,570,880
Expenditure:Depreciation and Amortisation:Depreciation:Libraries		3,040,400	3,040,400
Expenditure:Depreciation and Amortisation:Depreciation:Other Assets	-763,929	7,086,190	7,850,119
Depreciation and Amortisation	-763,929	11,697,470	12,461,399
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances :Allowances:Service Related Benefits:Bonus	5,556,940	6,123,850	566,910
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances: Allowances:Service Related Benefits:Long Service Award	4,719,661	3,103,100	-1,616,561
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances: Allowances:Travel or Motor Vehicle	922,938	1,294,220	371,282
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances: Basic Salary and Wages	63,206,148	72,878,530	9,672,382
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Medical	7,317,159	6,873,490	-443,669
Employee Related Costs	81,722,847	90,273,190	8,550,343
Expenditure:Inventory Consumed:Consumables:Standard Rated	2,620,555	2,692,640	72,085
Expenditure:Inventory Consumed:Consumables:Zero Rated	474,857	670,190	195,333
Expenditure:Inventory Consumed:Materials and Supplies	1,005,801	1,131,970	126,169
Other Materials	4,101,213	4,494,800	393,587
Expenditure:Operating Leases:Computer Equipment	76,930	347,620	270,690
Expenditure:Operating Leases:Furniture and Office Equipment	1,210,540	1,557,120	346,580
Expenditure:Operating Leases:Other Assets	996,281	1,399,510	403,229
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	163,455	398,140	234,685
Expenditure:Operational Cost:Assets less than the Capitalisation Threshold	1,429,658	8,869,330	7,439,672
Expenditure:Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	556,327	1,090,650	534,323
Expenditure:Operational Cost:External Computer Service:Software Licences		1,036,780	1,036,780
Expenditure:Operational Cost:External Computer Service:Wireless Network	403,087	119,480	-283,607
Expenditure:Operational Cost:Insurance Underwriting:Premiums	403,252	694,430	291,178
Expenditure:Operational Cost:Municipal Services	303,196	1,556,180	1,252,984
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Transport with Operator:Public Transport:Road Transport	43,813	352,390	308,578
Expenditure:Operational Cost:Uniform and Protective Clothing	101,185	456,840	355,655
Other Expenditure	5,687,723	17,878,470	12,190,747
Expenditure:Transfers and Subsidies:Operational:Monetary Allocations:Non-profit institutions:Use - It	892,286	2,351,250	1,458,964
Transfers and Subsidies	892,286	2,351,250	1,458,964
Total Expenditure	110,877,331	165,219,340	54,342,009

Function 12: Cemeteries and Crematoriums

TABLE 5.182: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	5,166,511	5,256,540	90,029
Depreciation and Amortisation	-1,049,543	6,110,010	7,159,553
Employee Related Costs	22,184,946	21,312,700	-872,246
Other Materials	655,899	1,027,910	372,011
Other Expenditure	396,669	592,420	195,751
Loss on disposal of Property, Plant and equipment	41	0	-41
Total Expenditure	27,354,523	34,299,580	6,945,057
Revenue by category			
Other Revenue	-9,984,935	-24,089,850	-14,104,915
Transfers and Subsidies	0	-1,060,000	-1,060,000
Total Revenue	-9,984,935	-25,149,850	-15,164,915
Net result	17,369,588	9,149,730	-8,219,858

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.183: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Sales of Goods and Rendering of Services:Cleaning and Removal	-158,917	-14,327,560	-14,168,643
Other Revenue	-158,917	-14,327,560	-14,168,643
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-1,060,000	-1,060,000
Transfers and Subsidies	0	-1,060,000	-1,060,000
Total Revenue	-158,917	-15,387,560	-15,228,643

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.184: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Depreciation:Solid Waste Infrastructure	-1,049,543	6,091,360	7,140,903
Depreciation and Amortisation	-1,049,543	6,091,360	7,140,903
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	2,127,031	1,191,970	-935,061
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	290,357	498,150	207,793
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	423,564	0	-423,564
Employee Related Costs	2,840,951	1,690,120	-1,150,831
Inventory Consumed:Consumables:Zero Rated	272,622	586,830	314,208
Other Materials	272,622	586,830	314,208
Total Expenditure	2,064,030	8,368,310	6,304,280

Function 13: Pollution Control**TABLE 5.185: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	49,420	492,160	442,740
Depreciation and Amortisation	-79,705	108,000	187,705
Employee Related Costs	3,653,051	3,281,310	-371,741
Other Materials	38,720	522,940	484,220
Other Expenditure	195,330	208,140	12,810
Total Expenditure	3,856,817	4,612,550	755,733
Revenue by Category			
Licences or Permits	-21,100	-265,000	-243,900
Other Revenue	-220	0	220
Total Revenue	-21,320	-265,000	-243,680
Net Result	3,835,497	4,347,550	-230,870

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.186: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Health Certificates	-21,100	-260,000	-238,900
Licences or Permits	-21,100	-260,000	-238,900
Total Revenue	-21,100	-260,000	-238,900

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.187: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Outsourced Services:Business and Advisory:Project Management	49,420	490,770	441,350
Contracted Services	49,420	490,770	441,350
Depreciation:Solid Waste Infrastructure	-79,705	108,000	187,705
Depreciation and Amortisation	-79,705	108,000	187,705
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	428,594	316,130	-112,464
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	2,277,043	2,083,680	-193,363
Employee Related Costs	2,705,637	2,399,810	-305,827
Expenditure:Inventory Consumed:Finished Goods	7,767	408,870	401,103
Other Materials	7,767	408,870	401,103
Total Expenditure	2,683,119	3,407,450	724,331

Function 14: Bio-Diversity; Landscape and Other

TABLE 5.188: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	952,690	978,310	25,620
Depreciation and Amortisation	-4,833	1,159,710	1,164,543
Employee Related Costs	29,622,430	32,003,660	2,381,230
Finance Charges	198,320	198,320	0
Other Materials	1,247,382	1,520,440	273,058
Other Expenditure	3,020,671	3,717,270	696,599
Total Expenditure	35,036,660	39,577,710	4,541,050
Revenue by Category			
Licences or Permits	-762,457	-394,900	367,557
Other Revenue	-2,008	-7,740	-5,732
Rental of Facilities and Equipment	-53,647	0	53,647
Transfers and Subsidies	-487,099	-792,750	-305,651
Total Revenue	-1,305,211	-1,195,390	109,821
Net Result	33,731,449	38,382,320	4,650,871

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.189: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Boat	-413,368	-220,000	193,368
Fauna and Flora	-349,089	-174,900	174,189
Licences or Permits	-762,457	-394,900	367,557
Operational:Monetary Allocations:National Governments:Agriculture, Conservation and Environmental	-487,099	-792,750	-305,651
Transfers and Subsidies	-487,099	-792,750	-305,651
Total Revenue	-1,249,556	-1,187,650	61,906

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.190: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Depreciation:Solid Waste Infrastructure	-4,833	1,159,710	1,164,543
Depreciation and Amortisation	-4,833	1,159,710	1,164,543
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	139,479	401,020	261,541
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	2,560,528	1,451,680	-1,108,848
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	661,837	1,193,130	531,293
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	18,355,747	19,676,550	1,320,803
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary		1,225,120	1,225,120
Employee Related Costs	21,717,590	23,947,500	2,229,910
Inventory Consumed:Consumables:Zero Rated	775,240	1,004,300	229,060
Other Materials	775,240	1,004,300	229,060
Operational Cost:Skills Development Fund Levy	2,076,812	2,494,100	417,288
Other Expenditure	2,076,812	2,494,100	417,288
Total Expenditure	24,564,809	28,605,610	4,040,801

Function 15: Health Inspection and Etc**TABLE 5.191: Revenue and Expenditure**

Description	2017/18 Actual	2017/18 Adjustment s Budget	Variance
Expenditure by Category			
Contracted Services	4,218,639	5,762,280	1,543,641
Depreciation and Amortisation	-71,147	3,487,970	3,559,117
Employee Related Costs	47,648,293	52,826,990	5,178,697
Finance Charges	-201,040	0	201,040
Other Materials	3,718,181	4,874,460	1,156,279
Other Expenditure	754,019	1,429,720	675,701
Total Expenditure	56,066,945	68,381,420	12,314,475
Expenditure by Category			
Licences or Permits	-65,746	-36,250	29,496
Other Revenue	-723,152	-1,335,400	-612,248
Transfers and Subsidies	-1,255,148	-274,230	980,918
Total Revenue	-2,044,047	-1,645,880	398,167
Net Result	54,022,899	66,735,540	12,712,641

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.192: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Sales of Goods and Rendering of Services:Laboratory Services	-637,229	-1,304,180	-666,951
Other Revenue	-637,229	-1,304,180	-666,951
Operational:Monetary Allocations:Provincial Government:Eastern Cape:Health:Primary Health Care	-1,255,148	-274,230	980,918
Transfers and Subsidies	-1,255,148	-274,230	980,918
Total Revenue	-1,892,378	-1,578,410	313,968

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.193: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contractors:Maintenance of Buildings and Facilities	56,476	323,910	267,434
Contractors:Maintenance of Equipment	1,377,209	1,745,540	368,331
Outsourced Services:Burial Services	605,000	1,043,570	438,570
Outsourced Services:Business and Advisory:Project Management	125,886	552,970	427,084
Outsourced Services:Business and Advisory:Quality Control	1,208,166	1,000,000	-208,166
Contracted Services	3,372,736	4,665,990	1,293,254
Furniture and Office Equipment	-71,147	3,487,970	3,559,117
Depreciation and Amortisation	-71,147	3,487,970	3,559,117
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	2,223,737	1,697,000	-526,737
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	3,545,210	3,051,730	-493,480
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	28,742,356	34,717,400	5,975,044
Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses		240,800	240,800
Employee Related Costs	34,511,303	39,706,930	5,195,627
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	-201,040	0	201,040
Finance Charges	-201,040	0	201,040
:Inventory Consumed:Consumables:Standard Rated	838,708	1,163,270	324,562

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Inventory Consumed:Finished Goods	2,091,678	2,487,810	396,132
Inventory Consumed:Materials and Supplies	418,179	943,990	525,811
Other Materials	3,348,565	4,595,070	1,246,505
Operational Cost:Assets less than the Capitalisation Threshold	8,530	79,300	70,770
Operational Cost:Printing, Publications and Books	27,173	86,540	59,367
Operational Cost:Registration Fees:Seminars, Conferences, Workshops and Events:National		276,850	276,850
Operational Cost:Skills Development Fund Levy		103,140	103,140
Operational Cost:Uniform and Protective Clothing	44,864	137,150	92,286
Other Expenditure	80,567	682,980	602,413
Total Expenditure	41,040,984	53,138,940	12,097,956

Function 16: Police

TABLE 5.194: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	141,837,376	165,022,170	23,184,794
Contracted Services	123,716,806	76,766,720	-46,950,086
Depreciation and Amortisation	0	526,990	526,990
Employee Related Costs	308,679,218	303,430,350	-5,248,868
Other Materials	7,834,969	9,529,660	1,694,691
Other Expenditure	11,407,207	9,928,670	-1,478,537
Total Expenditure	593,475,577	565,204,560	-28,271,017
Revenue by Category			
Licences or Permits	-9,867,082	-12,532,520	-2,665,438
Other Revenue	-5,034,653	-4,657,420	377,233
Rental of Facilities and Equipment	-216,020	-176,100	39,920
Fines, Penalties and Forfeits	-176,927,585	-212,163,320	-35,235,735
Transfers and Subsidies	-122,878,440	0	122,878,440
Total Revenue	-314,923,780	-229,529,360	85,394,420
Net Result	278,551,797	335,675,200	57,123,403

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.195: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Road and Transport:Drivers Licence Certificate	-8,756,520	-11,194,280	-2,437,760
Road and Transport:Operators and Public Drivers Permits	-1,041,012	-1,338,240	-297,228
Licences or Permits	-9,797,532	-12,532,520	-2,734,988
Sales of Goods and Rendering of Services:Academic Services:Formal Training	-3,504,627	-3,672,970	-168,343
Sales of Goods and Rendering of Services:Escort Fees	-920,616	-417,550	503,066
Other Revenue	-4,432,471	-4,117,050	315,421
Fines, Penalties and Forfeits:Fines:Pound Fees	-347,056	-61,600	285,456
Fines, Penalties and Forfeits:Fines:Traffic:Municipal	-28,233,979	-21,686,160	6,547,819
Fines, Penalties and Forfeits:Fines:Traffic:Service Provider	-148,364,350	-190,415,560	-42,051,210
Fines, Penalties and Forfeits	-176,945,385	-212,163,320	-35,217,935
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)	-122,878,440	0	122,878,440
Transfers and Subsidies	-122,878,440	0	122,878,440
Total Revenue	-314,053,828	-228,812,890	85,240,938

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.196: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Expenditure:Bad Debts Written Off	141,837,376	165,022,170	23,184,794
Debt Impairment - Receivables	141,837,376	165,022,170	23,184,794
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	168,523	575,010	406,487
Contractors:Maintenance of Buildings and Facilities	1,107,405	1,765,350	657,945
Contractors:Maintenance of Equipment	486,994	1,168,660	681,666
Outsourced Services:Business and Advisory:Project Management	183,473	801,350	617,877
Outsourced Services:Security Services	108,079,415	56,661,100	-51,418,315
Outsourced Services:Traffic Fines Management	13,364,824	15,117,160	1,752,336
Contracted Services	123,390,634	76,088,630	-47,302,004
Depreciation:Furniture and Office Equipment	0	526,990	526,990

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Depreciation and Amortisation	0	526,990	526,990
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental: Housing Benefits	1,208,901	4,794,600	3,585,699
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	1,942,414	655,280	-1,287,134
Municipal Staff:Salaries, Wages and Allowances:Allowances:ServiceRelated Benefits:Bonus	13,606,393	15,236,610	1,630,217
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits: Long Service Award	11,529,701	7,598,100	-3,931,601
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime: Non Structured	16,621,627	15,283,410	-1,338,217
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Shift Additional Remuneration	6,396,240	7,194,980	798,741
Municipal Staff:Salaries, Wages and Allowances:Allowances:ServiceRelated Benefits:Overtime: Structured	8,807,643	4,427,470	-4,380,173
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	2,308,562	2,849,150	540,588
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	185,281,139	183,652,350	-1,628,789
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	1,047,264	1,505,420	458,156
Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	-102,575	240,800	343,375
Employee Related Costs	248,647,309	243,438,170	-5,209,139
Inventory Consumed:Consumables:Zero Rated	6,391,862	7,967,050	1,575,188
Other Materials	6,391,862	7,967,050	1,575,188
Operational Cost:Assets less than the Capitalisation Threshold	675,601	430,040	-245,561
Operational Cost:Communication:Cellular Contract (Subscription and Calls)	672,521	453,640	-218,881
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	436,773	626,200	189,427
Operational Cost:Licences:Motor Vehicle Licence and Registrations	117,798	318,410	200,612
Operational Cost:Skills Development Fund Levy	2,708,265	3,488,000	779,735
Operational Cost:Uniform and Protective Clothing	3,185,000	1,918,890	-2,266,110
Operational Cost:Workmen's Compensation Fund	294,879	0	-294,879
Other Expenditure	8,090,837	7,235,180	-855,657
Total Expenditure	528,358,018	500,278,190	-28,079,828

Function 17: Fire Services

TABLE 5.197: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	284,676	0	-284,676
Contracted Services	5,531,019	5,114,850	-416,169
Depreciation and Amortisation	-38,413	3,164,330	3,202,743
Employee Related Costs	171,100,104	170,484,380	-615,724
Finance Charges	2,057,667	2,059,000	1,333
Other Materials	3,383,501	3,150,760	-232,741
Other Expenditure	5,529,288	3,051,900	-2,477,388

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Total Expenditure	187,847,843	187,025,220	-822,623
Revenue by Category			
Other Revenue	-207,172	0	207,172
Total Revenue	-207,172	0	207,172
Net Result	187,640,671	187,025,220	-615,451

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.198 Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Academic Services:Formal Training	-62,182	0	62,182
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Fire Services	-144,990	0	144,990
Other Revenue	-207,172	0	207,172
Total Revenue	-207,172	0	207,172

Function 18: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc

TABLE 5.199: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	23,017	0	-23,017
Contracted Services	6,035,031	6,248,240	213,209
Depreciation and Amortisation	-51,097	576,160	627,257
Employee Related Costs	33,968,360	33,075,670	892,690
Other Materials	3,662,267	3,287,490	-374,777
Other Expenditure	2,340,004	2,263,830	-76,174
Total Expenditure	45,977,583	45,451,390	526,193
Revenue by Category			
Licences or Permits	-3,791,113	-6,965,930	-3,174,817
Other Revenue	-159,202	-197,200	-37,998
Fines, Penalties and Forfeits	-183,974	-129,440	54,534
Licences or Permits	-4,944,385	-6,232,800	-1,288,415
Total Revenue	-9,078,673	-13,525,370	-4,446,697
Net Results	34,898,909	31,926,020	-2,972,889

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.200: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Road and Transport:Drivers Licence Application/Duplicate Drivers Licences	-2,541,558	-6,117,930	-3,576,372
Road and Transport:Drivers Licence Certificate	-1,249,555	-848,000	401,555
Licences or Permits	-3,791,113	-6,965,930	-3,174,817
Road and Transport:Learner Licence Application	-3,976,228	-5,088,000	-1,111,772
Licences or Permits	-3,976,228	-5,088,000	-1,111,772
Total Revenue	-7,767,341	-12,053,930	-4,286,589
Net Results	28,459,765	25,086,040	-3,373,725

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.201: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Outsourced Services:Animal Care	1,227,538	933,840	-293,698
Outsourced Services:Drivers Licence Cards	3,736,016	4,147,220	411,204
Outsourced Services:Security Services	830,716	620,140	-210,576
Contracted Services	5,794,270	5,701,200	-93,070
Depreciation:Furniture and Office Equipment	-39,707	462,640	502,347
Depreciation and Amortisation	-39,707	462,640	502,347
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	1,358,448	931,250	-427,198
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	2,044,271	948,821	-1,095,450
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	20,527,442	20,959,240	431,798
Municipal Staff:Social Contributions:Pension	3,778,802	3,851,620	72,818
Employee Related Costs	27,708,963	26,837,560	871,403
Inventory Consumed:Consumables:Standard Rated	3,323,963	2,472,810	-851,153
Inventory Consumed:Consumables:Zero Rated	335,549	805,970	470,421
Other Materials	3,659,512	3,278,780	-380,732
Communication:Telephone, Fax, Telegraph and Telex	264,965	362,300	97,335

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
External Computer Service:Wireless Network	545,530	84,740	-460,790
Storage of Files (Archiving)	229,649	412,750	183,101
Other Expenditure	1,040,143	859,790	-180,353
Total Expenditure	38,163,181	37,139,970	1,023,211

Function 19: Sport and Recreation

TABLE 5.202: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	89,394,615	126,401,880	37,007,265
Depreciation and Amortisation	101,109,404	26,822,070	-74,287,334
Employee Related Cost	157,089,241	172,590,260	15,501,019
Finance Charges	8,548,150	8,548,150	0
Other Materials	6,812,166	8,418,060	1,605,894
Other Expenditure	9,589,652	10,483,500	893,848
Transfers and Subsidies	36,620,519	39,823,790	3,203,271
Total Expenditure	409,163,746	393,087,710	-16,076,036
Revenue by Category			
Licences or Permits	-4,237	-6,000	-1,763
Other Revenue	-2,126,145	-2,541,990	-415,845
Rental of Facilities and Equipment	-1,743,756	-2,106,000	-362,244
Total Revenue	-3,874,138	-4,653,990	-779,852
Net Result	405,289,609	388,433,720	-16,855,889

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.203: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Sales of Goods and Rendering of Services:Camping Fees	-209,932	-467,810	-257,878
Other Revenue	-209,932	-467,810	-257,878
Market Related:Property Plant and Equipment:Ad-hoc rentals:Community Assets	-1,118,659	-1,567,000	-448,341
Rental of Facilities and Equipment	-1,118,659	-1,567,000	-448,341
Total Revenue	-1,328,591	-2,034,810	-706,219
Net Result	380,012,939	364,093,660	-15,919,279

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.204: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contractors:Catering Services		5,964,430	5,964,430
Contractors:Gardening Services	2,070,763	3,089,860	1,019,097
Contractors:Maintenance of Buildings and Facilities	11,064,029	13,120,230	2,056,201
Contractors:Maintenance of Equipment	1,418,597	2,572,990	1,154,393
Outsourced Services:Administrative and Support Staff	26,588	476,870	450,282
Outsourced Services:Alien Vegetation Control	868,245	2,131,490	1,263,245
Outsourced Services:Business and Advisory:Accounting and Auditing		515,130	515,130
Outsourced Services:Business and Advisory:Project Management	51,885,271	63,786,030	11,900,759
Outsourced Services:Business and Advisory:Research and Advisory	150,000	968,560	818,560
Outsourced Services:Cleaning Services	79,142	1,352,460	1,273,318
Outsourced Services:Clearing and Grass Cutting Services	13,140,663	16,534,250	3,393,587
Outsourced Services:Hygiene Services	1,265,457	1,589,840	324,383
Outsourced Services:Security Services	2,573,232	8,905,960	6,332,728
Contracted Services	84,541,987	121,008,100	36,466,113
Depreciation:Furniture and Office Equipment	102,781,261	20,477,110	-82,304,151
Depreciation:Solid Waste Infrastructure	-1,670,176	6,334,070	8,004,246
Depreciation and Amortisation	101,111,085	26,811,180	-74,299,905
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	608,194	873,340	265,146
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	7,826,553	8,705,880	879,327
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	10,530,863	6,287,700	-4,243,163
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	6,912,689	5,339,270	-1,573,419
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	824,669	61,000	-763,669
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	1,239,437	1,627,190	387,753
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	95,657,466	116,023,930	20,366,464
Municipal Staff:Social Contributions:Medical	10,648,681	10,208,120	-440,561
Municipal Staff:Social Contributions:Pension	17,119,569	17,629,670	510,101
Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	12,230	256,840	244,610
Employee Related Cost	151,380,352	167,012,940	15,632,588
Inventory Consumed:Consumables:Standard Rated	2,179,844	2,359,330	179,486
Inventory Consumed:Consumables:Zero Rated	3,000,826	4,090,250	1,089,424

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Inventory Consumed:Materials and Supplies	601,126	876,220	275,094
Other Materials	5,781,796	7,325,800	1,544,004
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	1,097,480	100,090	-997,390
Operational Cost:Assets less than the Capitalisation Threshold	620,249	1,174,050	553,801
Operational Cost:Bank Charges, Facility and Card Fees:Bank Accounts	647,910	0	-647,910
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	729,087	1,150,260	421,173
Operational Cost:Learnerships and Internships	231,096	0	-231,096
Operational Cost:Skills Development Fund Levy	777,825	1,966,050	1,188,225
Other Expenditure	4,103,647	4,390,450	286,803
Operational:Monetary Allocations:Non-profit institutions:Use - It	36,416,519	39,580,000	3,163,481
Transfers and Subsidies	36,416,519	39,580,000	3,163,481
Total Expenditure	383,335,386	366,128,470	-17,206,916

Function 20: The Executive and Council

TABLE 5.205: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	14,168,005	28,208,330	14,040,325
Depreciation and Amortisation	-253,087	72,018,920	72,272,007
Employee Related Costs	69,754,101	74,801,890	5,047,789
Other Materials	1,313,226	1,733,450	420,224
Other Expenditure	35,583,035	53,714,500	18,131,465
Remuneration of Councillors	71,264,770	70,437,780	-826,990
Transfers and Subsidies	25,737,638	26,099,850	362,212
Total Expenditure	217,567,689	327,014,720	109,447,031
Revenue by Category			
Other Revenue	-307,130	-18,360	288,770
Fines, Penalties and Forfeits	-59,300	-20,000	39,300
Transfers and Subsidies	-32,743	-142,160	-109,417
Total Revenue	-399,173	-180,520	218,653
Net Result	217,168,515	326,834,200	109,665,685

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.206: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational Revenue:Administrative Handling Fees	-297,060	0	297,060
Other Revenue	-297,060	0	297,060
Total Revenue	-297,060	0	297,060
Net Result	171,024,932	277,167,060	106,142,128

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.207: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Business and Advisory:Accounting and Auditing		350,000	350,000
Consultants and Professional Services:Business and Advisory:Forensic Investigators		4,025,660	4,025,660
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	497,469	1,040,440	542,971
Contractors:Catering Services	340,850	1,290,460	949,610
Contractors:Maintenance of Buildings and Facilities	31,705	359,490	327,785
Contractors:Maintenance of Equipment	779,813	1,339,980	560,167
Outsourced Services:Business and Advisory:Accounting and Auditing	4,195,273	6,000,000	1,804,727
Outsourced Services:Business and Advisory:Project Management	7,078,788	11,327,220	4,248,432
Contracted Services	12,923,899	25,733,250	12,809,351
Depreciation:Furniture and Office Equipment	-253,087	72,018,920	72,272,007
Depreciation and Amortisation	-253,087	72,018,920	72,272,007
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	2,688,929	3,140,500	451,571
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	2,392,764	1,936,570	-456,194
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	45,273,649	49,284,460	4,010,811
Senior Management:Designation:Salaries and Allowances:Service Related Benefits:Entertainment		40,000	40,000
Senior Management:Municipal Manager (MM):Salaries and Allowances:Allowance:Cellular and Telephone	361,848	0	-361,848

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	187,695	1,064,320	876,625
Employee Related Costs	50,904,885	55,465,850	4,560,965
Inventory Consumed:Consumables:Standard Rated	1,024,814	1,278,930	254,116
Inventory Consumed:Consumables:Zero Rated	287,711	454,520	166,809
Other Materials	1,312,525	1,733,450	420,925
Operating Leases:Furniture and Office Equipment	1,987,647	2,689,260	701,613
Operating Leases:Other Assets	1,199,505	1,682,940	483,435
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	1,599,387	6,577,470	4,978,083
Operational Cost:Assets less than the Capitalisation Threshold	683,548	1,094,190	410,642
Operational Cost:Entertainment:Mayor	26,491	319,800	293,309
Operational Cost:External Computer Service:Specialised Computer Service		554,030	554,030
Operational Cost:Registration Fees:Seminars, Conferences, Workshops and Events:National	1,610,039	3,275,200	1,665,162
Operational Cost:Skills Development Fund Levy	3,683,400	3,284,010	-399,390
Operational Cost:Travel and Subsistence:Domestic:Accommodation	-123,287	529,420	652,707
Operational Cost:Travel and Subsistence:Domestic:Transport without Operator:Car Rental	44,344	311,440	267,096
Other Expenditure	10,711,072	20,317,760	9,606,688
Speaker:Allowances and Service Related Benefits:Basic Salary	65,951,497	66,234,420	282,923
Speaker:Allowances and Service Related Benefits:Cell phone Allowance	4,883,674	3,771,360	-1,112,314
Remuneration of Councillors	70,835,170	70,005,780	-829,390
Capital:Allocations In-kind:Departmental Agencies and Accounts:National Departmental Agencies:South Africa Local Government Association (SALGA)	12,635,000	13,215,520	580,520
Operational:Monetary Allocations:Non-profit institutions:Use - It	12,291,893	11,951,530	-340,363
Transfers and Subsidies	24,926,893	25,167,050	240,157
Total Expenditure	171,361,357	270,442,060	99,080,703

Function 21: Financial Services

TABLE 5.208: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	159,095,163	123,504,000	-35,591,163
Contracted Services	114,454,586	123,247,980	8,793,394
Depreciation and Amortisation	317,678,833	25,226,340	-292,452,493
Employee Related Costs	481,556,630	437,124,390	-44,432,240
Finance charges	1,720,654	1,900,440	179,786
Other Materials	-2,826,504	5,997,590	8,824,094
Other Expenditure	23,702,570	96,745,420	73,042,850
Transfers and Subsidies	5,527,100	5,584,500	57,400

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Total Expenditure	1,100,909,032	819,330,660	-281,578,372
Revenue by Category			
Agency Services	-2,774,279	-2,726,940	47,339
Interest Earned - External Investments	-153,093,842	-120,000,000	33,093,842
Interest Raised - Outstanding Debtors	-80,141,603	-58,794,390	21,347,213
Other Revenue	-22,124,021	-44,193,480	-22,069,459
Rental of Facilities and Equipment	-28,891	-13,780	15,111
Fines, Penalties and Forfeits	-33,253,774	-36,188,440	-2,934,666
Property Rates	-2,007,605,470	-1,940,854,500	66,750,970
Transfers and Subsidies	-457,100,830	-340,808,870	116,291,960
Total Revenue	-2,756,122,709	-2,543,580,400	212,542,309
Net Result	-1,655,213,677	-1,724,249,740	-69,036,063

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.209: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
:Interest, Dividend and Rent on Land:Interest:Current and Non-current Assets:Short Term Investments and Call Accounts	-153,093,842	-120,000,000	33,093,842
Interest Earned - External Investments	-153,093,842	-120,000,000	33,093,842
Interest, Dividend and Rent on Land:Interest:Receivables:Property Rates	-80,141,319	-58,794,390	21,346,929
Interest Raised - Outstanding Debtors	-80,141,319	-58,794,390	21,346,929
Operational Revenue:Collection Charges		-3,334,850	-3,334,850
Operational Revenue:Insurance Refund	-1,190,912	0	1,190,912
Sales of Goods and Rendering of Services:Advertisements	-2,760,945	-4,332,180	-1,571,235
Sales of Goods and Rendering of Services:Entrance Fees	-4,461,935	-10,800,000	-6,338,065
Sales of Goods and Rendering of Services:Legal Fees	-12,109,008	-23,782,560	-11,673,552
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Scrap	298,613	0	-298,613
Other Revenue	-20,224,187	-42,249,590	-22,025,403
Fines, Penalties and Forfeits:Forfeits:Deposits	434,306	0	-434,306
Fines, Penalties and Forfeits:Forfeits:Retentions	-1,824,803	0	1,824,803
Fines, Penalties and Forfeits:Penalties:Disconnection Fees	-31,743,995	-36,188,440	-4,444,445
Fines, Penalties and Forfeits	-33,134,492	-36,188,440	-3,053,948
Property Rates:Business and Commercial Properties	-714,218,145	-643,276,920	70,941,225
Property Rates:Industrial Properties	-224,937,974	-219,724,250	5,213,724
Property Rates:Public Benefit Organisations	-1,534,167	-859,130	675,037
Property Rates:Residential Properties:Developed	-822,470,482	-832,431,470	-9,960,988

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Property Rates:Residential Properties:Vacant Land	-88,390,369	-87,879,810	510,559
Property Rates:State-owned Properties	-148,952,853	-149,482,200	-529,347
Property Rates	-2,000,503,990	-1,933,653,780	66,850,210
Operational:Monetary Allocations:National Revenue Fund:Equitable Share	-455,814,846	-228,290,430	227,524,416
Operational:Monetary Allocations:National Revenue Fund:Fuel Levy (RSC Replacement Grant)		-111,468,440	-111,468,440
Transfers and Subsidies	-455,814,846	-339,758,870	116,055,976
Total Revenue	-2,742,912,676	-2,530,645,070	212,267,606

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.210: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Bad Debts Written Off	159,095,163	123,504,000	-35,591,163
Debt Impairment - Receivables	159,095,163	123,504,000	-35,591,163
Consultants and Professional Services:Business and Advisory:Business and Financial Management	574,164	937,300	363,136
Consultants and Professional Services:Business and Advisory:Commissions and Committees	4,697	987,360	982,664
Consultants and Professional Services:Business and Advisory:Forensic Investigators		3,362,310	3,362,310
Consultants and Professional Services:Legal Cost:Collection	18,611,068	25,813,360	7,202,292
Consultants and Professional Services:Legal Cost:Issue of Summons		5,160,240	5,160,240
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	3,419,795	4,504,620	1,084,825
Contractors:Maintenance of Buildings and Facilities	247,904	798,760	550,856
Contractors:Maintenance of Equipment	1,224,660	3,713,570	2,488,910
Contractors:Prepaid Electricity Vendors	4,679,038	6,683,310	2,004,272
:Contractors:Tracing Agents and Debt Collectors	21,461	450,650	429,189
Outsourced Services:Business and Advisory:Project Management	69,636,921	39,941,610	-29,695,311
Outsourced Services:Business and Advisory:Valuer	1,388,832	2,000,000	611,168
Outsourced Services:Connection/Dis-connection:Water	814,623	6,741,600	5,926,977
Outsourced Services:Meter Management	9,020,970	13,994,690	4,973,720
Contracted Services	109,644,134	115,089,380	5,445,246
Depreciation:Furniture and Office Equipment	317,639,102	19,966,030	297,673,072
Depreciation:Other Assets	1,877,895	2,304,620	426,725
Depreciation:Roads Infrastructure	-96,992	2,208,950	2,305,942
Depreciation:Solid Waste Infrastructure	-1,741,172	522,050	2,263,222
Depreciation and Amortisation	317,678,833	25,001,650	292,677,183

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Municipal Staff:Post-retirement Benefit:Pension:Current Service Cost	136,910,238	33,382,480	103,527,758
Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Essential User	4,003,354	5,018,250	1,014,896
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	1,350,381	973,950	-376,431
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	16,087,352	17,364,220	1,276,868
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	10,081,113	20,811,530	10,730,417
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	23,684,462	9,194,750	-14,489,712
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	10,624,329	10,290,750	-333,578
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	5,830,822	6,542,290	711,468
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	208,748,238	266,212,790	57,464,552
Municipal Staff:Social Contributions:Medical	20,467,739	19,170,200	-1,297,539
Municipal Staff:Social Contributions:Pension	35,181,670	37,673,570	2,491,900
Senior Management:Chief Financial Officer:Salaries and Allowances:Basic Salary	1,124,214	1,927,230	803,016
Senior Management:Chief Financial Officer:Salaries and Allowances:Bonuses	-112,421	291,400	403,821
Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	1,588,034	2,082,540	494,506
Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses		291,560	291,560
Employee Related Costs	464,945,196	431,227,510	-33,717,686
Inventory Consumed:Consumables:Standard Rated	-3,260,535	4,497,410	7,757,945
Inventory Consumed:Consumables:Zero Rated	342,738	1,386,020	1,043,282
Gains and Losses:Inventory:Write-down to net-realisable Value	-662,515	0	662,515
Other Materials	-3,580,312	5,883,430	9,463,742
Operating Leases:Computer Equipment	147,800	508,210	360,410
Operating Leases:Furniture and Office Equipment	1,567,651	2,212,350	644,699
Operating Leases:Other Assets	7,427,813	12,076,870	4,649,057
Operational Cost:Advertising, Publicity and Marketing:Corporate and Municipal Activities	248,114	901,760	653,646
Operational Cost:Assets less than the Capitalisation Threshold	1,804,363	2,423,420	619,057
Operational Cost:Bank Charges, Facility and Card Fees:Bank Accounts	4,024,211	4,820,580	796,369
Operational Cost:Commission:Third Party Vendors	2,674,398	4,852,480	2,178,082
Operational Cost:Communication:Postage/Stamps/Frinking Machines	9,962,262	10,893,980	931,718
Operational Cost:Communication:SMS Bulk Message Service	719,479	1,123,610	404,131
Operational Cost:Communication:Telephone, Fax, Telegraph and Telex	8,242,739	9,483,230	1,240,491
Operational Cost:Contribution to Provisions:Decommissioning, Restoration and Similar Liabilities:Non-specific	-40,354,907	0	40,354,907
Operational Cost:Deeds	735,468	1,175,250	439,782
Operational Cost:External Computer Service:Data Lines	209,161	776,530	567,369
Operational Cost:External Computer Service:Specialised Computer Service	1,260,356	1,594,800	334,444
Operational Cost:Insurance Underwriting:Insurance Brokers Fees	244,268	698,800	454,532
Operational Cost:Municipal Services	1,108,536	2,497,790	1,389,254

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Operational Cost:Uniform and Protective Clothing	21,189	324,870	303,681
Other Expenditure	42,890	56,364,530	56,321,540
Total Expenditure	1,047,825,904	757,070,500	290,755,404

Function 22: Human Resource Services

TABLE 5.211: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	3,018,141	9,969,200	6,951,059
Depreciation and Amortisation	0	382,880	382,880
Employee Related Costs	106,831,284	113,925,120	7,093,836
Finance Charges	1,515,077	1,866,270	351,193
Other Materials	421,427	1,154,040	732,613
Other Expenditure	9,302,636	17,951,240	8,648,604
Total Expenditure	121,088,565	145,248,750	24,160,185
Revenue by Category			
Other Revenue	-32,706	-105,630	-72,924
Rental of Facilities and Equipment	-23,523	-49,220	-25,697
Transfers and Subsidies	-4,846,628	-8,303,730	-3,457,102
Total Revenue	-4,902,857	-8,458,580	-3,555,723
Net Result	116,185,708	136,790,170	20,604,462

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.212: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Operational:Monetary Allocations:Departmental Agencies and Accounts:National Departmental Agencies:Local Government, Water and Related Service SETA	-4,846,628	-8,303,730	-3,457,102
Transfers and Subsidies	-4,846,628	-8,303,730	-3,457,102
Total Revenue	-4,846,628	-8,303,730	-3,457,102

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.213: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Consultants and Professional Services:Business and Advisory:Occupational Health and Safety	8,829	321,590	312,761
Contractors:Medical Services	486,369	3,616,520	3,130,151
Outsourced Services:Business and Advisory:Occupational Health and Safety	1,709,497	2,173,690	464,193
Outsourced Services:Business and Advisory:Project Management	213,520	2,485,190	2,271,670
Contracted Services	2,418,216	8,596,990	6,178,774
Depreciation:Solid Waste Infrastructure	0	382,880	382,880
Depreciation and Amortisation	0	382,880	382,880
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	5,534,746	6,151,930	617,184
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	5,254,233	3,629,800	-1,624,433
Municipal Staff:Salaries, Wages and Allowances:Allowances:Travel or Motor Vehicle	3,422,527	3,987,530	565,003
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	69,574,955	77,766,760	8,191,805
Employee Related Costs	83,786,461	91,536,020	7,749,559
Interest, Dividends and Rent on Land:Interest Paid:Borrowings:Annuity Loans	1,515,077	1,866,270	351,193
Finance Charges	1,515,077	1,866,270	351,193
Inventory Consumed:Consumables:Standard Rated	284,992	476,700	191,708
Inventory Consumed:Materials and Supplies	68,845	553,690	484,845
Other Materials	353,836	1,030,390	676,554
Operating Leases:Other Assets	1,016,352	3,405,730	2,389,378
Operational Cost:Bursaries (Employees)	563,120	1,707,220	1,144,100
Operational Cost:Insurance Underwriting:Risk Management Programs	16,839	1,241,690	1,224,851
Operational Cost:Learnerships and Internships	5,032,113	8,303,740	3,271,627
Other Expenditure	6,628,424	14,658,380	8,029,956
Total Expenditure	94,702,015	118,070,930	23,368,915

Function 23: ICT Services

TABLE 5.214: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contracted Services	868,107	2,373,200	1,505,093
Depreciation and Amortisation	-23,613,215	50,004,750	73,617,965
Employee Related Costs	2,307,266	2,597,310	290,044
Finance Charges	268,060	268,060	0
Other Materials	337,597	345,670	8,073
Other Expenditure	44,088,923	43,612,970	-475,953
Total Expenditure	24,256,738	99,201,960	74,945,222
Revenue by Category			
Other Revenue	-5,499	-109,630	-104,131
Total Revenue	-5,499	-109,630	-104,131
Net Result	24,251,239	99,092,330	74,841,091

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.215: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Contractors:Maintenance of Equipment	692,799	1,609,110	916,311
Outsourced Services:Business and Advisory:Human Resources	101,577	518,310	416,733
Contracted Services	794,376	2,127,420	1,333,044
Depreciation:Other Assets	-23,613,215	50,004,750	73,617,965
Depreciation and Amortisation	-23,613,215	50,004,750	73,617,965
Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	1,371,728	1,669,650	297,922
Employee Related Costs	1,371,728	1,669,650	297,922
Operational Cost:External Computer Service:Information Services	926,716	8,132,520	7,205,804
Operational Cost:External Computer Service:Software Licences	34,749,593	30,430,310	-4,319,283
Operational Cost:External Computer Service:Wireless Network	7,110,075	3,336,860	-3,773,215
Other Expenditure	42,786,384	41,899,690	-886,694
Total Expenditure	21,339,273	95,701,510	74,362,237

Function 24: Property; Legal; Risk Management and Procurement Services

TABLE 5.216: Revenue and Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Debt Impairment - Receivables	3,321,130	0	-3,321,130
Contracted Services	41,400,578	44,054,570	2,653,992
Depreciation and Amortisation	-281,123,749	25,126,560	306,250,309
Employee Related Costs	111,776,968	124,424,960	12,647,992
Other Materials	7,638,584	8,342,910	704,326
Other Expenditure	10,083,698	12,873,820	2,790,122
Total Expenditure	-106,902,790	214,822,820	321,725,610
Revenue by Category			
Other Revenue	-7,698,928	-11,110,620	-3,411,692
Rental of Facilities and Equipment	-3,126,818	-213,440	2,913,378
Total Revenue	-10,825,746	-11,324,060	-498,314
Net Result	-117,728,537	203,498,760	321,227,297

Operating Revenue:

The following indicates the main variances within the mSCOA Revenue Categories: -

TABLE 5.217: Revenue

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Revenue by Category			
Sales of Goods and Rendering of Services:Housing (Boarding Services):Private	-6,332,388	-10,132,820	-3,800,432
Sales of Goods and Rendering of Services:Scrap, Waste & Other Goods:Scrap	-1,025,425	-455,800	569,625
Other Revenue	-7,357,813	-10,588,620	-3,230,807
Non-market Related:Investment Property:Ad-hoc rentals	-2,691,878	0	2,691,878
Rental of Facilities and Equipment	-2,691,878	0	2,691,878
Total Revenue	-10,049,691	-10,588,620	-538,929
Net Result	-150,264,997	165,993,340	316,258,337

Operating Expenditure:

The following indicates the main variances within the mSCOA Expenditure Categories: -

TABLE 5.218: Expenditure

Description	2017/18 Actual	2017/18 Adjustments Budget	Variance
Expenditure by Category			
Bad Debts Written Off	3,321,130	0	-3,321,130
Debt Impairment - Receivables	3,321,130	0	-3,321,130
Consultants and Professional Services:Legal Cost:Legal Advice and Litigation	12,964,878	14,407,780	1,442,902
Contractors:Maintenance of Equipment	26,621,814	27,059,060	437,246
Outsourced Services:Business and Advisory:Project Management	1,322,151	1,629,560	307,409
Contracted Services	40,908,843	43,096,400	2,187,557
Depreciation:Furniture and Office Equipment	-267,256,345	408,960	267,665,305
Depreciation:Transport Assets	-13,867,404	24,717,600	38,585,004
Depreciation and Amortisation	-281,123,749	25,126,560	306,250,309
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	1,522,703	700,940	-821,763
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	5,759,769	6,260,110	500,341
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Long Service Award	6,281,334	4,250,050	-2,031,284
Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured	2,172,347	2,476,210	303,863
Cost:Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	67,152,208	82,649,820	15,497,612
Municipal Staff:Salaries, Wages and Allowances:Bonuses	1,054,584	436,230	-618,354
Municipal Staff:Social Contributions:Medical	7,728,026	7,299,670	-428,356
Employee Related Costs	91,670,970	104,073,030	12,402,060
Inventory Consumed:Finished Goods	261,597	67,670	193,927
Inventory Consumed:Materials and Supplies	-669,509	82,050	751,559
Other Materials	-407,912	149,720	557,632
Operational Cost:Assets less than the Capitalisation Threshold	832,184	555,550	-276,634
Operational Cost:External Computer Service:Software Licences	923,292	1,241,290	317,998
Operational Cost:External Computer Service:System Adviser		496,860	496,860
Operational Cost:Insurance Underwriting:Premiums	65,053	644,970	579,917
Operational Cost:Municipal Services	77,444	1,197,580	1,120,136
Other Expenditure	1,897,973	4,136,250	2,238,277
Total Expenditure	-143,732,745	176,581,960	320,314,705

Conclusion:

The 2017/18 Consolidated Annual Financial Statements disclosed a restated 2016/17 operating deficit of R49,478,977. The main contributor to this restatement was the impact of the reassessment of the useful life of PPE as a result of an Audit Qualification received in respect of the 2016/17 financial audit. depreciation and amortisation of assets decreased from R612,570,774 in the 2016/17 Consolidated Annual Financial Statements to the 2016/17 restated amount of R294,327,766, as disclosed in the 2017/18 Consolidated Annual Financial Statements.

The 2017/18 Consolidated Annual Financial Statements reflected an operating surplus in the amount of R712,112,064 compared to the anticipated 2017/18 Adjustments Budget deficit of R25,023,883. The adjustments to depreciation as a result of the assessment of the useful life of assets had contributed largely to the surplus position as the actual for depreciation of R280.095 million is approximately R529,48 million less than the budgeted R808,877 million. Savings in respect of employee related costs (R105.022 million), other materials, other expenditure and contracted services (R369.575 million) also assisted in the surplus outcome for the 2017/18 financial year.

Unfortunately, due to the escalating outstanding debtors environment of the Municipality, debt impairment had to be increased by approximately R234.843 million more than anticipated in the 2017/18 Adjustments Budget. The 93.1% collection rate on property rates and service debtors is lower than the 94% provided for in the 2017/18 Adjustments Budget.

Due to punitive drought water tariffs, water service and property rates contributed by raising more revenue than anticipated in the 2017/18 Adjustments Budget, However, electricity service, refuse and sanitation services performed poorly when compared to the 2017/18 Adjustments Budget. Taking into account the continuous annual increase in respect of the percentage of electricity and water losses, escalating outstanding debtors and reduced revenue streams against planned budgets, the Municipality should urgently implement strategies to address and mitigate the high risk it is exposed to, in order to prevent a deficit outcome for the 2018/19 financial year.

5.2 GRANTS

Revenue amounted to R1.618 billion, compared to the Adjustments budgeted amount of R1.499 billion. The main variance is the Fuel Levy transfer, which is funding both the Operating Budget and the Capital Budget. However, the current interpretation of National Treasury is that Fuel Levy should be recognised as Operating Revenue and then be treated as an internally funded revenue source (through the Capital Replacement Reserve) funding the Capital Budget. Therefore, the actual Operating Grants balance was increased by R317.16 million, whilst the actual Capital Grants/Transfers was decreased by the same amount. The frustrations with the Provincial Treasury allocation for Housing Top Structures to the NMBM continue, as only R4.795 million of the budgeted R120.12 million was received.

The following accounts for the performance of grants and explains the variance:

DORA Operating Grants:

1. Expanded Public Works Programme (EPWP)

This Grant serves to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery.

DORA Allocation:	R4,807,000
Amount of Grant Received:	R4,807,000
2016/17 Roll-over	R 290,648
Expenditure to date:	R5,097,648
Unspent as at 30 June 2018	R 0

As at 30 June 2018, 100% of the DORA allocation and the 2016/17 Roll-over was spent.

2. Public Transport Networks Operations

This Grant serves to provide supplementary operational funding in order to operationalise the IPTS project within the NMBM.

DORA Allocation:	R68,324,000
Amount of Grant Received:	R68,324,000
2016/17 not off-set against E-share:	R 420,374
Expenditure to date:	R68,559,829
Unspent as at 30 June 2018:	R 184,545

As at 30 June 2018, 99.76% of the DORA allocation was spent. An amount of R184,545 remained unspent for the 2017/18 financial year. As no application was made to National Treasury, this funds will be off-set against the November 2018 Equitable Share allocation.

3. Infrastructure Skills Development

This Grant serves to strengthen the capacity of local government to effectively and efficiently deliver quality infrastructure, by increasing the pool of skills.

DORA Allocation:	R15,394,000
Amount of Grant Received:	R15,394,000
Expenditure to date:	R11,747,535
Unspent as at 30 June 2018:	R 3,646,465

The Infrastructure Skills Development DORA allocation has not been fully spent during 2017/18 financial year. An amount of R3,646,465 remained unspent as at 30 June 2018. No application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury as no contractual commitments existed as at 30 June 2018. Funds will be off-set against the November 2018 Equitable Share allocation.

4. Finance Management Grant

This Grant promotes and supports reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R1,050,000
Amount of Grant Received:	R1,050,000
Expenditure to date:	R1,050,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

5. Human Settlements Development Grant

This Grant provides funding to create sustainable human settlements that enable the improved quality of household life, as well as improved access, integration and settlements:

Unspent as at 30 June 2017	R 1,874,752
Amount of Grant Received:	R 9,682,619
Debtors raised	R 213,093,224
Reversal of prior year accrual	(R217,980,531)
Expenditure to date:	R (4,795,313)
Unspent as at 30 June 2018:	R 1,874,751

As this Grant is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

As at financial year-end, a debtor was raised in the amount of R213,093,224 for outstanding claims to be paid by Provincial Treasury for top structures built by the Municipality, based on an agency agreement basis. As at 30 June 2018, the Municipality was bridge-funding this project by approximately R196.53 million, increasing from R194.4 million in the 2016/17 financial year. This had an impact on the Municipality's cash flow, as well as its investment portfolio, resulting in less interest revenue earned and/or not funding critical projects that could enhance the revenue base of the institution.

6. Urban Settlements Development Grant

This Grant assists metropolitan municipalities in improving urban land production, to the benefit of poor households, as well as improving spatial integration and densities, by supplementing their budgets.

DORA Allocation:	R59,182,005
Adjustments DORA additional allocation	R18,000,000
Amount of Grant Received:	R77,182,005
Expenditure to date:	R77,182,005
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

Other Operating Grants

1. Provincial Department of Human Settlements: Accreditation Grant

This Grant is used for capacity building of Level 3 accreditation in the preparation of the NMBM in Human Settlements matters.

Unspent as at 30 June 2017: R 1,973,952

Expenditure to date: R 0

Unspent as at 30 June 2018: R 1,973,952

No funds were spent during 2017/18. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

2. European Union Grant (3rd Tranche)

This Grant contributes to the improvement of the quality of life of marginalised people in urban areas within the framework of the South Africa Government's Urban Renewal Programme.

Unspent as at 30 June 2017: R1,865,362

Expenditure to date: R 0

Unspent as at 30 June 2018: R1,865,382

The spending incurred against the unspent European Union Grant amounted to 0%, as at 30 June 2018.

3. National Lotteries

This Grant is used to fund arts and culture programmes.

Unspent as at 30 June 2017: R 1,660,389

Expenditure to date: R 128,528

Unspent as at 30 June 2017: R 1,477,861

The spending incurred against the unspent National Lotteries Grant amounted to 7.74% as at 30 June 2018.

4. Provincial Government Grants: Library Services

This Grant is used to subsidise Libraries.

Received	:	R15,000,000
Expenditure to date:		R15,000,000
Unspent as at 30 June 2018:	R	0

As at 30 June 2018, the subsidy was fully spent.

5. Smart Grid Initiative

This Grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Unspent as at 30 June 2017:	R	711,836
Amount of Grant Received:	R	0
Expenditure to date:	R	0
Unspent as at 30 June 2018:	R	711 836

As at 30 June 2018, 0% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

6. Department of Public Service and Administration Grant

This Grant is used for the improvement of front-line public service delivery in South Africa.

Unspent as at 30 June 2017:	R	0
Amount of Grant Received:	R	733,270
Expenditure to date:	R	492,114
Unspent as at 30 June 2018:	R	241,156

As at 30 June 2018, 67.11% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

7. LGSETA Discretionary Learnership Funding

This Grant is used to facilitate access to skills development, education and training in the local government sector and community in general.

Unspent as at 30 June 2017:	R	4,957,859
Amount of Grant Received:	R	3,436,246
Expenditure to date:	R	4,846,628
Unspent as at 30 June 2018:	R	3,547,477

As at 30 June 2018, 57,74% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

8. Provincial Dept Agency: Communication Grant

This Grant is used for the roll out of public Wi-Fi to all municipal libraries, customer care centres and traffic licensing centres.

Unspent as at 30 June 2017:	R	872,782
Amount of Grant Received:	R	0
Expenditure to date:	R	0
Unspent as at 30 June 2018:	R	872,782

As at 30 June 2018, 0% of the allocation was spent. As this is not a DORA grant, no application is required to roll the unspent funds over to the 2018/19 financial year.

9. Department of Roads and Public Works Grant

This Grant is used to fund the maintenance of Provincial roads in the Metropolitan area.

Unspent as at 30 June 2017:	R	0
Amount of Grant Received:	R	9,422,754
Expenditure to date:	R	(9,422,754)
Unspent as at 30 June 2018:	R	0

As at 30 June 2018, the allocation was fully spent.

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The following grants were unspent as at 30 June 2018:

TABLE 5.219: Unspent Grants

Description	Amount (R)
DORA Grants	
Public Transport Networks Operations Grant	184,546
Infrastructure Skills Development Grant	3,646,465
	3,831,011
Other Grants	
Municipal Human settlements Capacity Grant	1,973,952
PHB Subsidies	1,874,751
EU Grant	1,865,383
National Lotteries Grant	1,477,861
LGSETA Discretionary Learnership Funding	3,547,477
Provincial Department Agency: Communication Grant	872,782
Other Grants	3,842,437
Smart-Grid Initiative Grant	711,836
Department of Public Service and Administration Fund	241,156
	16,407,635
Total Unspent Operational Conditional Grants	20,238,646

The unspent portion of the Public Transport Networks Operations Grant must be paid over to the National Revenue Fund or will be off-set against the November 2018 Equitable Share if National Treasury does not approve the roll-over of the unspent grant to the 2018/19 financial year. The Infrastructure Skills Development Grant is normally not approved for roll-over purposes by National Treasury, due to the expenditure nature of employee related costs which, cannot be contractually committed as at 30 June 2018.

It is also noted that the following grants reflected no movement in their unspent balances for the 2017/18 financial year: Municipal Human Settlements Capacity Grant, PHB Subsidies, EU Grant, Provincial Department Agency: Communication Grant, and Smart-Grid Initiative Grant. It is important to review these grants and determine why no spending was incurred.

The following accounts for the performance of capital grants and explains the variance:

DORA Capital Grants:

1. Urban Settlements Development Grant

This Grant serves to assist metropolitan municipalities in improving urban land production, to the benefit of poor households, and improving spatial integration and densities by supplementing their budgets.

DORA Allocation:	R 852,578,995
Amount of Grant Received:	R 852,578,995
Additional DORA Allocation received	R 160,800,000
Expenditure to date:	R1,013,378,995
Unspent as at 30 June 2018	R 0

As at 30 June 2018, the DORA allocation was fully spent. An additional amount of R178.8 million in terms of the 2017/18 Adjustments DORA was allocated to the NMBM for spending in the 2017/18 financial year. R160.8 million was allocated for capital expenditure whilst the remaining R18 million was allocated to the Operating Budget for operating projects.

2. Public Transport Infrastructure Grant

This Grant provides for the accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

DORA Allocation rolledover:	R204,973,000
Amount of Grant Received:	R204,973,000
2016/17 not off-set against E-share	R 2,351,663
Expenditure to date:	R180,249,994
Unspent as at 30 June 2018:	R 27,074,669

As at 30 June 2018, 87.94% of the 2017/18 DORA allocation was spent. The application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury but rejected due to the lack of a permanent Chief Financial Officer at the Municipality. Therefore, the unspent conditional grant will be off-set against the November 2018 Equitable Share allocation.

3. Neighbourhood Development Partnership Grant

This Grant supports and facilitates the planning and development of Neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods.

DORA Allocation:	R15,000,000
DORA Adjustments Budget	R12,110,000
Amount of Grant Received:	R12,110,000
Expenditure to date:	R 7,784,934
Unspent as at 30 June 2018:	R 4,325,066

As at 30 June 2018, 64.29% of the DORA allocation was spent. National Treasury indicated that an amount of R6 million of the R15 million grant will be stopped due to the Njoli project being put on hold until the Precinct Plan (already commissioned) has been redone. The amended Precinct Plan is expected to change the face and connectivity in the area spatially, including the road network development. As the allocation has been reduced to R9 million, it is anticipated that the Municipality will pay back funds to National Treasury, as the NMBM has already received R12.11 million from National Treasury in terms of this Grant.

4. Integrated National Electrification Programme

This Grant provides funding to municipalities to address the electrification backlog in respect of occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

DORA Allocation:	R30,000,000
Amount of Grant Received:	R30,000,000
Expenditure to date:	R24,295,074
Unspent as at 30 June 2018:	R 5,704,926

As at 30 June 2018, 80.98% of the DORA allocation was spent. The application to roll the unspent conditional grant funds over to the 2018/19 financial year was unsuccessful, as no proven commitment existed for the unspent grants as at 30 June 2018. Therefore, the unspent balance will be off-set against the November 2018 Equitable Share allocation.

5. Integrated City Development Grant

This Grant provides a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

DORA Allocation:	R7,308,000
Amount of Grant Received:	R7,308,000
Expenditure to date:	R7,308,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

6. Drought Relief Grant or Disaster Management Grant

An amount of R97 million was received for Drought Relief.

DORA Allocation:	R97 000 000
Amount of Grant Received:	R97,000,000
Expenditure to date:	R 7,782,215
Unspent as at 30 June 2018:	R89,217,785

As at 30 June 2018, 8.02% of the DORA roll-over allocation was spent. The application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury. R18.5 million was rejected due to the fact that the Municipality was applying for a change in scope. A change of scope does not constitute a contractual commitment. The municipality was required to have contractually committed the funds as at 30 June 2018. As no tender was awarded / in place as at 30 June 2018, for the amount of R18.5 million to provide the required services, the funds were uncommitted and was therefore required to be paid back to the National Treasury. Therefore, an amount of R18.5 million will be off-set against the November 2018 Equitable Share allocation.

Other Capital Grants

7. CDC Walmer Intervention Funding Grant

This Grant is used to speed up service delivery intervention in the Walmer Gqebera Township.

Received 2015/16:	R 5,546,957
Received 2016/17	R15,000,000
Expenditure to date:	R11,478,537
Unspent as at 30 June 2018:	R 9,068,420

As at 30 June 2018, 55.86% of the allocation was spent.

8. Smart Grid Initiative

This Grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Received 2017/18:	R 8,000,000
Expenditure to date:	R 8,000,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018 the grant was fully spent.

Applications were submitted to National Treasury for roll-overs to the 2018/19 financial year in respect of all unspent conditional DORA grants. Notification of approval of roll-over funds is anticipated by 31 October 2018. Revenue is recognised against the unspent grant only once the conditions in respect of the Grant are met.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Directorates within the Municipality are responsible for the acquisition, management, control, safeguarding and disposal of all municipal assets under their control in line with the Asset Management and Disposal policies of the Municipality. The Asset Management Sub-Directorate is responsible for the coordination of the Asset Management function to assist the Municipality in maintaining a complete asset register, in compliance with the requirements of the MFMA 56 of 2003.

The Asset Management Sub-Directorate is run by four permanent staff members and five interns. Directorates are required to perform a physical verification of the movable assets under their control on annual basis and account for all assets that could not be verified during the verification period.

In terms of the Asset Disposal Policy, municipal directorates are required to identify assets that are no longer required for the delivery of municipal services. The Municipality has asset disposal procedures in place to ensure that obsolete assets are disposed of in a proper manner.

The Asset Management Policy outlines the following key elements:

- Roles and responsibilities
- Classification of assets
- Accounting for property, plant and equipment
- Safekeeping of assets
- Maintenance of assets
- Verification of assets
- Carrying values and depreciation of assets

The NMBM Asset Disposal Policy outlines the following key elements:

- Roles and responsibilities
- Planning and disposal of movable assets

- Transfer of ownership
- Accounting for the disposal of municipal assets
- Approval of asset disposals
- Procedures to be followed - disposal of municipal assets
 - Disposal of lost, stolen and missing assets
 - Disposal of computer equipment
 - Disposal of used uniforms
 - Library books

TABLE 5.220: Treatment of the three largest assets

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0 (2017-18)				
Asset 1				
Name	Machine Shredder			
Description	Computer Equipment			
Asset Type	Computer Hardware			
Key Staff Involved	Xolisile Tshabangu			
Staff Responsibilities	Updating Asset Register System with new asset purchases			
Asset Value	Year -3 (2013-14)	Year -2 (2014-15)	Year -1 (2015-16)	Year 0 (2017-18)
				22,631.58
Capital Implications	Capitalised			
Future Purpose of Asset	Use by Budget & Treasury			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management, Asset Disposal and Asset Loss Control Policies			
Asset 2				
Name	Handheld Scanner			
Description	Scanner Handheld			
Asset Type	Office Equipment			
Key Staff Involved	Xolisile Tshabangu			
Staff Responsibilities	Updating Asset Register System with new asset purchases			
Asset Value	Year -3	Year -2	Year -1	Year 0
				32,900.00
Capital Implications	Capitalised			

Future Purpose of Asset	Use by Electricity & Energy			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management, Asset Disposal and Asset Loss Control Policies			
Asset 3				
Name	Handheld Scanner			
Description	Scanner Handheld			
Asset Type	Office Equipment			
Key Staff Involved	Xolisile Tshabangu			
Staff Responsibilities	Updating Asset Register System with new asset purchases			
Asset Value	Year -3	Year -2	Year -1	Year 0
				29,600.00
Capital Implications	Capitalised			
Future Purpose of Asset	Use by COO			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management, Asset Disposal and Asset Loss Control Policies			

COMMENT ON ASSET MANAGEMENT:

The Asset Management and Disposal Policies in the Municipality assist in providing guidance on the roles and responsibilities of the various directorates in respect of the management, control and safeguarding of the municipal assets under their control. The Asset Management Policy also provides guidance on capitalisation details, as well as the depreciation methods to be used in respect of municipal assets. The Asset Disposal Policy equally provides guidance on procedures to be followed in terms of the disposal of municipal assets. The Municipality maintains a bar coded asset audit system for movable assets to ensure proper management and control of movable assets. The Municipal fleet has a separate system installed to monitor, track and control the use of municipal vehicles.

Repairs and maintenance of municipal assets

The repair and maintenance of assets are undertaken on an ongoing basis. Major maintenance backlogs on infrastructure assets exist that will require a significant repairs and maintenance budget over the short to medium term. The 2017/18 repairs and maintenance

budget was underspent by approximately 12.02%. In the mSCOA environment that was implemented as regulated by 1 July 2017, repairs and maintenance will be budgeted at project level and will reference which assets have been maintained.

As a percentage of operating expenditure, repairs and maintenance was maintained in the bracket of 6.5% to 7.5% for the 2012/13 to 2014/15 financial years. However, it dropped to 4.66%, 3.53% and 3.78% in the 2015/16, 2016/17 and 2017/18 financial years respectively.

Below is an analysis of actual repairs and maintenance expenditure by directorates, compared to the 2017/18 Adjustments Budget.

TABLE 5.221: Analysis of actual Repairs and Maintenance Expenditure by Directorate

Directorate	2017/18 Adjustments Budget R	2017/18 Actual R	% of Adjustments Budget
Budget & Treasury	1,925,770	1,077,352	55.94%
Public Health	7,331,020	8,078,924	110.20%
Human Settlements	8,570,250	498,159	5.81%
Economic Development, Tourism and Agriculture	4,426,470	4,644,215	104.92%
Sport, Recreation, Arts and Culture	14,665,220	11,323,587	77.21%
Corporate Services	14,142,060	8,159,273	57.70%
Rate and General: Infrastructure & Engineering	65,638,490	65,357,114	99.57%
Water Services	143,407,830	139,499,401	97.27%
Sanitation Services	75,647,660	56,627,929	74.86%
Electricity and Energy	31,582,230	30,960,145	98.03%
Executive and Council	3,711,640	2,637,893	71.07%
Safety and Security	4,757,640	4,237,235	89.06%
Strategic Programmes Directorate	0	0	0.00%
Nelson Mandela Bay Stadium	4,858,350	1,822,674	37.52%
Total	380,664,630	334,923,900	87.98%

Repairs and maintenance was therefore underspent by an amount of R45.74 million, compared to the 2017/18 Adjustments Budget. Repairs and maintenance in the Municipal Standard Chart of Accounts (mSCOA) features in the project segment, for the reason that repairs and maintenance cannot be purchased. Repairs and maintenance at project level is made up of one or a combination of the following expenditure categories: Employee Related Costs, Contracted Services, Other Materials (Inventory) and Other Expenditure. The following Table reflects the current structure of Repairs and maintenance:

TABLE 5.222: Current Structure of Repairs and Maintenance

Repairs and Maintenance	Revised	Actual	Balance
Expenditure:Contracted Services:Contractors:Building	713,790	917,863	- 204,073
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	63,560,380	51,820,930	11,739,450
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	138,905,750	110,740,090	28,165,660
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	25,478,910	28,206,389	- 2,727,479
Expenditure:Contracted Services:Contractors:Safeguard and Security	16,380	-	16,380
Expenditure:Contracted Services:Contractors:Sewerage Services	43,213,320	39,197,999	4,015,322
Expenditure:Contracted Services:Outsourced Services:Alien Vegetation Control	-	- 267,030	267,030
Expenditure:Contracted Services:Contractors:Traffic and Street Lights	301,960	-	301,960
Expenditure:Contracted Services:Contractors:Transportation	3,490	-	3,490
Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Project Management	76,261,750	72,486,175	3,775,575
Expenditure:Contracted Services:Outsourced Services:Clearing and Grass Cutting Services	89,830	13,720	76,110
Expenditure:Contracted Services:Outsourced Services:Electrical	15,469,170	16,666,313	- 1,197,143
Expenditure:Contracted Services:Outsourced Services:Sewerage Services	958,160	297,841	660,319
Expenditure:Inventory Consumed:Consumables:Standard Rated	6,100	-	6,100
Expenditure:Inventory Consumed:Finished Goods	4,130	-	4,130
Expenditure:Inventory Consumed:Materials and Supplies	14,575,690	14,724,213	- 148,523
Expenditure:Operational Cost:External Computer Service:Software Licences	17,100	-	17,100
Expenditure:Operational Cost:External Computer Service:Specialised Computer Service	770,590	-	770,590
Expenditure:Operational Cost:External Computer Service:System Adviser	137,320	119,397	17,923
Expenditure:Operational Cost:Insurance Underwriting:Excess Payments	154,800	-	154,800
Total	380,638,620	334,923,900	45,714,720

It is important to note that the above contains no employee related costs. Therefore, actual repairs and maintenance will be higher than disclosed when the maintenance teams in the Infrastructure Directorates are taken into consideration.

TABLE 5.223: Unspent Repairs and Expenditure Budget

Description	2017/18 Adjustments Budget	Actual	Variance
0444 Buildings	24,360,810	22,243,775	2,117,035
0486 Contractor Roadwork	5,083,450	9,213,375	-4,129,925
1446 Contractors	1,925,060	0	1,925,060
2528 Planned Maintenance	12,912,840	3,022,536	9,890,304

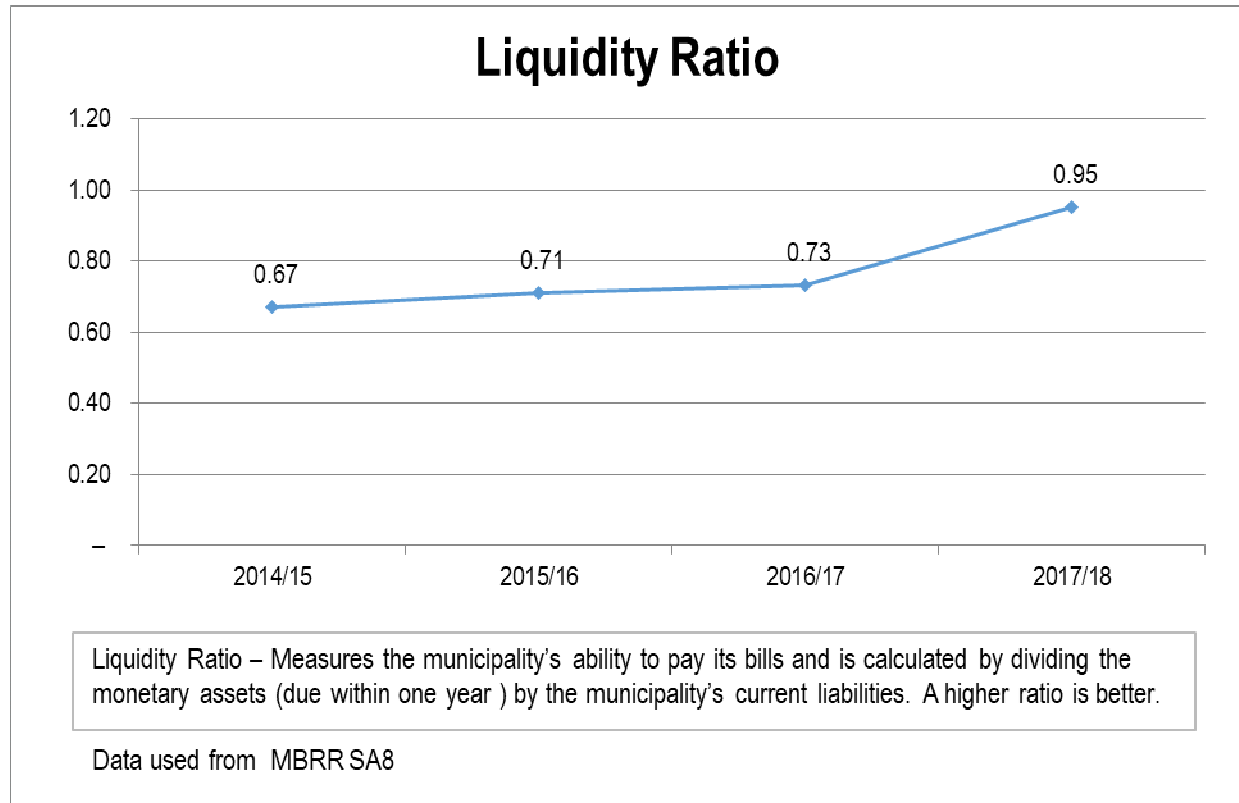
Description	2017/18 Adjustments Budget	Actual	Variance
2575 Special Drain Cleaning	3,404,870	6,231,022	-2,826,152
0446 Computer Equipment	6,990,770	2,307,215	4,683,555
0476 Plant and Machinery Non Cash	31,903,210	12,477,153	19,426,057
0487 Roads and Stormwater Gangs	20,198,940	17,341,048	2,857,892
0515 Tools and Equipment	2,788,790	1,769,491	1,019,299
1232 Pumps - Daily Inspections	2,107,390	265,899	1,841,491
1302 Pipelines	28,843,850	32,845,251	-4,001,401
3293 Pump Sump Cleaning & Tanker Service	3,689,340	6,060,864	-2,371,524
2006 Reconditioning Water Meters	14,807,200	21,819,169	-7,011,969
5256 GIS Software Maintenance Agreement	3,948,140	2,694,574	1,253,566
1238 Sewers and Outfalls	42,553,570	38,785,574	3,767,996
5803 Leaks Detection	36,431,690	32,325,087	4,106,603
1231 Meters	10,169,610	9,412,936	756,674
1480 Lighting	4,001,450	4,453,244	-451,794
0437 Air Conditioning	1,619,610	943,205	676,405
1236 Service Reservoirs	617,380	19,144	598,236
0442 Buildings - External	1,360,810	720,801	640,009
0460 Furniture and Office Equipment	1,085,690	399,765	685,925
0471 Motor Vehicles	27,691,310	27,077,274	614,036
1447 Control Equipment	2,006,990	2,573,149	-566,159
3334 Pilot Cables	1,750,000	1,006,290	743,710
0484 Roads	728,240	11,368	716,872
1234 Rising Mains	766,670	174,822	591,848
1473 Underground	8,339,980	9,226,584	-886,604
6019 Green Drop Compliance	958,160	297,841	660,319
0519 Tyres	5,000	858,033	-853,033
Total	303,050,820	266,576,489	36,474,331

Repairs and maintenance should always be considered together with the actual spending on the rehabilitation and renewal of existing assets.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity ratio:

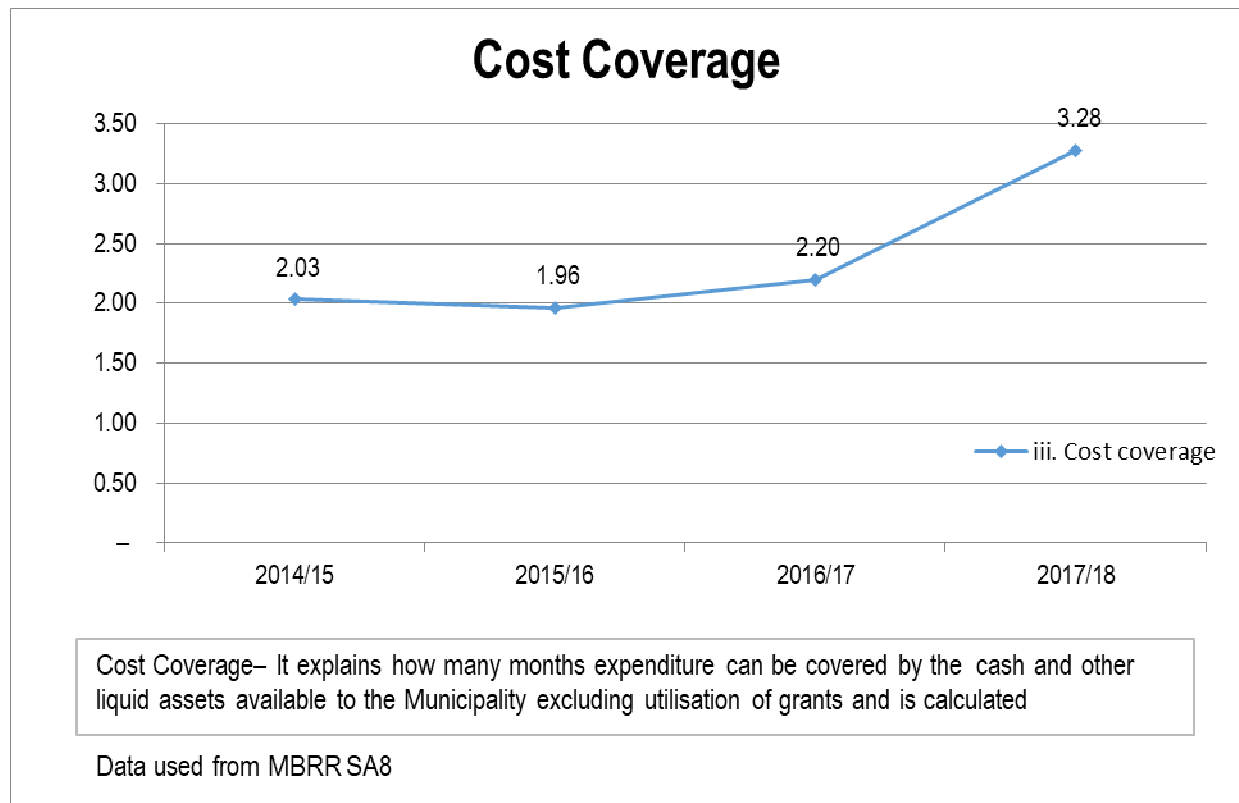
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from monetary assets. The liquidity ratio represents the monetary assets, divided by current liabilities. The ratio remained at a level of approximately 0.7:1 from the 2012/13 to the 2016/17 financial years. The ratio significantly increased to 0.952:1 for the 2017/18 financial year. This indicates that the NMBM has become more stable. The NMBM must, however, achieve a ratio of at least 1:1 to be considered financially sustainable. The Cash and Cash equivalents increased by R991.588 million during the 2017/18 financial year. Current liabilities increased by R521.82 million, from R2.231 billion in 2016/17 to R2.753 billion in 2017/18. The increase in current liabilities is mainly due to an increase in unspent conditional grants from R177.33 million as at 30 June 2017 to R561.79 million as at 30 June 2018. The increase in payables and accruals from R1.241 billion to R1.675 billion indicates that the cash and cash equivalents as at 30 June will decrease over the period July 2018 to August 2018 due to invoices in respect of the 2017/18 financial year being paid in the 2018/19 financial year. Current provisions decreased by R35.93 million, mainly due to the provision for litigation and claims decreasing by R53.42 million. The liquidity ratio increased from 0.732:1 in the 2016/17 financial year to 0.953 in the 2017/18 financial year, which still indicates a medium-term risk to the financial sustainability of the Municipality.

FIGURE 5.1: Liquidity**Cost Coverage:**

The ratio indicates the extent to which the available cash and investments are adequate to cover monthly payments. The cost coverage ratio closely follows the trends observed in the liquidity ratio. The 2017/18 ratio of 3.387 months is higher than the 2016/17 ratio of 2.198 months. Although cash and cash equivalents increased by R991.588 million from R1,633 billion in 2016/17 to R2.625 billion in 2017/18, it was mainly due to an increase in unspent conditional grants from R177.33 million as at 30 June 2017 to R561.79 million as at 30 June 2018. The increase in payables and accruals from R1.241 billion to R1.675 billion indicates that the cash and cash equivalents as at 30 June will decrease over the period July 2018 to August 2018 due to invoices in respect of the 2017/18 financial year being paid in the 2018/19 financial year. It should also be noted that only approximately 85.85% of the Capital Adjustments Budget and the additional Adjustments DORA funds were spent. The annual cash payments in respect of suppliers and employees decreased by 9.35% from R8.084 billion to R7,328 billion due to various initiatives, such as the implementation of the Cost Containment Policy. The cost coverage ratio, therefore, increased from 2.198 months in the 2016/17 financial year to 3.387 in the 2017/18 financial year, which has had a positive influence on the financial sustainability of the Municipality. The National Treasury promotes a ratio of at least

three months to be assessed as adequately sustainable. The ratio must be treated with caution as the outflow of cash during the period July 2018 to August 2018 will be substantial to deal with the outstanding invoices in respect of the 2017/18 reflected in respect of payables and accruals, as reflected in the 2017/18 Consolidated Annual Financial Statements.

FIGURE 5.2: Cost Coverage

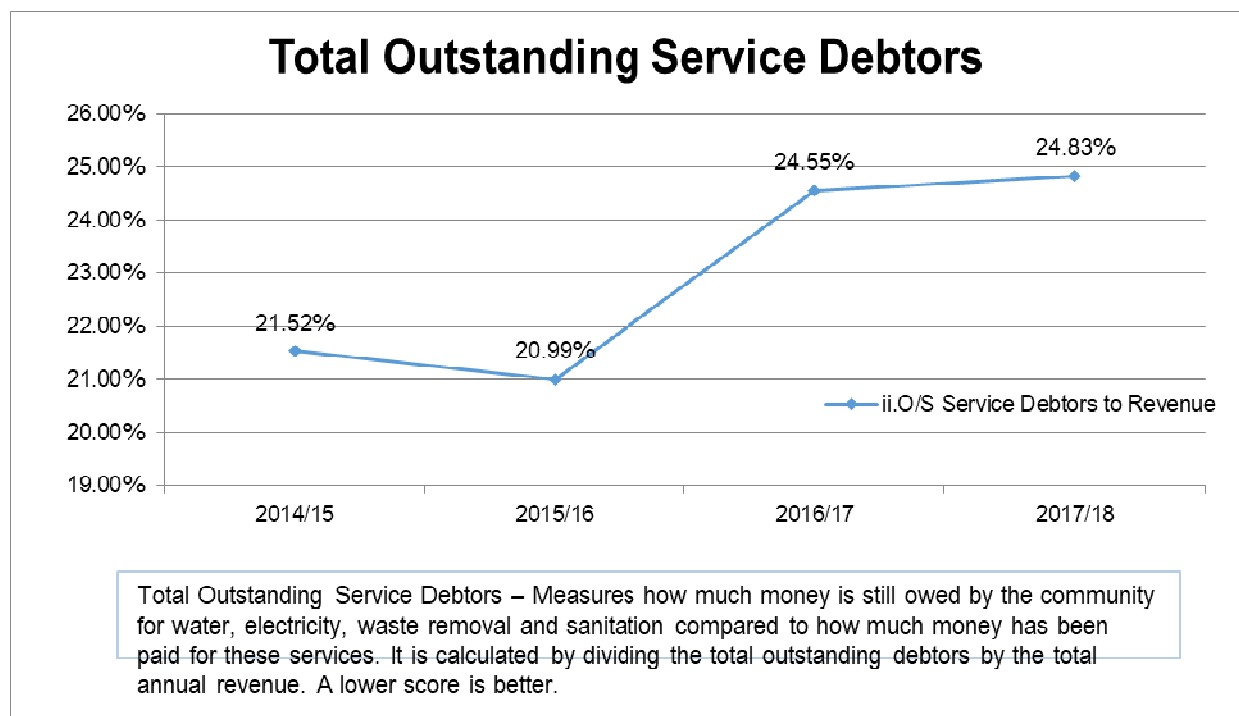


Total Outstanding Service Debtors:

This ratio focuses on the amount owed by outstanding service debtors as a percentage of the annual operating services revenue. The ratio increased from 12.6% in 2011/12 to 24.55% in 2016/17. The ratio further increased during the 2017/18 financial year to 24.834%, due to a debtors' collection rate of only 93.1% for the 2107/18 financial year as well as the material increase in water service debtors as a result of the punitive water drought tariffs. This trend must be viewed with caution. The gross outstanding service debtors increased by 22.73% from R3.459 billion in 2016/17 to R4.245 billion in 2017/18. Water services debtors represent approximately R475.3 million or 60% of the gross outstanding debtors that had increased by R786 million during the 2017/18 financial year. The provision for doubtful service debtors had to be adjusted from R1.915 billion to R2.537 billion. The doubtful debt provision level indicates that 55.36% of gross debtors for 2016/17 and 59.77% for 2017/18 are considered to be doubtful. Bad debts in the amount of R187.22 million was written off during the 2017/18

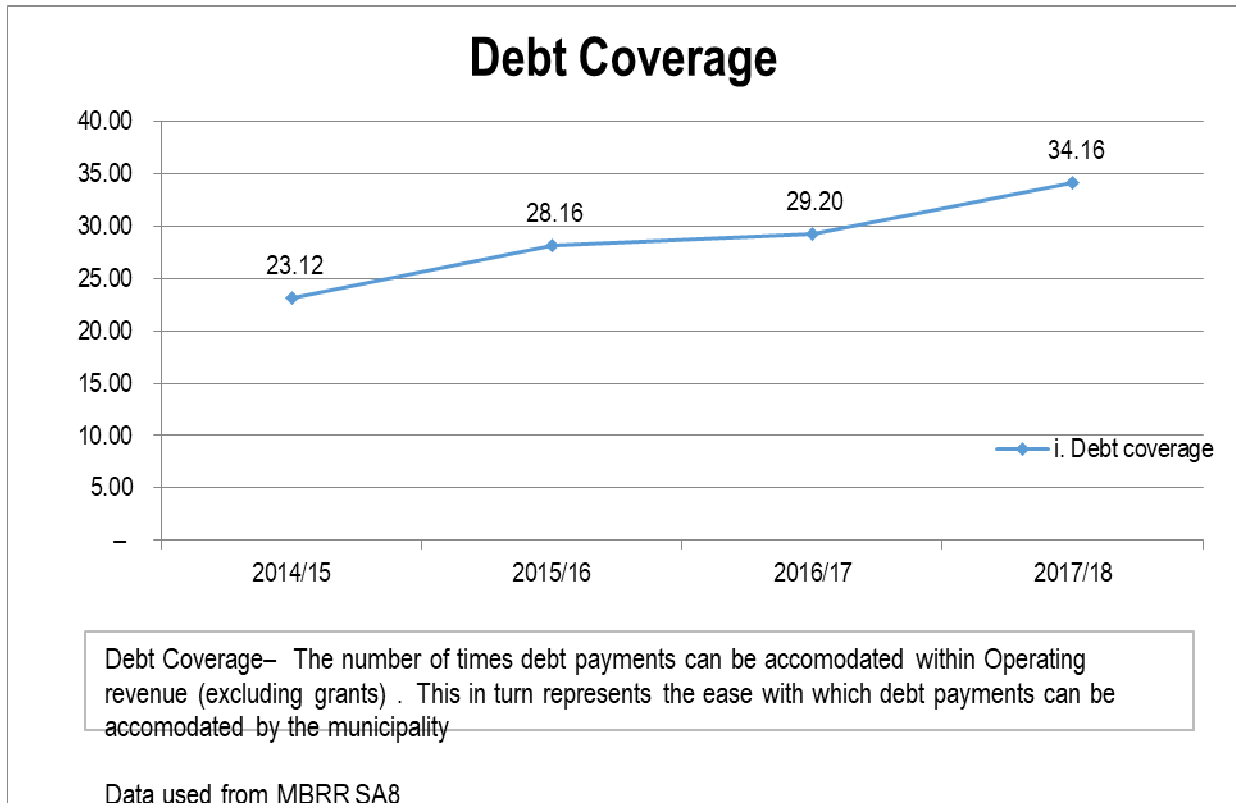
financial year, compared to the R599.72 million written off during the 2016/17 financial year. Debt collection must therefore be prioritised to improve the financial sustainability of the Municipality. The current level of outstanding service debtors is cause for concern and all credit control and other related strategies should be implemented to improve the collection rate of the Municipality, so as to arrest this ever-increasing ratio, which impacts negatively on the cash position of the institution.

FIGURE 5.3: Total Outstanding Service Debtors

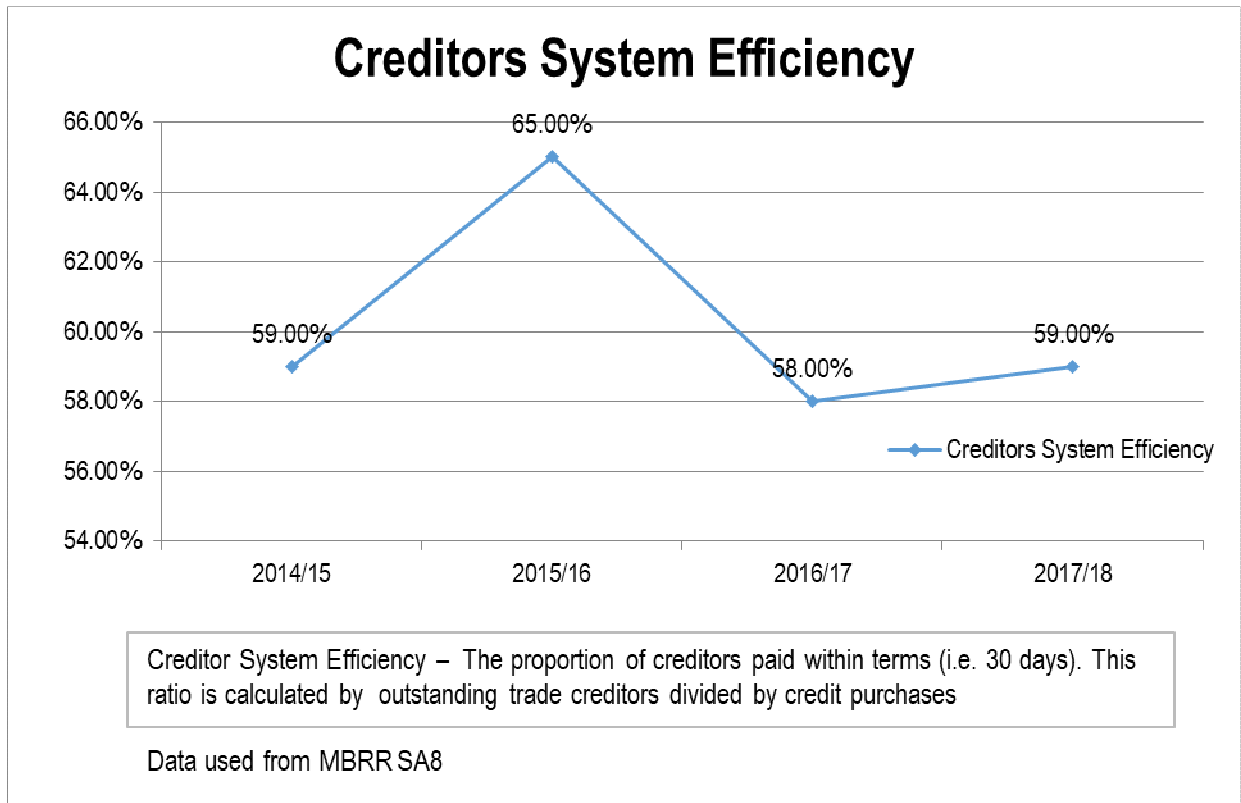


Debt Coverage:

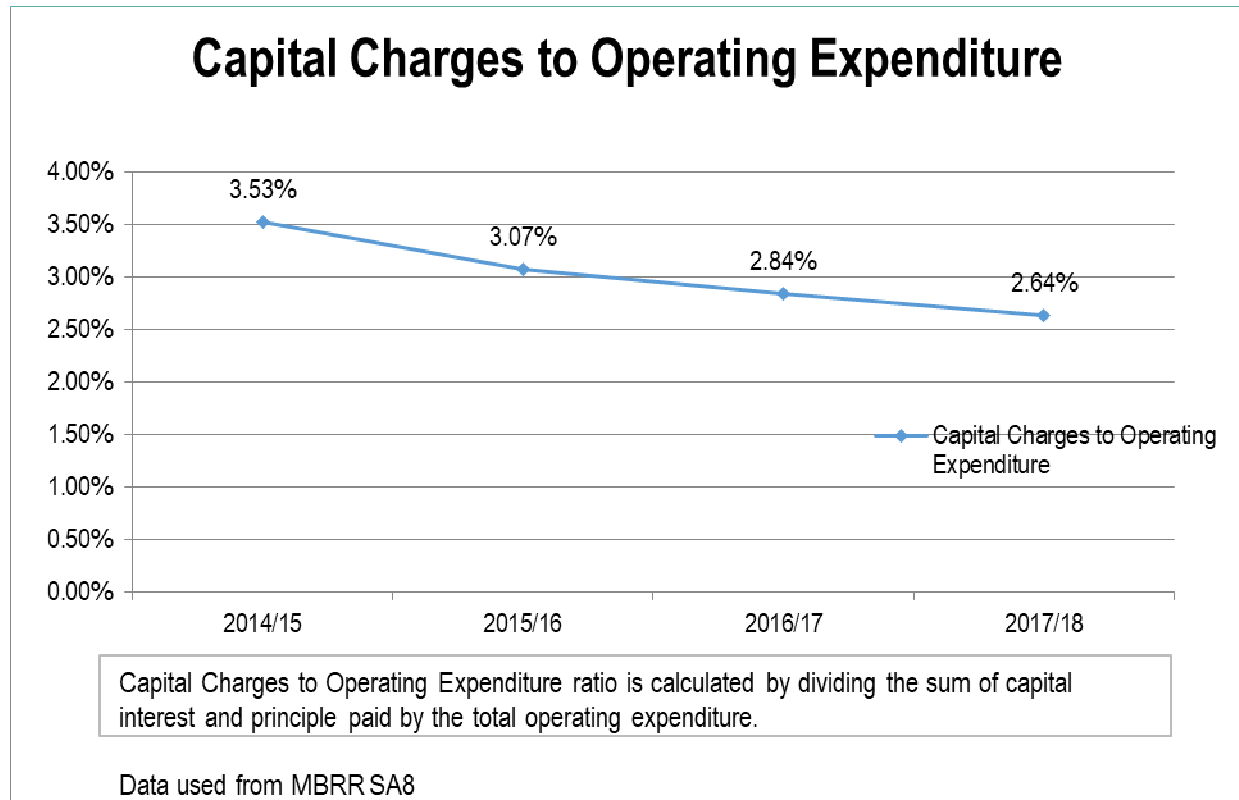
This ratio indicates the number of times the operating revenue covers the debt servicing costs. The ratio improved positively over the last financial year, from 29.204 times in 2016/17 to 34.158 times in 2017/18. This improvement is attributed to the fact that no external borrowing was raised as from the 2011/12 financial year. The financial position of the Municipality indicates that external borrowing in the amount of R750.6 million can be taken up over the next 4 years as indicated in the 2018/19 MTREF to improve the funding mix of capital expenditure. It is, however, critical that external borrowing is only taken up for revenue generating assets and / or cost reduction capital projects.

FIGURE 5.4: Debt Coverage**Creditors System Efficiency:**

This ratio measures the proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases. A ratio of 59% indicates that the NMBM is not performing at the required level and is therefore not legislatively compliant. Management reports are prepared on a monthly basis, indicating the total days each directorate takes to process payments from the date of receipt of the invoice. Most directorates are not meeting the legislative timeframes of processing payments within 30 days from the date of receipt of the invoice. This ratio does not reflect the efficiency of the Creditors Section *per se*, but measures the efficiency of the payment process from the date of receipt of the invoice by each directorate until the processing of the payment through the creditors payment system. The scorecards of Executive Directors should include the legislative timeframes for processing payments. The ratio of 59% achieved in the 2017/18 financial year represents a marginal improvement from the 58% achieved in the 2016/17 financial year.

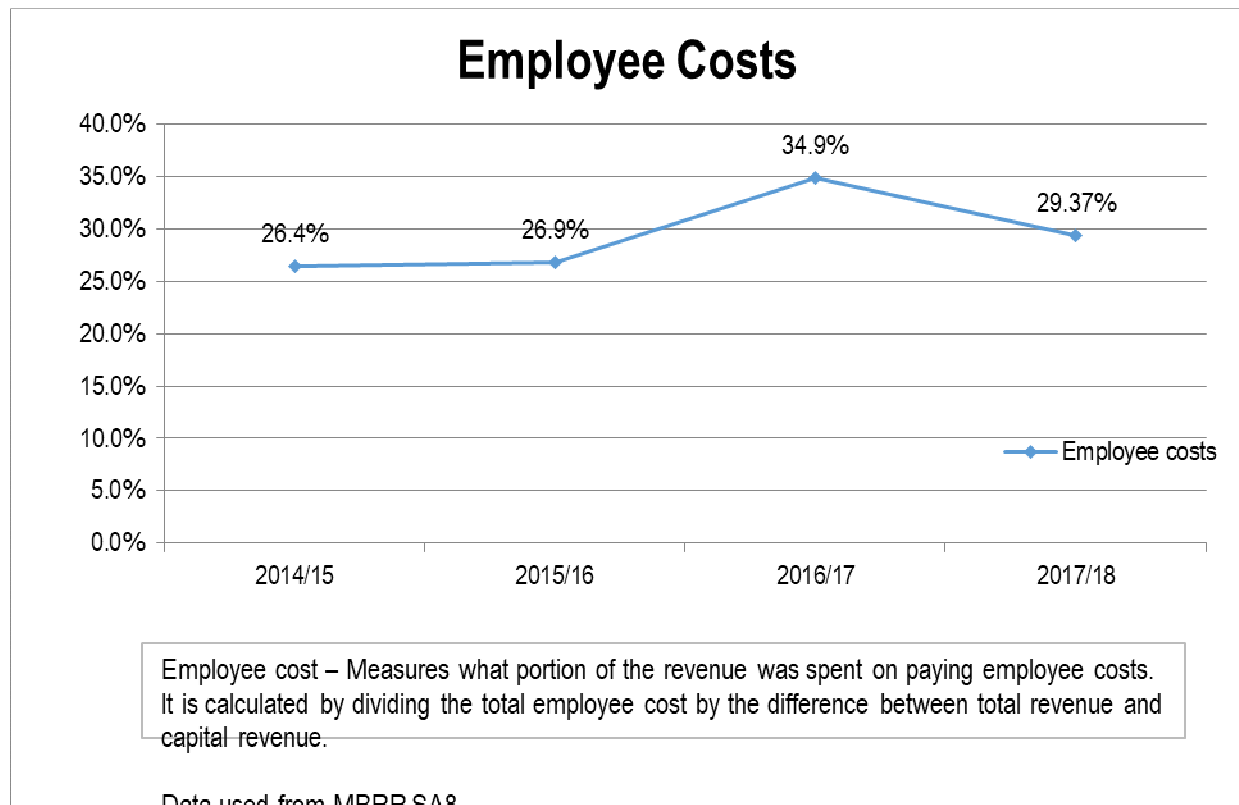
FIGURE 5.5: Creditors system efficiency**Capital Charges to Operating Expenditure:**

This ratio indicates the proportion of capital charges (interest and principal paid on borrowing) to actual operating expenditure to date. The ratio also provides assurance that the proportion of capital charges to total annual operating expenditure is financially prudent. The ratio has decreased from 4.2% in 2010/11 to 2.64% in 2017/18, and will further decrease until new external borrowings are taken up. Council has indicated its intention to take up external borrowing during the second half of the 2017/18 financial year.

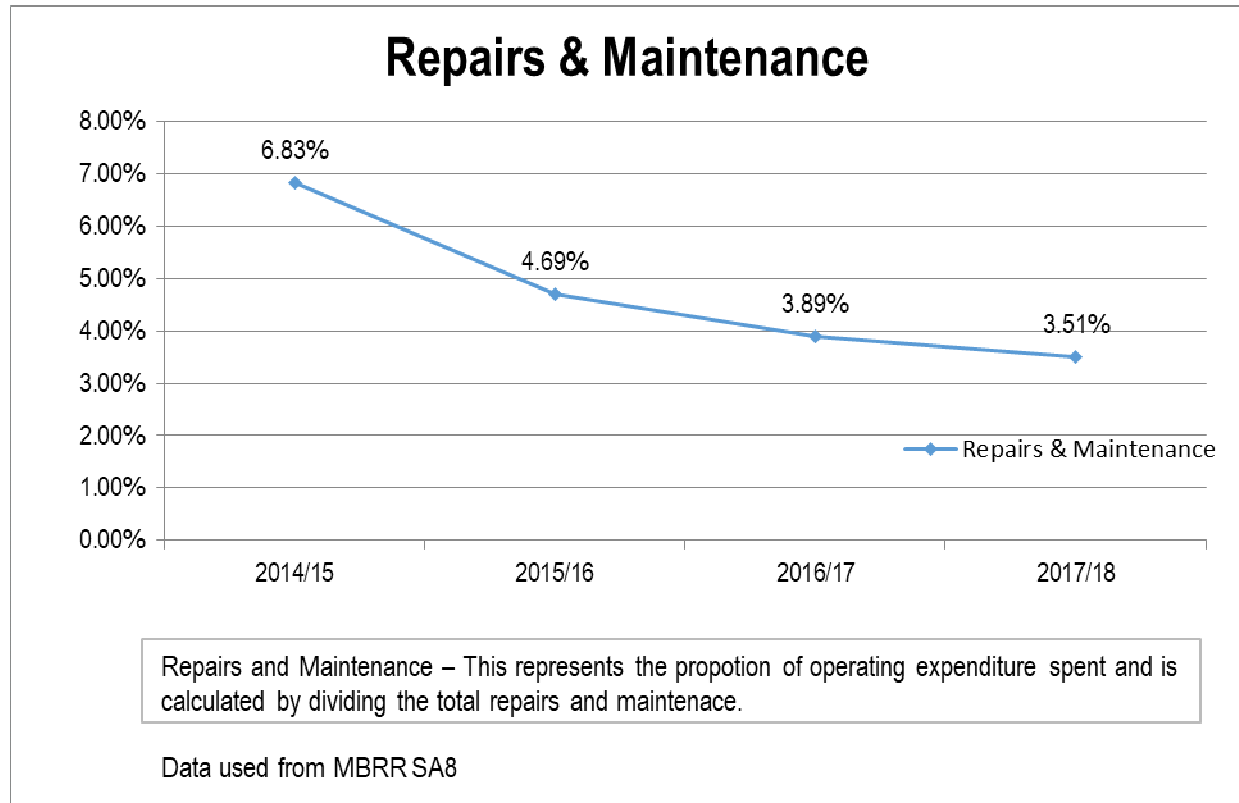
FIGURE 5.6: Capital Charges to Operating Expenditure

Employee costs

This ratio assesses the extent to which the Municipality's Operating Revenue is consumed by costs associated with the employment of human resources. Employee costs as a percentage of operating revenue decreased from 34.89% in the 2016/17 financial year to 29.37% in 2017/18. The ratio has, however, been increasing annually since the 2013/14 financial year, in which the ratio was 23.38%. National Treasury has stated that there is no benchmark for employee costs for municipalities, as they operate under different circumstances. Considering the current financial position of the NMBM, the target for this ratio should be revisited. Financial pressures such as TASK implementation, the filling of vacancies and the finalisation of the new organisational structure will be significant factors to manage over the 2018/19 MTREF. Employee related costs decreased by R266.13 million from R3.069 billion (in 2016/17) to R2.803 billion (in 2017/18). The ratio still indicates cash flow pressures over the short to medium-term and, should employee related costs not be properly managed and kept under control, will negatively impact on the financial sustainability of the Municipality.

FIGURE 5.7: Employee Costs**Repairs and Maintenance:**

This represents the proportion of operating expenditure spent on repairs and maintenance projects. The ratio is calculated by dividing the total repairs and maintenance by the annual operating revenue. The ratio is at a low 3.51%. It is critical that the Municipality either increases its spending on infrastructural repairs and maintenance or increases its capital spending on the renewal of current assets in order to deal with the ever-growing backlog in maintaining old infrastructure. Considering the backlog in maintaining infrastructure, it is evident that this ratio should at least be at a 6% level. At this stage, the Municipality's cash position is unable to support a level in excess of 6%. Alternative strategies and/or funding mechanisms must be developed to address the eradication of infrastructure maintenance backlogs. The main risk associated with a low repairs and maintenance ratio is that the expected useful lives of assets will decrease, resulting in the earlier replacement of assets, for which inadequate financial capacity exists within the NMBM's current revenue base.

FIGURE 5.8: Repairs and Maintenance

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The 2017/18 Capital Budget was funded as follows:

TABLE 5.224: Capital Expenditure

Funding Source	% of Original Budget	% of Adjustments Budget	% of Actual Expenditure
Grant Funding	87.03%	62.42%	81.31%
Internal Funding	8.14%	37.58%	17.11%
Borrowing	0.00%	0.00%	0.00%
Public Contributions	4.83%	0.00%	0.00%
Total	100.00%	100.00%	98.42%

The Municipality performed as follows on the DORA Capital Grants:

1. Urban Settlements Development Grant

This Grant serves to assist metropolitan municipalities in improving urban land production, to the benefit of poor households, and improving spatial integration and densities by supplementing their budgets.

DORA Allocation:	R 852,578,995
Amount of Grant Received:	R 852,578,995
Additional DORA Allocation received	R 160,800,000
Expenditure to date:	R1,013,378,995
Unspent as at 30 June 2018	R 0

As at 30 June 2018, the DORA allocation was fully spent. An additional amount of R178.8 million in terms of the 2017/18 Adjustments DORA has been allocated to the NMBM for spending in the 2017/18 financial year. R160.8 million was allocated for capital expenditure whilst the remaining R18 million was allocated to the Operating Budget for operating projects.

2. Public Transport Infrastructure Grant

This Grant provides for the accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

DORA Allocation rolled-over:	R204,973,000
Amount of Grant Received:	R204,973,000
2016/17 not off-set against E-share	R 2,351,663
Expenditure to date:	R180,249,994
Unspent as at 30 June 2018:	R 27,074,669

As at 30 June 2018, 87.94% of the 2017/18 DORA allocation was spent.

The application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury but rejected due to the lack of a permanent Chief Financial Officer at the Municipality. Therefore, the unspent conditional grant will be off-set against the November 2018 Equitable Share allocation.

3. Neighbourhood Development Partnership Grant

This Grant supports and facilitates the planning and development of Neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods.

DORA Allocation:	R15,000,000
DORA Adjustments Budget	R12,110,000
Amount of Grant Received:	R12,110,000
Expenditure to date:	R 7,784,934
Unspent as at 30 June 2018:	R 4,325,066

As at 30 June 2018, 64.29% of the DORA allocation was spent. National Treasury has indicated that an amount of R6 million of the R15 million Grant will be stopped due to the Njoli project being put on hold until the Precinct Plan (already been commissioned) has been redone. The amended Precinct Plan is expected to change the face and connectivity in the area spatially, including the road network development. As the allocation has been reduced to R9 million, it is anticipated that the Municipality will pay back funds to National Treasury, as the NMBM has already received R12.11 million from National Treasury in terms of this Grant.

4. Integrated National Electrification Programme

This Grant provides funding to municipalities to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

DORA Allocation:	R30,000,000
Amount of Grant Received:	R30,000,000
Expenditure to date:	R24,295,074
Unspent as at 30 June 2018:	R 5,704,926

As at 30 June 2018, 80.98% of the DORA allocation was spent. The application to roll the unspent conditional grant funds over to the 2018/19 financial year was unsuccessful, as no proven commitment existed for the unspent grants as at 30 June 2018. Therefore, the unspent balance will be off-set against the November 2018 Equitable Share allocation.

5. Integrated City Development Grant

This Grant provides a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

DORA Allocation:	R7,308,000
Amount of Grant Received:	R7,308,000
Expenditure to date:	R7,308,000
Unspent as at 30 June 2018:	R 0

As at 30 June 2018, the DORA allocation was fully spent.

6. Drought Relief Grant or Disaster Management Grant

An amount of R97 million was received for drought relief.

DORA Allocation:	R97 000 000
Amount of Grant Received:	R97,000,000
Expenditure to date:	R 7,782,215
Unspent as at 30 June 2018:	R89,217,785

As at 30 June 2018, 8.02% of the DORA roll-over allocation was spent. The application for the roll-over of funds to the 2018/19 financial year was submitted to National Treasury. R18.5 million was rejected, due to the fact that the Municipality was applying for a change in scope. A change of scope does not constitute as a contractual commitment. The Municipality was required to have contractually committed the funds as at 30 June 2018. As no tender was awarded / in place as at 30 June 2018 for the amount of R18.5 million to provide the required services, the funds were uncommitted and was therefore required to be paid back to the National Treasury. Therefore, an amount of R18.5 million will be off-set against the November 2018 Equitable Share allocation.

Other Capital Grants

1. CDC Walmer Intervention Funding Grant

This Grant is used to speed up service delivery intervention in the Walmer Gqebera Township.

Received 2015/16:	R 5,546,957
Received 2016/17	R15,000,000
Expenditure to date:	R11,478,537
Unspent as at 30 June 2018:	R 9,068,420

As at 30 June 2018, 55.86% of the allocation was spent.

2. Smart Grid Initiative

This Grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Received 2017/18: R 8,000,000

Expenditure to date: R 8,000,000

Unspent as at 30 June 2018: R 0

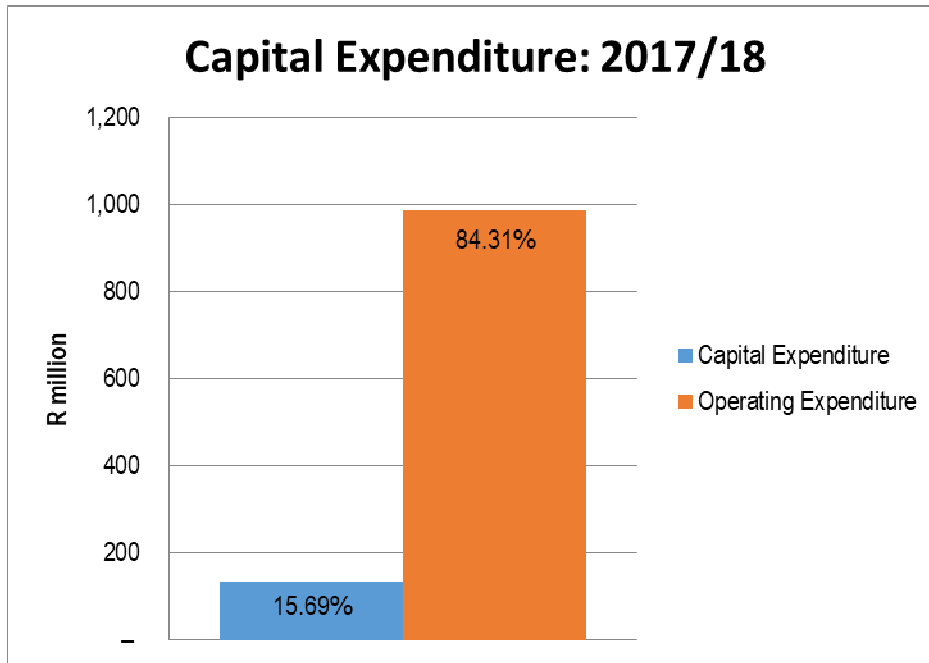
As at 30 June 2018 the grant was fully spent.

Applications were submitted to National Treasury for roll-overs to the 2018/19 financial year in respect of all unspent conditional DORA grants. Notification of approval of roll-over funds is anticipated by 31 October 2018. Revenue is recognised against the unspent grant only once the conditions in respect of the Grant are met.

TABLE 5.225: Financial Overview of Operating and Capital Expenditure

R million	Original Budget	Adjustment Budget	Audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	1,602	1,670	1,643	-2.6%	1.6%
	1,602	1,670	1,643	-2.6%	1.6%
Operating Expenditure	9,489	9,677	8,830	7.5%	9.6%
	9,489	9,677	8,830	7.5%	9.6%
Total expenditure	11,091	11,347	10,473	5.9%	8.3%
Water and sanitation	507	579	466	8.2%	19.5%
Electricity	282	288	314	-11.1%	-9.1%
Housing	229	113	221	3.6%	-96.4%
Roads, Pavements, Bridges and storm water	405	503	459	-13.2%	8.8%
Other	178	188	184	-3.6%	2.0%
	1,602	1,670	1,643	-2.6%	1.6%
External Loans	-	-	-		
Internal contributions	130	628	457	-250.4%	27.2%
Grants and subsidies	1,471	1,042	1,186	19.4%	-13.8%
Other	-	-			
	1,602	1,670	1,643	-2.6%	1.6%
External Loans	-	-	-		
Grants and subsidies	1,469	1,544	1,579	-7.0%	-2.2%
Investments Redeemed	121	105	155	-28.5%	-47.8%
Statutory Receipts (including VAT)	6,549	7,090	7,190	-9.8%	-1.4%
Other Receipts	676	625	618	8.5%	1.0%
	8,815	9,364	9,542	-7.6%	-1.9%
Salaries, wages and allowances	3,054	2,842	2,803	9.0%	1.4%
Cash and creditor payments	4,734	5,141	4,295	10.2%	19.7%
Capital payments	1,469	1,639	1,743	-15.7%	-6.0%
Investments made	-	-	-		

R million	Original Budget	Adjustment Budget	Audited Full Year Total	Original Budget variance	Adjusted Budget Variance
External loans repaid	86	86	86	0.0%	0.0%
Statutory Payments (including VAT)	-	-	-		
Other payments	260	239	230	13.0%	3.9%
	9,604	9,948	9,157	4.9%	8.6%
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	1,882	1,941	2,008	-6.7%	-3.4%
Service charges	5,107	5,419	5,182	-1.5%	4.4%
Other own revenue	2,374	2,292	2,352	-0.9%	-2.6%
	9,364	9,652	9,542	-1.9%	1.2%
Employee related costs	2,842	2,908	2,803	1.4%	3.7%
Provision for working capital	-	-	-		
Other Materials	277	267	131	111.5%	103.8%
Bulk purchases	3,005	3,030	3,015	-0.3%	0.5%
Other expenditure	3,364	3,472	2,881	16.8%	20.5%
	9,489	9,677	8,830	7.5%	9.6%
Service charges: Electricity	3,806	3,731	3,483	8.5%	6.6%
Grants & subsidies: Electricity	108	129	71	34.5%	45.0%
Other revenue: Electricity	43	9	27	59.3%	-66.7%
	3,958	3,869	3,580	10.6%	8.1%
Employee related costs: Electricity	293	329	316	-7.3%	4.1%
Provision for working capital: Electricity	-	-	-		
Repairs and maintenance: Electricity	311	32	31	90.0%	2.0%
Bulk purchases: Electricity	2,871	2,887	2,893	-0.8%	-0.2%
Other expenditure: Electricity	273	444	233	17.2%	90.6%
	3,748	3,692	3,473	7.9%	5.9%
Service charges: Water	838	1,004	1,074	-28.2%	-7.0%
Grants & subsidies: Water	332	184	367	-10.6%	-99.5%
Other revenue: Water	46	46	70	-34.3%	-34.3%
	1,216	1,234	1,511	-19.5%	-18.3%
Employee related costs: Water	172	159	150	14.7%	6.0%
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	106	143	139	-32.2%	2.7%
Bulk purchases: Water	134	142	122	9.5%	14.6%
Other expenditure: Water	506	385	615	-17.7%	-37.4%
	917	830	1,026	-10.6%	-19.1%

FIGURE 5.9: Capital and Operating Expenditure

5.6 SOURCES OF FINANCE

Private Contributions and Donations – Projects in this category are demand-driven and therefore spending follows accordingly. Private Contributions are categorised and defined in the Municipal Standard Chart of Accounts as **Transfers** and subsidies. The Adjustments Budget had an allocation of R62.6million in respect of Private Transfers.

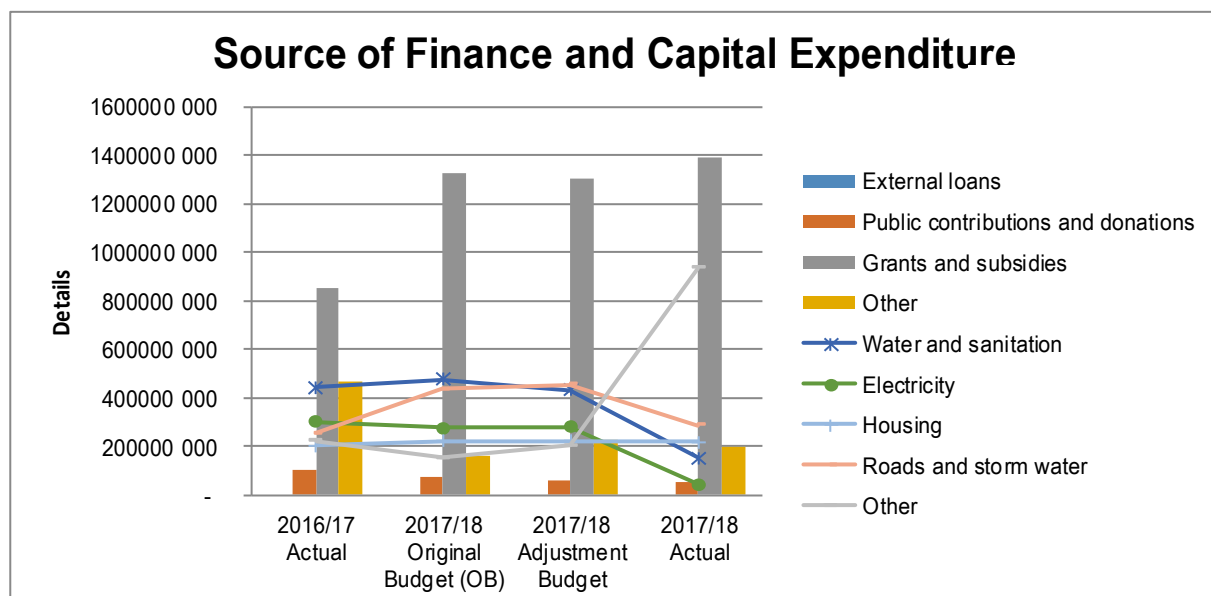
Transfers and Subsidies – This category is mainly driven by capital DORA Grants. In terms of GRAP, revenue is only recognised once the conditions of the grant have been met. The Urban Settlements Development Grant and the Integrated City Development Grant were the only DORA Conditional grants that were fully spent as at 30 June 2018. The Public Transport Grant, the Integrated National Treasury Electrification Programme Grant, the Neighbourhood Partnership Development Grant and the Drought Relief Grant were unspent in the amounts of R17,074,669, R5,704,926, R4,325,066 and R89,217,785 respectively. The VAT claimed in respect of Conditional Grant funded expenditure payments made is regarded as a transfer from SARS.

Internally Generated Funding – This category is mainly funded through the Fuel Levy, Equitable Share and Capital Replacement Reserve funding.

TABLE 5.226: Capital Expenditure - Funding Sources

Capital Expenditure - Funding Sources: 2016/17 to 2017/18							
R' 000							
Details		2016/17	2017/18				
		Actual	Original Budget (OB)	Adjustments Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	-	-	-	-		
	Public contributions and donations	50,452	77,300	0	0	0.0%	-0.0%
	Grants and subsidies	1,062,874	1,394,136	1,042,340	1,357,812	-2.7%	23.2%
	Other	317,586	130,455	627,569	285,645	54.3%	-119.7%
Total		1,430,912	1,601,891	1,669,909	1,643,457	2.5%	-1.6%
Percentage of finance							
	External loans	-	-	-	-		
	Public contributions and donations	3.53%	4.83%	0.00%	0.00%	0.0%	0.0%
	Grants and subsidies	73.87%	87.03%	62.42%	82.62%	-5.3%	24.4%
	Other	22.19%	8.14%	37.58%	17.38%	53.2%	-116.2%
Capital expenditure							
	Water and sanitation	446,004	507,364	519,963	465,953	-8.9%	-11.6%
	Electricity	301,576	282,486	287,608	313,748	10.0%	8.3%
	Housing	205,227	229,176	212,500	220,989	-3.7%	3.8%
	Roads and storm water	254,428	405,011	503,003	458,532	11.7%	-9.7%
	Other	223,677	177,254	146,835	184,235	3.8%	20.3%
Total		1,430,912	1,601,891	1,669,909	1,643,457	2.5%	-1.6%
Percentage of expenditure							
	Water and sanitation	31.2%	31.7%	31.1%	28.4%		
	Electricity	21.1%	17.6%	17.2%	19.1%		
	Housing	14.3%	14.3%	12.7%	13.4%		
	Roads and storm water	17.8%	25.3%	30.1%	27.9%		
	Other	15.6%	11.07%	8.8%	11.2%		

FIGURE 5.10: Source of Finance and Capital Expenditure



5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

TABLE 5.227: Capital Expenditure on Five Largest Projects

R' 000					
Name of Project	2017/18			Variance: 2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
IPTS - Work Package: Road Works	-	68,615	93,257	100%	-74%
Tarring of Gravel Roads	90,000	97,000	85,158	6%	-8%
IPTS - Work Package: Public Transport Facilities	-	58,627	79,705	100%	-74%
Water Services: Nooitgedacht/Coega Low Level System	12,750	23,450	50,708	-75%	-21%
Upgrade and Development of Public Open Spaces	12,500	12,500	41,183	-70%	0%
* Projects with the highest capital expenditure in 2017/18					
Name of Project - A	IPTS - Work Package: Road Works				
Objective of Project	Upgrading of infrastructure for the IPTS Starter Service				
Delays	1. Social Issues (EME's, Employment of Labour/CLO and Crime), 2. Open Ended Consultants Contracts, 3. Support Directorates not providing adequate support as required, and 4. Performance of Service Providers not always satisfactory				
Future Challenges	1. Upcoming General Elections - Political Campaigning , 2. Social Issues, 3. Prolonged procurement of Service Providers and delaying in processing of invoices, 4. Performance of Service Providers. 5. Inclement Weather				
Anticipated citizen benefits	Reliable, Safe and Universal Accessible Public Transport System				
Name of Project - B	Tarring of Gravel Roads				
Objective of Project	To eradicate all minor gravel roads in the Human Settlement areas of the Metro.				
Delays	EME stoppages, poor performance by Contractors.				
Future Challenges	The increasing backlog due to the limited available funding.				
Anticipated citizen benefits	A better economic environment will be created.				

Name of Project - C	IPTS - Work Package: Public Transport Facilities
Objective of Project	Upgrading of Public Transport Facilities for the IPTS Starter Service.
Delays	1. Social Issues (EME's, Employment of Labour/CLO and Crime - Gang Fighting), 2. Open Ended Consultants Contracts, 3. Support Directorates not providing adequate support, and 4. Performance of Service Providers not always satisfactory.
Future Challenges	1. Upcoming General Elections - Political Campaigning, 2. Social Issues, 3. Prolonged procurement of Service Providers and delaying in processing of invoices, 4. Performance of Service Providers, and 5. Inclement Weather.
Anticipated citizen benefits	Reliable, Safe and Universal Accessible Public Transport System
Name of Project - D	Water Services: Nooitgedacht/Coega Low Level System
Objective of Project	Completion of the Nooitgedacht / Coega Low Level Scheme.
Delays	The Phase 3 portion of the work is being funded by DWS and implemented by Amatola Water. Funding constraints from DWS have significantly delayed the Phase 3 Project. The NMBM is constructing a temporary treatment facility at the Grassridge Reservoir that will operate until the completion of the Phase 3 work to provide an additional 70MI/day potable water to the NMBM. This is in line with the Drought Mitigation Action Plan prepared by the NMBM and submitted to National Disaster Management.
Future Challenges	Continued funding constraints from DWS.
Anticipated Citizen Benefits	Potable Water Supply Security during drought conditions.
Name of Project - E	Upgrade and Development of Public Open Spaces
Objective of Project	To develop new parks or upgrade degraded ones.
Delays	There were no delays.
Future Challenges	SMMEs will remain a challenge as there is not policy in place.
Anticipated citizen benefits	Health and social upliftment for both young and old citizens.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Nelson Mandela Bay Municipality has undertaken studies to quantify institutional backlogs. Based on the findings, large portions of the Municipality's Capital Budget have been allocated to maintenance backlogs.

The estimated total capital budget backlogs which excluded amenities are as follows:

TABLE 5.228: Estimated Total Capital Budget Backlogs

BACKLOGS	AMOUNT
Infrastructure capital backlog (Water, Sanitation, Roads and Stormwater)	10,541,000,000
Capital Refurbishment and Rehabilitation Maintenance (All Infrastructure)	11,697,000,000
Electricity Network Refurbishment and Infrastructure Recapitalization	1,324,000,000
Total	23,562,000,000

Key to the Capital Budget of the Nelson Mandela Bay Municipality is the Urban Settlements Development Grant, which may be used for the following:

- Acquisition, development or re-development of land
- Basic infrastructure services for poor households including bulk services
- Upgrading of informal settlements

The Municipality used the Urban Settlements Development Grant to prioritise infrastructure for:

- (a) Human settlements including roads and stormwater
- (b) Sanitation: purification and reticulation
- (c) Bucket eradication
- (d) Water: dams & reservoirs, purification and reticulation
- (e) Upgrading of roads, pavements & bridges
- (f) Upgrading and development of public open spaces
- (g) Fencing of cemeteries
- (h) Arts and culture centre
- (i) Stormwater
- (j) Human settlements operating costs
- (k) Sports facilities
- (l) Electricity infrastructure: transmission & reticulation and street lighting

TABLE 5.229: Urban Settlements Development Grant (USDG)* Expenditure 2017/18 on Service backlogs

R' 000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjust- ments Budget
Infrastructure - Road transport				%	%
<i>Roads, Pavements & Bridges</i>	85,500	89,775	104,202	17.9%	13.8%
<i>Storm water</i>	–	8,550	19,563	100.0%	56.3%
Infrastructure - Electricity					
<i>Generation</i>			–		
<i>Transmission & Reticulation</i>			40,524	100.0%	100.0%
<i>Street Lighting</i>	17,100	22,100	35,218	51.4%	37.2%
Infrastructure - Water					
<i>Dams & Reservoirs</i>	12,540	4,218	44,364	71.7%	90.5%
<i>Water purification</i>	65,835	60,933	83,997	21.6%	27.5%
<i>Reticulation</i>	137,085	152,817	147,938	7.3%	-3.3%
Infrastructure - Sanitation					
<i>Reticulation</i>	189,313	146,563	129,615	-46.1%	-13.1%
<i>Sewerage purification</i>	130,017	109,212	103,046	-26.2%	-6.0%
Infrastructure - Other					
<i>Waste Management</i>					
<i>Transportation</i>					
<i>Gas</i>					
Other Specify:					
Human Settlements - Bulk Services including Roads and Stormwater	252,711	252,711	251,563	-0.5%	-0.5%
Sports Facilities	–	–	5,732	100.0%	100.0%
Upgrade and Development of Public Open Spaces	5,700	5,700	38,416	85.2%	85.2%
Fencing of Cemeteries	–	–	9,542	100.0%	100.0%
Arts & Cultural Centre	–	–	4,110	100.0%	100.0%
Human Settlements - Operating	–	–	13,549	100.0%	100.0%
Bucket Eradication	15,960	59,182	59,182	73.0%	0.0%
Total	911,761	911,761	1,090,561	16.4%	16.4%

COMMENT ON BACKLOGS:

The Nelson Mandela Bay Municipality is challenged with the eradication of major service delivery backlogs. While the Municipality has gradually increased its budgetary spending on the eradication of backlogs in the maintenance of critical infrastructure, it is clear that additional funding is required from external sources for this purpose. Notwithstanding this, the Municipality is committed to addressing backlogs and providing quality services to its residents.

Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	1,411,526,645	1,261,299,789	1,324,989,240	1,547,850,230	19%	14%
Equitable share	798,043,000	844,287,010	844,287,010	844,287,010	0%	0%
Finance management Grant	1,050,000	1,050,000	1,050,000	1,050,000	0%	0%
Public Transport Networks Operations	22,413,940	81,501,000	81,921,374	68,559,829	-19%	-19%
Infrastructure Skills Development Grant	9,779,556	15,394,000	20,114,444	11,747,535	-31%	-71%
Urban Settlements Development Grant	17,000,000	15,960,000	59,182,006	63,498,791	75%	7%
LGSETA Discretionary Learnership Funding	5,434,704	4,458,612	7,804,483	4,846,628	8%	-61%
Dept. of Public Administration (Tirelo Bosche)			1,000,000			
Fuel Levy	496,799,000	222,868,000	228,058,000	545,217,656	59%	58%
Off-Grid Electrification Grant	1,211,893	0	0	0		
VAT on Government Grants - Operating	18,556,504	70,974,167	70,157,193	9,505,969	-647%	-638%
Other Grants	33,032,697		6,317,080	-5,960,838	0%	206%
EPWP Incentive	8,205,351	4,807,000	5,097,650	5,097,650	6%	0%
Provincial Government:	37,195,612	278,503,750	145,909,951	30,511,304	-813%	-378%
Library services	15,000,000	15,000,000	15,000,000	15,000,000	0%	0%
Health subsidy	1,577,882	0	0	312,614	100%	100%
Human Settlements Development Grant	6,166,805	252,711,000	120,117,201	4,795,313	-5170%	-2405%
Marine and Coastal Manager	283,974	792,750	792,750	488,509	-62%	-62%
Dept. of Public Service Administration Grant	0	0	0	492,114	100%	100%
Provincial Department of Human Settlements: Accreditation Grant	6,166,952	0	0	0		
Department of Roads and Public Works	7,999,999	10,000,000	10,000,000	9,422,754	-6%	-6%
Other grant providers:	1,894,505	3,900,000	28,142,170	215,271	-1712%	-12973%
National Lotteries Grant	0	0	660,390	182,528	100%	-262%
SALA/IDA	33,966		142,160	32,743	100%	-334%
Other grant providers:			3,274,230			
EU Sector Policy Support Project	1,860,539	0	1,865,390	0		
MBDA Grants		3,900,000	22,200,000			
Total Operating Transfers and Grants	1,450,616,762	1,543,703,539	1,499,041,361	1,578,576,805	5%	7%

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

5.9 CASH FLOW

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

The major cash flow challenge experienced by the Municipality during the 2010/11 and 2011/12 financial years necessitated the implementation of a daily cash flow management system in the Municipality. Cash flow is determined from historic trends and assumptions in respect of the over-flow of expenditure from one year to another are determined. Therefore, payments to be accrued to, for example, the 2016/17 budget, but that are paid during the 2017/18 year, are taken into account in determining the cash flow for the 2017/18 financial year. At the same time an estimation is made of which portion of the 2017/18 budget will be paid in the 2018/19 financial year for services rendered and goods received in the 2017/18 financial year. This differs from the National Treasury approach: to only take into account the budget year for determining cash flow. The NMBM methodology is more secure, especially in a cash challenge situation (e.g. in the case of capital expenditure where the budget may materially differ from one year to another).

The Municipality determines the actual cash flow for each expenditure and revenue category. Non-cash line items and categories are eliminated, where appropriate. In addition, the Municipality does not include the value budgeted for interest on outstanding debtors, as this revenue source normally exists of long outstanding debts that are regarded as doubtful with a limited possibility of being converted into cash.

Cash flow in respect of the statement of financial position, such as provisions (Post-retirement benefits) and creditors (Provision for leave pay) are also taken into consideration when determining cash flow.

The Municipality plans its investment around its cash needs, taking into consideration when revenue is due in respect of all revenue categories. The same applies to capital expenditure and operational categories. The cost coverage is managed and calculated on a monthly basis to determine whether risk indicators are present. All cash available are invested in accordance with the Cash and Investments Policy of Council.

TABLE 5.231: Cash-flow Outcomes

Cash Flow Outcomes				
	R'000			
	2016/17	Current: 2017/18		
Description	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	7,460,513	6,895,476	7,181,445	6,759,441
Government - operating	878,217	1,543,704	1,481,005	1,352,677
Government - capital	983,120	1,611,724	1,565,912	1,880,409
Interest	120,860	105,174	122,031	155,649
Dividends	341	0	0	123
Payments				
Suppliers and employees	(7,727,572)	(7,788,682)	(7,983,561)	(7,097,505)
Finance charges	(157,624)	(147,941)	(148,451)	(146,735)
Transfers and Grants	(62,817)	(112,165)	(91,023)	(83,300)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,495,039	2,107,289	2,127,358	2,820,760
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors		(1,340)		
Decrease (increase) other non-current receivables			(37,252)	
Decrease (increase) in non-current investments				
Payments				
Capital assets	(1,383,251)	(1,468,793)	(1,639,030)	(1,742,981)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,383,251)	(1,470,133)	(1,676,283)	(1,742,981)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits		3,937	6,405	
Payments				
Repayment of borrowing	(93,920)	(86,409)	(86,409)	(86,407)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(93,020)	(82,472)	(80,004)	(86,407)
NET INCREASE/ (DECREASE) IN CASH HELD	17,868	554,683	371,071	991,372
Cash/cash equivalents at the year begin:	1,612,505	1,673,151	1,630,374	1,630,374
Cash/cash equivalents at the year-end:	1,630,374	2,227,835	2,001,445	2,621,746

COMMENT ON CASH FLOW OUTCOMES

Cash and cash equivalents at year-end increased from a relatively low level of R427.66 million in 2010/11 to R1.61 billion in the 2015/16 financial year. The cash flow, however, decreased from the 2013/14 financial year by R162.56 million from R1.61 billion to R1.45 billion in the 2014/15 financial year. The cash flow, however, recovered back to R1.61 billion as at 30 June 2016. The total Cash and Cash Equivalents improved from R1,630,373,742 as at 30 June 2017 to R2,621,745,760 billion as at 30 June 2018.

The implementation of the Operations Efficiency Policy should further enhance the growth in the cash flow position. National Treasury views a three-month cost coverage ratio as critical from a financial sustainability perspective. The Audited Consolidated Annual Financial Statements reflect a cost coverage ratio of 3.28 months. However, the investment portfolio as at 30 June 2018 has been impacted by unspent conditional grants of approximately R561 million. The increase in Trade Payables and Accruals is indicative of large cash outflows anticipated over the period July to August 2018, in terms of invoices to be paid in respect of the 2017/18 financial year.

Due to improved cash flow balances as a result of a high level of Unspent Conditional Grants throughout the 2017/18 financial year, more interest was earned than anticipated. In addition, finance costs are decreasing, due to no additional borrowing taken up.

Components of Cash Flow Outcomes:

Cash flow from Operating Activities

Revenue from services did not increase at the same rate as the tariff increases over the last five financial years, due to reduced consumption levels and increased water and electricity unit losses, despite the implementation of a number of loss mitigating and reduction measures. The actual debtors' collection rate was only 93.1%, compared to the budgeted collection rate of 94%. The debtors' collection rate was calculated on revenue raised, and not revenue budgeted. Analysis is required for future budgetary periods to ensure that raised revenue is closer to the budgeted revenue. The cash balance would have been higher as at 30 June 2018 if the municipality collected 94% of the revenue raised in stead of the only 93.1% collected for the 2017/18 financial year. The 95% collection rate as provided for in the 2018/19

financial year may not be a realistic assumption, based on the historic trends over the past five financial years.

Due to the investment portfolio being boosted once again with high levels of Unspent Conditional Grants during the financial year, the interest earned was approximately R33.45 million more than anticipated in the 2017/18 Adjustments Budget. Lower than anticipated spending on capital projects also contributed towards a cash balance higher than anticipated. The risk is that a large portion of the cash balance as at 30 June 2018 could already be committed to projects for which the cash outflows have been delayed from one year to another.

Finance charges were in line with the budget provision.

Operating grants were lower than anticipated, due to Housing Top Structure Grant funding being received or claimed from the Eastern Cape Provincial Government. Only R4.795 million of the budgeted R132.847 million was received from the Eastern Cape Provincial Government.

Cash flows from Investing Activities:

These consist mainly of the acquisition and creation of assets. Capital payments were R163.64 million higher than anticipated, mainly due to the additional R178.6 million USDG Conditional Grant funding received from National Treasury during April 2018, and was therefore not incorporated in the 2017/18 Adjustments Budget, as approved by Council.

Cash-flow from investing activities consisted of the following:

TABLE 5.232: Cash-flow from Investing Activities

Description	2017/18	Restated 2016/17
Purchase of PPE	(1,701,463,488)	(1,345,617,326)
Proceeds on Disposal of PPE	22,715	605,938
Purchase of Intangible Assets	(2,561,622)	(17,691,531)
Purchase of Investment Property	(33,500,000)	(2,422,240)
Purchase of Heritage Assets	(5,478,362)	(18,135,309)
Total	(1,742,980,757)	(1,383,260,468)

Cash flows from Financing Activities:

These consist of the repayment of external borrowing, which continues to decrease as no additional borrowing is being taken up.

Cash and cash equivalents increased from R1.630 billion in 2016/17 to R2,622 billion in 2017/18. It is important to note that the cash balance of unspent conditional grants increased from approximately R177,33 million in 2016/17 to R561 million in 2017/18. The accrued values increased from R47.20 million in 2016/17 to R155.63 million in 2017/18. During July and August 2018, approximately R405 million of the cash balance as at 30 June 2018 was spent on Grant funded projects in respect of the 2017/18 financial year.

TABLE 5.233: Financial Summary

Financial Summary						
						R' 000
Description	2016/17	Current: Year 2017/18			Year 2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	1,639,538	1,882,347	1,940,747	2,007,605	-6.24%	-3.33%
Service charges	4,909,882	5,107,449	5,418,950	5,182,065	-1.44%	4.57%
Investment revenue	121,035	105,174	122,031	155,484	-32.36%	-21.52%
Transfers recognised - operational	1,450,617	1,543,704	1,499,041	1,578,577	-2.21%	-5.04%
Other own revenue	675,611	724,862	671,075	618,384	17.22%	8.52%
Total Revenue (excluding capital transfers and contributions)	8,796,683	9,363,536	9,651,844	9,542,115	-1.87%	1.15%
Employee costs	3,068,997	2,842,251	2,907,890	2,802,868	1.41%	3.75%
Remuneration of councillors	64,284	70,938	71,438	71,265	-0.46%	0.24%
Depreciation & asset impairment	294,326	808,877	809,578	280,095	188.79%	189.04%
Finance charges	155,218	148,169	148,451	144,138	2.80%	2.99%
Materials and bulk purchases	3,154,837	3,282,422	3,296,979	3,146,268	4.33%	4.79%
Transfers and grants	24,873	112,165	89,832	31,589	255.07%	184.38%
Other expenditure	2,083,627	2,223,986	2,352,700	2,353,781	-5.51%	-0.05%
Total Expenditure	8,846,162	9,488,809	9,676,868	8,830,004	7.46%	9.59%
Surplus/(Deficit)	(49,479)	(125,274)	(25,024)	712,112	-117.59%	-103.51%
Transfers recognised - capital	1,113,327	1,471,436	1,042,340	1,357,812	8.37%	-23.23%
Contributions recognised - capital & contributed assets						
Surplus/(Deficit) after capital transfers & contributions	1,063,848	1,346,162	1,017,316	2,069,924	-34.97%	-50.85%
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	1,063,848	1,346,162	1,017,316	2,069,924	-34.97%	-50.85%

Financial Summary						
R' 000						
Description	2016/17	Current: Year 2017/18			Year 2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	855,067	1,394,136	1,042,340	1,186,310	17.52%	-12.14%
Public contributions & donations	107,513	77,300	0	0		
Borrowing	0	0	0	0		
Internally generated funds	468,332	130,455	627,569	457,147	-71.46%	37.28%
Total sources of capital funds	1,430,912	1,601,891	1,669,909	1,643,457	-2.53%	1.61%
Financial position						
Total current assets	3,789,549	4,277,506	4,141,116	4,946,791	-13.53%	-16.29%
Total non current assets	15,962,030	16,217,572	16,320,801	17,436,365	-6.99%	-6.40%
Total current liabilities	2,230,842	2,404,381	2,509,138	2,752,662	-12.65%	-8.85%
Total non current liabilities	3,648,214	3,396,527	3,509,619	3,688,047	-7.90%	-4.84%
Community wealth/Equity	13,872,523	14,694,170	14,448,679	15,942,447	-7.83%	-9.37%
Cash flows						
Net cash from (used) operating	1,495,048	1,957,820	2,127,358	2,820,760	-30.59%	-24.58%
Net cash from (used) investing	(1,383,260)	(1,320,664)	(1,639,030)	(1,742,981)	-24.23%	-5.96%
Net cash from (used) financing	(93,920)	(82,472)	(80,004)	(86,407)	-4.55%	-7.41%
Cash/cash equivalents at the year end	1,630,374	2,227,835	2,001,445	2,621,746	-15.02%	-23.66%

TABLE 5.234: Financial Performance of Operational Services

Financial Performance of Operational Services						
R' 000						
Description	2016/17	2017/18		2017/18 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	-251,878,726	-142,919,060	-403,099,610	-485,231,876	70.55%	16.93%
Waste Water (Sanitation)	-246,950,588	-313,219,342	-318,311,767	-258,822,496	-21.02%	-22.98%
Electricity	-133,539,572	-144,452,308	-177,054,600	-106,948,810	-35.07%	-65.55%
Waste Management	27,606,736	39,433,398	9,544,010	16,233,140	-142.92%	41.21%
Housing	202,166,502	111,705,199	140,119,880	138,524,666	19.36%	-1.15%
Component A: sub-total	-402,595,648	-449,452,113	-748,802,087	-696,245,376	35.45%	-7.55%
Waste Water (Stormwater Drainage)	36,616,629	37,357,251	37,287,230	19,770,076	-88.96%	-88.60%
Roads	334,020,817	315,528,880	325,351,920	144,224,858	-118.78%	-125.59%
Transport	18,611,546	-12,848,683	87,256,990	4,722,488	372.07%	-1747.69%
Component B: sub-total	389,248,993	340,037,448	449,896,140	168,717,422	-101.54%	-166.66%
Planning	28,840,634	28,613,120	135,488,520	120,605,043	76.28%	-12.34%
Local Economic Development	-22,097,150	29,103,475	43,800,190	8,291,358	-251.01%	-428.26%
Component C: sub-total	6,743,485	57,716,595	179,288,710	128,896,401	55.22%	-39.10%

Financial Performance of Operational Services							R '000
Description	2016/17	2017/18		2017/18 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Community & Social Services	194,404,888	165,807,360	156,295,670	109,498,665	-51.42%	-42.74%	
Environmental Protection	36,442,093	45,519,487	42,729,870	37,566,946	-21.17%	-13.74%	
Health	51,585,976	62,772,362	66,735,540	54,022,899	-16.20%	-23.53%	
Security and Safety	436,408,645	487,460,171	448,480,600	501,006,103	2.70%	10.48%	
Sport and Recreation	319,733,959	381,865,896	388,433,720	405,289,609	5.78%	4.16%	
Corporate Policy Offices and Other	-982,493,415	-966,453,661	-958,034,280	-1,420,864,731	31.98%	32.57%	
Component D: sub-total	56,082,147	176,971,615	144,641,120	-313,480,510	156.45%	146.14%	
Total Expenditure	49,478,977	125,273,545	25,023,883	-712,112,063	117.59%	103.51%	

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Borrowing:

The Municipality did not take up new loans during the 2017/18 financial year, as it is in the process of identifying revenue generating and / or cost reducing projects, which will be funded from external loans. The Municipality is expected to take up external loan funding of R750 million for capital projects during the 2018/19 financial year. The loan is expected to be taken in four tranches (from 2018/19 to 2021/22).

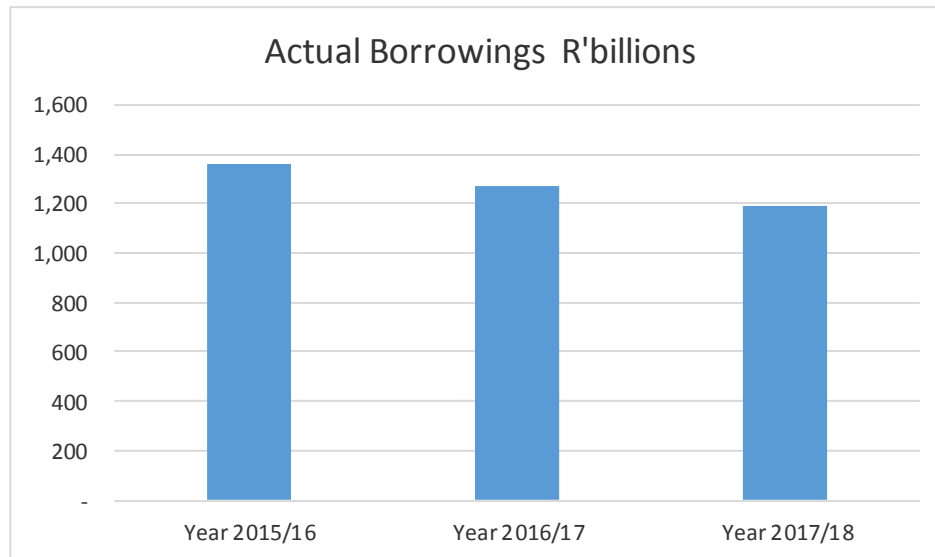
Investments:

Investments are made on a short-term basis (3 months or less, depending on cash flow level), and in terms of the NMBM Cash Management and Investment Policy. The available cash is invested at various financial institutions and consists of bank deposits only. Once the short and medium term has been secured from a cash flow perspective, longer term investments will be evaluated for implementation, without increasing the cash flow risk for the Municipality.

TABLE 5.235: Actual Borrowings

Actual Borrowings:2015/16 to 2017/18			
	R' 000		
Instrument	2015/16	2016/17	2017/18
Municipality			
Long-Term Loans (annuity/reducing balance)	1,360,123	1,271,371	1,189,014
Long-Term Loans (non-annuity)			

Actual Borrowings:2015/16 to 2017/18			
	R' 000		
Instrument	2015/16	2016/17	2017/18
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	1,360,123	1,271,371	1,189,014
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total			

FIGURE 5.11: Actual Borrowings**TABLE 5.236 : Municipal and Entity Investments**

Municipal and Entity Investments			
	R' 000		
Investment* type	2015/16	2016/17	2017/18
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank Term and Call	1,365,338	1,344,723	2,371,935
Deposits – Current Account	247,168	226,774	210,418
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other	2,470	2,652	2,867
Municipality sub-total	1,580,875	1,574,148	2,585,220
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	34,100	58,877	39,393

Municipal and Entity Investments			
	R' 000		
	2015/16	2016/17	2017/18
Investment* type	Actual	Actual	Actual
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	34,100	58,877	39,393
Consolidated total:	1,614,975	1,633,025	2,624,613

COMMENT ON BORROWING AND INVESTMENTS

The NMBM Investments Portfolio consists mainly of bank deposits at various financial institutions. Since the 2009/10 financial year, no new borrowing has been taken up. The NMBM is considering taking up loan funding to finance revenue generating / cost reducing capital projects during the the 2018/19 financial year. The Municipality does not have any short borrowing and / or bank overdraft. No borrowing has been made by the Municipality to other municipalities, municipal entities, other organisations or governmental institutions.

The NMBM Investments Portfolio has increased by R992.59 million (60.72%), from R1,633,025,294 in 2016/17 to R2,624,612,955 in 2017/18. The following factors either contributed negatively or positively towards the level of this category:

- Electricity sales, sanitation and refuse revenue not being realised as projected in the 2017/18 Adjustments Budget.
- Property rates and water revenue were higher than anticipated.
- The debtors' collection rate was only 93.1%, compared to the 94% as provided for in the Adjustments Budget.
- Increase in water debtors.
- Poor billing and/or collection of rentals relating to facilities and equipment.
- An unsustainable level of bridge-funding of housing projects in the amount of R196.53 million, as at 30 June 2018, which continues to increase.

- Capital spending at 98,42% of the Adjustments Budget and including the additional USDG (R178.6 million) and the Drought Relief Fund (R97 million).
- Unspent Conditional Grants as at 30 June 2018 was R561,788,848.
- Operating spending only at 91,58% of Adjustments Budget.

The accrued balance for unspent Conditional Grants is R155,629,511, as indicated in Note 7.1 of the 2017/18 Pre-Audited Consolidated Annual Financial Statements. It is also indicative from the level of trade and other payables that has increased from R1,240,521,075 to R1,675,315,623 that major cash outflows are anticipated for during the period July 2018 to August 2018, when invoices dated in the 2017/18 financial year are being paid during the 2018/19 financial year. Financial year-end accruals therefore assisted in the increase in trade and other payables. Therefore, notice should be taken that most of the increase of cash and cash equivalents are committed to expenditure already incurred, but not yet paid as at 30 June 2018. The aforementioned factors influenced the interest earned on investments by the Municipality.

5.11 PUBLIC PRIVATE PARTNERSHIPS

The Nelson Mandela Bay Municipality had no public private partnerships during the review period.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

CHECKLIST: STATE OF READINESS IN RESPECT OF SUPPLY CHAIN MANAGEMENT (SCM) WITHIN MUNICIPALITIES

Name of Municipality: NELSON MANDELA BAY MUNICIPALITY

TABLE 5.237: Supply chain Management Checklist

BASIC EVALUATION	YES/NO	ACTUAL PERFORMANCE	REMARKS
1. Is your municipality's SCM Unit (SCMU) established within the office of the CFO? If yes, provide copy of the approved populated structure	Yes		
2. Indicate the number of staff employed within the SCMU?	95		
3. Have job descriptions been drawn up for each post within the SCMU?	Yes	Demand Management	1. JD's are all drawn up, Ndyebo Chigoo to confirm status of Off Administration and if Chief DM has JD in place.
	No	Contracts Management	2. Only JD's have been drawn up.
	No	Acquisition	3. Not all posts have job descriptions. We are in the process of drafting job descriptions with assistance from HR.
	No	Compliance Management	4. Not all posts have job descriptions. We are in the process of drafting job descriptions with assistance from HR.

BASIC EVALUATION	YES/NO	ACTUAL PERFORMANCE	REMARKS
<p>4. Has a detailed implementation plan for SCM been developed? If yes, is progress measured against it?</p> <p>4.1. Is a report on the implementation of the SCM Policy provided to the mayor (or the board of directors for an entity) within 10 days of the end of each quarter (reg 6(3))</p>	<p>Yes</p> <p>Yes</p>	<p>SCM office submits a quarterly SCM implementation report to the Chief Financial Officer</p>	<p>SCM has been fully implemented.</p> <p>NMBM is in the process of implementing a quality management system</p>
<p>5. Has the municipality provided for all the elements of the SCM function (Demand to Assessment of SCM performance)?</p> <ul style="list-style-type: none"> • Are needs assessment done before each acquisition? • Does the municipality have a procurement plan? If yes, provide copy of the plan. • Does the municipality obtain budgetary authorization before order is placed? • Are the preferential policy objectives identified that could be met through each contract? 	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Partially, SCM Demand Management Section was established on 01 July 2017.</p> <p>For the 2017/2018 financial year.</p> <p>System is designed in such a way that order cannot be generated where there are no funds available</p> <p>According to the revised PPPFA implemented on 01 April 2017, all contracts above R30 000 – R50 million are evaluated on 80/20 and above R50 million are evaluated on 90/10.</p> <p>Informal tenders are tenders with a tender value below R200 000.</p> <p>All tenders above R200 000 are regarded as formal tenders.</p>	<p>The SOPS are drafted and need to be advised to All directorates so that they know the requirement.</p> <p>We are still trying to gather the information from the directorates for 2018/2019.</p> <p>Accountants approve and comment on the availability of funds before the bid specification is presented to the Bid Specification Committee.</p>

BASIC EVALUATION	YES/NO	ACTUAL PERFORMANCE	REMARKS
<ul style="list-style-type: none"> <li data-bbox="159 217 913 272">• Are the threshold values contained in the SCM Policy aligned with the values stipulated in regulation 12? <li data-bbox="159 523 741 553">• Is the performance of vendors monitored? If yes, how? <li data-bbox="159 834 913 890">• Does the municipality analyze whether proper processes are followed and desired objectives are reached? 	<p data-bbox="936 244 981 274">Yes</p> <p data-bbox="936 520 981 550">Yes</p> <p data-bbox="936 858 981 888">Yes</p>	<p data-bbox="1055 520 1464 608">Section 32 reports are required in the event that an NMBM official contravenes with the SCM policy</p>	<p data-bbox="1487 461 1962 671">Through performance management conducted by project managers. SCM developed a performance management report template for guidance. Project managers submit performance reports to Contracts Management Division on a monthly basis.</p>
<p data-bbox="109 930 913 1018">6. Confirm whether the structures are in place (e.g. Specifications Committee, Bid Evaluation Committee, Adjudication Committee with written delegation) to operate outside the TRC?</p> <ul style="list-style-type: none"> <li data-bbox="159 1086 913 1174">• Does the department's specification/bid evaluation/bid adjudication committees comprise of cross-functional teams? How are the members identified? <li data-bbox="159 1302 568 1332">• Have they been appointed in writing? 	<p data-bbox="936 930 981 960">Yes</p> <p data-bbox="936 1114 981 1144">Yes</p> <p data-bbox="936 1358 981 1388">Yes</p>	<p data-bbox="1055 930 1464 1018">The Accounting Officer / Delegated official has duly appointed all the members of the relevant Bid committees.</p> <p data-bbox="1055 1054 1464 1206">Members of technical committees are identified by Directorates themselves. All other Bid Committee members are identified and appointed by the City Manager.</p>	

BASIC EVALUATION	YES/NO	ACTUAL PERFORMANCE	REMARKS
7. Has the Accounting Officer (AO) Procedures been compiled in Accordance of the SCM Regulatory Documents (Policy Strategy, Framework, Practice Notes and the Guide for AO's for SCM? If yes, provide copy of Procedure Manual	Yes	NMBM developed process flows (Flow Charts) Standard Operating Procedures (SOPs) were developed to provide guidance on the implementation of the SCM Policy	Quality Management System requirement
8. Are bid documents compiled in accordance with the relevant Treasury's Practice Notes and Directives?	Yes		
9. Are evaluation and adjudication criteria included in the bid documents?	Yes		
10. Are measures in place to ensure that all SCM practitioners are acquainted with SCM Code of Conduct issued by the National Treasury?	Yes	Employees sign the acknowledgement of SCM Code of Conduct	
11. Have responsibilities (including values) been delegated to SCM Practitioners/ committees in writing?	Yes		In accordance with SCM Policy and Regulations
12. Is there a mechanism in place to verify bidder's claims for preferences/ compliance to SARS/ requirements/ capabilities, etc. prior to the award of the contract?	Yes	CSD reports are generated before a tender is awarded to the preferred bidder.	
13. Is the procurement of goods and services decentralized? If yes, indicate to what level.	Yes	Directorates are responsible for identifying and developing a specification of their needs. SCM facilitates the procurement process and ensures compliance with SCM regulations and requirements	
14. How are decisions on bid awards documented?		Secretariat compiles minutes of each meeting. Tenders above R10 million – City Manager's resolutions are generated.	
15. Are all invitations for bids above R30 000 advertised for at least 7 days on the website and official notice board? (reg 18(a))	Yes	Tenders are advertised on the Newspaper, NMBM website, National Treasury E-tender Portal and CIDB (Construction wo	

BASIC EVALUATION	YES/NO	ACTUAL PERFORMANCE	REMARKS
15.1 In addition, are all invitations for competitive bids publicly advertised in newspapers commonly circulating locally? (reg 22(1))	Yes		
16. Is the "list of accredited prospective providers" required by regulation 14 updated at least quarterly?	Yes	List is updated daily. CSD is linked to SARS and other databases.	Service providers update their details on CSD; NMBM verifies updated details
17. How regularly is your database for BEE, SMME and HDI suppliers updated?		Database is linked to the master database and is updated daily.	
18. Is there a database established for the redundant/ obsolete store items?	Yes	Redundant/obsolete items are kept in store	
19. Are debriefing sessions held with unsuccessful suppliers?	No	Letters of Non-appointment are sent out to unsuccessful suppliers	
20. Are you aware that SITA can assist with the procurement of IT related goods and services (regulation 31)	Yes	All ICT items needs to be signed off by the by IT Steering Committee, before they are presented to the BSC.	
21. Are IT contracts arranged through SITA?	Yes	Through SCM bid processes.	
22. What is the 2017/18 budget for the training of SCM practitioners?		R344 060 (2017/2018 fin year)	
23. How are training needs for SCM practitioners determined? 23.1 Has the municipality or entity used an outsourced training provider for SCM?	Yes	Work Skills Plan is completed annually. Skills Development office has entered into contracts with different service providers.	MFMA competence requirements are prioritised.

BASIC EVALUATION	YES/NO	ACTUAL PERFORMANCE	REMARKS
24. How many officials have been trained? <ul style="list-style-type: none"> • Senior Management? • Committee members Operational Staff? 		5 4 79	
25. Which training service providers are conducting or will be conducting SCM training at your department?		SCM Contract number SCM /18-67/ Provides details of all service providers that will be conducting training.	
26. Does the SCM Policy provide for an effective system of risk management for the identification, consideration and avoidance of potential risks in the SCM system? (reg 41(1))	Yes	Risk Register is compiled.	
26.1 Is there a Fraud prevention plan for SCM in place? If yes, provide a copy	Yes	Whistleblow Policy in place for the whole institution. Code of conduct for SCM practitioners and other role-players is signed and acknowledged.	

5.13 GRAP

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5) relating to the 2017/18 financial year:

TABLE 5.238: GRAP

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

The above standards are currently applied by the Municipality, where applicable and no issues were raised in the prior year with regard to non-compliance in terms of GRAP standards that we were not aware of at the time.

All Accounting Policies included in the AFS are aligned with the GRAP Framework above and therefore no issues were raised in the prior year with regard to non-compliance with these Accounting Policies.

New GRAP standards have been approved, but no effective date has been given by the Minister of Finance with regard to when it must be taken into account (hence not applicable for the 2017/18 financial year).

CHAPTER 6 - AUDITOR-GENERAL AUDIT FINDINGS

INTRODUCTION

The Nelson Mandela Bay Municipality produces an Annual Report and Financial Statements on an annual basis, which are then submitted to the Auditor-General for auditing purposes. Once the Auditor-General's Audit Report is received by the institution, an Action Plan is developed to address the audit findings raised by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL'S OPINION OF FINANCIAL STATEMENTS (YEAR -1)

6.1 AUDITOR-GENERAL'S REPORT: YEAR -1 (2016/17)

TABLE 6.1: Auditor-General's report

Auditor-General Report on Financial Performance Year -1	
Status of audit report:	Qualified audit opinion.
Non-Compliance Issues	Remedial Action
<p>Property, plant and equipment (PPE)</p> <p>The Municipality did not assess whether there were any indications that its expectations about the useful lives of PPE had changed, as required by SA Standard of GRAP 17, <i>Property, plant and equipment</i>. I was also unable to confirm PPE balance, alternative means. Consequently, I was unable to if any further adjustments to PPE disclosed at R15,1 billion in the consolidated and separate statement of financial position and depreciation stated at R589,1 million in the consolidated and separate statement of financial performance were necessary.</p>	<p>The Municipality is busy in the process of assessing the useful lives of PPE and will provide the details of the assessment to the AG during their 4th quarter visit to the municipality. The other initiative that is to be considered in order to deal with PPE related issues is to assess the human capital capacity and applicable accounting systems in the Sections (i.e. Capital and Annual Financial Statements and Audit matters) that handle PPE reconciliations etc. as the value of PPE for the municipality exceeds R15 billion and as such requires to be attended to continuously instead of only once at financial year-end.</p>
<p>Creditors- exchange transactions</p> <p>I was unable to obtain sufficient appropriate audit evidence for retention creditors due to the poor status of accounting records. I was unable to confirm these retentions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to retentions stated at R207,1 million (2016: R186,8) in note 7 to the consolidated and separate financial statements.</p>	<p>The Municipality has started with an automated system and will enhance this system to be able to correctly reconcile the creditors' retentions to show what is actually outstanding at year end.</p>

<p>Irregular expenditure</p> <p>The Municipality did not include all irregular expenditure in the notes to the consolidated and separate financial statements, as required by section 125(2)(d) of the MFMA. This resulted from payments made in contravention of the supply chain management requirements. Additionally, I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure included in the note 44.2 to the consolidated and separate financial statements. I was unable to confirm irregular expenditure by alternative means. Consequently, I unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R11,5 billion (2016: R3,4 billion) in the consolidated and separate financial statements.</p>	<p>The Municipality has already commenced with dealing with the prior year (historic) Irregular Expenditure issues dating back to many financial years in order to deal with the Limitation of Scope issues and also irregular expenditure issues. Upon completion of the exercise the decision will be made on what to table to Council for approval or request for condonation from National Treasury in line with Section 170 of the Municipal Finance Management Act (56 of 2003).</p> <p>Part of the plan is also to ascertain at mid-term the extent of any irregularities of the tenders awarded in the current financial year (2017/18) in order for this occurrence not to be repeated going forward.</p> <p>The Municipality has also approved on 1 December 2016 the Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy which will also assist in giving guidance on how these issues should / must be dealt with. This Policy will now be amended to take into account the guidance received from National Treasury (NT) during recent discussions held between NT, AG and other relevant parties. The amended Policy will also assist in guiding on how to deal with all other "compliance related issues". The amended policy will be tabled to Council for approval during the third quarter of the 2017/18 financial year.</p>
<p>Report on the audit of the annual performance report: Year -1</p>	
<p>Audit Report Status:</p> <p>I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes. (KPA 2: Integrated Service delivery To A Well-Structured City and KPA 3: Inclusive Economic Development and Job Creation)</p>	<p>The comments are noted.</p>

COMPONENT B: AUDITOR-GENERAL OPINION: YEAR 0

6.2 AUDITOR-GENERAL'S REPORT: YEAR 0 (2017/18)

TABLE 6.2: Auditor-General's report

Auditor-General Report on Financial Performance Year 0	
Status of audit report:	Qualified audit opinion.
Non-Compliance Issues	Remedial Action
<p>Exchange Revenue – Service Charges</p> <p>The Municipality did not bill for and record all revenue owing to it for services rendered, as required by SA Standard of GRAP 9, <i>Revenue from exchange transactions</i>. This was related to service charge revenue from the assistance to the poor (ATTP) subsidy. Consequently, service charge revenue was understated by R86,8 million, with a corresponding understatement on trade receivables - exchange transactions. In addition, I was unable to obtain sufficient and appropriate audit evidence that electricity revenue of R3,5 billion was fully accounted for, due to poor controls over the management of prepaid meters. I was unable to confirm this electricity revenue through alternative means. Consequently, I was unable to determine if any further adjustments were necessary to service charge revenue stated at R5,2 billion in note 21.1 of the consolidated and separate financial statements.</p>	<p>Budget and Treasury Directorate will implement all reasonable steps in order to ensure that the registration of Indigent households/ATTP is accurately managed.</p> <p>The Electricity and Energy Directorate will also take all reasonable steps to ensure accuracy of the recording of prepaid electricity meters as same impacts negatively on the high losses in electricity revenue.</p>

Auditor-General Report on Financial Performance Year 0	
Status of audit report:	Qualified audit opinion.
Non-Compliance Issues	Remedial Action
<p>Property, plant and equipment (PPE)</p> <p>The Municipality did not adequately assess whether there were any indications that its expectations on the useful lives of PPE (moveable and immovable assets) had changed, as required by SA Standard of GRAP 17, <i>Property, plant and equipment</i>. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm that land was registered in the name of the municipality nor could I physically verify all moveable assets due to the status of accounting records. I was unable to confirm PPE through alternative means. Consequently, I was unable to determine whether any adjustments were necessary to PPE stated at R16,5 billion (2016-17: R15,4 billion) as disclosed in note 9 to the consolidated and separate financial statements and the depreciation expenses of R636,8 million (2016-17: R301,2 million) as disclosed in note 31.1 to the consolidated and separate financial statements.</p>	<p>Budget and Treasury Directorate prepared Standard Operating Procedures (SOP's) which were signed off only in the fourth quarter of the 2017/18 financial year. The strategies recommended in the approved SOP's will have to be implemented rigorously during the remaining quarters of the 2018/19 financial year, in order to fully address the issue of the <i>useful lives of assets</i>. Corporate Services in conjunction with various role-players will work on strategies on how to deal with the verification of moveable assets in order to deal with this qualification.</p>
<p>Intangible Assets</p> <p>The Municipality did not adequately assess whether there were any indications that its expectations on the useful lives of intangible assets had changed, as required by SA Standard of GRAP 31, <i>Intangible assets</i>. In addition, I was unable to obtain sufficient appropriate audit evidence for intangible assets as they could not be physically verified, due to the status of accounting records. I was unable to confirm intangible assets through alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the intangible assets stated at R442,7 million (2016-17: R83,4 million) as disclosed in note 11 to the consolidated and separate financial statements and the amortisation expense of R356,7 million (2016-17: R6,8 million) as disclosed in note 31.2 to the consolidated and separate financial statements.</p>	<p>In a similar order as the PPE above, The Budget and Treasury Directorate will further collate the required documents that relate to all the intangible assets that are listed in the Asset Register, working in conjunction with various directorates that are in charge of such assets. Intangible assets mainly refer to certain IT Systems that are utilised across the institution. Currently the systems utilized by the NMBM are not integrated.</p>

Auditor-General Report on Financial Performance Year 0	
Status of audit report:	Qualified audit opinion.
Non-Compliance Issues	Remedial Action
<p>Irregular Expenditure</p> <p>The Municipality did not have proper systems in place to identify and record all irregular expenditure disclosed in note 44.2 to the consolidated and separate financial statements, as required by section 125(2)(d) of the MFMA. This expenditure resulted from payments made in contravention of the supply chain management (SCM) requirements. I was unable to confirm the amount of irregular expenditure by alternative means and it was impracticable to determine the full extent of the understatement of irregular expenditure. Consequently, I was unable to determine whether any adjustments were necessary to the irregular expenditure disclosed at R12,4 billion (2016-17: R11,6 billion) in the consolidated and separate financial statements.</p>	<p>The municipal Council approved an amended Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIF&W) Policy in early 2018. This Policy sets up clear procedures on how to deal with issues of this nature including identifying them on a regular basis. The identification process commenced in the 2017/18 financial year. The critical attention that is required is on dealing with historic irregular expenditure which was partially attended to in the 2017/18 financial year, resulting to an amount of R7.9 billion being written off and consequence management processes being followed. It may be necessary to obtain services of a competent service provider that will investigate transactions disclosed in the UIF&W Register, with the view of recommending “independently” to Council to consider condoning or writing off all historic transactions. The amounts quoted in this disclosure are mainly historic in nature as previously reported.</p>
Report on the audit of the annual performance report: Year 0	
<p>Audit Report Status:</p> <p>I did not raise any material findings on the usefulness of the reported performance information for this development priority. (KPA 1-Basic service delivery)</p>	<p>The comments are noted.</p>

6.2.1 AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0 (2017/18)

The Auditor-General’s Report for the Nelson Mandela Bay Municipality for the 2017/2018 financial year is herein attached as “Volume III” of this Annual Report.

6.2.2 COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR (2017/18):

In accordance with the *Public Audit Act, No. 25 of 2004*, Council has to consider the audit report within one month after its first sitting after the audit report has been submitted by the Auditor-General. Section 131(1) of the Municipal Finance Management Act (Act 56 of 2003) states inter-alia as follows; “(1) A municipality **must** address any issues raised by the Auditor-General in an Audit Report.....”.

Detailed below are the responses, with reference being made to the relevant paragraph numbering in the audit report:

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Basis for qualified opinion

Exchange Revenue – Service Charges

3. Budget and Treasury Directorate will implement all reasonable steps to ensure that the registration of indigent households / ATTP is managed accurately. The Electricity and Energy Directorate will also take all reasonable steps to ensure accuracy of the recording of prepaid electricity meters as same impacts negatively on the high losses in electricity revenue.

Property, Plant and Equipment (PPE)

4. Budget and Treasury Directorate prepared Standard Operating Procedures (SOP's) which were signed off only in the fourth quarter of the 2017/18 financial year. The strategies recommended in the approved SOP's will have to be implemented rigorously during the remaining quarters of the 2018/19 financial year, in order to fully address the issue of the useful lives of assets. Corporate Services in conjunction with various role-players will work on strategies on how to deal with the verification of moveable assets in order to deal with this qualification.

Intangible Assets

5. In a similar order as the PPE above, The Budget and Treasury Directorate will further collate the required documents that relate to all the intangible assets that are listed in the Asset Register, working in conjunction with various directorates that are in charge of such assets. Intangible assets mainly refer to certain IT Systems that are utilised across the institution. Currently the systems utilized by the NMBM are not integrated.

Irregular Expenditure

6. The municipal Council approved an amended Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIF&W) Policy in early 2018. This Policy sets up clear procedures on how to deal with issues of this nature including identifying them on a regular basis. The identification process commenced in the 2017/18 financial year. Critical attention is required on how to deal with historic irregular expenditure which was partially attended to in the 2017/18 financial year, resulting to an amount of R7.9 billion being written off and consequence management processes being followed. It may be necessary to obtain the services of a competent service provider to investigate transactions disclosed in the UIF&W Register, with the view of recommending “independently” to Council to consider condoning or writing off all historic transactions. The amounts quoted in this disclosure are mainly historic in nature as previously reported.

Emphasis of matters

Restatement of comparative figures

11. It is the intention of management to institute internal controls that can assist in preventing, detecting and correcting errors as and when they occur. One of the actions that can assist is to implement month end accounting activities (e.g. raising accruals monthly / performing monthly reconciliations including their reviews / preparing mini-financial statements, etc.), amongst other demands or processes.

Further improvements in this area were delayed in concluding the implementation of the required EMS by the service provider as reported to Council in its meeting dated 4 November 2018. It is envisaged that the situation will improve in 2018/19, failing which

a separate system of preparing the Annual Financial Statements electronically will have to be procured as the preparation of 2018/19 AFS cannot be in the same old “manual” way.

Material losses and impairments

12. Write offs are processed based on Council policies which allow the consideration of write-offs in deserving cases, failing which the arrear debt may be overstated. A similar situation may also occur in 2018/19 financial year as the arrear debt has grown drastically resulting from the implementation of punitive water tariffs due to drought conditions.
13. The Municipality has since implemented various strategies for dealing with the excessive water losses which, amongst others, include hiring plumbers internally and also encourage residents to report any identified water leaks.
14. In the similar manner as in paragraph “13” above, the Municipality will continue to implement various strategies for dealing with electricity losses, including addressing issues relating to prepaid electricity meters that led to the qualification as above.

Unauthorised expenditure

15. The comments are noted. An item (detailing the reasons for the occurrence of the unauthorised expenditure including the portion that caused / resulted in an unauthorised expenditure) will be submitted to Council in January 2018.

Fruitless and Wasteful expenditure

16. The comments are noted. However, it must be mentioned that any disclosures made in this part of the notes to the 2017/18 Annual Financial Statements will be dealt with in terms of separate reports that will be submitted to the Municipal Public Account Committee, mandated to evaluate these matters and advise Council accordingly.

Responsibilities of accounting officer for financial statements

- 17 – 18. The comments are noted

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

19 – 20 The comments are noted.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

21 – 27 The comments are noted.

Other matters

28 N/A

Achievement of planned targets

29 The comments are noted.

Adjustment of material misstatements

30 The comments are noted.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

31 – 32 The comments are noted.

Consolidated and Separate Annual Financial Statements

33 The comments are noted and it must be stated that in order to improve the situation going forward, as mentioned previously, improved internal controls, monthly procedures and stringent reviews are to be undertaken. As also stated above, the implementation of the new EMS / ERP system will improve the situation as the Annual Financial Statements will not be prepared manually as soon as the system is in place. Failure to implement the EMS will result in the institution having to consider other systematic approaches to automate the preparation of the Annual Financial Statements.

Strategic planning and performance management

34 The comments are noted.

Revenue Management

35 The comments are noted.

Expenditure management

36 The matter will be attended to going forward, and the necessary remedial actions will be undertaken.

37 Matter to be reported to Council or its structure (i.e. MPAC)

38 Matter to be reported to Council or its structure (i.e. MPAC)

Asset management

39 – 40 The comments are noted.

Consequence management

41 The matter will be reported to Council on a separate item at the meeting of January 2019.

42 Both matters are dealt with through structures of Council (i.e. MPAC) to address same as mandated by Council.

43 Same as number 41 and 42 above.

Procurement and contract management

44 – 52 The comments are noted and the matters raised will be addressed going forward. The Supply Chain Management Unit is being capacitated to be able to fully address the issues going forward.

Other Information

53 – 56 The comments are noted.

Internal control deficiencies

57 – 58 The comments are noted.

OTHER REPORTS

59 The comments are noted.

Investigations

60 The comments are noted.

ANNEXURE - AUDITOR- GENERAL'S RESPONSIBILITY FOR THE AUDIT

1 The comments are noted.

Consolidated and separate financial statements

2 The comments are noted.

Communication with those charged with governance

3 – 4 The comments are noted.

APPENDICES

APPENDIX A- COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councilors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
R A P Trollip	FT	Executive Mayor	DA	100	
M E Bobani	FT	Deputy Executive Mayor (Served in the position of Deputy Executive Mayor until 24 August 2017)	UDM	100	
J Lawack	FT	Speaker	DA	100	
W Senekal	FT	Chief Whip	DA	100	
MAYORAL COMMITTEE					
R A P Trollip	FT	Executive Mayor	DA	100	
M E Bobani	FT	Deputy Executive Mayor (No longer member of the Committee with effect from 24 August 2017)	UDM	100	
A G Whitfield	FT	Member of Mayoral Committee	DA	67	100
R C Kayser	FT	Member of Mayoral Committee (No longer member of the Committee with effect from 17 April 2018)	DA	90	100
J S Best	FT	Member of Mayoral Committee	DA	83	100
S Sijadu	FT	Member of Mayoral Committee	COPE	92	100
D N Biddulph	FT	Member of Mayoral Committee (No longer a member of the Committee with effect from 11 December 2017)	DA	83	100
B M Bhanga	FT	Member of Mayoral Committee	DA	83	100
A T Lovemore	FT	Member of Mayoral Committee	DA	67	100
R Odendaal	FT	Member of Mayoral Committee	DA	100	
M Daniels	FT	Member of Mayoral Committee (Appointed as MMC: Transport with effect from 9 April 2018)	PA	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
M M Zinto	FT	Member of the Mayoral Committee (Appointed as MMC: Infrastructure, Engineering, Electricity and Energy with effect from 11 December 2017)	DA	83	100
Grootboom, L	FT	Member of the Mayoral Committee (Appointed as MMC: Public Health with effect from 11 December 2017)	ACDP	100	
S L Sauls	FT	Member of Mayoral Committee	DA	100	
BUDGET AND TREASURY COMMITTEE					
R Odendaal (Chairperson)	FT	Budget and Treasury Committee Member	DA	100	
SD Davids	PT	Budget and Treasury Committee Member (Redeployed to Sport, Recreation, Arts and Culture Committee with effect from 19 March 2018)	DA	100	
L A Gallant	PT	Budget and Treasury Committee Member	DA	58	80
D A Hayselden	PT	Budget and Treasury Committee Member	DA	92	100
A G Jordan	PT	Budget and Treasury Committee Member	DA	100	
L Kruger	PT	Budget and Treasury Committee Member	DA	100	
M L Makunga	PT	Budget and Treasury Committee Member	ANC	92	0
N A Mthi	PT	Budget and Treasury Committee Member	ANC	92	100
M J Mtsila	PT	Budget and Treasury Committee Member	UFEC	75	67
P S Ndoni	PT	Budget and Treasury Committee Member	ANC	75	100
B Nodada	PT	Budget and Treasury Committee Member	DA	92	100
R B Riordan	PT	Budget and Treasury Committee Member	ANC	100	
S S Tyukana	PT	Budget and Treasury Committee Member	ANC	58	0
F A van de Linde	PT	Budget and Treasury Committee Member	DA	100	
Y N Yako	PT	Budget and Treasury Committee Member (Ceased to be a member of this Committee since appointed to MPAC with effect from 25 January 2018)	EFF	67	50
Z M Vena	PT	Budget and Treasury Committee Member (Deployed to the Committee with effect from 16 February 2018)	EFF	33	50
T L Weise	PT	Budget and Treasury Committee Member (Deployed to the Committee with effect from 19 March 2018)	DA	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE COMMITTEE					
A G Whitfield (Chairperson)	FT	Economic Development, Tourism and Agriculture Committee Member	DA	71	100
S Beynon	PT	Economic Development, Tourism and Agriculture Committee Member	DA	100	
G Faldtman	PT	Economic Development, Tourism and Agriculture Committee Member	DA	100	
R Gouws	PT	Economic Development, Tourism and Agriculture Committee Member	DA	100	
B N Mafaya	PT	Economic Development, Tourism and Agriculture Committee Member	ANC	71	100
A M Maqolo	PT	Economic Development, Tourism and Agriculture Committee Member	ANC	29	100
P A Mfama	PT	Economic Development, Tourism and Agriculture Committee Member	ANC	100	
G Miggles	PT	Economic Development, Tourism and Agriculture Committee Member	DA	100	
L V Mlungwana	PT	Economic Development, Tourism and Agriculture Committee Member	DA	71	100
L D Mnyimba	PT	Economic Development, Tourism and Agriculture Committee Member	ANC	100	
M J Mtsila	PT	Economic Development, Tourism and Agriculture (Redeployed to this Committee on 30 March 2017)	UFEC	86	100
B Nodada	PT	Economic Development, Tourism and Agriculture Committee Member (Redeployed to this Committee on 30 March 2017)	DA	100	
Y M Pali	PT	Economic Development, Tourism and Agriculture Committee Member	ANC	100	
Y N Yako	PT	Economic Development, Tourism and Agriculture Committee Member (Appointed as MPAC Chairperson with effect from 25 January 2018)	EFF	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
P F Tshanga	PT	Economic Development, Tourism and Agriculture Committee Member (Deployed to the Committee with effect from 16 February 2018)	EFF	100	
M Zinto	PT	Economic Development, Tourism and Agriculture Committee Member (Appointed as MMC: Infrastructure, Engineering and Energy with effect from 11 December 2017)	DA	100	
D N Biddulph	PT	Economic Development, Tourism and Agriculture Committee Member (Deployed as a member of the Committee with effect from 25 January 2018.)	DA	100	
PUBLIC HEALTH					
L P Grootboom (Chairperson)	FT	Public Health Committee Member (Appointed as MMC: Public Health with effect from 11 December 2017)	ACDP	100	
R A P Trollip	FT	Public Health Committee Member (Served as MMC: Public Health with effect from 27 June 2017 to 11 December 2017)	DA	100	
M L Boti	PT	Public Health Committee Member	ANC	86	100
L M Dano	PT	Public Health Committee Member	ANC	57	100
S Fillis	PT	Public Health Committee Member	DA	86	100
F van N Greyling	PT	Public Health Committee Member	DA	43	75
A D Isaacs	PT	Public Health Committee Member	DA	100	
G D Maqula	PT	Public Health Committee Member	ANC	86	100
R Meyer	PT	Public Health Committee Member	DA	100	
T S Mhlongo	PT	Public Health Committee Member	EFF	100	
K O Ngumbela	PT	Public Health Committee Member	DA	86	100
M M Nkosi	PT	Public Health Committee Member	DA	100	
N Q Pink	PT	Public Health Committee Member	ANC	100	
N E Sikweyiya	PT	Public Health Committee Member	ANC	100	
HUMAN SETTLEMENTS COMMITTEE					
B M Bhanga (Chairperson)	FT	Human Settlements Committee Member	DA	90	100
M S Breakfast	PT	Human Settlements Committee Member	DA	100	
N M Booi	PT	Human Settlements Committee Member	ANC	100	
R Daaminds	PT	Human Settlements Committee Member	ANC	80	50

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
A B Gibbon	PT	Human Settlements Committee Member	DA	100	
N R Higgins	PT	Human Settlements Committee Member	DA	100	
M S Jodwana	PT	Human Settlements Committee Member	ANC	80	0
T P Louw	PT	Human Settlements Committee Member	DA	100	
B P Mbuqu	PT	Human Settlements Committee Member	ANC	80	50
D J S Monks	PT	Human Settlements Committee Member	DA	100	
V Dyele	PT	Human Settlements Committee Member (Deployed to the Committee with effect from 16 February 2018)	ANC	50	50
A W Lungisa	PT	Human Settlements Committee Member (Ceased to be a member of the Committee with effect from 16 February 2018)	ANC	17	20
S Soyos	PT	Human Settlements Committee Member	DA	100	
Z M Vena	PT	Human Settlements Committee Member	EFF	90	100
HUMAN RESOURCES AND CORPORATE ADMINISTRATION COMMITTEE					
A T Lovemore (Chairperson)	FT	Human Resources and Corporate Administration Committee Member (Appointed as MMC: HR and CA with effect from 11 December 2017)	DA	100	
D N Biddulph	PT	Human Resources and Corporate Administration Committee Member (Redeployed to Economic Development, Tourism, and Agriculture Committee with effect from 25 January 2018)	DA	67	100
N P Antoni	PT	Human Resources and Corporate Administration Committee Member	ANC	86	0
K Boqwana	PT	Human Resources and Corporate Administration Member	ANC	100	
D Buti	PT	Human Resources and Corporate Administration Committee Member	ANC	86	100
M Feni	PT	Human Resources and Corporate Administration Committee Member	ANC	100	
L A Gallant	PT	Human Resources and Corporate Administration Committee Member	DA	86	100
O H Kepe	PT	Human Resources and Corporate Administration Committee Member	DA	100	
R Meyer	PT	Human Resources and Corporate Administration Committee Member	DA	100	
N J Mhlobiso	PT	Human Resources and Corporate Administration Committee Member	ANC	100	
K O Ngumbela	PT	Human Resources and Corporate Administration Committee Member	DA	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
P F Tshanga	PT	Human Resources and Corporate Administration Committee Member (Redeployed to Economic Development, Tourism and Agriculture Committee with effect from 16 February 2018)	EFF	75	0
S L Sauls	PT	Human Resources and Corporate Administration Committee Member	DA	86	100
P W Terblanche	PT	Human Resources and Corporate Administration Committee Member	DA	57	100
S M Ntshiza	PT	Human Resources and Corporate Administration Committee Member (Deployed to the Committee with effect from 16 February 2018)	EFF	67	Attended 2 out of the 3 meetings since his redeployment to this Committee, as no notice was given to Councillor of first meeting.
INFRASTRUCTURE, ENGINEERING AND ENERGY COMMITTEE					
M M Zinto (Chairperson)	PT	Infrastructure, Engineering and Energy Committee Member (Appointed to this Committee with effect from 11 December 2017)	DA	100	
A T Lovemore	FT	Infrastructure, Engineering and Energy Committee Member (Redeployed to the HR and CA Committee with effect from 11 December 2017)	DA	100	
T C S Buyeye	PT	Infrastructure, Engineering and Energy Member	AIC	89	0
T Faltain	PT	Infrastructure, Engineering and Energy Committee Member	DA	100	
C Garai	PT	Infrastructure, Engineering and Energy Committee Member	DA	89	100
P Hermaans	PT	Infrastructure, Engineering and Energy Committee Member	DA	100	
L V Mlungwana	PT	Infrastructure, Engineering and Energy Committee Member	DA	89	100
L Mrara	PT	Infrastructure, Engineering and Energy Committee Member	EFF	100	
B B Nombiba	PT	Infrastructure, Engineering and Energy Committee Member	ANC	75	0
T S Noqoli	PT	Infrastructure, Engineering and Energy Committee Member	DA	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
S D Nzanzeka	PT	Infrastructure, Engineering and Energy Committee Member	ANC	78	50
L P Qukubana	PT	Infrastructure, Engineering and Energy Committee Member	ANC	78	50
L Suka	PT	Infrastructure, Engineering and Energy Committee Member (Ceased to be a member of the Committee with effect from 16 February 2018)	ANC	43	75
A van der Westhuyzen	PT	Infrastructure, Engineering and Energy Committee Member	DA	100	
Dlula, Z	PT	Infrastructure, Engineering and Energy Committee Member (Deployed to the Committee with effect from 16 February 2018)	ANC	100	
Ranyeale, I F	P T	Infrastructure, Engineering and Energy Committee Member	ANC	100	
Rafani, S	P T	Infrastructure, Engineering and Energy Committee Member (Redeployed to the Committee with effect from 25 January 2018)	DA	100	
SPORT, RECREATION, ARTS AND CULTURAL SERVICES COMMITTEE					
S Sijadu (Chairperson)	FT	Sport, Recreation, Arts and Cultural Services Committee Member	COPE	100	
R Adams	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Cessation of DA membership with effect from 10 December 2017)	DA	100	
S Beynon	PT	Sport, Recreation, Arts and Cultural Services Committee Member	DA	83	100
M V Daniels	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Appointed as MMC: Transport on 9 April 2018 and therefore ceased to be a member of this Committee)	PA	67	0
M J de Andrade	PT	Sport, Recreation, Arts and Cultural Services Committee Member	DA	83	100
R Gouws	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Redeployed to this Committee on 30 March 2017)	DA	100	
T Jacobs	PT	Sport, Recreation, Arts and Cultural Services Committee Member	ANC	100	
V M Manyati	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Redeployed to this Committee on 30 March 2017)	DA	83	100

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
L Mfana	PT	Sport, Recreation, Arts and Cultural Services Committee Member	ANC	100	
S S J Plaatjies	PT	Sport, Recreation, Arts and Cultural Services Committee Member	ANC	100	
S Rafani	PT	Sport, Recreation, Arts and Cultural Services Committee Member	DA	100	
X Sabani	PT	Sport, Recreation, Arts and Cultural Services Committee Member	ANC	83	100
M Tshaka	PT	Sport, Recreation, Arts and Cultural Services Committee Member	ANC	83	100
T F Tshangela	PT	Sport, Recreation, Arts and Cultural Services Committee Member	UDM	67	0
Z M Vena	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Redeployed to the Budget and Treasury Committee with effect from 16 February 2018)	EFF	100	
S M Ntshiza	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Redeployed to the Committee with effect from 16 February 2018)	EFF	100	
S D Davids	PT	Sport, Recreation, Arts and Cultural Services Committee Member (Redeployed to the Committee with effect from 19 March 2018)	DA	100	Attended 2 out of the 3 meetings since his redeployment to this Committee, as no notice was given to Councillor of first meeting.
SAFETY AND SECURITY SERVICES COMMITTEE					
J S Best (Chairperson)	FT	Safety and Security Services Committee Member	DA	100	
T P Adams	PT	Safety and Security Services Committee Member	DA	100	
J A Arends	PT	Safety and Security Services Committee Member	DA	88	100
M V Daniels	PT	Safety and Security Services Committee Member (Appointed as MMC: Transport on 9 April 2018 and therefore ceased to be a member of this Committee)	PA	60	50
G Faldtman	PT	Safety and Security Services Committee Member	DA	75	100
J Grobbelaar	PT	Safety and Security Services Committee Member	DA	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
E J Harker	PT	Safety and Security Services Committee Member	DA	100	
A C G Mfunda	PT	Safety and Security Services Committee Member	ANC	88	100
T S Mhlongo	PT	Safety and Security Services Committee Member (Redeployed to this Committee on 30 March 2017)	EFF	88	0
M Nkosi	PT	Safety and Security Services Committee Member	DA	88	100
G Rautenbach	PT	Safety and Security Services Committee Member	DA	88	100
N P Sonti	PT	Safety and Security Services Committee Member	ANC	88	0
X C Tyali	PT	Safety and Security Services Committee Member	ANC	88	100
P B Vani	PT	Safety and Security Services Committee Member	ANC	100	
N N Zuma	P T	Safety and Security Services Committee Member	ANC	88	0
TRANSPORT COMMITTEE					
M Daniels (Chairperson)	FT	Transport Committee Member (Appointed as MMC: Transport on 9 April 2018)	PA	100	
R C Kayser	PT	Transport Committee Member (Ceased to be a member of the Committee with effect from 9 April 2018)	DA	100	
M S Breakfast	PT	Transport Committee Member	DA	100	
T C S Buyeye	PT	Transport Committee Member	AIC	86	0
T Faltain	PT	Transport Committee Member	DA	100	
M A Gidane	PT	Transport Committee Member	ANC	86	0
V M Manyati	PT	Transport Committee Member	DA	100	
M E Mbelekane	PT	Transport Committee Member	ANC	86	0
G Miggels	PT	Transport Committee Member	DA	86	0
M K Mogatosi	PT	Transport Committee Member	DA	100	
N C Mtati	PT	Transport Committee Member	ANC	71	50
L X Nombexeza	PT	Transport Committee Member	ANC	71	0
S Rwexwana	PT	Transport Committee Member	DA	100	
P F Tshanga	PT	Transport Committee Member	EFF	71	0
H C van Staaden	PT	Transport Committee Member	DA	100	
M Mgcokoca	P T	Transport Committee Member	ANC	71	0

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE					
Y N Yako (Chairperson)	FT	Municipal Public Accounts Committee Member (Appointed by Council on 25 January 2018)	EFF	100	
L P Grootboom	FT	Municipal Public Accounts Committee Member (Appointed as MMC: Public Health with effect from 11 December 2017)	ACDP	100	
R N Captain	PT	Municipal Public Accounts Committee Member	ANC	93	100
M V Daniels	PT	Municipal Public Accounts Committee Member (Resigned as a member on 10 November 2017)	PA	33	0
M Feni	PT	Municipal Public Accounts Committee Member	ANC	73	50
C Garai	PT	Municipal Public Accounts Committee Member	DA	93	100
B N Mafaya	PT	Municipal Public Accounts Committee Member	ANC	80	66
M K Mogatosi	PT	Municipal Public Accounts Committee Member	DA	100	
L Mrara	PT	Municipal Public Accounts Committee Member	EFF	93	0
H Muller	PT	Municipal Public Accounts Committee Member	DA	100	
L Nombola	PT	Municipal Public Accounts Committee Member	ANC	87	50
T S Noqoli	PT	Municipal Public Accounts Committee Member	DA	87	100
M G Steyn	PT	Municipal Public Accounts Committee Member	DA	100	
T F Tshangela	PT	Municipal Public Accounts Committee Member	UDM	53	14
A Tyokwana	PT	Municipal Public Accounts Committee Member (Deployed to serve on this Committee on 30 March 2017)	ANC	80	33
H C van Staaden	PT	Municipal Public Accounts Committee Member	DA	100	

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
RULES AND ETHICS COMMITTEE					
A G Jordan (Chairperson)	PT	Rules and Ethics Committee Member	DA	100	
M Feni	PT	Rules and Ethics Committee Member	ANC	0	0
L P Grootboom	FT	Rules and Ethics Committee Member	ACDP	100	
L Kruger	PT	Rules and Ethics Committee Member	DA	100	
B N Mafaya	PT	Rules and Ethics Committee Member	ANC	33	0
L Mrara	PT	Rules and Ethics Committee Member	EFF	67	0
K O Ngumbela	PT	Rules and Ethics Committee Member	DA	100	
M G Steyn	PT	Rules and Ethics Committee Member	DA	100	
One Councillor representing AIC, UFEC and PA		Rules and Ethics Committee Member	AIC, UFEC and PA	0	0
LOCAL LABOUR FORUM					
Ms Amanda Olivier – IMATU (Chairperson)		Local Labour Forum Member		70	100
A T Lovemore	FT	Local Labour Forum Member (Appointed as a member of the Forum with effect from 11 December 2017)	DA	88	100
D N Biddulph	PT	Local Labour Forum Member (Redeployed to Economic Development, Tourism and Agriculture Committee with effect from 25 January 2018)	DA	50	100
K Boqwana	PT	Local Labour Forum Member	ANC	80	0
O H Kepe	PT	Local Labour Forum Member	DA	90	0
R Meyer	PT	Local Labour Forum Member	DA	90	100
N J Mhlobiso	PT	Local Labour Forum Member	ANC	80	50
S L Sauls	FT	Local Labour Forum Member	DA	40	83
P W Terblanche	PT	Local Labour Forum Member	DA	40	100
P F Tshanga	PT	Local Labour Forum Member (Redeployed to the Economic Development, Tourism and Agriculture Committee with effect from 16 February 2018)	EFF	67	100
S M Ntshiza	P T	Local Labour Forum Committee Member (Appointed as a member of the Forum with effect from 4 April 2018)	EFF	57	33
L A Gallant (Alternate)	PT	Local Labour Forum Committee Member	DA	50	100

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
K O Ngumbela (Alternate)	PT	Local Labour Forum Committee Member	DA	90	100

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

The following formulas were used to calculate percentage of meeting attendance:

(i) Number of meetings attended by Councillor divided by the number of Committee meetings held the during period of deployment x 100 = percentage attendance

(ii) Leave of absence and apologies received for non-attendance of Committee meetings were calculated using the same formula.

APPENDIX B- COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Public Health	Addresses all matters relating to Environmental Health Services in terms of legislation and by-laws. The Fresh produce market and its concerns are included in this committee..
Sport, Recreation, Arts and Cultural Services	Considers all matters concerning the natural environment, parks & recreation centres, libraries, sport, arts and culture within the institution.
Infrastructure, Engineering & Energy	Addresses all matters concerning civil engineering, infrastructure (ie) roads, stormwater, sewerage, water services, etc. and monitoring as well as controlling electricity in the institution.
Safety & Security	Addresses all matters concerning Security Services, Disaster Management, Traffic Control as well as Fire services. All committee recommendations are submitted to the Executive Mayor.
Human Resources & Corporate Administration	Deals with all HR related matters as well as Administrative matters on an institutional level. (i.e.) Administrative matters - traveling of officials, cellphones, land lines, catering, etc.
Budget & Treasury	Financial planning both short and long term. This committee also monitors the functional performance of the institutional budget for NMBM.
Economic Development Tourism & Agriculture	Deals with all areas of operation that has bearing on economic development, tourism and / or agriculture in the NMBM geographical area.
Human Settlements	Attends to all Land related matters. (e.g.) purchase, hire, sale and lease of Council property for the intended purpose.
Municipal Public Accounts	Exercises an oversight role in terms of the activities of Council, examine the Financial Statements, Annual Reports and Auditor General reports.
Bid Specification Committee	Develop specifications for each procurement process that NMBM engages upon.
Bid Evaluation Committee	Evaluate bids received according to a set criteria developed for the said committee.
Bid Adjudication Committee	Considers the Bid Evaluation Committee report and recommendations after which it makes a final award or a recommendation to the accounting officer if the delegation for a particular item is outside the scope of the committee.
Executive Mayor	To consider matters / proposals emanating from all Portfolio Committees and exercise his / her delegated authority thereon
Audit Committee	An independent advisory body that advises Council and the executive on matters related to Internal Control and Risks.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Chief Operating Officer (Chief Operating Officer: M Clay)	Monitoring and Evaluation. Dr W Obeng; Policy, Strategy & Research. Vacant (acting) Ms A Dowd-Krause; Integrated Development Planning , Mr Dunjana; Strategic Planning & Coordination, Mr D McCarthy; Legal Services, Mr T Motasi Risk Services, Ms P Nwachukwu International and Inter-governmental relations, Ms N Nkume
Budget and Treasury position vacant Acting Chief Financial Officer : Mr J Ngcelwane	Budget & Financial Accounting. Mr J Ngcelwane; Expenditure Management & Financial Control. Mr B De Scande; Revenue Management & Customer Care. Mr M Nogqala; Supply Chain Management. Ms C Ngxesha
Electricity and Energy (Acting Executive Director: Mr B Lamour)	Distribution. Mr C Hempel; Technical Services. Mr B Lamour Projects. Mr T Tsepene (Acting); Retail & Commercial Management. Mr M Bukula
Economic Development, Tourism & Agriculture (Executive Director : Mr A Qaba)	Fresh Produce Market & Urban Agriculture. Mr G Ngozi (Acting); Sector Developments. Ms L Mxenge; Strategic Projects. Ms A Buchner; Trade & Investment. Mr L Nduvane Tourism. Mr M Pebane MURP, Mr S Mnyaka; EPWP Coordinator, Ms Somikazi Nifilita-Doni
Human Settlements (Executive Director : Ms N Gqiba)	Development & Support. Mr C Brummer; Housing Delivery. Mr D Toyis (Acting); Land Planning & Management. Mr S Potgieter (Acting); Social Development, Education & Administration. Mr S Nogampula
Infrastructure and Engineering (Executive Director: Mr W Shaidi)	Design & Implementation. Mr L Mabhoza; Roads, Stormwater and Transportation. Mr Y Gaffore ; Support Services. (vacant) -- Acting – Mr Z Qengwa Water and Sanitation. Mr B Martin Integrated Public Transport System. Mr L Mabhoza (Acting)
Public Health (Acting Executive Director: Mr T Mokonyana)	Environmental Health. Mr P Nodwela (Acting); Environmental Management. Mr J Mkosana (Acting) Mr G Murrel; Occupational Health, Safety & Wellness. Mr A Tolom; (Acting) Ms B Vetyeka Parks & Cemeteries. Mr T Mokonyana; (Acting) Mr G.

Third Tier Structure	
Directorate	Director/Manager (State title and name)
	Kops Waste Management. Ms A Dyakala (Acting)
Safety and Security (Executive Director : Adv K Meyer)	Disaster Management. Mr S Brown; Fire & Emergency Services. Mr A De Ridder; Security Services. Mr S Robile (Acting); Traffic & Licensing Services. Mr A Moses (Acting); Metro Police. Ms Y Faro
Sports, Arts and Culture (Executive Director: Ms NL Nqwazi)	Beaches, Resorts & Support Services. Ms K Ngesi; Nelson Mandela Metropolitan Art Museum. Dr M Hillebrand; Red Location Museum. Mr C du Preez (Acting); Sport & Recreation. Ms C Williams; Libraries, Arts & Culture. Ms V Gwintsa
Corporate Services Executive Director : Vacant Acting – Ms N Xhego	Human Resources Management Services – vacant Mr M Mangotywa (acting); Labour Relations - Mr H Viviers (Acting); Corporate Human Resources Services - Ms N Xhego; Municipal Information System - Ms P Sume (Acting); Skills Development & Employment Equity - Ms T Mdaka; Asset Management (Ms T Nompandana); Corporate Admin Support Services - Mr S Javu; Facilities Management - Ms M Ncoyo (Acting); Constituency Services - Mr D Mbebe; Officer of the Speaker - Mr N Mqulwana; Communications. Mr M Jikazana; Director: Strategic Coordination & Programme Management – Adv V Zeelie Deputy Director: Payroll Administration (Ms C Ntusikasi)

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity/Agency (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	N/A	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	As well as through Agency: Nelson Mandela Bay Tourism
Municipal airports	N/A	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	Yes	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N/A	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	Yes	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes (Uitenhage) in conjunction with SPCA	
Fencing and fences	Yes	
Licensing of dogs	N/A	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	N/A	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	The Municipality has one dog pound in Uitenhage	Function resides with SPCA

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity/Agency (Yes / No)
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
Inner-City renewal	No	Yes Entity: Mandela Bay Development Agency

APPENDIX E- WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr Tracy Weise Du Plessis Detru Van Jaarsveld Felicity Ann Chamberlain Letisha Young Robert William Moore Stephen Herman JH Van Thiel Berghuys Paul Graham Wylde Robert Herold Pullen Gail Elizabeth Graham Bell	Yes	12	12	No Imbizo's held in 2017/18
Ward 2	Cllr Dean Biddulph Van Rooyen Anneen Schumann Strelza Hanks Clifford Thompson Jennifer Sutton Rose - Marie Foster Christopher Sityana Noluthando Yantolo Baphiwe 2 vacancies in this ward as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 3	Cllr Dave Hayselden Potgieter C. Philippus Harris Stanley Brian Gxonono Nombulelo Krige Maureen Van der Merwe Kail Dickson Joshua Gaga Phakamisa Jarvis Michael Matisi Nolubabalo One vacancy as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 4	Cllr Ayanda Tyokwana Same Xolani Cetywayo Litha Canywa Ncumisa	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Runeli Thozama Mafunda Nolulamo Gebuza Andile Uitenhage Silumko Vuyisani Nhose Bulelwa Mbambo Lungiswa Julia Nonimba Thenjiwe				
Ward 5	Cllr Sandile Rwexwana Johnny Jantjies Magdalene Bangaree Fundiswa Ndiaye Neville R Scott Johannes H Hanekom Roderick Douglas Carradice Matomela Luvuyo Daantjie Japhta 2 vacancies as at 30 Jule 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 6	Cllr Morne Steyn Roger Joseph Slyvester Felkers Walter Arndt Yvetie Bargeh Desire Elizabeth Verwey Brent Clark Pieter Christian Steinman Ebenezer Kitching John Vieira Phumla Vanqa 1 vacancy as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 7	Cllr Andries van der Westhuyzen Cllr John Best Teppler Wilhemia Billet Rondwin Killeon Paul Peterson Denise Glover Mandy Manser Peter Ngobeni Audrey Richenburg Anthony Roland Perring Allen Desmond Bhikitsha -Peter Thandiwe	Yes	12	12	No Imbizo's held in 2017/18
Ward 8	Cllr Gustav Rautenbach Harcus-Brettenny Karyl Ann Olivier Norman Deon Groenewald Arina	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Kotela Sivuyile Rossouw Johannes Abraham Wolf Bernard Friedrich Ayyub Callum Robert McGrath Karen Scheepers Glenn Weyers Maartje Harcus-Brettenny Karyl Ann Olivier Norman Deon				
Ward 9	Cllr Heinrich Muller Sauls Graeme Rathbone Aubrey Combrink Arthur Mase Luvuyo V A Combrink Elize Jearey Vincent Barnard Douglas Henry Patrick Seti Luxolo Maxamba Sinazo Baty Donald	Yes	12	12	No Imbizo's held in 2017/18
Ward 10	Cllr Andy Jordan Burke Clive Jacobs Carol Oliver Ethel Natasha Leander Belinda Abader Yunus Barman Charles Malgas Bazil Geswint Avrile Peters Desiree Jordaan Lucile	Yes	12	12	No Imbizo's held in 2017/18
Ward 11	Cllr Abraham Isaacs Catherine Harris Vanessa Grootboom Collin Potgieter Dudley Louw Elsudi Camealio Jerome Hefke Raymond Oosthuizen David Baxter Edward Ivan Matilda Kombela	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 12	Cllr Sharlene Davids Pearl Daniels Avinash Ranchod Rev Gnanasagaran Moodley Kishore CM Parshotam Ashwin Parshotam Kassan Pandaychy Kiewiets Gharoeneesa Clark John Lusu Daniel T Pullen Janette	Yes	12	12	No Imbizo's held in 2017/18
Ward 13	Cllr Pieter Hermaans Mentoor David Juane Camfer Williams Charmaine Salters Schandre Ceasar Golfrey Abdul Nadia Davis Jasmin Stuurman Dorothy Iawack Quinton Booyesen Celestine	Yes	12	12	No Imbizo's held in 2017/18
Ward 14	Cllr Dolly Buti Yose Ntombomzi Masoka Zukile Phillip Salamntu Nceba Jonas Bukelwa Mlindi Heshe Wongeka M Kondile Lipuwa Nontileka Mandisa Carmen Maku-Mnyanda Thabisa P Piko Lawrence Lindiwe Singata	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 15	Cllr Ntombekahya Mtati Mkalali Barbara Kwenxe Phumeza D Mkweta Mcedisi Mbengashe Nokuzola Neer Noluthando S Dyani Mzukisi Baleni Moyisi Selekane Masabatha Mnyumana Thembisa Mambara Mlandeli	Yes	12	12	No Imbizo's held in 2017/18
Ward 16	Cllr Xola Sabani Mabandlela Siphosethu Vukemini Phindiwe J Mgadi Zodwa Rangula Thando Mfana Mzwanele Bukayi Simphiwe J Ngemntu Xolelwa Mcwabeni Pumlani Kolisi Lungile Klass Mulelo	Yes	12	12	No Imbizo's held in 2017/18
Ward 17	Cllr Rossveldt Captain Qupe Mongezi Humphrey Lili Yanga Phakama Bobani Dunjana Siphon Patrick Booi Ncediswa Nyeke Xolelwa Sonjica Nonceba Grootboom Kolekile Mselane Nomonde Menziwa Nonzame	Yes	12	12	No Imbizo's held in 2017/18
Ward 18	Cllr Lungiswa Mnyimba Makubalo Ntombekhaya Mlawu Xola Christopher Kondlo Ncumisa Maqakaza Luvuyo H Sigwamba Nondumiso Singata Zimkhitha Qamba Khulile Oyiya Vusumzi Baart Nomathemba Sambu Nombuyiselo	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 19	Cllr Gamalihleli Maqula Mzantsi Themba M Vanga Phumeza Ndanda Thandiwe Grootboom Miriam Mnyanda Nompucuko Veli Nontsikelelo Nxokwana Mangaliso G Mdabe Mbuyiseli Jozana Momalady Mfihlo Zukiswa	Yes	12	12	No Imbizo's held in 2017/18
Ward 20	Cllr Bongo Nombiba Mbedu Siyasanga Kenene Nonjongo George Ntombizanele September Phindiwe Nyangasya Hilda Xaso Wellington Ngabase Morris Ncentezo Nombulelo Ngciphe Bonile Dick Macheal	Yes	12	12	No Imbizo's held in 2017/18
Ward 21	Cllr Sizwe Maxwell Jodwana Dyani Feziwe Willie Nomfundo Hani Zibula Winston Sityebi Zukiswa Buluta Phumza Mtukwini Thandile Hem Zimasa Twani Mandisa Gwedashe Nonkoliseko Sandlana Xolani	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 22	Cllr Nqabakazi Zuma Sokuluta Bulelwa Phungulwa Nomfusi Sonjica Luxolo Makhanda Nosikhumbuzo Makuleni Nokuzola Mabandlela bandlakazi B Tafane Punzile Mati Nkosana Nkosana Nompumelelo Booi Kholeka Cynthia	Yes	12	12	No Imbizo's held in 2017/18
Ward 23	Cllr Sandile Nzanzeka Pokili Phumeza Sihaula Posiwe Julia Mayekiso Nosithembiso Msutu Lulama Cornelius Duba Nombeko Elsie Moji Thembisa Thelma Ngqawana Nomtha Ngqondela Bahle Blani Melikaya Magxaki Nomakula Ethel	Yes	12	12	No Imbizo's held in 2017/18
Ward 24	Cllr Kolekile Boqwana Solani Mthetheleli Tyatyaza Mkuseli Welcome Nxomani Mlodolozu Mantambo Thobile Dakuse Fikile Swayi Khaya Pakana Lindelwa Yantolo Xoliswa Tili Lovedalia N Gola Ayanda	Yes	12	12	No Imbizo's held in 2017/18
Ward 25	Cllr Thembekile Jacobs Bukula Nontuthuzelo Koboka Nombulelo Mle Nozuko Tengela Mxolisi Dladla Nomvulazana Armoed Janefin Mashiqqa Siphokazi Netu Nomhle Mali Veronica	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Ngele Nombulelo				
Ward 26	Cllr Patrick Vani Mavayi Lonwabo Bathandwa Faltein Siyabulela Matebese Ntombomzi Sam Zandile Aretha Balfour Nomfusi Jack Beauty Thotyelwa Vena Barman Gcilitshane Ntombizanele Hlazo Mzuvukile Vumazonke Nomzamo Stella	Yes	12	12	No Imbizo's held in 2017/18
Ward 27	Cllr Zoliswa Dlula Klaas Thembisile Ngqondela Yoliswa Namba Nomawethu Mlungwana Brenda Nomachina Sota Vuyisile Vinqi Xolile Mike Potwana Sandise Mantile Gladys Nokuzola Festile Joyce Nombulelo Dyantyisi Deon Sivuyile	Yes	12	12	No Imbizo's held in 2017/18
Ward 28	Cllr Xola Tyali Ndlela Thando Loza Moses Nonceba Mkonto Bonginkosi Mbuqe Mandisa Ngwetsheni Nolita Totwana Nobesutu B Mape Sindiswa Evelyn Mabodla Bilini Thabo George Nolton	Yes	12	12	No Imbizo's held in 2017/18
Ward 29	Cllr Vukile Dyele Jonas Luyanda Gwavu Ada Mdyogolo Nombuyiselo Majenge Nothemba Thandisizwe Makhaphela Clark George Voorman Thandiwe Naka Gloria	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Nelani Zoleka Honono Xolani				
Ward 30	Clr Mbulelo Gidane Bukani Vakele E Nofemele Pindiwe Peter Mpumelelo Mbawo Sonwabo Donald Mbili Nobuntu Mbotyi Tembile Welcome Nikelo Gusha Penrith Andrew Siganga Mkuseli Gladstone Mnqamisa Sizakhele	Yes	12	12	No Imbizo's held in 2017/18
Ward 31	Clr Luyolo Nombola Vellem Alastar Dickson Nompumelelo Sola Lulama Alexander Edward Vena Mtutuzeli Danyela Siyanda Wokisi Mavis Yawa Andiswa Bashman Pheliswa Sojola Nelisa	Yes	12	12	No Imbizo's held in 2017/18
Ward 32	Clr Sandra Fillis Cooper Wendel Harry Daniels January Emmanuel Joseph Smith Anita Bantom Charmaine Murray Ronald Christopher William Jagers 3 x vacancies as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 33	Clr Nomazwi Sonti Mkalipi Ntombizanele Ngiyo Zoliswa December Thandiwe Keye Nomazwi Mbelekana Asanda Sherly Todolo Zukiswa Kwati Madoda Ladlokova Nomawethu	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Monti Nonkosazana Sidina Mzwandile				
Ward 34	Cllr Johnny Arends Jackson John TITUS FRANCOIS Jansen Evantiaq Wentzel Clyde Lethese Nolufefe Menziies Johanna Laport Clifton Minto Racheal Abrahams Josephine Bone Paulus	Yes	12	12	No Imbizo's held in 2017/18
Ward 35	Cllr Trevor Louw Le Roux Kelvin Gerard Britz Jacobs Moodley Noeleen Quino Henry Goliath Richard Collin Miller Mark Kevin Rensburg David Raenora Windvogel Blauw Lizel Sumone Fourie Darryl Shelton	Yes	12	12	No Imbizo's held in 2017/18
Ward 36	Cllr Nomonde Mhlobiso Nozibele Ramncwana Nokuthuka Zita Xolelwa Sokutu Zukiswa Zote Fundile Faltein Charlie Booii Khanyisa Mani Lungelwa Mayaba Zolani Bonga Tobeka Dingaana	Yes	12	12	No Imbizo's held in 2017/18
Ward 37	Koopman Charmaine Shaw Jamiel Theron Joyce Jolene Plaatjies Van Rayner Stoffel Walker Henry Messiah Douglas Finnis Coreen	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Jafta Joho Jona Stuurman Nicholas				
Ward 38	Cllr Eddie Harker Sokani Lungile Matroos Portia Tyutyu Funelwa Bacela Vuyelwa Martin Sandra Nosipho Toto Xolani Konza Thobani Lyons David Mgquba Vuyiswa Apolisi Nompumelelo	Yes	12	12	No Imbizo's held in 2017/18
Ward 39	Cllr Margaret de Andrade Botha Adele Potgieter Leonard Niemand Dewald Jansen Van Rensburg W H J Saliso Odwa Desiree Telfer Thobela Mngonyama 3 x vacancies as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 40	Cllr Jason Grobbelaar Bana Lerato Dayizana Nosisa Plaatjie Nonkie Nosisa Xokozima Lindile Nxangashe Nonkuleko Qushani Thozamile Mdanyana Buyiswa Manto Ntombikayise Kilani Nobambo Matroos Thabisa	Yes	12	12	No Imbizo's held in 2017/18
Ward 41	Cllr Simphiwe Tyukana Soxujwa Ncedile Eric Luyanda Lawu Mpofu Melikhaya Qwebi Danile Jamleni Wongiswa Solwandle Zolile Classen Yolanda	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Msitshana Thembeke Gili Fundile Xola Ntombothando				
Ward 42	ClIr Phakama Mfana Webb Nonkoliseko Grace Mabombo Vuyiswa Prinkrose Festile Sindiswa Sweetness Festile Noziphiwo Gana Thembekile Sonjica Sibusiso Goniwe Thuliswa Tuys Lindiswa Princess Scritch Siyabulela Debooi Phumla	Yes	12	12	No Imbizo's held in 2017/18
Ward 43	ClIr Simphiwe Ntshiza Kopo Anele Mdayi Nosipho Qabo Mbulelo Leeu Mamagkok Mnyanda Xolisa Gomomo Mandisa Stuurman Bukelwa Ntsemdwana Neliswa Williams Lunga Pamba Bukiwe	Yes	12	12	No Imbizo's held in 2017/18
Ward 44	ClIr Nomsa Booi Themba Maseti Ndamse Luzuko Koli Bishop Danster Nomphele Mbambosi Lungile Mpuntshe Mziwohlanga Pokolo Patekile Johnson Lindelwa Mathezwa Cikizwa Vussani Siphwo Themba Maseti	Yes	12	12	No Imbizo's held in 2017/18
Ward 45	ClIr Siphwo Plaatjies Majola Lulama Beauty Johnson Nomfundo Mni Asanda Ciki Mtuzuzeli Aubrey April Aletta Vuyiswa	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Zondani Luyanda Ndoni Thembinkosi Alfred Noda Nomazotsho Lose Nomaxabiso Williams Xolani Gladwell				
Ward 46	Cllr Lindelwa Qukubana Gunguluza Ntombekhaya Mgushelo Asanda Faltein Thobeka Klaas Xolani Ncana Mzimasi Martin Hoyi Mongameli Gideon Maseti Vumile Citeko Ntombizanele Cynthia Grootboom Mlamli Vena Sicelo	Yes	12	12	No Imbizo's held in 2017/18
Ward 47	Cllr Nontutuzelo Sikweyiya Mtubeli Mabele Mfama Thembinkosi Nockpaal Ruth Phamela Peter Pamela Pityana Sphiwo Dlwengu Linda Abegail Dladla Ntombomzi Boyana Bongani Ncana Judith Khuthala Ncetezo Luxolo	Yes	12	12	No Imbizo's held in 2017/18
Ward 48	Cllr Tyrone Adams Bonci Lusindiso Mavakala Lindelwa Britz Freddy Ruiters Susan Nzenza Deon Zenza Elvis Mhlakuva Gani Kalani Zolile Hempe Nompumelelo Steyn Leonard Wielen Patrick	Yes	12	12	No Imbizo's held in 2017/18
Ward 49	Cllr Franay van de Linde Harris Jurie Anthony Charles Dow Toetie	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Steenkamp Gert Corneluis De Vos Florence Adolph Percival Alladin Toring Billy Zealand Sarah Byneveldt Felicity Rossow Linda				
Ward 50	Cllr Lunga Nombexeza Velile Ngxonono Filita Lunya Smith Crosby Siyasanga Makhedama Luvuyolwethu November Mahlubandile Goliath Mirriam Nomvula Rala Pumla Belani Zamile Pram Madoda Martin 1 x vacancy as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 51	Cllr Petrus Terblance Gouws Margaret Botha Petros C. Brunsdon Francois Julius Jacques Seconds Antonio Terblanche Ann-Marie IngramAvon Smith Melissa Malgas Gerald 1 x vacancy as at 30 June 2018	Yes	12	12	No Imbizo's held in 2017/18
Ward 52	Cllr Francois Greyling Fourie Charles Petruis Windt Tambo Mlamli Gosani Patience Sibulele Harmse Ewald Mostert Annelize Senekal Theodorus Louw Gabriel Christoffel Swaart Dikie Christan Thandiwe Mildred Gcakasi	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 53	Cllr Nomazulu Mthi Komazi Nomthandazo Mpako Nomasomi Chitwa Mzuhleli Bukashe Lonwabo Jibiliza Wanele Busakwe Wesley Xola Jodwana Thantaswa Namntu Veleleni Kondile Harriet Ntintishe Welekazi	Yes	12	12	No Imbizo's held in 2017/18
Ward 54	Cllr Morgan Tshaka Gaxela Zolani Jack Bonisile Dondashe Zolani Landu Nosipho Citwa Gcobani Skosana Xoliswa Majenge Phumzile Tutu Bongiwe Minyayo Lunga Panda Mzoxolo	Yes	12	12	No Imbizo's held in 2017/18
Ward 55	Cllr Mzuvukile Boti Nqinileyo Monica N Matyana Vuyelwa M Zondani Mkhosi B Jiki Noluthando Magida Nandipha Matomela Ntombentsundu Nyathi Ntombizodwa Kana Misiwe Ntlanjeni Thembisa Makinana Xolelwa L	Yes	12	12	No Imbizo's held in 2017/18
Ward 56	Cllr Mambulu Mgcokoca Sizani Ntombekhaya Sambu Lusanda Qandana Zwelinzima Tokota Chuma Futshane Khanyiswa Patricia Mzamo Noma- Efese Mkayo Boyce Jakavula Zoliswa Badi Nonkululeko Jane Mnqayi Qaqamba D.	Yes	12	12	No Imbizo's held in 2017/18

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 57	Cllr Becinga Mbugu Gaxela Mzukisi Maswana Thembinkosi Mnguni Nobatembu Mamkeli Nozuko Jantjies Noluthando Gusha Kholiswa Dambuza Phindiwe Nyamakazi Mzimasi Masala Nosiphiwo Witbooi Moosa	Yes	12	12	No Imbizo's held in 2017/18
Ward 58	Cllr Mendiswa Makunga Nobebe Ntabayozuko Mashicila Noriki Alfrida Yawa Fundiswa Koba Nozipho Ndabambi Nomakhwezi Maliza Nonkosi Mbengashe Ntombizanelile Mfecane Buyiswa Jobela Welcome N. Sontsonga Nolwazi Princess	Yes	12	12	No Imbizo's held in 2017/18
Ward 59	Cllr Leonard Dano Vazi Fezeka Nompunga Sonwabiso Monde Tsoko Rula Nomfazwe Witbooi Mlungisi Rune Fezeka Mbolekwa Siphiso Yokwe Nomachina Jakavula Binita Kate Kwanele	Yes	12	12	No Imbizo's held in 2017/18
Ward 60	Cllr Mvuzo Mbelekane Matikinca Vuyokazi Mfazwe Nombuso Stofile Doris Mafuduka Malibongwe Stofile Nandipha Masiki Mandisa Bams Rogers Mcetywa Ayanda Mgedezi Rachel Ndaleni Nomzamo	Yes	12	12	No Imbizo's held in 2017/18

APPENDIX F- WARD INFORMATION

Capital Projects: Seven Largest in 2017/18 (Full List at Appendix O)							
						R'000	
No.	Project Name and detail	Start Date	End Date	Total Value	2017/18 Adjustments Budget	2017/18 Actuals	
1	IPTS –Work Package : Road Works	01-10-2017	30-06-2018	93 257	68 615	93 257	
2	Tarring of Gravel Roads	Tarring of gravel roads is an ongoing project which is implemented annually	Tarring of gravel roads is an ongoing project which is implemented annually. Currently a major backlog exists for tarring of gravel roads	There is no total value as the project is implemented annually with the budget that is made available	97 000	85 157	
3	IPTS –Work Package : Public Transport Facilities	01-10-2017	30-06-2018	79 705	58 627	79 705	
4	Water Services: Nooitgedacht / Coega Low level system (Phase 3-PSP Only) (Maximisation)	12-05-2017 01-02-2018	20-10-2020 15-12-2018	36 687 44 000	23 450	50 707	
5	Upgrade and Development of Public Open Spaces	01-Jul-2017	30-Jun-2018	15 069	12 500	41 182	
6	Water Services :Upgrade and Rehabilitation of Water Pipelines	01-Jul-2017	30-Jun-2018	40 815	29 300	40 815	
7	Public Lighting	01-Jul-2018	30-Jun-2019	18 494	33 335	40 794	

CAPITAL AND OPERATING PROJECTS BUDGET BY WARD				
WARD 1 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: The Camp, The Gums, Hillside, Stone Kraal, Lake Farm, Oshry, Walmer Heights, Sappershoek, Sardinia Bay, Biermans Bult, Schoenmakerskop (Madiba Bay), Lovemore Park, Apron Strings, Salisbury Park, Miramar, Providentia, Pari Park, Pine Village, Southmead, Lovemore Heights, Heatherbank, Theescombe, Farms Port Elizabeth, Summerstrand, Mount Pleasant, Alington Race-track, Schoenmakerskop				
Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	535,760	-	-
19930283	Public Lighting	1,000,000	500,000	1,500,000
19960195	Reinforcement of Electricity Network - Summerstrand	200,000	1,000,000	1,000,000
20010064	Beachfront	500,000	600,000	600,000
19990185	Rehabilitation of Reservoirs	2,250,000	1,750,000	1,750,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	200,000	-	-
20030030	Lorraine - Bulk Sewerage Augmentation	37,500	5,000,000	5,000,000
20182425	Lorraine - Bulk Sewerage Augmentation - Additional Capacity	25,000		
20030177	Development of Waste Disposal Facilities	1,000,000	1,500,000	1,500,000
20050064	Augment Collector Sewer for Walmer Heights and Mt Pleasant	1,500,000	5,000,000	5,000,000
20182418	Augment Collector Sewer for Walmer Heights and Mt Pleasant - New Contract	2,000,000		
20050250	Driftsands WWTW Phase 3 extension	1,250,000	7,500,000	7,500,000
20182410	Driftsands WWTW Phase 3 extension - New Contract	5,600,000		
20060075	Cape Receife WWTW : Upgrade	1,200,000	12,000,000	12,000,000
20182422	Cape Receife WWTW : Upgrade - New Contract	500,000		
20060177	Driftsands Collector Sewer - Augmentation	9,750,000	5,000,000	5,000,000
20182411	Driftsands Collector Sewer - Augmentation - Phase 1	8,050,000		
		-		
	Total Capital	35,598,260	39,850,000	40,850,000
	Projects on operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Total Capital & Operating	35,698,260	39,950,000	40,950,000

WARD 2 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Summerstrand, Craig Bain, Forest Hill, Brookes Hill, Victoria Park, Stuart Township, Humerail, Lea Place, Central, South End, Forest Hill/Military Base, Humewood, Central, Summerstrand Ext. 10

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	-	1,006,080	-
19930026	Resurfacing Tar Roads	787,680	-	754,160
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	1,400,000	-	-
19930283	Public Lighting	300,000	-	250,000
20010059	Reinstatement of Embankments - Coastal Revetments	1,000,000	1,000,000	1,000,000
20010064	Beachfront	500,000	600,000	600,000
20030421	Upgrade and Development of Cemeteries (Forest Hill)	200,000	200,000	200,000
		-		
	Total Capital	4,187,680	2,806,080	2,804,160
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	MBDA - St Peters Property Rehabilitation	6,000,000	-	-
	MBDA - Telkom Park Ecotourism Project	-	5,000,000	-
	MBDA - Bayworld Building Redevelopment Project	-	-	9,775,280
		-		
	Total Capital & Operating	10,287,680	7,906,080	12,679,440

WARD 3 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Walmer, Athlone Park, Greenshields Park, King Edward Park, Walmer Heights, Walmer Downs, Robert Searle Park, Scotstown, St Georges Park, Hallack Road, Essexvale, Jutland, Mill Park, St Georges

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	301,500	1,231,200	-
19930026	Resurfacing Tar Roads	279,300	-	369,600
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	400,000	-	-
19930283	Public Lighting	250,000	-	250,000
19980285	Upgrade Existing Sports Facilities	7,077,217	-	-
20030471	Reinforcement of Electricity Network - Walmer Lorraine	9,650,000	3,000,000	3,000,000
20060020	Provision of Sidewalks	820,000	550,000	600,000
20060110	Greenhouse Upgrades	-	-	2,000,000
20060240	Theescombe / Gqebera Bulk Stormwater	9,000,000	-	-
20070191	Occupational Health and Wellness Center at Walmer	150,000	500,000	500,000
		-		
	Total Capital	27,928,017	5,281,200	6,719,600
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	28,028,017	5,381,200	6,819,600

WARD 4 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Walmer, Beutler Way Complex, Walmer Industrial, Southdene, Airport, Area G South, "Area X, O and J", Gqebera (Walmer Township), Area C And E, Area G, Area N, Area N-East, Area P, Area Q (Phases 1 and 2), Forest Hill/Military Base

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	198,000	-	-
19930264	Informal Housing Electrification	4,350,000	-	3,947,370
19930283	Public Lighting	500,000	900,000	-
20010362	Upgrade and Development of Public Open Spaces	-	833,000	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	200,000	-	-
20050064	Augment Collector Sewer for Walmer Heights and Mt Pleasant	1,500,000	5,000,000	5,000,000
20182418	Augment Collector Sewer for Walmer Heights and Mt Pleasant - New Contract	2,000,000		
20050250	Driftsands WWTW Phase 3 extension	1,250,000	7,500,000	7,500,000
20182410	Driftsands WWTW Phase 3 extension - New Contract	5,600,000		
20050286	Tarring of Gravel Roads	2,000,000	3,400,000	3,000,000
20060177	Driftsands Collector Sewer - Augmentation	9,750,000	5,000,000	5,000,000
20182411	Driftsands Collector Sewer - Augmentation - Phase 1	8,050,000		
20060240	Theescombe / Gqebera Bulk Stormwater	9,000,000	-	-
20100100	New Playground Equipment	-	250,000	-
20110067	Industrial Site (Airport Valley) - Bulk Sewer	-	1,000,000	2,000,000
20120047	Walmer Development - Roadworks (Human Settlement)	11,935,790	35,000,000	56,323,684
20170108	Walmer Development - Stormwater (Human Settlement)	862,568		
20170109	Walmer Development - Water Bulk (Human Settlement)	1,898,921		
20170110	Walmer Development - Sewer Bulk (Human Settlement)	4,032,605		
19990109	Substation Security Alarm Upgrade	-	5,000,000	5,000,000
20140003	Water drainage and roads at Cemeteries	-	-	700,000
		-		
	Total Capital	63,127,884	63,883,000	88,471,054
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	63,227,884	63,983,000	88,571,054

WARD 5 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: North End, Sydenham, Prince Alfred's Park, Parsons Hill, Millard Grange, Glendinningvale, Mount Croix, Richmond Hill

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	-	4,327,031	887,040
19930026	Resurfacing Tar Roads	1,887,290	1,002,950	255,300
19930283	Public Lighting	250,000	-	650,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	600,000	-	-
20030074	Reinforcement of Electricity Network - Mount Road	-	3,000,000	3,000,000
20060113	Upgrade and Restoration of Libraries	11,000,000	13,500,000	7,000,000
20182459	Gabion upgrades Baakens Valley	850,000	-	-
		-		
	Total Capital	14,587,290	21,829,981	11,792,340
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	MBDA - Baakens Valley Node - Baakens River Pedestrian Bridge	1,649,920	8,848,915	-
	MBDA - Baakens River Valley Mixed Use Precinct	7,500,000	14,788,000	15,000,000
	MBDA - Baakens River South Bank Rehabilitation Project	12,500,000	-	-
	MBDA - Baakens River North Bank Rehabilitation Project	5,000,000	-	-
	MBDA - Baakens River Walkway Connection Project	-	5,000,000	6,179,850
	Total Capital & Operating	41,337,210	50,566,896	33,072,190

WARD 6 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Fairview, Walmer Downs, Glen Hurd, Greenacres, Willowdene, Broadwood, Charlo, Overbaakens, Springfield, Bog Farm, Mangold Park, Fernglen, Newton Park

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	-	-	1,983,500
19930283	Public Lighting	700,000	500,000	-
19990144	Rehabilitation of William Moffett Expressway	-	1,000,000	5,000,000
20010023	Glen Hurd Drive Upgrading	14,000,000	-	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	600,000	-	-
20030030	Lorraine - Bulk Sewerage Augmentation	37,500	5,000,000	5,000,000
20182425	Lorraine - Bulk Sewerage Augmentation - Additional Capacity	25,000		
20060020	Provision of Sidewalks	600,000	500,000	500,000
20090039	Fairview Refurbishment	1,000,000	1,500,000	2,000,000
		-		
	Total Capital	16,962,500	8,500,000	14,483,500
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Total Capital & Operating	17,062,500	8,600,000	14,583,500

WARD 7 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Mill Park, Korsten, Korsten Dry Lake, Neave Industrial Township, Schauderville, Adcockvale Extension, Mount Road, Newton Park, Kensington, Macleanville, Holland Park, Steytler Township, Adcockvale, Perridgevale, Greenacres, Parsons Hill, Scotstown, Westview, Linkside

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	383,040	-	250,560
19930026	Resurfacing Tar Roads	-	-	1,862,400
19930283	Public Lighting	1,250,000	-	250,000
19970061	Reinforcement of Electricity Network - Newton Park	-	550,000	550,000
20000160	Rehabilitate & Upgrade of Swimming Pools Structures	-	-	4,000,000
20010362	Upgrade and Development of Public Open Spaces	-	-	700,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20060020	Provision of Sidewalks	800,000	350,000	-
20070137	Rehabilitation of roads	500,000	-	-
20150040	Climate Change	-	2,000,000	5,000,000
20170138	Provision of flood lights - Moore Dyke Sports Ground	220,000	-	-
	Total Capital	3,453,040	2,900,000	12,612,960
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Total Capital & Operating	3,553,040	3,000,000	12,712,960

WARD 8 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Lorraine, Kabega, Treehaven, Willowglen, Glenroy Park, Vikingvale, Ben Kamma, Beverley Grove, Pine Grove, Kamma Creek, Brymore, Hancorn, Kragga Kamma Park, Weybridge Park, Woodlands, Goldwater, Lorraine Manor, Kamma Park

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	1,495,250	502,500	238,500
19930283	Public Lighting	200,000	-	500,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20030030	Lorraine - Bulk Sewerage Augmentation	37,500	5,000,000	5,000,000
20182425	Lorraine - Bulk Sewerage Augmentation - Additional Capacity	25,000		
20050286	Tarring of Gravel Roads	1,000,000	1,000,000	2,000,000
20060020	Provision of Sidewalks	-	550,000	500,000
		-		
	Total Capital	3,057,750	7,052,500	8,238,500
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Total Capital & Operating	3,157,750	7,152,500	8,338,500

WARD 9 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Sunridge Park, Vergelegen, Linton Grange, Westering, Taybank, Moregrove, Westering, Framesby, Fernglen

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	1,402,550	-	-
19930283	Public Lighting	200,000	-	500,000
20042889	Linton: Additional Treatment Facility	-	1,000,000	2,000,000
20042992	Reinforcement of Electricity Network - Western	2,000,000	2,000,000	2,000,000
		-		
	Total Capital	3,602,550	3,000,000	4,500,000
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Total Capital & Operating	3,702,550	3,100,000	4,600,000

WARD 10 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Gelvan Park, Glenhaven, Jarman, Springdale Extension 5, Parkside Extension 10, Bridgehaven Extension 11, Helenvale Extension 6, New Brighton, Schauderville, Korsten, Helenvale Extension 6

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	1,100,000	-	-
19980402	Reinforcement of Electricity Network - Malabar/ Helenvale	100,000	1,000,000	1,000,000
20050286	Tarring of Gravel Roads	1,000,000	1,000,000	500,000
20100100	New Playground Equipment	220,000	-	-
20010362	Upgrade and Development of Public Open Spaces	900,000		
20150039	Upgrade of Public Toilets	200,000	-	-
20170151	Upgrade and Rehabilitation of Community Hall - Gelvandale	-	400,000	-
20042989	MV and HV Switchgear replacement	5,000,000	6,250,000	7,500,000
20182451	Rehabilitation of Gelvandale Hockey Field	6,000,000		
	Total Capital	14,520,000	8,650,000	9,000,000
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Adcock Old Age Homes	1,600,000		
	Elizabeth Stuurman Old Age Homes	3,200,000		
		-		
	Total Capital and Operating	19,420,000	8,750,000	9,100,000

WARD 11 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: New Brighton, Cradock Place, Korsten, Young Park, Kendle St (Industrial), Lindsay Road Industrial Township, Sidwell, Neave Industrial Township, Ferguson Township, Schauderville, Ibhayi, Algoa Park

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	500,000	-	-
20000172	Reinforcement of Electricity Network - Korsten	-	1,000,000	1,000,000
20010362	Upgrade and Development of Public Open Spaces	-	-	600,000
20150039	Upgrade of Public Toilets	200,000	-	-
		-		
	Total Capital	700,000	1,000,000	1,600,000
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Allan Hendricks Old Age Homes	800,000		
		-		
	Total Capital and Operating	1,600,000	1,100,000	1,700,000

WARD 12 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Parsons Vlei, Vergelegen, Hunters Retreat, Tulbagh, Glenhaven, Jarman, Bridgemeade, Francis Evatt Park, Wonderview, Morningside, Cotswold, Westering, Kabega Park, Malabar, Bethelsdorp

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	-	2,214,281	-
19930026	Resurfacing Tar Roads	1,602,825	-	1,872,675
19930264	Informal Housing Electrification	-	3,947,370	-
19930283	Public Lighting	250,000	-	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	500,000	-	-
19980348	Paapenkuils Main Sewers Augmentation	1,364,035	-	460,526
20030017	Paapenkuils Canal Rehabilitation	-	2,000,000	2,000,000
20050286	Tarring of Gravel Roads	2,000,000	2,000,000	2,000,000
20120059	Malabar Ext 6 Phase 2 - Roadworks (Human Settlement)	8,050,000	5,000,000	5,000,000
20170067	Malabar Ext 6 Phase 2 - Stormwater(Human Settlement)	2,000,000		
20170068	Malabar Ext 6 Phase 2 - Water Bulk (Human Settlement)	6,350,000		
20170071	Malabar Ext 6 Phase 2 - Sewer Bulk (Human Settlement)	6,900,000		
		-		
	Total Capital	29,016,860	15,161,651	11,333,201
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Rectification - Malabar (Target 31 units)	1,693,917		
		-		
	Total Capital & Operating	30,810,777	15,261,651	11,433,201

**WARD 13 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following:
Helenvale Extension 6, Barcelona Helenvale, Bethelsdorp, Helenvale 5 Stage 2 and 3, Allan Heights Extension 12**

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19980220	Traffic Calming Measures	50,000	-	-
19930283	Public Lighting	1,550,000	-	-
19930030	Rehabilitation of Verges and Sidewalks - Northern Areas	200,000	-	-
20010362	Upgrade and Development of Public Open Spaces	900,000	-	700,000
20060020	Provision of Sidewalks	400,000	-	-
20070137	Rehabilitation of roads	500,000	-	-
20042989	MV and HV Switchgear replacement	5,000,000	6,250,000	7,500,000
20080091	Helenvale Urban Renewal Programme	-	200,000	100,000
		-		
	Total Capital	8,600,000	6,450,000	8,300,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	8,700,000	6,550,000	8,400,000

WARD 14 - Ward is completely within the Urban Edge. The suburb within this Ward are the following: New Brighton				
Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	500,000	-	500,000
20010362	Upgrade and Development of Public Open Spaces	800,000	833,000	-
20050286	Tarring of Gravel Roads	2,500,000	2,300,000	2,090,351
20060020	Provision of Sidewalks	920,000	-	-
20100100	New Playground Equipment	-	-	250,000
20100104	Mendi Arts and Cultural Center	2,500,000	6,000,000	6,000,000
20170149	Upgrade and Rehabilitation of Community Hall - Nangoza Jebe	-	1,000,000	-
20182464	Embizweni Square Upgrading (Mayoral Project) - Roadworks	300,000		
20182465	Embizweni Square Upgrading (Mayoral Project) - Stormwater	200,000		
		-		
	Total Capital	7,720,000	10,133,000	8,840,351
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	7,820,000	10,233,000	8,940,351

WARD 15 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: New Brighton, Boast Crescent, Mhlaba Silvertown, Red Location, Ibhayi, Masangwanaville Phase 2, Malakana Silvertown, Ibhayi, Silvertown New Brighton, Masangwanaville (Phase 3)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	-	322,575	-
19930264	Informal Housing Electrification	-	2,236,843	-
19930283	Public Lighting	500,000	-	500,000
20010362	Upgrade and Development of Public Open Spaces	900,000	-	1,166,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20050286	Tarring of Gravel Roads	1,000,000	1,000,000	1,000,000
		-		
	Total Capital	2,700,000	3,559,418	2,666,000
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Rectification - Masangwanaville Red Location (Target 10 units)	1,142,901		
		-		
	Total Capital and Operating	3,942,901	3,659,418	2,766,000

WARD 16 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Ibhayi, New Brighton

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930264	Informal Housing Electrification	4,350,000	-	-
19930283	Public Lighting	350,000	-	250,000
20120053	MK Silvertown 2 Qaqawuli - Human Settlements (Services)	5,500,000		
20182338	MK SILVERTOWN 2 QAQAWULI STORMWATER	4,000,000		
20182334	MK SILVERTOWN 2 QAQAWULI WATER BULK	4,500,000		
20182337	MK SILVERTOWN 2 QAQAWULI SEWER BULK	4,000,000		
20030221	Office Accommodation -Ward Councillors	-	-	500,000
20050286	Tarring of Gravel Roads	1,500,000	-	-
20060020	Provision of Sidewalks	590,000	-	-
20100100	New Playground Equipment	220,000	-	-
20170126	John Tallant Link Road	-	8,000,000	8,000,000
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
		-		
	Total Capital	25,287,778	8,388,889	9,138,889
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	25,387,778	8,488,889	9,238,889

WARD 17 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: New Brighton, Silvertown Pendla, Qaqawuli (Phase 1), Qaqawuli (Phase 2)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	1,250,000	-	-
20050286	Tarring of Gravel Roads	3,000,000	3,000,000	3,000,000
20060020	Provision of Sidewalks	950,000	450,000	500,000
20182423	Bucket Eradication Programme: Supply and Install Communal Ablution Facilities	1,300,000		
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
	Total Capital	6,777,778	3,838,889	3,888,889
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	MBDA - Singaphi Road Upgrade Phase 3	3,800,000	-	-
	Total Capital and Operating	10,677,778	3,938,889	3,988,889

WARD 18 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaZakhele, Railway Reserve W4, Madikana Informal Community, Kalipa Informal Community, Mandela Village, Ibhayi, Kwanoxolo New Brighton

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930264	Informal Housing Electrification	-	934,211	-
19930283	Public Lighting	500,000	-	-
20010362	Upgrade and Development of Public Open Spaces	780,000	-	-
20050286	Tarring of Gravel Roads	1,000,000	1,300,000	2,000,000
20100100	New Playground Equipment	-	250,000	-
20182423	Bucket Eradication Programme: Supply and Install Communal Ablution Facilities	1,400,000		
20110056	Swartkops Low Level Collector Sewer Upgrade	2,500,000	5,000,000	7,500,000
20182428	Swartkops Low Level Collector Sewer Upgrade - New Contract	250,000		
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
		-		
	Total Capital	6,707,778	7,873,100	9,888,889
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital and Operating	6,807,778	7,973,100	9,988,889

WARD 19 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaZakhele, Informal Community, Endulwini Nkatha Informal Community, Ekuphumleni Informal Community

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930264	Informal Housing Electrification	-	2,157,895	-
19930283	Public Lighting	250,000	-	-
20050286	Tarring of Gravel Roads	1,500,000	1,400,000	2,000,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20110056	Swartkops Low Level Collector Sewer Upgrade	2,500,000	5,000,000	7,500,000
20182428	Swartkops Low Level Collector Sewer Upgrade - New Contract	250,000		
20120031	Ekuphumleni - KwaZakhele - Human Settlements (Services)	5,100,000	1,000,000	1,000,000
20182298	KwaZakhele: Ekuphumleni Stormwater (Human Settlements)	800,000		
20170191	KwaZakhele: Ekuphumleni Water Bulks (Human Settlements)	800,000		
20170192	KwaZakhele: Ekuphumleni Sewer Bulks (Human Settlements)	800,000		
20130040	Nkatha/Seyisi - Roadworks (Human Settlement)	150,000	4,000,000	2,500,000
20170084	Nkatha/Seyisi - Stormwater (Human Settlement)	50,000		
20170086	Nkatha/Seyisi - Water Bulk (Human Settlement)	50,000		
20170088	Nkatha/Seyisi - Sewer Bulk (Human Settlement)	50,000		
20150039	Upgrade of Public Toilets	200,000	-	-
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
		-		
	Total Capital	13,077,778	13,946,784	13,388,889
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Total Capital & Operating	13,177,778	14,046,784	13,488,889

WARD 20 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Ibhayi Informal Community (Includes KwaZakhele and Ndokwenza areas)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19980220	Traffic Calming Measures	25,000	-	-
19930026	Resurfacing Tar Roads	-	258,525	-
19930283	Public Lighting	1,250,000	500,000	-
20100100	New Playground Equipment	-	-	250,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	200,000	-	-
20060020	Provision of Sidewalks	600,000	-	-
20170140	Ward Councillor Office - Matthew Goniwe	-	1,000,000	-
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
20070137	Rehabilitation of roads	500,000	-	-
		-		
	Total Capital	2,852,778	2,147,414	638,889
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	2,952,778	2,247,414	738,889

WARD 21 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaZakhele, Tambo Village, Madlingozi Informal Community

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	28,125	28,125	-
19930283	Public Lighting	-	500,000	-
20130041	Raymond Mhlaba/ Buyambo - Human Settlements (Services)	255,000		
20182299	Raymond Mhlaba Stormwater (Human Settlements Services)	93,000		
20182300	Raymond Mhlaba Water Bulks (Human Settlements Services)	232,000		
20182301	Raymond Mhlaba Sewer Bulks (Human Settlements Services)	1,376,000		
19980285	Upgrade Existing Sports Facilities	-	5,000,000	5,000,000
20010362	Upgrade and Development of Public Open Spaces	-	-	1,167,000
20030221	Office Accommodation -Ward Councillors	-	-	500,000
20050286	Tarring of Gravel Roads	3,000,000	2,000,000	1,000,000
20110056	Swartkops Low Level Collector Sewer Upgrade	2,500,000	5,000,000	7,500,000
20182428	Swartkops Low Level Collector Sewer Upgrade - New Contract	250,000		
20100082	Seyisi Square & Daku Square Development	600,000	-	-
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
		-		
	Total Capital	8,611,903	12,917,014	15,555,889
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	8,711,903	13,017,014	15,655,889

WARD 22 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaZakhele, Railway Reserve W2, Zingisa Village, Thlaba Village

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	-	250,000	-
19990168	Njoli Square Redevelopment	-	17,543,860	17,543,860
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
		-		
	Total Capital	277,778	18,182,749	17,932,749
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	377,778	18,282,749	18,032,749

WARD 23 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: N.U. 2, N.U. 3, Ramaphose Village N.U.2

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	-	250,000	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	500,000	-	-
20050286	Tarring of Gravel Roads	2,500,000	3,000,000	2,000,000
		-		
	Total Capital	3,000,000	3,250,000	2,000,000
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	3,100,000	3,350,000	2,100,000

WARD 24 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaZakhele, Soweto-On-Sea Informal Settlement, Mhlaba Village Area Y - Zwide, Sisulu Village, Eluxolweni (Vuku), Sharpeville, Masakana Village, Eselileni Informal Community, Cebo Village, Mayibuye Village (Phase 1), Silvertown Village Swartkops

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930264	Informal Housing Electrification	1,174,500	-	-
19930283	Public Lighting	500,000	500,000	500,000
20010362	Upgrade and Development of Public Open Spaces	900,000	833,000	-
20050286	Tarring of Gravel Roads	1,500,000	1,400,000	2,000,000
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,778	388,889	388,889
		-		
	Total Capital	4,352,278	3,121,889	2,888,889
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	4,452,278	3,221,889	2,988,889

WARD 25 - Ward is completely within the Urban Edge. The suburb within this Ward are the following: Zwide, KwaZakhele, Barcelona Zwide, Struandale Industrial, New Brighton, Kwaford Industrial

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	800,000	500,000	500,000
19980220	Traffic Calming Measures	25,000	-	-
20050286	Tarring of Gravel Roads	1,000,000	1,400,000	2,000,000
20060020	Provision od Sidewalks	1,000,000	500,000	500,000
20100100	New Playground Equipment	-	-	250,000
20030475	New Brighton/KwaZakhele: Bulk Stormwater	277,776	388,888	388,888
20070137	Rehabilitation of roads	500,000	-	-
		-		
	Total Capital	3,602,776	2,788,888	3,638,888
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	3,702,776	2,888,888	3,738,888

WARD 26 - The suburbs within this Ward are the following: Zwide, Silvertown Sisonke Zwide, Railway Reserve W1				
Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
20010362	Upgrade and Development of Public Open Spaces	900,000	-	-
20050286	Tarring of Gravel Roads	2,500,000	2,000,000	2,000,000
20060237	Zwide Bulk Stormwater	5,000,000	3,000,000	3,000,000
20100100	New Playground Equipment	-	250,000	-
20110056	Swartkops Low Level Collector Sewer Upgrade	2,500,000	5,000,000	7,500,000
20182428	Swartkops Low Level Collector Sewer Upgrade - New Contract	250,000		
		-		
	Total Capital	11,150,000	10,250,000	12,500,000
	Projects on Operating Budget	-		
	Other Operating Projects	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital and Operating	11,250,000	10,350,000	12,600,000

WARD 27 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Soweto-On-Sea Informal Settlement, Silvertown Limba (Zwide)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	500,000	500,000	500,000
20010362	Upgrade and Development of Public Open Spaces	-	833,000	-
20050286	Tarring of Gravel Roads	4,000,000	3,000,000	4,000,000
20060020	Provision od Sidewalks	900,000	450,000	500,000
		-		
	Total Capital	5,400,000	4,783,000	5,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	5,500,000	4,883,000	5,100,000

WARD 28 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Veeplaas, Kuwait Zwide				
Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
20010118	Reinforcement of Electricity Network - Ibhayi	200,000	1,650,000	1,600,000
20010362	Upgrade and Development of Public Open Spaces	900,000	-	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20050286	Tarring of Gravel Roads	2,000,000	3,000,000	3,000,000
20100100	New Playground Equipment	-	250,000	-
		-		
	Total Capital	3,400,000	4,900,000	4,600,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	3,500,000	5,000,000	4,700,000

WARD 29 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Bloemendal, Bethelsdorp, Normanville Ext. 22, Timothy Valley, Block 23 South Frans Valley, Jacksonville, Kuscus Heights Ext. 26, Aspen Heights Ext. 26, Palmridge Ext. 23, Loonatville Ext. 23, Heath Park, Jegelsville Village, Extension 20, Extension 24, Kemp Park Ext. 30

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	500,000	-	-
20010362	Upgrade and Development of Public Open Spaces	-	833,000	-
20030421	Upgrade and Development of Cemeteries (Bloemendal)	500,000	500,000	500,000
20050286	Tarring of Gravel Roads	3,000,000	2,500,000	2,500,000
20060020	Provision of Sidewalks	700,000	-	-
20140003	Water drainage and roads at Cemeteries	1,500,000	-	-
20170128	Stanford Road Extension	1,600,000	20,000,000	20,000,000
20060251	Access Road to Chatty Developments (Chatty Link Road)	5,000,000	5,000,000	-
		-		
	Total Capital	12,800,000	28,833,000	23,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	12,900,000	28,933,000	23,100,000

WARD 30 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaMagxaki, Soweto On Sea Informal Settlement, Veeplaas, Bethelsdorp, Ibhayi, Ibhayi Cemetery

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	3,626,112	547,025	-
19930283	Public Lighting	200,000	-	-
20010362	Upgrade and Development of Public Open Spaces	-	-	1,167,000
20050286	Tarring of Gravel Roads	2,000,000	1,500,000	1,500,000
20182423	Bucket Eradication Programme: Supply and Install Communal Ablution Facilities	1,100,000		
20140003	Water drainage and roads at Cemeteries	500,000	-	-
20162368	Astroturf Surfaces	6,422,783		
20182456	Informal Trading Infrastructure	1,000,000		
	Total Capital	14,848,895	2,047,025	2,667,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	14,948,895	2,147,025	2,767,000

WARD 31 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Algoa Park, Windvogel, Erf 1542 Bethelsdorp, Balfour Heights (Smartie Town), Missionvale, Missionvale Garden Lots Phase 1, Missionvale Garden Lots Phase 2, Hillside Ext 9, Bethelsdorp

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	500,000	-	-
20010362	Upgrade and Development of Public Open Spaces	900,000	-	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20050286	Tarring of Gravel Roads	2,000,000	4,000,000	4,000,000
20100100	New Playground Equipment	220,000	-	-
		-		
	Total Capital	3,920,000	4,000,000	4,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	4,020,000	4,100,000	4,100,000

WARD 32 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Bethelsdorp, Salsoneville - Ext 16, Cleary Park - Ext 10, Hillside Ext 9, Missionvale, Erf 1542 Bethelsdorp, Salt Lake - Ext 8, Grootkloof Tip

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	1,500,000	-	-
19930030	Rehabilitation of Verges and Sidewalks - Northern Areas	300,000	-	-
19980220	Traffic Calming Measures	25,000	-	-
20010362	Upgrade and Development of Public Open Spaces	-	-	1,167,000
20110092	Missionvale Garden Lots	6,600,000		
20050286	Tarring of Gravel Roads	1,000,000	1,000,000	1,000,000
20060020	Provision of Sidewalks	1,200,000	500,000	600,000
20070137	Rehabilitation of roads	500,000	-	-
		-		
	Total Capital	11,125,000	1,500,000	2,767,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Missionvale (Target 267 units)	38,165,787		
	Bethelsdorp Old Age Homes	2,400,000		
		-		
	Total Capital & Operating	51,790,787	1,600,000	2,867,000

WARD 33 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Govan Mbeki, Rocky Ridge - Ext 27, Kleinskool Area K, Bethelsdorp, KwaDwesi

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	800,000	-	500,000
19960525	Chatty Valley Collector Sewer Stage 1 (nodes 20 -24)	500,000	-	-
20182426	Chatty Valley Collector Sewer - Install New Bulk Sewer	500,000		
19970063	Reinforcement of Electricity Network - Bethelsdorp 11 kV	200,000	1,100,000	1,100,000
20010362	Upgrade and Development of Public Open Spaces	-	-	700,000
20050286	Tarring of Gravel Roads	2,500,000	4,000,000	4,000,000
20080090	Govan Mbeki Midblock Mains	-	200,000	100,000
20100100	New Playground Equipment	-	250,000	-
		-		
	Total Capital	4,500,000	5,550,000	6,400,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	4,600,000	5,650,000	6,500,000

WARD 34 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Bethelsdorp, Rocky Ridge - Ext 27, Solomon Estates - Ext 28, Nickalisville, Fernwood Park - Ext 29, Arcadia North, Chatty Arcadia Ext 12, Extension 13

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	288,000	-	-
19930283	Public Lighting	500,000	-	200,000
20030658	Upgrade Infrastructure: Metro Integration	1,850,000	-	-
20050286	Tarring of Gravel Roads	2,000,000	-	1,000,000
20060020	Provision of Sidewalks	700,000	500,000	500,000
20130057	Kleinskool Kliprand - Roadworks (Human Settlement)	60,000	15,000,000	15,000,000
20170095	Kleinskool Kliprand - Stormwater (Human Settlement)	60,000		
20170098	Kleinskool Kliprand - Water Bulk (Human Settlement)	50,000		
20170100	Kleinskool Kliprand -Sewer Bulk (Human Settlement)	50,000		
	Total Capital	5,558,000	15,500,000	16,700,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	5,658,000	15,600,000	16,800,000

WARD 35 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Sancto Vars Vlei - Ext 14, Extensions 18 and 19, West End - Ext 11, Chatty Arcadia Ext 12, Bethelsdorp, Marock Road Informal Community

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	2,100,000	-	200,000
19930030	Rehabilitation of Verges and Sidewalks - Northern Areas	300,000	-	-
19980220	Traffic Calming Measures	25,000	-	-
20060020	Provision of Sidewalks	1,150,000	500,000	600,000
20030421	Upgrade and Development of Cemeteries	-	500,000	-
20070137	Rehabilitation of roads	500,000	-	-
20140003	Water drainage and roads at Cemeteries	-	-	1,300,000
		-		
	Total Capital	4,075,000	1,000,000	2,100,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	4,175,000	1,100,000	2,200,000

WARD 36 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaDwesi, KwaDwesi Informal, Kwadwesi Extension

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	581,250	4,068,125	-
19930283	Public Lighting	-	500,000	-
20050286	Tarring of Gravel Roads	2,500,000	4,500,000	3,000,000
		-		
	Total Capital	3,081,250	9,068,125	3,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	3,181,250	9,168,125	3,100,000

WARD 37 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Kwanoxolo - Ext 37, Moeggesukkel, Bethelsdorp, Extension 36, Extension 35, Kleinskool Area K, Extension 34, Floral Park - Ext 33, Chatty Ext 31, Rocky Ridge - Ext 27

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	86,400	-	-
19930283	Public Lighting	800,000	200,000	-
20010362	Upgrade and Development of Public Open Spaces	900,000	-	-
20182423	Bucket Eradication Programme: Supply and Install Communal Ablution Facilities	1,100,000		
20050286	Tarring of Gravel Roads	2,500,000	1,500,000	3,000,000
20100100	New Playground Equipment	180,000	-	-
20130054	Bethelsdorp Ext 32, 34 & 36 - Roadworks (Human Settlement)	150,000	15,000,000	15,000,000
20170090	Bethelsdorp Ext 32, 34 & 36 -Stormwater (Human Settlement)	70,000		
20170092	Bethelsdorp Ext 32, 34 & 36 -Water Bulk (Human Settlement)	100,000		
20170094	Bethelsdorp Ext 32, 34 & 36 - Sewer Bulk (Human Settlement)	150,000		
		-		
	Total Capital	6,036,400	16,700,000	18,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	6,136,400	16,800,000	18,100,000

WARD 38 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Timothy Valley, Block 23 South Frans Valley, Block 23 North Kwanoxolo, Willowdene - Ext 21

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	1,000,000	200,000	-
19980220	Traffic Calming Measures	50,000	-	-
20050286	Tarring of Gravel Roads	1,000,000	1,000,000	1,000,000
20070137	Rehabilitation of roads	500,000	-	-
20060019	Public Transport Facilities	150,000	-	-
20060020	Provision of Sidewalks	600,000	-	-
		-		
	Total Capital	3,300,000	1,200,000	1,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Rectification - Chatty 3 & 4 (Target 1 unit)	162,836		
	Total Capital & Operating	3,562,836	1,300,000	1,100,000

WARD 39 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Hunters Retreat, Kabega Park, Sherwood, Utopia, Kuene Park, Harmony, Van Der Stel, Rowallan Park

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	2,807,000	2,336,450	2,470,250
19930283	Public Lighting	-	200,000	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	400,000	-	-
20030030	Lorraine - Bulk Sewerage Augmentation	37,500	5,000,000	5,000,000
20182425	Lorraine - Bulk Sewerage Augmentation - Additional Capacity	25,000		
20030472	Reinforcement of Electricity Network - Hunters Retreat	2,000,000	3,000,000	3,000,000
20060020	Provision of Sidewalks	400,000	600,000	400,000
20100100	New Playground Equipment	-	250,000	-
20120048	N2 North Development - Roadworks (Human Settlement)	500,000	10,000,000	15,000,000
20170111	N2 North Development - Stormwater (Human Settlement)	500,000		
20170112	N2 North Development - Water Bulk (Human Settlement)	500,000		
20170113	N2 North Development - Sewer Bulk (Human Settlement)	500,000		
		-		
	Total Capital	7,669,500	21,386,450	25,870,250
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	7,769,500	21,486,450	25,970,250

WARD 40 - This wards urban areas are largely coastal and rural villages that have their own urban edges, but large parts of this ward is farming areas. The suburbs within this Ward are the following: Farmland, Woodridge, Witteklip Housing Development, Van Stadens River Mouth, Rocklands Housing Development, Hopewell, The Valleys, Poplar Grove, Masakane (Kuyga), Parkholme, Swinburne, Windomayne, The Flats, Verdun, Chinchilla Farm, Sea View Game Park, Hillside, Stone Kraal, Goedemoedsfontein East, Sea View West, Sea View Pump Station, Tembani, Fairview Racecourse, St Albans Prison, St Albans Housing Development, Blue Horizon Bay, Fitchholme, Rendalton, Beachview, Westlands, Crockart Hope, Murray Park, Denholme, Kini Bay, Seaview, Greenbushes, Theescombe, Hunters Retreat, KwaNobuhle, Clarendon Marine

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	-	1,294,175	-
19930283	Public Lighting	-	500,000	-
20030167	Rocklands PHB Housing project WWTW	-	500,000	2,000,000
20030405	Witteklip Bulk Sewerage	550,000	2,000,000	3,000,000
19990185	Rehabilitation of Reservoirs	4,500,000	3,500,000	3,500,000
20030407	Seaview Bulk Sewer	-	2,000,000	2,000,000
20030511	Seaview Bulk Water	600,000	10,000,000	10,000,000
20030512	St Albans Bulk Water	-	6,600,000	3,300,000
20043125	Upgrade of Community Halls	-	-	750,000
20050106	Seaview Pump Station: Upgrade	2,800,000	35,000,000	29,000,000
20182416	Seaview Water Pump Station: Upgrading - New Contract	1,000,000		
20050286	Tarring of Gravel Roads	2,000,000	4,000,000	4,000,000
20060020	Provision of Sidewalks	700,000	500,000	500,000
20060103	Jachtlakte Bulk Sewerage	50,000	1,000,000	1,000,000
20060241	Blue Horizon Bay Bulk Stormwater	4,000,000	4,000,000	4,000,000
20080048	Jachtlakte: Bulk Water Supply Pipeline	-	2,000,000	1,000,000
20080081	Greenbushes: Stormwater Improvements	-	500,000	500,000
20100034	Balmoral Reservoir and Bulk Pipeline	-	1,000,000	1,000,000
20120043	Seaview Housing Project - Roadworks (Human Settlement)	50,000	5,000,000	16,000,000
20170097	Seaview Housing Project - Stormwater (Human Settlement)	50,000		
20170099	Seaview Housing Project - Water Bulk (Human Settlement)	50,000		
20170101	Seaview Housing Project - Sewer Bulk (Human Settlement)	50,000		
20120062	Kuyga Phase 3 - Roadworks (Human Settlement)	-	2,500,000	3,500,000
20120085	KwaNobuhle Reservoir Link Watermain	-	250,000	250,000
20170122	Rocklands - Roadworks (Human Settlement)	1,175,000	2,000,000	2,000,000
20170105	Rocklands - Stormwater (Human Settlement)	800,000		
20170106	Rocklands - Water Bulk (Human Settlement)	1,025,000		
20170107	Rocklands - Sewer Bulk (Human Settlement)	1,100,000		
	Total Capital	20,500,000	84,144,175	87,300,000

	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	20,600,000	84,244,175	87,400,000

WARD 41 - This built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Bethelsdorp, Bloemendal, Chatty 3 And 4, Chatty Phase 3, Chatty Phase 4, Chatty Extension 4, Chatty Extension 5, Booyens Park, Chatty Extension 1, Chatty Extension 3, Chatty Phase 1, Ncebu Faku Village, Chatty Extension 2, Despatch, Farms Uitenhage, Joe Slovo, Joe Slovo West, KwaDwesi Informal, Westville North Area C, Daleview Extension Area A

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930264	Informal Housing Electrification	15,341,000	10,526,320	18,552,623
19930283	Public Lighting	200,000	-	-
20010362	Upgrade and Development of Public Open Spaces	900,000	-	1,167,000
20050286	Tarring of Gravel Roads	4,500,000	3,500,000	2,500,000
20060103	Jachtlakte Bulk Sewerage	50,000	1,000,000	1,000,000
20080078	Chatty: Stormwater Improvement	5,400,000	5,000,000	5,000,000
20100100	New Playground Equipment	-	-	250,000
20110091	Khayamnandi Extension - Roadworks (Human Settlement)	11,500,000	44,000,000	45,000,000
20170069	Khayamnandi Extension - Water Bulk (Human Settlement)	250,000		
20170070	Khayamnandi Extension -Stormwater (Human Settlement)	250,000		
20170072	Khayamnandi Extension - Sewer Bulk (Human Settlement)	450,000		
20120033	Jagvlagte (Chatty 11-14) - Roadworks(Human Settlement)	23,800,000	43,254,386	61,745,614
20170091	Jagvlagte (Chatty 11-14) - Stormwater (Human Settlement)	8,200,000		
20170093	Jagvlagte (Chatty 11-14) - Water Bulk (Human Settlement)	8,000,000		
20170096	Jagvlagte (Chatty 11-14) - Sewer Bulk (Human Settlement)	10,000,000		
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	400,000	-	-
20120085	KwaNobuhle Reservoir Link Watermain	-	250,000	250,000
20140010	Construction of Bloemendal Arterial	500,000	10,000,000	10,000,000
20162191	Construction of Joe Slovo Bridge – Ward 41	-	2,500,000	5,000,000
20170143	Ward Councillor Office - Joe Slovo	-	1,000,000	-
20170134	Upgrade of Resorts (Beachview)	-	5,000,000	2,000,000
		-		
	Total Capital	89,741,000	126,030,706	152,465,237
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	89,841,000	126,130,706	152,565,237

WARD 42 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaNobuhle Area 6, KwaNobuhle Area 7, KwaNobuhle Area 8, KwaNobuhle Area 8 Phase 2

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930264	Informal Housing Electrification	1,609,500	9,078,951	-
19930283	Public Lighting	500,000	-	-
20050286	Tarring of Gravel Roads	1,000,000	4,000,000	3,500,000
20060020	Provision of Sidewalks	-	400,000	600,000
19990185	Rehabilitation of Reservoirs	2,250,000	1,750,000	1,750,000
20080138	KwaNobuhle: Upgrade of sewer reticulation	-	100,000	100,000
20080144	KwaNobuhle: Upgrading of water reticulation	-	100,000	100,000
		-		
	Total Capital	5,359,500	15,428,951	6,050,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	5,459,500	15,528,951	6,150,000

WARD 43 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaNobuhle Area 4, KwaNobuhle, Sikhotina, KwaNobuhle Area 6, KwaNobuhle Area 7, KwaNobuhle Area 7 (Phase 1)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	-	500,000	-
20010362	Upgrade and Development of Public Open Spaces	900,000	-	-
20060020	Provision of Sidewalks	1,000,000	-	-
20070144	KwaNobuhle WWTW : Upgrading	6,000,000	14,000,000	1,000,000
20042989	MV and HV Switchgear replacement	5,000,000	6,250,000	7,500,000
20080138	KwaNobuhle: Upgrade of sewer reticulation	-	100,000	100,000
		-		
	Total Capital	12,900,000	20,850,000	8,600,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	13,000,000	20,950,000	8,700,000

WARD 44 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: UDDI (Jagvlakte), KwaNobuhle Area 8, Area 3, KwaNobuhle Area 7 Phase 2, KwaNobuhle Area 7, KwaNobuhle Area 7 Phase 1, KwaNobuhle Area 4, Solomon Mhlangu, KwaNobuhle Area 8A, KwaNobuhle, KwaNobuhle Area 1, Area 4

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	-	500,000	-
20010362	Upgrade and Development of Public Open Spaces	-	835,000	-
20050286	Tarring of Gravel Roads	2,000,000	3,000,000	1,000,000
20060020	Provision of Sidewalks	940,000	600,000	600,000
20080138	KwaNobuhle: Upgrade of sewer reticulation	-	100,000	100,000
20042989	MV and HV Switchgear replacement	5,000,000	6,250,000	7,500,000
20162354	KwaNobuhle Sports Copmplex	3,141,900		
20080144	KwaNobuhle: Upgrading of water reticulation	-	100,000	100,000
		-		
	Total Capital	11,081,900	11,385,000	9,300,000
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund		100,000	100,000
	Total Capital & Operating	11,081,900	11,485,000	9,400,000

WARD 45 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Farms Uitenhage, Area 3, KwaNobuhle Area 11, KwaNobuhle Area 10, KwaNobuhle Area 9 Phase 2, KwaNobuhle Area 9 Gunguluza, KwaNobuhle Area 5, Kamesh Cell 3 (Phase 3), Lapland, Kamesh 2, Tiryville, Kamesh Cell 3 (Phase 2), KwaNobuhle (Garden Lots), Uitenhage

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	-	-	463,750
19930264	Informal Housing Electrification	4,350,000	3,947,370	6,578,950
19930283	Public Lighting	200,000	-	-
20010307	Upgrading Groendal Treatment Works	500,000	500,000	500,000
20050286	Tarring of Gravel Roads	2,000,000	1,000,000	2,000,000
20060020	Provision of Sidewalks	750,000	-	-
20080138	KwaNobuhle: Upgrade of sewer reticulation	-	100,000	100,000
20080144	KwaNobuhle: Upgrading of water reticulation	-	100,000	100,000
20100100	New Playground Equipment	220,000	-	-
20110068	KwaNobuhle Area 11 - Link Sewer	500,000	-	-
20120030	KwaNobuhle Area 11 - Roadworks (Human Settlement)	17,376,316	31,500,000	-
20170079	KwaNobuhle Area 11 - Stormwater (Human Settlement)	5,946,000		
20170081	KwaNobuhle Area 11 - Water Bulk (Human Settlement)	4,500,395		
20170083	KwaNobuhle Area 11 - Sewer Bulk (Human Settlement)	4,318,921		
		-		
	Total Capital	40,661,632	37,147,370	9,742,700
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Rectification - Uitenhage Area 9 (Target 30 units)	2,622,376		
	Top Structures - Rectification - Uitenhage Area 5 Duduza (Target 15 units)	1,110,000		
	Total Capital & Operating	44,494,008	37,247,370	9,842,700

WARD 46 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: KwaNobuhle Area 01, KwaNobuhle Area 02, John Gomono, Area 3A, Chris Hani/Ramaphosa Area 5A, Chris Hani/Ramaphosa Phase 2, Eric Dodd, Alexander Park Industrial, De Mist, Dr Brawn, Despatch (Commonage), Uitenhage Commonage, Despatch (VW Test Track)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	200,000	-	-
20010119	Reinforcement of Electricity Network - Uitenhage	1,750,000	2,000,000	500,000
20050286	Tarring of Gravel Roads	2,500,000	3,000,000	2,000,000
20010362	Upgrade and Development of Public Open Spaces	1,000,000	-	-
20060020	Provision of Sidewalks	900,000	800,000	800,000
20060103	Jachtvlaakte Bulk Sewerage	150,000	1,000,000	1,000,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	300,000	-	-
20080138	KwaNobuhle: Upgrade of sewer reticulation	-	100,000	100,000
20080144	KwaNobuhle: Upgrading of water reticulation	-	100,000	100,000
20100100	New Playground Equipment	220,000	-	-
		-		
	Total Capital	7,020,000	7,000,000	4,500,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	7,120,000	7,100,000	4,600,000

WARD 47 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Farms Uitenhage, KwaNobuhle Area 2, Area 3, Joe Modise Peace Village Phase 1, Joe Modise Peace Village Phase 2 Area 3, Joe Modise Peace Village Phase 2 Area 1, KwaNobuhle Area 01, Jolobe Area 02 Informal Area, Peace Village, Joe Modise Peace Village Phase 2 Area 2, Chris Hani/Ramaphosa Phase 2

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	200,000	-	-
20010362	Upgrade and Development of Public Open Spaces	-	-	700,000
20030601	Construction of a 1,0 Ml reclaimed effluent reservoir: Uitenhage	25,000	500,000	250,000
20030658	Upgrade Infrastructure: Metro Integration	-	1,500,000	-
20050286	Tarring of Gravel Roads	2,500,000	2,000,000	2,000,000
20060020	Provision of Sidewalks	1,200,000	800,000	800,000
20080144	KwaNobuhle: Upgrading of water reticulation	-	100,000	100,000
20030421	Upgrade and Development of Cemeteries (Matanzima)	500,000	300,000	500,000
		-		
	Total Capital	4,425,000	5,200,000	4,350,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	4,525,000	5,300,000	4,450,000

WARD 48 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Central, Cape Road Industrial, Uitenhage Commonage, Riverside Industrial, Afghanistan Informal Community, Blikkiesdorp, Gerald Smith, Curry, Uitenhage Sport Fields, Mc Naughton, College Hill, Joe Slovo Uitenhage, Middle Street, Uitenhage, Uitenhage Railway, Jubilee Cemetery, Jubilee Park

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	471,172	533,600	633,150
19930026	Resurfacing Tar Roads	2,528,600	-	234,000
20162360	Erf 3179 Uitenhage (Human Settlements)	1,900,000		
20182305	Erf 3179, Uitenhage - Stormwater(Human Settlements Services)	218,000		
20182306	Erf 3179, Uitenhage - Water Bulk(Human Settlements Services)	362,000		
20182307	Erf 3179, Uitenhage - Sewer Bulk(Human Settlements Services)	359,000		
19930283	Public Lighting	-	250,000	-
20010119	Reinforcement of Electricity Network - Uitenhage	1,750,000	2,000,000	500,000
20030601	Construction of a 1,0 Ml reclaimed effluent reservoir: Uitenhage	25,000	500,000	250,000
20050286	Tarring of Gravel Roads	2,500,000	2,000,000	2,000,000
20060020	Provision of Sidewalks	760,000	-	-
20070147	Kelvin Jones WWTW: Upgrade	2,100,000	10,000,000	15,000,000
20182429	Kelvin Jones WWTW: Upgrading of Sludge Handling Process	10,000,000		
20090053	Upgrade of Uitenhage Dog Pound	300,000	1,000,000	1,000,000
20162371	John Street (Human Settlements)	700,000		
20182335	John Street Stormwater	700,000		
20182336	John Street Water Bulks	700,000		
20182333	John Street Sewer Bulks	900,000		
20110066	Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	1,667,000	5,000,000	5,000,000
20182427	Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT - New Contract	2,666,666		
20030421	Upgrade and Development of Cemeteries (Gerald Smith)	200,000	-	200,000
20140003	Water drainage and roads at Cemeteries	-	1,000,000	-
	Total Capital	30,807,438	22,283,600	24,817,150
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Joe Slovo Uitenhage (Target 216 units)	36,138,824		
	Total Capital & Operating	67,046,262	22,383,600	24,917,150

WARD 49 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Rosedale, Uitenhage, Mountain View, Thomas Gamble, Allanridge West, Infill Area, Farms Uitenhage

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	200,000	250,000	-
19930026	Resurfacing Tar Roads	712,500	549,000	2,684,800
20162359	ERF 10015, Uitenhage Human Settlements (Services)	475,000		
20182308	Erf 10015, Uitenhage - Stormwater (Services)	175,000		
20182309	Erf 10015, Uitenhage -Water Bulks (Services)	175,000		
20182310	Erf 10015, Uitenhage -Sewer Bulks (Services)	175,000		
20010307	Upgrading Groendal Treatment Works	500,000	500,000	500,000
20010362	Upgrade and Development of Public Open Spaces	-	-	1,166,000
20030601	Construction of a 1,0 Ml reclaimed effluent reservoir: Uitenhage	25,000	500,000	250,000
20050286	Tarring of Gravel Roads	1,000,000	-	-
20110066	Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	1,667,000	5,000,000	5,000,000
20182427	Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT - New Contract	2,666,667		
20162365	Erf 12931 Uitenhage (Human Settlements)	2,450,000		
20182340	ERF 12931, UITENHAGE STORMWATER	250,000		
20182339	ERF 12931, UITENHAGE WATER BULK	250,000		
20182341	ERF 12931, UITENHAGE SEWER BULK	250,000		
20100100	New Playground Equipment	-	-	250,000
		-		
	Total Capital	10,971,167	6,799,000	9,850,800
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Rosedale (Target 21 units)	1,356,492		
		-		
	Total Capital & Operating	12,427,659	6,899,000	9,950,800

WARD 50 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Mandelaville, Rosedale, Uitenhage, Mc Naughton, Kabah Langa Phase 4, Kabah Langa Phase 5, Middle Street, Kabah Lange Greenfields, Limekaya Informal Community, Kabah 17th Ave (Mija), Kabah Langa (Phase 3), Kabah Langa (Phase 2), Uitenhage Commonage, Mandela 1 (Pola Park)

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	598,125	-	657,500
19930283	Public Lighting	-	-	200,000
20130060	Pola Park - Human Settlements (Services)	750,000		
20170193	Pola Park Extension - Stormwater(Human Settlements services)	500,000		
20182302	Pola Park Extension - Water Bulks (Services)	500,000		
20182303	Pola Park Extension - Sewer Bulks (Services)	500,000		
20010362	Upgrade and Development of Public Open Spaces	920,000	-	600,000
20030421	Upgrade and Development of Cemeteries	-	200,000	-
20030601	Construction of a 1,0 Ml reclaimed effluent reservoir: Uitenhage	25,000	500,000	250,000
20050286	Tarring of Gravel Roads	2,000,000	2,000,000	2,000,000
20060020	Provision of Sidewalks	770,000	500,000	500,000
20110066	Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	1,666,000	5,000,000	5,000,000
20182427	Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT - New Contract	2,666,667		
		-		
	Total Capital	10,895,792	8,200,000	9,207,500
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Rectification - Uitenhage Langa Greenfields (Target 60 units)	6,040,172		
	Total Capital and Operating	17,035,964	8,300,000	9,307,500

WARD 51 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Uitenhage Commonage, Janssendal, Leyvale, Vanes Estate, Central, College Hill, Penford, Mosel, Valleisig, Scheepershoogte, Van Riebeeck Hoogte, Strelizia Park, Fairbridge Heights, Uitenhage Golf Course, Strelizia Park Extension, Winterhoek Park Extension, Winterhoek Park, Farms Uitenhage

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	-	-	1,077,780
19930026	Resurfacing Tar Roads	2,962,750	2,148,900	84,000
19930283	Public Lighting	-	-	500,000
19980266	Secure Municipal Parks Facilities	-	1,000,000	1,000,000
20000106	Urban Refuse Transfer Recycling Stations (Gillespie Transfer Station)	1,000,000	-	-
20000160	Rehabilitate & Upgrade of Swimming Pools Structures	-	3,000,000	-
20010221	Springs Resort-Upgrade Infrastructure	114,480	500,000	500,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	500,000	-	-
20060082	Upgrading Springs Water Treatment Works	500,000	1,000,000	1,000,000
20060110	Greenhouse Upgrades	-	2,000,000	-
20100095	Upgrade Major Parks (Magennis)	1,000,000	-	-
20100095	Upgrade Major Parks (Willow Dam)	-	2,000,000	-
20100095	Upgrade Major Parks (Cannon Park)	-	-	2,000,000
		-		
	Total Capital	6,077,230	11,648,900	6,161,780
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital and Operating	6,177,230	11,748,900	6,261,780

WARD 52 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Manor Heights, Reservoir Hills, Khayamandi Area 1 And B, Daleview, Daleview Ext Area A, Sentraal, Heuwelkruin, Bothasrus, Campher Park, Despatch

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	-	687,808	-
19930026	Resurfacing Tar Roads	2,586,520	1,157,250	1,422,000
19930283	Public Lighting	200,000	-	-
20030177	Development of Waste Disposal Facilities	3,000,000	3,000,000	3,000,000
20030182	Upgrade Despatch Reclamation Works	-	500,000	500,000
20030421	Upgrade and Development of Cemeteries (Despatch)	300,000	-	300,000
20030470	Reinforcement of Electricity Network - Despatch	1,500,000	1,500,000	1,500,000
20030658	Upgrade Infrastructure: Metro Integration	-	-	500,000
20050286	Tarring of Gravel Roads	3,000,000	2,000,000	3,000,000
20060020	Provision of Sidewalks	-	450,000	500,000
		-		
	Total Capital	10,586,520	9,295,058	10,722,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		0		
	Total Capital & Operating	10,686,520	9,395,058	10,822,000

WARD 53 - The built-up area falls largely within the Urban Edge. Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Azalea Park, Windsor Park, Retief, Heuwelskruin, Sentraal, Farms Uitenhage, Rosedale, Rosedale Ext. 1, Rosedale Ext. 2, Kabah Langa (Phase 1), Kabah Langa (Phase 2), Riverside Park, Connonville, Colchester, Despatch, Uitenhage, Farmland, Coega

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	3,062,400	-	2,921,335
19930026	Resurfacing Tar Roads	1,055,500	2,556,750	226,875
19930264	Informal Housing Electrification	-	1,381,579	-
20162370	Erf 818/868 - Roadworks (Human Settlements)	2,000,000		
20182443	Erf 818/868 - Stormwater (Human Settlements)	1,000,000		
20182441	Erf 818/868 - Water Bulk (Human Settlements)	1,000,000		
20182442	Erf 818/868 - Sewer Bulk (Human Settlements)	1,000,000		
19930283	Public Lighting	100,000	-	500,000
20030295	Construction of Amanzi Reservoir and Pipeline	333,333	1,583,334	3,000,000
20030421	Upgrade and Development of Cemeteries (Motherwell)	300,000	300,000	300,000
20043125	Upgrade of Community Halls	-	-	750,000
20050286	Tarring of Gravel Roads	4,000,000	3,500,000	3,500,000
20060020	Provision of Sidewalks	770,000	500,000	500,000
20060102	Colchester - Bulk Sewerage Infrastructure & WWTW	-	100,526	100,000
20060106	Motherwell North Bulk Sewerage	666,667	1,000,000	1,000,000
20060107	Motherwell/Coega WWTW and Outfall Sewer	1,500,000	3,500,000	3,500,000
20080080	Cannonville/Colchester: Stormwater improvements	8,500,000	8,500,000	8,500,000
20120045	Fencing of Cemeteries (Motherwell)	2,000,000	2,000,000	2,000,000
20140003	Water drainage and roads at Cemeteries	-	1,000,000	-
20150039	Upgrade of Public Toilets	200,000	-	-
		-		
	Total Capital	27,487,900	25,922,189	26,798,210
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	MBDA - UITENHAGE RAILWAY SHED DEVELOPMENT	-	5,000,000	10,000,000
	Total Capital & Operating	27,587,900	31,022,189	36,898,210

WARD 54 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: N.U. 12, Tjoksville 400, N.U. 30, N.U. 29, N.U. 10, N.U. 11

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	1,231,875	-	2,251,125
19930264	Informal Housing Electrification	4,350,000	5,263,145	10,394,741
19930283	Public Lighting	500,000	-	-
20030295	Construction of Amanzi Reservoir and Pipeline	333,333	1,583,333	3,000,000
20030379	Motherwell NU29 & 30 : Roads & S/w Bulk Infrastructure	2,000,000	5,000,000	8,000,000
20050286	Tarring of Gravel Roads	3,000,000	2,000,000	3,000,000
20060106	Motherwell North Bulk Sewerage	666,667	1,000,000	1,000,000
20100100	New Playground Equipment	-	-	250,000
20120055	Motherwell NU 30 - Roadworks (Human Settlement)	17,750,000	-	-
20170115	Motherwell NU 30 -Stormwater (Human Settlement)	2,100,000		
20170116	Motherwell NU 30 - Water Bulk (Human Settlement)	2,500,000		
20170117	Motherwell NU 30 - Sewer Bulk (Human Settlement)	2,300,000		
20120061	Motherwell NU 31 - Roadworks (Human Settlement)	703,000	3,500,000	3,500,000
20170074	Motherwell NU 31 - Water Bulk (Human Settlement)	142,000		
20170076	Motherwell NU 31 - Sewer Bulk (Human Settlement)	483,000		
20170118	Motherwell NU 29 - Roadworks (Human Settlement)	-	3,000,000	-
20170103	Motherwell NU 29 -Water Bulk (Human Settlement)	175,500		
20170104	Motherwell NU 29 - Sewer Bulk (Human Settlement)	266,300		
		-		
	Total Capital	38,501,675	21,346,478	31,395,866
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
	Top Structures - Motherwell NU 29 Phase 2 (Target 78 units)	33,530,703		
		-		
	Total Capital & Operating	72,132,378	21,446,478	31,495,866

WARD 55 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Greater Tjoksville (Steve Tshwete Village), N.U. 1, N.U. 11, N.U. 10

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	-	-	942,490
19930283	Public Lighting	-	250,000	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	500,000	-	-
20050286	Tarring of Gravel Roads	2,000,000	4,000,000	4,000,000
20100060	Fire station Motherwell- Refurbishment	1,650,000	500,000	2,000,000
		-		
	Total Capital	4,150,000	4,750,000	6,942,490
	Projects on Operating Budget			
	Ward Councillor's Discretionary Fund		100,000	100,000
	Total Capital & Operating	4,150,000	4,850,000	7,042,490

WARD 56 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: N.U. 1, N.U. 2, N.U. 10, Ramaphose Village N.U.1, Ikamvelihle (North of Addo and Coega), Motherwell, N.U. 29

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930026	Resurfacing Tar Roads	1,040,625	-	-
19930283	Public Lighting	-	250,000	-
20030221	Office Accommodation -Ward Councillors	-	-	500,000
20030295	Construction of Amanzi Reservoir and Pipeline	333,334	1,583,333	3,000,000
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	500,000	-	-
20050286	Tarring of Gravel Roads	3,500,000	4,000,000	5,000,000
20060106	Motherwell North Bulk Sewerage	666,666	1,000,000	1,000,000
20060107	Motherwell/Coega WWTW and Outfall Sewer	1,500,000	3,500,000	3,500,000
20090038	Stormwater Improvements Ikamvelihle	2,000,000	4,000,000	4,000,000
20110054	Motherwell Main Sewer Upgrade	-	500,000	1,500,000
		-		
	Total Capital	9,540,625	14,833,333	18,500,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	9,640,625	14,933,333	18,600,000

WARD 57 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: N.U. 9, Greater Tjoksville (Steve Tshwete Village), N.U. 7, N.U. 8

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	-	500,000	-
19930026	Resurfacing Tar Roads	1,078,125	-	-
20030221	Office Accommodation -Ward Councillors	-	-	500,000
20050286	Tarring of Gravel Roads	2,000,000	2,000,000	2,000,000
20110054	Motherwell Main Sewer Upgrade	-	500,000	1,500,000
		-		
	Total Capital	3,078,125	3,000,000	4,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	3,178,125	3,100,000	4,100,000

WARD 58 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: Umlambo N.U. 4, N.U. 4B, N.U. 5, N.U. 6, N.U. 8, N.U. 9

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	200,000	-	250,000
20050286	Tarring of Gravel Roads	2,000,000	2,000,000	2,000,000
20090018	Motherwell Traffic and Licencing Centre	7,894,737	-	-
		-		
	Total Capital	10,094,737	2,000,000	2,250,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	10,194,737	2,100,000	2,350,000

WARD 59 - Ward is completely within the Urban Edge. The suburbs within this Ward are the following: N.U. 5, N.U. 6, N.U. 7

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930283	Public Lighting	100,000	-	500,000
20050286	Tarring of Gravel Roads	2,000,000	2,000,000	2,000,000
20170130	Motherwell Canal Pedestrian crossings	1,400,000	1,500,000	1,500,000
		-		
	Total Capital	3,500,000	3,500,000	4,000,000
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	3,600,000	3,600,000	4,100,000

WARD 60 - The built-up area falls largely within the Urban Edge. The suburbs within this Ward are the following: Redhouse, Markman Industrial, Joorst Park, St Georges Strand, Phase 3 Ext 5, Phase 3 Ext 3, Phase 3 Ext 1, Phase 3 Ext 4, Phase 3 Ext 2, Phase 2 Stage 1 and 2, Coega Construction Village, Phase 1, Blue Water Bay, Bluewater Beach, Brickfields, Redhouse Village, Perseverance Industrial, Deal Party, Coega, Blue Water Bay Beach, Motherwell, Bethelsdorp, Amsterdamhoek, Wells Estate, Ibhayi, New Brighton, Swartkops

Project ID	Project Description	2017/18 Adjusted Capital Budget	2018/2019 Financial Year	2019/2020 Financial Year
19930002	Resurfacing of Subsidised Roads	1,867,776	-	4,230,135
19930026	Resurfacing Tar Roads	3,513,950	3,227,650	1,227,075
19930283	Public Lighting	350,000	-	250,000
19990104	Reinforcement of Electricity Network - Coega	30,000,000	30,000,000	30,000,000
19940233	Motherwell Canal Wetlands	-	1,000,000	1,000,000
19960190	Reinforcement of Electricity Network - Redhouse	540,000	600,000	540,000
19960193	Reinforcement of Electricity Network - Wells Estate	3,050,000	550,000	550,000
19980319	Upgrade Main Road through Swartkops	1,500,000	3,000,000	5,000,000
20000175	Reinforcement of Electricity Network - Swartkops	700,000	2,200,000	2,200,000
20010064	Beachfront	500,000	800,000	800,000
20030034	Markman - Replace 600mm Sewer	1,000,000	10,000,000	1,000,000
20182424	Markman Sewer Pipeline - Replace 600mm Sewer	10,000,000		
20030420	Floodplains and Natural Water Improvement	500,000	1,000,000	1,000,000
20030795	Upgrade Beaches - Tourism	1,487,420	1,000,000	2,500,000
20050286	Tarring of Gravel Roads	2,000,000	1,800,000	2,000,000
20060020	Provision of Sidewalks	700,000	-	-
20060178	Sanitation Services: Rehabilitation of Sewerage Pump Stations	1,000,000	-	-
20060081	Coega Reclaimed Effluent Scheme	500,000	1,000,000	1,000,000
20070143	Rehabilitation of KwaZakhele Collector Sewer	150,000	6,500,000	10,000,000
20070153	Brickfields: Upgrade	500,000	500,000	-
20080079	Wells Estate - Stormwater Improvements	-	1,000,000	1,000,000
20100100	New Playground Equipment	220,000	-	-
20150039	Upgrade of Public Toilets	2,200,000	-	-
20162188	Wells Estate - Access Road	-	2,500,000	5,000,000
		-		
	Total Capital	62,279,146	66,677,650	69,297,210
	Projects on Operating Budget	-		
	Ward Councillor's Discretionary Fund	100,000	100,000	100,000
		-		
	Total Capital & Operating	62,379,146	66,777,650	69,397,210

**APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE
(YEAR 0 – 2017/18)**

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
01/12/2017	6 (4)	That the Director: Internal Audit and Risk Assurance confirms with the AGSA suitable dates for a meeting with the Audit Committee without management present in compliance with the Audit Committee Charter.	Yes
01/12/2017	6 (3)	That the Long Term Financial Management Plan should include the following information: (i) With regards to Investor Attraction, that a time-based KPI target be indicated.	Yes
01/12/2017	6 (3)	That the Long Term Financial Management Plan should include the following information: (ii) With regards to Provisions (Long service awards and long service bonus), that additional information on the valuation thereof be provided.	Yes
01/12/2017	6 (3)	That the Long Term Financial Management Plan should include the following information: (iii) That any additional human resource and/or financial resources that would be required to implement the plan be indicated.	Yes
01/12/2017	6 (3)	That the Acting Chief Financial Officer compiles an implementation guide with timelines to roll out the Long Term Financial Management Plan utilizing a phased-in approach.	Yes
01/12/2017	6 (3)	That the Acting Chief Financial Officer provides feedback on the progress with implementing the Long Term Financial Management Plan at the next meeting of the Committee.	Yes
01/12/2017	6 (6)	That the Director: Internal Audit and Risk Assurance ensures that reports of the meetings held by the AGSA with the Executive Mayor and the City Manager respectively be submitted to the Audit Committee.	Yes
01/12/2017	6 (15-16)	That the Director: Internal Audit and Risk Assurance highlights the changes to the 2017/2018 Audit Plan indicating the response to address the 2016/2017 Audit Report qualifications and emphasis of matter.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
01/12/2017	6 (21)	That the Audit Committee reviews the self-evaluation process by Directorates in respect of addressing Unauthorised, Irregular, Fruitless and Wasteful expenditure.	Yes
01/12/2017	6 (32)	That the Risk Management Committee considers the risks to the MBDA that Employee-related costs had exceeded income.	Yes
01/12/2017	8.2	That the Acting Executive Director: Electricity and Energy provides feedback on the Progress to reduce non-technical electricity losses directly to the Committee by the end of December 2017 and provides an updated report at the next meeting of the Committee.	Yes
01/12/2017	8.2	That the Executive Director: Human Settlements revises the 2017/18 annual performance target of KPI 13 (366 social housing units) to incorporate the time delay for the NHBRC to process the registration of projects	Yes
01/12/2017	8.2	That the Executive Director: Economic Development, Tourism and Agriculture (EDTA) revises the association between KPI 32, the IDP Strategic Objective and the related performance analysis and submits the amendment thereto during the 2017/18 Adjustments Budget process.	Yes
01/12/2017	8.2	That the Executive Director: Economic Development, Tourism and Agriculture revises and updates the target and actual performance of KPI 41 and the related descriptive analysis.	Yes
01/12/2017	9.3	That the following matters be addressed by the Risk Management Committee: (i) With regards to the Corporate Services Directorate, a determination of the following: Risk Threshold level for all sub-directorates; Risk Indicators for Asset Management sub-directorate; and Progress to Date of High Risks for MIS sub-directorate.	Yes
01/12/2017	9.3	That the following matters be addressed by the Risk Management Committee: (ii) With regards to Public Health Directorate, a determination of the Risk Threshold level.	Yes
01/12/2017	9.3	That the following matters be addressed by the Risk Management Committee: (iii) The 2016/17 Auditor's Report qualifications.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
01/12/2017	9.3	That the Risk Management Committee: (i) Ensures that each Directorate submits an adequate portfolio of evidence to verify that the mitigating action was being implemented.	Yes
01/12/2017	9.3	That the Risk Management Committee: (ii) Determines a proposed forward risk / target over a period of time.	Yes
01/12/2017	9.3	That the Risk Management Committee: (iii) Monitors the impact of the mitigating action over time indicating whether the risk had been reduced (effectiveness).	Yes
01/12/2017	9.3	That the Chief Risk Officer provides the following information in the conclusion of the Risk Management Report: (i) an assessment indicating whether the Risk Management Unit had been effective during the period under review.	Yes
01/12/2017	9.3	That the Chief Risk Officer provides the following information in the conclusion of the Risk Management Report: (ii) the responsive action to address challenges.	Yes
01/12/2017	10.1	That consideration of the Quality Assurance and Implementation Plan be DEFERRED to the next meeting of the Committee.	Yes
01/12/2017	10.1	That the Director: Internal Audit and Risk Assurance: (i) Submits the Quality Assurance and Implementation Plan at the next meeting of the Committee.	Yes
01/12/2017	10.1	That the Director: Internal Audit and Risk Assurance: (ii) Reports to the City Manager and the Audit Committee when responses to RFIs were not being provided as agreed upon in the audit engagement letter.	Yes
01/12/2017	10.1	That the Director: Internal Audit and Risk Assurance: (iii) Submits the 2017/18 internal Audit Plan for review by the Committee indicating the envisaged timing for audit reports.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
01/12/2017	10.1	That the Director: Internal Audit and Risk Assurance: (iv) Submits amendments to the timing and / or planned audits directly to the Committee for approval as soon as the need arises.	Yes
01/12/2017	10.1	That the Director: Internal Audit and Risk Assurance submits the capacity requirements and the related timelines for the appointment of internal audit contract staff directly to the Committee.	Yes
01/12/2017	10.3	That the original date of high risk Internal Audit and AG findings must be indicated on the audit findings (IA and AG) dashboard.	Yes
01/12/2017	10.4.16	That the Internal Audit Unit updates and submits the 2016/17 IA findings lead schedule, backup schedule and the latest action plan by the Executive Director: Corporate Services directly to the Committee.	Yes
01/12/2017	11.2	That the Executive Director: Human Settlements submits a detailed report indicating the timing of claims submitted by the Municipality and payments made by the Provincial Department of Human Settlements in respect of the bridge-funding of housing top structures.	Yes
01/12/2017	11.4	That the Acting Chief Financial Officer provides feedback on the progress with addressing the irregular expenditure related to the limitation of scope covering various prior financial years at the next meeting of the Committee.	Yes
01/12/2017	12.4	That the Acting Executive Director: Electricity and Energy submits a report to the next meeting of the Committee on the corrective action to be taken to ensure that the electricity expenditure would not exceed the approved budget for the 2017/18 financial year.	Yes
01/12/2017	14.2	That the Chief Operating Officer verifies and submits the Schedule of Contingent Liabilities to the next meeting of the Committee.	Yes
01/12/2017	19	That the Director: Internal Audit and Risk Assurance submits the schedule of Audit Committee meetings for the 2018 calendar year directly to the Committee.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(i) an estimate of the expected recoveries from Forensic Investigations to be included.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(ii) a list of the external influences that could result in amendments to the Draft 2018/19 Budgets.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(iii) that the list of abbreviations be updated to include all references stated in the Budget report e.g. BEPP, CRR, TLC etc.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(iv) the unintended consequences of decisions of Council during the current year (2017/18) and prior years be stated e.g. absorption of private security guards and moratorium on the filling of vacancies.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(v) that the broad challenges related to non-compliance with legislation be reviewed and specifically indicate the impact on service delivery.</p>	No. This can only be implemented during the budget amendment period.

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(vi) that the reference to the loan funding facility as stated in the Foreword by the Executive Mayor as R750 million and the amount reflected in the Executive Summary as R670.603 million be confirmed and amended accordingly.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(vii) that the 2018/19 MTREF water revenue budget should be based on the normal water tariff and not the higher punitive water tariffs.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(viii) that the amounts reflected in Table 3 in respect of 2017/18 MTREF Transfers recognised-operational should be agree to the 2018/19 MTREF Total Operating Transfers and Grants in Table 4 and be amended accordingly.</p>	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(ix) that a narrative regarding the inclusion from the 2017/18 Budget of a Grant Receipt by SARS be stated and the prior years budget information be updated.</p>	No. This can only be implemented during the budget amendment period.

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(x) that paragraph 1.2.1 related to Property Rates should incorporate the following in the provisions to the Draft Property Rates Policy:</p> <ul style="list-style-type: none"> • Sub-paragraph h) All financial sources should be declared; and • Sub-paragraph m) All qualifying applicants should apply annually. 	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(xi) with regards to the Integrated Public Transport System (IPTS):</p> <ul style="list-style-type: none"> • That an estimate of the actual amount required by the municipality to fully complete the IPTS project be stated; and • That an estimate of the recoveries in respect of the forensic investigations being conducted by National Treasury into the IPTS project be stated. 	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(xii) that the increase in employee related cost that influenced the following tariffs be stated:</p> <ul style="list-style-type: none"> • Electricity; and • Refuse Collection and Disposal. 	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (a)	<p>That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval:</p> <p>(xiv) that paragraph 1.2.6 (Overall impact of tariff increases on households) should include a statement regarding the effect of the increase in VAT to 15% on tariff increases.</p>	No. This can only be implemented during the budget amendment period.

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02/05/2018	5 (a)	That the Acting Chief Financial Officer incorporates the following amendments in the Executive Summary to the Draft Budgets 2018/19 to 2020/21 to be submitted to Council for approval: (xv) that Table 6 related to Paragraph 1.2.6 (Overall impact of tariff increases on households) should include the percentage increase in VAT on Services.	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (b)	That the budget provisions to address the high risks as highlighted by the Risk Management Committee being amongst others, the relocation of the Scientific Laboratories in terms of the 2009 resolution of Council, should be indicated.	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (c)	That an estimate of the budget provisions to address the previous proposals and recommendations by the Audit Committee should be highlighted.	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (d)	That the 2018/19 Budget for Debt Impairment be reviewed to be realistic and in line with the conservative principle.	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (e)	That the major variance in Repairs and Maintenance for Social Housing from the 2017/18 Original Budget be verified.	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (f)	That the Measurable Performance Objectives and Indicators related to Creditors Management be reviewed as it indicated that the municipality was budgeting to not comply with section 65(2) of the Municipal Finance Management Act regarding the payment within 30 days of amounts owing by the municipality.	Yes
02/05/2018	5 (g)	That the Director: Internal Audit and Risk Assurance ensures that the special meeting of the Audit Committee to review the Draft Budgets was scheduled during March of each year.	Yes
02/05/2018	5 (h)	That a specific cost containment plan be developed to limit the escalating Employee related costs.	No. This can only be implemented during the budget amendment period.
02/05/2018	5 (i)	That the Internal Audit Unit conducts a review and cross references the tables, narratives and amounts in the Budget and the performance targets of the Delivery Plan in the IDP to ensure alignment prior to the approval by Council.	Yes
02/05/2018	5 (j)	That the Acting Director: Internal Audit and Risk Assurance should liaise with the Chairperson of the Committee to ensure that the Risk Mitigation Plans have been factored into the Budget.	No. This can only be implemented during the budget amendment period.

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02/05/2018	5 (k)	That the Acting Director: Internal Audit and Risk Assurance submits the final 2018/19 Budget incorporating the equitable share and grant allocations as reflected in the Division of Revenue Act and as approved by Council to the Audit Committee.	Yes
02/05/2018	5 (l)	That the specific actions taken to respond to the 2016/17 Auditor-General's qualification be stated.	Yes
02/05/2018	5 (m)	That the Acting Director: Internal Audit and Risk Assurance provides feedback on facilitating the meeting of the Audit Committee with the Auditor General of South Africa as required by the Audit Charter.	Yes
02/05/2018	6 (a)	That the IDP Unit utilizes the Internal Audit Unit to test and provide assurance on the reliability of externally-sourced information that inform the performance indicators of the Integrated Development Plan.	Yes
02/05/2018	6 (b)	That every Executive Director reviews in detail and agrees to the specific performance measures applicable to the Directorate at the beginning of each financial year in order to ensure that the outcomes of the Integrated Development Plan are achieved.	Yes
02/05/2018	6 (c)	That the targets of KPA 2 (Municipal Institutional Development and Transformation), Strategic Objective 4.3 (Deliver on transformation objectives, promote redress and foster social cohesion) be reviewed to a target that could be realistically achieved in order to limit amendments during the course of the year.	Yes
02/05/2018	6 (d)	That the IDP Unit reviews the table reflecting the indicators that had been cascaded from the Integrated Development Plan to the Service Delivery and Budget Implementation Plan to ensure that all related 2018/19 targets had been included.	Yes
07/05/2018	6 (28)(a)	That the Executive Director: Human Settlements compiles a plan to address the disputed amounts classified as Unpaid Claims and Paid Lesser respectively by the end of May 2018.	Yes
07/05/2018	6 (28)(b)	That the City Manager submits a final communication to the Provincial Department of Human Settlements in respect of claims that had been categorized as outstanding for more than 300 days and commence the process for Council to write off the same by the end of May 2018.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
07/05/2018	6 (31)(a)(i)	That the Acting Chief Financial Officer submits a written report on the following matters to the next meeting of the Committee: (i) The historical Unauthorised, Irregular, Fruitless and Wasteful expenditure.	Yes
07/05/2018	6 (31)(a)(ii)	That the Acting Chief Financial Officer submits a written report on the following matters to the next meeting of the Committee: (ii) The historical Limitation of Scope qualification matters raised in the report by the Auditor General of South Africa.	Yes
07/05/2018	6 (31)(a)(iii)	That the Acting Chief Financial Officer submits a written report on the following matters to the next meeting of the Committee: (iii) That in respect of each item reflected in (i) and (ii) above, the consequence management action being implemented.	Yes
07/05/2018	6 (31)(b)	That the Director: Officer of the City Manager submits the action plan for the meetings between the Auditor General of South Africa and the Executive Management at the next meeting of the Committee.	Yes
07/05/2018	7.1 (a)	That the Acting Director: Internal Audit and Risk Assurance submits an Internal Audit capacity report detailing the following: (i) Contractual capacity within the Internal Audit Unit; (ii) Impact of the Internal Audit Unit to execute the Audit Action Plan; (iii) Status of advertising and filling of vacancies; and (iv) Forensic capacity.	Yes
07/05/2018	7.1 (b)	That the Acting Director: Internal Audit and Risk Assurance directly submits to the Committee a schedule indicating the completion date for each planned Assurance Report until the end of the current year.	Yes
07/05/2018	7.1 (c)(i)	That the Acting Director: Internal Audit and Risk Assurance : (i) Reviews the audits that have been cancelled and/or postponed due to capacity constraints.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
07/05/2018	7.1 (c)(ii)	That the Acting Director: Internal Audit and Risk Assurance : (ii) Considers amending the audit scope from a detailed audit to a high level assurance review.	Yes
07/05/2018	7.1 (c)(iii)	That the Acting Director: Internal Audit and Risk Assurance : (iii) Circulates the proposed amendments to the Internal Audit plan directly to the Committee for consideration and approval.	Yes
07/05/2018	7.1 (d)	That the Acting Director: Internal Audit and Risk Assurance should alert Council that it would be unable to execute the entire Internal Audit plan and list the actual audit reviews conducted and the associated risks.	Yes
07/05/2018	7.1 (e)	That the Acting Director: Internal Audit and Risk Assurance highlights and provides and explanation for all deviations that exceed 10% of the budgeted hours at each quarterly review meeting.	Yes
07/05/2018	7.3.1 (a)	That the Acting Director: Internal Audit and Risk Assurance establishes a process to monitor the implementation of the audit action plan to address the audit qualifications and emphasis of matter in the audit report of the Auditor-General.	Yes
07/05/2018	7.3.1 (b)(i)	That the Acting Chief Financial Officer provides feedback to the Committee on the pertaining to the following matters: (i) The reasons for the postponement of the timeframes as initially agreed to for the completion of actions to be undertaken for each area of intervention in the Plan of action with regards to the qualification and emphasis of matters report of the Auditor-General 2016/2017.	Yes
07/05/2018	7.3.1 (b)(ii)	That the Acting Chief Financial Officer provides feedback to the Committee on the pertaining to the following matters: (ii) The processes that are in place to guide the audit action plan to address the qualification and emphasis of matters in the report of the Auditor-General 2016/2017.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
07/05/2018	7.3.1 (c)	That a detailed root cause analysis be performed on each audit finding to inform the intermittent milestones of the audit action plan, determine the action owners and timeframes for monitoring and accountability purposes.	Yes
07/05/2018	7.3.1 (d)	That the Acting Director: Internal Audit and Risk Assurance facilitates a meeting between the Audit Committee and the Office of the Auditor-General of South Africa before the end of August 2018.	Yes
07/05/2018	7.3.2	That the Acting Director: Internal Audit and Risk Assurance submits confirmation to the Committee that the previous internal audit report on the review over Supply Chain Management – Informal Tenders reflected findings that irregular expenditure was being incurred and that the findings had been accepted by management.	Yes
07/05/2018	7.3.3	That the Acting Chief Financial Officer reviews the standard operating procedure relating to the records management of awarded formal tender files to address payments being made without service level agreements and provides a report on the outcome thereof to the next meeting of the Committee.	Yes
07/05/2018	7.3.5 (a)	That a report on the action taken by management to address the increase in electricity losses be submitted at the next meeting.	Yes
07/05/2018	7.3.5 (b)	That the Acting Chief Financial Officer considers the disclosure of Fruitless and Wasteful expenditure related to the reduction of electricity losses project in the annual financial statements.	Yes
07/05/2018	7.3.8	That the Executive Director: Sport, Recreation, Arts and Culture submits a follow up report to Review over Completeness of Income from Leased resorts indicating the basis on which the leased resorts were being managed at the next meeting of the Committee.	Yes
07/05/2018	8.1 (a)	That the Chief Operating Officer ensures that the storage of sufficient and appropriate portfolio of evidence to support each Key Performance Area was secure and would be easily retrievable for auditing purposes.	Yes
07/05/2018	8.1 (b)	That the budget impact for the over performance of targets be specifically stated in the performance management report	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
07/05/2018	9.1 (a)	<p>That the Risk Management Committee includes the following in the subsequent reports to the Committee:</p> <p>(i) The actions taken to improve and progress to date to address each high risk; and</p> <p>(ii) A recommendation in the conclusion of the Risk Management Report on the actions that could be implemented to conclude on addressing the high risks.</p>	Yes
07/05/2018	9.1 (b)	That the Risk Unit tests the effectiveness and efficiency of the responses by the National Anti-Fraud and Ethics Hotline prior to any decision to utilize the same.	Yes
07/05/2018	10.4	That the Acting Chief Financial officer provides feedback on the action plan to resolve the challenges with finalizing the implementation of the EMS Project at the next meeting.	Yes
07/05/2018	10.5	That the Director: Supply Chain Management submits a follow up report on the value of each active capital project without a Service Level Agreement reflected in the ISO 9001:2015 project report and the reasons thereof.	Yes
07/05/2018	10.7	That the Acting Chief Financial Officer provides feedback on the reasons and the action taken to collect the outstanding accounts by Organs of State.	Yes
07/05/2018	11.2	That the Progress Report on Management of Electricity Losses be DEFERRED to the next meeting of the Committee.	Yes
07/05/2018	12.1	That feedback be provided by the Director: MIS on the progress to address the significant weaknesses previously raised by the Audit Committee and the Auditor-General with regards to IT Governance at the next meeting of the Committee.	Yes
07/05/2018	14.1	That the City Manager submits feedback at the meeting that indicates that there was adequate progress on those suspended officials' matters indicated as directly controlled by his office and being dealt with by external lawyers.	Yes
21/06/2018	6.55	That the engagements between the municipality and the Provincial Department of Human Settlements regarding the claims related to payments made from the Housing Revolving Fund should be regularized.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
21/06/2018	7.1 (a)	That the Acting Executive Director: Corporate Services provides a detailed progress / feedback report on the TASK and JAMM processes.	Yes
21/06/2018	7.1 (b)	That the process of filling the vacancy of IT Auditor be considered for outsourced / co-sourcing if need be.	Yes
21/06/2018	7.1 (c)	That the Acting Director: Internal Audit and Risk Assurance advise the Directorates where previously planned audits are to be postponed to the next financial year.	Yes
21/06/2018	7.1 (d)	That the Internal Audit over the suspension and disciplinary process be conducted as soon as possible.	Yes
21/06/2018	7.1 (e)	That Internal Audit consider the comments of the Committee when scoping the review over leases.	Yes
21/06/2018	7.1 (f)	That Internal Audit review the comments in the budget vs actual analysis of hours per project for consistency.	Yes
21/06/2018	7.1 (g)	That Internal Audit continue with updating the Quality Assurance and Improvement Plan.	Yes
21/06/2018	7.1 (h)	That Internal Audit drill down on root causes in future reports.	Yes
21/06/2018	7.2.5.	That it must be strongly communicated by the Leave Management section that at some cut-off point there would be zero tolerance of inadequate leave management by Directorates. That the Acting Executive Director: Corporate Services escalates the communication of the cut-off date for zero tolerance over inadequate leave management to the Executive Management Committee for noting and implementation by each Directorate.	Yes
21/06/2018	7.2.5. (b)	That a drill down of root causes should be conducted by the Leave Management section for each finding in the Internal Audit report: Review of Leave Process.	Yes
21/06/2018	7.2.6 (a)	The Acting Executive Director: Electricity and Energy submit a detailed progress report on the interventions that were being put in place to address green energy and also indicate what was potentially at risk, what is annual annuity income vs once off income that Municipality would receive.	Yes
21/06/2018	7.2.6 (b)	That Internal Audit re-look at the wording of the finding 7.6 of the report.	Yes

Date of Committee	Item No. of minutes	Committee Recommendations during Year 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
21/06/2018	8.1	That in future the summary table in the report submitted to the Committee, Internal Audit would include the finding heading plus a short summary to explain the context of the finding (e.g. an indication of the number of findings and the sample size).	Yes

APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

The Nelson Mandela Bay Municipality had no long-term contracts in place nor initiated any Public Private Partnerships during the review period.

APPENDIX I – MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	% completion of the Nelson Mandela Bay Metropolitan Stadium Precinct development	100%	(KPI was deleted from SDBIP 21/02/2017. Reason: Insufficient budget)	100%	100%	N/A
KPA: Basic Service Delivery	% completion of Schauderville/ Korsten Recreational Park development	100%	(KPI was deleted from SDBIP 21/02/2017. Reason: Insufficient budget)	50%	28%	100%
KPA: Basic Service Delivery	% Completion of Red Location/ Singaphi Precinct Development	70% (Phase 3)	73%	95% (Phase 3)	100%	N/A
KPA: Basic Service Delivery	% completion of New Brighton swimming pool development	50%	(KPI was deleted from SDBIP 21/02/2017. Reason: Insufficient budget)	50%	30%	100%
KPA: Basic Service Delivery	% completion of Helenvale precinct areas upgrade (Number of Helenvale precinct areas upgraded through construction of sidewalks and pedestrian walkways)	100%	54%	100% (construction of 3 Pedestrian walkways by December 2017) 50% construction of sportfield 50% construction of physical infrastructure and 3 school sportfields	69% (construction of 3 Pedestrian walkways by December 2017) 0% construction of sportfield 0% construction of physical infrastructure and 3 school sportfields	100% by March 2019 (Pedestrian routes completed) 100% by June 2019 (snag list completed) 100% by June 2019 (tender processes undergone)

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
						75% by June 2019 (snag list completed) 100% by June 2019
KPA: Basic Service Delivery	% completion of Flemming Street and North Union Street Upgrade (Baakens Valley Precinct)	N/A	N/A	95%	100%	N/A
KPA: Basic Service Delivery	% completion of planning and regulatory approvals for the Baakens Pedestrian Bridge construction	N/A	N/A	100%	100%	N/A
KPA: Basic Service Delivery	% completion of St Peters environmental Rehabilitation (Baakens Valley Precinct)	N/A	N/A	80%	70%	N/A
KPA: Basic Service Delivery	% completion of South End mixed use precinct development (Baakens Valley Precinct)	N/A	N/A	70% (Phase 1)	0% (Phase 1)	N/A
KPA: Basic Service Delivery	% completion of Telkom Park/ Boet Erasmus Stadium demolition	N/A	N/A	30%	16%	100% by September 2018
KPA: Basic Service Delivery	Finalising conditional assessment and construction tender processes for the upgrade of Uitenhage Rail Shed (Phase 1)	N/A	N/A	Preferred contractor identified	Target not met	N/A

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Basic Service Delivery	% completion of the Singaphi Street sidewalks construction	N/A	N/A	95% (Phase 3A)	0%	100% by March 2019
KPA: Local Economic Development	Percentage completion of the Baakens River Pedestrian Bridge and the disabled access at Vuyisile Mini Square	N/A	N/A	N/A	N/A	80%
KPA: Local Economic Development	Conducting a conditional assessment on St Peters Property Rehabilitation & Restoration project (Church)	N/A	N/A	N/A	N/A	Heritage authorisations finalised Public participation concluded Conceptual design developed
KPA: Local Economic Development	Conducting a Conditional Assessment on the South End Mixed Use Precinct	N/A	N/A	N/A	N/A	Conditional Assessment completed Report submitted to Planning Tribunal
KPA: Local Economic Development	Compiling a Viability Report on the Baakens Pilot Housing Project (in co-operation with public/ private sector)	N/A	N/A	N/A	N/A	Model Designs selected Preferred partner identified
KPA: Local Economic Development	Procuring new property in the South End Mixed Use Precinct	N/A	N/A	N/A	N/A	Transfer Completed

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Local Economic Development	Compiling high level conceptual plans for the Rehabilitation of Bay World	N/A	N/A	N/A	N/A	Proposal documents completed Proposal documents submitted to Planning Tribunal Conceptual plans developed by 30 June 2019
KPA: Local Economic Development	Developing conceptual plans for Telkom Park Redevelopment	N/A	N/A	N/A	N/A	Conceptual plans completed by 30 June 2019
KPA: Local Economic Development	Percentage completion of the conditional assessment conducted at the Uitenhage Rail Sheds Upgrade	N/A	N/A	N/A	N/A	100% by September 2018
KPA: Local Economic Development	Percentage completion of the Uitenhage Rails Shed / Sience Centre Precinct Development (including fencing)	N/A	N/A	N/A	N/A	10% by June 2019
KPA: Local Economic Development	Conducting a phasing process for the Uitenhage CBD Regeneration Plan	N/A	N/A	N/A	N/A	Phasing process conducted
KPA: Local Economic Development	Percentage completion of the toilets as part of Campanile restoration	N/A	N/A	N/A	N/A	100 % by June 2019

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR (On-line Service Targets)	Year -1 TARGET 2016/17	Year -1 ACTUAL 2016/17	Year 0 TARGET 2017/18	Year 0 ACTUAL 2017/18	Year 1 TARGET 2018/19
KPA: Local Economic Development	Developing an infrastructure plan for the Govan Mbeki Refurbishments	N/A	N/A	N/A	N/A	Infrastructure plan with R 1 000 000 on some improvements (including a phasing plan budgeted for in the 2019/20 financial year) approved
KPA: Local Economic Development	Developing a business plan for Korsten / Schauderville	N/A	N/A	N/A	N/A	Business plan approved by the Chief Executive Officer

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS			
POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Adams	R	32 Gordon Terrace, Central, Port Elizabeth
			Subsidies, grants and sponsorship by any organisation:
			National Student Financial Aid Scheme
Councillor	Best	J S	Directorship:
			Green Scorpions NGO - Section 21 Director
Councillor	Boqwana	K	Interest in property other than private residence:
			7641 Ngqondela st, KwaZakhele
			Membership of Close Corporation:
			Elihle Lodwa Construction and Civil Works (Deregistered)
Councillor	Boti	M L	Interest in property other than private residence:
			140 Mnenga Street, NU 10, Motherwell
Councillor	Trollip	R A P	Interest in property other than private residence:
			Two (2) consolidated plots (vacant) in Kleinemonde.
			Shares and securities in companies: Invested pension with Bright Rock & Bitcoin
			Subsidies, grants and sponsorships: Subsidized/honorary golf club membership PEGC
			Financial Interest of spouse: Spouse owns a guesthouse in Port Alfred and a residence as well in Port Alfred, Ndlambe Municipality
			A member of the "Lonsdale Family Trust"

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Bobani	M E	Interest in property: 100 Stemele st, KwaMagxaki
Councillor	Senekal	W	Shares and Securities in companies: Stanlib (RA)
Councillor	Kayser	R C	Interest in property other than private residence: 232 Rensburg Street, Arcadia 16 Harlequin Street, Ext 33
Councillor	Odendaal	R C	Partnerships: Retief Odendaal Attorneys Morne Steyn Attorneys
Councillor	Whitfield	A	Shares and Securities in companies Investec linked investment Interest in property other than private residence:
Councillor	Adams	R	32 Gordon Terrace, Central, Port Elizabeth Subsidies, grants and sponsorship by any organisation: National Student Financial Aid Scheme
Councillor	Arends	JA	Interest in property: 11 Soudien rd, Fernwood park, PE
Councillor	Bhanga	B M	None
Councillor	Biddulph	D N	Financial Interests: COO – CHBC Office group

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Boqwana	K	Interest in property other than private residence: 7641 Ngqondela st, KwaZakhele
			Membership of Close Corporation: Elihle Lodwa Construction and Civil Works (Deregistered)
Councillor	Boti	M L	Interest in property other than private residence: 140 Mnenga Street, NU 10, Motherwell
Councillor	Booi	N M	None
Councillor	Breakfast	M S	Directorship: Eastern Province Cricket Board (2015 - 2018)
Councillor	Buti	D	Partnership: Ilitha Lethu NPO
			Directorship: Chairperson of Ilitha Lethu NPO
			Subsidies, grants and sponsorship by any organisation: State grant
Councillor	Buyeye	T C	Interest in property: 6 Malcolmson rd, Zwide, PE
Councillor	Beynon	S	None
Councillor	Captain	N R	None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Daaminds	R	Shares and securities in companies:
			At Your Service 24/7 Pty Ltd
			Partnership:
			At Your Service 24/7 Pty Ltd
			Other financial interests in any business undertakings:
			At Your Service 24/7 Pty Ltd
			Interest in property other than private residence:
			15 Volstruis Street, Reservoir Hills, Despects
			Subsidies, grants and sponsorship by any organisation:
Received grant for child - Stopped on 19 August 2016			
Councillor	Daniels	M V	Directorship:
			Font Sportswear Pty Ltd
			Partnership:
			Font Sportswear Pty Ltd
			Interest in property other than private residence:
12 Haring Streets, Pellsrus, Jeffreys Bay			
Councillor	Davids	S D	Interest in property: 51 Springbok st, Gelvandale
Councillor	De Andrade	M J	Interest in property: 516 Cape Rd
			: 95 Smallville, Verdun rd, Lorraine
Councillor	Dano	L M	None
Councillor	Dlula	Z	None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Dyele	V	Interest in property: 9887 Green fields, Booyesen park
Councillor	Faltman	G	Directorship: Kenako Trading Enterprise
Councillor	Faltain	T	Interest in property: 8 Sam Arends st, Cleary Estates
Councillor	Feni	M	Shares and securities in companies: Practicing as an Advocate of the High Court
Councillor	Fillis	S	Interest in property: 66 Barracuda st, Booyesen Park, PE
Councillor	Garai	C	None
Councillor	Gallant	L A	None
Councillor	Gibbon	A B	Schedule of Shares in companies listed on JSE: Adbee Ltd Adcock Ingram Aveng Group AECI Anglo American Aspen Pharmacare BHP Billiton British American Tobacco Capital and Counties Properties Coreshares Prop

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
			Distribution and Warehousing
			DB X-Trackers
			Discovery Limited
			Exxarp Resources Ltd
			Famous Brands
			Firststrand
			Grindrod
			Group Five
			Howden Africa Ltd
			Investec
			Intu Properties
			Kumba Iron Ore
			Liberty Holdings
			Mediclinic
			MMI Holdings Ltd
			Mondi
			Massmart
			Murray and Roberts
			Nedbank
			Old Mutual
			Pick n Pay
			SAB Miller
			Standard Bank
			Sasfin Holdings
			Shoprite
			Sanlam
			Sasol

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
			Spar Group
			Satrix Financial
			Satrix Industrial
			Satrix 40
			Spur Corporation
			South32 Ltd
			Tiger Brands
			Truworths
			Woolworths
			Other financial interests in any business undertakings:
			Milkwood Farm
			Interest in property other than private residence:
			Summerplace Schoenmakerskop
Councillor	Gidane	M A	Shares and securities in companies:
			Native Capital Pty Ltd (Chairman, Board Member)
			Membership of Close Corporation:
			Peace and Order Security Company
			Directorship:
			The Equity Foundation NPC
			Interest in property other than private residence:
			70 Ngudwanan Street, KwaMagxaki
			24 Scanlan Street, College Hill, Uitenhage
			Shares and securities in companies:
			Suidewyk Ltd Pty

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Gouws	R	Membership of Close Corporation:
			The Scarlet Group
			Partnership:
			The Scarlet Group
Councillor	Greyling	F v N	Shares and securities in companies:
			Van Alles en Nog Wat Eiendomme Pty Ltd
			Directorship:
			Van Alles en Nog Wat Eiendomme Pty Ltd
Councillor	Grobbelaar	J	Membership of Close Corporation:
			Nitrous Security cc
			Directorship:
			J K Coastal Technologies
Councillor	Harker	E J	Directorship:
			EEF Grasscutting Services
Councillor	Hermaans	P	Directorship:
			Eyethu Street Patrol (Have resigned at Board Member)
Councillor	Higgins	N R	Interest in property other than private residence:
			24 Bassadien Street, Bloemendal, Port Elizabeth
Councillor	Hayselden	D A	Gifts: Vouchers from Boccadiles to the value of R300

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Isaacs	A D	Directorship:
			Was Company Shares Director but never traded or operated for the last 18 months. We registered the company in 2014/15
			but never tender or trade under Skysam Holdings Ltd name.
			Partnership:
			Skysam Holdings Ltd
Councillor	Jodwana	M S	Interest in property: 9777 Buyambo st, KwaZakhele
Councillor	Jacobs	T	None
Councillor	Jordan	A G	Interest in property: 71 Heathcote rd, Heath park
Councillor	Kayser	R C	Pension: GEPF
			Interest in property: 42 Joseffe st, Aspen Heights, PE : 232 Rensburg st Arcadia
Councillor	Kepe	O H	None
Councillor	Kruger	L	None
Councillor	Louw	T P	Interest in property: 104 Kannie st, Jacksonville, PE
Councillor	Lungisa	A W	Financial interest: Makanda Entertainment youth projects
			Interest in property: 75 Mendolive, Bryston

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Lovemore	A T	Interest in property: 25 Van Wyk St, Westering, PE
Councillor	Manyati	V M	Interest in property other than private residence:
			158 Seyisi Street KwaZakhele
			504 Ferguson Road, New Brighton
Councillor	Maqolo	A M	Shares and securities in companies:
			Ekusehwandle Fishing Compnay CC
			Membership of Close Corporation:
			Ekusehwandle Fishing Compnay CC
			Partnership:
			Ekusehwandle Fishing Company CC
			Subsidies, grants and sponsorship by any organisation:
			Government grant and special pension as political prisoner
Councillor	Maqula	G D	Shares and securities in companies:
			Kaziforce Pty Ltd
			Directorship:
			Kaziforce Pty Ltd
Councillor	Mbuqu	B P	Membership of Close Corporation:
			Thembantsika Trading Enterprise
			Aquanti Labona Trading Enterprise
			BPMH Trading Enterprise - Dormant
			Partnership:
			Thembantsika Trading Enterprise
			Aquanti Labona Trading Enterprise

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
			BPMH Trading Enterprise - Dormant
			Interest in property other than private residence: 122 Ngoma Street, NU 9, Motherwell
Councillor	Mfama	P A	None
Councillor	Mfunda	A C G	Other financial interests in any business undertakings: Frannie Real Estates (Commission Basis)
Councillor	Mhlobiso	N J	Shares and securities in companies: NESSACO
Councillor	Mhlongo	T S	None
Councillor	Mlungwana	L V	Subsidies, grants and sponsorship by any organisation: For studying at NMU - Department of Arts Bursary
Councillor	Mnyimba	L D	Membership of Close Corporation: Mnyimba Laundrette and Cleaning Services (Registered but not operating) Interest in property other than private residence: Compensation for black farmers (1 hectare land) NU 29 Motherwell B62 - co-ownership - no title deed
Councillor	Mtati	N C	None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Mtsila	M J	Subsidies, grants and sponsorship by any organisation:
			Bursary from Africa Earth Observatory Network which finance studies or M A (Development Studies). It is a fulltime research scholarship.
Councillor	Monks	D J S	Interest in property: Corner of military rd
			Financial interest:Sponsor stoonts at FET COTIS studies
Councillor	Mfana	L	None
Councillor	Mbelekana	M E	None
Councillor	Makunga	M M	None
Councillor	Miggels	G G	Interest in property: 1 Malgas st, Rosedale, Uitenhage
Councillor	Meyer	R	5 Bugutan, 466 Cape Road, Kabega Park
Councillor	Mrara	L	None
Councillor	Mngcokoca	M	None
Councillor	Ndoni	P S	Shares and securities in companies:
			Innovation 2012 Pty Ltd
			Siyabona Pty Ltd
			Dark Atom Trading
			Zambada Trading Pty Ltd

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
			Directorship:
			Coega Development Corp
			Siyabona Pty Ltd
			Interest in property other than private residence:
			24 Cawood Crescent, Vanes Estate, Uitenhage
			15 Kings Crescent, Humewood, Port Elizabeth
Councillor	Ngumbela	K O	Directorship: Abathunywa Special Needs, Education and Wellness
Councillor	Nodada	B	Subsidies, grants and sponsorship by any organisation: NMMU Post graduate scholarship NMMU VC Funding
Councillor	Nombiba	B B	None
Councillor	Nombexeza	L X	None
Councillor	Ntshiza	S M	Membership of Close Corporation: Bheka-Phambili Corp Ltd Abomgquba Corp Ltd Pty Mdibanisi Corp Ltd Pty
Councillor	Ncane	S L	None
Councillor	Nombola	L	None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Nkosi	M M	Interest in property: 42 Pinnacle 7, Walmer HEIGHTS Partnership: Xhosa Xulture
Councillor	Noqoli	T S	None
Councillor	Nzanzeka	S D	None
Councillor	Pali	Y M	NMMU (Missionvale Campus) - Involved in reviving economy of KwaZakhlele as a Volunteer. Do receive a stipend for transport at times.
Councillor	Plaatjies	S S J	Interest in property other than private residence: 22 Sandile Street, KwaNobuhle
Councillor	Qukubana	L P	None
Councillor	Ranyeke	I F	Shares and securities in companies: Phutuma Nathi
Councillor	Rautenbach	G	Interest in property other than private residence: Co-owner: 69 Gustav Preller Crescent, Overbaakens, Port Elizabeth
Councillor	Riordan	R B	Membership of Close Corporation: Dojon Financial Services cc Directorship: All closed down - Hopetown Properties Pty Ltd

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Rwexwana	S	Directorship: Sakhikamva Lamaphandle Rural Education Project
Councillor	Rafani	S	Interest in property: 18 Craven place, Rowallan Park
Councillor	Sabani	X	None
Councillor	Suka	L	None
Councillor	Sauls	S L	None
Councillor	Sikweyiya	N E	Membership of Close Corporation: Masikule Co-operation Farming and General Pty Ltd
Councillor	Sonti	N P	Subsidies, grants and sponsorship by any organisation: Child Support Grant
Councillor	Soyes	S	Membership of Close Corporation: Soyes Consultant cc
Councillor	Steyn	M G	Employment & Remuneration: Morne Steyn Attorneys (owner) : Retief Odendaal Attorneys
Councillor	Tyukana	S S	None
Councillor	Tyali	X C	None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Tyokwana		Interest in property: 137 Ntlokwana Majori st, Walmer links
Councillor	Tshanga	P F	Pension: Government pension fund
Councillor	Tshangela	T F	Remuneration: Department of Education Interest in property: 10 Klaas st, KwaMagxaki, PE
Councillor	Terblanche	P W	None
Councillor	van Staaden	H	Shares and securities in companies: Media 24 Welkom Yizani Media 24 Phuthuma Nathi Membership of Close Corporation: MHL Development Projects Partnership: MHL Development Projects Interest in property other than private residence: (Co-ownership) Erven 7441 to 7452, 7454, 7469, 7472 - 7475, 7476 - 7489, 7496, 7497, 7478, 7499, 7500, 7515, 7536, 7538, 7561, Fernwood Park, Bethelsdorp
Councillor	Vani	P B	Directorship: Mlibo Environmental Network (NPO)
Councillor	Van Der Westhuizen	A	Interest in property: 30 Concord st, Beverly Grove, PE

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
Councillor	Vena	Z M	None
Councillor	Van de Linde	F A	Interest in property:16 Spoonbill st, Uitenhage
Councillor	Vimbani	S L	None
Councillor	Weise	T L	Financial Interest: Solid pave bricks Trust: Weise family trust & De Villiers family trust Interest in property: plot 87 a, farm 23, kragga kamma
Councillor	Yako	Y N	Interest in property: Zolani location, Ashton
Councillor	Zuma	N N	Interest in property: 30 Ngoma st, Motherwell
Councillor	Zinto	M M	Shares and securities in companies: Zinto Kel 20% Sasol Inzalo Rotismart 50% Z A Medical 50% Membership of Close Corporation: Rotismart Z A Medical Zinto Kel Directorship: Idlangamble Project (Co-op) Rotismart Z A Medical

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

POSITION	SURNAME	INITIALS	DESCRIPTION OF FINANCIAL INTERESTS
			Zinto Kel
			Partnership:
			Rotismart

DISCLOSURES OF FINANCIAL INTERESTS BY SECTION 56 - 2017/2018

POSITION	SURNAME	FIRST NAME	DESCRIPTION OF FINANCIAL INTEREST
City Manager	Mettler	Johan	Surplus Peoples Project (NPC)
Chief Operating Officer	Clay	Mzwake	None
Chief Financial Officer	VACANT		None
Executive Director: Human Settlements	Gqiba	Nolwandle	None
Executive Director: Sports Recreation Arts Culture	Nqwazi	Noxolo	Company in deregistration process
Executive Director: Economic Development	Qaba	Anele	None
Executive Director: Infrastructure & Engineering	Shaidi	Walter	None
Executive Director: Corporate Services	Zitumane	Vuyo	1. Member - Joe Gqabi Economic Development Agency 2. Member - Local Government Development and Support Institute
Executive Director: Safety & Security	Meyer	Keith	None
Executive Director: Electricity & Energy	VACANT		None
Executive Director: Public Health	VACANT		None

APPENDIX K (I) – REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	2016/17	2017/18			2017/18 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Vote 1 - Budget & Treasury	2,697,731	2,480,469	2,525,934	2,855,977	13.15%	11.56%	
Vote 2 - Public Health	318,470	411,983	387,979	358,656	-14.87%	-8.18%	
vote 3 - Human Settlements	312,968	520,525	402,329	264,905	-96.49%	-51.88%	
Vote 4 - Economic Development, Tourism and Agriculture	144,497	118,039	121,217	126,252	6.51%	3.99%	
Vote 5 - Corporate Services	15,709	25,043	37,874	48,812	48.70%	22.41%	
Vote 6 - Infrastructure & Engineering	179,071	658,178	445,274	384,469	-71.19%	-15.82%	
Vote 7 - Metro Water Service	1,163,663	1,099,105	1,411,415	1,520,349	27.71%	7.17%	
Vote 8 - Sanitation - Metro	951,054	1,098,220	1,088,555	955,682	-14.91%	-13.90%	
Vote 9 - Electricity & Energy	3,793,454	4,054,525	3,953,963	3,732,740	-8.62%	-5.93%	
Vote 10 - Executive & Council	25,186	20,589	21,470	30,958	33.49%	30.65%	
Vote 11 - Safety & Security	226,617	256,625	242,925	567,255	54.76%	57.18%	
Vote 12 - Mandela Bay Stadium	14,193	10,800	10,800	4,462	-142.05%	-142.05%	
Vote 13 - Special Projects and Programmes	17,052	20,784	23,044	21,043	1.23%	-9.51%	
Vote 14 - Recreational & Cultural Services	45,694	60,087	21,404	28,368	-111.81%	24.55%	
Total Revenue by Vote	9,905,358	10,834,972	10,694,184	10,899,927	0.60%	1.89%	

APPENDIX K (II) –REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2016/17	2017/18			2017/18		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	1,639,538	1,882,347	1,940,747	2,007,605	6.24%	3.33%	
Service Charges - electricity revenue	3,576,476	3,748,825	3,723,756	3,483,009	-7.63%	-6.91%	
Service Charges - water revenue	767,493	714,594	1,003,890	1,074,112	33.47%	6.54%	
Service Charges - sanitation revenue	427,358	469,359	504,406	457,144	-2.67%	-10.34%	
Service Charges - refuse revenue	138,555	174,671	186,898	167,801	-4.09%	-11.38%	
Rentals of facilities and equipment	23,229	18,886	30,252	22,472	15.96%	-34.62%	
Interest earned - external investments	121,035	105,174	122,031	155,484	32.36%	21.52%	
Interest earned - outstanding debtors	178,749	178,343	178,362	224,634	20.61%	20.60%	
Dividends received	341	–	–	123	100.00%	100.00%	
Fines	289,704	265,711	256,306	213,071	-24.71%	-20.29%	
Licences and permits	20,378	26,671	26,442	19,456	-37.08%	-35.91%	
Agency services	2,501	–	2,728	2,774	100.00%	1.65%	
Transfers recognised - operational	1,450,617	1,543,704	1,499,041	1,578,577	2.21%	5.04%	
Other revenue	160,103	235,219	176,984	135,853	-73.14%	-30.28%	
Gains on disposal of PPE	606	32	–	–			
Total Revenue (excluding capital transfers and contributions)	8,796,683	9,363,536	9,651,844	9,542,116	1.87%	-1.15%	

APPENDIX L - CONDITIONAL GRANTS: EXCLUDING USDG

Conditional Grants: excluding USDG							R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	
				Budget	Adjustments Budget		
Neighbourhood Development Partnership Grant	15,000	12,110	7,785	-92.68%	-55.56%	Unspent funds to be paid back to National Treasury	
Public Works Programme Grant Expanded	4,807	5,098	5,098	5.70%	0.00%		
Public Transport Infrastructure Networks Grant	204,973	207,325	180,250	-13.72%	-15.02%	Unspent funds to be paid back to National Treasury	
Public Transport Infrastructure Grant	68,324	68,744	68,560	0.34%	-0.27%	Unspent funds to be paid back to National Treasury	
National Electrification Programme Integrated	30,000	30,000	24,295	-23.48%	-23.48%	Unspent funds to be paid back to National Treasury	
Management Grant Disaster	-	97,000	7,782	100.00%	-1146.43%	R18.5 million must be paid back to National treasury. The remainder may be rolled over to the 2018/19 financial year to be spent in accordance with the conditions as stated in the 2107/18 Adjustments DORA	
City Development Grant Integrated	7,308	7,308	7,308	0.00%	0.00%		
Management Grant Financial	1,050	1,050	1,050	0.00%	0.00%		
Skills Development Grant Infrastructure	15,394	15,394	11,748	-31.04%	-31.04%	Unspent funds to be paid back to National Treasury	
Private Sector Contributions	77,000	62,600	60,240	-27.82%	-3.92%	Private Sector Contributions is for specific Infrastructure creation as required by Private Firms such as to ensure connectivity to the Municipality Electricity Infrastructure. Funds only to be used according to requirement paid for.	
Department of Roads and Public Works Grant	10,000	10,000	9,423	-6.13%	-6.13%	Spent all the funds received	
Total	433,856	516,629	383,538	-13.12%	-34.70%		

APPENDIX M (I) - CAPITAL EXPENDITURE- NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
Capital expenditure by Asset Class							
Infrastructure - Total	505,660	565,603	465,523	487,942	443,665	475,863	504,688
Infrastructure: Road transport - Total	99,720	267,915	287,485	288,859	242,890	276,080	299,527
<i>Roads, Pavements & Bridges</i>	99,720	238,198	257,561	261,897	214,325	247,113	265,185
<i>Storm water</i>	–	29,718	29,925	26,962	28,565	28,967	34,342
Infrastructure: Electricity - Total	78,531	77,816	56,216	44,763	45,303	51,326	49,276
<i>Generation</i>							
<i>Transmission & Reticulation (HV substation, MV Networks & MV Substation)</i>	78,531	77,816	56,216	44,763	23,000	23,500	21,450
<i>Street Lighting (LV Network)</i>	–	–	–		22,303	27,826	27,826
Infrastructure: Water - Total	89,657	118,469	75,661	111,946	81,765	86,518	89,602
<i>Dams & Reservoirs (resevoirs, Borehole)</i>		4,500	10,000	11,760	14,750	7,000	8,000
<i>Water purification (Water treatment works)</i>	–	31,750		56,251	2,100	5,000	5,000
<i>Reticulation (Pump Station, Bulk Mains, Distibution)</i>	89,657	82,219	65,661	43,934	64,915	74,518	76,602
Infrastructure: Sanitation - Total	205,227	96,403	36,801	42,072	49,853	61,338	65,183
<i>Reticulation</i>	205,227	96,403	36,801	41,010	49,853	61,338	64,683
<i>Sewerage purification (Pump station)</i>				1,062			500
Infrastructure: Other - Total	32,526	5,000	9,360	302	23,854	600	1,100

Capital Expenditure - New Assets Programme*

R '000

Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
<i>Waste Management</i>	24,736	1,000	–	–	20,354	600	1,100
<i>Transportation</i>							
<i>Gas</i>							
<i>Other (Toilet facilities, data centres)</i>	7,790	4,000	9,360	302	3,500		
Community - Total	46,617	–	12,346	22,302	78,020	23,000	137,140
Parks & gardens	–	–	–	–	–	–	–
Sportsfields & stadia	6,194	–	9,346	7,787	9,000	–	–
Swimming pools							
Community halls	–	–	–	3,663	6,000	15,000	15,000
Libraries	–	–	–	–	–	–	–
Recreational facilities	–	–	–	–	–	–	–
Fire, safety & emergency	–	–	–	–	–	–	–
Security and policing							
Buses							
Clinics							
Museums & Art Galleries	–	–	–	–	–	–	–
Cemeteries	6,766	–	2,000	9,852	6,217	2,000	2,000
Social rental housing							
Other							
Public Open Space							

Capital Expenditure - New Assets Programme*

R '000

Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
Nature Reserves							
Public Ablution Facilities							
Stalls			1,000	1,000	1,500		
Taxi Ranks/Bus Terminals	33,657				49,303		114,140
Centres					6,000	6,000	6,000
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	78,705	55,500	152,718	140,578	187,154	133,244	142,798
General vehicles							
Specialised vehicles (Transport assets)	39,564	18,100	32,976	33,064	25,800	31,800	36,630
Plant & equipment	13,278	32,400	64,309	65,684	89,254	96,493	93,717
Computers - hardware/equipment	21,566	5,000	20,400	11,106	18,600	3,951	4,951
Furniture and other office equipment	743	-	2,950	954	3,000	-	1,500
Abattoirs							
Markets							

Capital Expenditure - New Assets Programme*

R '000

Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
Civic Land and Buildings							
Other Buildings (municipal and depots)	3,554		32,083	29,771	5,500	1,000	6,000
Other Land							
Surplus Assets - (Investment or Inventory)							
Other: (Social Housing)					45,000		
<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	16,204	22,000	14,000	16,006	6,000	-	-
Computers - software & programming	16,204	22,000	14,000	16,006	6,000		
Other (list sub-class)							
Total Capital Expenditure on new assets	647,186	643,103	644,586	666,827	714,839	632,106	784,627
<u>Specialised vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

APPENDIX M (II)- UPGRADE/ RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
Capital expenditure by Asset Class							
Infrastructure - Total	733,845	854,259	854,637	897,105	873,042	1,171,556	987,539
Infrastructure: Road transport -Total	163,359	309,455	315,797	324,517	286,244	350,120	200,250
<i>Roads, Pavements & Bridges</i>	135,959	257,000	263,342	276,791	250,744	309,120	191,250
<i>Storm water</i>	27,400	52,455	52,455	47,726	35,500	41,000	9,000
Infrastructure: Electricity - Total	198,610	189,340	198,026	238,188	173,698	256,636	209,489
<i>Generation(HV Transmission conductors)</i>	-	5,000	5,000		7,500	48,599	-
<i>Transmission & Reticulation (HV substation,HV Switching station,MV Networks & MV Substation)</i>	198,610	181,140	189,826	236,722	158,271	198,510	205,889
<i>Street Lighting (LV Network)</i>	-	3,200	3,200	1,466	7,927	9,527	3,600
Infrastructure: Water - Total	120,672	109,600	113,600	225,423	159,500	218,800	232,500
<i>Dams & Reservoirs</i>	100,149	12,500	22,700	31,454	10,000	12,500	11,500
<i>Water purification (Water treatment works)</i>	-	45,000	22,500	103,341	56,900	58,400	77,500
<i>Reticulation(Pump Station, Bulk Mains, Distribution)</i>	20,523	52,100	68,400	90,628	92,600	147,900	143,500
Infrastructure: Sanitation - Total	251,204	120,964	120,714	100,312	129,800	173,500	175,000
<i>Reticulation</i>	230,681	110,964	105,714	89,127	119,800	165,500	165,000
<i>Sewerage purification(Pump station)</i>	20,523	10,000	15,000	11,185	10,000	8,000	10,000
Infrastructure: Other - Total	-	124,900	106,500	8,666	123,800	172,500	170,300

Capital Expenditure - Upgrade/Renewal Programme*

R '000

Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
Waste Management	-	115,400	99,000		116,300	165,000	162,800
Transportation							
Gas							
Other (Solid waste infrastructure)	-	7,000	5,000	6,382	7,500	7,500	7,500
Coastal Infrastructure	-	2,500	2,500	2,284	-	-	-
Community	27,719	70,870	65,086	66,716	55,184	77,600	74,100
Parks & gardens	-	-	-		2,000	2,000	2,000
Sportsfields & stadia	12,954	19,220	19,041	5,438	27,500	14,500	17,000
Swimming pools							
Community halls					2,800	1,900	1,900
Libraries	-	13,000	11,000	3,243		13,500	7,000
Recreational facilities							
Fire, safety & emergency	2,990	2,650	1,650	1,565	615	4,000	2,000
Security and policing							
Buses							
Clinics	-	-	150	152	500	500	500
Museums & Art Galleries	-	-	-	-	-	-	-
Cemeteries	-	6,000	4,000	3,867	-	12,000	12,000
Social rental housing							
Other							
Public Open Space	-	12,500	12,500	41,183	17,070	24,000	21,000
Nature Reserves	-	-	850	739	-	-	-
Public Ablution Facilities	9,775	1,000	3,000	3,300	2,000	2,000	2,000

Capital Expenditure - Upgrade/Renewal Programme*

R '000

Description	2016/17	2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/19	2019/20	2020/21
<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	1,000	1,000	1,000
<i>List sub-class</i>	-	-	-		1,000	1,000	1,000
<u>Intangibles</u>	-	1,000	18,000	3,085	5,000	2,000	1,500
Computers - software & programming	-	1,000	18,000	3,085	5,000	2,000	1,500
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	810,500	943,194	952,913	976,254	973,568	1,310,975	1,099,279
<u>Specialised vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

APPENDIX-N – CAPITAL PROGRAMME BY PROJECT: 2017/18

Capital Programme by Project:2017/18						R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %	
Water						
Purchase New Vehicles	2,000	4,000	2,753	-45%	27%	
Reservoir Fencing	1,000	1,000	1,754	43%	43%	
Rehabilitation of Reservoirs	4,000	3,000	28,991	90%	86%	
Office Accommodation: Water	–	1,000	970	-3%	100%	
Improvements to System - General	14,000	30,000	37,135	19%	62%	
Cathodic Protection of Steel Pipelines	1,000	–	–			
Elandsjagt - Upgrade to Restore Capacity	12,000	11,000	9,258	-19%	-30%	
Rehabilitation of Reservoirs	6,000	17,000				
Loerie Treatment Works: Rehabilitation	20,000	4,000	1,475	-171%	-1256%	
1412:Loerie Water Treatment Works:Rehab New Contract		6,000				
Installation of Zone Water meters	3,250	3,250	2,385	-36%	-36%	
Purchase of Water Meters - Metro	9,000	15,000	17,631	15%	49%	
Upgrade of Groendal Water Treatment Works	1,000	1,000	856	-17%	-17%	
Construction of Amanzi Reservoir and Pipeline	2,000	1,000	1,722	42%	-16%	
Seaview Bulk Water	8,000	600	686	13%	-1065%	
St Albans Bulk Water	800	–	–			
Construction of a 1,0 MI reclaimed effluent reservoir: Uitenhage	1,000	100	83	-20%	-1099%	
:Upgrade and Rehabilitation of Water Pipelines	19,500	29,300	40,815	28%	52%	
Augment Older Dams Pipelines	1,000	2,700	2,463	-10%	59%	
Linton: Additional treatment facility	1,000	–	–			
Nooitgedacht / Coega Low Level Scheme	12,750	23,450	50,708	54%	75%	
1412:Nooitgedacht/CoegaLowLevel Scheme WTW PH2 Mech&Elec Equi		6,000	5,543	-8%	100%	
Seaview Pump Station: Upgrade	25,000	2,800	6,763	59%	-270%	
1412:Seaview Water Pump Station:Upgrade WIP		1,000				
Upgrading of Churchill Water Treatment Works	10,000	1,500	1,100	-36%	-809%	
Coega Reclaimed Effluent Scheme	1,000	500	–			
Upgrading of Springs Water Treatment Works	1,000	500	–			
Rudimentary Service: Water	1,000	1,700				
Access Roads: Upgrade	–	–	907	100%	100%	
Telemetry Systems: Upgrade	2,000	2,800	3,111	10%	36%	
Coegakop Wellfield and Water Treatment Works (Groundwater)	19,000	9,000	15,435	42%	-23%	
1412:Groundwater:Drought Intervention:Drilling of Boreholes		10,000	1,434	-597%	100%	
Desalination Augmentation	3,000	–	–			

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Jachtlakte: Bulk Water Supply Pipeline	1,000	-	-		
Rehabilitation of Pipe Bridges	1,000	-	-		
Bulk Water Metering and Control	2,000	2,000	2,638	24%	24%
Govan Mbeki Midblock Mains	100	-	-		
Helenvale Urban Renewal Programme	100	-	-		
Water Services: Rehabilitation of Pump Stations	5,000	3,000	4,322	31%	-16%
Water Services: Rehabilitation of Dams	1,000	-	-		
KwaNobuhle: Upgrading of water reticulation	500	-	-		
Balmoral Reservoir and Bulk Pipeline	500	-	-		
KwaNobuhle Reservoir Link Watermain	500	-	-		
Advanced Meter Infrastructure	3,000	6,000	8,599	30%	65%
Emergency Disaster Relief - Water Ground Schemes	-	-	6,767	100%	100%
Sanitation/Sewerage					
Office Accommodation: Sanitation	-	150	39	-284%	100%
Bucket Eradication Programme: Supply and Install Communal Ablution Facilities	40,000	4,900	10,989	55%	-264%
Rehabilitation of Sewer Pipes	3,400		-		
Sewer Replacement and Relining	8,000	5,000	2,067	-142%	-287%
Improvements to Sewerage System	7,000	15,500	20,947	26%	67%
KwaNobuhle: Upgrade of sewer reticulation	400	-	-		
TEI: Sampling Stations	600	-	-		
Rehabilitation of KwaZakhele Collector Sewer	4,000	150	673	78%	-495%
Markman - Replace 600mm Sewer	22,000	1,000	-		
Markman Sewer Pipeline - Replace 600mm Sewer	-	10,000	12,164	18%	100%
Motherwell North Bulk Sewerage	3,000	2,000	2,910	31%	-3%
Paapenkuis Main Sewers Augmentation	564	1,364	1,062	-28%	47%
Lorraine - Bulk Sewerage Augmentation	1,000	150	-		
Lorraine - Bulk Sewerage Augmentation - Additional Capacity	-	100			
Colchester - Bulk Sewerage Infrastructure & WWTW	500	-	-		
Sewer Protection works for collector sewers	1,000	1,800	1,536	-17%	35%
Jachtlakte Bulk Sewerage	1,000	250	-		
Augment Collector Sewer for Walmer Heights and Mt Pleasant	5,000	3,000	101	-2865%	-4842%
Augment Collector Sewer for Walmer Heights - WIP	-	4,000			
Chatty Valley Collector Sewer Stage 1 (nodes 20 -24)	1,000	500	495	-1%	-102%
Chatty Valley Collector Sewer - Install New Bulk Sewer	-	500			
Motherwell Main Sewer Upgrade	1,000	-	-		

Capital Programme by Project:2017/18

R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Swartkops Low Level Colector Sewer Upgrade	10,000	10,000	45		%
Swartkops Low Level Colector Sewer Upgrade - New Contract	-	1,000			
Seaview Bulk Sewer	1,000	-	-		
Driftsands Collector Sewer - Augmentation	32,000	19,500	35,784	46%	11%
Driftsands Collector Sewer - Augmentation - WIP	-	16,100	2,511	-541%	100%
Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	9,500	5,000	-		
Bulk Sewers Joe Slovo, Mandelaville, Allanridge West UIT	-	8,000	8,244	3%	100%
Industrial Site (Airport Valley) - Bulk Sewer	1,000	-	-		
Motherwell/Coega WWTW and outfall sewer	5,000	3,000	3,282	9%	-52%
KwaNobuhle Area 11 - Link Sewer	100	500			
Sanitation Services: Rehabilitation of Sewerage Pump Stations	10,000	15,000	11,185	-34%	11%
Rocklands PHB Housing project WWTW	500	-	-		
Kelvin Jones WWTW: Upgrade	13,000	2,100	3,841	45%	-238%
Kelvin Jones WWTW: Upgrade - Upgrading of Sludge Handling Process	-	10,000	14,864	33%	100%
Improve access roads - Sanitation	-	700			
Telemetry - Pump Stations	2,000	2,000	1,987	-1%	-1%
Brickfields: Upgrade	500	500	73	-587%	-587%
Driftsands WWTW Phase 3 extension	15,000	2,500	1,952	-28%	-668%
Fishwater Flats WWTW Upgrade	64,400	21,050	13,205	-59%	-388%
Fishwater Flats WWTW: Medium Voltage Network Phase 2	-	13,800	16,019	14%	100%
Fishwater Flats WWTW: Treated Effluent Reticulation System	-	3,000	1,017	-195%	100%
Fishwater Flats WWTW: Sludge Stabilisation	-	19,700	24,772	20%	100%
Fishwater Flats WWTW: Mechanical and Electrical Equipment for Inet Works	-	950	460	-107%	100%
Fishwater Flats WWTW: Grit and Sludge Treatment Facility	-	2,000	1,062	-88%	100%
KwaNobuhle WWTW : Upgrading	10,000	6,000	982	-511%	-918%
Cape Receife WWTW : Upgrade	7,000	1,200	4,273	72%	-64%
Cape Receife WWTW : Upgrade - New Contract	-	500			
Upgrade Despatch Reclamation Works	500	-	-		
Witteklip Bulk Sewerage	1,000	550	520	-6%	-92%
WWTW - Sludge Treatment and disposal facilities	-	-			
Replacement of Sewerage Collection Vehicles	-	5,550	4,605	-21%	100%
Sanitation Services: KwaNobuhle Area 11 - Link sewer			67	100%	100%
1411:Driftsands WWTW: Upgrade Existing Composting Plant		11,200	5,911	-89%	100%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Electricity					
19930232 - Radio & Test Equipment	750	150	166	9%	-353%
20060217 - Gas Turbine Refurbishment	-	-	-		
19960190 - Reinforcement of Electricity Network- Redhouse	540	540	2,326	77%	77%
19960193 - Reinforcement of Electricity Network Wells Estate	550	3,050	2,801	-9%	80%
Reinforcement of Electricity Network Newton Park	550	-	-		
19960195 - Reinforcement of Electricity Network - Summerstrand	1,000	200	260	23%	-285%
19980402 - Reinforcement of Electricity Network - Malabar/ Helenvale	1,000	100	47	-111%	-2008%
20000172 - Reinforcement of Electricity Network- Korsten	1,000	-	-		
20030467 - Computer Systems Upgrade	1,000	1,000	1,060	6%	6%
20050189 - Replace Switchgear in Mini susbs - KwaNobuhle	1,000	1,000	856	-17%	-17%
20090039 - Fairview Refurbishment	1,000	1,000	487	-105%	-105%
20150030 - North Depot Improvements	1,000	1,000	729	-37%	-37%
Refurbishment Program	1,000	1,000	34	-2850%	-2850%
20060174 - Control Room Upgrade	1,080	100	1,946	95%	45%
19970063 - Reinforcement of Electricity Network- Bethelsdorp 11kV	1,100	200	718	72%	-53%
19930254 - Low Voltage Reticulation Improvement	1,200	1,200	1,111	-8%	-8%
20030470 - Reinforcement of Electricity Network- Despatch	1,500	1,500	1,552	3%	3%
Test Van Equipment	1,500	1,500	-		
20010118 - Reinforcement of Electricity Network - Ibhayi	1,700	200	-		
19930233 - Non Electrification Areas - Service Connections	2,000	2,000	2,160	7%	7%
19930256 - Peri-Urban Network	2,000	2,000	1,464	-37%	-37%
19940414 - Supervisory Control Systems Upgrade	2,000	2,000	1,989	-1%	-1%
19970064 - Cable Replacement 6.6kV	2,000	2,000	1,466	-36%	-36%
19980174 - Distribution Kiosk Replacement	2,000	2,000	2,107	5%	5%
20030472 - Reinforcement of Electricity Network - Hunters Retreat	2,000	2,000	1,156	-73%	-73%
20042992 - Reinforcement of Electricity Network - Western	2,000	2,000	1,357	-47%	-47%
20000175 - Reinforcement of Electricity Network- Swartkops	2,200	700	1,675	58%	-31%
20070209 - Substation Fibre Optic Backbone	2,500	2,100	2,062	-2%	-21%
19970070 - Relay Replacement	3,000	3,600	6,991	49%	57%
19990109 - Substation Security Alarm Upgrade	3,000	-	-		
20020093 - New/Replacement of Plant and Motor Vehicle	3,000	3,000	2,321	-29%	-29%
20030074 - Reinforcement of Electricity Network- Mount Road	3,000	-	-		
20030471 - Reinforcement of Electricity Network- Walmer Lorraine	3,000	9,650	8,945	-8%	66%
20150053 - SANEDI - Smart Grid Initiative Programmes	3,000	14,000	16,006	13%	81%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
19940149 - Meters and Current Transformers	4,000	5,380	6,580	18%	39%
20130022 - Relocation of existing electrical services	4,000	7,150	19,630	64%	80%
20100120 - HV Network Reinforcement - Underground Cabling	5,000	5,000	5,331	6%	6%
20150028 - Refurbishment of Power Transformers	5,000	5,000	5,586	10%	10%
20010119 - Reinforcement of Electricity Network - Uitenhage	6,000	3,500	3,411	-3%	-76%
20042988 - Overhead Lines Refurbishment	6,000	6,000	5,317	-13%	-13%
20100122 - HV Network Reinforcement - New Substations	6,500	6,500	11,931	46%	46%
Undeclared Informal Electrification	8,500	8,500	22,100	62%	62%
20050187 - HV Line Refurbishment (66 & 132kV)	9,000	9,000	14,751	39%	39%
19930259 - Private Township Development	15,000	10,000	7,299	-37%	-106%
20042993 - HV Network Reinforcement - Overhead Cabling	16,500	16,500	16,730	1%	1%
19930283 - Public Lighting	20,000	33,336	40,794	18%	51%
20042989 - MV and HV Switchgear replacement	20,000	20,000	23,919	16%	16%
19930255 - Miscellaneous Mains and Substations	30,000	20,000	14,678	-36%	-104%
19990104 - Reinforcement of Electricity Network - Coega	30,000	30,000	29,990	0%	0%
19930264 - Informal Housing Electrification	36,316	35,716	21,909	-63%	-66%
Housing					
Bethelsdorp Ext 32, 34 & 36 - Roadworks (Human Settlements)	350	150	132	-13%	-164%
Bethelsdorp Ext 32, 34, & 36 - Sewer Bulk(Human Settlements)	300	150	34	-337%	-773%
Bethelsdorp Ext 32, 34, & 36 - Stormwater(Human Settlements)	100	70	61	-15%	-64%
Bethelsdorp Ext 32, 34, & 36 - Water Bulk(Human Settlements)	250	100	87	-15%	-188%
Erf 10015, Uitenhage - Stormwater (Services)	-	175	10	-1650%	100%
ERF 10015, Uitenhage Human Settlements (Services)	-	475	400	-19%	100%
Erf 10015, Uitenhage -Sewer Bulks (Services)	-	175	10	-1650%	100%
Erf 10015, Uitenhage -Water Bulks (Services)	-	175	17	-941%	100%
ERF 12931, UITENHAGE SEWER BULK	-	250	153	-63%	100%
ERF 12931, UITENHAGE STORMWATER	-	250	250	0%	100%
ERF 12931, UITENHAGE WATER BULK	-	250	153	-63%	100%
Erf 12931,Uitenhage-Roadworks (Human Settlements)	-	2,450	2,261	-8%	100%
Erf 3179 Uitenhage Roads (Human Settlements)	-	1,900	3,065	38%	100%
Erf 3179, Uitenhage - Sewer Bulk(Human Settlements Services)	-	359	359	0%	100%
Erf 3179, Uitenhage - Stormwater(Human Settlements Services)	-	218	218	0%	100%

Capital Programme by Project:2017/18

R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Erf 3179, Uitenhage - Water Bulk(Human Settlements Services)	-	362	362	0%	100%
ERF 818/868, Roadworks (Human Settlements)	-	2,000	150	-1237%	100%
Erf 818/868, Sewer Bulks	-	1,000	-		
ERF 818/868, Uitenhage Stormwater	-	1,000	150	-569%	100%
ERf 818/868, water bulks	-	1,000	-		
Jagvlagte (Chatty 11-14) Roadworks (Human Settlements)	20,000	23,800	21,534	-11%	7%
Jagvlagte (Chatty 11-14) Stormwater (Human Settlements)	6,000	8,200	5,212	-57%	-15%
Jagvlagte (Chatty 11-14) Sewer Bulks (Human Settlements)	8,000	10,000	6,000	-67%	-33%
Jagvlagte (Chatty 11-14) Water Bulks (Human Settlements)	6,000	8,000	6,077	-32%	1%
John Street Sewer Bulks	-	900	-		
John Street Stormwater	-	700	-		
John Street Water Bulks	-	700	-		
John Street-Roadworks (Human Settlements)	-	700	-		
Khayamnandi Extension - Stormwater (Human Settlements)	3,750	250	105	-139%	-3478%
Khayamnandi Extension - Water Bulks (Human Settlements)	3,750	250	105	-139%	-3478%
Khayamnandi Extension - Sewer Bulks (Human Settlements)	5,000	450	140	-222%	-3478%
Khayamnandi Extension - Roadworks (Human Settlements)	12,500	11,500	11,338	-1%	-10%
Kleinskool Kliprand - Roadworks Human Settlements (Services)	350	60	-		
Kleinskool Kliprand - Sewer Bulks (Human Settlements)	300	50	14	-251%	-2007%
Kleinskool Kliprand - Stormwater (Human Settlements)	100	60	-		
Kleinskool Kliprand - Water Bulks (Human Settlements)	250	50	-		
Kuyga Phase 3 - Water Bulks (Human Settlements)	125	-	-		
Kuyga Phase 3 - Roadworks Human Settlements (Services)	175	-	-		
Kuyga Phase 3 - Sewer Bulks (Human Settlements)	150	-	-		
Kuyga Phase 3 - Stormwater (Human Settlements)	50	-	-		
KwaZakhele: Ekuphumleni - Roadworks (Human Settlements)	-	5,100	4,776	-7%	100%
KwaZakhele: Ekuphumleni Stormwater (Human Settlements)	-	800	512	-56%	100%
KwaZakhele: Ekuphumleni Sewer Bulks (Human Settlements)	-	800	696	-15%	100%
KwaZakhele: Ekuphumleni Water Bulks (Human Settlements)	-	800	512	-56%	100%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
KwaNobuhle Area 11 - Roadworks Human Settlements (Services)	21,001	17,376	24,069	28%	13%
KwaNobuhle Area 11 - Sewer Bulks (Human Settlements)	8,401	4,319	4,144	-4%	-103%
KwaNobuhle Area 11 - Stormwater (Human Settlements)	6,300	5,946	6,497	8%	3%
KwaNobuhle Area 11 - Water Bulks (Human Settlements)	6,300	4,500	5,804	22%	-9%
Malabar Ext 6 Phase 2 - Sewer Bulks (Human Settlementd)	12,900	6,900	4,566	-51%	-183%
Malabar Ext 6 Phase 2 - Roadworks (Human Settlements)	15,050	8,050	10,104	20%	-49%
Malabar Ext 6 Phase 2 - Stormwater (Human Settlementd)	4,300	2,000	2,360	15%	-82%
Malabar Ext 6 Phase 2 - Water Bulks (Human Settlementd)	10,750	6,350	4,502	-41%	-139%
Missionvale Garden Lots - Human Settlements (Services)	-	6,600	15,706	58%	100%
MK Silvertown 2 Qaqawuli - Human Settlements (Services)	-	5,500	6,163	11%	100%
MK SILVERTOWN 2 QAQAWULI SEWER BULK	-	4,000	3,705	-8%	100%
MK SILVERTOWN 2 QAQAWULI STORMWATER	-	4,000	4,029	1%	100%
MK SILVERTOWN 2 QAQAWULI WATER BULK	-	4,500	3,091	-46%	100%
Motherwell NU 29 - Sewer Bulks (Human Settlements)	600	266	263	-1%	-128%
Motherwell NU 29 - Stormwater (Human Settlements)	200	-	-		
Motherwell NU29 - Roadworks (Human settlements)	700	-	-		
Motherwell NU 29 - Water Bulks (Human Settlements)	500	176	175	0%	-185%
Motherwell NU 31 - Sewer Bulks (Human Settlements)	400	483	483	0%	17%
Motherwell NU 31 - Stormwater (Human Settlements)	300	-	-		
Motherwell NU 31 - Water Bulks (Human Settlements)	300	142	142	0%	-111%
Motherwell NU31- Roadworks Human Settlements (Services)	1,000	703	703	0%	-42%
Motherwell NU30 - Roadworks Human Settlements (Services)	2,000	17,750	20,758	14%	90%
Motherwell NU30 - Sewer Bulk (Human Settlements)	800	2,300	2,522	9%	68%
Motherwell NU30 - Stormwater (Human Settlements)	600	2,100	1,729	-21%	65%
Motherwell NU30 - Water Bulk (Human Settlements)	600	2,500	2,714	8%	78%
N2 North Development - Sewer Bulk (Human Settlements)	1,600	500	315	-59%	-408%
N2 North Development - Roadworks (Human Settlements)	4,000	500	389	-29%	-929%
N2 North Development - Stormwater (Human Settlements)	1,200	500	233	-114%	-415%
N2 North Development - Water Bulk (Human Settlements)	1,200	500	397	-26%	-202%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Nkatha/Seyisi - Roadworks (Human Settlements)	350	150	33	-350%	-951%
Nkatha/Seyisi - Sewer Bulks (Human Settlements)	300	50	29	-75%	-951%
Nkatha/Seyisi - Stormwater (Human Settlements)	100	50	10	-426%	-951%
Nkatha/Seyisi - Water Bulks (Human Settlements)	250	50	24	-110%	-951%
Pola Park - Human Settlements (Services)	-	750	720	-4%	100%
Pola Park Extension - Sewer Bulks (Services)	-	500	153	-227%	100%
Pola Park Extension - Stormwater(Human Settlements services)	-	500	99	-403%	100%
Pola Park Extension - Water Bulks (Services)	-	500	333	-50%	100%
Raymond Mhlaba Sewer Bulks (Human Settlements Services)	-	1,376	1,376	0%	100%
Raymond Mhlaba Stormwater (Human Settlements Services)	-	93	174	47%	100%
Raymond Mhlaba Water Bulks (Human Settlements Services)	-	232	436	47%	100%
Raymond Mhlaba/ Buyambo - Human Settlements (Services)	-	255	1,159	78%	100%
Rocklands - Roadworks (Human Settlements)	525	1,175	540	-118%	3%
Rocklands - Sewer Bulks (Humen Settlements)	450	1,100	99	-1017%	-357%
Rocklands - Stormwater (Humen Settlements)	150	800	710	-13%	79%
Rocklands - Water Bulks (Humen Settlements)	375	1,025	-		
Seaview Housing - Sewer Bulks (Human Settlements)	2,400	50	-		
Seaview Housing - Stormwater (Human Settlements)	800	50	-		
Seaview Housing - Water (Human Settlements)	2,000	50	-		
Seaview Housing Project - Roadworks (Human Settlements)	2,800	50	5	-869%	-54162%
Walmer Development - Roadworks Human Settlements (Services)	14,936	11,936	14,431	17%	-4%
Walmer Development - Sewer Bulk (Human Settlements)	12,802	4,033	4,962	19%	-158%
Walmer Development - Stormwater (Human Settlements)	4,267	863	1,674	48%	-155%
Walmer Development - Water Bulk (Human Settlements)	10,668	1,899	3,569	47%	-199%
Roads					
Resurfacing Tar roads (non-subsidy)	30,000	29,000	19,758	-47%	-52%
Resurfacing of Subsidised Roads	10,000	10,000	17,737	44%	44%
Rehabilitation of roads	9,000	8,500	23,755	64%	62%
Rehabilitate Concrete Roads - Northern Areas	1,000	1,000	944	-6%	-6%
Upgrading Depots and Offices	2,000	2,545	143	-1684%	-1302%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Replacement Vehicles Fleet	7,000	10,000	11,045	9%	37%
Tarring of Gravel Roads	90,000	97,000	85,158	-14%	-6%
Motherwell NU29 & 30 : Roads & S/w Bulk Infrastructure	2,000	2,000	-		
New Traffic Signals	800	2,600	2,652	2%	70%
Glen Hurd Drive Upgrading	12,500	14,000	3,800	-268%	-229%
TM24 Guidance Signs	350	350	350	0%	0%
Public Transport Facilities	500	1,500	1,369	-10%	63%
Traffic Control Equipment (Subsidy)	1,500	1,500	1,487	-1%	-1%
Traffic Calming Measures	1,000	1,000	1,374	27%	27%
Planning and Design of Main Roads	1,000	400	36	-1005%	-2661%
Construction of Bloemendal Arterial	15,000	500	17	-2827%	-87707%
Stanford Road Extension	2,000	1,600	-		
Upgrade Main Road through Swartkops	1,500	1,500	1,478	-1%	-1%
Provision of Rudimentary Services - Roads and Stormwater	-	2,000	2,976	33%	100%
Njoli Square Redevelopment	5,658	-	14	100%	-41750%
Rehabilitation of Verges and Sidewalks -Northern Areas	1,500	1,500	1,496	0%	0%
Embizweni Square Upgrading (Mayoral Project) - Roadworks	-	300	299	0%	100%
Minor Intersection Improvements	1,000	1,000	994	-1%	-1%
Access Road to Chatty Developments	5,000	5,000	7,031	29%	29%
Seyisi Square & Daku Square Development	100	600	519	-16%	81%
Road Upgrades to increase Capacity (ie Circular Drive, Algoa Road, Etc)	10,000	10,000	9,895	-1%	-1%
Iron Man - Upgrade of Routes	-	1,000	12,896	92%	100%
Construction of Footbridges	1,000	1,000	978	-2%	-2%
Facilities for the Disabled	1,000	1,000	1,161	14%	14%
Provision of Sidewalks	20,000	20,820	16,143	-29%	-24%
Laboratory equipment - Scientific Services	1,000	2,000	2,516	21%	60%
Fleet Management - Workshop Equipment	500	500	311	-61%	-61%
Motherwell Canal Pedestrian crossings	1,400	1,400	2,374	41%	41%
Transport Services					
IPTS - Work Package: Public Transport Facilities	-	58,627	79,705	26%	100%
IPTS - Work Package: Road Works	-	68,615	93,257	26%	100%
IPTS - Work Package: TDM and ITS	-	41,000	7,288	-463%	100%
IPTS - Work Package: Bus Rapid Transport Network	168,242	-	-		

Capital Programme by Project:2017/18

R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Stormwater					
Lorraine Stormwater Control	-	-	1,183	100%	100%
Blue Horizon Bay Bulk Stormwater	4,000	4,000	3,932	-2%	-2%
Cannonville/ Colchester: Stormwater Improvements	8,500	8,500	13,409	37%	37%
Theescombe / Gqebera Bulk Stormwater	3,000	18,000	13,279	-36%	77%
Zwide Bulk Stormwater	5,000	5,000	72	-6855%	-6855%
Stormwater Improvements: Ikamvelihle	2,000	2,000	-		
New Brighton/KwaZakhele: Bulk Stormwater	2,500	2,500	4,929	49%	49%
Stormwater Improvements	2,000	2,855	5,627	49%	64%
Chatty: Stormwater Improvement	400	5,400	102	-5187%	-292%
Rehabilitation of Stormwater Ponds	2,000	2,000	2,522	21%	21%
Reconstruction of stormwater system - Uitenhage	2,000	2,000	1,986	-1%	-1%
Motherwell Canal Wetlands	-	-			
Embizweni Square Upgrading (Mayoral Project) - Stormwater	-	200	173	-16%	100%
Planning Services					
Motherwell Traffic and Licencing Centre	7,500	7,895	6,662	-19%	-13%
Economic Development Services					
Informal Trading Infrastructure	-	1,000	1,000	0%	100%
Cemeteries					
Water drainage and roads in cemeteries	2,000	2,000	2,034	2%	2%
Upgrade and Development of Cemeteries	2,000	2,000	1,833	-9%	-9%
Fencing of Cemeteries	2,000	2,000	9,852	80%	80%
Pollution Control					
Air Pollution Monitoring Equipment	200	200	-		
Bio-diversity, Landscape, other					
Re-instatement - Coastal Erosion Facility	1,000	1,000	962	-4%	-4%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Beachfront	1,500	1,500	1,322	-14%	-14%
Upgrade and Development of Public Open Spaces	12,500	12,500	41,183	70%	70%
Specialised Vehicle and Plant- Parks	1,500	1,500	7,044	79%	79%
Floodplains and Natural Water Improvement	500	500	465	-7%	-7%
Upgrade Major Parks	1,000	1,000	823	-22%	-22%
New Playground Equipment	1,500	1,500	467	-221%	-221%
Upgrade - Baakens Valley Infrastructure	-	850	739	-15%	100%
Health					
Occupational Health and Wellness Center at Walmer	-	150	152	2%	100%
Waste Management					
Replacement of Refuse Compactors	3,500	16,338	8,823	-85%	60%
Urban Refuse Transfer/Recycling Station	3,000	1,000	119	-741%	-2422%
Waste Management Containers	1,500	1,500	575	-161%	-161%
Development of Waste Disposal Facilities	4,000	4,000	6,263	36%	36%
Upgrade Infrastructure - Metro Integration	500	1,850	905	-104%	45%
Municipal Solid Waste Beneficiation and Diversion	7,500	-	-		
Libraries					
Upgrade and Restoration of Libraries	13,000	11,000	3,243	-239%	-301%
Sport and Recreation					
Mendi Arts and Cultural Center	6,000	2,500	3,663	32%	-64%
Upgrade Existing Sports Facilities	11,000	7,077	2,898	-144%	-280%
Springs Resort-Upgrade Infrastructure	600	114	114	0%	-424%
Upgrade Beaches -Tourism	400	1,487	1,454	-2%	72%
KwaNobuhle Sports Complex	-	3,142	2	-127231%	100%
Gelvandale Stadium Roof Structure	6,000	-			
Provision of lighting - Mooredyke Sports Ground	220	220	146	-51%	-51%
Beach Protection Equipment	1,500	1,500	1,495	0%	0%
Astroturf Surfaces	-	9,346	7,787	-20%	100%
Rehabilitation of Gelvandale Hockey Field	-	6,000	-		
Metro Police					
Vehicles for Safety & Security (Metro Police only)	2,500	2,417	3,968	39%	37%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Fire					
Replacement of Off Road Appliance - Fire	1,600	3,009	2,631	-14%	39%
Replacement of Standby Generators -Fire	450	41	66	38%	-584%
Replacement of Engine Bay Doors - Fire	650	-	-		
Replacement of Radios - Fire	1,000	1,000	-		
Motherwell Fire Station - Rehab and Refurbishment	2,000	1,650	1,565	-5%	-28%
Purchase of Plant and Equipment (Fire & Emergency Services)	1,000	1,000	65	-1438%	-1438%
Office Accommodation Security - Sidwell Fire Station	500	500	-		
Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Additional Satelite Offices - Disaster Management	2,000	2,083	281	-642%	-612%
CCTV Equipment & Infrastructure - Disaster Management	1,000	1,000	683	-46%	-46%
Vehicles for Safety and Security (Security only)	-	3,000	5,329	44%	100%
Upgrade of Uitenhage Dog Pound	300	300	300	0%	0%
Excutive and Council					
Integrated City Development Programmes	6,411	6,411	6,419	0%	0%
Financial Services					
System Enhancements - Various	18,000	16,000	2,024	-690%	-789%
Upgrade and Furnishing Customer Care Centres	3,000	2,200	268	-722%	-1021%
SCM Building Additions and Upgrades	2,425	2,425	24	-9813%	-9813%
Creditors Filing Equipment	1,500	1,500	954	-57%	-57%
Replacement Handheld Devices - Meter Reading	300	360	370	3%	19%
Replacement of Vending POS Equipment	350	290	172	-69%	-104%
Replacement of Revenue Sub Directorate Computer Equipment	-	800	345	-132%	100%
Property; Legal; Risk Management and Procurement Services					
Air Conditioning of buildings	1,000	1,000	994	-1%	-1%
Lillian Diedericks Building - Upgrading and Rehabilitation	500	500	304	-65%	-65%
Mfanasekhaya Gqobose Building - Upgrade and Rehabilitation	500	500	472	-6%	-6%
Corporate Services: Acquisition of Vehicles	500	500	411	-22%	-22%
Mathew Goniwe - Councillors office	180	-	-		
Joe Slovo - Councillor office	180	-	-		
Lillian Diederiecks office Renovations	1,770	1,470	698	-111%	-154%

Capital Programme by Project:2017/18**R' 000**

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Harrower Road Office renovations	300	-	1	100%	
KwaNobuhle Administration Building - Upgrade	500	-	-		
Uitenhage town Hall - Upgrade	180	-	-		
Despatch Town Hall - Upgrade	150	-	-		
Acquisition of Fidelity Building	-	30,000	29,490	-2%	100%
Paperless Admin	-	500	369	-36%	100%
Office Furniture - Corporate Admin	-	100			
Ward Councillor Furniture	-	200			
Office Furniture Chief Whip	-	150			
Upgrade of Public Toilets	1,000	3,000	3,300	9%	70%
ICT and Other					
Upgrade/ replacement of computers - Safety and Security	1,000	1,000	1,049	5%	5%
Computer Enhancements - Corporate	2,000	1,400	2,035	31%	2%
Disaster Recovery Center - Information Security	4,000	1,000	302	-231%	-1223%
IT Infrastructure for mSCOA	1,800	1,900	1,688	-13%	-7%
Purchase of Servers and Other IT Related Infrastructure	-	14,000	4,682	-199%	100%
Computer and Office Equipment (Public Health)	100	600	577	-4%	83%
Fleet Management System	1,000	1,000	-		
Purchase of computer equipment (Design & Implementation)	100	200	362	45%	72%

APPENDIX O- CAPITAL PROGRAMME BY PROJECT BY WARD: 2017/18

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
Budget and Treasury 1198		
Replacement of Revenue Sub Directorate Computer Equipment	Ward Support services:Furniture, Fittings and Equipment .	Ongoing project (Annual purchase)
Upgrade and Furnishing Customer Care Centres	Ward Support Services:Rehabilitation & Upgrade of Municipal Buildings	Ongoing (Multiple Centers being upgraded on this project)
Creditors Filing Equipment	Ward Support Services:Furniture, Fittings and Equipment	Yes
Replacement of Handheld Devices - Meter Reading	Ward Support services:Furniture, Fittings and Equipment .	Ongoing project (Annual purchase)
Replacement of Vending POS Equipment	Ward :Support services: Furniture, Fittings and Equipment	Ongoing project (Annual purchase)
System Enhancements - Various	Ward:Support services:Systems Enhancements	No
SCM Building Additions and Upgrades	Ward Support Services:Rehabilitation & Upgrade of Municipal Buildings	No
Chief Operating Officer 1656		
Integrated City Development Programmes	Ward Support Services:General Improvements	No
Corporate Services 1197		
Computer Enhancements - Corporate	Ward Support Services:Systems Enhancements	Ongoing
Air Conditioning of buildings	Ward Support Services:Rehabilitation & Upgrade of Municipal Buildings	Yes
Lillian Diedericks Building - Upgrading and Rehabilitation	Ward Support Services:Rehabilitation & Upgrade of Municipal Building	Yes
Mfanasekhaya Gqobose Building - Upgrade and Rehabilitation	Ward Support Services:Rehabilitation & Upgrade of Municipal Buildings	Yes
Corporate Services: Acquisition of Vehicles	Ward Support Services:Vehicles Acquisition and Replacement for Provision of Service Delivery	Yes
Disaster Recovery Center - Information Security	Ward Support Services :Systems Enhancements	No
Infrastructure for mScoa	Ward Support Services :Systems Enhancements	No
Lillian Diederiecks office Renovations	Ward Support Services:Rehabilitation & Upgrade of Municipal Buildings	Yes
Acquisition of Fidelity Building	Ward Support Services:Rehabilitation & Upgrade of Municipal Buildings	Yes
Paperless Admin	Ward Support Services:Furniture, Fittings and Equipment	Yes

Capital Programme by Project by Ward: 2017/18		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Purchase of servers and other IT Related Infrastructure	Ward Support Services :Systems Enhancements	No
Office Furniture - Corporate Admin	Ward Support Services:Furniture, Fittings and Equipment	Yes
Ward Councillor Furniture	Ward Support Services:Furniture, Fittings and Equipment	Yes
Office Furniture Chief Whip	Ward Support Services:Furniture, Fittings and Equipment	Yes
Economic Development, Tourism and Agriculture 1196		
Informal Trading Infrastructure	Ward 30	Yes
Sport and Recreation 1194		
Upgrade Existing Sports Facilities	Ward 3	No
Springs Resort - Upgrade Infrastructure	Ward 51	Yes
Upgrade Beaches -Tourism	Ward 60	Yes
Upgrade and Restoration of Libraries	Ward 51	No
Mendi Arts & Cultural Centre	Ward 14	Yes
KwaNobuhle Sports Complex	Ward 44	No
Astroturf Surfaces	Ward 30	Yes
Astroturf Surfaces	Ward Support Services:General Improvements	Yes
Beach Protection Equipment	Ward Support Services:Furniture, Fittings and Equipment	No
Provision of lighting - Moore Dyke Sports Ground	Ward 7	Yes
Rehabilitation of Gelvandale Hockey Field	Ward 10	No
Human Settlements 1191		
Khayamnandi Extension - Roadworks (Human Settlements)	Ward 41	No
Missionvale Garden Lots - Human Settlements (Services)	Ward 32	Yes
KwaNobuhle Area 11 - Roadworks Human Settlements (Services)	Ward 45	No
KwaZakhele: Ekuphumleni - Roadworks (Human Settlements)	Ward 19	No
Jagvlagte (Chatty 11-14) Roadworks (Human Settlements)	Ward 41	No
Seaview Housing Project - Roadworks (Human Settlements)	Ward 40	No
Walmer Development - Roadworks Human Settlements (Services)	Ward 4	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
N2 North Development - Roadworks (Human Settlements)	Ward 39	No
MK Silvertown 2 Qaqawuli - Human Settlements (Services)	Ward 16	Yes
Motherwell NU30 - Roadworks Human Settlements (Services)	Ward 54	Yes
Malabar Ext 6 Phase 2 - Roadworks (Human Settlements)	Ward 12	No
Malabar Ext 6 Phase 2 - Roadworks (Human Settlements)	Ward 54	No
Motherwell NU31- Roadworks Human Settlements (Services)	Ward 54	No
Nkatha/Seyisi - Roadworks (Human Settlements)	Ward 19	No
Raymond Mhlaba/ Buyambo - Human Settlements (Services)	Ward 21	Yes
Bethelsdorp Ext 32, 34 & 36 - Roadworks (Human Settlements)	Ward 37	No
Pola Park - Human Settlements (Services)	Ward 50	Yes
ERF 10015, Uitenhage Human Settlements (Services)	Ward 49	Yes
Erf 3179 Uitenhage Roads (Human Settlements)	Ward 48	Yes
Erf 12931, Uitenhage-Roadworks (Human Settlements)	Ward 49	Yes
ERF 818/868, Roadworks (Human Settlements)	Ward 53	No
Malabar Ext 6 Phase 2 - Stormwater (Human Settlements)	Ward 12	No
Malabar Ext 6 Phase 2 - Water Bulks (Human Settlements)	Ward 12	No
Khayamnandi Extension - Water Bulks (Human Settlements)	Ward 41	No
Khayamnandi Extension - Stormwater (Human Settlements)	Ward 41	No
Malabar Ext 6 Phase 2 - Sewer Bulks (Human Settlements)	Ward 12	No
Khayamnandi Extension - Sewer Bulks (Human Settlements)	Ward 41	No
Motherwell NU 31 - Water Bulks (Human Settlements)	Ward 54	No
Motherwell NU 31 - Sewer Bulks (Human Settlements)	Ward 54	No
KwaNobuhle Area 11 - Stormwater (Human Settlements)	Ward 45	No
KwaNobuhle Area 11 - Water Bulks (Human Settlements)	Ward 45	No
KwaNobuhle Area 11 - Sewer Bulks (Human Settlements)	Ward 45	No
Nkatha/Seyisi - Stormwater (Human Settlements)	Ward 19	No
Nkatha/Seyisi - Water Bulks (Human Settlements)	Ward 19	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Nkatha/Seyisi - Sewer Bulks (Human Settlements)	Ward 19	No
Bethelsdorp Ext 32, 34, & 36 - Stormwater(Human Settlements)	Ward 37	No
Jagvlagte (Chatty 11-14) Stormwater (Human Settlements)	Ward 41	No
Bethelsdorp Ext 32, 34, & 36 - Water Bulk(Human Settlements)	Ward 37	No
Jagvlagte (Chatty 11-14) Water Bulks (Human Settlements)	Ward 41	No
Bethelsdorp Ext 32, 34, & 36 - Sewer Bulk(Human Settlements)	Ward 37	No
Jagvlagte (Chatty 11-14) Sewer Bulks (Human Settlements)	Ward 54	No
Jagvlagte (Chatty 11-14) Sewer Bulks (Human Settlements)	Ward 41	No
Kleinskool Kliprand - Sewer Bulks (Human Settlements)	Ward 37	No
Motherwell NU 29 - Water Bulks (Human Settlements)	Ward 54	Yes
Motherwell NU 29 - Sewer Bulks (Human Settlements)	Ward 54	Yes
Rocklands - Stormwater (Human Settlements)	Ward 40	No
Rocklands - Sewer Bulks (Human Settlements)	Ward 40	No
Walmer Development - Stormwater (Human Settlements)	Ward 4	No
Walmer Development - Water Bulk (Human Settlements)	Ward 4	No
Walmer Development - Sewer Bulk (Human Settlements)	Ward 4	No
N2 North Development - Stormwater (Human Settlements)	Ward 39	No
N2 North Development - Water Bulk (Human Settlements)	Ward 39	No
N2 North Development - Sewer Bulk (Human Settlements)	Ward 39	No
Motherwell NU30 - Stormwater (Human Settlements)	Ward 54	Yes
Motherwell NU30 - Water Bulk (Human Settlements)	Ward 54	Yes
Motherwell NU30 - Sewer Bulk (Human Settlements)	Ward 54	Yes
Rocklands - Roadworks (Human Settlements)	Ward 40	No
KwaZakhele: Ekuphumleni Water Bulks (Human Settlements)	Ward 19	No
KwaZakhele: Ekuphumleni Sewer Bulks (Human Settlements)	Ward 19	No
Pola Park Extension - Stormwater(Human Settlements services)	Ward 50	Yes
KwaZakhele: Ekuphumleni Stormwater (Human Settlements)	Ward 19	No

Capital Programme by Project by Ward: 2017/18		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Raymond Mhlaba Stormwater (Human Settlements Services)	Ward 21	Yes
Raymond Mhlaba Water Bulks (Human Settlements Services)	Ward 21	Yes
Raymond Mhlaba Sewer Bulks (Human Settlements Services)	Ward 21	Yes
Pola Park Extension - Water Bulks (Services)	Ward 50	Yes
Pola Park Extension - Sewer Bulks (Services)	Ward 50	Yes
Erf 3179, Uitenhage – Stormwater (Human Settlements Services)	Ward 48	Yes
Erf 3179, Uitenhage - Water Bulk (Human Settlements Services)	Ward 48	Yes
Erf 3179, Uitenhage - Sewer Bulk (Human Settlements Services)	Ward 48	Yes
Erf 10015, Uitenhage - Stormwater (Services)	Ward 49	Yes
Erf 10015, Uitenhage -Water Bulks (Services)	Ward 49	Yes
Erf 10015, Uitenhage -Sewer Bulks (Services)	Ward 49	Yes
MK Silvertown 2 Qaqawuli Water Bulk	Ward 16	Yes
MK Silvertown 2 Qaqawuli Sewer Bulk	Ward 16	Yes
Erf 12931, Uitenhage Water Bulk	Ward 49	Yes
Erf 12931, Uitenhage Stormwater	Ward 49	Yes
Erf 12931, Uitenhage Sewer Bulk	Ward 49	Yes
ERF 818/868, Uitenhage Stormwater	Ward 53	No
Electricity and Energy 1477		
Radio and Test Equipment	Ward Support Services:Furniture, Fittings and Equipment	No - ongoing as an when required
Non Electrification Areas - Service Connections	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN
Low Voltage Reticulation Improvement	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN
Miscellaneous Mains and Substations	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	No
Peri-Urban Network	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	No
Private Township Development	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Electrification of State Subsidised Houses	Ward 16,4,45,Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement,24	Not all the projects implemeted during the 2017/18 financial year have been completed. Only electrification projects implemented in Wards, 54, 16, 42, 24, 50, 21 were completed. The following projects in Wards, 41, 4 & 15 were not completed.
Public Lighting	Ward 42,54,41,31,33,16,44,59,28,35,11,47,4,43,34,5,46,55,30,56, 58,52,40,13,8,25,17,45,38 Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement 19,6,10,24,22,15,7,21,60,36,26,9,20,3,49,42,54,41,53,18,57, 1,23,37,48,14,12,32,	NO - ONGOING
Meters and Current Transformers	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	No - 3 year as and when required contract. Expires early 2020
Supervisory Control System - Equipment Upgrading	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	No - ongoing as an when required
Reinforcement of electricity network - Redhouse	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement Ward 60	No
Reinforcement of electricity network - Wells Estate	Ward 60	No
Summerstrand Reinforcement	Ward 1	No
Reinforcement of electricity network - Bethelsdorp 11 kV	Ward 25	No
Reinforcement of electricity network - Bethelsdorp 11 kV	Ward 31	No
Reinforcement of electricity network - Bethelsdorp 11 kV	Ward 33	No
Cable Replacement 6.6kV	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN
Relay Replacement	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	No
Distribution Kiosk Replacement	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN
Reinforcement of electricity network - Malabar/ Helenvale	Ward 10	No
Reinforcement of electricity network - Coega	Ward 60	No
Reinforcement of electricity network - Swartkops	Ward 16, Ward 60	No
Reinforcement of electricity network -	Ward 28	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Ibhayi		
Reinforcement of electricity network - Uitenhage	Ward 48	No
Reinforcement of electricity network - Uitenhage	Ward 46	No
Reinforcement of electricity network - Uitenhage	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	No
New/Replacement of plant and motor vehicles	Ward Support services: Vehicles Acquisition and Replacement for Provision of Service Delivery	No
Computer Systems Upgrade	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement & Ward Support Services: Systems Enhancements	No
Reinforcement of electricity network - Despatch	Ward 52	No
Reinforcement of electricity network - Walmer Lorraine	Ward 4	No
Reinforcement of electricity network - Walmer Lorraine	Ward 3	No
Reinforcement of electricity network - Hunters	Ward 39	No
Overhead Lines Refurbishment	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN
MV and HV Switchgear replacement	Ward 13,14,15,16,17,18,19,20,21,22	NO - ONGOING
Reinforcement of electricity network - Western	Ward 9	No
HV Network Reinforcement - Overhead Cabling	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	Yes
HV Line Refurbishment (66 & 132kV)	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - ONGOING
Replace Switchgear in Mini susbs - KwaNobuhle	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN (FAULTS)
Purchase of Control Room Equipment Upgrade	Ward Support Services: Electricity Network Expansion, Rehabilitation and Re-inforcement ,Ward Support Services: Furniture, Fittings and Equipment	No
Substation Fibre Optic Backbone	Electricity Network Expansion, Rehabilitation and Re-inforcement	No - ongoing as an when required
Fairview Refurbishment	Ward 8	NO - DEMAND DRIVEN
HV Network Reinforcement - Underground Cabling	Electricity Network Expansion, Rehabilitation and Re-inforcement	Yes

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
HV Network Reinforcement - New Substations	Ward 3,40,38,Ward Support Services :Electricity Network Expansion, Rehabilitation and Re-inforcement ,6,36,1,37	No
Relocation of Existing Electrical Service Connections	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	NO
Refurbishment of Power Transformers	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement ,7	NO - ONGOING
North Depot Improvements	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - ONGOING
SANEDI – Smart Grid Initiative	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	No
Undeclared Informal Electrification	Ward 48,40,16,17,Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement ,19,41,53,18,47,4.	No
Distribution Substation Building Refurbishment Program	Ward Support Services:Electricity Network Expansion, Rehabilitation and Re-inforcement	NO - DEMAND DRIVEN
Roads,Stormwater, Transportation and Fleet		
Resurfacing Tar roads (non-subsidy)	Ward 37,48,12,39,2,4,5,56,51,52,8,21,60,36,9,3,49,54,Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Rehabilitation of Verges and Sidewalks - Northern Areas	Ward 32,35,13,Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
TM24 Guidance Signs	Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Replacement Vehicles Fleet	Ward Support Services:Vehicles Acquisition and Replacement for Provision of Service Delivery	Orders that were placed Works during 2017/18 have been received but this is an on-going project.
Traffic Control Equipment (Subsidy and non-subsidy)	Ward Support Services: Furniture, Fittings and Equipment ,	Works that was awarded during 2017/18 are complete but this is an on-going project.
Rehabilitate Concrete Roads - Northern Areas	Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Traffic Calming Measures	Ward 32,35,13,25,Ward Support Services:General Improvements,38,20	Works that was awarded during 2017/18 are complete but this is an on-going project.

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Traffic Calming Measures	Ward 35	Works that was awarded during 2017/18 are complete but this is an on-going project.
Intersection Improvements	Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Upgrade Main Road through Swartkops	Ward 16	Works that was awarded during 2017/18 are complete but additional works are being awarded in 2018/19.
Lorraine Stormwater Control	Ward 4	Project complete
Njoli Square Redevelopment	Ward 22	No
Glen Hurd drive Upgrading	Ward 6	No
Stormwater Improvements	Ward 16,28,46,13,36,49, Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
New Brighton/KwaZakhele: Bulk Stormwater	Ward 16, 25,17,19,24,22,21,20,18	Works that was awarded during 2017/18 are complete but this is an on-going project.
Upgrading Depots and Offices	Ward Support Services:General Improvements & Vehicles Acquisition and Replacement for Provision of Service Delivery	Works that was awarded during 2017/18 are complete but this is an on-going project.
Provision of Rudimentary Services - Roads and Stormwater	Ward Support Services: General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Facilities for the Disabled	Ward Support Services: General Improvements,	Works that was awarded during 2017/18 are complete but this is an on-going project.
Tarring of Gravel Roads	Ward 48,14,12,32,31,33,16,44,59,28,47,4,34,46,55,30,56,58,52,40,8,25,17,45,38,19,10,24,15,21,60,36,26,29,50,27,49,42,Support Services:General Improvements,54,41,53,18,57,37,23.	Some works that was awarded during 2017/18 are complete but this is an on-going project.
Public Transport Facilities	Ward 38 & Support Services: General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Provision of Sidewalks	Ward 34,48,14,32,16,39,44,35,40,13,25,17,45,38,6,7,60,29,50,27,20,53,47,43,46	Some works that was awarded during 2017/18 are complete but this is an on-going project.
IPTS - Work Package: Public Transport Facilities	Support Services:General Improvements	No
IPTS - Work Package: Road Works	Support Services:General Improvements	No
IPTS - Work Package: TDM and ITS	Support Services:General Improvements	No
Zwide Bulk Stormwater	Ward 26	No
Theescombe/Gqebera Bulk Stormwater	Ward 4 & 3	Yes

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Blue Horizon Bay Bulk Stormwater	Ward 40	No
Access Road to Chatty Developments	Ward 29	Yes
New Traffic Signals for Road intersections	Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Rehabilitation of roads	Ward ,60,20,7,Support Services:General Improvements,41,1,32,35,4,40,13,25,17,38	Works that was awarded during 2017/18 are complete but this is an on-going project.
Laboratory Equipment - Scientific Services	Support Services:General Improvements & Furniture, Fittings and Equipment	Orders that were placed Works during 2017/18 have been received but this is an on-going project.
Planning and Design of Main Roads	Support Services:General Improvements	No
Chatty: Stormwater Improvement	Ward 41	No
Cannonville/Colchester: Stormwater improvements	Ward Support Services:General Improvements &53	Works that was awarded during 2017/18 are complete but this is an on-going project.
Construction of Footbridges	Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Seyisi Square & Daku Square Development	Ward 21	Yes
Fleet Management - Workshop Equipment	Ward Support Services:General Improvements	No
Purchase of computer equipment (Design & Implementation)	Ward Support Services:Systems Enhancements	Orders that were placed Works during 2017/18 have been received but this is an on-going project.
Rehabilitation of Stormwater Ponds	Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Construction of Bloemendal Arterial	Ward 41	No
Reconstruction of stormwater system - Uitenhage	Ward Support Services:General Improvement	Works that was awarded during 2017/18 are complete but this is an on-going project.
Road Upgrades to increase Capacity	Ward Support Services:General Improvement	Works that was awarded during 2017/18 are complete but this is an on-going project.
Motherwell Canal Pedestrian crossings	Ward 59	Works that was awarded during 2017/18 are complete but this is an on-going project.
Iron Man Upgrade of Routes	Ward 40,Ward Support Services:General Improvement,Ward 1	Project complete in 2018/19.
Embizweni Upgrade (Mayoral Project) - Roadworks	Ward 14	Yes
Embizweni Upgrade (Mayoral Project) - Stormwater	Ward 14	Yes

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	R' 000
Works completed (Yes/No)		
Resurfacing of Subsidised Roads	Ward 48,34,30,7,60,3,53Ward Support Services:General Improvements	Works that was awarded during 2017/18 are complete but this is an on-going project.
Water Services 1412		
Water Services: Pipe Rehabilitation and Improvements	Ward Support Services:Water Network Expansion and Rehabilitation	No
Water Services: Elandsjagt WTW - Upgrade to Restore Capacity	Ward Support Services:Water Network Expansion and Rehabilitation	No
Water Services: Reservoir Fencing	Ward Support Services:Water Network Expansion and Rehabilitation	No
Water Services: Rehabilitation of Reservoirs	Ward :Support Services:Water Network Expansion and Rehabilitation ,40,42,1	No
Water Services: Loerie Treatment Works: Rehabilitation	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Installation of Zone Water meters	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Purchase of Water Meters - Metro	Ward Support services:Water Network Expansion and Rehabilitation,45 & 489	No
Water Services:Construction of Amanzi Reservoir and Pipeline	Ward Support services:Water Network Expansion and Rehabilitation,56,54 & 53	No
Water Services: Seaview Bulk Water	Ward Support services:Water Network Expansion and Rehabilitation & 40	No
Water Services: Construction of a 1,0 ml reclaimed effluent	Ward 48,47,50 & 49	No
Water Services:Upgrade and Rehabilitation of Water Pipelines	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Office Accommodation: Water	Ward Support services:Rehabilitation & Upgrade of Municipal Buildings	No
Water Services: Older Dams Pipelines Augmentation	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Nootgedacht/Coega Low Level System	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Seaview Water Pump Station: Upgrades	Ward Support services:Water Network Expansion and Rehabilitation & 40	No
Water Services: Upgrading of Churchill Water Treatment Works	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Rudimentary Service: Water	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Telemetry Equipment	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Purchase New Vehicles	Ward Support Services: Vehicles Acquisition and Replacement for Provision of Service Delivery	No
Groundwater Drought Interventions - Coegakop Wellfield	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Bulk Water Metering and Control	Ward Support services:Water Network Expansion and Rehabilitation	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water Services: Rehabilitation of Pump Stations	Ward Support services:Water Network Expansion and Rehabilitation	No
Water Services: Advanced Meter Infrastructure	Ward Support services:Water Network Expansion and Rehabilitation	No
1412:Groundwater:Drought Intervention:Drilling of Boreholes	Ward Support services:Water Network Expansion and Rehabilitation	No
1412:Nooitgedacht/CoegaLowLevel Scheme WTW PH2	Ward Support services:Water Network Expansion and Rehabilitation	Yes
Emergency Disaster Relief - Water Ground Schemes	Ward Support services:Water Network Expansion and Rehabilitation, 51,50,49 & 48	No
Water Services: Purchase New Vehicles	Ward Support services: Vehicles Acquisition and Replacement for Provision of Service Delivery	No
Sanitation Services 1411		
Sanitation Services: Sewer Replacement and Relining	Ward Support services: Sanitation Network Expansion and Rehabilitation, & 46	No
Sanitation Services: Improvements to Sewerage System	Ward Support services: Sanitation Network Expansion and Rehabilitation	No
Sanitation Services: Chatty Valley collector Sewer Stage 1	Ward 33	No
Replacement of Sewerage Collection Vehicles	Ward Support services:Vehicles Acquisition and Replacement for Provision of Service Delivery	No
Sanitation Services: Paapenuils Main Sewers Augmentation	Ward 12	Yes
Sanitation Services: Purchase Telemetry Equip- Pump Stations	Ward Support services: Sanitation Network Expansion and Rehabilitation	No
Sanitation Services: Witteklip Bulk Sewerage	Ward 40	No
Sanitation Services: Office Accommodation : Sanitation	Ward Support services:Rehabilitation & Upgrade of Municipal Buildings	No
Sanitation Services: Augment Collector Sewer WalmerHeights	Ward 4 & 1	No
Sanitation Services: Sewer Protection for Collector Sewers	Ward Support Services:Sanitation Network Expansion and Rehabilitation	No
Sanitation Services: Driftsands WWTW Phase 3 extension	Ward 4 & 1	No
Sanitation Services: Cape Receife WWTW : Upgrade	Ward 1	No
Sanitation Services: Motherwell North Bulk Sewerage	Ward Support services: Sanitation Network Expansion and Rehabilitation ,56,54 & 53.	No
Sanitation Services: Motherwell/Coega WWTW and outfall sewer	Ward 53,56,60 & 54	No
Sanitation Services: Driftsands Collector Sewer Augmentation	Ward 4 & 1	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Sanitation Services: Rehabilitation of Pump Stations	Ward 6,15,7,60,20,3,41,1,23,12,31,39,28,2,4,5,46,55,56,51,8,19, & Support services: Sanitation Network Expansion and Rehabilitation	No
Sanitation Services: Rehab of KwaZakhele Collector Sewer	Ward 16 & 60	No
Sanitation Services: KwaNobuhle WWTW : Upgrading	Ward 43 & 46	No
Sanitation: Kelvin Jones WWTW:Upgrade	Ward 48	No
Sanitation Services: Brickfields WWTW: Upgrade	Ward 60	Yes
Sanitation Services: Fishwater Flats WWTW Upgrade	Ward Support services: Sanitation Network Expansion and Rehabilitation	No
Sanitation Services:Swartkops Low Level Collector Sewer Upgd	Ward 21,26,18,& 19	No
Bulk Sewer JoeSlovo Mandelville Allanridge Phase 2 Sub 1	Ward 48,50 & 49	No
Sanitation Services: KwaNobuhle Area 11 - Link sewer	Ward Support services: Sanitation Network Expansion and Rehabilitation, & 45	Yes
1411:Fishwater Flats WWTW: Medium Voltage Network Phase 2	Ward Support services: Sanitation Network Expansion and Rehabilitation & 16	No
1411:Fishwater Flats WWTW:Treated Effluent Reticulation Syst	Ward Support services: Sanitation Network Expansion and Rehabilitation	No
1411:Fishwater Flats WWTW:Sludge Stabilisation	Ward Support services: Sanitation Network Expansion and Rehabilitation ,& 16	No
1411:Driftsands WWTW: Upgrade Existing Composting Plant	Ward 4 & 1	No
1411:Driftsands Collector Sewer Augmentation Phase 2	Ward 4 & 1	No
1411:Fishwater Flats WWTW:Mech & Elect Equip for Inlet Works	Ward Support services: Sanitation Network Expansion and Rehabilitation	No
1411:Bucket Eradication Progr:Supply &Install Communal Ablut	Ward 30,17,18 ,37& Ward Support services: Sanitation Network Expansion and Rehabilitation	No
1411:Markman Sewe Pipeline:Replace 600mm sewer - Phase 3	Ward Support services: Sanitation Network Expansion and Rehabilitation ,16 & 60	No
1411:Kelvin Jones WWTW:Ugrade of Sludge handling Process	Ward Support services: Sanitation Network Expansion and Rehabilitation & 48	No
1411:Fishwater Flats WWTW Grit & Sludge Treatment Facility	Ward Support services: Sanitation Network Expansion and Rehabilitation	No
Public Health 1193		
Replacement of Refuse Compactors	Ward Support Services:Public Health Services Projects	No
Urban Refuse Transfer/Recycling Station	Ward Support Services:Public Health Services Projects & ward 51	No
Computer and Office Equipment	Ward Support Services:General Improvements	No
Re-instatement - Coastal Erosion Facility	Ward 2	No

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Beachfront	Ward 2,60 & 1	No
Upgrade and Development of Public Open Spaces	Ward 41,60,36,26,50,53,18,57,23,37,14,32,31,33,59,28,11,47,43,46,30,40,13,25,17,19,24,15,20,49,42,54/.	No
Specialised Vehicle and Plant- Parks	Ward Support Services:Public Health Services Projects & Vehicles Acquisition and Replacement for Provision of Service Delivery	No
Waste Management Containers	Ward Support Services:Public Health Services Projects	No
Development of Waste Disposal Facilities	Ward 52, Support Services:Public Health Services Projects & General Improvements & 1	No
Floodplains and Natural Water Improvement	Ward 60	No
Upgrade and Development of Cemeteries	Ward 53,52,29,48,2 & 47	No
Upgrade Infrastructure - Metro Integration	Ward 34	No
Occupational Health and Welness Center at Walmer	Ward 3 & Ward Support Services:Public Health Services Projects	No
Upgrade of Uitenhage Dog Pound	Ward 48	No
Upgrade Major Parks	Ward 51	No
New Playground Equipment	Ward 46,60 & 37	No
Fencing of Cemeteries	Ward 53	No
Water drainage and roads in cemeteries	Ward 30,29 & 53	No
Upgrade of Public Toilets	Ward Support Services:Public Health Services Projects ,60,53,11,19 & 10	No
Upgrade - Baakens Valley Infrastructure	Ward 5	No
Safety and Security 1195		
S&S: Replacement of Off Road Appliance - Fire	Ward Support services:Vehicles Acquisition and Replacement for Provision of Service Delivery	Yes
S&S: Additional Satelite Offices - Disaster Mngmnt	Ward Support services:Rehabilitation & Upgrade of Municipal Buildings	Yes
S&S: Replacement of Standby Generators -Fire	Ward Support services:Furniture, Fittings and Equipment	Yes
S&S: CCTV Equipment & Infrastructure - Fire	Ward Support services:Furniture, Fittings and Equipment	Yes
S&S: Motherwell Fire Station - Rehab and Refurbishment	Ward 55	Yes
Vehicles for Safety and Security (Security only)	Ward Support services: Vehicles Acquisition and Replacement for Provision of Service Delivery	Yes
S&S: Purchase of plant and equipment - Fire	Ward Support services:Furniture, Fittings and Equipment	Yes

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	R' 000
Works completed (Yes/No)		
S&S: Upgrade/ replacement of computers - Safety and Security	Ward Support services:Furniture, Fittings and Equipment	Yes
S&S: Purchase of Vehicles for Metro police	Ward Support services:Vehicles Acquisition and Replacement for Provision of Service Delivery	Yes
Motherwell Urban Renewal Programme 1474		
Motherwell Traffic and Licencing Centre	Ward 58	No

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

The Municipality has no backlogs for schools or clinics. Connections are provided as and when required.

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Clinics and schools falls under the responsibility of the Eastern Cape Provincial Government. The Municipality has no backlogs for schools or clinics. Connections are provided as and when required.

The Municipality is responsible for the provision of services such as housing, sports fields and licensing and testing centres. Information with regard to the latter is reflected in Chapter 3 of this Annual Report.

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the Municipality: 2017/18				
All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
EC Philharmonic Society			110 000	
Eastern Province Society of Art and Crafts t/a Art EC			30 500	
Feather Market Organ Society			40 000	
Friends of Nelson Mandela Bay Art Museum			20 000	
Isithatha Trust			10 000	
New Generation Dancesport Development Academy			15 000	
Royal School of Church Music			20 000	
The Chain Centre PE			10 000	
ACVV Polar Avenue			10 000	
African Scholars' Fund			150 000	
Anchor of Hope Community Development			10 000	
Angels Hope Educare Centre			10 000	
Bavumeleni Day Care Centre			10 000	
Bright Angel's Day Care			10 000	
Chief Albert Luthuli Day Care Centre				
Diana Davis Creche			17 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Dorkas Educare			17 000	
Dorothy Tomlinson Pre-school			17 000	
Early Rose Care Centre			17 000	
EP Child Youth Care Centre Ray Mhlaba Training Centre			60 000	
Future Kids Learn and Play			14 000	
Harvest Educare Pre-School			17 000	
House of Resurrection Haven Bongolethu Play School			17 000	
Ibhongolethu Educare Centre			10 000	
Iliso Community Crèche and Pre School			17 000	
Litha Care Centre			17 000	
Ilitha Lethu Community Pre-School			10 000	
Kamvelihle Pre-School			17 000	
Khanyisa Pre-School Creche			10 000	
KICK			10 000	
Kids for Christ Day Care Centre			15 000	
Lavela Preschool			17 000	
Lihlombe Educare Centre			10 000	
Likhaya Day Care Centre			10 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Little Ships Pre School			10 000	
Liyema Pre-School			17 000	
Lukhanyiselo Creche and Pre – School			17 000	
Lukhanyo Educare Centre			17 000	
Lusindiso Educare Centre			17 000	
Lovebirds Day Care Centre			10 000	
Masifunde Siphulisa Umfundi t/a Masifunde Learner Development			50 000	
Masinyusane Development Organisation			50 000	
Mickey and Minnie Educare Centre			10 000	
Ngomso Youth Foundation			17 000	
Nobandla Educare Centre			17 000	
Nobuntu Educare Centre (Despatch)			17 000	
Nolusapho Pre - School			17 000	
Noluthando Pre - School			17 000	
Nomonde Educare			17 000	
Nomsingathi Community Crèche			17 000	
Nomtha's Educare Centre			17 000	
Nomzamo Nursery Crèche (KwaZakhele)			17s 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Nonkqubela Pre-School (KwaDwesi)			17 000	
Noxolo Pre-School			17 000	
Omega Day Educare Centre			17 000	
On The Sparrow Day Centre			10 000	
Pinocchio Cum Pre Primary School			10 000	
Reach: Operating as Reality Training Centre			20 000	
Sakhuxolo Pre-School			17 000	
Sibanye Pre-School			10 000	
Siduli Day Care Centre			17 000	
Sifunimfundo Pre – School			15 000	
Sikelela Crèche			10 000	
Sinukulwazi Day Care Centre			10 000	
Siputhando Educare Centre			14 800	
Siyahluma Day Care Centre			10 000	
Sizwe Sethu Educare Centre			17 000	
Songenathi Educare			17 000	
Takalani Day Care Centre			10 000	
Thandabantwana Pre – School			10 000	
Tina's Pre-School and Nursery			17 000	

Declaration of Loans and Grants made by the Municipality: 2017/18				
All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Twinkle Educare Centre			10 000	
Umzamomhle Pre-School			17 000	
Vulisango Pre-School			17 000	
Vusisizwe Crèche and Pre-School			17 000	
Yomelela Educare Centre			10 000	
Zamukukhanya Pre-School (KwaDwesi)			17 000	
Zizamele Educare Centre			10 000	
Zukhanye Educare Centre			10 000	
Zwide Pre-Primary School			17 000	
Local Economic Development				
House of Resurrection Heaven; Siya Vuna			30 000	
The Hope Factory			30 000	
Other				
Eastern Province Clivia Club			8 400	
Eastern Province Orchid Society			10 000	
National Sea Rescue Institution			350 000	
South African Sea Cadets			20 000	
Zwartkops Conservancy			150 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Sports				
EP Badminton Association			15 000	
EP Hockey Federation			100 000	
EP Rugby Union			100 000	
Nelson Mandela Bay Netball Association			100 000	
PE klawerjas Union			15 000	
PE Lawn Tennis			35 000	
Shinkyokusinkai Karate Organisation			30 000	
SAFA Nelson Mandela Bay			600 000	
United Through Sports			40 000	
Welfare				
ACVV Algoa Park/Govan Mbeki			20 000	
ACVV Despatch			10 000	
ACVV Despatch Huis Najaar			20 000	
ACVV Despatch Service Centre for the Aged			20 000	
ACVV Polar Avenue: Adcock van der Vyver Complex for Older People			20 000	
ACVV Polar Avenue: Adolph Schauder Complex for Older People			20 000	
ACVV Polar Avenue: Khayaletu Youth Centre and Oliver House			20 000	
ACVV PE North			20 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
ACVV PE South			20 000	
ACVV PE West			15 000	
ACVV PE West - Huis Genot			20 000	
ACVV PE West - Huis Louis Dubb			20 000	
ACVV Uitenhage: Aandmymering Home for Older People			20 000	
AFM Executive Council – Lelethu Baby Shelter			35 000	
AFM Executive Council – Umephi Daleview Foster Care			50 000	
Al-Fidaa Foundation			250 000	
Animal Anti-Cruelty League			40 000	
Animal Welfare Society			75 000	
Association for the Physically Disabled Eastern Cape: PE Region			60 000	
Bet Sheekoom			30 000	
Blue Lite Clinic			10 000	
Care Ministry			20 000	
Cerebral Palsy Association (EC)			34 000	
CHOC Childhood Cancer Foundation			30 000	
Christelike Maatskaplike Raad van die Ring van Uitenhage (CMR Uitenhage)			30 000	
Cleary Estate Cheshire Home			30 000	
Coega Door of Hope			30 000	
Community Chest			625 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Dorkas Poverty Alleviation			14 900	
EP Child and Youth Care Centre			50 000	
Family Restoration Services			50 000	
Giving Gifts of Love Newborns			10 000	
Happydale Hope Centre for Mentally Challenged Adults			10 000	
Harvest Community Projects-Multi-purpose Centre			20 000	
House of Resurrection Haven			100 000	
Human Heart Services Organisation			20 000	
Jerusalem Home Community Base Care Centre			10 000	
Jerusalem Ministries			10 000	
Lake Farm Centre Aid Association t/a Lake Farm Adult Care			10 000	
Lithemba Support Group			20 000	
Live by Faith t/a Walmer Angel Project			10 000	
Luthando OVC Care Centre			15 000	
Malabar Home for the Aged			20 000	
Mamvemve Home			10 000	
Maranatha Streetworkers' Trust			10 000	
Masibambisane Home Base			10 000	
Masilakhe Women Association for Poverty Alleviation and HIV / AIDS Project			15 000	
Masinedane Soup Kitchen and Feeding Scheme			10 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Masizakhe Community Development Project			15 000	
Mfesane			20 000	
MTR Smit Children's Haven			30 000	
Nazareth House			50 000	
New Life Crisis Pregnancy Centre			25 000	
Nkosinathi Foundation of the Blind and Partially Sighted People			40 000	
Northwood Children's Hospice			20 000	
Oosterland Youth Centre			50 000	
Peddie Development Centre			20 000	
Port Elizabeth Association for the Aged t/a Ekuphumleni Old Age Home			25 000	
Revive – Empowering Emotional Change (Formally Lifeline)			50 000	
Sinethemba Children's Care Centre			50 000	
Sisonke Sophumelela			20 000	
Sonwabise Community Development Centre			10 000	
SOS Children's Village (PE)			30 000	
S A Red Cross Society			20 000	
St Francis Hospice Association			100 000	
St John Port Elizabeth			25 000	
Thand'Usana Babies Safe Home			30 000	
The Nightingale Trust			10 000	

Declaration of Loans and Grants made by the Municipality: 2017/18

All Organisation or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18 R' 000	Total Amount committed over previous and future years
Uitenhage and District SPCA			20 000	
Uitenhage Mental Health			15 000	
Umthombo Woluntu Association			25 000	
Uviwe Child and Youth Services (formerly known as PE Childline and Family Centre			60 000	
We Care Project Initiative			10 000	
Your Moral Community Association			10 000	

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government	
Outcome/Output	Progress to date
Output: Improving access to basic services	<p>Access to Basic Services:</p> <p>During the 2017/18 financial year, the Municipality recorded the following service delivery statistics:</p> <ul style="list-style-type: none"> • 359 state subsidised housing units provided. • 144 social housing units provided. • 3 009 erven provided with permanent water and sanitation services. • 910 households relocated from stressed informal settlements and other servitudes to Greenfield development areas. • 1 581 electricity connections provided. • 100% households within the urban edge receiving a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development). <p>Access to Free Basic Services:</p> <p>The Municipality has an Assistance to the Poor (ATTP) Scheme in place. In terms thereof, the Municipality provided free basic services (water, electricity, sanitation, refuse) to approximately 101 258 indigent households in Nelson Mandela Bay.</p>
Output: Implementation of the Community Work Programme	National CoGTA allocated 1 600 CWP participants for NMBM in the 2017/18 financial year, which was active in various wards of Nelson Mandela Bay.
Output: Deepen democracy through a refined Ward Committee model	Altogether 60 Ward Committees are in place.
Output: Administrative and financial capability	<p>CREDIT RATING:</p> <p>The long term global scale rating of Nelson Mandela Metro is Baa3 with a stable outlook.</p> <p>The stable outlook on the South African sub-sovereigns including Nelson Mandela Metro mirrors the rating action taken on the ratings of its support provider, the Government of South Africa (Baa3/ Stable). Changes in the sub-sovereigns' outlook would likely follow any changes taken at the sovereign level.</p>

National and Provincial Outcomes for Local Government	
Outcome/Output	Progress to date
	Moody's Investors Services also upgraded the national scale rating of Nelson Mandela Metro of Aa1.za to Aaa.za during March 2018, which reflects the NMBM's solid financial performance and low debt level.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

30 June 2018

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 112, 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 25 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.



P NEILSON

(National Higher Diploma – Electrical Engineering, Heavy current
Government Certificate of Competency for Electrical Engineers)

Acting City Manager

05 December 2018

Date

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018**

INDEX	Page
General Information	1
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	6
The Statement of Cash Flows	7
Accounting Policies	8
Notes to the Financial Statements	39
Appendix A: Segmental Statement of Financial Performance - Unaudited	104
Appendix B: Disclosures of Conditional Grants and Subsidies in terms of section. 123 of the MFMA, 56 of 2003 - Unaudited	105
Appendix C: Analysis of Total Accumulated Surplus - Unaudited	106
Appendix D: Appropriation Statement of Budget vs Actual - Unaudited	107 - 112

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

General Information

Legal form of entity	It is a Metropolitan Municipality established in terms of section 155 of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	Local Government
	The principal activities are:
	- To provide democratic and accountable government to the local communities;
	- To ensure sustainable service delivery to communities;
	- To promote social and economic development;
	- To promote a safe and healthy environment; and
	- Encourage the involvement of communities and community organisations in the matters of local government.
	The Municipality's operations are governed by the Municipal Finance Management Act (Act 56 of 2003), the Municipal Structures Act (Act 117 of 1998), the Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.
Executive Mayor	Cllr A Trollip
Deputy Executive Mayor	Vacant
Speaker	Cllr J Lawack
Chief Whip	Cllr W Senekal
Members of the Mayoral Committee	Cllr M Zinto (Infrastructure and Engineering and Electricity and Energy) Cllr M Daniels (Roads and Transport) Cllr A Lovemore (Corporate Services) Cllr J Best (Safety and Security) Cllr A Whitfield (Economic Development, Tourism and Agriculture) Cllr S Sijadu (Sports, Recreation Arts and Culture) Cllr L Grootboom (Public Health) Cllr N Bhanga (Human Settlements) Cllr R Odendaal (Budget and Treasury) Cllr S Sauls (Constituency Services)
Accounting Officer (City Manager)	J Mettler
Chief Financial Officer (Acting CFO)	MJ Ngcelwane (Acting)

Chief Operating Officer (COO)	M Clay
Chief of Staff	K Adelbert
Metro Police Chief	Y Faro
Executive Directors	N Xhego (Acting - Corporate Services) A Qaba (Economic Development, Tourism and Agriculture) N Nqwazi (Sports, Recreation, Arts and Culture) T Mokonyane (Acting - Public Health) N Gqiba (Human Settlements) P Nielson (Acting - Electricity and Energy) EW Shaidi (Infrastructure and Engineering) K Meyer (Safety and Security)
Members of the Audit Committee	Mr G Billson (Chairperson) Ms T Cumming Mr YE Amod Mr J Neves Mr SG Zamisa
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	ABSA
Auditors	Auditor-General (SA)
Physical Address of Auditors	69 Frere Road Vincent East London 5247
Postal Address of Auditors	P O Box 13252 East London 5217

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	ECONOMIC ENTITY			MUNICIPALITY	
	Note	Actual	Restated	Actual	Restated
		2018	2017	2018	2017
		R	R	R	R
NET ASSETS AND LIABILITIES					
Net Assets					
Total Accumulated Funds		15,942,446,951	13,872,523,351	15,933,325,119	13,864,286,863
Non-current Liabilities					
		3,688,047,385	3,648,213,964	3,686,553,095	3,646,877,997
Long-term Liabilities	3	1,209,505,493	1,290,457,417	1,208,011,203	1,289,121,450
Non-current Provisions - Employee Benefits	4.1	2,089,611,527	1,989,244,328	2,089,611,527	1,989,244,328
Non-current Provisions - Other	4.2	388,930,365	368,512,219	388,930,365	368,512,219
Current Liabilities					
		2,752,662,281	2,230,842,216	2,713,233,721	2,210,055,852
Current Provisions - Employee Benefits	5.1	180,429,719	162,944,586	180,128,968	161,880,670
Current Provisions - Other	5.2	38,771,537	92,188,982	38,771,537	92,188,982
Consumer Deposits	6	148,636,802	131,388,122	148,636,802	131,388,122
Trade and Other Payables	7	2,303,847,163	1,719,692,658	2,265,936,004	1,700,697,359
VAT	8	1,216,650	38,218,585	0	37,491,436
Current Portion of Long-term Liabilities	3	79,760,410	86,409,283	79,760,410	86,409,283
Total Net Assets and Liabilities		22,383,156,617	19,751,579,531	22,333,111,935	19,721,220,712
ASSETS					
Non-current Assets					
		17,436,365,389	15,962,030,051	17,429,144,219	15,954,399,584
Property, Plant and Equipment (PPE)	9	16,466,028,717	15,396,723,429	16,459,109,204	15,389,379,454
Heritage Assets	10	229,700,993	224,222,631	229,450,493	223,972,131
Intangible Assets	11	442,651,355	83,393,451	442,600,198	83,357,459
Investment Property	12	220,379,727	193,631,195	220,379,727	193,631,195
Long-term Receivables - Exchange Transactions	13	50,395,448	41,109,163	50,395,448	41,109,163
Long-term Receivables - Non-exchange Transactions	13	27,209,149	22,950,182	27,209,149	22,950,182
Current Assets					
		4,946,791,228	3,789,549,480	4,903,967,716	3,766,821,128
Current Portion of Long-term Receivables - Exchange Transactions	13	0	20	0	20
Inventory	14	180,165,392	198,395,728	179,641,204	197,867,286
Trade Receivables - Exchange Transactions	15	1,316,134,451	1,215,022,383	1,316,134,451	1,215,022,383
Other Receivables - Non-exchange Transactions	16	395,170,445	329,060,406	391,717,053	329,060,406
Other Receivables - Exchange Transactions	16	397,373,740	414,045,649	397,920,948	450,722,731
VAT	8	33,334,245	0	33,334,245	0
Call Deposits and Investments	17	2,371,934,859	1,344,722,731	2,371,934,859	1,344,722,731
Call Deposits and Investments - Other	18	2,867,194	2,651,551	2,867,194	2,651,551
Bank Balances and Cash	19	249,810,902	285,651,012	210,417,762	226,774,020
Total Assets		22,383,156,617	19,751,579,531	22,333,111,935	19,721,220,712

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

Restated 2017 R		Actual 2018 R	Approved Original Budget 2018 R	Adjustments 2018 R	Approved Final Budget 2018 R	Variance between Final Budget and Actual R	%	No.	
REVENUE									
Exchange revenue									
4,909,881,819	Service Charges	21.1	5,182,065,405	5,107,448,870	311,501,039	5,418,949,909	236,884,504	4%	
121,035,381	Interest earned - External Investments		155,484,447	105,174,418	16,856,302	122,030,720	(33,453,727)	-27%	1
113,637,286	Interest raised - Outstanding Debtors		144,492,630	119,549,034	18,626	119,567,660	(24,924,970)	-21%	2
13,477,195	Licences and Permits		14,453,000	26,671,035	(228,995)	26,442,040	11,989,040	45%	3
23,229,107	Rental of Facilities and Equipment		22,472,315	18,885,624	11,366,756	30,252,380	7,780,065	26%	4
2,501,266	Income for Agency Services		2,774,279	0	2,728,440	2,728,440	(45,839)	-2%	
149,525,915	Other Revenue	23	128,713,185	235,218,681	(58,234,461)	176,984,220	48,271,035	27%	5
605,938	Gain on disposal of Property Plant and Equipment	35.9	0	31,800	(31,800)	0	0	0%	
Non-exchange revenue									
1,639,537,719	Property Rates	20	2,007,605,470	1,882,347,183	58,399,997	1,940,747,180	(66,858,290)	-3%	
65,111,583	Interest raised - Outstanding Debtors		80,141,319	58,794,390	0	58,794,390	(21,346,929)	-36%	2
289,704,157	Fines, Penalties and Forfeits	21.2	213,071,274	265,711,307	(9,405,457)	256,305,850	43,234,576	17%	3
2,563,943,478	Transfers and Subsidies	22	2,936,388,338	3,015,139,342	(473,758,396)	2,541,380,946	(395,007,392)	-16%	6
10,576,667	Other Revenue - MBDA		7,139,502	0	0	0	0	0%	
6,900,321	Licences and Permits		5,003,119	0	0	(5,003,119)		0%	
341,264	Dividends received		123,095	0	0	(123,095)		100%	7
9,910,009,096	Total Revenue		10,899,927,378	10,834,971,684	(140,787,949)	10,694,183,735	(198,604,141)		
EXPENDITURE									
3,068,996,619	Employee Related Costs	24	2,802,867,536	2,842,251,176	65,638,752	2,907,889,928	105,022,392	4%	
64,283,888	Remuneration of Councillors	25	71,264,771	70,937,756	500,000	71,437,756	172,985	0%	
437,819,838	Debt Impairment - Receivables	26	730,844,488	454,191,108	18,681,062	472,872,170	(257,972,318)	-55%	8
165,679,512	Debt Impairment - Other	26	141,837,351	165,022,170	0	165,022,170	23,184,819	14%	9
65,069	Debt Impairment - MBDA	26	55,340	0	0	0	(55,340)	0%	
155,218,285	Finance Charges	27	144,137,627	148,169,317	281,523	148,450,840	4,313,213	3%	
3,010,600,384	Bulk Purchases	28	3,014,542,934	3,005,447,393	24,055,627	3,029,503,020	14,960,086	0%	
24,872,974	Transfers and Subsidies	29	31,589,318	112,165,450	(22,333,270)	89,832,180	58,242,862	65%	10
1,147,619,085	Contracted Services	30.1	1,041,441,709	1,183,119,736	(157,395,676)	1,025,724,060	(15,717,649)	-2%	
331,144,509	Other Expenditure	30.2	439,539,517	421,653,426	267,428,156	689,081,582	249,542,065	36%	11
144,236,417	Other Materials		131,725,408	276,974,718	(9,498,291)	267,476,427	135,751,019	51%	12
301,106,568	Depreciation	31.1	636,791,365	808,877,177	700,723	809,577,900	172,786,535	21%	13
(6,780,802)	Amortisation	31.2	(356,696,282)	0	0	0	356,696,282	0%	
1,299,011	Loss on Disposal of Property Plant and Equipment	35.8	62,696	0	0	0	(62,696)	0%	
8,846,161,357	Total Expenditure		8,830,003,778	9,488,809,427	188,058,606	9,676,868,033	846,864,255		
1,063,847,739	Surplus for the year		2,069,923,600	1,346,162,257	(328,846,555)	1,017,315,702	(1,045,468,396)		

Refer to Note 53 of the Financial Statements for explanation of variances

(Please note: The Surplus for the year as recorded above amounting to R2 069 923 600 must exclude Capital Government Grants and Subsidies amounting to R1 357 811 536 in order to get to the net surplus for the year amounting to R712 112 064. The key reason, amongst others, for this surplus resulted from the Accounting Treatment of Prior Year Depreciation Adjustment as the Useful Life of Assets was incorrectly adjusted in prior years and not recognising the correct accumulated depreciation. This responds to the 2016/17 Audit Qualification, hence a reduction of R521 993 454 in the 2017/18 financial year. Also see 2016/17 Audit Report with reference to the Qualification on Property, Plant and Equipment (PPE)).

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

Restated 2017 R		Actual 2018 R	Approved Original Budget 2018 R	Adjustments 2018 R	Approved Final Budget 2018 R	Variance between Final Budget and Actual R	%	No.
REVENUE								
Exchange revenue								
4,910,129,423	Service Charges	5,182,587,994	5,107,448,870	311,501,039	5,418,949,909	236,361,915	4%	
118,647,422	Interest earned - External Investments	153,156,363	103,374,418	16,856,302	120,230,720	(32,925,643)	-27%	1
113,637,286	Interest raised - Outstanding Debtors	144,492,630	119,549,034	18,626	119,567,660	(24,924,970)	-21%	2
13,477,195	Licences and Permits	14,453,000	26,671,035	(228,995)	26,442,040	11,989,040	45%	3
23,229,107	Rental of Facilities and Equipment	22,472,315	18,685,624	11,366,756	30,052,380	7,580,065	25%	4
2,501,266	Income for Agency Services	2,774,279	0	2,728,440	2,728,440	(45,839)	-2%	
147,530,321	Other Revenue	124,226,261	235,218,681	(58,234,461)	176,984,220	52,757,959	30%	5
605,938	Gain on disposal of Property Plant and Equipment	0	31,800	(31,800)	0	0	0%	
Non-exchange revenue								
1,639,537,719	Property Rates	2,007,605,470	1,882,347,183	58,399,997	1,940,747,180	(66,858,290)	-3%	
65,111,583	Interest raised - Outstanding Debtors	80,141,319	58,794,390	0	58,794,390	(21,346,929)	-36%	2
289,704,157	Fines, Penalties and Forfeits	213,071,274	265,711,307	(9,405,457)	256,305,850	43,234,576	17%	3
2,563,943,478	Transfers and Subsidies	2,936,388,338	3,011,239,342	(492,058,396)	2,519,180,946	(417,207,392)	-17%	6
6,900,321	Licences and Permits	5,003,119	0	0	0	(5,003,119)	0%	
341,264	Dividends received	123,095	0	0	0	(123,095)	100%	7
9,895,296,480	Total Revenue	10,886,495,457	10,829,071,684	(159,087,949)	10,669,983,735	(216,511,722)		
EXPENDITURE								
3,052,373,410	Employee Related Costs	2,782,149,905	2,820,756,176	65,209,264	2,885,965,440	103,815,535	4%	
64,283,888	Remuneration of Councillors	71,264,771	70,437,756	24	70,437,780	(826,991)	-1%	
437,819,838	Debt Impairment - Receivables	730,844,488	454,191,108	18,481,062	472,672,170	(258,172,318)	-55%	8
165,679,512	Debt Impairment - Other	141,837,351	165,022,170	0	165,022,170	23,184,819	14%	9
155,218,285	Finance Charges	144,137,627	147,941,226	509,614	148,450,840	4,313,213	3%	
3,010,600,384	Bulk Purchases	3,014,542,934	3,005,447,393	24,055,627	3,029,503,020	14,960,086	0%	
66,455,814	Transfers and Subsidies	83,924,866	112,165,450	59,392,600	171,558,050	87,633,184	51%	10
1,130,399,847	Contracted Services	1,024,322,616	1,161,192,669	(157,395,676)	1,003,796,993	(20,525,623)	-2%	
309,989,222	Other Expenditure	413,312,328	496,633,033	174,502,406	671,135,439	257,823,111	38%	11
144,236,417	Other Materials	131,725,408	276,892,170	(9,415,743)	267,476,427	135,751,019	51%	12
300,460,346	Depreciation	636,105,714	808,877,177	(60,357)	808,816,820	172,711,106	21%	13
(6,833,388)	Amortisation	(356,731,317)	0	0	0	356,731,317	0%	
1,165,081	Loss on Disposal of Property Plant and Equipment	20,510	0	0	0	(20,510)	0%	
8,831,848,656	Total Expenditure	8,817,457,201	9,519,556,328	175,278,821	9,694,835,149	877,377,948		
1,063,447,824	Surplus for the year	2,069,038,256	1,309,515,356	(334,366,770)	975,148,586	(1,093,889,670)		

Refer to Note 53 of the Financial Statements for explanation of variances

(Please note: The Surplus for the year as recorded above amounting to R2 069 038 256 must exclude Capital Government Grants and Subsidies amounting to R1 357 811 536 in order to get to the net surplus for the year amounting to R711 226 720. The key reason, amongst others, for this surplus resulted from the Accounting Treatment of Prior Year Depreciation Adjustment as the Useful Life of Assets was incorrectly adjusted in prior years and not recognising the correct accumulated depreciation. This responds to the 2016/17 Audit Qualification, hence a reduction of R521 993 454 in the 2017/18 financial year. Also see 2016/17 Audit Report with reference to the Qualification on Property, Plant and Equipment (PPE)).

NELSON MANDELA BAY MUNICIPALITY	
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018	
	Accumulated Surplus
	R
Balance at 01 July 2016 as previously reported	12,724,929,627
Restatements (Refer note 40.2)	83,745,985
Restated Balance at 01 July 2016	12,808,675,612
Surplus for the year as previously reported	737,846,199
Increase in Surplus (Refer note 40.1.1)	326,001,540
Restated Surplus for the year	1,063,847,739
Restated Balance at 30 June 2017	13,872,523,351
Balance at 01 July 2017	13,872,523,351
Surplus for the year	2,069,923,600
Balance at 30 June 2018	15,942,446,951

NELSON MANDELA BAY MUNICIPALITY	
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018	
	Accumulated Surplus
	R
Balance at 01 July 2016 as previously reported	12,717,093,053
Restatements (Refer note 40.2)	83,745,985
Restated Balance at 01 July 2016	12,800,839,038
Surplus for the year as previously reported	737,443,830
Increase in Surplus (Refer note 40.1.1)	326,003,995
Restated Surplus for the year	1,063,447,825
Restated Balance at 30 June 2017	13,864,286,863
Balance at 01 July 2017	13,864,286,863
Surplus for the year	2,069,038,256
Balance at 30 June 2018	15,933,325,119

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	ECONOMIC ENTITY		MUNICIPALITY	
		Actual	Restated	Actual	Restated
		2018	2017	2018	2017
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		10,148,299,790	9,578,664,940	10,084,366,345	9,420,277,948
- Sale of goods and services, fines and taxes levied and Other Revenue		6,759,441,385	6,948,885,609	6,735,838,000	6,792,893,343
- Grants		3,233,085,981	2,508,577,600	3,195,248,887	2,508,577,600
- Dividends received		123,095	341,264	123,095	341,264
- Interest received		155,649,329	120,860,467	153,156,363	118,465,741
Cash paid to suppliers and employees		(7,327,539,703)	(8,083,616,476)	(7,244,475,981)	(7,950,642,362)
- Employee Costs		(2,626,460,955)	(2,399,070,419)	(2,593,000,165)	(2,391,707,539)
- Suppliers		(4,554,344,117)	(5,526,922,024)	(4,504,741,185)	(5,401,310,790)
- Finance Cost	27	(146,734,631)	(157,624,033)	(146,734,631)	(157,624,033)
CASH GENERATED FROM OPERATIONS	32	2,820,760,087	1,495,048,464	2,839,890,364	1,469,635,586
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of PPE		(1,701,463,488)	(1,345,617,326)	(1,701,137,398)	(1,344,980,987)
Proceeds on Disposal of PPE		22,715	605,938	0	605,938
Purchase of Intangible assets		(2,561,622)	(17,691,531)	(2,511,422)	(17,691,531)
Purchase of Investment Property		(33,500,000)	(2,422,240)	(33,500,000)	(2,422,240)
Purchase of Heritage Assets		(5,478,362)	(18,135,309)	(5,478,362)	(18,135,309)
NET CASH FLOW FROM INVESTING ACTIVITIES		(1,742,980,757)	(1,383,260,468)	(1,742,627,182)	(1,382,624,129)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Non-current Liabilities (external loan funding)	33	(86,407,312)	(93,919,738)	(86,407,312)	(93,919,738)
NET CASH FLOW FROM FINANCING ACTIVITIES		(86,407,312)	(93,919,738)	(86,407,312)	(93,919,738)
NET CHANGE IN CASH AND CASH EQUIVALENTS		991,372,018	17,868,258	1,010,855,870	(6,908,281)
Cash and cash equivalents at the beginning of the year		1,630,373,743	1,612,505,485	1,571,496,751	1,578,405,032
Cash and cash equivalents at the end of the year	34	2,621,745,761	1,630,373,743	2,582,352,621	1,571,496,751

1. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These Consolidated Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003). In addition, these Consolidated Financial Statements include mandatory disclosures in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and related regulations.

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 historical cost unless specified otherwise.

With respect to accounting standards for material transactions, events or conditions not covered by Directive 5, the Economic Entity has developed accounting policies in accordance with paragraphs 8, 10 and 11 of GRAP 3, as read with Directive 5.

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.

New standards now effective but not yet implemented:

Standard number	Standard name	Effective date from (if applicable)
GRAP 18	Segment Reporting	01 April 2016

Note: Municipalities, municipal entities, trading entities, Parliament and the Provincial Legislatures are not required to apply or early adopt GRAP 18 *Segment Reporting* as the Minister of Finance has not yet determined the effective date for application by these entities.

1.1 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.

1.2 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.

2. PRESENTATION AND FUNCTIONAL CURRENCY

These Consolidated Financial Statements are presented in South African Rand.

The functional currency of the Economic Entity is South African Rand. Financial values are rounded to the nearest one Rand.

3. GOING CONCERN ASSUMPTION

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

4. COMPARATIVE INFORMATION

4.1 Current year comparatives (Budget):

In accordance with GRAP 1 and 24, the Budget information has been presented on the face of the Statement of Financial Performance in these Consolidated Financial Statements.

4.2 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 and the standards require retrospective adjustment, 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.

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

STANDARDS

The following revised and newly 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 or revised Standards of GRAP 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 20	Related Party Disclosures	No effective date
GRAP 32	Service Concession Arrangements - Grantor	No effective date
GRAP 34	Separate Financial Statements	No effective date
GRAP 35	Consolidated Financial Statements	No effective date
GRAP 38	Disclosure of Interests in Other Entities	No effective date
GRAP 108	Statutory Receivables	No effective date
GRAP 109	Accounting by Principals and Agents	No effective date

GRAP 20 – Related Party Disclosures

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. It is expected that adoption of this standard will result in additional disclosures.

GRAP 32 - Service Concession Arrangements – Grantor

This Standard applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset) if certain conditions are met. It is expected that adoption of this standard will not be significant.

GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

GRAP 35 – Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

GRAP 38 - Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

GRAP 108 – Statutory Receivables

This standard deals with receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. It is expected that adoption of this standard will not be significant.

GRAP 109 – Accounting by Principals and Agents

This standard deals with principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. It is expected that adoption of this standard will not be significant.

INTERPRETATIONS

The following interpretations 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. These interpretations are expected to have an insignificant impact on the financial statements since they generally reflect the interpretation and principles already established under GRAP.

Standard number	Standard name	Effective date (if applicable)
IGRAP 17	Service concession arrangements where a grantor controls a significant residual interest in an asset	Effective date not yet determined

6. SIGNIFICANT JUDGEMENTS

The use of judgement, estimates and assumptions is inherent to the process of preparing consolidated financial statements. These judgements affect the amounts presented in the consolidated financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Management has made the following significant judgements:

Heritage Assets

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 asset is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

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

Revenue from Exchange transactions

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

Allowance for Credit losses

On Consumer Debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the estimated future cash flows based on the historical payment trend.

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. Refer to accounting policy Note 11.

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 properties and therefore has continued to recognise the investment properties.

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. Refer to accounting policy Note 20.

Management's Going Concern Assessment:

Management considered the following matters relating to the Going Concern:

On 13 June 2018 the Council adopted the 2018/19 to 2020/21 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the on-going delivery of municipal services to residents reflected that the Budget was funded over the three-year period.

Management has thus prepared the Consolidated Financial Statements on the Going Concern basis.

7. 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:

Presentation of a comparison of budget and actual amounts

The Economic Entity presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP24. The comparison of budget and actual amounts present separately for each level of legislative oversight.

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 to rehabilitate the landfill sites in the future. The cost factors, as determined, have been applied and projected at an inflation rate of 4.6% (2017: 5.1%) and discounted to the present value:

- a) For Arlington and Koedoeskloof landfill sites, at the average short term borrowing cost of 11.25% (2017: 11.25%).
- b) The determined cost to rehabilitate IBhayi landfill site represents the present value.

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 the wetland beside the Swartkops River, which was present valued at a rate of 11.25% (2017: 11.25%). The discount rate of 11.25% represents the Economic Entity's average borrowing costs rate and is applied as a discount rate.

Pension and other post-employment benefits

The cost of defined benefit pension plans (ex gratia pensions), other post-employment medical benefits, and the present value of the pension obligations 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 to Note 47 of the Consolidated Financial Statements.

Provision for gratuity pensions

Employees that were employed prior to the introduction of the Port Elizabeth Municipal Pension Benefit Fund and who subsequently joined the fund are eligible to be paid a standard gratuity, provided they have at least 10 years of service when they retire.

Employees that were employed prior to the introduction of the Port Elizabeth Municipal Pension Benefit Fund and who chose not to join the fund are eligible to be paid an Enhanced Gratuity for the years of service that they were not a member of the fund.

If an Employee eligible for a Gratuity Pension dies in service, half of the Gratuity Pension (including the monetary enhancement) as calculated at date of death, is paid.

Property, plant and equipment including Investment Properties and Intangible Assets

The useful life of assets is based on management's estimation. Management consider 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 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 residual values are determined to be nil for all assets.

Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determine the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Refer to accounting policy Note 17.

Amounts due to Funders of Construction Contracts

This represents the total value of unspent conditional grant funding that has been received by the Entity and which is reflected as payable to the funders of construction contracts and other capital projects.

8. 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 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.

The Housing Development Fund is included as one of the reserves within Accumulated Surplus.

9. ACCUMULATED FUNDS

The Economic Entity maintains various internal reserves in terms of specific requirements, which include:

- Capital Replacement Reserve (CRR): Internal reserve administered within the Accumulated Surplus for control purposes
- Capitalisation Reserve (CR): Internal reserve administered within the Accumulated Surplus for control purposes
- Donations and Public Contributions Reserve: Internal reserve administered within the Accumulated Surplus for control purposes
- Self-Insurance Reserve: Internal reserve administered within the Accumulated Surplus for control purposes.
- Government Grant Reserve: Internal reserve administered within the Accumulated Surplus for control purposes.
- 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, but is required to maintain a reserve of R10 million. This reserve is subject to annual review by the Commissioner.

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 combined market values 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 be equal to or greater than the value of the continuing liability. The Commissioner determines the market value of the securities annually 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 allocating funds out of the COID portion of Accumulated Surplus to general Accumulated Surplus (refer to note 2).

10. EMPLOYEE BENEFITS

Recognition and measurement

Short term employee benefits

Remuneration to employees is recognised as an expense 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.

Short-term employee benefits are measured on an undiscounted basis.

Short term compensated absences

The expected cost of compensated absences is recognised as follows:

Accumulating compensated absence:

When employees render services that increase their entitlement to future compensated absences;
and

Non-accumulating absences:

When absences occur.

Leave pay accrual

The liability for accumulating compensated absences is based on the total amount of leave days accumulated by employees at reporting date and on the total remuneration package of the employees.

Bonus incentive and performance related payments

The Economic Entity recognises the expected cost of performance bonus when, and only when, it has a present legal or constructive obligation to make such payments, as a result of past events and a reliable estimate of the obligation can be made.

A provision in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees is raised once the timing and amount of such provision can be reliably determined. The provision is based on the performance of each S57 employee against the performance scorecard set and agreed upon for each financial year. If on assessment of the respective S57 employees it is decided that a bonus will be paid out, the S57 employee is entitled to receive this bonus irrespective of whether they are still in the service of the Economic Entity, or not.

Post-employment benefits

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. 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 an annual basis for each plan. In the event that an independent actuarial valuation is not performed, Management will assess whether the assumptions used in the previous valuation remain applicable. If so, the valuation will be based on the previous independent valuation. If not, an adjustment is made to take into account any changes in assumptions.

Recognition and measurement

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 immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (further detail is available in Note 47), 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. 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. Should the member opt to remain on the fund, 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 for each plan. In the event that an independent actuarial valuation is not performed, Management will assess whether the assumptions used in the previous valuation remain applicable. If so, the valuation will be based on the previous independent valuation. If not, an adjustment is made to take into account any changes in assumptions.

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. The provision is determined with reference to minimum wage rate applicable immediately prior to joining the pension

fund multiplied by number of years' service and adjusted annually based on the average interest earned on investments.

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.

Defined contribution plans:

The Economic Entity has used GRAP 25 as guidance for treatment of multi-employer plans as sufficient information was not available to use defined-benefit accounting. The Economic Entity has therefore accounted for the Cape Joint Pension Fund and the SALA Pension Fund as defined contribution plans. It is impracticable to disclose as a defined benefit plan because the funds do not determine a separate actuarial valuation per Economic Entity but do it as a whole for all the Municipalities together.

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.

11. PROVISIONS AND CONTINGENCIES

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 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 to settle the obligation, the provision is reversed.

Future events that may affect the amount required to settle an obligation are reflected in the 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.

With respect to litigation and claims against the Economic Entity, the Economic Entity's Legal Counsel assesses the list of claims against the Economic Entity on an annual basis. The Economic Entity recognises a provision for all claims/cases for which the outflow of economic resources is probable and the amount can be reliably estimated.

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.

12. FINANCIAL INSTRUMENTS

Initial Recognition

The Municipality 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.

The Economic Entity recognises financial assets using trade date accounting.

Distinguishing liabilities and residual interests

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.

Compound financial instruments

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

Initial Measurement of financial assets and financial liabilities

When a financial asset or financial liability is recognised initially, the Economic Entity measures 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.

Concessionary loans

The Economic Entity first assesses whether the substance of a concessionary loan meets the definition of a financial instrument. On initial recognition, the Economic Entity analyses a concessionary loan into its component parts and accounts for each component separately. The Economic 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.

Subsequent Measurement of financial assets and financial liabilities

Subsequent to initial recognition, financial assets and financial liabilities are measured 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
 - 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.
 - 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.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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 is 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.

Impairment of financial assets

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

Financial assets measured 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 is reduced through the use of an allowance account. The amount of the loss is 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 is reversed by adjusting an allowance account. The reversal may 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 is recognised in surplus or deficit.

Financial assets measured 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 are not reversed.

Derecognition of financial assets:

The Economic Entity derecognises financial assets using trade date accounting.

The Economic Entity derecognises a financial asset only when:

- a) The contractual right to the cash flow from the financial asset expire, are settled or waived;
- b) The Economic Entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another party.

Derecognition of financial liabilities:

The Economic Entity derecognises a financial liability from its statement of financial position when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation:

Interest, losses and gains

Interest, losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit

Offsetting a financial asset and a financial liability

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

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, using effective interest method.

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 recognised in the Statement of Financial Performance.

Investments at fair value

Investments, which represent investments in equity for which fair value can be measured reliably, are subsequently measured at fair value. The fair value is based on market values at valuation date.

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 comprises of 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. Amounts that are receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the Council.

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 method.

13. PROPERTY, PLANT AND EQUIPMENT

Initial recognition

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, other than investment property, or for administrative purposes and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Measurement at recognition

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

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. The cost also includes the initial estimate of the 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 item of property, plant and equipment is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an item of property, plant and equipment is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated 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 a specific 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 (other than land) are measured at cost less accumulated depreciation and impairment losses.

Subsequent to initial recognition, land is measured at cost and is not depreciated because it has an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset 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 life of the component assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The component assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in estimate in accordance with the standard of GRAP on accounting policies, changes in accounting estimates and errors.

The depreciation charge for each reporting period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

The annual depreciation rates for the current and previous year 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
Fencing, 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	5 – 15
Air Monitoring, Emergency & Medical Equipment	5 – 20
Vehicles & Plant	4 – 30
Office Furniture & Fittings	3 – 20
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
Library Books	5 – 20
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

Impairment:

Recognition and measurement of an impairment loss for an item of property, plant and equipment

An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The carrying amount of an asset is reduced to its recoverable amount if, and only if, its recoverable amount is less than its carrying amount.

The impairment loss is recognised immediately in surplus and deficit.

Derecognition

The carrying amount of an item of property, plant and equipment is 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. Residual values are assumed to be zero, unless otherwise stated.

14. HERITAGE ASSETS

Initial recognition and measurement

Heritage assets are assets that have cultural, historical, environmental, natural, scientific or technological significance that are held indefinitely for the benefit of present and future generations.

Heritage assets 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.

When an asset, does not meet the initial recognition criteria of a heritage asset, the Economic Entity discloses the relevant and useful information about such assets in the notes to the financial statements.

Heritage assets are initially recognised at cost on acquisition date.

The cost 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.

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 asset is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

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

Subsequent measurement

Subsequent to initial recognition, the Economic Entity uses the cost model to measure its heritage assets.

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

The table below reflects the class of heritage assets and the estimated useful life range in years:

Heritage Sites	Useful Life Range in Years
Memorials & Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life
Collections of rare books and manuscripts	Indefinite Life

Impairment

The Economic Entity does not depreciate its heritage assets, but at each financial year end, it assesses whether there is an indication that the assets may be impaired. If such an indication exists, the Economic Entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

Heritage 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 a heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

15. 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.

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), its initial cost at the date of acquisition is measured at its fair value as the date of acquisition.

Intangible assets acquired through non-exchange transactions:

Internally generated intangible assets:

Research phase

The Economic Entity does not recognise any intangible asset arising from a research phase of an internal project. Expenditure on research phase of an internal project is recognised as an expense when incurred.

Development phase

An intangible asset arising from development phase is recognised if, and only if the Economic Entity can demonstrate all of the following:

- a) The technical feasibility of completing the intangible asset so it will be available for use or resale;
- b) Its intention to complete the intangible asset and use it or sell it;
- c) Its ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits or service potential;
- e) The availability of technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Exchanges of assets

The cost of an intangible asset acquired in exchange for another is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent measurement

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

The cost of an intangible asset is amortised over its 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. 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. Amortisation of an asset begins when it is available for use.

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

Intangible	Useful Life Range in Years
Computer Software	3 – 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.

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.

16. 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 by owner or by a lessee 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 as an asset when, and only when, it is probable that future economic benefits and or service potential will flow to the Economic Entity and the cost or fair value can be measured 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 the Economic Entity 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. 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. If investment property becomes owner-occupied property, the Economic Entity accounts for such property in accordance with the policy stated under investment property up to the date of change in use. The costs of day-to-day servicing of investment properties 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 losses.

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
Land	Indefinite Life
Buildings	15 - 50

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

Land is not depreciated.

Fair Value

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

Derecognition

Investment property is derecognised when it is disposed of or when no future economic benefits or service potential are to be derived from the use of the asset. All gains or losses from the disposal of investment property are determined as the difference between the sales proceeds and the carrying value of the asset and are recognised in the Statement of Financial Performance.

17. INVENTORIES

Initial recognition and measurement

Inventories comprise 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 (other than VAT), transport costs and any other direct 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 measured at its fair value as at the date of acquisition.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, water and finished goods (FG), are measured 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 first-in, first-out (FIFO) method for all inventory categories except water. Water is measured on the weighted average 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.

An impairment provision for the write down of inventory is maintained in lieu of obsolete inventory. The level of the impairment 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 Economic Entity purchases its water. The cost of water purchased and not yet sold as reflected in the statement of financial position comprises the purchase price and other direct costs attributable to the acquisition. The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determine the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

18. IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Recognition

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where any such indication exists, the Economic Entity estimates the recoverable service amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount). An asset's recoverable amount (or recoverable service amount) is the higher of the fair value less costs to sell, and the value-in-use of the asset.

The Economic Entity classifies the asset/identifiable group of assets as cash-generating if the key purpose of such asset/group of assets is to derive a commercial return from continuing use, and are independent of the cash inflows from other assets or groups of assets. The Economic Entity will classify all other assets that do not meet the definition of cash-generating assets/group of assets as non-cash generating assets.

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash-generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash-generating unit.

An asset is part of a cash-generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets, the value in use is determined as a function of the discounted future cash flows from the asset.

Where the asset is a non-cash generating asset, the value in use is determined through one of the following approaches:

- Depreciated replacement cost approach: The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
- Restoration cost approach: The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.
- Service units approach: The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, 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.

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the estimates 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.

The reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

19. REVENUE

19.1 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues 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.

Recognition

The recognition criteria is usually applied separately to each transaction

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity;

- (c) the stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Revenue arising out of situations where the 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 entity as compensation for executing the agreed services.

Specific exchange-revenue sources

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 and the related revenue adjustment is recognised in the same 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 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 basis in arrears 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.

Rental income arising from the use of investment properties, facilities and equipment is accounted for on a straight-line basis over the lease term on on-going leases.

Revenue from the issue of permits and licenses is recognised at point and time of issue.

Interest income is recognised in surplus or deficit on a time proportionate basis, using the effective interest method (i.e. based on the effective interest rate of the individual investments).

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; and
- Interest earned on unutilised conditional grants is allocated to the creditor (i.e. recognised as an obligation), if grant conditions indicate that interest is payable to the funder.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

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

19.2 Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a 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.

Recognition of revenue

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.

Recognition of assets

An inflow of resources from a non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the Economic Entity and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Specific non-exchange-revenue sources

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, therefore an accrual is raised at the end of the financial year based on the average collection of fines throughout the year.

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 qualify 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 that would entitle it to the revenue, a liability is recognised.

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

Fuel levy is recognised in revenue when the income is received.

Grants, transfers or donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is no corresponding liability in respect of related conditions. Where the grant, transfer or donation has been received but the Economic Entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Measurement of revenue from non-exchange transactions

Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets, recognised by the entity.

Fines

Assets arising from fines are measured at the best estimate of the inflow of resources to the Economic Entity.

Bequests

Bequests are measured at the fair value of the resources received or receivable.

Gifts and donations

On initial recognition, gifts and donations are measured at their fair value as at the date of acquisition, which may be ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession that holds a recognised and relevant professional qualification.

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met. Therefore the best estimate of the amount required to settle the present obligation at the reporting date will be recognised as a liability.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

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.

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

Expenditure from Non-exchange Transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

Expenditure from non-exchange transactions is recognised when the resources have been transferred to the beneficiaries. A corresponding asset is raised to the extent that conditions attached to the expenditure have not been met. The asset is transferred to the Statement of Financial Performance once the conditions are met.

20. 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 using the effective interest method.

21. LEASES

Leases in the financial statements of lessees

Operating leases

Recognition

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. Lease payments under an operating lease are recognised as an expense in the statement of financial performance, on a straight line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be.

Measurement

The resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, namely 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.

Derecognition

The operating lease liability is derecognised when the Economic Entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the Economic Entity no longer anticipates economic benefits to flow from the asset.

Leases – Economic Entity as lessor

Operating leases

The Economic Entity presents assets subject to operating leases in its Statement of Financial Position according to the nature of the asset.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred by the Economic Entity in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

The depreciation policy for depreciable leased assets is consistent with the Economic Entity's normal depreciation policy for similar assets, and depreciation is calculated in accordance with the Standards of GRAP on Property, Plant and Equipment and Intangible Assets.

Recognition

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, on a straight-line basis over the lease period.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, namely, 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.

Measurement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

Operating lease liabilities are derecognised when the Economic Entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the Economic Entity's right to the underlying cash flows expire or the Economic Entity no longer expects economic benefits to flow from the operating lease asset.

22. REPORTING FOREIGN CURRENCY TRANSACTIONS IN THE FUNCTIONAL CURRENCY

Initial recognition

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Reporting at subsequent reporting dates

At each reporting date:

- (a) foreign currency monetary items shall be translated using the closing rate;
- (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and
- (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Recognition of exchange differences

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in surplus or deficit in the period in which they arise,

23. 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 refundable from or payable to, the taxation authority is disclosed on the face of the statement of financial position.

24. 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 incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the financial statements.

25. 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 Supply Chain Management Policy. Irregular expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the financial statements.

26. 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 incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the financial statements.

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

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income.

28. TRANSFER OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

Common Control

For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

The Economic Entity uses the acquisition method in accounting for transactions relating to transfer of functions, between entities not under common control.

Applying the acquisition method requires:

- a) Identifying the acquirer.
- b) Determining the acquisition date.
- c) Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.
- d) Recognising the difference between (c) and the consideration transferred to the seller.

The acquisition date is the date on which the acquirer obtains control of the acquiree.

Economic Entity as the acquirer:

At acquisition date, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree shall be recognised if:

- a) The assets taken on and the liabilities assumed meets the definitions of an asset and liability as set out in the Framework for the Preparation and Presentation of Financial Statements.
- b) These assets and liabilities relate to the binding agreement between the parties to the transaction and may not relate to separate transactions.

Assets and liabilities not previously recognised by the acquiree will be recognised if these assets and liabilities now meet the recognition criteria (for example internal generated intangible assets not previously recognised).

The acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

29. 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:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Adjusting events after reporting date

The Economic Entity adjusts the amounts recognised in the Consolidated Financial Statements to reflect adjusting events after the reporting date

Non-adjusting events after the reporting date

The Economic Entity does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. The Economic Entity discloses 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.

30. RELATED PARTIES

The Economic Entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the Economic Entity and one or more related parties, and those transactions were not within:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Economic Entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by the Economic Entity's legal mandate,

Further details about those transactions are disclosed in the notes to the financial statements.

31. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

Presentation of a comparison of budget and actual amounts

The Economic Entity presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP24. The comparison of budget and actual amounts present separately for each level of legislative oversight:

- (a) the approved and final budget amounts;
- (b) the actual amounts on a comparable basis; and
- (c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

Presentation and disclosure

The Economic Entity presents a comparison of budget and actual amounts as additional budget columns in the primary financial statements because the financial statements and the budget are prepared on a comparable basis.

Changes from approved to final budget

The Economic Entity presents an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget or of other factors:

- (b) in a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements.

Comparable basis

All comparisons of budget and actual amounts are presented on a comparable basis to the budget.

The Economic Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the Economic Entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Comparative information is not required.

32. COMMITMENTS

Items are classified as commitments when the Economic Entity has committed itself to future transactions that will normally result in an outflow of cash.

Disclosure is done to the extent that it has not already been recognised elsewhere in the financial statements.

Capital commitments are treated as follows:

- The aggregate amount of capital expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements; and
- If a commitment is for a period longer than a year.

Commitments are disclosed in the following circumstances:

- Unrecorded capital expenditure approved and contracted for before/at reporting date;
- Unrecorded capital expenditure approved but not yet contracted for at reporting date; and
- Unrecorded capital expenditure approved after reporting date.

33. GRANTS-IN-AID

The Economic Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Economic Entity does not:

- Receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period in which the events giving rise to the transfer occurred.

34. IMPAIRMENT

Impairment of cash generating units:

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- (a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- (b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- (c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- (d) Evidence is available of obsolescence or physical damage of an asset.
- (e) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- (f) A decision to halt the construction of the asset before it is complete or in a usable condition.
- (g) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Impairment of non-cash generating units:

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- (a) Cessation, or near cessation, of the demand or need for services provided by the asset.
- (b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal sources of information

- (c) Evidence is available of physical damage of an asset.
- (d) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- (e) A decision to halt the construction of the asset before it is complete or in a usable condition.
- (f) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

35. CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date exceed capital grants received, the surplus is shown as amounts due from funders for contract work. For contracts where capital grants received exceed contract costs incurred to date, the surplus is shown as the amounts due to funders for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as unspent project funding received. Amounts billed for work performed but not yet paid by the funder are included in the statement of financial position under trade and other receivables.

Unutilised project funding is reflected on the Statement of Financial Position as a Current Liability - Unspent Project Funding. The cash received is invested until it is utilised.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
RESERVES GOVERNED BY AN ACT: Note 1 and Note 2				
1 HOUSING REVOLVING FUND				
Housing Revolving Fund	109,731,779	109,731,779	109,731,779	109,731,779
The amount for this note has been included in the Total Accumulated Funds.				
<u>Housing Revolving Fund</u>				
Balance at the beginning of the year	109,731,779	109,731,779	109,731,779	109,731,779
Balance at the end of the year	<u>109,731,779</u>	<u>109,731,779</u>	<u>109,731,779</u>	<u>109,731,779</u>

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.

2 COID RESERVE

Balance at the beginning of the year	33,033,807	28,557,560	33,033,807	28,557,560
Premiums received - transfer from accumulated surplus	6,276,491	5,949,185	6,276,491	5,949,185
Expenditure funded during the year - transfer to accumulated surplus	(2,124,795)	(1,472,938)	(2,124,795)	(1,472,938)
Balance at the end of the year	<u>37,185,503</u>	<u>33,033,807</u>	<u>37,185,503</u>	<u>33,033,807</u>

The amount for this note has been included in the Total Accumulated Funds.

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

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
3. LONG-TERM LIABILITIES				
Financial Liabilities:				
Development Bank of Southern Africa (DBSA)	355,901,155	370,149,250	355,901,155	370,149,250
Amalgamated Banks of South Africa (ABSA)	0	15,000,000	0	15,000,000
Rand Merchant Bank	397,658,841	411,867,095	397,658,841	411,867,095
Nedbank	515,213,923	560,763,861	515,213,923	560,763,861
Total External Loans	1,268,773,919	1,357,780,206	1,268,773,919	1,357,780,206
Long-term Liabilities - Entity	1,494,290	1,335,967	0	0
Brookes Bequest	18,997,694	17,750,527	18,997,694	17,750,527
Total Long-term Liabilities	1,289,265,903	1,376,866,700	1,287,771,613	1,375,530,733
Less : Current portion transferred to current liabilities	79,760,410	86,409,283	79,760,410	86,409,283
Development Bank of Southern Africa (DBSA)	15,512,299	13,872,609	15,512,299	13,872,609
Amalgamated Banks of South Africa (ABSA)	0	15,000,000	0	15,000,000
Rand Merchant Bank	15,569,153	14,089,689	15,569,153	14,089,689
Nedbank	48,678,958	43,446,985	48,678,958	43,446,985
	1,209,505,493	1,290,457,417	1,208,011,203	1,289,121,450

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

In line with Chapter 6 of the MFMA, no loans are secured.

ABSA

The loan was taken up during the 2007/08 financial year and is repayable over 10 years in 20 half-yearly instalments, by 31 December 2017, at a fixed interest rate of 11.85% per annum. The loan was used to finance various electricity reticulation projects. A capital amount of R15 000 000 and interest of R886 315 was repaid during the financial year. (2017: Capital repaid R30 000 000 and Interest paid R4 446 185)

DBSA

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, by 30 September 2029, 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. A capital amount of R13 872 609 and interest of R41 430 124 was repaid during the financial year. (2017: Capital repaid R12 406 679 and Interest paid R42 896 054)

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, by 31 January 2025, at a fixed interest rate of 11.7% per annum. The loan was used for various capital projects. A capital amount of R43 446 985 and interest of R61 321 012 was repaid during the financial year. (2017: Capital repaid R38 762 247 and Interest paid R66 005 750)

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, by 31 May 2031, at a fixed interest rate of 10.24% per annum. The loan was used for various capital projects. A capital amount of R14 087 718 and interest of R41 470 336 was repaid during the financial year. (2017: Capital repaid R12 750 812 and Interest paid R42 807 243)

BROOKES BEQUEST

Brookes bequest represents a long-term creditor. The capital of the fund, may not be used until 100 years after the death of the last annuitant. The funds can only be utilised by the NMBM when the two remaining Trustees approve the donation of funds to the NMBM. The funds may be utilised for capital projects related to the development of Humewood. The fund bears interest at an average of 6.81% per annum.

LONG-TERM LIABILITIES - ENTITY INCLUDES:

CONSTRUCTION CONTRACT RETENTION AND DEFERRED INCOME

Construction contract retention creditors relate to retentions held in projects in line with accepted construction accounting principles. Such retentions are payable 3 to 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 2018

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
4.1 NON CURRENT PROVISIONS - EMPLOYEE BENEFITS				
Gratuity Benefit	10,210,000	10,181,000	10,210,000	10,181,000
Post Retirement Benefits	1,441,847,218	1,341,835,835	1,441,847,218	1,341,835,835
Long Service Awards and Long Service Bonus	637,554,309	637,227,493	637,554,309	637,227,493
Total Employee Benefit Obligation	2,089,611,527	1,989,244,328	2,089,611,527	1,989,244,328

Refer to Note 47 for the full reconciliation and disclosures.

Gratuity Benefit

This obligation 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	10,181,000	30,673,874	10,181,000	30,673,874
Movement in Obligation	29,000	(20,492,874)	29,000	(20,492,874)
Balance at end of year	10,210,000	10,181,000	10,210,000	10,181,000

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 398 570 000 and R43 277 218 respectively.

Balance at beginning of year	1,341,835,835	1,324,956,140	1,341,835,835	1,324,956,140
Movement in Obligation	100,011,383	16,879,695	100,011,383	16,879,695
Balance at end of year	1,441,847,218	1,341,835,835	1,441,847,218	1,341,835,835

Long Service Awards and Long Service Bonus

This obligation is in respect of the long service award and long service bonus which the Municipality offers to its current employees and which become payable at certain pre-determined intervals.

Balance at beginning of year	637,227,493	116,613,687	637,227,493	116,613,687
Contributions to Obligation	326,816	520,613,806	326,816	520,613,806
Balance at end of year	637,554,309	637,227,493	637,554,309	637,227,493

4.2 NON-CURRENT PROVISIONS - OTHER

Rehabilitation of Landfill sites	313,248,967	291,348,345	313,248,967	291,348,345
Rehabilitation of Swartkops River	75,681,398	77,163,874	75,681,398	77,163,874
Total Non-current Provisions	388,930,365	368,512,219	388,930,365	368,512,219

Rehabilitation of landfill sites

In terms of the licensing conditions of the landfill refuse sites, Council will incur rehabilitation costs of R91 112 331 for the Arlington Landfill site, R92 913 027 for the Koedoeskloof Landfill site and R129 223 609 for the Ibhayi Landfill site determined at net present value to restore the sites at the end of their useful lives estimated to be in 2027 (Arlington) and 2020 (Koedoeskloof). Squatters are currently occupying the Ibhayi Landfill site that is already closed. 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 4.6%. The projected amounts are discounted to the present value at the average borrowing rate of 11.25%. The determined cost to rehabilitate Ibhayi landfill site represents the present value.

Balance at beginning of year	291,348,345	380,585,851	291,348,345	380,585,851
Contributions to Provision	21,900,622	(89,237,506)	21,900,622	(89,237,506)
Balance at end of year	313,248,967	291,348,345	313,248,967	291,348,345

Rehabilitation of Swartkops River

Balance at beginning of year	77,163,874	81,617,595	77,163,874	81,617,595
Contributions to Provision - unwinding of discount factor	(1,482,476)	(4,453,721)	(1,482,476)	(4,453,721)
Balance at end of year	75,681,398	77,163,874	75,681,398	77,163,874

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 2018

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
5 EMPLOYEE BENEFITS AND PROVISIONS				
5.1 CURRENT PROVISIONS - EMPLOYEE BENEFITS				
Gratuity Obligation	1,122,000	5,632,000	1,122,000	5,632,000
Post Retirement Benefits	78,467,176	65,614,068	78,467,176	65,614,068
Performance Bonus Liability	2,071,133	2,715,619	1,822,279	1,677,378
Long service awards and long service bonuses	98,717,513	88,957,224	98,717,513	88,957,224
Provision for Workmen's Compensation	51,897	25,675	0	0
Total Current Employee Benefit Obligation	180,429,719	162,944,586	180,128,968	161,880,670
Refer to Note 47 for the full reconciliation and disclosures.				
Gratuity Obligation				
This obligation 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	5,632,000	6,070,535	5,632,000	6,070,535
Contributions to Obligation	(731,719)	2,074,734	(731,719)	2,074,734
Expenditure incurred	(3,778,281)	(2,513,269)	(3,778,281)	(2,513,269)
Balance at end of year	1,122,000	5,632,000	1,122,000	5,632,000
Post Retirement Benefits				
The obligation is in respect of the short-term liabilities attributable to ill-health retirements, medical aid contributions and ex-gratia pensions.				
Balance at beginning of year	65,614,068	50,411,574	65,614,068	50,411,574
Contributions to Obligation	79,609,070	78,552,306	79,609,070	78,552,306
Expenditure incurred	(66,755,962)	(63,349,812)	(66,755,962)	(63,349,812)
Balance at end of year	78,467,176	65,614,068	78,467,176	65,614,068
Performance bonus liability				
This obligation 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(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.				
Balance at beginning of year	2,715,619	2,096,493	1,677,378	1,425,663
Contributions to Obligation	393,755	1,289,956	144,901	251,715
Expenditure incurred	(1,038,241)	(670,830)	0	0
Balance at end of year	2,071,133	2,715,619	1,822,279	1,677,378
Long service awards and long service bonuses				
The obligation is in respect of long service awards and long service bonuses				
Balance at beginning of year	88,957,224	19,343,094	88,957,224	19,343,094
Movement in Obligation	9,760,289	69,614,130	9,760,289	69,614,130
Balance at end of year	98,717,513	88,957,224	98,717,513	88,957,224
Provision for Workmen's Compensation				
Balance at beginning of year	25,675	41,800	0	0
Contributions to Obligation	176,982	43,375	0	0
Expenditure incurred	(150,760)	(59,500)	0	0
Balance at end of year	51,897	25,675	0	0
5.2 CURRENT PROVISIONS - OTHER				
Provision for Litigation and Claims	38,771,537	92,188,982	38,771,537	92,188,982
Total Current Provisions	38,771,537	92,188,982	38,771,537	92,188,982
Provision for Litigation and Claims				
The provision is in respect of probable claims against the NMBM, pending the outcome of court decisions - See note 45(b).				
Balance at the beginning of the year	92,188,982	47,776,422	92,188,982	47,776,422
Contribution to the provision	14,011,309	44,412,560	14,011,309	44,412,560
Provision utilised	(67,428,754)	0	(67,428,754)	0
Balance at end of year	38,771,537	92,188,982	38,771,537	92,188,982
6 CONSUMER DEPOSITS				
Electricity and Water	146,949,772	129,919,320	146,949,772	129,919,320
Interest	1,687,030	1,468,802	1,687,030	1,468,802
Refer Restatement Note no. 40.2.6	148,636,802	131,388,122	148,636,802	131,388,122
Guarantees held in lieu of Electricity and Water Deposits	15,465,278	15,465,278	15,465,278	15,465,278
Consumer deposits bear interest and are only refunded once the consumers' accounts are closed.				

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
7 TRADE AND OTHER PAYABLES				
Payables and Accruals	1,675,315,623	1,240,521,075	1,640,648,019	1,225,203,757
Payments Received in Advance	137,367,579	102,933,973	137,367,579	102,933,973
Staff leave	216,227,536	215,984,052	215,253,260	215,253,259
Retentions	119,306,914	112,891,609	119,306,914	112,891,609
Transfers and Subsidies (See details below)	155,629,511	47,361,949	153,360,232	44,414,761
Total Creditors	2,303,847,163	1,719,692,658	2,265,936,004	1,700,697,359

Refer Restatement Notes no. 40.2.1 and 40.2.5

Financial liabilities:

Trade creditors are non-interest bearing and are normally settled on 30-day terms, except for retention amounts of R119 306 914, which could be settled within the next 12 months.

No creditors are secured

TRANSFERS AND SUBSIDIES

7.1 Conditional Grants from other spheres of Government

Conditional Grants in terms of the Division of Revenue Act (DORA):

	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
Public Transport Infrastructure Grant (See Note 22.7.1)	27,074,669	2,351,663	27,074,669	2,351,663
Public Transport Networks Operations Grant (See Note 22.7.2)	184,546	420,374	184,546	420,374
Integrated National Electrification Programme Grant (See Note 22.8)	5,704,926	0	5,704,926	0
Neighbourhood Partnership Development Grant (See Note 22.15)	4,325,066	562,222	4,325,066	562,222
Infrastructure Skills Development Grant (See Note 22.17)	3,646,465	4,720,444	3,646,465	4,720,444
Other Grants:				
PHB Subsidies (See Note 22.1)	1,874,751	1,874,752	1,874,751	1,874,752
Smart Grid initiative Grant (See Note 22.4)	711,836	711,836	711,836	711,836
Provincial Department of Human Settlements: Accreditation Grant (See Note 22.5.1)	1,973,952	1,973,952	1,973,952	1,973,952
EU Sector Policy Support Project (See Note 22.9)	1,865,383	1,865,383	1,865,383	1,865,383
Other Grants (See Note 22.11)	3,842,437	4,552,688	1,573,158	1,605,500
National Lotteries Grant (See Note 22.13)	1,477,861	1,660,389	1,477,861	1,660,389
CDC Walmer Intervention Funding Grant (See Note 22.14.1)	9,068,420	20,546,957	9,068,420	20,546,957
EPWP Incentive Grant (See Note 22.18)	0	290,648	0	290,648
Department of Public Service and Administration fund (See Note 22.19)	241,156	0	241,156	0
Drought Relief Grant (See Note 22.21)	89,217,785	0	89,217,785	0
LGSETA Discretionary Learnership Funding (See Note 22.24)	3,547,477	4,957,859	3,547,477	4,957,859
Provincial Department Agency: Communication Grant (See Note 22.25)	872,781	872,782	872,781	872,782
Total Transfers and Subsidies	155,629,511	47,361,949	153,360,232	44,414,761

The unspent portion of transfers and subsidies represent cash as included in note 18 below.

8 VAT				
VAT Receivable / (Net VAT payable)	33,334,245	(37,491,436)	33,334,245	(37,491,436)
VAT Payable - MBDA	(1,216,650)	(727,149)	0	0

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

Refer Restatement Note no. 40.2.3

9 PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY	R		
	Cost	Accumulated Depreciation/ Impairment	Carrying Value
As at 30 June 2018			
Land & Buildings	2,071,950,980	274,383,069	1,797,567,911
Infrastructure Assets	16,933,264,975	5,461,695,870	11,471,569,105
Community Assets	3,473,508,913	931,599,240	2,541,909,673
Other Assets	1,444,718,237	789,736,209	654,982,028
	23,923,443,105	7,457,414,388	16,466,028,717

No assets were pledged as security.

A detailed register of Property, plant and equipment is maintained and is available for inspection.

Refer to Note 48 for reconciliation.

As at 30 June 2017

ECONOMIC ENTITY	R		
	Cost	Accumulated Depreciation/ Impairment	Carrying Value
As at 30 June 2017			
Land & Buildings	2,016,108,516	240,762,698	1,775,345,818
Infrastructure Assets	15,485,484,894	5,019,282,921	10,466,201,973
Community Assets	3,385,600,252	822,927,203	2,562,673,049
Other Assets	1,337,261,304	744,758,715	592,502,589
	22,224,454,966	6,827,731,537	15,396,723,429

Refer Restatement Note no. 40.2.7

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

MUNICIPALITY	R	R	R
	Cost	Accumulated Depreciation/ Impairment	Carrying Value
As at 30 June 2018			
Land & Buildings	2,067,301,622	274,383,069	1,792,918,553
Infrastructure Assets	16,933,264,975	5,461,695,870	11,471,569,105
Community Assets	3,473,508,913	931,599,240	2,541,909,673
Other Assets	1,440,191,355	787,479,482	652,711,873
	23,914,266,865	7,455,157,661	16,459,109,204

No assets were pledged as security.

A detailed register of Property, plant and equipment is maintained and is available for inspection.

Refer to Note 48 for reconciliation.

As at 30 June 2017

MUNICIPALITY	R	R	R
	Cost	Accumulated Depreciation/ Impairment	Carrying Value
As at 30 June 2017			
Land & Buildings	2,011,459,158	240,762,698	1,770,696,460
Infrastructure Assets	15,485,484,894	5,019,282,921	10,466,201,973
Community Assets	3,385,600,252	822,927,203	2,562,673,049
Other Assets	1,332,753,043	742,945,071	589,807,972
	22,215,297,347	6,825,917,893	15,389,379,454

Refer Restatement Note no. 40.2.7

10 HERITAGE ASSETS

ECONOMIC ENTITY	R	R	R
	Cost	Accumulated Impairment	Carrying Value
As at 30 June 2018			
Heritage Assets	229,700,993	0	229,700,993
	229,700,993	0	229,700,993

Refer to Note 49 for reconciliation.

As at 30 June 2017

ECONOMIC ENTITY	R	R	R
	Cost	Accumulated Impairment	Carrying Value
As at 30 June 2017			
Heritage Assets	224,222,631	0	224,222,631
	224,222,631	0	224,222,631

MUNICIPALITY	R	R	R
	Cost	Accumulated Impairment	Carrying Value
As at 30 June 2018			
Heritage Assets	229,450,493	0	229,450,493
	229,450,493	0	229,450,493

Refer to Note 49 for reconciliation.

As at 30 June 2017

MUNICIPALITY	R	R	R
	Cost	Accumulated Impairment	Carrying Value
As at 30 June 2017			
Heritage Assets	223,972,131	0	223,972,131
	223,972,131	0	223,972,131

11 INTANGIBLE ASSETS

ECONOMIC ENTITY	R	R	R
	Cost	Accumulated Amortisation/ Impairment	Carrying Value
As at 30 June 2018			
Computer Software	601,427,024	158,775,669	442,651,355
	601,427,024	158,775,669	442,651,355

No assets were pledged as security.

Refer to Note 50 for reconciliation.

As at 30 June 2017

ECONOMIC ENTITY	R	R	R
	Cost	Accumulated Amortisation/ Impairment	Carrying Value
As at 30 June 2017			
Computer Software	598,865,402	515,471,951	83,393,451
	598,865,402	515,471,951	83,393,451

Refer Restatement Note no. 40.2.8

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11 INTANGIBLE ASSETS (Continued)

MUNICIPALITY
As at 30 June 2018

	Cost	Accumulated Amortisation/ Impairment	Carrying Value
Computer Software	601,049,806	158,449,608	442,600,198
	601,049,806	158,449,608	442,600,198

No assets were pledged as security.

Refer to Note 50 for reconciliation.

As at 30 June 2017

	Cost	Accumulated Amortisation/ Impairment	Carrying Value
Computer Software	598,538,384	515,180,925	83,357,459
	598,538,384	515,180,925	83,357,459

Refer Restatement Note no. 40.2.8

12 INVESTMENT PROPERTY

ECONOMIC ENTITY
As at 30 June 2018

	Cost	Accumulated Depreciation/ Impairment	Carrying Value
Land & Buildings	289,847,527	69,467,800	220,379,727
	289,847,527	69,467,800	220,379,727

No assets were pledged as security.

Refer to Note 51 for reconciliation.

As at 30 June 2017

	Cost	Accumulated Depreciation/ Impairment	Carrying Value
Land & Buildings	256,233,049	62,601,854	193,631,195
	256,233,049	62,601,854	193,631,195

MUNICIPALITY
As at 30 June 2018

	Cost	Accumulated Depreciation/ Impairment	Carrying Value
Land & Buildings	289,847,527	69,467,800	220,379,727
	289,847,527	69,467,800	220,379,727

No assets were pledged as security.

Refer to Note 51 for reconciliation.

As at 30 June 2017

	Cost	Accumulated Depreciation/ Impairment	Carrying Value
Land & Buildings	256,233,049	62,601,854	193,631,195
	256,233,049	62,601,854	193,631,195

Description of Investment Property:

Nelson Mandela Bay Logistics Park
Kings Beach
Springs Resort
Telkom Park
Mc Arthur Bath
Willows Resort
Beachview Resort
Van Stadens Resort
St Georges Park Resort and Wells estate
Motherwell Depot
Africa Timbers in Korsten
Mercado centre
Fresh Produce Market
Incinerator and Gas works
Something Good
Korsten Depot
Port Elizabeth RD Steeledale Reinforcing
PE Central Shop
North End Workshop
Moselville Old Post Office

Market Value of Investment Property

ECONOMIC ENTITY AND MUNICIPALITY

	2018 R	Restated 2017 R
102,300,000		
30,400,000		
2,141,000		
45,200,000		
12,290,000		
246,430,000		
6,250,000		
5,250,000		
117,500,000		
15,010,000		
1,990,000		
22,830,000		
5,500,000		
26,730,000		
4,200,000		
1,600,000		
980,000		
490,000		
66,000		
1,250,000		
648,407,000		
648,397,000		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12 INVESTMENT PROPERTY (Continued)

Additional Disclosure:

The NMBM applies the Cost Model.

The Market Value was determined by professional valuers of the NMBM who are experts in this field as at 30 June 2018 and almost all had no changes:

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 AND MUNICIPALITY	
	2018 R	Restated 2017 R
Rental revenue included in surplus for following Investment Properties:		
Beachview resort	240,000	240,000
Van Stadens Resort	240,000	240,000
Something Good	633,024	598,587
Direct Operating expenses that generated rental revenue	0	0

13 LONG-TERM RECEIVABLES

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
Sporting and Other Bodies	0	0	0	0
Other Debtors	50,315	50,315	50,315	50,315
Consumer Debtors	77,554,282	64,009,050	77,554,282	64,009,050
Rates and General	27,158,834	22,899,867	27,158,834	22,899,867
Other Services	6,662,732	5,930,782	6,662,732	5,930,782
Electricity	10,491,916	9,605,056	10,491,916	9,605,056
Water	16,560,197	10,580,523	16,560,197	10,580,523
Refuse	6,508,922	5,955,096	6,508,922	5,955,096
Sewerage	10,171,681	8,595,355	10,171,681	8,595,355
Insurance	0	442,371	0	442,371
	77,604,597	64,059,365	77,604,597	64,059,365
Less current portion:				
Sporting and Other Bodies	0	20	0	20
Current Portion of Long-term Receivables	0	20	0	20
Long-term Receivables	77,604,597	64,059,345	77,604,597	64,059,345
Long-term Receivables - Exchange Transactions	50,395,448	41,109,163	50,395,448	41,109,163
Long-term Receivables - Non-exchange Transactions	27,209,149	22,950,182	27,209,149	22,950,182
	77,604,597	64,059,345	77,604,597	64,059,345

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.

LONG-TERM RECEIVABLES - CONSUMER DEBTORS

Financial Assets - Receivables:

The consumer debtors are billed a gazetted interest rate between 10.25% and 10.5% per annum on overdue accounts.

CONSUMER DEBTORS

The current portion is disclosed in note 15 - Trade Receivables - Exchange Transactions.

14 INVENTORY

	181,369,960	200,268,415	180,845,772	199,734,369
Materials and Supplies	141,653,129	147,689,690	141,653,129	147,689,690
Work in Progress - Land Stock	17,365,672	18,380,117	17,365,672	18,380,117
Work in Progress - Other	5,673	10,664	5,673	10,664
Finished Goods - Water Stock (refer to note 28 for cost of inventory purchased)	15,465,869	13,969,827	15,465,869	13,969,827
Finished Goods - Other	6,355,429	6,349,887	6,355,429	6,349,887
Consumables	524,188	13,868,230	0	13,334,184
Less: Provision for Obsolete Stock	(1,204,568)	(1,872,687)	(1,204,568)	(1,867,083)
	180,165,392	198,395,728	179,641,204	197,867,286

No inventory was pledged as security

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15 TRADE RECEIVABLES - EXCHANGE TRANSACTIONS

ECONOMIC ENTITY AND MUNICIPALITY

As at 30 June 2018

	R	R	R
	Gross Balances	Impairment Allowance	Carrying Amount
Service Debtors	3,067,654,610	(1,761,749,954)	1,305,904,656
Electricity	1,166,950,980	(503,360,394)	663,590,586
Water	1,227,068,053	(790,591,133)	436,476,920
Refuse	254,925,150	(183,470,006)	71,455,144
Sanitation	418,710,427	(284,328,421)	134,382,006
House Rentals	35,216,826	(24,987,031)	10,229,795
Total	3,102,871,436	(1,786,736,985)	1,316,134,451

No consumer debtors were pledged as security.

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 2017

	Gross Balances	Impairment Allowance	Carrying Amount
Service Debtors	2,481,907,349	(1,276,980,149)	1,204,927,200
Electricity	1,160,563,033	(454,517,876)	706,045,157
Water	751,755,685	(448,477,275)	303,278,410
Refuse	201,273,871	(142,825,766)	58,448,105
Sanitation	368,314,760	(231,159,232)	137,155,528
House Rentals	27,474,915	(17,379,732)	10,095,183
Total	2,509,382,264	(1,294,359,881)	1,215,022,383

Refer Restatement Note no. 40.2.4

Electricity: Ageing

	2018 R	Restated 2017 R
Current (0-30 days)	517,068,318	553,579,450
31 - 60 Days	36,918,884	67,904,094
61 - 90 Days	17,055,127	52,353,580
Over 90 Days	595,908,651	486,725,909
Total	1,166,950,980	1,160,563,033

Water: Ageing

	2018 R	Restated 2017 R
Current (0-30 days)	195,860,794	168,612,683
31 - 60 Days	88,740,502	56,987,156
61 - 90 Days	81,578,678	49,921,027
Over 90 Days	860,888,079	476,234,819
Total	1,227,068,053	751,755,685

Refuse: Ageing

	2018 R	Restated 2017 R
Current (0-30 days)	30,486,095	26,681,835
31 - 60 Days	10,271,735	4,429,491
61 - 90 Days	7,232,766	8,236,393
Over 90 Days	206,934,554	161,926,152
Total	254,925,150	201,273,871

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15 TRADE RECEIVABLES - EXCHANGE TRANSACTIONS (Continued)	2018 R	Restated 2017 R	
Sanitation: Ageing			
Current (0-30 days)	56,158,260	67,055,243	
31 - 60 Days	22,548,618	25,083,172	
61 - 90 Days	21,477,248	22,054,811	
Over 90 Days	318,526,301	254,121,534	
Total	418,710,427	368,314,760	
Housing Rentals: Ageing			
Current (0-30 days)	3,331,158	1,380,097	
31 - 60 Days	1,500,875	145,948	
61 - 90 Days	1,176,071	1,125,389	
Over 90 Days	29,208,722	24,823,481	
Total	35,216,826	27,474,915	
Summary of Debtors by Customer Classification			
	R	R	R
	Residential Consumers	Industrial / Commercial	National and Provincial Government
30 June 2018			
Current (0-30 days)	116,875,725	656,378,157	29,647,670
31 - 60 Days	94,931,552	55,759,215	9,289,839
61 - 90 Days	91,879,076	34,175,786	2,465,021
Over 90 Days	957,261,083	963,023,888	91,184,424
Gross Consumer Debtors by Customer classification	1,260,947,436	1,709,337,046	132,586,954
Gross Consumer Debtors			3,102,871,436
Less: Impairment allowance			(1,786,736,985)
Net Consumer Debtors for the period ended 30 June 2018			1,316,134,451
Summary of Debtors by Customer Classification			
	R	R	R
	Residential Consumers	Industrial / Commercial	National and Provincial Government
30 June 2017			
Current (0-30 days)	115,807,620	659,654,566	41,844,006
31 - 60 Days	76,261,700	69,872,063	8,416,099
61 - 90 Days	63,367,053	65,809,429	4,514,717
Over 90 Days	506,974,369	796,136,679	100,723,963
Gross Consumer Debtors by Customer classification	762,410,742	1,591,472,737	155,498,785
Gross Consumer Debtors			2,509,382,264
Less: Impairment allowance			(1,294,359,881)
Net Consumer Debtors for the year ended 30 June 2017			1,215,022,383
Reconciliation of the Impairment Allowance			
		2018 R	Restated 2017 R
Balance at beginning of year		1,294,359,881	1,306,088,580
Contributions to Impairment allowance		648,824,015	347,387,633
Bad debts written off against the Impairment allowance		1,943,183,896	1,653,476,213
Balance at end of year		1,786,736,985	1,294,359,881
Financial Assets have been classified as loans and receivables.			
The consumer debtors are billed a gazetted interest rate between 10.25% and 10.5% per annum on overdue accounts.			
Consumer Debtors not past due nor impaired therefore no impairment allowance raised:			
Neither past due nor impaired		1,316,134,451	1,215,022,383
Consumer Debtors for which an impairment allowance was raised			
Provision (based on the collection of outstanding debts and debtors handed over to attorneys)		1,786,736,985	1,294,359,881

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
16 OTHER RECEIVABLES - NON-EXCHANGE TRANSACTIONS				
Property Rates	1,142,417,612	949,576,612	1,142,417,612	949,576,612
Provision for Bad Debts - Property Rates	(750,700,559)	(620,516,206)	(750,700,559)	(620,516,206)
	391,717,053	329,060,406	391,717,053	329,060,406
Other Receivables: MBDA	3,453,392	0	0	0
	395,170,445	329,060,406	391,717,053	329,060,406
Reconciliation of the Impairment Allowance				
Balance at beginning of year	620,516,206	734,925,042	620,516,206	734,925,042
Contributions to Impairment allowance	160,954,356	126,194,892	160,954,356	126,194,892
Bad debts written off against the Impairment allowance	(30,770,003)	(240,603,728)	(30,770,003)	(240,603,728)
Balance at end of year	750,700,559	620,516,206	750,700,559	620,516,206
OTHER RECEIVABLES - EXCHANGE TRANSACTIONS				
Accrued Income: Transfers and Subsidies - Housing	215,173,761	220,061,067	215,173,761	220,061,067
Accrued Income: Transfers and Subsidies - Public Health	16,853,948	15,911,414	16,853,948	15,911,414
Accrued Income: Transfers and Subsidies - Coega	37,232,013	58,400,987	37,232,013	58,400,987
Accrued Income: Transfers and Subsidies - MBDA	61,263,081	66,940,346	61,263,081	66,940,346
Accrued Income: Other	146,574,799	156,012,291	146,574,799	156,012,291
Prepayments and Advances	0	12,635,000	0	12,635,000
Operating Leases - Straight Lining	1,991,536	1,929,816	1,991,536	1,929,816
	479,089,138	531,890,921	479,089,138	531,890,921
Provision for Bad Debts - Housing	(81,168,190)	(81,168,190)	(81,168,190)	(81,168,190)
	397,920,948	450,722,731	397,920,948	450,722,731
Other Receivables: MBDA	(547,208)	(36,677,082)	0	0
	397,373,740	414,045,649	397,920,948	450,722,731
Refer Restatement Note no. 40.2.2				
	789,090,793	743,106,055	789,638,001	779,783,137
Amounts due from Government and external debtors are normally settled within 30 days and bear no interest. Included in Sundry Debtors above are debit balances in creditors which are still under investigation to determine whether they should have been there or not and are being cleared and updated where necessary.				
17 CALL DEPOSITS AND INVESTMENTS				
DEPOSITS and INVESTMENTS				
ABSA Investment Account - interest receivable on monthly basis at the average annual interest rate of 2018: 7.11% and 6.25% (2017: 7.21%) during the current audit period.	559,310,000	305,000,000	559,310,000	305,000,000
First National Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2018: 7.03% (2017: 7.15%) during the current audit period.	556,000,000	305,000,000	556,000,000	305,000,000
Investec Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2018: 6.25% (2017: 6.75 %) during the current audit period.	131,665,203	123,463,075	131,665,203	123,463,075
Nedbank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2018: 7.20% and 6.10% (2017: 6.60% and 7.34%) during the current audit period.	566,500,000	303,500,000	566,500,000	303,500,000
Standard Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2018: 7.33% (2017: 7.48%) during the current audit period.	558,200,000	307,500,000	558,200,000	307,500,000
Standard Bank Stanlib Investment Account - interest receivable on monthly basis at the average annual interest rate of 2018: 7.30% (2017: 7.79%) during the current audit period.	259,656	259,656	259,656	259,656
	2,371,934,859	1,344,722,731	2,371,934,859	1,344,722,731
18 CALL DEPOSITS AND INVESTMENTS - OTHER				
Sanlam Shares - Financial Instruments	2,867,194	2,651,551	2,867,194	2,651,551
	2,867,194	2,651,551	2,867,194	2,651,551
No Investments were pledged as security				
The Investments are committed as follows:	2,371,934,859	1,344,722,731	2,371,934,859	1,344,722,731
Transfers and Subsidies	155,629,511	47,361,949	153,360,232	44,414,761
Current Portion of Long-term Liabilities	79,760,410	86,409,283	79,760,410	86,409,283
COVID Reserve	37,185,503	33,033,807	37,185,503	33,033,807
Self Insurance Reserve	142,995,139	121,256,887	142,995,139	121,256,887
Capital Replacement Reserve	158,483,676	76,794,226	158,483,676	76,794,226
Housing Revolving Fund	109,731,779	109,731,779	109,731,779	109,731,779
	683,786,018	474,587,931	681,516,739	471,640,743
The balance is available for Trade and Other Payables	1,688,148,841	870,134,800	1,690,418,120	873,081,988

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
18 CALL DEPOSITS AND INVESTMENTS - OTHER (CONTINUES)				
The Municipality's Investment Policy and Investment Regulations, require 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.				
The NMBM is the holder of 40 919 shares in Sanlam Ltd received or allotted for no cost, of which the market value was R2 867 194 (2017: R2 651 551) determined on the open market share price as at 30 June 2018. The shares were awarded to the NMBM 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 R79 760 410 (2017: R86 409 283) are ring-fenced and attributable to repaying long-term loans.				
19 BANK BALANCES AND CASH				
The NMBM operates various current accounts with ABSA. The details are as follows:				
BANK: ABSA				
ACCOUNT NUMBER: 4079534961				
BRANCH: Greenacres				
BRANCH CODE: 632005				
Cash Book balance at beginning of the year	226,774,020	213,067,170	226,774,020	213,067,170
Cash Book balance at end of the year	210,417,762	226,774,020	210,417,762	226,774,020
Bank Balance at beginning of the year	193,346,792	200,857,162	193,346,792	200,857,162
Bank Balance at end of the year	138,260,400	193,346,792	138,260,400	193,346,792
Which are disclosed in the Statement of Financial Position as follows:				
Bank balances and cash	210,417,762	226,774,020	210,417,762	226,774,020
Revenue from non-exchange transactions, the following Cash and Cash equivalents relates to restrictive agreements for which no commitment exist but can only be used for the following:				
Transportation levies received: Upkeep of roads or any roads related projects.	383,688	3,107,409	383,688	3,107,409
Mandela Bay Development Agency				
Current Accounts (Primary Account)				
NedBank, Govan Mbeki Avenue, Port Elizabeth				
Account Number -				
Cashbook balance at beginning of year	7,587,201	4,567,753		
Cashbook balance at end of the year	2,301,470	7,587,201		
Bank statement balance at beginning of the year	7,587,201	4,567,753		
Bank statement balance at end of the year	2,301,470	7,587,201		
Call Account Deposits				
NedBank, Govan Mbeki Avenue, Port Elizabeth				
Account Number -				
Cashbook balance at beginning of year	46,756,535	0		
Cashbook balance at end of the year	37,091,670	46,756,535		
Bank statement balance at beginning of the year	46,756,535	0		
Bank statement balance at end of the year	37,091,670	46,756,535		
Rand Merchant Bank, Port Elizabeth				
Account Number - X021906134				
Cashbook balance at beginning of year	4,533,256	29,211,400		
Cashbook balance at end of the year	0	4,533,256		
Bank statement balance at beginning of the year	4,533,256	29,211,400		
Bank statement balance at end of the year	0	4,533,256		
Which are disclosed in the Statement of Financial Position as follows:				
Cash and cash equivalents	39,393,140	58,876,992		
Current Account (Primary Account)	2,301,470	7,587,201		
Call Account Deposits	37,091,670	51,289,791		
Consolidated Cash Book balance at end of the year	249,810,902	285,651,012		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

20	PROPERTY RATES	Economic Entity		Municipality	
		2018 R	Restated 2017 R	2018 R	Restated 2017 R
	<u>Actual</u>				
	Residential	904,206,544	761,294,619	904,206,544	761,294,619
	Commercial	862,767,677	513,107,482	862,767,677	513,107,482
	State	148,952,852	120,694,621	148,952,852	120,694,621
	Other	91,678,397	244,440,997	91,678,397	244,440,997
		2,007,605,470	1,639,537,719	2,007,605,470	1,639,537,719

Refer Restatement Note no. 40.1.14

As per the Municipal Property Rates Act, the date of valuation was 1 July 2012, with the implementation date being 1 July 2013.

The Municipality is in the process of a property valuation in line with the Municipal Property Rates Act and the results thereof has been implemented with effective of 01 July 2017.

*Other includes Agricultural, Public Service Infrastructure and Vacant Properties.
These amounts are reflected excluding VAT.

	R'000	R'000	R'000	R'000
<u>Valuations</u>				
Residential	96,013,106	85,359,082	96,013,106	85,359,082
Commercial	45,569,594	31,060,395	45,569,594	31,060,395
State	8,661,448	5,701,930	8,661,448	5,701,930
Other	6,678,750	14,498,993	6,678,750	14,498,993
	156,922,898	136,620,400	156,922,898	136,620,400

21.1 SERVICE CHARGES

Sale of Electricity	3,482,486,253	3,576,228,601	3,483,008,842	3,576,476,205
Sale of Water	1,074,111,722	767,493,108	1,074,111,722	767,493,108
Service delivery - sale of inventory	4,556,597,975	4,343,721,709	4,557,120,564	4,343,969,313
Refuse Removal	168,323,249	138,802,144	168,323,249	138,802,144
Sewerage and Sanitation charges	457,144,181	427,357,966	457,144,181	427,357,966
Service delivery - sale of services	625,467,430	566,160,110	625,467,430	566,160,110
	5,182,065,405	4,909,881,819	5,182,587,994	4,910,129,423

Refer Restatement Note no. 40.1.5

21.2 FINES, PENALTIES AND FORFEITS

Fines (Library and Traffic)	213,071,274	289,704,157	213,071,274	289,704,157
Included in Fines above are Traffic fines shown as follows:				
Fines issued for the year	176,697,278	200,697,759	176,697,278	200,697,759
Impaired, based on collection rate	(141,837,351)	(165,679,512)	(141,837,351)	(165,679,512)
Net fines collected	34,859,927	35,018,247	34,859,927	35,018,247

Refer Restatement Note no. 40.1.8

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22 TRANSFERS AND SUBSIDIES	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
PHB Subsidies (See Note 22.1)	4,795,313	58,507,300	4,795,313	58,507,300
Equitable Share Allocation (See Note 22.2)	844,287,010	798,043,000	844,287,010	798,043,000
Finance Management Grant (See Note 22.3)	1,012,141	1,030,929	1,012,141	1,030,929
Provincial Department of Human Settlements: Accreditation Grant (See Note 22.5.1)	0	6,166,805	0	6,166,805
Provincial Government Grants: Library Services (See Note 22.6)	15,000,000	15,000,000	15,000,000	15,000,000
Public Transport Networks Operations Grant (See Note 22.7.2)	68,559,829	22,413,940	68,559,829	22,413,940
EU Sector Policy Support Project (See Note 22.9)	0	1,860,539	0	1,860,539
Health Subsidies (See Note 22.10)	942,534	1,577,882	942,534	1,577,882
Other Grants (See Note 22.11)	3,832,456	57,379,103	3,832,456	57,379,103
Government Grant Revenue (See Note 22.12)	1,133,831,817	855,067,451	1,133,831,817	855,067,451
National Lotteries Grant (See Note 22.13)	182,528	0	182,528	0
CDC Coega Grant (See Note 22.14.2)	0	50,451,940.00	0	50,451,940.00
Urban Settlements Development Grant (See Note 22.16)	63,498,791	17,000,000	63,498,791	17,000,000
Infrastructure Skills Development Grant (See Note 22.17)	11,511,551	9,469,742	11,511,551	9,469,742
EPWP Incentive Grant (See Note 22.18)	5,097,649	8,205,352	5,097,649	8,205,352
Department of Public Service and Administration (See Note 22.19)	492,114	0	492,114	0
Off-Grid Electrification Grant (See Note 22.22)	0	1,211,893	0	1,211,893
Department of Roads and Public Works Grant (See Note 22.23)	9,300,603	7,881,772	9,300,603	7,881,772
LGSETA Discretionary Learnership Funding (See Note 22.24)	4,846,628	5,434,704	4,846,628	5,434,704
Fuel levy Allocation (See Note 22.26)	545,217,656	496,799,000	545,217,656	496,799,000
Other Transfers (See Note 22.27)	171,501,066	137,541,826	171,501,066	137,541,826
Public Contributions (See Note 22.28)	52,478,652	12,900,300	52,478,652	12,900,300
	2,936,388,338	2,563,943,478	2,936,388,338	2,563,943,478

Refer Restatement Note no. 40.1.20 and 40.1.21

Total Grant Receipts	3,195,248,887	2,508,577,600	3,195,248,887	2,508,577,600
----------------------	---------------	---------------	---------------	---------------

22.1 PHB Subsidies

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

Balance at beginning of year	1,874,752	8,069,417	1,874,752	8,069,417
Current year receipts	9,682,619	68,623,413	9,682,619	68,623,413
Interest received	132,081	408,070	132,081	408,070
Debtor raised	213,093,224	218,035,411	213,093,224	218,035,411
Reversal of prior year accrual	(217,980,531)	(234,346,189)	(217,980,531)	(234,346,189)
Interest paid over to Provincial Treasury	(132,081)	(408,070)	(132,081)	(408,070)
Conditions met - Transferred to revenue	(4,795,313)	(58,507,300)	(4,795,313)	(58,507,300)
Conditions still to be met - transferred to liabilities	1,874,751	1,874,752	1,874,751	1,874,752

22.2 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	844,287,010	798,043,000	844,287,010	798,043,000
Transferred to revenue	(844,287,010)	(798,043,000)	(844,287,010)	(798,043,000)
Conditions met	0	0	0	0

22.3 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	0	0	0
Current year receipts	1,050,000	1,050,000	1,050,000	1,050,000
Conditions met - Transferred to Other Income - VAT portion	(37,859)	(19,071)	(37,859)	(19,071)
Conditions met - Transferred to revenue	(1,012,141)	(1,030,929)	(1,012,141)	(1,030,929)
Conditions met	0	0	0	0

22.4 Smart Grid Initiative

This Grant is used to develop innovative, interactive and improved technological solutions to deal with revenue enhancement.

Balance unspent at beginning of year	711,836	711,836	711,836	711,836
Current year receipts	8,000,000	2,250,000	8,000,000	2,250,000
Conditions met - Transferred to revenue - capital	(8,000,000)	0	(8,000,000)	0
Debtor (reversed) / raised		(2,250,000)		(2,250,000)
Conditions still to be met - transferred to liabilities	711,836	711,836	711,836	711,836

22.5.1 Provincial Department of Human Settlements: Accreditation Grant

This Grant is used for capacity building of level 3 accreditation in the preparation of NMBM in the Human Settlements matters.

Balance unspent at beginning of year	1,973,952	8,140,757	1,973,952	8,140,757
Current year receipts	0	0	0	0
Conditions met - Transferred to revenue	0	(6,166,805)	0	(6,166,805)
Conditions still to be met - transferred to liabilities	1,973,952	1,973,952	1,973,952	1,973,952

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22 TRANSFERS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
22.5.2 Municipal Human Settlements Capacity Grant				
This Grant is used to ensure effective management of Human Settlements programmes at the local government level in line with the Accreditation framework.				
Balance unspent at beginning of year	0	5,028,404	0	5,028,404
Transfer to E-Share - Owing to NT	0	(5,028,404)	0	(5,028,404)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current year receipts	0	0	0	0
Conditions met - Transferred to revenue	0	0	0	0
Conditions met - Transferred to Other Income - VAT portion	0	0	0	0
Conditions met	0	0	0	0
22.6 Provincial Government Grants: Library Services				
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	15,000,000	15,000,000	15,000,000	15,000,000
Conditions met - Transferred to revenue	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Conditions met	0	0	0	0
22.7.1 Public Transport Infrastructure Grant				
This Grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.				
Balance unspent at beginning of year	2,351,663	25,836,082	2,351,663	25,836,082
Transfer from Public Transport Networks Operations Grant	0	40,669,532	0	40,669,532
	<u>2,351,663</u>	<u>66,505,614</u>	<u>2,351,663</u>	<u>66,505,614</u>
Current year receipts	204,973,000	0	204,973,000	0
Conditions met - Transferred to revenue - capital	(180,249,994)	(56,275,397)	(180,249,994)	(56,275,397)
Conditions met - Transferred to Other Income - VAT portion	0	(7,878,554)	0	(7,878,554)
Transfer to E-Share	0	0	0	0
Conditions still to be met - transferred to liabilities	27,074,669	2,351,663	27,074,669	2,351,663
22.7.2 Public Transport Networks Operations Grant				
This grant is to provide supplementary operational funding to Municipalities in order to operationalise the IPTS project within NMBM.				
Balance unspent at beginning of year	420,374	123,614,211	420,374	123,614,211
Transfer to Public Transport Infrastructure Grant	0	(40,669,532)	0	(40,669,532)
Transfer to E-Share - Owing to NT	0	(56,387,144)	0	(56,387,144)
	<u>420,374</u>	<u>26,557,535</u>	<u>420,374</u>	<u>26,557,535</u>
Current year receipts	68,324,000	0	68,324,000	0
Conditions met - Transferred to Other Income - VAT portion	0	(3,723,221)	0	(3,723,221)
Conditions met - Transferred to revenue	(68,559,829)	(22,413,940)	(68,559,829)	(22,413,940)
Conditions still to be met - transferred to liabilities	184,545	420,374	184,545	420,374
22.8 Integrated National Electrification Programme Grant				
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	0	0	0
Current year receipts	30,000,000	35,000,000	30,000,000	35,000,000
Conditions met - Transferred to revenue - capital	(21,909,349)	(30,701,760)	(21,909,349)	(30,701,760)
Conditions met - Transferred to Other Income - VAT portion	(2,385,725)	(4,298,240)	(2,385,725)	(4,298,240)
Conditions still to be met - transferred to liabilities	5,704,926	0	5,704,926	0
22.9 EU Sector Policy Support Project				
This Grant is received from the European Union to fund various authorised developmental projects within certain designated targeted areas of the NMBM (i.e Motherwell).				
Balance unspent at beginning of year	1,865,382	8,896,191	1,865,382	8,896,191
Current year receipts	0	0	0	0
Conditions met - Transferred to revenue	0	(1,860,539)	0	(1,860,539)
Conditions met - Transferred to revenue - capital	0	(5,170,270)	0	(5,170,270)
Conditions still to be met - transferred to liabilities	1,865,382	1,865,382	1,865,382	1,865,382
22.10 Health Subsidies				
This grant is received from the Provincial Government and used in the Health function.				
Balance unspent at beginning of year	0	0	0	0
Debtor raised	942,534	1,577,882	942,534	1,577,882
Conditions met - Transferred to revenue	(942,534)	(1,577,882)	(942,534)	(1,577,882)
Conditions met	0	0	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22 TRANSFERS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
22.11 Other Grants				
These are grants received by the NMBM for various purposes.				
Balance unspent at beginning of year	4,552,688	1,273,445	1,605,500	1,273,445
Current year receipts	3,962,614	487,978	3,962,614	487,978
Conditions met - Transferred to revenue - capital	0	0	0	0
Accruals raise / reversed	(162,500)	162,500	(162,500)	162,500
MBDA grants	(677,909)	2,947,188	0	0
Conditions met - Transferred to revenue	(3,832,456)	(318,423)	(3,832,456)	(318,423)
Conditions still to be met - transferred to liabilities	3,842,437	4,552,688	1,573,158	1,605,500
22.12 Government Grant Revenue				
Relates to the Funding of Capital Projects financed by Government Grants which are disclosed under Government Grants and Subsidies.				
	1,133,831,817	855,067,451	1,133,831,817	855,067,451
22.13 National Lotteries Grant				
This grant is used to fund Art and Culture programmes				
Balance unspent at beginning of year	1,660,389	1,660,389	1,660,389	1,660,389
Current year receipts	0	0	0	0
Conditions met - Transferred to revenue	(182,528)	0	(182,528)	0
Conditions still to be met - transferred to liabilities	1,477,861	1,660,389	1,477,861	1,660,389
22.14.1 CDC Walmer Intervention Funding Grant				
This grant is used to speed up service delivery intervention in Walmer Gqebera township.				
Balance unspent at beginning of year	20,546,957	5,546,957	20,546,957	5,546,957
Current year receipts	0	15,000,000	0	15,000,000
Debtor raised	0	0	0	0
Conditions met - Transferred to revenue - Capital	(11,478,537)	0	(11,478,537)	0
Conditions still to be met - transferred to liabilities	9,068,420	20,546,957	9,068,420	20,546,957
22.14.2 CDC Coega Grant				
This grant is used to speed up service delivery intervention in Walmer Gqebera township.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	0	0	0	0
Debtor raised	0	50,451,940	0	50,451,940
Conditions met - Transferred to revenue - Capital	0	(50,451,940)	0	(50,451,940)
Conditions met	0	0	0	0
22.15 Neighbourhood Partnership Development Grant				
This grant is used for the urban renewal of certain targeted / designated townships.				
Balance unspent at beginning of year	562,222	0	562,222	0
Transfer to E-share	(562,222)	0	(562,222)	0
Current year receipts	12,110,000	10,390,000	12,110,000	10,390,000
Debtor raised	0	0	0	0
Conditions met - Transferred to revenue - capital	(6,661,817)	(8,620,858)	(6,661,817)	(8,620,858)
Conditions met - Transferred to Other Income - VAT	(1,123,117)	(1,206,920)	(1,123,117)	(1,206,920)
Transfer to E-Share	0	0	0	0
Conditions still to be met - transferred to liabilities	4,325,066	562,222	4,325,066	562,222
22.16 Urban Settlements Development Grant				
This grant is used to improve urban land production to the benefit of poor households as well as improving spatial integration and densities.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	1,090,561,000	868,282,000	1,090,561,000	868,282,000
Conditions met - Transferred to revenue - capital	(892,345,994)	(744,650,877)	(892,345,994)	(744,650,877)
Conditions met - Transferred to Other Income - VAT portion	(134,716,215)	(106,631,123)	(134,716,215)	(106,631,123)
Conditions met - Transferred to revenue	(63,498,791)	(17,000,000)	(63,498,791)	(17,000,000)
Conditions met	0	0	0	0
22.17 Infrastructure Skills Development Grant				
This grant is used for skills development in certain targeted service delivery directorates.				
Balance unspent at beginning of year	4,720,444	576,932	4,720,444	576,932
Transfer to E-Share - Owing to NT	(4,720,444)	(576,932)	(4,720,444)	(576,932)
	0	0	0	0
Current year receipts	15,394,000	14,500,000	15,394,000	14,500,000
Conditions met - Transferred to revenue	(11,511,551)	(9,469,742)	(11,511,551)	(9,469,742)
Conditions met - Transferred to Other Income - VAT portion	(235,984)	(309,814)	(235,984)	(309,814)
Conditions still to be met - transferred to liabilities	3,646,465	4,720,444	3,646,465	4,720,444
22.18 EPWP Incentive Grant				
This grant is used to implement expanded public works programme.				
Balance unspent at beginning of year	290,649	0	290,649	0
Current year receipts	4,807,000	8,496,000	4,807,000	8,496,000
Conditions met - Transferred to revenue	(5,097,649)	(8,205,351)	(5,097,649)	(8,205,351)
Conditions met - Transferred to Other Income - VAT portion	0	0	0	0
Conditions met	0	290,649	0	290,649

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22 TRANSFERS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2017 R	Restated 2017 R	2017 R	Restated 2017 R
22.19 Department of Public Service and Administration Grant				
This grant is used for the improvement of front -line public service delivery in South Africa.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	733,270	0	733,270	0
Conditions met - Transferred to revenue	(492,114)	0	(492,114)	0
Conditions still to be met - transferred to liabilities	241,156	0	241,156	0
22.20 Intergrated City Development Grant				
This grant is used for the development of more inclusive, liveable, productive and sustainable urban built environments in the metropolitan municipalities.				
Balance unspent at beginning of year	0	1,722,774	0	1,722,774
Current year receipts	7,308,000	9,276,000	7,308,000	9,276,000
Conditions met - Transferred to revenue - capital	(6,418,983)	(9,648,290)	(6,418,983)	(9,648,290)
Conditions met - Transferred to Other Income - VAT portion	(889,017)	(1,350,484)	(889,017)	(1,350,484)
Conditions met	0	0	0	0
22.21 Drought Relief Grant				
The grant is used fro responding to the immediate communities needs with the aim to alleviate the immediate consequences of drought within the municipality.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	97,000,000	0	97,000,000	0
Conditions met - Transferred to revenue - capital	(6,767,143)	0	(6,767,143)	0
Conditions met - Transferred to revenue - VAT	(1,015,072)		(1,015,072)	
Conditions still to be met - transferred to liabilities	89,217,785	0	89,217,785	0
22.22 Off-Grid Electrification Grant				
This grant is used to promote the socio-economic development of previously disadvantaged communities through household and institutional electrification and the electrification of associated community value-adding facilities.				
Balance unspent at beginning of year	0	1,211,893	0	1,211,893
Current year receipts	0	0	0	0
Conditions met - Transferred to revenue	0	(1,211,893)	0	(1,211,893)
Conditions met	0	0	0	0
22.23 Department of Roads and Public Works Grant				
This grant is used to fund the maintenance of Provincial roads in the Metropolitan area				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	9,422,754	7,999,999	9,422,754	7,999,999
Conditions met - Transferred to revenue	(9,300,603)	(7,881,772)	(9,300,603)	(7,881,772)
Conditions met - Transferred to Other Income	(122,151)	(118,227)	(122,151)	(118,227)
Conditions met	0	0	0	0
22.24 LGSETA Discretionary Learnership Funding				
This grant is used to facilitate access to skills development, education and training in the local government sector and community in general.				
Balance unspent at beginning of year	4,957,859	3,454,479	4,957,859	3,454,479
Current year receipts	3,436,246	6,938,084	3,436,246	6,938,084
Conditions met - Transferred to revenue	(4,846,628)	(5,434,704)	(4,846,628)	(5,434,704)
Conditions still to be met - transferred to liabilities	3,547,477	4,957,859	3,547,477	4,957,859
22.25 Provincial Department Agency: Communication Grant				
This grant is used for the roll out pf public Wi-Fi to all Muniicipl Libraries, Customer Care centres and Traffic Licensing centres.				
Balance unspent at beginning of year	872,782	872,782	872,782	872,782
Current year receipts	0	0	0	0
Conditions met - Transferred to revenue	0	0	0	0
Conditions still to be met - transferred to liabilities	872,782	872,782	872,782	872,782
22.26 Fuel Levy				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	545,217,656	496,799,000	545,217,656	496,799,000
Transferred to revenue	(545,217,656)	(496,799,000)	(545,217,656)	(496,799,000)
Conditions met	0	0	0	0
22.27 Other Transfers				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	171,501,066	137,541,826	171,501,066	137,541,826
Transferred to revenue	(171,501,066)	(137,541,826)	(171,501,066)	(137,541,826)
Conditions met	0	0	0	0
22.28 Public Contributions				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	52,478,652	12,900,300	52,478,652	12,900,300
Transferred to revenue	(52,478,652)	(12,900,300)	(52,478,652)	(12,900,300)
Conditions met	0	0	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

23 OTHER REVENUE	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
Interest, Dividend and Rent on Land	46,689	33,826	46,689	33,826
Operational Revenue: Administrative Handling Fees	8,438,477	15,530,474	8,438,477	15,530,474
Operational Revenue: Inspection Fees	4,652,103	4,686,123	4,652,103	4,686,123
Sales of Goods and Rendering of Services: Building Plan Approval	10,771,954	10,840,014	10,771,954	10,840,014
Sales of Goods and Rendering of Services: Academic Services	3,566,809	2,343,310	3,566,809	2,343,310
Sales of Goods and Rendering of Services: Advertisements	4,126,929	2,949,883	4,126,929	2,949,883
Sales of Goods and Rendering of Services: Cemetery and Burial	9,825,268	9,427,767	9,825,268	9,427,767
Sales of Goods and Rendering of Services: Entrance Fees	6,356,349	17,234,362	6,356,349	17,234,362
Sales of Goods and Rendering of Services: Scrap, Waste & Other Goods: Treatment Effluent	25,347,277	33,974,325	25,347,277	33,974,325
Sales of Goods and Rendering of Services: Scrap, Waste & Other Goods: Recycling of Waste	12,722,442	12,983,132	12,722,442	12,983,132
Sales of Goods and Rendering of Services: Legal Fees	12,133,569	12,172,070	12,133,569	12,172,070
Sales of Goods and Rendering of Services: Other	14,758,424	11,309,003	14,758,424	11,309,003
Operational Revenue: Other	11,479,971	14,046,032	11,479,971	14,046,032
	124,226,261	147,530,321	124,226,261	147,530,321
Other Revenue - MBDA	4,486,924	1,995,594	0	0
	128,713,185	149,525,915	124,226,261	147,530,321
Refer Restatement Note no. 40.1.15				
24 EMPLOYEE RELATED COSTS				
Employee related costs - Municipal Staff - Salaries and Wages	1,644,260,560	1,515,151,881	1,644,260,560	1,515,151,881
Employee related costs - Senior Management - Salaries and Wages	15,777,936	16,160,862	15,777,936	16,160,862
Employee related costs - MBDA - Salaries and Wages	16,389,370	13,103,658	0	0
Employee related costs - Municipal Staff - Social Contributions	633,558,631	490,864,909	633,558,631	490,864,909
Employee related costs - Senior Management - Social Contributions	12,344	12,790	12,344	12,790
Employee related costs - MBDA - Social Contributions	3,795,946	2,753,879	0	0
Employee related costs - Municipal Staff - Allowances	152,328,748	139,449,221	152,328,748	139,449,221
Employee related costs - MBDA - Allowances	92,000	87,000	0	0
Housing benefits	11,664,573	11,121,776	11,664,573	11,121,776
Overtime payouts	154,724,523	174,208,928	154,724,523	174,208,928
Performance bonus: Municipal Staff	32,687,426	34,051,115	32,687,426	34,051,115
Performance bonus: Senior Management	546,643	922,545	144,901	251,715
Long-service Awards/ Bonuses	137,028,836	671,108,055	136,990,263	671,100,213
	2,802,867,536	3,068,996,619	2,782,149,905	3,052,373,410
Refer Restatement Note no. 40.1.11				
Remuneration of the City Manager				
Annual Remuneration	2,603,160	1,412,238	2,603,160	1,412,238
Travel, Subsistence, UIF, Medical, Pension Funds, Other	0	0	0	0
Total	2,603,160	1,412,238	2,603,160	1,412,238
Remuneration of the Chief Financial Officer				
Annual Remuneration	1,124,214	1,927,224	1,124,214	1,927,224
Travel, Subsistence, UIF, Medical, Pension Funds, Other	0	0	0	0
Total	1,124,214	1,927,224	1,124,214	1,927,224
Remuneration of the Chief Operating Officer				
Annual Remuneration	1,915,584	1,882,224	1,915,584	1,882,224
Travel, Subsistence, UIF, Medical, Pension Funds, Other	108,000	45,000	108,000	45,000
Total	2,023,584	1,927,224	2,023,584	1,927,224
Remuneration of the Chief of Staff - Current				
Annual Remuneration	923,432	596,180	923,432	596,180
Travel, Subsistence, UIF, Medical, Pension Funds, Other	0	0	0	0
Total	923,432	596,180	923,432	596,180
Remuneration of the Chief of Staff - Previous				
Annual Remuneration	0	221,686	0	221,686
Travel, Subsistence, UIF, Medical, Pension Funds, Other	0	34,583	0	34,583
Total	0	256,269	0	256,269
Remuneration of the Chief of Police - Current				
Annual Remuneration	1,513,368	815,080	1,513,368	815,080
Travel, Subsistence, UIF, Medical, Pension Funds, Other	120,000	70,000	120,000	70,000
Total	1,633,368	885,080	1,633,368	885,080
Remuneration of Individual Executive Directors				
Corporate Services - Acting Executive Director				
Annual Remuneration	1,563,284	1,086,886	1,563,284	1,086,886
Travel, Subsistence, UIF, Medical, Pension Funds, Other	24,750	0	24,750	0
	1,588,034	1,086,886	1,588,034	1,086,886
Economic Development, Tourism and Agriculture				
Annual Remuneration	1,642,560	1,555,200	1,642,560	1,555,200
Travel, Subsistence, UIF, Medical, Pension Funds, Other	192,000	194,389	192,000	194,389
	1,834,560	1,749,589	1,834,560	1,749,589

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

24 EMPLOYEE RELATED COSTS (Continued)	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
Infrastructure and Engineering				
Annual Remuneration	1,834,560	1,747,200	1,834,560	1,747,200
Travel, Subsistence, UIF, Medical, Pension Funds, Other	0	0	0	0
	1,834,560	1,747,200	1,834,560	1,747,200
Electricity (Vacant)				
Annual Remuneration	0	0	0	0
Travel, Subsistence, UIF, Medical, Pension Funds, Other	0	0	0	0
	0	0	0	0
Safety and Security				
Remuneration for 7 months	1,031,514	1,927,224	1,031,514	1,927,224
Travel, Subsistence, UIF, Medical, Pension Funds, Other	15,750	0	15,750	0
	1,047,264	1,927,224	1,047,264	1,927,224
Human Settlements - Current				
Annual Remuneration	1,851,912	798,381	1,851,912	798,381
	1,851,912	798,381	1,851,912	798,381
Sports, Recreation, Arts and Culture				
Annual Remuneration	1,654,560	1,567,200	1,654,560	1,567,200
Travel, Subsistence, UIF, Medical, Pension Funds, Other	215,988	183,112	215,988	183,112
	1,870,548	1,750,312	1,870,548	1,750,312
Public Health (Vacant)				
Annual Remuneration	0	970,662	0	970,662
	0	970,662	0	970,662
Remuneration of the Chief Executive Officer - MBDA				
Annual Remuneration	862,661	946,246	0	0
Performance Bonuses	0	186,530	0	0
Gratuity Payment	0	1,374,500	0	0
Car allowance	20,000	35,000	0	0
Total	882,661	2,542,276	0	0
Remuneration of the Chief Financial Officer - MBDA				
Annual Remuneration	1,162,431	993,946	0	0
Performance Bonuses	101,795	122,667	0	0
Acting Allowance	0	234,010	0	0
Car allowance	26,000	24,000	0	0
Total	1,290,226	1,374,623	0	0
Remuneration of the Planning and Development Manager (Inner City) - MBDA				
Annual Remuneration	1,139,164	952,500	0	0
Performance Bonuses	97,651	108,742	0	0
Car allowance	26,000	24,000	0	0
Total	1,262,815	1,085,242	0	0
Remuneration of the Operations Manager - MBDA				
Annual Remuneration	734,192	624,639	0	0
Performance Bonuses	62,464	66,698	0	0
Total	796,656	691,337	0	0
Remuneration of the Planning and Development Manager (Townships) - MBDA				
Annual Remuneration	533,210	461,007	0	0
Performance Bonuses	56,667	93,581	0	0
Total	589,877	554,588	0	0
Remuneration of the Marketing and Communications Manager - MBDA				
Annual Remuneration	975,381	833,123	0	0
Performance Bonuses	83,166	92,612	0	0
Total	1,058,547	925,735	0	0
Remuneration of the Stadium Manager - MBDA				
Annual Remuneration	1,057,333	165,896	0	0
Car allowance	26,000	4,000	0	0
Acting Allowance	122,636	0	0	0
Total	1,205,969	169,896	0	0
Remuneration of the STC Manager - MBDA				
Annual Remuneration	51,709	0	0	0
Total	51,709	0	0	0
Remuneration of the Company Secretary - MBDA				
Annual Remuneration	764,400	0	0	0
Total	764,400	0	0	0
Remuneration of the Acting Planning and Dev Manager (Townships) - MBDA				
Acting Allowance	74,060	0	0	0
Total	74,060	0	0	0
Remuneration of the Acting STC Manager - MBDA				
Acting Allowance	36,076	0	0	0
Total	36,076	0	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
25 REMUNERATION OF COUNCILLORS				
Mayor's Remuneration	1,298,317	1,266,023	1,298,317	1,266,023
Deputy Mayor's Remuneration	154,369	1,010,779	154,369	1,010,779
Speaker's Remuneration	1,048,546	972,008	1,048,546	972,008
Mayoral Committee members	12,520,293	9,945,519	12,520,293	9,945,519
Other Councillors' Remuneration	50,929,972	48,193,657	50,929,972	48,193,657
Telephone Allowances	4,883,674	2,761,092	4,883,674	2,761,092
3G Allowance	429,600	134,810	429,600	134,810
	71,264,771	64,283,888	71,264,771	64,283,888

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Mayoral Committee Members and Chief Whip 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 is an all-inclusive package, with the exception of a Telephone Allowance and a 3G Allowance. The package is within the upper limits of the framework as envisaged in section 219 of the Constitution.

26 DEBT IMPAIRMENT - RECEIVABLES

Bad debts consists of the following:

Bad debts expense

ATTP and Miscellaneous fees and charges
Miscellaneous

	199,456,569	599,574,709
ATTP and Miscellaneous fees and charges	199,458,760	599,720,059
Miscellaneous	(2,191)	(145,350)

	199,456,569	599,574,709
ATTP and Miscellaneous fees and charges	199,458,760	599,720,059
Miscellaneous	(2,191)	(145,350)

Net Contribution to doubtful debts

Contribution to doubtful debts (inclusive of VAT) - Service Charges
Contribution to doubtful debts (inclusive of VAT) - Property Rates
Less: VAT portion
Contribution to doubtful debts (excluding VAT)
Less: Bad debts written off against the provision

	531,387,919	(161,754,871)
Contribution to doubtful debts (inclusive of VAT) - Service Charges	648,824,015	347,387,633
Contribution to doubtful debts (inclusive of VAT) - Property Rates	160,954,356	126,194,892
Less: VAT portion	91,173,537	35,617,337
Contribution to doubtful debts (excluding VAT)	718,604,834	437,965,188
Less: Bad debts written off against the provision	187,216,915	599,720,059
	531,387,919	(161,754,871)
	730,844,488	437,819,838

	531,387,919	(161,754,871)
Contribution to doubtful debts (inclusive of VAT) - Service Charges	648,824,015	347,387,633
Contribution to doubtful debts (inclusive of VAT) - Property Rates	160,954,356	126,194,892
Less: VAT portion	91,173,537	35,617,337
Contribution to doubtful debts (excluding VAT)	718,604,834	437,965,188
Less: Bad debts written off against the provision	187,216,915	599,720,059
	531,387,919	(161,754,871)
	730,844,488	437,819,838

DEBT IMPAIRMENT - OTHER

Impairment - Traffic Fines

Impairment - Traffic Fines	141,837,351	165,679,512
	141,837,351	165,679,512

Impairment - Traffic Fines	141,837,351	165,679,512
	141,837,351	165,679,512

Impairment - MBDA

Impairment - MBDA	55,340	65,069
	55,340	65,069

Impairment - MBDA	0	0
	0	0

The Impairment of Traffic Fines was based on the collection rate of fines. Refer Note 21.2 for more details.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
27 FINANCE CHARGES				
Interest on External Loans	142,508,812	153,812,307	142,508,812	153,812,307
Interest on Other	1,628,815	1,405,978	1,628,815	1,405,978
Finance Charges	144,137,627	155,218,285	144,137,627	155,218,285
Interest and Penalties	0	0	0	0
Total Finance Charges	144,137,627	155,218,285	144,137,627	155,218,285
Finance cost accrued / Prior year accrual reversals	(2,597,004)	(2,342,924)	(2,597,004)	(2,342,924)
Finance charges paid	146,734,631	157,561,209	146,734,631	157,561,209
28 BULK PURCHASES				
Electricity	2,893,025,688	2,913,232,138	2,893,025,688	2,913,232,138
Water	121,517,246	97,368,246	121,517,246	97,368,246
	3,014,542,934	3,010,600,384	3,014,542,934	3,010,600,384
29 TRANSFERS AND SUBSIDIES				
Grants in aid	6,653,345	7,195,130	6,653,345	7,195,130
Grants to Other Organisations	24,935,973	17,677,844	77,271,521	59,260,684
	31,589,318	24,872,974	83,924,866	66,455,814
Refer Restatement Note no. 40.1.19				
30 SIGNIFICANT ITEMS IN THE STATEMENT OF FINANCIAL PERFORMANCE				
30.1 CONTRACTED SERVICES				
Is made up as follows:				
Consultants and Professional Services:Business and Advisory	13,565,217	5,886,461	13,565,217	5,886,461
Consultants and Professional Services:Infrastructure and Planning:Town Planner	29,644,993	36,567,038	29,644,993	36,567,038
Consultants and Professional Services:Laboratory Services	95,282	120,717	95,282	120,717
Consultants and Professional Services:Legal Cost	61,951,919	67,200,888	61,951,919	67,200,888
Contractors:Building	14,513,345	66,629,416	14,513,345	66,629,416
Contractors:Other	16,458,671	19,441,530	16,458,671	19,441,530
Contractors:Maintenance of Buildings and Facilities	54,443,148	90,444,963	54,443,148	90,444,963
Contractors:Maintenance of Equipment	114,234,317	136,094,580	114,234,317	136,094,580
Contractors:Maintenance of various other Assets	37,345,013	12,306,012	37,345,013	12,306,012
Contractors:Sewerage Services	41,764,495	26,758,727	41,764,495	26,758,727
Contractors:Transportation	67,455	25,895,062	67,455	25,895,062
Contractors:Management of Informal Settlements	5,772,543	0	5,772,543	0
Contractors:Safeguard and Security	855,644	0	855,644	0
Outsourced Services:Other	9,074,074	12,054,705	9,074,074	12,054,705
Outsourced Services:Alien Vegetation Control	1,492,101	4,871,748	1,492,101	4,871,748
Outsourced Services:Business and Advisory	13,272,045	23,683,529	13,272,045	23,683,529
Outsourced Services:Business and Advisory:Project Management	290,356,577	259,880,032	290,356,577	259,880,032
Outsourced Services:Clearing and Grass Cutting Services	27,598,414	25,246,186	27,598,414	25,246,186
Outsourced Services:Electrical	32,088,383	37,253,811	32,088,383	37,253,811
Outsourced Services:Hygiene Services	56,120,003	19,632,693	56,120,003	19,632,693
Outsourced Services:Illegal Dumping	7,729,699	7,624,050	7,729,699	7,624,050
Outsourced Services:Litter Picking and Street Cleaning	24,143,424	27,673,779	24,143,424	27,673,779
Outsourced Services:Meter Management	9,020,970	6,067,362	9,020,970	6,067,362
Outsourced Services:Refuse Removal	13,168,848	6,246,627	13,168,848	6,246,627
Outsourced Services:Security Services	132,693,061	194,680,618	132,693,061	194,680,618
Outsourced Services:Traffic Fines Management	13,364,824	12,726,403	13,364,824	12,726,403
Outsourced Services:Transport Services	3,488,151	5,412,909	3,488,151	5,412,909
Contractors: MBDA	17,119,093	17,219,239	0	0
	1,041,441,709	1,147,619,085	1,024,322,616	1,130,399,846
Refer Restatement Note no. 40.1.10				
30.2 OTHER EXPENDITURE				
Is made up as follows:				
Operating Leases: Various Assets	29,711,859	36,474,470	29,711,859	36,474,470
Operational Cost:Advertising, Publicity and Marketing	6,694,446	11,250,188	6,694,446	11,250,188
Operational Cost:Other	52,135,994	29,245,846	52,135,994	29,245,846
Operational Cost:External Computer Service	64,625,531	29,527,197	64,625,531	29,527,197
Operational Cost:Hire Charges	72,914,884	40,798,800	72,914,884	40,798,800
Operational Cost:Insurance Underwriting	11,735,407	11,540,975	11,735,407	11,540,975
Operational Cost:Intercompany/Parent-subsidiary Transactions	61,517,312	38,781,826	61,517,312	38,781,826
Operational Cost:Licences	8,614,081	5,781,876	8,614,081	5,781,876
Operational Cost:Commission:Prepaid Electricity	18,358,046	16,234,794	18,358,046	16,234,794
Operational Cost:Communication	40,101,927	47,005,902	40,101,927	47,005,902
Operational Cost:Registration Fees	2,995,613	5,064,688	2,995,613	5,064,688
Operational Cost:Remuneration to Ward Committees	0	0	0	0
Operational Cost:Skills Development Fund Levy	21,994,999	20,429,439	21,994,999	20,429,439
Operational Cost:Travel and Subsistence	5,641,736	5,386,593	5,641,736	5,386,593
Operational Cost:Uniform and Protective Clothing	10,928,351	7,504,235	10,928,351	7,504,235
Operational Cost:Workmen's Compensation Fund	5,342,142	4,962,393	5,342,142	4,962,393
Operational Cost: MBDA	26,227,189	21,155,287	0	0
	439,539,517	331,144,509	413,312,328	309,989,222

The names of expenditure have been changed to align them with mSCOA.

Refer Restatement Note no. 40.1.2 and 40.1.16

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
31 DEPRECIATION AND AMORTISATION				
31.1 Depreciation - Property, Plant and Equipment	636,791,365	301,106,568	636,105,714	300,460,346
31.2 Amortisation	(356,696,282)	(6,780,802)	(356,731,317)	(6,833,388)
Refer Restatement Note no. 40.1.13.1 and 40.1.13.2				
32 CASH GENERATED FROM OPERATIONS				
Surplus for the year	2,069,923,600	1,063,847,739	2,069,038,257	1,063,447,824
Adjustment for:				
Interest accrued	(38,613,306)	(13,910,966)	(38,613,306)	(13,917,733)
Impairment of receivables	622,561,457	(126,112,113)	622,561,457	(126,137,534)
Write down to net realisable value	(662,515)	206,240	(662,515)	206,240
Property Rates adjustment	0	40,041,956	0	40,041,956
Depreciation	636,791,365	301,106,568	636,105,714	300,460,346
Amortisation	(356,696,282)	(6,780,802)	(356,731,317)	(6,833,388)
Finance cost accrued	37,148,825	40,902,842	37,148,825	40,902,842
Contribution to provisions / employee benefit obligation - non-current	120,265,664	424,144,987	120,785,345	423,309,400
Contribution to provisions / employee benefit obligation - current	(35,169,147)	129,042,364	(35,169,147)	129,042,364
Unrealised gain to Sanlam shares	(215,643)	(181,681)	(215,643)	(181,681)
Loss on Disposal of Property Plant and Equipment	62,696	1,299,011	20,510	1,165,081
Impairment of PPE / Heritage Assets/ Fines	141,837,351	165,679,512	141,837,351	165,679,512
Fines Income accrued	(139,692,931)	0	(139,692,931)	0
Operating Surplus before working capital changes	3,057,541,134	2,019,285,657	3,056,412,600	2,017,185,229
(Increase) / Decrease in Inventory	18,892,851	(52,815,864)	18,888,597	(52,287,422)
Increase in Trade Receivables	(593,489,172)	(403,122,779)	(593,489,172)	(403,122,779)
Increase in Other Receivables	(179,276,627)	16,989,446	(140,039,217)	16,692,558
Decrease / (Increase) in VAT	(70,336,180)	36,135,844	(70,825,681)	32,934,209
Decrease in Unspent conditional grants and receipts	(1,023,765)	(138,329,589)	0	(152,364,288)
(Decrease) / Increase in Trade and Other Payables	601,997,078	56,658,212	582,488,469	50,350,542
(Increase) / Decrease in Long-term Receivables	(13,545,232)	(39,752,463)	(13,545,232)	(39,752,463)
	2,820,760,087	1,495,048,464	2,839,890,364	1,469,635,586
33 MOVEMENT IN LONG-TERM LOANS (EXTERNAL)				
Loans raised	0	0	0	0
Loans repaid	(86,407,312)	(93,919,738)	(86,407,312)	(93,919,738)
	(86,407,312)	(93,919,738)	(86,407,312)	(93,919,738)
34 CASH AND CASH EQUIVALENTS				
Short-term Investment Deposits	2,371,934,859	1,344,722,731	2,371,934,859	1,344,722,731
Bank balances and cash	249,810,902	285,651,012	210,417,762	226,774,020
Total Cash and Cash Equivalents	2,621,745,761	1,630,373,743	2,582,352,621	1,571,496,751
35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
35.1 Contributions to organised local government				
Opening balance	0	0	0	0
Council subscriptions	12,635,000	11,717,000	12,635,000	11,717,000
Amount paid - current year	(12,635,000)	(11,717,000)	(12,635,000)	(11,717,000)
Balance unpaid (included in creditors)	0	0	0	0
35.2 Audit Fees				
Opening balance	80,378	37,102	80,378	37,102
Current year audit fee	20,039,616	15,049,305	19,102,534	14,156,519
Amount paid - current year	(19,842,711)	(14,968,927)	(18,905,629)	(14,076,141)
Amount paid - previous year	(80,378)	(37,102)	(80,378)	(37,102)
Balance unpaid (included in creditors)	196,905	80,378	196,905	80,378

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	Economic Entity		Municipality	
	2018 R	Restated 2017 R	2018 R	Restated 2017 R
35.3 VAT				
The Net effect of the VAT inputs and VAT output are shown in note 17. All VAT returns have been submitted by the due date throughout the year.				
35.4 PAYE and UIF				
Opening balance	30,017,608	0	30,017,608	0
Current year payroll deductions	412,512,957	370,875,356	405,984,812	367,472,290
Amount paid - current year	(378,759,331)	(340,857,748)	(372,231,186)	(337,454,682)
Amount paid - previous year	(30,017,608)	0	(30,017,608)	0
Balance unpaid (included in creditors)	33,753,626	30,017,608	33,753,626	30,017,608
35.5 PENSION AND MEDICAL DEDUCTIONS				
Opening balance	0	0	0	0
Current year payroll deductions and Council Contributions	679,750,329	627,027,747	675,807,184	624,470,883
Amount paid - current year	(679,589,121)	(627,027,747)	(675,807,184)	(624,470,883)
Balance unpaid (included in creditors)	161,208	0	0	0
35.6 SKILLS DEVELOPMENT LEVY				
Opening balance	1,687,189	0	1,687,189	0
Current year payroll deductions	21,994,999	20,429,439	21,994,999	20,429,439
Amount paid - current year	(20,115,598)	(18,742,250)	(20,115,598)	(18,742,250)
Amount paid - previous year	(1,687,189)	0	(1,687,189)	0
Balance unpaid (included in creditors)	1,879,401	1,687,189	1,879,401	1,687,189
OTHER ADDITIONAL DISCLOSURES:				
35.8 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT				
Loss on disposal of property, plant and equipment	62,696	1,299,011	20,510	1,165,081
Mostly relates to disposal of buildings.				
35.9 GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT				
Sale of motor vehicles	0	605,938	0	605,938
Relates to the disposal of motor vehicles which are past their useful lives.				
35.10 WATER LOSSES				
The NMBM suffered water losses of 41,189 megalitres (41.1%) amounting to R152,9 million (2017: 35,912 megalitres (35.5%) amounting to R169,7 million) during the year. The value of the water losses have been based on cost for both years. Various water demand management interventions are being implemented to curb water losses.				
The 41.1% Non-revenue water is made up of unbilled authorised consumption (2%) (technical) and water losses (39.1%) (non-technical). Water losses are made up of apparent losses (6.6%) and real (physical) losses (32.5%). Apparent losses include theft of water, illegal water drawn from fire hydrant and meter inaccuracies.				
35.11 ELECTRICITY LOSSES				
The NMBM suffered electricity losses of 13.95% amounting to total accumulative losses of R 339,5 million (2017: 13.60% amounting to R 326,2 million). Various electricity management interventions are being implemented to curb these losses are being implemented.				
The Electricity losses as defined above are separated between technical (6%), Public Lighting (1,5%) and non-technical losses (5%). Technical losses are inherent losses in a distribution system ad these includes copper losses, Iron losses and heat losses due to current flow. Public lighting includes traffic signals, Highmast and Streelights. Non-Technical Losses can be attributed to theft that is illegal connections, meter tampering and non billed revenue due to faulty meters.				
It must be further noted that the prescribed norms for electricity losses is +/- 10%.				

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

36.1 Councillors' arrear consumer accounts

Councillors had arrear accounts outstanding for more than 90 days as at:

	R	R
	<u>Arrangements</u>	<u>Outstanding more than 90 days</u>
30 June 2018		
Councillor KK Boqwana		4
Councillor V Dyele	30,898	
Councillor AD Isaacs		36
Councillor RC Kayser		40,377
Councillor AW Lungisa		1
Councillor VM Manyati	4,440	
Councillor GG Miggels		19
Councillor M Mngcokoca	16,765	
Councillor L Mrara	3,694	
Councillor PS Ndoni	7,396	
Councillor SS Plaatjies	10,474	
Councillor LP Qukubana	1,466	
Councillor NE Sikweyiya	14,408	
Councillor L Suka		42,219
Councillor PB Vani		19
Councillor MM Zinto	11,698	
	<u>101,239</u>	<u>82,675</u>

Councillors had arrear accounts outstanding for more than 90 days as at:

	Arrangements	Outstanding more than 90 days
30 June 2017		
Councillor BM Bhanga		10
Councillor ME Bobani	3,709	
Councillor KK Boqwana		11
Councillor V Dyele	33,861	
Councillor AD Isaacs		45
Councillor RC Kayser	3,457	10,154
Councillor AW Lungisa		1
Councillor VM Manyati	33,249	
Councillor PA Mfama		173,572
Councillor GG Miggels		25
Councillor M Mngcokoca	26,114	
Councillor L Mrara	11,081	
Councillor PS Ndoni	6,923	
Councillor NQ Pink		98
Councillor SS Plaatjies	20,394	
Councillor NE Sikweyiya	25,212	
Councillor PB Vani		63
Councillor MM Zinto		2,271
	<u>164,000</u>	<u>186,250</u>

36.2 List of Entities and related transactions

1 Solely-controlled entities

The following entity is solely controlled by the NMBM and have received the following grants:

	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
Mandela Bay Development Agency (excluding VAT)	<u>86,969,510</u>	<u>74,047,323</u>	<u>86,969,510</u>	<u>74,047,323</u>

Although a related party relationship does exist, the transactions were made in the ordinary course of business and as such the transactions do not constitute related party transactions as per the definition per IPSAS 20 on related parties. However these amounts have been included as the additional disclosure is required by the MFMA.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)	Economic Entity		Municipality	
	2018	Restated 2017	2018	Restated 2017
	R	R	R	R
36.2 List of Entities and related transactions (Continued)				
2 Section 57 Employees (See note 24)				
3 Other Organisations The Organisations have received the following grants / payments:				
1. Uitenhage Despatch Development Initiative	970,765	7,379,470	970,765	7,379,470
2. Nelson Mandela Bay Tourism	13,925,050	13,136,840	13,925,050	13,136,840
3. Surf lifesaving Club	204,000	227,622	204,000	227,622
Grants / payments to Other Organisations	15,099,815	20,743,932	15,099,815	20,743,932

Although a related party relationship does exist, the transactions were made in the ordinary course of business and as such the transactions do not constitute related party transactions as per the definition per IPSAS 20 on related parties. However these amounts have been included as the additional disclosure is required by the MFMA.

36.3 Suppliers in which close family members of employees, councillors/ directors or Mayor has an interest

	ECONOMIC ENTITY AND MUNICIPALITY	
	2018	Restated 2017
Family of employees who have an interest in a government supplier.	56,651,499	48,316,653
Although a related party relationship does exist as awards were made to suppliers in which close family members of employees have an interest, these transactions were in the ordinary course of business at market related rates. However this disclosure has been included as required by SCM regulation 45.	2,984,908	
Although a related party relationship does exist, contracts were awarded to certain councillors and officials in which they have an interest. These transactions were made in the ordinary course of business at market related rates. However this disclosure has been included as required by SCM regulation 44.	19,021,962	7,621,942

36.4 Supply Chain Management Policy

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. The deviations for the 2017/18 financial year are detailed as follows in terms of section 39 (1) (a) of the Supply Chain Management Policy:

1. Nelson Mandela Bay Metropolitan Municipality		2018	Restated 2017
Deviations: Supply Chain Management Policy		Award Amount	Payments made R
(i)	In an emergency;		9,402,662
(ii)	If such goods or services are produced or available from a single provider only;	64,408,982	18,978,543
(iii)	For the acquisition of special works of art, artistic services or historical objects where specifications are difficult to compile;		16,700
(v)	In any other exceptional cases where all possible options have been explored, and it is still impractical or impossible to follow the official procurement processes		25,097,325
	39 (1) (b) - Ratify any minor breaches of the procurement processes.		0

2. Mandela Bay Development Agency

2018 Financial year:

In accordance with section 36(1)(a)(i) of SCM policy regulations there were deviations from the normal procurement process to the value of R112 996

In accordance with section 36(1)(a)(ii) of SCM policy regulations there were deviations from the normal procurement process to the value of R810 671

In accordance with section 36(1)(a)(v) of SCM policy regulations there were deviations from the normal procurement process to the value of R5 078 581

2017 Financial year:

In accordance with section 36(1)(a)(i) of SCM policy regulations there were deviations from the normal procurement process to the value of R398 294

In accordance with section 36(1)(a)(ii) of SCM policy regulations there were deviations from the normal procurement process to the value of R819 365

In accordance with section 36(1)(a)(v) of SCM policy regulations there were deviations from the normal procurement process to the value of R7 074 514

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

37 CAPITAL COMMITMENTS	Economic Entity		Municipality	
	2017 R	Restated 2016 R	2017 R	Restated 2016 R
Approved and contracted for	433,444,590	273,090,851	433,444,590	273,090,851
Land and Buildings	11,441,040	5,319,557	11,441,040	5,319,557
Infrastructure	398,805,826	246,752,961	398,805,826	246,752,961
Community	7,031,126	1,397,259	7,031,126	1,397,259
Intangible	16,166,598	19,621,074	16,166,598	19,621,074
Approved but not yet contracted for	69,850,763	29,626,810	69,850,763	29,626,810
Infrastructure	68,049,442	27,825,489	68,049,442	27,825,489
Community	1,735,657	1,735,657	1,735,657	1,735,657
Intangible	65,664	65,664	65,664	65,664
Total	503,295,353	302,717,661	503,295,353	302,717,661
This expenditure will be financed from:				
Fuel Levy	67,540,463	13,324,054	67,540,463	13,324,054
Equitable Share (E-Share)	0	5,319,557	0	5,319,557
Service Charges - Water Revenue	12,412,934	0	12,412,934	0
Neighbourhood Development Partnership Grant	2,155,536	0	2,155,536	0
Urban Settlements Development Grant (USDG)	412,659,096	253,822,641	412,659,096	253,822,641
Integrated Public Transport Grant	8,527,324	10,321,232	8,527,324	10,321,232
Capital Replacement Reserve	0	19,930,177	0	19,930,177
Total	503,295,353	302,717,661	503,295,353	302,717,661
38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities (See Note 3)	1,268,773,919	1,357,780,206	1,268,773,919	1,357,780,206
Used to Finance property, plant and equipment - at cost	1,268,773,919	1,357,780,206	1,268,773,919	1,357,780,206
Sub-total	0	0	0	0
Cash set aside for the repayment of long-term liabilities (See Note 3) - This is only the capital portion of the loan.	79,760,410	86,409,283	79,760,410	86,409,283
39 FINANCIAL RISK MANAGEMENT				

There have been no significant changes in the risks below from the prior year to current. The risks have remained the same.

Interest rate risk

The NMBM is not exposed to interest rate risk on its financial liabilities. All of the NMBM's interest-bearing external loan liabilities, as detailed in Note 3 are fixed interest loans. No interest rate swap agreements have been entered into. The NMBM invests its surplus funds in fixed interest rate deposits with banks for fixed terms not exceeding one year.

Liquidity risk

The liquidity risk is the risk that the NMBM is not able to settle its obligations. The NMBM manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. The NMBM has secured standby credit facilities in the form of an overdraft facility with its 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. Consumer deposits have a low exposure to liquidity risk.

The following table details the NMBM'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 NMBM can be required to pay. The table includes both estimated interest and principal cash flows. A sensitivity analysis was not considered to be necessary.

Trade payables

1-3 months	2,184,540,249	1,606,801,049	2,146,629,090	1,587,805,750
> 3 months	119,306,914	112,891,609	119,306,914	112,891,609
	2,303,847,163	1,719,692,658	2,265,936,004	1,700,697,359

Long term borrowings

< 12 months	79,760,410	86,409,283	79,760,410	86,409,283
> 12 months	1,209,505,493	1,290,457,417	1,208,011,203	1,289,121,450

Credit risk

The 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 15 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.

Refer to note 52 for table.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39 FINANCIAL RISK MANAGEMENT (Continued)

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 52 for fair values of all financial liabilities. SANLAM shares is the only financial instrument and has a very low risk exposure and have been disclosed at the Market value of the share as at 30 June.

Currency risk

There were no currency risk exposure in the current and prior year.

40 RESTATED PRIOR YEAR COMPARATIVES	ECONOMIC ENTITY Restated 2017 R	MUNICIPALITY Restated 2017 R
-------------------------------------	---------------------------------------	------------------------------------

Prior Period Adjustments:

Net effect of changes - see details below	326,001,540	326,003,995
Net effect on surplus	326,001,540	326,003,995

Statement of Financial Performance

40.1.1 Surplus for the year

Balance as per audited financial statements (as previously reported)	737,846,199	737,443,829
Net effect on surplus	326,001,540	326,003,995
General Expenses (Refer 40.1.2)	(2,426,849)	(2,426,849)
Other Income (Refer 40.1.3.1)	14,853,059	14,853,059
Repairs and Maintenance (Refer 40.1.4)	(2,433,148)	(2,433,148)
Service Charges (Refer 40.1.5)	2,669,195	2,669,195
Interest raised - Outstanding Debtors (Refer 40.1.6)	413	413
Rental of Facilities and Equipment (Refer 40.1.7)	119,626	119,626
Fines, Penalties and Forfeits (Refer 40.1.8)	327,928	327,928
Contracted Services (Refer 40.1.10)	(2,995,077)	(2,995,077)
Employee Related Costs (Refer 40.1.11)	(2,389,605)	(2,389,605)
Licences and Permits (Refer 40.1.12)	30,000	30,000
Depreciation (Refer 40.1.13.1)	293,997,528	293,999,983
Amortisation (Refer 40.1.13.2)	24,244,478	24,244,478
Other Revenue (Refer 40.1.15)	3,992	3,992
Restated surplus for 2016/17	1,063,847,739	1,063,447,824

40.1.2 General expenses

Expense as per Audited financial statements (as previously reported)	606,008,883	547,054,862
Transfer to Creditors	2,426,849	2,426,849
Transfer to Other Income	279	279
Transfer to Contracted Services	(148,121,346)	(148,121,346)
Transfer to Employee Related Costs	(5,307,377)	(5,307,377)
Transfer to Finance Charges	62,824	62,824
Transfer to Other expenditure	(259,501,006)	(259,501,006)
Transfer to Other Materials	(128,964,513)	(128,964,513)
Transfer to Transfers and Subsidies (Expense)	(7,670,000)	(7,670,000)
Transfer to Other Revenue	19,428	19,428
MBDA Expenses - reclassified	(58,954,021)	0
	0	0

Expenses in the amount of R2 426 849, which have not been previously accrued for.

The rest of the expenditure have been transferred out to different categories, in terms of mSCOA as the General Expenses category does not exist in the framework.

40.1.3.1 Other Income

Income as per Audited financial statements (as previously reported)	269,798,855	267,969,372
Transfer from Creditors	9,041,474	9,041,474
Transfer from Other Debtors	5,811,585	5,811,585
Transfer from General Expenses	279	279
Transfer to Fines, Penalties and Forfeits	(87,068,958)	(87,068,958)
Transfer to Licences and Permits	(9,874,516)	(9,874,516)
Transfer to Other Revenue	(146,633,228)	(146,633,228)
Transfer to Rental of Facilities and Equipment	(1,149,582)	(1,149,582)
Transfer to Service Charges	(25,196,124)	(25,196,124)
Transfer to Transfers and Subsidies (Revenue)	(12,900,302)	(12,900,302)
MBDA Other Income - reclassified	(1,829,483)	0
	0	0

Debtors in the amount of R5 811 585 and Creditors in the amount of R9 041 474, previously not recognised.

The rest of the Income have been transferred out to different categories, in terms of mSCOA as the Other Income category does not exist in the framework.

40.1.3.2 Other Income - Government Grants - VAT recognised

Income as per Audited financial statements (as previously reported)	137,541,826	137,541,826
Transfer to Transfers and Subsidies (Revenue)	(137,541,826)	(137,541,826)
	0	0

Income have been moved to Transfers and Subsidies in terms of mSCOA as the above category does not exist in the framework.

40.1.3.3 Other Income - Fuel levy

Income as per Audited financial statements (as previously reported)	496,799,000	496,799,000
Transfer to Transfers and Subsidies (Revenue)	(496,799,000)	(496,799,000)
	0	0

Income have been moved to Transfers and Subsidies in terms of mSCOA as the above category does not exist in the framework.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	ECONOMIC ENTITY Restated 2017 R	MUNICIPALITY Restated 2017 R
40.1.3.4 Other Income - Public Contributions		
Income as per Audited financial statements (as previously reported)	67,636,848	57,060,680
Transfer to Transfers and Subsidies (Revenue)	(57,060,680)	(57,060,680)
MBDA - Transfer to Other Revenue	(10,576,168)	0
	<u>0</u>	<u>0</u>
Income have been moved to Transfers and Subsidies in terms of mSCOA as the above category does not exist in the framework.		
40.1.4 Repairs and Maintenance		
Expense as per Audited financial statements (as previously reported)	342,298,119	342,194,614
Transfer to Creditors	2,433,148	2,433,148
Contracted Services	(329,272,922)	(329,272,922)
Other expenditure	(82,935)	(82,935)
Other Materials	(15,271,905)	(15,271,905)
MBDA Expenses - reclassified	(103,505)	0
	<u>0</u>	<u>0</u>
Expenses in the amount of R2 433 148, which have not been previously accrued for.		
The rest of the expenditure have been transferred out to different categories, in terms of mSCOA as the Repairs and Maintenance category does not exist in the framework.		
40.1.5 Service Charges		
Income as per Audited financial statements (as previously reported)	4,882,016,499	4,882,264,103
Transfer from Other Debtors	2,669,195	2,669,195
Transfer from Other Income	25,196,124	25,196,124
	<u>4,909,881,818</u>	<u>4,910,129,422</u>
Income in the amount of R2 669 195, relates to various income not previously recognised.		
Other Income in the amount of R25 196 124, have been transferred to Service Charges in terms of mSCOA.		
40.1.6 Interest raised - Outstanding Debtors		
Income as per Audited financial statements (as previously reported)	113,655,942	113,655,942
Transfer to Other Debtors	413	413
Transfer to Other Revenue	(19,069)	(19,069)
	<u>113,637,286</u>	<u>113,637,286</u>
Interest on overdue accounts in the amount of R413, not previously recognised.		
Income in the amount of R19 069, have been transferred to Other Revenue in terms of mSCOA.		
40.1.7 Rental of Facilities and Equipment		
Income as per Audited financial statements (as previously reported)	22,979,856	22,813,246
Transfer to Other Debtors	119,626	119,626
Transfer from Income for Agency Services	1,257	1,257
Transfer from Other Income	1,149,582	1,149,582
Transfer to Other Revenue	(854,604)	(854,604)
MBDA - Transfer to Other Revenue	(166,610)	0
	<u>23,229,107</u>	<u>23,229,107</u>
Income in the amount of R119 626, relates to various income not previously recognised.		
The rest of the Income, have been transferred to / from Rental of Facilities and Equipment in terms of mSCOA.		
40.1.8 Fines, Penalties and Forfeits		
Income as per Audited financial statements (as previously reported)	202,307,270	202,307,270
Transfer to Other Debtors	327,928	327,928
Transfer from Other Income	87,068,959	87,068,959
	<u>289,704,157</u>	<u>289,704,157</u>
Income in the amount of R327 928, relates to various income not previously recognised.		
The rest of the Income, have been transferred to / from Fines, Penalties and Forfeits in terms of mSCOA.		
40.1.9 Grants and Subsidies Paid		
Income as per Audited financial statements (as previously reported)	47,461,849	109,052,086
Transfer to Other Expenditure	(50,266,272)	(50,266,272)
Transfer to Transfers and Subsidies (Expense)	(58,785,814)	(58,785,814)
MBDA Expenses - reclassified	61,590,237	0
	<u>0</u>	<u>0</u>
The rest of the expenditure have been transferred out to different categories, in terms of mSCOA as the Grant and Subsidies category does not exist in the framework.		
40.1.10 Contracted Services		
Income as per Audited financial statements (as previously reported)	650,010,502	650,010,502
Transfer to Creditors	2,995,077	2,995,077
Transfer from General Expenses	148,121,346	148,121,346
Transfer from Repairs and maintenance	329,272,922	329,272,922
MBDA Expenses - reclassified	17,219,238	0
	<u>1,147,619,085</u>	<u>1,130,399,847</u>
Expenses in the amount of R2 995 077, which have not been previously accrued for.		
The rest of the expenditure have been transferred from different categories, in terms of mSCOA.		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	ECONOMIC ENTITY Restated 2017 R	MUNICIPALITY Restated 2017 R
40.1.11 Employee Related Costs		
Income as per Audited financial statements (as previously reported)	3,060,663,137	3,044,676,428
Transfer to Creditors	2,389,605	2,389,605
Transfer from General Expenses	5,307,377	5,307,377
MBDA Expenses - reclassified	636,500	
	<u>3,068,996,619</u>	<u>3,052,373,410</u>
Expenses in the amount of R2 389 605, which have not been previously accrued for.		
The rest of the expenditure have been transferred from different categories, in terms of mSCOA.		
40.1.12 Licence and Permits		
Income as per Audited financial statements (as previously reported)	10,473,000	10,473,000
Transfer to Other Debtors	30,000	30,000
Transfer from Other income	9,874,516	9,874,516
	<u>20,377,516</u>	<u>20,377,516</u>
Income in the amount of R30 000, which have not been previously accrued for.		
The rest of the income have been transferred from different categories, in terms of mSCOA.		
40.1.13.1 Depreciation		
Expense as per Audited financial statements (as previously reported) (PPE)	595,107,097	594,460,329
Transfer to Property, Plant and Equipment	(293,999,983)	(293,999,983)
MBDA - Transfer from PPE	2,455	0
MBDA - Depreciation	(3,001)	0
	<u>301,106,568</u>	<u>300,460,346</u>
Depreciation in the amount of R293 999 983, have now been corrected.		
40.1.13.2 Amortisation		
Expense as per Audited financial statements (as previously reported) (IA)	17,463,677	17,411,090
Transfer to Intangible Assets	(24,244,478)	(24,244,478)
	<u>(6,780,801)</u>	<u>(6,833,388)</u>
Amortisation in the amount of R24 244 478, have now been corrected.		
40.1.14 Property Rates		
Income as per Audited financial statements (as previously reported)	1,639,398,711	1,639,398,711
Transfer to Other Expenditure	139,008	139,008
	<u>1,639,537,719</u>	<u>1,639,537,719</u>
The income have been transferred from different categories, in terms of mSCOA.		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	ECONOMIC ENTITY Restated 2017 R	MUNICIPALITY Restated 2017 R
40.1.15 Other Revenue		
Income as per Audited financial statements (as previously reported)	0	0
Transfer from Other Debtors	3,992	3,992
Transfer from General Expenses	19,428	19,428
Transfer from Interest Earned - Outstanding Debtors	19,069	19,069
Transfer from Other Income	146,633,228	146,633,228
Transfer from Rental of Facilities and equipment	854,604	854,604
MBDA - Other Revenue	1,995,594	0
	<u>149,525,915</u>	<u>147,530,321</u>
Income in the amount of R3 992, which have not been previously accrued for.		
The rest of the income have been transferred from different categories, in terms of mSCOA.		
40.1.16 Other Expenditure		
Income as per Audited financial statements (as previously reported)	0	0
Transfer from General Expenses	259,501,006	259,501,006
Transfer fro Grants and Subsidies paid	50,266,272	50,266,272
Transfer from Property Rates	139,008	139,008
Transfer from Repairs and Maintenance	82,936	82,936
MBDA - Other Expenses	39,808,620	0
	<u>349,797,842</u>	<u>309,989,222</u>
The Expenditure have been transferred from different categories, in terms of mSCOA.		
40.1.17 Other Materials		
Income as per Audited financial statements (as previously reported)	0	0
Transfer from General Expenses	128,964,513	128,964,513
Transfer from Repairs and Maintenance	15,271,905	15,271,905
	<u>144,236,418</u>	<u>144,236,418</u>
The Expenditure have been transferred from different categories, in terms of mSCOA.		
40.1.18 Finance Charges		
Income as per Audited financial statements (as previously reported)	155,281,109	155,281,109
Transfer to General Expenses	(62,824)	(62,824)
	<u>155,218,285</u>	<u>155,218,285</u>
The Expenditure have been transferred to different categories, in terms of mSCOA.		
40.1.19 Transfers and Subsidies (Expense)		
Income as per Audited financial statements (as previously reported)	0	0
Transfer from General Expenses	7,670,000	7,670,000
Transfer from Grants and Subsidies Paid	58,785,814	58,785,814
MBDA - Expenses reclassified	(41,582,840)	0
	<u>24,872,974</u>	<u>66,455,814</u>
The Expenditure have been transferred from different categories, in terms of mSCOA.		
40.1.20 Government Grants and Subsidies		
Income as per Audited financial statements (as previously reported)	1,859,641,672	1,859,641,672
Transfer to Transfers and Subsidies (Revenue)	(935,261,259)	(935,261,259)
Transfer to Transfers and Subsidies (Revenue)	(50,452,423)	(50,452,423)
Transfer to Transfers and Subsidies (Revenue)	(873,927,990)	(873,927,990)
	<u>0</u>	<u>0</u>
The Income have been transferred to different categories, in terms of mSCOA.		
40.1.21 Transfers and Subsidies (Revenue)		
Income as per Audited financial statements (as previously reported)	0	0
Government Grants and Subsidies	935,261,258	935,261,258
Transfer from Other income	704,301,807	704,301,807
Government Grants and Subsidies	50,452,423	50,452,423
Government Grants and Subsidies	873,927,990	873,927,990
MBDA - Revenue reclassified	18,653,333	0
	<u>2,582,596,811</u>	<u>2,563,943,478</u>
The Income have been transferred from different categories, in terms of mSCOA.		
40.1.22 Income for Agency Services		
Income as per Audited financial statements (as previously reported)	2,502,524	2,502,524
Transfer to Rental of Facilities and equipment	(1,257)	(1,257)
	<u>2,501,267</u>	<u>2,501,267</u>
The Income have been transferred to different categories, in terms of mSCOA.		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	ECONOMIC ENTITY Restated 2017 R	MUNICIPALITY Restated 2017 R
Statement of Financial Position		
40.2 Accumulated Surplus		
Closing Balance as per audited financial statements (as previously reported)	5,261,278,988	5,253,040,045
Increase in Surplus (Refer to Note 40.1.1)	326,001,540	326,003,995
	83,745,985	83,745,985
Transfer from Other Receivables	4,409,311	4,409,311
Transfer to VAT payable	(38,509)	(38,509)
Transfer from Vat Refund	(3,114,851)	(3,114,851)
Transfer from Creditors	82,490,034	82,490,034
Restated Closing Balance	5,671,026,513	5,662,790,025
40.2.1 Creditors - Exchange Transactions		
Balance as per Audited financial statements (as previously reported)	1,751,142,589	1,736,754,829
Transfer from Contracted Services	2,995,077	2,995,077
Transfer from Employee Related Costs	2,389,605	2,389,605
Transfer from Repairs and Maintenance	2,433,147	2,433,147
Transfer from General Expenses	2,426,849	2,426,849
Transfer to Other Income	(9,041,474)	(9,041,474)
Transfer from VAT payable	862,364	862,364
Transfer to Consumer Deposits	(47,765)	(47,765)
Transfer to Accumulated Surplus	(82,490,034)	(82,490,034)
	1,670,670,358	1,656,282,598
Transfer to Trade and Other Payables	(1,670,670,358)	(1,656,282,598)
	0	0
Trade and Other Payables		
Balance as per Audited financial statements (as previously reported)	0	0
Transfer from Creditors - Exchange Transactions	1,670,670,358	1,656,282,598
Transfer from Unspent Conditional Grants and Receipts	47,361,950	44,414,761
MBDA - Trade and Other Payables	1,660,350	-
	1,719,692,658	1,700,697,359
Expenses in the amount of R3 078 173, Relates to various expenses not previously accrued for.		
Creditors in the amount of R47 765, have been transferred to Consumer Deposits, in terms of mSCOA.		
The bulk of the R82 490 034, relates to retention creditors which have now been corrected.		
Unspent Conditional Grants and Receipts have been transferred to Trade and Other payables in terms of mSCOA.		
Creditors - Exchange Transactions have been transferred to Trade and Other Payables in terms of mSCOA.		
40.2.2 Other Debtors		
Balance as per Audited financial statements (as previously reported)	398,558,388	436,215,934
Transfer from Fines, penalties and forfeits	327,928	327,928
Transfer from Interest Earned - Outstanding Debtors	412	412
Transfer from Licences and permits	30,000	30,000
Transfer from Other Revenue	3,993	3,993
Transfer from Rental of Facilities and equipment	119,626	119,626
Transfer from Service charges	2,669,195	2,669,195
Transfer from Other Income	5,811,585	5,811,585
Transfer from Unspent Conditional Grants & Receipts	162,500	162,500
Transfer to VAT Payable	984,572	984,572
Transfer from Accumulated Surplus	4,409,311	4,409,311
Transfer to Trade Receivables	(12,325)	(12,325)
Transfer from Trade Receivables	329,060,406	329,060,406
MBDA - Other Receivables	980,464	0
	743,106,055	779,783,137
Income in the amount of R9 947 311, relates to various income not previously recognised.		
Grant receipt in the amount of R162 500, receipted in 2017/18 financial year but relates to 2016/17 financial year.		
Income in the amount of R4 409 311, whichh relates to 2015/16 financial year and prior, not previously recognised.		
The transfer to and from Trade Receivables is in terms of mSCOA. Property Rates are now Classified within Other Debtors.		
40.2.3.1 Vat Payable		
Balance as per Audited financial statements (as previously reported)	60,875,788	60,148,639
Transfer from Accumulated Surplus	38,509	38,509
Transfer from Creditors	(862,364)	(862,364)
Transfer from Other Receivables	984,572	984,572
Transfer to Vat Refund	(9,160,978)	(9,160,978)
	51,875,527	51,148,378
Transfer to VAT	(51,875,527)	(51,148,378)
	0	0
Vat in the amount of R160 717, relates to various income and expenses not previously accrued for.		
Vat in the amount of R9 160 978, related to a cash item, therefore transferred to VAT refund category		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	ECONOMIC ENTITY Restated 2017 R	MUNICIPALITY Restated 2017 R
40.2.3.2 Vat Refund		
Balance as per Audited financial statements (as previously reported)	25,932,771	25,932,771
Transfer from Accumulated Surplus	(3,114,851)	(3,114,851)
Transfer from Vat Payable	(9,160,978)	(9,160,978)
	<u>0</u>	<u>0</u>
	<u>13,656,942</u>	<u>13,656,942</u>
Transfer to VAT	(13,656,942)	(13,656,942)
	<u>0</u>	<u>0</u>
Vat in the amount of R3 114 851, relates to Input VAT incorrectly claimed relating to prior years, therefore now reversed, based on SARS investigation.		
Vat in the amount of R9 160 978, related to a cash item, therefore transferred to VAT refund category		
40.2.3.3 VAT		
Balance as per Audited financial statements (as previously reported)	0	0
Transfer from Vat Payable	51,875,527	51,148,378
Transfer from Vat Refund	(13,656,942)	(13,656,942)
	<u>38,218,585</u>	<u>37,491,436</u>
40.2.4 Consumer Debtors		
Balance as per Audited financial statements (as previously reported)	1,544,070,464	1,544,070,464
Transfer to Other Receivables	(329,060,406)	(329,060,406)
Transfer from Other Receivables	12,325	12,325
	<u>1,215,022,383</u>	<u>1,215,022,383</u>
The transfer to and from Other Receivables is in terms of mSCOA. Property Rates are now Classified within Other Debtors.		
40.2.5 Unspent Conditional Grants and Receipts		
Balance as per Audited financial statements (as previously reported)	47,199,450	44,252,261
Transfer from Other Receivables	162,500	162,500
	<u>47,361,950</u>	<u>44,414,761</u>
Transfer to Trade and Other Payables	(47,361,950)	(44,414,761)
	<u>0</u>	<u>0</u>
Grant receipt in the amount of R162 500, receipted in 2017/18 financial year but relates to 2016/17 financial year.		
Unspent Conditional Grants and Receipts are now Classified within Trade and Other Payables in terms of mSCOA.		
40.2.6 Consumer Deposits		
Balance as per Audited financial statements (as previously reported)	131,340,356	131,340,356
Transfer from Creditors	47,766	47,766
	<u>131,388,122</u>	<u>131,388,122</u>
The transfer from Creditors is in terms of mSCOA.		
40.2.7 Property, plant and equipment		
Balance as per Audited financial statements (as previously reported)	15,102,725,901	15,095,379,472
Transfer to Depreciation	293,999,983	293,999,983
MBDA - Transfer to Depreciation	(2,455)	0
	<u>15,396,723,429</u>	<u>15,389,379,455</u>
Depreciation in the amount of R293 999 983, have now been corrected.		
40.2.8 Intangibles Assets		
Balance as per Audited financial statements (as previously reported)	59,148,973	59,112,980
Transfer to Amortisation	24,244,478	24,244,478
	<u>83,393,451</u>	<u>83,357,458</u>
Amortisation in the amount of R24 244 478, have now been corrected.		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

41 CHANGE IN ACCOUNTING ESTIMATE PROCESS
PROPERTY, PLANT AND EQUIPMENT
2018 Financial year

A conditional 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, which is included in the total depreciation/ amortisation.

2017 Financial year

A conditional 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, which is included in the total depreciation/ amortisation.

42 CHANGE IN ACCOUNTING ESTIMATE CALCULATION

2018 Financial year

Of the R805 541 321 depreciation processed, an amount of R521 993 454, relates to a change in useful lives.

43 OPERATING LEASE COMMITMENTS Municipality as Lessee	Economic Entity		Municipality	
	2017 R	Restated 2016 R	2017 R	Restated 2016 R
The Municipality normally enters into a lease agreement over 3 years for most of the Operating leases.				
Some leases have escalations ranging between 7 and 10% and an option to renew.				
Some leases have restrictions, such as not to sub-let or not to sub-let without consent.				
Future minimum lease payments under non-cancellable operating leases:				
Buildings	7,955,960	19,952,587	7,955,960	19,952,587
Payable within one year	6,695,574	12,583,750	6,695,574	12,583,750
Payable within two to five years	1,260,386	7,368,837	1,260,386	7,368,837
Payable above five years	0	0	0	0
Photocopier, fax machines and other equipment	20,026,532	19,074,153	19,855,203	18,808,821
Payable within one year	10,864,757	8,919,095	10,763,621	8,825,092
Payable within two to five years	9,160,775	10,153,058	9,091,582	9,983,729
Payable above five years	1,000	2,000	0	0
	27,982,492	39,026,740	27,811,163	38,761,408
Municipality as Lessor				

At reporting date, the Municipality has contracted with tenants for the following minimum lease payments over a period of 1 to 99 years:

Land	12,560,000	13,280,000	12,560,000	13,280,000
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	10,160,000	10,880,000	10,160,000	10,880,000
Buildings	35,382,523	29,070,710	34,939,563	28,461,639
Receivable within one year	3,254,087	1,207,101	3,087,977	1,040,991
Receivable within two to five years	6,868,487	2,176,503	6,591,637	1,733,542
Receivable after 5 years	25,259,949	25,687,106	25,259,949	25,687,106
	47,942,523	42,350,710	47,499,563	41,741,639

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		Economic Entity and Municipality	
		2018	Restated 2017
		R	R
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
	Incident / Disciplinary steps / Criminal Proceedings		
44.1	Unauthorised Expenditure		
	Opening Balance	555,766,503	123,836,961
	Incurred - Current year	260,174,267	431,929,542
	Approved by Council	(553,394,614)	0
	Recoveries - Current year	0	0
		262,546,156	555,766,503
1	Actual expenditure in excess of approved budget votes		
	The total actual expenditure, including non-cash flow items amounted to R10 473 460 748 , compared to the approved adjustments budget of R11 346 776 640 . The actual expenditure was thus R873 315 892 below the approved adjustments budget and does not constitute unauthorised expenditure.	260,174,267	431,929,542
	The total actual expenditure per budget vote exceeded the approved adjustments budget for certain Directorates by R260 174 267 which includes non-cash items.		
	Total	260,174,267	431,929,542
	Approved by Council	(553,394,614)	0
44.2	Irregular Expenditure		
	Opening Balance - previously stated	11,621,730,230	3,350,464,692
	Restatement		(232,709,241)
	Restated Opening Balance	11,621,730,230	3,117,755,451
	Incurred - Current year - Relating to current year (awards)	132,649,444	97,041,085
	Incurred - Current year - Relating to prior year (awards / other)	2,582,861,835	8,442,985,939
	Approved by Council - Other	(1,955,225,917)	(36,052,245)
		12,382,015,592	11,621,730,230
1	Breach of the Supply Chain Management policy		
	A breach occurred as certain contracts were awarded to persons in the service of the state where he/she may have a significant influence over the financial or operating policies of the entity.	327,699,219	255,765,669
2	Breach of the Supply Chain Management policy		
	A breach occurred as certain contracts were awarded to persons in the service of the state (certain officials and family of officials) where he/she may have a significant influence over the financial or operating policies of the entity.	59,727,941	52,374,893
3	SCM Deviations		
	Some of the deviations relating to the tender process appear to be made where improper planning was conducted and expenditure were incurred before the deviation was approved and therefore considered to be irregular.		
	- Relating to current year	53,374,647	0
	- Relating to prior year	390,485,087	185,771,424
4	Irregular appointments		
	Four mayoral satellite office coordinators were appointed in contravention of section 66 of the Local Government: Municipal Systems Amendment Act, 2011.	0	278,038
	One mayoral satellite office coordinator were appointed in contravention of section 66 of the Local Government: Municipal Systems Amendment Act, 2011.	0	88,072
5	Payments made without a proper organogram in place		
	Payments were made for acting, but no formal position exist	0	28,561
6	Breach of the Supply Chain Management policy		
	Payments made which was in contravention of the scm policy.	0	79,075,923
7	Breach of the Supply Chain Management policy		
	Payments made which was in contravention of the scm policy which was not previously disclosed.	27,337,713	20,350,042

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		Economic Entity and Municipality	
		2018	Restated 2017
		R	R
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)		
44.2	Irregular Expenditure (Continued)		
8	Irregular Expenditure review by Internal Audit		
	NB: This section of the Irregular Expenditure represents the "historic" irregular expenditure incurred as reported by Internal Audit Unit in terms of the two reports that were issued in 2014/15 and 2015/16 relating to a number of financial years dating back from around 2003. The irregularity in these instances continued to 2016/17 financial year as some of the tender / SCM Files were still in use (or work proceeding). This figure therefore does not relate to any irregularity that may have occurred during the year under review (i.e. 2016/17). Important to note is the fact that there are reports that have been taken to Council structures in order to deal with these matters and the first reports are to be discussed at MPAC Sub Committee on the 31 August 2017.		
	Non-compliance with regards to the Formal Bid and Deviation process		
	Incurred - Current year - Relating to current year Tenders - missing documents	79,274,797	97,041,085
	Incurred - Current year - Relating to prior year Tenders	1,773,838,060	802,946,537
	Add: Transferred from Limitation of scope - prior year awards (Note 14)	0	7,089,920,558
	Deduct: Expenditure previously disclosed		
	Irregular Expenditure		
	2017/18	0	(43,819,570)
9	MBDA - Irregular Expenditure	3,773,815	205,792
	Total	2,715,511,279	8,540,027,024
	Total amount approved by Council in respect of ALL cases / Condoned by MBDA Board	(1,955,225,917)	(36,052,245)
10	Information not available (Limitation of Scope)		
	Opening Balance - previously stated	7,929,006,233	13,081,135,054
	Restatement	0	787,877,585
	Restate Opening Balance	7,929,006,233	13,869,012,639
	Incurred - Current year - Relating to prior year Tenders	774,557,277	1,266,065,718
	Less: Transferred to Irregular Expenditure - prior year awards (Note 14)	0	(7,089,920,558)
	Approved by Council - Other	(6,109,656,908)	0
		2,593,906,602	8,045,157,799
	Less: Deviations - disclosed above	0	48,748,536
	Less: Contracts awarded in the Service of state - disclosed above	0	67,403,030
		2,593,906,602	7,929,006,233
	Total amount approved by Council in respect of ALL cases	(6,109,656,908)	0
	This section of the note has not been included in the Irregular expense calculation, because it is impracticable in terms of GRAP 1 to determine whether the tender files are indeed Irregular or Regular as described below:		
	Section 44.2.14 of this disclosure note represents expenditure incurred on SCM / Tender files that were declared by Internal Audit Unit in around 2014/15 and 2015/16 to be a LIMITATION OF SCOPE as the AG could not be provided with the said files. The expenditure referred to dates back to around 2003 financial year. As the expenditure on the affected SCM / Tender Files continued to the 2016/17 financial year the actuals have been extended to include the reported financial year. Detailed reports dealing with these files are to be submitted to Council structures starting from the MPAC Sub Committee dated 31 August 2017, whereafter the note will be amended only after Council approves the recommendation/s on how to deal with these matters. This effectively means that this expenditure is historic or relates to historic financial years.		
44.3	Fruitless and Wasteful Expenditure		
	Opening Balance	656,473,879	607,333,317
	Restatement - Incurred	0	31,044,946
	Restatement - Approved by Council previous year	0	0
	Restated Opening Balance	656,473,879	638,378,263
	Incurred - Current year	2,850,376	22,342,271
	Approved by Council - Other reversed	(84,180)	(4,246,655)
		659,240,075	656,473,879
1	Suspended Officials		
	Various officials have been on suspension for more than 3 months. In terms of the South African Local Government Bargaining Council; disciplinary procedure and collective agreement, the period of suspension shall not exceed a period of 3 months. Matter to be referred to Labour Relations.	2,183,815	4,303,958
2	Interest accrued due to late payment of Eskom account	0	14,506
3	Paying another supplier to rectify faulty work		
	Supplier was paid to rectify incomplete and faulty plumbing of the Missionvale Housing project	0	5,580,000
4	Payment of damages in High Court award		
	Damages awarded to a service provider in a High court matter due to early termination of a contract	0	7,412,677
5	Fruitless and Wasteful expenditure incurred by certain Directorates	530,370	4,164,387
6	MBDA - Fruitless and Wasteful Expenditure	136,191	866,743
	Total	2,850,376	22,342,271
	Total amount approved by Council for in respect of ALL cases / Condoned by MBDA Board	(84,180)	(4,246,655)

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Economic Entity and Municipality
2018 Restated 2017
R R

45(a) CONTINGENT LIABILITIES

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 and able to do so).

Possible Contingent liabilities:

1	Various claims arising from alleged negligence by the Municipality due to damages sustained by the Plaintiffs.	102,380,358	103,433,289
2	Various claims due to municipal administrative matters that are under dispute or investigation.	788,305	816,055
3	Various claims by current or terminated employees due to alleged unfair labour practices.	18,715,902	17,612,598
4	Various claims due to supply chain related issues or creditor payment related matters.	215,602,183	71,333,943
		337,486,748	193,195,885
	Contingent Liability - MBDA	100,000	0
	Total Consolidated Amount	337,586,748	193,195,885

45(b) PROVISION FOR LITIGATION AND CLAIMS

Detail of Provision raised in Note 5.2

1	Various claims arising from alleged negligence by the Municipality due to damages sustained by the Plaintiffs.	11,218,744	4,646,390
2	Various claims due to municipal administrative matters that are under dispute or investigation.	20,920,000	20,920,000
3	Various claims by current or terminated employees due to alleged unfair labour practices.	1,032,793	1,482,793
4	Various claims due to supply chain related issues or creditor payment related matters.	5,600,000	65,139,799
	TOTAL PROVISION REFER NOTE 5.2	38,771,537	92,188,982

46 SUBSEQUENT EVENTS

46.1 At a council meeting on 27 August 2018 convened by a representative of the MEC COGTA EC, the following Councillors were elected to executive positions:

<u>Councillor</u>	<u>Position</u>
Cllr Mafaya	Speaker of Council
Cllr Bobani	Executive Mayor
Cllr Buyeye	Deputy Executive Mayor
Cllr Ndoni	Chief Whip of Council
Cllr Lungisa	MMC: Infrastructure, Engineering, Electricity and Energy
Cllr Mtsila	MMC: Budget & Treasury
Cllr Frolik	MMC: Roads & Transport
Cllr Pink	MMC: Economic Development, Tourism, Agriculture
Cllr Mfunda	MMC: Human Settlements
Cllr Pali	MMC: Public Health
Cllr Feni	MMC: Corporate Services
Cllr Ranyele	MMC: Constituency Services
Cllr Yako	MMC: Chairperson
Cllr Suka	MMC: Safety & Security
Cllr Mfana	MMC: Sport, Recreation, Arts and Culture

46.2 Following an organisational review commissioned by the Board of Directors of MBDA, a revised organisational structure has been approved with effective from 01 July 2018.

Subsequent to year end R127 192 of the Fruitless and Wasteful Expenditure balance was written-off and R1 232 648 of the Irregular Expenditure was condoned by the Board of

46.3 Directors of MBDA.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits

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 R269.312 million (2017: R247.875 million) to the defined benefit and defined contribution structures are expensed as incurred during the financial year ended 30 June 2018.

DEFINED CONTRIBUTION SCHEMES

CONSOLIDATED RETIREMENT FUND

The contribution rate paid by the members (9%) and the NMBM (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 2013. The funding level of the Share Account is 100.2%, the Preservation fund is 100% and the Pensions Account reflected a funding level of 105.1% as at 30 June 2013.

SALA CONTRIBUTION FUND

The SALA Contribution Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.92%) and their councils (19.18%) is sufficient to fund the benefits accruing from the Fund in the future. The fund is 100% funded.

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 2008, and certified it as being in a financially sound position with the funding level remaining at 100% since the previous valuation date, 30 June 2005. The 30 June 2011 report is not available yet and is expected to be available towards the end of 2014. 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.

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) and is constituted of 3 funds, namely, the Defined Benefit, Defined Contribution and Pensioner account. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2013. The trustees resolved to ring-fence the pensioner assets as at 30 June 2013. The sections are funded at 99.7%, 99.8% and 100%, respectively.

SALA PENSION FUND

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is **26.67% (7.92% by the members and 19.18% by their councils)**. This defined benefit plan, is financially sound, and was 100%

The Nelson Mandela Bay Municipality has used GRAP 25 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 Cape Joint Pension Fund and the SALA Pension Fund as defined contribution plans. It is impracticable to disclose as a defined benefit plan because the funds do not determine a separate actuarial valuation per Municipality but do it as a whole for all the Municipalities together.

EX GRATIA PENSIONS

General Description

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.

Employees who were under the age of 55 when appointed and who have at least ten years' service at retirement, will receive an annual ex-gratia pension calculated as:

Annual salary * 1/47 * Years of non-pensionable service

An employee's widow will get 50% of the accrued (full service) pension on the employees death. This is subject to a maximum of the Government Old Age Pension and will cease at age 60.

Pensions increase in line with those granted by the Cape Joint Pension Fund and increases at 50% of CPI inflation.

Detailed Results

An actuarial valuation of the Municipality's unfunded liability in respect of revenue pension benefits to eligible employees and retirees of the Nelson Mandela Bay Municipality, was performed as at 30 June 2017. The unfunded liability in respect of past service has been estimated at R46.948million, of which R43.277 million relates to the non-current portion. The unfunded liability balance at 30 June 2018 is based on projected figures as determined by the Actuaries in their 2016/17 Valuation Report.

Past and Future Changes in the Accrued Liability

The table below shows the development of the accrued liability over the current period, and projects the Municipality's Unfunded Accrued Liability and periodic costs over the two-year period following the Valuation Date.

Past year and future projected liability

	Year ending 30/06/2017	Year ending 30/06/2018	Year ending 30/06/2019
Opening Accrued Liability	42,827,090	46,786,903	46,948,394
Current service cost	0	0	0
Interest cost	3,490,206	3,825,559	3,838,995
Benefits paid	-3,113,490	-3,664,068	-3,671,176
Total Annual Expense	376,716	161,491	167,819
Actuarial Loss / (Gain)	3,583,097		
Closing Accrued Liability	46,786,903	46,948,394	47,116,213

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Balance Sheet Figures

Unfunded Accrued Liability

Balance Sheet	Year ending 30/06/2017	Year ending 30/06/2018
Fair Value of Plan Assets		
Accrued Liability	46,786,903	46,948,394
Unfunded Accrued Liability	46,786,903	46,948,394
Unrecognised Transitional Liability	0	0
Unrecognised Actuarial Gains/(Losses)	0	0
Unrecognised Past Service Cost	0	0
Miscellaneous item	0	0
Closing Balance	46,786,903	46,948,394

Reconciling and Projecting the Unfunded Accrued Liability

Unfunded Accrued Liability	Year ending 30/06/2017	Year ending 30/06/2018
Opening Balance	42,827,090	46,786,903
Current Service Cost	0	0
Interest Cost	3,490,206	3,825,559
Expected Return on Plan Assets	0	0
Actuarial (Gain) /Loss	3,583,097	0
Past Service Cost		
Effect of Curtailment / Settlement		
Expected Employer Benefit Payments	-3,113,490	-3,664,068
Employer Prefunding Contributions	0	0
Closing Balance	46,786,903	46,948,394
Projected Accrued Liability	43,203,806	46,948,394

Amounts to be recognised in profit or loss for the year (period)

Category	Year ending 30/06/2017	Year ending 30/06/2018
Current Service Cost (In-Service members only)	0	0
Interest Cost	3,490,206	3,825,559
Actuarial (Gain)/Loss	3,583,097	0
Total employee benefits expense	7,073,303	3,825,559

KEY ASSUMPTIONS

Summary of economic assumptions that were used in the valuation:

Assumption	Previous Valuation 30 June 2015	Current Valuation 30 June 2017
Discount rate	8.94% pa	8.50% pa
Future Inflation	6.57% pa	6.37% pa
Medical Inflation	8.07% pa	2.68% pa
Subsidy Inflation	0.98% pa	2.01% pa
Post Retirement Interest Rate	0.81% pa	5.67% pa

Discount Rate:

A discount rate of 8.50% per annum has been used. The corresponding index-linked yield at this term is 2.50%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Johannesburg Securities Exchange after the market close on 30 June 2017.

CPI Inflation:

This assumption is used to calculate the estimated growth in pensions of the eligible retirees. An expected inflation assumption of 5.37% was obtained from the differential between market yields on index-linked bonds (2.50%) consistent with the estimated term of the liability and those of fixed-interest bonds (8.50%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $(1+8.50\% - 0.50\%) / (1+2.50\%)$.

Thus, a pension increase rate of 2.68% per annum over the expected term of the liability has been assumed, which is 50% of the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 5.67% post-employment.

Salary Inflation Rate:

This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement. A general inflation rate of 6.37% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.01%.

Demographic Assumptions:

Demographic assumptions are required about the future characteristics of eligible employees and pensioners who are eligible for ex-gratia benefits.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Pre-retirement Mortality:

SA85-90 ultimate table, adjusted for female lives.

Post-retirement Mortality:

PA (90) ultimate table.

average Retirement Age:

The normal retirement age for eligible employees is 65. It has been assumed that these employees will retire at an average age of 63 for males and 58 for females, which then implicitly allows for expected rates of early retirement and ill-health retirement.

Withdrawal from Service:

If an eligible employee leaves, the employer's liability in respect of that employee ceases.

Withdrawal rates

Age	Withdrawal Rate	
	Males	Females
20	24%	16%
25	18%	12%
30	15%	10%
35	10%	8%
40	6%	6%
45	4%	4%
50	2%	2%
>55	1%	1%

Ex-Gratia Arrangement Assumptions:

It was assumed that employer's ex-gratia arrangements would remain as they are and that the level of benefits in respect of such would remain unchanged, with the exception of allowing for inflationary adjustments.

Plan Assets:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

Sensitivity Analysis

The results are based on a number of assumptions. The extent to which the actual liability faced by the Municipality in the future differs from these results will depend on the extent to which actual expenditure differs from the assumptions made.

Sensitivity Results

The liability at Valuation Date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed general salary inflation rate;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A one-year age reduction in the assumed rates of post-retirement mortality;
- (iv) A one-year decrease and increase in the assumed average retirement age; and
- (v) A 50% decrease in the assumed withdrawal rates.

The table below summarises the results of the sensitivity analysis:

Sensitivity Analysis on the Accrued Liability

Assumption	Change	Employees	Pensioners	Total Liability	% Change
Central Assumptions:		18,746,498	28,040,405	46,786,903	
Benefit increase rate	+1%	20,494,279	29,859,583	50,353,862	8%
	-1%	17,219,283	26,401,222	43,620,505	-7%
Discount Rate	+1%	16,415,494	26,498,482	42,913,975	-8%
	-1%	21,576,872	29,773,833	51,350,705	10%
Post retirement mortality	-1 yr	19,135,227	28,911,437	48,046,664	3%
Average retirement age	-1 yr	20,720,039	28,040,405	48,760,443	4%
Withdrawal Rate	-50%	19,459,236	28,040,405	47,499,640	2%

POST-EMPLOYMENT HEALTH CARE BENEFITS

Benefit Structure

Medical Aid Scheme Arrangements:

The Municipality offers employees and continuation members (pensioners) 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 aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Contribution Rate Structure:

Members contribute according to the tables of contribution rates, which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Subsidy Arrangements:

The Municipality has agreed to subsidise the medical aid contributions of retired members as follows:

In accordance with Resolution 8 of the SALGBC (SALGA), all existing and new pensioners (employees currently in service) and their dependants will receive a subsidy ranging between 60% and 70% subject to the maximum (CAP) amount of R3,942.22 (per month, per member) for the period from 1 July 2017 to 30 June 2018. The subsidy for LA Health members is 70%, while members of other schemes only qualify for a 60% subsidy. The maximum (CAP) amount was R3,871.00 in the previous financial year.

The maximum subsidy is expected to increase at 50% of inflation.

Eligible employees should have at least five years of service to qualify for a benefit at retirement.

Valuation Method

The Projected Unit Credit funding method has been used to determine the past service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Post Employment Medical Aid Liabilities:

The liability in respect of active employees is determined by discounting the projected future benefit payments in respect of these members using assumptions regarding the possible future experience. The liability has been proportioned between past service and future service.

The liability in respect of current pensioners is fully accounted for.

The current service cost is the cost of providing the benefits over the year following the valuation date.

All actuarial gains and losses are recognised immediately and we have not allowed for any disclosure under the corridor method.

Valuation of Assets:

As at the valuation date, the medical aid liability of the municipality was unfunded, that is, no dedicated assets have been set aside to meet this liability. Therefore, no assets have been considered as part of this valuation.

Detailed Results

The total liability in respect of post-retirement health care benefits amounts to R1,473,368 million as at 30 June 2018 (2017: R1,360,663 million). Provision for R1,473,368 million has been made (non-current R1,398.57million, current R74.796 million). It is expected that approximately 5.08% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumptions below.

Past and Future Changes in the Accrued Liability

The table below depicts the development of the accrued liability over the current period, and projects the Municipality's Unfunded Accrued Liability and periodic costs over the next 3 periods following the Valuation Date.

Past year and future projected liability

	Year ending 30/06/2016 R	Year ending 30/06/2017 R'000	Year ending 30/06/2018 R'000	Year ending 30/06/2019 R'000	Year ending 30/06/2020 R'000
Opening Accrued Liability	1,228,072,012	1,332,541	1,360,663	1,473,368	1,586,896
Service cost	40,399,544	44,010	44,099	47,337	53,006
Interest cost	107,833,956	118,774	130,556	140,987	151,770
Benefits paid	-43,764,888	-52,123	-61,950	-74,796	-84,279
Total Annual Expense	104,468,612	110,661	112,705	113,528	120,497
Actuarial Loss / (Gain)		-82,539			
Closing Accrued Liability	1,332,540,624	1,360,663	1,473,368	1,586,896	1,707,393

Balance Sheet Figures

Unfunded Accrued Liability

	Year ending 30/06/2018 R'000	Year ending 30/06/2017 R'000
Balance Sheet		
Fair Value of Plan Assets		
Accrued Liability	1,473,368	1,360,663
Unfunded Accrued Liability	1,473,368	1,360,663
Unrecognised Transitional Liability	0	0
Unrecognised Actuarial Gains/(Losses)	0	0
Unrecognised Past Service Cost	0	0
Miscellaneous item	0	0
Closing Balance	1,473,368	1,360,663

Amounts to be recognised in profit or loss for the year (period)

Category	Year ending 30/06/2018	Year ending 30/06/2017
Service Cost (In-Service members only)	44,099	44,010
Interest Cost	130,556	118,774
Actuarial (Gain)/Loss [2017: Gain on Financial Basis]		
Actuarial (Gain)/Loss [2017: Loss on Experience]		
Total employee benefits expense	174,655	162,784

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

KEY ASSUMPTIONS

Summary of economic assumptions that were used in the valuation:

Assumption	Previous Valuation 30 June 2015	Current Valuation 30 June 2017
Discount rate	8.94% pa	9.66% pa
Future Inflation	6.57% pa	6.53% pa
Medical Inflation	8.07% pa	8.03% pa
Subsidy Inflation	0.98% pa	3.27% pa
Post Retirement Interest Rate	0.81% pa	1.5% pa

Discount Rate:

The discount rate that reflects the time value of money is best approximated by reference to market yields on Government Bonds. The average nominal yield curve produced by the Johannesburg Securities Exchange for SA Government bonds with duration between 15 and 20 years, has been used. The resultant discount rate is 9.66%

Future Inflation Assumptions:

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries will increase. The difference between the above nominal and real bonds with duration of between 15 and 20 years has been used and allowed for a 0.5% inflation risk premium. The implied inflation assumption is therefore 6.53% per annum.

Future medical Inflation Assumption:

The general inflation assumption is used to estimate the base rate for determining the rate at which the future medical subsidies will increase.

It is assumed that medical cost will outstrip general inflation by about 1.5% per annum, as South Africa has experienced high medical cost inflation in recent years.

The medical cost inflation was therefore set at 8.03% per annum.

In line with the previous valuation it has been assumed that the maximum subsidy will increase at a rate of 50% of inflation. It is also noted that there has not been any increase in the maximum since 2015.

Net Discount Rate:

The net discount rate is the gap between the values used for the discount rate and the expected increase in salaries. The net discount rate is 1.50% per annum (derived from the discount rate of 9.66% and the expected medical inflation rate of 8.03%).

Demographic Valuation Assumptions:

Pre-Retirement Mortality-

The SA85/90 light mortality table, rated down by 3 years for female members, was used in the valuation for the mortality of in-service members.

Post-Retirement Mortality-

The PA90 ultimate mortality table was used in the valuation for the mortality of Continuation Members.

Withdrawal Rates:

Age	Withdrawal Rate Males	Withdrawal Rate Females
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
55+	0%	0%

Assumed Retirement Age:

The normal retirement age is 65 years. Consistent with the previous years' assumptions, it has been assumed that male employees will retire at age 63 and female employees at age 58, which implicitly allows for the expected rates of early retirement.

Family Profile:

It is assumed that 90% of In-Service Members on a medical arrangement will be married at retirement. Males are assumed to be five years older than their female spouses. Where the data provided in respect of the Continuation Members, indicated that the spouse was married we have used the actual spouses date of birth. Members have been assumed to have no dependent children after retirement.

Continuation of Membership:

It has been assumed that 100% of In-Service Members will remain on the Municipality's health care arrangement should they stay until retirement. No provision has been made for employees currently not on Municipality-sponsored scheme to join prior to retirement. This is consistent with previous years' assumptions.

It was assumed that employees retiring will remain on the current plan and option at retirement and it was assumed they will remain in the same income category after retirement.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Changes since the previous valuation:

There were no changes to the rules governing payment and eligibility for the medical subsidy since the previous valuation. As far as the assumptions are concerned, the discount rate and general inflation, which are dependent on the market at the time of valuation, are different from the previous valuation.

Plan Assets:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

Sensitivity Analysis

The results are based on a number of assumptions. The extent to which the actual liability faced by the Municipality in the future differs from these results will depend on the extent to which actual expenditure differs from the assumptions made.

The analysis is based on the following changes:

- (a) A 1% increase/decrease in the net discount rate; and
(b) A 1-year increase/decrease in the normal retirement age.

Sensitivity Analysis on the Accrued Liability (R millions)

Assumption	Current Assumption	1% Decrease	1% Increase
	9.66%	8.66%	10.66%
Discount Rate			
Liability (R'000)	1,360,633	1,544,019	1,209,720
Cost / (Saving) (R'000)		183,356	-150,943
Post retirement mortality	Current Assumption	All Members	All Members
	Males 63, Females 58	63	65
Liability (R'000)	1,360,633	1,257,798	1,122,878
Cost / (Saving) (R'000)		-102,865	-237,785

LONG SERVICE AWARD AND LONG SERVICE BONUS

Description of the Long Service Award Arrangement

Long Service Bonuses:

Long service benefits are awarded in the form of leave days and a percentage of annual salary. The awarded leave days have been converted into a percentage of the employee's annual salary, for valuation purposes. The conversion is based on a 250 working day year.

The LSB benefits have improved significantly from 01 July 2017. The Municipality now offers employees LSB as outlined below.

Long Service Awards:

In addition to the above, employees are eligible to receive a Long Service Award to the value of R2,500 upon completion of 25 years in service.

The table below describes the benefits accruing to those employed under the SALGBC LSB Agreement. The policy applicable to the subgroups appointed prior to 01 July 2017 will change to the policy outlined in tables 3.2 to 3.4, once they reach twelve years of service.

Table 3.1: Long Service Bonus for levels of past service:

Completed Service (in years)	Long Service Bonuses (% of Annual Salary)	Description
5	4%	$(5/250+2\%) \times$ annual salary
10	7%	$(10/250+3\%) \times$ annual salary
15	10%	$(15/250+4\%) \times$ annual salary
20	11%	$(15/250+5\%) \times$ annual salary
25, 30, 35, 40 and 45	12%	$(15/250+6\%) \times$ annual salary

Tables 3.2 to 3.4 describe the policy that the Municipality is phasing-in over a four-year period, for the balance of the employees. This includes all employees from the former Municipalities of Port Elizabeth, Uitenhage, Despatch and Western District Council. However, the Uitenhage employees are already on the highest level, since this was their LSB policy prior to their transfer.

The purpose of the amendment of the SALGBC LSB policy is to harmonise the conditions of employment, as it relates to the LSB, across all of the Metro employees.

The bonuses are paid on a monthly basis and also apply to an employee's 13th cheque.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Table 3.2: Long Service Bonus for levels of past service (phase-in, year two: 01 July 2017 to 30 June 2018)

Completed Service (in years)	Long Service Bonuses (% of Annual Salary plus 13th cheque)	Description
12 to 17	4.0%	4.0% x monthly salary
18 to 23	8.5%	8.5% x monthly salary x 13
24 and above	13.0%	13.0% x monthly salary x 13

Table 3.3: Long Service Bonus for levels of past service (phase-in, year three: 01 July 2018 to 30 June 2019)

Completed Service (in years)	Long Service	Description
12 to 17	4.5%	4.5% x monthly salary
18 to 23	9.0%	9% x monthly salary x
24 and above	14.0%	14.0% x monthly

Table 3.4: Long Service Bonus for levels of past service (phase-in, year four: 01 July 2019 to 30 June 2020)

Completed Service (in years)	Long Service	Description
12 to 17	5.0%	5.0% x monthly salary
18 to 23	10.0%	10.0% x monthly
24 and above	15.0%	15.0% x monthly

Reconciliation of opening and closing accrued liability values

Past year and future projected liability

	Year ending 30/06/2017	Year ending 30/06/2018	Year ending 30/06/2019	Year ending 30/06/2020
Opening Accrued Liability	135,956,781	726,184,717	736,271,822	740,582,510
Current service cost	12,314,334	45,223,085	48,789,070	52,636,244
Interest cost	9,947,246	53,821,244	54,239,131	54,660,263
Expected benefit vestings	-19,343,094	-88,957,224	-98,717,513	-109,548,690
Total Annual Expense	2,918,486	10,087,105	4,310,688	-2,252,183
Past Service Cost	577,822,395			
Actuarial Loss / (Gain)	9,487,055			
Accrued Liability	726,184,717	736,271,822	740,582,510	738,330,327

Net Liability to reflect in the Balance Sheet

Net Liability in Balance Sheet	Year ending 30/06/2017	Year ending 30/06/2018
Opening Balance	135,956,781	726,184,717
Current service cost	12,314,334	45,223,085
Interest cost	9,947,246	53,821,244
Expected return on plan assets	0	0
Transitional Liability Recognised	0	0
Actuarial (Gain) / Loss Recognised in P&L	9,487,055	
Past service cost Recognised	577,822,395	0
Effect of curtailment / Settlement	0	0
Miscellaneous Item	0	0
Net Periodic Cost Recognised in P&L	609,571,030	99,044,329
Expected benefit vestings	-19,343,094	-88,957,224
Transitional Liability Recognised outside P&L	0	0
Actuarial (Gain) / Loss Recognised outside P&L	0	0
Closing Balance	726,184,717	736,271,822
Current Portion of Liability	88,957,224	98,717,513
Non-Current Portion of Liability	637,227,493	637,554,309

Key Assumptions

Key Financial Assumptions

The table below summarises the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the 2017/18 financial year.

Assumption	Value p.a.
Discount Rate	7.89%
General Salary Inflation (Long Term)	5.85%
Net Effective Discount Rate	1.92%

The salaries used in the valuation include an assumed increase on 1 July 2017 of 7.63% as per the SALGBC Circular No. 02/2017. The next salary increase was assumed to take place on 1 July 2018.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Key Demographic Assumptions

Assumption	Value		
	Average retirement age	63 for males; 58 for females	
Mortality during employment	SA 85-90		
Withdrawal from service	Age	Rate	
		Female	Male
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	55	1%	1%

Detailed Assumptions

Discount Rate:

GRAP 25 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 7.89% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 2.41%. These rates do not reflect any adjustment for taxation. These rates were deduced from the JSE Zero Coupon bond yield after the market close on 30 June 2017.

The average duration of the total liability is 5.74 years.

Salary Inflation Rate:

This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

The assumption is traditionally split into two components, namely, General Salary Inflation and Promotional Salary Escalation. The latter is considered under demographic assumptions.

General Salary Inflation:

The expected inflation of 4.85% was obtained from the differential between market yields and index-linked bonds (2.41%) consistent with the estimated terms of the liabilities and those of nominal bonds (7.89%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1 + 7.89\% - 0.50\%) / (1 + 2.41\%)) - 1$.

Thus a general salary inflation rate of 5.85% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 1.92%.

Demographic Assumptions

Promotional Salary Scale:

The annual inflation rates below are in addition to the General Salary Inflation assumption of 5.85% per annum for all employees.

Age Band	Additional promotional scale
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
>44	0%

Pre-Retirement Mortality:

SA85-90 ultimate table, adjusted down for female lives.

Average Retirement Age:

The normal retirement age is 65. It has been assumed that male employees will retire at age 63 and female employees will retire at age 58 on average, which implicitly makes an allowance for expected rates of early and ill-health retirement.

LSB Arrangement Assumptions

It was assumed that the employer's LSB arrangements would remain unchanged, and that the level of benefits would remain unchanged, with the exception of allowing for inflationary adjustments.

Plan Assets:

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the LSA liability.

Sensitivity Analysis

The liability at Valuation Date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed general salary inflation rate;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A two-year decrease and increase in the assumed average retirement age of employees; and
- (iv) A 50% decrease in the assumed withdrawal rates from service.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Sensitivity Analysis on the Unfunded Accrued Liability (R Millions)

Assumption	Change	Liability	% Change
Central Assumptions		726.185	
General salary inflation	+1%	767.599	6%
	-1%	688.181	-5%
Discount Rate	+1%	686.378	-5%
	-1%	770.388	6%
Average retirement age	-2 yrs	610.919	-16%
	+2 yrs	843.482	16%
Withdrawal rates	-50%	805.318	11%

Sensitivity analysis on current service cost and interest costs for the year ending 30 June 2016

Assumption	Change	Current service cost	Interest cost	Total	% Change
Central Assumptions		11,416,400	9,728,900	21,145,300	
General salary inflation	+1%	12,215,400	10,304,400	22,519,800	7%
	-1%	10,692,900	9,200,600	19,893,500	-6%
Discount rate	+1%	10,753,900	10,331,000	21,084,900	0%
	-1%	12,160,000	9,037,800	21,197,800	0%
Average retirement age	-2 yrs	10,237,100	8,384,100	18,621,200	-12%
	+2 yrs	12,488,200	11,064,100	23,552,300	11%
Withdrawal rates	-50%	13,902,700	11,043,300	24,946,000	18%

GRATUITY BENEFITS

Benefit Structure

Employees who commenced employment prior to 01 September 1988 are eligible for Standard or Enhanced Gratuity Pensions, as follows:

Employees that were employed prior to the introduction of the PEM Pension Benefit Fund and who subsequently joined the Fund are eligible to be paid a Standard Gratuity, provided they have at least 10 years of service when they retire:

Employees that were employed prior to the introduction of the PEM Pension Benefit Fund and who chose not to join the Fund are eligible to be paid an Enhanced Gratuity for their years of service that they were not members of the Fund.

When an employee eligible for a Gratuity Pension dies in-service, half of the Gratuity Pension (including the monetary enhancement) as calculated at date of death, is paid.

Financial Valuation Assumptions

A summary of the economic assumptions that were used is given below:

Assumption	Current Valuation 30 June 2017
Discount Rate	9.09% p.a.
Future Inflation	6.00% p.a.
Wage Inflation	7.00% p.a.
Net Gap Enhanced Gratuities	1.95% p.a.
Net Gap Standard Gratuities	0% p.a.

Demographic Valuation Assumptions

Pre-Retirement Mortality

The SA85/90 light mortality table, rated down by 3 years for female members, was used in the valuation for the mortality of in-service members.

Withdrawal Rates

Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
55+	0%	0%

Assumed Retirement Age

The normal retirement age is 65 years. We have assumed that male employees will retire at age 63 and female employees will retire at age 58, which allows for the expected rates of early retirement.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47 Information on Post Retirement Benefits (Continued)

Valuation Results

The Actuarial Liability was as follows at 30 June 2017:

	30 June 2017 R'000
Standard Gratuity Pension Liability	10,234
Enhanced Gratuity Pension Liability	4,810
Monetary Enhancement	769
Total Accrued Liability	15,813
Balance Sheet Provision	15,813

Actuarial Gains and Losses

Disclosure of additional information relating to the costs and benefits that were paid or accrued in respect of employees during the 2016/17 financial year, could not be calculated since no prior year valuation of the gratuity benefits has been carried out.

Projections

The projections of the expected change in the obligation over the period 30 June 2017 to 30 June 2020, is as follows:

Benefit Projection	Year Ending 30 June 2018 R'000	Year Ending 30 June 2019 R'000	Year Ending 30 June 2020 R'000
PBO at start of the period	15,813	11,332	11,523
Interest Cost	944	960	999
Service Cost	207	354	389
Expected Benefit Payments	-5,632	-1,123	-928
PBO at end of period	11,332	11,523	11,983

Sensitivity Analysis

The following changes were made:

(a) A 1% increase/decrease in the net discount rate.

	Current Assumption 8.66%	1% decrease 8.66%	1% increase 10.66%
Inflation			
Liability (R'000)	15,813	16,113	15,541
Cost / (Saving) (R'000)		300	-572

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

48 PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

ECONOMIC ENTITY					
Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Other	Total
Restated Carry Value 1 July 2017					
Cost	2,016,108,516	15,485,484,894	3,385,600,252	1,337,261,304	22,224,454,966
Transfers/Adjustments - Costs					-
Restatement - Cost	-	-		-	-
Disposal/Impairment					-
Transfers/Adjustments - Depreciation					-
Accumulated Depreciation	(240,762,698)	(5,019,282,921)	(822,927,203)	(744,758,715)	(6,827,731,537)
	1,775,345,818	10,466,201,973	2,562,673,049	592,502,589	15,396,723,429
Movement during the year ended 30 June 2018					
Acquisitions	54,203,372	1,424,551,479	78,301,763	91,112,332	1,648,168,946
Transfers / Adjustments - Cost	1,639,092	23,228,602	9,647,792	18,779,054	53,294,540
Useful lives Adjustment - Depreciation	-	6,075,398	-	50,373,584	56,448,982
Depreciation	(33,620,371)	(448,488,347)	(108,672,037)	(97,527,510)	(688,308,265)
	22,222,093	1,005,367,132	(20,722,482)	62,737,460	1,069,604,203
Carry Value of Disposals/Impairments during the year ended 30 June 2017					
Cost	-	-	(40,894)	(2,434,453)	(2,475,347)
Depreciation	-	-	-	2,176,432	2,176,432
	-	-	(40,894)	(258,021)	(298,915)
Carrying Values at 30 June 2018	1,797,567,911	11,471,569,105	2,541,909,673	654,982,028	16,466,028,717
Summary - Carrying Values at 30 June 2018					
Summary - Cost	2,071,950,980	16,933,264,975	3,473,508,913	1,444,718,237	23,923,443,105
Summary - Accumulated Depreciation	(274,383,069)	(5,461,695,870)	(931,599,240)	(789,736,209)	(7,457,414,388)
	1,797,567,911	11,471,569,105	2,541,909,673	654,982,028	16,466,028,717

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Other	Total
Restated Carry Value 1 July 2016					
Cost	1,940,549,400	14,289,229,291	3,295,524,297	1,352,731,269	20,878,034,257
Transfers/Adjustments - Costs					-
Restatement - Cost	-	-		-	-
Disposal/Impairment					-
Transfers/Adjustments - Depreciation			56,900		56,900
Accumulated Depreciation	(212,100,796)	(4,908,030,572)	(721,353,602)	(701,900,029)	(6,543,384,999)
	1,728,448,604	9,381,198,719	2,574,227,595	650,831,240	14,334,706,158
Movement during the year ended 30 June 2017					
Acquisitions	78,319,569	1,183,996,847	93,878,647	(10,587,355)	1,345,607,708
Transfers / Adjustments - Cost	(1,780,453)	12,258,756	(3,393,128)	(1,038,549)	6,046,626
Transfers / Adjustment - Depreciation	855,677	4,681,489	896,617	263,510	6,697,293
Depreciation	(29,517,579)	(115,933,838)	(102,751,602)	(46,832,786)	(295,035,805)
	47,877,214	1,085,003,254	(11,369,466)	(58,195,180)	1,063,315,822
Carry Value of Disposals/Impairments during the year ended 30 June 2017					
Cost	(980,000)	-	(409,564)	(3,844,061)	(5,233,625)
Depreciation	-	-	224,484	3,710,590	3,935,074
	(980,000)	-	(185,080)	(133,471)	(1,298,551)
Carrying Values at 30 June 2017	1,775,345,818	10,466,201,973	2,562,673,049	592,502,589	15,396,723,429
Summary - Carrying Values at 30 June 2017					
Summary - Cost	2,016,108,516	15,485,484,894	3,385,600,252	1,337,261,304	22,224,454,966
Summary - Accumulated Depreciation	(240,762,698)	(5,019,282,921)	(822,927,203)	(744,758,715)	(6,827,731,537)
	1,775,345,818	10,466,201,973	2,562,673,049	592,502,589	15,396,723,429

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

48 PROPERTY, PLANT AND EQUIPMENT RECONCILIATION (Continued)

MUNICIPALITY					
Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Other	Total
Restated Carry Value 1 July 2017					
Cost	2,011,459,158	15,485,484,894	3,385,600,252	1,332,753,043	22,215,297,347
Transfers/Adjustments - Costs	-	-	-	-	-
Restatement - Cost	-	-	-	-	-
Disposal/Impairment	-	-	-	-	-
Transfers/Adjustments - Depreciation	-	-	-	-	-
Accumulated Depreciation	(240,762,698)	(5,019,282,921)	(822,927,203)	(742,945,071)	(6,825,917,893)
	1,770,696,460	10,466,201,973	2,562,673,049	589,807,972	15,389,379,454
Movement during the year ended 30 June 2018					
Acquisitions	54,203,372	1,424,551,479	78,301,763	90,786,243	1,647,842,857
Transfers / Adjustments - Cost	1,639,092	23,228,602	9,647,792	18,779,054	53,294,540
Useful lives Adjustment - Depreciation	-	6,075,398	-	50,373,584	56,448,982
Depreciation	(33,620,371)	(448,488,347)	(108,672,037)	(96,841,859)	(687,622,614)
	22,222,093	1,005,367,132	(20,722,482)	63,097,022	1,069,963,765
Carry Value of Disposals/Impairments during the year ended 30 June 2017					
Cost	-	-	(40,894)	(2,126,985)	(2,167,879)
Depreciation	-	-	-	1,933,864	1,933,864
	-	-	(40,894)	(193,121)	(234,015)
Carrying Values at 30 June 2018	1,792,918,553	11,471,569,105	2,541,909,673	652,711,873	16,459,109,204
Summary - Carrying Values at 30 June 2018					
Summary - Cost	2,067,301,622	16,933,264,975	3,473,508,913	1,440,191,355	23,914,266,865
Summary - Accumulated Depreciation	(274,383,069)	(5,461,695,870)	(931,599,240)	(787,479,482)	(7,455,157,681)
	1,792,918,553	11,471,569,105	2,541,909,673	652,711,873	16,459,109,204

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Other	Total
Restated Carry Value 1 July 2016					
Cost	1,935,900,042	14,289,229,291	3,295,524,297	1,348,525,888	20,869,179,518
Transfers/Adjustments - Costs	-	-	-	-	-
Restatement - Cost	-	-	-	-	-
Disposal/Impairment	-	-	56,900	-	56,900
Transfers/Adjustments - Depreciation	-	-	-	-	-
Accumulated Depreciation	(212,100,796)	(4,908,030,572)	(721,353,602)	(700,542,784)	(6,542,027,754)
	1,723,799,246	9,381,198,719	2,574,227,595	647,983,104	14,327,208,664
Movement during the year ended 30 June 2017					
Acquisitions	78,319,569	1,183,996,847	93,878,647	(11,214,076)	1,344,980,987
Transfers / Adjustments - Cost	(1,780,453)	12,258,756	(3,393,128)	(1,038,549)	6,046,626
Transfers / Adjustment - Depreciation	855,677	4,681,489	896,617	263,510	6,697,293
Depreciation	(29,517,579)	(115,933,838)	(102,751,602)	(46,186,017)	(294,389,036)
	47,877,214	1,085,003,254	(11,369,466)	(58,175,132)	1,063,335,870
Carry Value of Disposals/Impairments during the year ended 30 June 2017					
Cost	(980,000)	-	(409,564)	(3,520,220)	(4,909,784)
Depreciation	-	-	224,484	3,520,220	3,744,704
	(980,000)	-	(185,080)	-	(1,165,080)
Carrying Values at 30 June 2017	1,770,696,460	10,466,201,973	2,562,673,049	589,807,972	15,389,379,454
Summary - Carrying Values at 30 June 2017					
Summary - Cost	2,011,459,158	15,485,484,894	3,385,600,252	1,332,753,043	22,215,297,347
Summary - Accumulated Depreciation	(240,762,698)	(5,019,282,921)	(822,927,203)	(742,945,071)	(6,825,917,893)
	1,770,696,460	10,466,201,973	2,562,673,049	589,807,972	15,389,379,454

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

49 HERITAGE ASSETS RECONCILIATION

ECONOMIC ENTITY	
Reconciliation of Carrying Value	Heritage Assets
Restated Carry Value 1 July 2017	
Cost	224,222,631
Transfers/Adjustments	-
Restatement - Cost	-
Disposal	-
Accumulated Depreciation	-
	224,222,631
Movement during the year ended 30 June 2018	
Acquisition	-
Transfers / Adjustment	5,478,362
Impairment	-
	5,478,362
Impairment value during the year ended 30 June 2018	
Cost	-
Amortisation	-
	-
Carrying Values at 30 June 2018	229,700,993
Summary - Carrying Values at 30 June 2018	
Summary - Cost	229,700,993
Summary - Accumulated Impairment	-
	229,700,993

Reconciliation of Carrying Value	Heritage Assets
Restated Carry Value 1 July 2016	
Cost	206,087,322
Transfers/Adjustments	-
Restatement - Cost	-
Disposal	-
Accumulated Depreciation	-
	206,087,322
Movement during the year ended 30 June 2017	
Acquisition	1,913,685
Transfers / Adjustment	16,221,624
Impairment	-
	18,135,309
Impairment value during the year ended 30 June 2017	
Cost	-
Amortisation	-
	-
Carrying Values at 30 June 2017	224,222,631
Summary - Carrying Values at 30 June 2017	
Summary - Cost	224,222,631
Summary - Accumulated Impairment	-
	224,222,631

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

49 HERITAGE ASSETS RECONCILIATION (Continued)

MUNICIPALITY	
Reconciliation of Carrying Value	Heritage Assets
Restated Carry Value 1 July 2017	
Cost	223,972,131
Transfers/Adjustments	-
Restatement - Cost	-
Disposal	-
Accumulated Depreciation	-
	223,972,131
Movement during the year ended 30 June 2018	
Acquisition	-
Transfers / Adjustment	5,478,362
Impairment	-
	5,478,362
Impairment value during the year ended 30 June 2018	
Cost	-
Amortisation	-
	-
Carrying Values at 30 June 2018	229,450,493
Summary - Carrying Values at 30 June 2018	
Summary - Cost	229,450,493
Summary - Accumulated Impairment	-
	229,450,493

Reconciliation of Carrying Value	Heritage Assets
Restated Carry Value 1 July 2016	
Cost	205,836,822
Transfers/Adjustments	-
Restatement - Cost	-
Disposal	-
Accumulated Depreciation	-
	205,836,822
Movement during the year ended 30 June 2017	
Acquisition	1,913,685
Transfers / Adjustment	16,221,624
Impairment	-
	18,135,309
Impairment value during the year ended 30 June 2017	
Cost	-
Amortisation	-
	-
Carrying Values at 30 June 2017	223,972,131
Summary - Carrying Values at 30 June 2017	
Summary - Cost	223,972,131
Summary - Accumulated Impairment	-
	223,972,131

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

50 INTANGIBLE ASSETS RECONCILIATION

ECONOMIC ENTITY	
Reconciliation of Carrying Value	Intangible Assets
Restated Carry Value 1 July 2017	
Cost	598,865,402
Transfers/Adjustments	-
Restatement - Amortisation	-
Impairment	-
Accumulated Amortisation	(515,471,951)
	83,393,451
Movement during the year ended 30 June 2017	
Acquisition	2,561,622
Transfers/Adjustments	-
Useful lives adjustment - Amortisation	467,784,078
Amortisation	(111,087,796)
	359,257,904
Impairment/ Disposal value during the year ended 30 June 2018	
Cost	-
Amortisation	0
	-
Carrying Values at 30 June 2018	442,651,355
Summary - Carrying Values at 30 June 2018	
Summary - Cost	601,427,024
Summary - Accumulated Amortisation	(158,775,669)
	442,651,355

Reconciliation of Carrying Value	Intangible Assets
Restated Carry Value 1 July 2016	
Cost	576,977,822
Transfers/Adjustments	-
Restatement - Amortisation	-
Impairment	-
Accumulated Amortisation	(522,797,451)
	54,180,371
Movement during the year ended 30 June 2017	
Acquisition	17,691,531
Transfers/Adjustments	4,196,049
Transfers/Adjustments	544,698
Amortisation	6,780,802
	29,213,080
Impairment/ Disposal value during the year ended 30 June 2017	
Cost	-
Amortisation	0
	-
Carrying Values at 30 June 2017	83,393,451
Summary - Carrying Values at 30 June 2017	
Summary - Cost	598,865,402
Summary - Accumulated Amortisation	(515,471,951)
	83,393,451

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

50 INTANGIBLE ASSETS RECONCILIATION (Continued)

MUNICIPALITY	
Reconciliation of Carrying Value	Intangible Assets
Restated Carry Value 1 July 2017	
Cost	598,538,384
Transfers/Adjustments	-
Restatement - Amortisation	-
Impairment	-
Accumulated Amortisation	(515,180,925)
	83,357,459
Movement during the year ended 30 June 2017	
Acquisition	2,511,422
Transfers/Adjustments	-
Useful lives adjustment - Amortisation	467,784,078
Amortisation	(111,052,761)
	359,242,739
Impairment/ Disposal value during the year ended 30 June 2018	
Cost	-
Amortisation	0
	-
Carrying Values at 30 June 2018	442,600,198
Summary - Carrying Values at 30 June 2018	
Summary - Cost	601,049,806
Summary - Accumulated Amortisation	(158,449,608)
	442,600,198

Reconciliation of Carrying Value	Intangible Assets
Restated Carry Value 1 July 2016	
Cost	576,650,804
Transfers/Adjustments	-
Restatement - Amortisation	-
Impairment	-
Accumulated Amortisation	(522,559,011)
	54,091,793
Movement during the year ended 30 June 2017	
Acquisition	17,691,531
Transfers/Adjustments	4,196,049
Transfers/Adjustments	544,698
Amortisation	6,833,388
	29,265,666
Impairment/ Disposal value during the year ended 30 June 2017	
Cost	-
Amortisation	0
	-
Carrying Values at 30 June 2017	83,357,459
Summary - Carrying Values at 30 June 2017	
Summary - Cost	598,538,384
Summary - Accumulated Amortisation	(515,180,925)
	83,357,459

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

51 INVESTMENT PROPERTY RECONCILIATION

ECONOMIC ENTITY AND MUNICIPALITY

Reconciliation of Carrying Value	Investment Property
Restated Carry Value 1 July 2017	
Cost	256,233,049
Restatement - Cost	-
Transfers/Adjustments	-
Disposal	-
Restatement - Depreciation	-
Accumulated Depreciation	(62,601,854)
	193,631,195
Movement during the year ended 30 June 2018	
Acquisition / Take-on	33,614,478
Transfers/Adjustments	-
Transfers/Adjustments	-
Depreciation	(6,865,946)
	26,748,532
Carry Value of Disposals for the year ended 30 June 2018	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2018	220,379,727
Summary - Carrying Values at 30 June 2018	
Summary - Cost	289,847,527
Summary - Accumulated Depreciation	(69,467,800)
	220,379,727

Reconciliation of Carrying Value	Investment Property
Restated Carry Value 1 July 2016	
Cost	253,810,809
Restatement - Cost	-
Transfers/Adjustments	-
Disposal	-
Restatement - Depreciation	-
Accumulated Depreciation	(56,530,544)
	197,280,265
Movement during the year ended 30 June 2017	
Acquisition	2,422,240
Transfers/Adjustments	-
Transfers/Adjustments	-
Depreciation	(6,071,310)
	(3,649,070)
Carry Value of Disposals for the year ended 30 June 2017	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2017	193,631,195
Summary - Carrying Values at 30 June 2017	
Summary - Cost	256,233,049
Summary - Accumulated Depreciation	(62,601,854)
	193,631,195

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

53 EXPLANATION FOR OPERATING VARIANCES: ECONOMIC ENTITY AND MUNICIPALITY

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget and the inclusion of the roll-over of unspent conditional grants as at 30 June 2017 as approved by National Treasury.

The Original Budget was approved on 26 May 2017 for the 2017/18 financial year (01 July 2017 to 30 June 2018), and the Final Adjustment Budget was approved on 29 March 2018.

NMBM uses the accrual basis of accounting for its Budget.

The reconciliation of the Original approved Budget and Final Adjustment Budget and Actual amounts are shown on the face of the Statement of Financial Performance, with the reasons in variances explained below.

ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (REVENUE AND EXPENDITURE)

Explanations of Significant Variances greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to meet performance.

1 Interest earned - Investments

Interest increased due to strict cashflow management.

2 Interest raised - Outstanding Debtors

Interest increased due to non payment of outstanding debt by consumers and the implementation of punitive tariff for water usage due to drought conditions.

3 Licences and Permits

Due to the ad hoc nature of this income source, accurate income projections are not possible.

4 Rental of facilities and equipment

Due to under utilisation of the facilities during the financial year.

5 Other Revenue

Due to the ad hoc nature of this income source, accurate income projections are not possible. The main decrease is due to income on trade effluent and entrance fees to events at the stadium.

6 Transfers and Subsidies

Due to the increase in grant revenue received at a later date, more funding was availed to NMBM, such as Drought Relief and additional USDG.

7 Dividends received

The dividend income relates to the Sanlam shares.

8 Impairment - Receivables

Due to the increase in tariffs as a result of water restrictions caused debt to increase resulting in non-payment of outstanding debt by consumers.

9 Impairment - Other

Less Traffic Fines was impaired than initially anticipated.

10 Transfers and Subsidies

Due to the underspending on the allocations given to the entity - MBDA.

11 Other Expenditure

Due to National Government Policy change relating to the housing top structure allocation from National Government directly to HDA (Housing Development)

12 Other Materials

Due to under utilisation of consumables by Directorates.

13 Depreciation

The underspending is due to change in useful lives of the assets.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

54 EXPLANATION FOR CAPITAL VARIANCES: ECONOMIC ENTITY AND MUNICIPALITY

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget and the inclusion of the roll-over of unspent conditional grants as at 30 June 2017 as approved by National Treasury.

The Original Budget was approved on 26 May 2017 for the 2017/18 financial year (01 July 2017 to 30 June 2018), and the Final Budget was approved on 29 March 2018.

NMBM uses the accrual basis of accounting for its Budget.

See below reconciliation between the Budget and the Actual expenditure:

ACTUAL VERSUS ADJUSTMENTS BUDGET (ACQUISITION OF ASSETS)	2018 Adjustments Budget	Additions / Under Construction	Variance	% Variance with Adjustments Budget	Explanation of Variances greater than 10 %
Infrastructure & Engineering - Roads & Storm water	455,012,180	458,531,956	(3,519,776)	-1	
Human Settlements	258,326,240	220,988,716	37,337,524	14	
Economic Development, Tourism & Agriculture	36,760,172	999,999	35,760,173	97	
Recreational and Cultural Service	42,386,590	20,801,977	21,584,613	51	The variance is attributable to the Capital Sportsfields Projects. The Contractor lacked capacity and capability to perform the contract. Several meetings were held with the Contractor where turn-around strategies and revised construction programme were presented and agreed. By mid-March 2018 the contractor was 6 weeks behind scheduled programme. On 7 May 2018 the Contractor submitted confirmation of a proposed cession in terms of Clause 13.0 of the JBCC Principal Building Agreement to avoid termination of the contract. Work effectively ceased on site and funds were unable to be spent
Safety & Security	16,700,000	15,635,844	1,064,156	6	
Budget & Treasury	23,574,580	4,156,188	19,418,392	82	The variance is mainly attributable to the Systems Enhancements (EMS) Capital Project. A decision was taken by the Project Manager to change the payment structure on this project. This means that instead of monthly payments, the Service Provider would be paid based on milestones achieved. The expenditure position as at 30 June 2018 is directly attributable to milestones not achieved.
Public Health	55,287,790	87,738,195	(32,450,405)	-59	
Corporate Services	53,220,000	41,446,499	11,773,501	22	The variance can be attributed to the following: Acquisition of computer hardware to facilitate the migration to a Microsoft platform, as well as the purchase of servers and other IT related Infrastructure. Delays in negotiations with regards to utilising SITA's contract resulted in funds not being spent by 30 June 2018.
Sanitation Service	231,764,040	209,646,827	22,117,213	10	
Water Service	200,200,000	256,305,702	(56,105,702)	-28	The NMBM received R 84, 3 million during April 2018 from National Treasury in support of Groundwater projects to be implemented within NMBM. Due to the late receipt of funds, a only a small portion has been spent. Infrastructure and Engineering Directorate has applied for a Roll-over of funds to National Treasury.
Strategic Programmes	7,894,740	6,661,817	1,232,923	16	NMBM Customer Care moved into the M/well Traffic and Licencing Centre with limited services to the public. Customer Care wanted to spend the balance of the funds towards finishes to the interior and exterior, but encountered SCM challenges with the Minor Works tender which had expired, therefore the balance of the funds could not be spent.
Executive and Council	6,410,526	6,418,983	(8,457)	-0	
Electricity & Energy	282,371,749	313,747,977	(31,376,228)	-11	
NMBM Stadium	-	-	-	-	
	1,669,908,607	1,643,080,680	26,827,927	2	
CONTROLLED ENTITIES					
Mandela Bay Development Agency	376,290	376,290	0	0	
ECONOMIC ENTITY	1,670,284,897	1,643,456,970	26,827,927	2	

NOTE 55.1
ECONOMIC ENTITY'S ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2018

	COST								ACCUMULATED DEPRECIATION							Carrying Value	
	Opening Balance	Transfers / Adjustments/	Take-On	Acquisitions	WIP Acquisition	Disposals	Impairment	Closing Balance	Opening Balance	Re-statement	Re-stated Opening Balance	Useful lives adjustment	Additions	Disposals	Impairment		Closing Balance
Land & Buildings																	
Buildings	903,468,861	-	-	51,692,630	2,510,742	-	-	957,672,233	242,034,655	-1,271,956	240,762,698	-	33,620,371	-	-	274,383,069	683,288,164
Land	1,107,990,298	-	1,639,092	-	-	-	-	1,109,629,390	-	-	-	-	-	-	-	-	1,109,629,390
	2,011,459,159	-	1,639,092	51,692,630	2,510,742	-	-	2,067,301,623	242,034,655	-1,271,956	240,762,698	-	33,620,371	-	-	274,383,069	1,792,916,554
Infrastructure Assets																	
Roads, Sidewalks & Stormwater Network	6,178,205,180	-	23,228,602	376,049,443	215,489,923	-	-	6,792,973,149	2,336,945,727	-228,035,595	2,108,910,131	-1,606,231	203,717,491	-	-	2,311,021,391	4,481,951,758
Beach Developments	65,361,256	-	-	1,541,288	2,636,888	-	-	69,539,432	14,149,981	-125,256	14,024,726	-	1,475,526	-	-	15,500,252	54,039,180
Electricity Reticulation & Supply	2,939,652,736	-	-	259,823,739	300,042	-	-	3,199,776,517	1,012,272,217	-20,274,618	991,997,598	-4,469,167	64,454,525	-	-	1,051,982,957	2,147,793,560
Fencing	87,451,934	-	-	354,119	34,923,213	-	-	122,729,265	27,285,074	-3,756,459	23,528,615	-	6,252,355	-	-	29,780,970	92,948,295
Sewerage Mains & Purification Works	2,619,385,475	-	-	64,449,765	169,986,658	-	-	2,853,821,898	958,070,942	-4,887,879	953,183,064	-	75,845,526	-	-	1,029,028,590	1,824,793,308
Waste Disposal Facilities	42,522,777	-	-	-	2,488,770	-	-	45,011,547	1,677,712	-37,765	1,639,947	-	352,523	-	-	1,992,470	43,019,077
Water Supply & Reticulation	2,232,089,706	-	-	157,527,097	61,823,970	-	-	2,451,440,773	745,552,765	-29,389,096	716,163,669	-	66,344,736	-	-	782,508,405	1,668,932,368
Dams & Treatment Works	1,314,210,881	-	-	55,262,513	21,894,052	-	-	1,391,367,446	208,608,199	-337,621	209,270,579	-	29,481,074	-	-	238,751,652	1,152,615,794
Wi-Fi Infrastructure	6,604,949	-	-	-	-	-	-	6,604,949	564,590	-	564,590	0.00	564,590	-	-	1,129,181	6,475,769
	15,485,484,894	-	23,228,602	915,007,965	509,543,515	-	-	16,933,264,976	5,306,127,207	-286,844,288	5,019,282,919	(6,075,398)	448,468,347	-	-	5,461,695,868	11,471,569,109
Community Assets																	
Libraries	31,510,665	-	-	-	3,233,851	-	-	34,744,516	12,276,368	-	12,276,368	-	1,159,041	-	-	13,435,409	21,309,107
Library Books	82,580,335	-	7,321,227	-	-	-	-	89,901,561	27,133,123	-	27,133,123	-	4,400,915	-	-	31,534,038	58,367,523
Fire Stations	71,720,665	-	-	1,946,944	-	-	-	73,667,610	19,823,115	-122,498	19,700,617	-	2,568,926	-	-	22,269,544	51,398,066
Cemeteries	86,356,526	-	-	-	6,252,370	-	-	92,608,896	14,411,777	-177,823	14,233,954	-	2,437,631	-	-	16,671,585	75,937,310
Clinics	5,330,556	-	-	152,393	-	-	-	5,482,948	940,721	-3,961	936,760	-	211,694	-	-	1,148,454	4,334,494
Community Centres	257,805,009	-	-	-	2,856,720	-	-	260,661,730	69,854,546	(960,607)	68,893,939	-	8,072,554	-	-	76,966,493	183,695,236
Public Conveniences	6,446,516	-	-	-	3,084,318	-	-	9,530,834	2,935,641	-20,965	2,914,676	-	224,602	-	-	3,139,278	6,391,556
Swimming Pools	86,685,903	-	-	-	86,685,903	-	-	173,371,806	23,855,315	-21,682	23,833,633	-	2,484,307	-	-	26,317,941	60,367,962
Recreational Facilities	2,692,521,010	-	2,326,566	6,097,000	54,678,167	-	-	2,755,622,743	616,403,169	-1,461,821	614,941,348	-	85,181,709	-	-	700,123,057	2,055,498,696
Selling & Letting Schemes	64,643,067	-	-	-	-	40,895	-	64,602,172	38,296,610	-233,823	38,062,787	-	1,930,655	-	-	39,993,443	24,608,730
	3,385,600,253	-	9,647,792	8,196,337	70,105,426	40,895	-	3,473,508,913	825,930,385	(3,003,160)	822,927,205	-	106,672,037	-	-	931,599,242	2,541,909,671
Other Assets																	
Bins & Containers	15,377,586	-	-	11,028,560	168,793	-	-	26,574,939	5,505,802	-412,726	5,093,076	-	1,566,509	-	-	6,659,585	19,915,354
Vehicles & Plant	569,860,409	-	-	48,995,322	-	-	24,835	618,830,896	386,661,100	-2,467,134	384,193,967	(50,373,584)	39,438,308	-	-	373,258,691	245,572,205
Office Furniture & Fittings	215,243,932	-	-	5,911,824	-	1,692,350	-	219,463,406	167,512,768	-	167,512,768	-	16,044,213	1,567,081	-	181,989,900	37,473,506
Air Monitoring Facilities	24,511	-	-	-	-	-	-	24,511	8,884	-	8,884	-	1,634	-	10,518	13,992	
Security Systems	10,169,715	-	-	225,823	-	-	-	10,395,538	10,169,714	-	10,169,714	-	-	-	10,169,714	225,824	
Tip Sites	371,341,513	-	18,779,054	-	3,893,117	-	-	394,013,684	85,845,759	-699	85,845,060	-	12,621,401	-	-	98,466,461	295,547,223
MBDA Assets	9,157,621	-	-	326,090	-	307,468	-	9,176,243	1,813,645	-	1,813,645	-	685,651	242,568	-	2,562,728	6,919,515
Computer Hardware	150,735,376	-	-	20,562,802	-	409,800	-	170,888,378	90,121,599	-	90,121,599	-	27,169,795	366,783	-	116,924,612	53,963,766
	1,341,910,662	-	18,779,054	87,050,422	4,061,910	2,409,618	24,835	1,449,367,594	747,639,272	-2,880,558	744,758,714	(50,373,584)	97,527,510	2,176,432	-	789,736,208	659,631,386
	22,224,454,967	-	53,294,540	1,061,947,354	586,221,593	2,450,513	24,835	23,923,443,107	7,121,731,519	(293,999,983)	6,827,731,537	(56,448,982)	688,308,265	2,176,432	-	7,457,414,388	16,466,028,719

NOTE 55.1 (CONTINUED)
ECONOMIC ENTITY'S: ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2018

	COST							ACCUMULATED AMORTISATION							Carrying Value		
	Opening Balance	Transfers / Adjustments/	Take-On	Acquisitions	WIP Acquisition	Disposals	Impairment	Closing Balance	Opening Balance	Re-statement	Re-stated Opening Balance	Useful lives adjustment	Additions	Disposals		Impairment	Closing Balance
Intangible																	
Computer Software	598,865,403	-		2,561,622	-			601,427,025	539,716,430	-24,244,478	515,471,952	(467,784,078)	111,087,796			158,775,670	442,651,355
	ECONOMIC ENTITY'S: ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2018																
	COST							ACCUMULATED DEPRECIATION							Carrying Value		
	Opening Balance	Transfers / Adjustments/	Take-On	Acquisitions	WIP Acquisition	Disposals	Impairment	Closing Balance	Opening Balance	Re-statement	Re-stated Opening Balance	Useful lives adjustment	Additions	Disposals		Impairment	Closing Balance
Investment Property																	
Land & Buildings	256,233,049		33,500,000	-	114,478			289,847,528	62,601,854	-	62,601,854		6,865,946			69,467,801	220,379,727
	ECONOMIC ENTITY'S: ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2018																
	COST							ACCUMULATED DEPRECIATION							Carrying Value		
	Opening Balance	Transfers / Adjustments/	Take-On	Acquisitions	WIP Acquisition	Disposals	Impairment	Closing Balance	Opening Balance	Re-statement	Re-stated Opening Balance	Useful lives adjustment	Additions	Disposals		Impairment	Closing Balance
Heritage Assets																	
Heritage Buildings	153,726,596	5,478,362		-	-			159,204,958	-	-	-	-	-	-	-	-	159,204,958
Memorials & Statues	46,000,773			-	-			46,000,773	-	-	-	-	-	-	-	-	46,000,773
Land	6,655,783			-	-			6,655,783	-	-	-	-	-	-	-	-	6,655,783
MBDA Assets	250,500			-	-			250,500	-	-	-	-	-	-	-	-	250,500
Art Works	17,588,979			-	-			17,588,979	-	-	-	-	-	-	-	-	17,588,979
	224,222,631	5,478,362						229,700,993									229,700,993
Grant Totals Assets	23,303,776,050	5,478,362	86,794,540	1,064,508,976	586,336,071	2,450,513	24,835	25,044,418,652	7,724,049,804	(318,244,460)	7,405,805,343	(524,233,060)	806,262,007	2,176,432	-	7,685,657,858	17,358,760,794

**NOTE 55.2
ECONOMIC ENTITY'S**

**WORK IN PROGRESS (WIP) / UNDER-CONSTRUCTION included in the
acquisitions as per note 55.1**

PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2018

Details	Amount
Land & Buildings	
Buildings	2,510,742
	2,510,742
Infrastructure Assets	
Roads, Sidewalks & Stormwater Network	215,489,923
Beach Developments	2,636,888
Electricity Reticulation & Supply	300,042
Fencing	34,923,213
Sewerage Mains & Purification Works	169,986,658
Waste Disposal Facilities	2,488,770
Water Supply & Reticulation	61,823,970
Dams & Treatment Works	21,894,052
	509,543,515
Community Assets	
Libraries	3,233,851
Cemeteries	6,252,370
Community Centres	2,856,720
Public Conveniences	3,084,318
Recreational Facilities	54,678,167
	70,105,426
Other Assets	
Tip Sites	3,893,117
Bins & Containers	168,793
Office Furniture & Fittings	-
	4,061,910
	586,221,593
INTANGIBLE ASSETS AS AT 30 JUNE 2018	
Details	Amount
Intangible	
Computer Software	-
INVESTMENT PROPERTY AS AT 30 JUNE 2018	
Details	Amount
Investment Property	
Land & Buildings	114,478
HERITAGE ASSETS AS AT 30 JUNE 2018	
Details	Amount
Heritage Assets	
	-
Grand Total	586,336,071

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ECONOMIC ENTITY	Actual 2018 R	Approved Original Budget 2018 R	Adjustments 2018 R	Approved Final Budget 2018 R	Variance between Final Budget and Actual R	%	No.
NET ASSETS AND LIABILITIES							
Net Assets							
Total Accumulated Funds	15,942,446,951	14,694,169,620	(251,010,371)	14,443,159,249	(1,499,287,702)	-10%	1
Non-current Liabilities	3,688,047,385	3,396,526,712	(120,785,345)	3,509,619,259			
Long-term Liabilities	1,209,505,493	1,151,862,712	0	1,151,862,712	(57,642,781)	-5%	
Non-current Provisions - Employee Benefits	2,089,611,527	2,089,611,527	0	2,089,611,527	0	0%	
Non-current Provisions - Other	388,930,365	155,052,473	(120,785,345)	268,145,020	(120,785,345)	-45%	2
Current Liabilities	2,752,662,281	2,404,381,490	104,757,008	2,509,138,498			
Current Provisions - Employee Benefits	180,429,719	52,443,018	127,985,950	180,428,968	(751)	0%	
Current Provisions - Other	38,771,537	92,188,982	(18,248,298)	73,940,684	35,169,147	48%	3
Consumer Deposits	148,636,802	128,872,000	2,468,356	131,340,356	(17,296,446)	-13%	4
Trade and Other Payables	2,303,847,163	2,051,117,080	(7,449,000)	2,043,668,080	(260,179,083)	-13%	5
VAT	1,216,650	0	0	0	(1,216,650)	100%	5
Current Portion of Long-term Liabilities	79,760,410	79,760,410	0	79,760,410	0	0%	
Total Net Assets and Liabilities	22,383,156,617	20,495,077,822	(267,038,708)	20,461,917,006			
ASSETS							
Non-current Assets	17,436,365,389	16,217,571,808	-356,172,897	16,320,800,897			
Property, Plant and Equipment (PPE)	16,466,028,717	15,702,253,438	57,816,745	15,760,070,183	(705,958,534)	-4%	
Heritage Assets	229,700,993	229,700,993	-459,401,986	229,700,993	0	0%	
Intangible Assets	442,651,355	60,190,112	9,500,000	69,690,112	(372,961,243)	-535%	6
Investment Property	220,379,727	197,280,265	0	197,280,265	(23,099,462)	-12%	7
Long-term Receivables - Exchange Transactions	50,395,448	28,147,000	8,703,195	36,850,195	(13,545,253)	-37%	8
Long-term Receivables - Non-exchange Transactions	27,209,149	0	27,209,149	27,209,149	0	0%	
Current Assets	4,946,791,228	4,277,506,014	(136,389,905)	4,141,116,109			
Current Portion of Long-term Receivables - Exchange Transactions	0	80	0	80	80	100%	9
Inventory	180,165,392	200,000,000	0	200,000,000	19,834,608	10%	
Trade Receivables - Exchange Transactions	1,316,134,451	936,029,555	200,000,000	1,136,029,555	(180,104,896)	-16%	10
Other Receivables - Non-exchange Transactions	395,170,445	395,170,445	0	395,170,445	0	0%	
Other Receivables - Exchange Transactions	397,373,740	485,136,755	(110,000,000)	375,136,755	(22,236,985)	-6%	
VAT	33,334,245	33,334,245	0	33,334,245	0	0%	
Call Deposits and Investments	2,371,934,859	2,024,567,740	(226,389,905)	1,798,177,835	(573,757,024)	-32%	11
Call Deposits and Investments - Other	2,867,194	2,867,194	0	2,867,194	0	0%	
Bank Balances and Cash	249,810,902	200,400,000	0	200,400,000	(49,410,902)	-25%	12
Total Assets	22,383,156,617	20,495,077,822	(492,562,802)	20,461,917,006			

Refer to Note 57 of the Financial Statements for explanation of variances

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUES)

ECONOMIC ENTITY	Actual 2018 R	Approved Original Budget 2018 R	Adjustments 2018 R	Approved Final Budget 2018 R	Variance between Final Budget and Actual R	%	No.
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash receipts from ratepayers, government and other	10,148,299,790	10,006,608,895	343,783,608	10,350,392,503			
- Sale of goods and services, fines and taxes levied	6,759,441,385	6,895,475,948	285,969,001	7,181,444,949	422,003,564	6%	
- Grants	3,233,085,981	3,005,958,529	40,958,305	3,046,916,834	(186,169,147)	-6%	
- Dividends received	123,095	0	0	0	(123,095)	100%	1
- Interest received	155,649,329	105,174,418	16,856,302	122,030,720	(33,618,609)	-28%	2
Cash paid to suppliers and employees	(7,327,539,703)	(8,048,788,967)	(174,245,576)	(8,223,034,543)			
- Employee Costs	(2,626,460,955)	(2,626,460,955)	0	(2,626,460,955)	0	0%	
- Suppliers	(4,554,344,117)	(5,274,386,786)	(173,735,962)	(5,448,122,748)	(893,778,631)	16%	3
- Finance Cost	(146,734,631)	(147,941,226)	(509,614)	(148,450,840)	(1,716,209)	1%	
CASH GENERATED FROM OPERATIONS	2,820,760,087	1,957,819,928	169,538,032	2,127,357,960			
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of PPE	(1,701,463,488)	(1,468,793,192)	(170,237,137)	(1,639,030,329)	62,433,159	-4%	
Proceeds on Disposal of PPE	22,715	149,469,077	(149,469,077)	0	(22,715)	100%	4
Purchase of Intangible assets	(2,561,622)				2,561,622	100%	4
Purchase of Investment Property	(33,500,000)				33,500,000	100%	4
Purchase of Heritage Assets	(5,478,362)				5,478,362	100%	4
Increase in Non-Current Receivables	0	(1,340,074)	1,340,074	0	0	0%	
Increase in Other Non-Current Receivables	0	0	(37,252,418)	(37,252,418)	(37,252,418)	100%	5
NET CASH FLOW FROM INVESTING ACTIVITIES	(1,742,980,757)	(1,320,664,189)	(355,618,558)	(1,676,282,747)			
CASH FLOWS FROM FINANCING ACTIVITIES							
Increase in Consumer Deposits	0	3,937,000	2,468,356	6,405,356	6,405,356	100%	6
Repayment of Non-current Liabilities (external loan funding)	(86,407,312)	(86,409,283)	0	(86,409,283)	(1,971)	0%	
NET CASH FLOW FROM FINANCING ACTIVITIES	(86,407,312)	(82,472,283)	2,468,356	(80,003,927)			
NET CHANGE IN CASH AND CASH EQUIVALENTS	991,372,018	554,683,456	(183,612,170)	371,071,286			
Cash and cash equivalents at the beginning of the year	1,630,373,743	1,673,151,478	(42,777,735)	1,630,373,743	0	0%	
Cash and cash equivalents at the end of the year	2,621,745,761	2,227,834,934	(226,389,905)	2,001,445,029			

Refer to Note 57 of the Financial Statements for explanation of variances

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUES)

MUNICIPALITY	Actual 2018 R	Approved Original Budget 2018 R	Adjustments 2018 R	Approved Final Budget 2018 R	Variance between Final Budget and Actual R	%	No.
NET ASSETS AND LIABILITIES							
Net Assets							
Total Accumulated Funds	15,933,325,120	14,666,975,070	(327,846,573)	14,339,128,497	(1,594,196,623)	-11%	1
Non-current Liabilities	3,686,553,095	3,396,526,712	(176,933,836)	3,509,619,259			
Long-term Liabilities	1,208,011,203	1,151,862,712	(56,148,491)	1,151,862,712	(56,148,491)	-5%	
Non-current Provisions - Employee Benefits	2,089,611,527	2,089,611,527	0	2,089,611,527	0	0%	
Non-current Provisions - Other	388,930,365	155,052,473	(120,785,345)	268,145,020	(120,785,345)	-45%	2
Current Liabilities	2,713,233,721	2,383,487,410	112,056,008	2,495,543,418			
Current Provisions - Employee Benefits	180,128,968	52,293,018	127,835,950	180,128,968	0	0%	
Current Provisions - Other	38,771,537	92,188,982	(18,248,298)	73,940,684	35,169,147	48%	3
Consumer Deposits	148,636,802	128,872,000	2,468,356	131,340,356	(17,296,446)	-13%	4
Trade and Other Payables	2,265,936,004	2,030,373,000	0	2,030,373,000	(235,563,004)	-12%	5
VAT	0	0	0	0	0	0%	
Current Portion of Long-term Liabilities	79,760,410	79,760,410	0	79,760,410	0	0%	
Total Net Assets and Liabilities	22,333,111,936	20,446,989,192	(392,724,401)	20,344,291,174			
ASSETS							
Non-current Assets	17,429,144,220	16,180,921,888	68,229,993	16,249,151,881			
Property, Plant and Equipment (PPE)	16,459,109,205	15,665,854,018	23,317,649	15,689,171,667	(769,937,538)	-5%	
Heritage Assets	229,450,493	229,450,493	0	229,450,493	0	0%	
Intangible Assets	442,600,198	60,190,112	9,000,000	69,190,112	(373,410,086)	-540%	6
Investment Property	220,379,727	197,280,265	0	197,280,265	(23,099,462)	-12%	7
Long-term Receivables - Exchange Transactions	50,395,448	28,147,000	8,703,195	36,850,195	(13,545,253)	-37%	8
Long-term Receivables - Non-exchange Transactions	27,209,149	0	27,209,149	27,209,149	0	0%	
Current Assets	4,903,967,716	4,266,067,304	(170,928,011)	4,095,139,293			
Current Portion of Long-term Receivables - Exchange Transactions	0	80	0	80	80	100%	9
Inventory	179,641,204	200,000,000	0	200,000,000	20,358,796	10%	
Trade Receivables - Exchange Transactions	1,316,134,451	939,482,947	200,000,000	1,139,482,947	(176,651,504)	-16%	10
Other Receivables - Non-exchange Transactions	391,717,053	391,717,053	0	391,717,053	0	0%	
Other Receivables - Exchange Transactions	397,920,948	485,136,755	(120,000,000)	365,136,755	(32,784,193)	-9%	
VAT	33,334,245	33,334,245	0	33,334,245	0	0%	
Call Deposits and Investments	2,371,934,859	2,013,529,030	(250,928,011)	1,762,601,019	(609,333,840)	-35%	11
Call Deposits and Investments - Other	2,867,194	2,867,194	0	2,867,194	0	0%	
Bank Balances and Cash	210,417,762	200,000,000	0	200,000,000	(10,417,762)	-5%	
Total Assets	22,333,111,936	20,446,989,192	(102,698,018)	20,344,291,174			

Refer to Note 57 of the Financial Statements for explanation of variances

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

56 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUES)

MUNICIPALITY	Actual 2018 R	Approved Original Budget 2018 R	Adjustments 2018 R	Approved Final Budget 2018 R	Variance between Final Budget and Actual R	%	No.
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash receipts from ratepayers, government and other	10,084,366,345	10,000,743,895	335,444,108	10,336,188,003			
- Sale of goods and services, fines and taxes levied	6,735,837,999	6,895,310,948	295,929,501	7,191,240,449	455,402,450	6%	
- Grants	3,195,248,888	3,002,058,529	22,658,305	3,024,716,834	(170,532,054)	-6%	
- Dividends received	123,095	0	0	0	(123,095)	100%	1
- Interest received	153,156,363	103,374,418	16,856,302	120,230,720	(32,925,643)	-27%	2
Cash paid to suppliers and employees	(7,244,475,981)	(8,092,930,327)	(152,543,032)	(8,245,473,359)			
- Employee Costs	(2,593,000,165)	(2,593,000,165)	0	(2,593,000,165)	0	0%	
- Suppliers	(4,504,741,185)	(5,351,988,936)	(152,033,418)	(5,504,022,354)	(999,281,169)	18%	3
- Finance Cost	(146,734,631)	(147,941,226)	(509,614)	(148,450,840)	(1,716,209)	1%	
CASH GENERATED FROM OPERATIONS	2,839,890,364	1,907,813,568	182,901,076	2,090,714,644			
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of PPE	(1,701,137,398)	(1,427,984,491)	(151,502,758)	(1,579,487,249)	121,650,149	-8%	
Proceeds on Disposal of PPE	0	149,469,077	(149,469,077)	0	0	0%	
Purchase of Intangible assets	(2,511,422)	0	0	0	2,511,422	100%	4
Purchase of Investment Property	(33,500,000)	0	0	0	33,500,000	100%	4
Purchase of Heritage Assets	(5,478,362)	0	0	0	5,478,362	100%	4
Increase in Non-Current Receivables	0	(1,340,074)	1,340,074	0	0	0%	
Increase in Other Non-Current Receivables	0	0	(37,252,418)	(37,252,418)	(37,252,418)	100%	5
NET CASH FLOW FROM INVESTING ACTIVITIES	(1,742,627,182)	(1,279,855,488)	(336,884,179)	(1,616,739,667)			
CASH FLOWS FROM FINANCING ACTIVITIES							
Increase in Consumer Deposits	0	3,937,000	2,468,356	6,405,356	6,405,356	100%	6
Repayment of Non-current Liabilities (external loan funding)	(86,407,312)	(86,409,283)	0	(86,409,283)	(1,971)	0%	
NET CASH FLOW FROM FINANCING ACTIVITIES	(86,407,312)	(82,472,283)	2,468,356	(80,003,927)			
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,010,855,870	545,485,798	(151,514,746)	393,971,051			
Cash and cash equivalents at the beginning of the year	1,571,496,751	1,670,910,425	(99,413,675)	1,571,496,751	0	0%	
Cash and cash equivalents at the end of the year	2,582,352,621	2,216,396,223	(250,928,421)	1,965,467,802			

Refer to Note 57 of the Financial Statements for explanation of variances

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

57 EXPLANATION FOR VARIANCES:

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of

The Original Budget was approved on 26 May 2017 for the 2017/18 financial year (01 July 2017 to 30 June 2018), and the Final Adjustment Budget was approved on 29

NMBM uses the accrual basis of accounting for its Budget.

The reconciliation of the Original approved Budget and Final Adjustment Budget and Actual amounts are shown on the face of the Statement of

57.1 ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (STATEMENT OF FINANCIAL POSITION)

Explanations of Significant Variances greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to meet performance.

1 **Total Accumulated Funds**

The accumulated funds variance is affected by all the other variances and their explanations given below.

2 **Non-current Provisions - Other**

The provision is calculated by an expert, which takes various indicators into account at the time of the calculation of the provision, which makes it difficult to budget at any given time.

3 **Current Provisions - Other**

The decrease is due to, the the timing and outcome of various cases which are unpredictable as well as payments made for certain litigation cases.

4 **Consumer Deposits**

Increase in outstanding debt and non-payment there-off results in an increase of consumer deposits for security purposes.

5 **Trade and Other Payables / VAT**

The increase is a combination of Unpent Grants due to late funding received from NT and accruals raised at year end. VAT relates to MBDA.

6 **Intangible Assets**

The variance is due to a restatement to the useful lives which affected the accumulated amortisation of Intangibles Assets, resulting in an increase in Net Book Value.

7 **Investment Property**

The variance is as a result of the additions, which have been budgeted with the Property, Plant and Equipment budget.

8 **Long-term Receivables**

The variance is as a result of an Increase in consumer debt, resulting in consumers requesting debt to be paid off over longer period.

9 **Current portion of Long-term Receivables**

The variance is due to a contract which has come to an end.

10 **Trade Receivables**

Due to the increase in tariffs as a result of water restrictions caused debt to increase resulting in non-payment of outstanding debt by consumers.

11 **Call deposits and Investments**

There is a significant increase in that due to additional funding received for Drought relief and USDG.

12 **Bank Balances and Cash**

The increase is due to an increase in MBDA's bank account.

57.2 ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (STATEMENT OF CASH FLOWS)

Explanations of Significant Variances greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to meet performance.

1 **Dividends received**

The dividend income relates to the Sanlam shares, which is adhoc in nature.

2 **Interest received**

Interest increased due to strict cashflow management.

3 **Cash paid to Suppliers**

Comparing to the prior year's actual, it was anticipated that payments will be more, hence the increase in the budget.

4 **Proceeds on Disposal of PPE, Purchase of Intangibles Assets, Investment Property, Heritage Assets**

These cash flows were shown under Other Non-current Receivables.

5 **Increase in Other Non-Current Receivables**

These cash flows relates to Intangible assets, Investment property and Heritage Assets.

6 **Increase in Consumer Deposits**

These cash flows were shown under Trade payables.

Appendix A - Unaudited ECONOMIC ENTITY'S SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018						
2017 Actual Income	2017 Actual Expenditure	2017 Surplus/ (Deficit)		2018 Actual Income	2018 Actual Expenditure	2018 Surplus/ (Deficit)
25,186,115	238,688,899	(213,502,784)	Executive and Council	30,958,217	239,322,775	(208,364,558)
2,697,730,604	891,932,855	1,805,797,749	Budget and Treasury	2,855,977,019	667,581,031	2,188,395,988
15,709,294	309,698,944	(293,989,650)	Corporate Services	48,811,673	349,671,475	(300,859,802)
318,470,205	563,810,776	(245,340,571)	Public Health	358,656,235	573,188,216	(214,531,981)
312,967,822	261,652,166	51,315,656	Human Settlements	264,905,329	220,277,797	44,627,532
226,617,062	661,479,981	(434,862,919)	Safety and Security	567,254,939	818,459,052	(251,204,113)
179,070,675	562,584,268	(383,513,593)	Infrastructure and Engineering - R & G	384,468,635	393,794,101	(9,325,466)
1,163,663,414	728,719,299	434,944,115	Water	1,520,348,502	1,050,694,310	469,654,192
3,793,453,830	3,600,926,750	192,527,080	Electricity and Energy	3,732,739,811	3,469,978,041	262,761,770
134,435,146	110,439,138	23,996,008	Economic Development, Tourism and Agriculture	112,820,216	134,620,967	(21,800,751)
45,693,743	304,398,855	(258,705,112)	Sports, Recreation, Arts and Culture	28,367,733	377,764,409	(349,396,676)
951,053,792	455,683,462	495,370,330	Sanitation	955,681,745	476,041,910	479,639,835
14,192,869	128,696,796	(114,503,927)	NMBM Stadium	4,461,935	38,559,080	(34,097,145)
17,051,909	13,136,466	3,915,443	Special Projects	21,043,469	7,504,037	13,539,432
<u>9,895,296,480</u>	<u>8,831,848,655</u>	<u>1,063,447,825</u>	Total	<u>10,886,495,458</u>	<u>8,817,457,201</u>	<u>2,069,038,257</u>
Controlled Entities						
111,928,578	111,528,664	399,914	Mandela Bay Development Agency	137,323,761	136,438,418	885,343
<u>111,928,578</u>	<u>111,528,664</u>	<u>399,914</u>	Total Controlled Entities	<u>137,323,761</u>	<u>136,438,418</u>	<u>885,343</u>
(97,215,962)	(97,215,962)	-	Less: Intercompany charges	(123,891,841)	(123,891,841)	-
<u>9,910,009,096</u>	<u>8,846,161,357</u>	<u>1,063,847,739</u>	Total: Economic Entity before taxation	<u>10,899,927,378</u>	<u>8,830,003,778</u>	<u>2,069,923,600</u>
-	-	-	Taxation	-	-	-
<u>9,910,009,096</u>	<u>8,846,161,357</u>	<u>1,063,847,739</u>	Total	<u>10,899,927,378</u>	<u>8,830,003,778</u>	<u>2,069,923,600</u>

**Appendix B - Unaudited
ECONOMIC ENTITY**

DISCLOSURES OF CONDITIONAL GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2018

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	1,050,000			-	1,050,000	100,715	65,170	382,038	502,077	1,050,000	N / A	Yes
National Electrification Programme	DME	2,000,000	19,000,000	9,000,000		30,000,000	3,534,794	5,665,709	708,835	9,055,351	18,964,690	N / A	Yes
Urban Settlement Development Grant	DPLG	235,000,000	244,000,000	432,761,000	-	911,761,000	148,593,219	186,378,365	52,371,244	432,825,049	820,167,876	N / A	Yes
Transport or PTIS	NT	68,324,000	68,324,000	136,649,000		273,297,000	20,628,422	26,558,421	13,264,302	91,770,619	152,221,763	N / A	Yes
Neighbourhood Development Partnership Grant	NT	8,610,000	3,500,000	2,890,000	-	15,000,000	586,452	3,662,789	1,139,560	999,090	6,387,891	N / A	Yes
Expanded Public Works Programme Intergrated Grant	NT	1,202,000	2,163,000	1,442,000	-	4,807,000	255,202	546,546	2,101,469	1,967,348	4,870,565	N / A	Yes
Infrastructure Skill Development Grant	NT	5,500,000	-	9,894,000	-	15,394,000	2,923,156	2,127,661	3,193,377	8,318,725	16,562,920	N / A	Yes
Intergrated City Development Grant	NT	3,654,000	3,654,000			7,308,000	-	-	2,532,472	-846,298	1,686,174	N / A	Yes
Disaster Relief Grant	NT			97,000,000		97,000,000	-	-	-	1,613,646	1,613,646	N / A	Yes

**Appendix C - Unaudited
ECONOMIC ENTITY
TOTAL ACCUMULATED FUNDS FOR THE YEAR ENDED 30 JUNE 2018**

TOTAL ACCUMULATED FUNDS	2018	Restated 2017
	R	R
Made up as follows:		
Housing Development Fund	109,731,779	109,731,779
Capital Replacement Reserve	158,483,676	76,794,226
Government Grant Reserve	8,643,493,955	7,509,672,628
Capitalisation Reserve	0	-21,706,316
Donations and Public Contributions Reserves	425,192,942	372,713,827
Self-Insurance Reserve	142,995,139	121,256,887
COID Reserve	37,185,503	33,033,807
Accumulated Surplus	6,425,363,957	5,671,026,513
	<u>15,942,446,951</u>	<u>13,872,523,351</u>

Eastern Cape: Nelson Mandela Bay(NMA) - Reconciliation of Budget Summary for 2018

Description	2017/18						2016/17
	Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
R thousands							
Financial Performance							
Property rates	1,882,347	1,940,747	2,007,605	66,858	103.44	106.65	1,639,538
Service charges	5,107,449	5,418,950	5,182,065	(236,885)	380.94	436.68	4,909,882
Investment revenue	105,174	122,031	155,484	33,454	127.41	147.83	121,035
Transfers and subsidies	1,543,704	1,499,041	1,578,577	79,535	105.31	102.26	1,450,617
Other own revenue	724,862	671,075	618,261	(52,814)	535.38	455.86	675,611
Total Revenue (excluding capital transfers and contributions)	9,363,536	9,651,844	9,541,993	(109,851)	98.86	101.91	8,796,682
Employee costs	2,842,251	2,907,890	2,802,868	(105,022)	96.39	98.61	3,068,997
Remuneration of councillors	70,938	71,438	71,265	(173)	99.76	100.46	64,284
Depreciation & asset impairment	808,877	809,578	280,095	(529,483)	34.60	34.63	294,326
Finance charges	148,169	148,451	144,138	(4,313)	97.09	97.28	155,218
Materials and bulk purchases	3,282,422	3,296,979	3,146,268	(150,711)	148.75	147.86	3,154,837
Transfers and subsidies	112,165	89,832	31,589	(58,243)	35.16	28.16	24,873
Other expenditure	2,223,986	2,352,763	2,353,781	1,018	302.13	1,299,344.21	2,083,627
Total Expenditure	9,488,809	9,676,931	8,830,004	(846,927)	91.25	93.06	8,846,161
Surplus/(Deficit)	(125,274)	(25,087)	711,989	737,076	(2,838.13)	(568.35)	(49,479)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,321,667	1,042,340	1,357,812	315,472	130.27	102.73	1,113,327
Contributions recognised - capital and contributed assets	149,769	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,346,162	1,017,253	2,069,801	1,052,547	203.47	153.76	1,063,848
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,346,162	1,017,253	2,069,801	1,052,547	203.47	153.76	1,063,848
Capital expenditure & funds sources							
Capital expenditure	1,601,891	1,598,954	-	(1,598,954)	-	-	-
Transfers recognised - capital	1,394,136	1,042,340	1,357,812	315,472	130.27	97.39	1,113,327
Public contributions & donations	77,300	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-
Internally generated funds	130,455	627,569	285,645	(341,924)	45.52	218.96	317,586
Total sources of capital funds	1,601,891	1,669,909	1,643,457	(26,452)	98.42	102.59	1,430,912
Financial position							
Total current assets	4,277,506	4,141,116	4,946,791	805,675	119.46	115.65	3,789,549
Total non current assets	16,217,572	16,320,801	17,436,365	1,115,564	106.84	107.52	15,962,030
Total current liabilities	2,404,381	2,509,138	2,752,662	243,524	109.71	114.49	2,230,842
Total non current liabilities	3,396,527	3,509,619	3,688,047	178,428	105.08	108.58	3,648,214
Community wealth/Equity	14,694,170	14,448,679	15,942,447	1,493,767	110.34	108.50	13,872,523
Cash flows							
Net cash from (used) operating	1,957,820	2,127,358	2,820,760	693,279	132.59	144.08	1,495,048
Net cash from (used) investing	(1,320,664)	(1,676,283)	(1,742,981)	(66,698)	103.98	131.98	(1,383,260)
Net cash from (used) financing	(82,472)	(80,004)	(86,407)	(6,403)	108.00	104.77	(93,920)
Cash/cash equivalents at the year end	2,227,835	2,001,445	2,621,746	620,301	-	-	1,630,374
	-	-	-	-	-	-	-

Eastern Cape: Nelson Mandela Bay(NMA) - Reconciliation of Budgeted Financial Performance by Functional Classification for 2018

Description	Ref	2017/18						2016/17
		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
Revenue - Functional								
<i>Municipal governance and administration</i>		2,559,903	2,635,472	3,030,614	395,142	114.99	118.39	2,812,502
Executive and council		35	33	399	366	1,221.71	1,151.17	154
Finance and administration		2,559,866	2,635,438	2,982,712	347,275	113.18	116.52	2,812,348
Internal audit		2	2	47,503	47,501	2,375	2,375	0
<i>Community and public safety</i>		629,246	386,485	292,774	(93,711)	75.75	46.53	338,552
Community and social services		63,885	49,732	39,409	(10,323)	79.24	61.69	30,441
Sport and recreation		51,938	4,784	8,946	4,162	187.00	17.22	31,476
Public safety		5,800	191,906	207	(191,699)	0.11	3.57	2,290
Housing		505,678	138,409	242,167	103,758	174.96	47.89	271,900
Health		1,944	1,654	2,044	390	123.61	105.13	2,445
<i>Economic and environmental services</i>		1,031,352	809,881	823,983	14,102	101.74	79.89	579,141
Planning and development		311,535	158,044	147,252	(10,791)	93.17	47.27	173,257
Road transport		715,157	650,377	675,404	25,027	103.85	94.44	404,809
Environmental protection		4,660	1,460	1,327	(134)	90.83	28.46	1,075
<i>Trading services</i>		6,594,204	6,841,909	6,725,897	(116,012)	98.30	102.00	6,162,114
Energy sources		4,054,525	3,953,963	3,680,025	(273,938)	93.07	90.76	3,737,498
Water management		1,099,105	1,411,415	1,757,587	346,172	124.53	159.91	1,162,037
Waste water management		1,083,260	1,088,555	984,262	(104,293)	90.42	90.86	957,736
Waste management		357,313	387,976	304,023	(83,953)	78.36	85.09	304,843
<i>Other</i>	4	20,267	20,437	26,659	6,222	130.45	131.54	17,700
Total Revenue - Functional	2	10,834,972	10,694,184	10,899,927	205,744	101.92	100.60	9,910,009
Expenditure - Functional								
<i>Municipal governance and administration</i>		1,655,089	1,753,010	1,843,612	90,602	105.17	111.39	1,609,373
Executive and council		262,512	249,252	170,278	(78,973)	68.32	64.86	236,493
Finance and administration		1,350,942	1,447,251	1,625,831	178,580	112.34	120.35	1,329,224
Internal audit		41,635	56,508	47,503	(9,005)	84.06	114.09	43,656
<i>Community and public safety</i>		1,273,137	1,161,389	872,713	(288,676)	75.14	68.55	1,095,270
Community and social services		237,565	254,485	172,919	(81,566)	67.95	72.79	243,590
Sport and recreation		397,184	368,967	308,018	(60,949)	83.48	77.55	349,762
Public safety		179,462	191,906	189,838	(2,068)	98.92	105.78	178,408
Housing		395,707	270,411	146,140	(124,272)	54.04	36.93	269,498
Health		63,219	75,620	55,799	(19,821)	73.79	88.26	54,011
<i>Economic and environmental services</i>		1,145,042	1,029,467	934,005	(95,462)	90.73	81.57	950,158
Planning and development		288,411	196,343	292,230	95,887	148.84	101.32	165,810
Road transport		809,650	788,247	602,798	(185,449)	76.47	74.45	746,831
Environmental protection		46,980	44,878	38,978	(5,899)	86.85	82.97	37,517
<i>Trading services</i>		5,374,654	5,690,858	5,144,284	(546,574)	(10.62)	0.00	5,151,053
Energy sources		3,712,787	3,620,633	3,425,170	(195,463)	94.60	92.25	3,603,958
Water management		772,686	895,629	950,540	54,910	106.13	123.02	714,359
Waste water management		511,934	705,077	448,167	(256,910)	63.56	87.54	500,285
Waste management		377,247	469,519	320,407	(149,112)	68.24	84.93	332,450
<i>Other</i>	4	40,888	42,144	35,390	(6,755)	83.97	86.55	40,308
Total Expenditure - Functional	3	9,488,809	9,676,868	8,830,004	(846,864)	91.25	93.06	8,846,161
		1,346,162	1,017,316	2,069,924	1,052,608	203.47	153.76	1,063,848

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

Eastern Cape: Nelson Mandela Bay(NMA) - Reconciliation of Budgeted Financial Performance for 2018

Description	Ref	2017/18					2016/17	
		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
Revenue By Source								
Property rates		1,882,347	1,940,747	2,007,605	66,858	103.44	106.65	1,639,538
Service charges - electricity revenue		3,748,825	3,723,756	3,483,009	(240,747)	93.53	92.91	3,576,476
Service charges - water revenue		714,594	1,003,890	1,074,112	70,222	107.00	150.31	767,493
Service charges - sanitation revenue		469,359	504,406	457,144	(47,262)	90.63	97.40	427,358
Service charges - refuse revenue		174,671	186,898	167,801	(19,098)	89.78	96.07	138,555
Service charges - other					-			
Rental of facilities and equipment		18,886	30,252	22,472	(7,780)	74.28	118.99	23,229
Interest earned - external investments		105,174	122,031	155,484	33,454	127.41	147.83	121,035
Interest earned - outstanding debtors		178,312	178,362	224,634	46,272	125.94	125.98	178,749
Dividends received				123	123			341
Fines, penalties and forfeits		265,711	256,306	213,071	(43,235)	83.13	80.19	289,704
Licences and permits		26,671	26,442	19,456	(6,986)	73.58	72.95	20,378
Agency services			2,728	2,774	46	101.68		2,501
Transfers and subsidies		1,543,704	1,499,041	1,578,577	79,535	105.31	102.26	1,450,617
Other revenue		235,250	176,984	135,853	(41,132)	76.76	57.75	160,103
Gains on disposal of PPE		32			-			606
Total Revenue (excluding capital transfers and contributions)		9,363,536	9,651,844	9,542,116	(109,728)	98.86	101.91	8,796,682
Expenditure By Type								
Employee related costs		2,842,251	2,907,890	2,802,868	(105,022)	96.39	98.61	3,068,997
Remuneration of councillors		70,938	71,438	71,265	(173)	99.76	100.46	64,284
Debt impairment		619,213	637,894	872,737	234,843	136.82	140.94	603,564
Depreciation and asset impairment		808,877	809,578	280,095	(529,483)	34.60	34.63	294,326
Finance charges		148,169	148,451	144,138	(4,313)	97.09	97.28	155,218
Bulk purchases		3,005,447	3,029,503	3,014,543	(14,960)	99.51	100.30	3,010,600
Other materials		276,975	267,476	131,725	(135,751)	49.25	47.56	144,236
Contracted services		1,183,120	1,025,724	1,041,442	15,718	101.53	88.03	1,147,619
Transfers and subsidies		112,165	89,832	31,589	(58,243)	35.16	28.16	24,873
Other expenditure		421,653	689,082	439,540	(249,542)	63.79	104.24	331,145
Loss on disposal of PPE				63	63			1,299
Total Expenditure		9,488,809	9,676,868	8,830,004	(846,864)	91.25	93.06	8,846,161
Surplus/(Deficit)								
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(125,274)	(25,024)	712,112	737,136	(2,845.73)	(568.45)	(49,479)
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		1,321,667	1,042,340	1,357,812	315,472	130.27	102.73	1,113,327
Transfers and subsidies - capital (in-kind - all)		149,769			-		-	
Surplus/(Deficit) after capital transfers and contributions		1,346,162	1,017,316	2,069,924	1,052,608	203.47	153.76	1,063,848
Taxation								
Surplus/(Deficit) after taxation		1,346,162	1,017,316	2,069,924	1,052,608	203.47	153.76	1,063,848
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		1,346,162	1,017,316	2,069,924	1,052,608	203.47	153.76	1,063,848
Share of surplus/ (deficit) of associate								
Surplus/(Deficit) for the year		1,346,162	1,017,316	2,069,924	1,052,608	203.47	153.76	1,063,848

Eastern Cape: Nelson Mandela Bay(NMA) - Reconciliation of Budgeted Capital Expenditure by Functional Classification and Funding for 2018

Description	Ref	2017/18					2016/17	
		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
R thousands								
Capital Expenditure - Functional								
<i>Municipal governance and administration</i>		58,535	105,395	52,022	(53,373)	49.36	88.87	62,437
Executive and council		-	-	-	-	-	-	9,648
Finance and administration		58,535	105,395	52,022	(53,373)	49.36	88.87	29,784
Internal audit		-	-	-	-	-	-	23,006
<i>Community and public safety</i>		333,296	133,961	258,318	124,356	192.83	77.50	275,228
Community and social services		57,000	51,095	6,906	(44,189)	13.52	12.12	20,794
Sport and recreation		34,720	43,667	13,896	(29,770)	31.82	40.02	30,154
Public safety		12,400	25,500	15,636	(9,864)	61.32	126.10	16,495
Housing		229,176	12,500	220,989	208,489	1,767.91	96.43	205,227
Health		-	1,200	891	(309)	74.27	-	2,558
<i>Economic and environmental services</i>		408,211	541,263	534,337	(6,926)	98.72	130.90	320,930
Planning and development		-	36,760	8,038	(28,722)	21.87	-	26,794
Road transport		405,011	503,003	458,532	(44,471)	91.16	113.21	254,428
Environmental protection		3,200	1,500	67,767	66,267	4,517.80	2,117.72	39,708
<i>Trading services</i>		801,850	889,289	798,780	(90,509)	89.82	99.62	772,317
Energy sources		282,486	287,608	313,748	26,140	109.09	111.07	301,576
Water management		193,000	232,355	256,306	23,950	110.31	132.80	202,103
Waste water management		314,364	346,488	209,647	(136,841)	60.51	66.69	243,900
Waste management		12,000	22,838	19,080	(3,758)	83.55	159.00	24,737
<i>Other</i>		-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1,601,891	1,669,909	1,643,457	(26,452)	98.42	102.59	1,430,912
Funded by								
National Government		999,317	956,740	1,114,353	157,614	116.47	111.51	849,897
Provincial Government		-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-
Other transfers and grants		394,819	85,600	243,458	157,858	284.41	61.66	263,430
Transfers recognised - capital		1,394,136	1,042,340	1,357,812	315,472	130.27	97.39	1,113,327
Public contributions and donations	5	77,300	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-
Internally generated funds		130,455	627,569	285,645	(341,924)	45.52	218.96	317,586
Total Capital Funding		1,601,891	1,669,909	1,643,457	(26,452)	98.42	102.59	1,430,912

References

- Capital expenditure by functional classification must reconcile to the total of multi-year and single year appropriations
- Must reconcile to Monthly Budget Statement Financial Performance (revenue and expenditure)
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

Eastern Cape: Nelson Mandela Bay(NMA) - Reconciliation of Budget Statement - Financial Position for 2018

Description	Ref	2017/18						2016/17
		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
R thousands	1							
ASSETS								
Current assets								
Cash		200,400	200,400	249,811	49,411	124.66	124.66	285,651
Call investment deposits		2,027,435	1,801,045	2,374,802	573,757	131.86	117.13	1,347,374
Consumer debtors		1,331,200	1,531,200	1,316,134	(215,066)	85.95	98.87	1,215,022
Other debtors		518,471	408,471	825,878	417,407	202.19	159.29	743,106
Current portion of long-term receivables		0						0
Inventory		200,000	200,000	180,165	(19,835)	90.08	90.08	198,396
Total current assets		4,277,506	4,141,116	4,946,791	805,675	119.46	115.65	3,789,549
Non current assets								
Long-term receivables		28,147	64,059	77,605	13,545	121.14	275.71	64,059
Investments								
Investment property		197,280	197,280	220,380	23,099	111.71	111.71	193,631
Investment in Associate								
Property, plant and equipment		15,931,954	15,989,771	16,695,730	705,959	104.42	104.79	15,620,946
Agricultural								
Biological								
Intangible		60,190	69,690	442,651	372,961	635.17	735.42	83,393
Other non-current assets								
Total non current assets		16,217,572	16,320,801	17,436,365	1,115,564	106.84	107.52	15,962,030
TOTAL ASSETS		20,495,078	20,461,917	22,383,157	1,921,240	109.39	109.21	19,751,580
LIABILITIES								
Current liabilities								
Bank overdraft								
Borrowing		79,760	79,760	79,760	-	100.00	100.00	86,409
Consumer deposits		128,872	131,340	148,637	17,296	113.17	115.34	131,388
Trade and other payables		2,051,117	2,043,668	2,305,064	261,396	112.79	112.38	1,757,911
Provisions		144,632	254,370	219,201	(35,168)	86.17	151.56	255,134
Total current liabilities		2,404,381	2,509,138	2,752,662	243,524	109.71	114.49	2,230,842
Non current liabilities								
Borrowing		1,151,863	1,151,863	1,209,505	57,643	105.00	105.00	1,290,457
Provisions		2,244,664	2,357,757	2,478,542	120,785	105.12	110.42	2,357,757
Total non current liabilities		3,396,527	3,509,619	3,688,047	178,428	105.08	108.58	3,648,214
TOTAL LIABILITIES		5,800,908	6,018,758	6,440,710	421,952	107.01	111.03	5,879,056
NET ASSETS	2	14,694,170	14,443,159	15,942,447	1,499,288	110.38	108.50	13,872,523
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		14,134,366	13,883,764	15,603,783	1,720,018	112.39	110.40	13,641,438
Reserves		559,804	564,915	338,664	(226,251)	59.95	60.50	231,085
TOTAL COMMUNITY WEALTH/EQUITY	2	14,694,170	14,448,679	15,942,447	1,493,767	110.34	108.50	13,872,523

References

1. Material variances to be explained in Table SC1

2. Net assets must balance with Total Community Wealth/Equity

Eastern Cape: Nelson Mandela Bay(NMA) - Reconciliation of Budgeted Cash Flows for 2018

Description	Ref	2017/18						2016/17
		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
R thousands	1							
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates		1,769,406	1,824,302	1,763,236	(61,066)	96.65	99.65	1,599,357
Service charges		4,801,002	5,093,813	4,797,236	(296,577)	94.18	99.92	4,350,795
Other revenue		325,068	263,330	198,969	(64,361)	75.56	61.21	998,734
Government - operating	1	1,543,704	1,481,005	1,578,577	97,572	106.59	102.26	1,450,617
Government - capital	1	1,462,255	1,565,912	1,654,509	88,597	105.66	113.15	1,057,961
Interest		105,174	122,031	155,649	33,619	127.55	147.99	120,860
Dividends				123				341
Payments								
Suppliers and employees		(7,788,682)	(7,983,561)	(7,097,505)	886,056	88.90	91.13	(7,867,407)
Finance charges		(147,941)	(148,451)	(146,735)	1,716	98.84	99.18	(157,624)
Transfers and Grants	1	(112,165)	(91,023)	(83,300)	7,723	91.52	74.27	(58,585)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1,957,820	2,127,358	2,820,760	693,279	132.59	144.08	1,495,048
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		149,469			-			
Decrease (Increase) in non-current debtors		(1,340)	(37,252)		37,252	-	-	
Decrease (increase) other non-current receivables		-						
Decrease (increase) in non-current investments								
Payments								
Capital assets		(1,468,793)	(1,639,030)	(1,742,981)	(103,950)	106.34	118.67	(1,383,260)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1,320,664)	(1,676,283)	(1,742,981)	(66,698)	103.98	131.98	(1,383,260)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans								
Borrowing long term/refinancing								
Increase (decrease) in consumer deposits		3,937	6,405		(6,405)	-	-	
Payments								
Repayment of borrowing		(86,409)	(86,409)	(86,407)	2	100.00	100.00	(93,920)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(82,472)	(80,004)	(86,407)	(6,403)	108.00	104.77	(93,920)
NET INCREASE/ (DECREASE) IN CASH HELD		554,683	371,071	991,372	620,178	267.16	178.73	17,868
Cash/cash equivalents at the year begin:		1,673,151	1,630,374	1,630,374	(0)			1,612,505
Cash/cash equivalents at the year end:	2	2,227,835	2,001,445	2,621,746	620,301			1,630,374

References

1. Material variances to be explained in Table SC1

Report of the auditor-general to the Eastern Cape Provincial Legislature and the Council on Nelson Mandela Bay Metropolitan Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the Nelson Mandela Bay Metropolitan Municipality and its subsidiaries set out on pages 1 to 103 (Volume II), which comprise the consolidated and separate statement of financial position as at 30 June 2018, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Nelson Mandela Bay Metropolitan Municipality as at 30 June 2018, and the group's financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) and Division of Revenue Act, 2017 (Act no.3 of 2017) (Dora).

Basis for qualified opinion

Exchange revenue – service charges

3. The municipality did not bill for and record all revenue owing to it for services rendered, as required by SA Standard of GRAP 9, *Revenue from exchange transactions*. This was related to service charge revenue from the assistance to the poor (ATTP) subsidy. Consequently, service charge revenue was understated by R86,8 million, with a corresponding understatement on trade receivables - exchange transactions. In addition, I was unable to obtain sufficient and appropriate audit evidence that electricity revenue of R3,5 billion was fully accounted for, due to poor controls over the management of prepaid meters. I was unable to confirm this electricity revenue through alternative means. Consequently, I was unable to determine if any further adjustments were necessary to service charge revenue stated at R5,2 billion in note 21.1 of the consolidated and separate financial statements.

Property, plant and equipment (PPE)

4. The municipality did not adequately assess whether there were any indications that its expectations on the useful lives of PPE (moveable and immovable assets) had changed, as required by SA Standard of GRAP 17, *Property, plant and equipment*. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm that land was registered in the name of the municipality nor could I physically verify all moveable assets due to the status of accounting records. I was unable to confirm PPE through alternative means. Consequently,

I was unable to determine whether any adjustments were necessary to PPE stated at R16,5 billion (2016-17: R15,4 billion) as disclosed in note 9 to the consolidated and separate financial statements and the depreciation expenses of R636,8 million (2016-17: R301,2 million) as disclosed in note 31.1 to the consolidated and separate financial statements.

Intangible assets

5. The municipality did not adequately assess whether there were any indications that its expectations on the useful lives of intangible assets had changed, as required by SA Standard of GRAP 31, *Intangible assets*. In addition, I was unable to obtain sufficient appropriate audit evidence for intangible assets as they could not be physically verified, due to the status of accounting records. I was unable to confirm intangible assets through alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the intangible assets stated at R442,7 million (2016-17: R83,4 million) as disclosed in note 11 to the consolidated and separate financial statements and the amortisation expense of R356,7 million (2016-17: R6,8 million) as disclosed in note 31.2 to the consolidated and separate financial statements.

Irregular expenditure

6. The municipality did not have proper systems in place to identify and record all irregular expenditure disclosed in note 44.2 to the consolidated and separate financial statements, as required by section 125(2)(d) of the MFMA. This expenditure resulted from payments made in contravention of the supply chain management (SCM) requirements. I was unable to confirm the amount of irregular expenditure by alternative means and it was impracticable to determine the full extent of the understatement of irregular expenditure. Consequently, I was unable to determine whether any adjustments were necessary to the irregular expenditure disclosed at R12,4 billion (2016-17: R11,6 billion) in the consolidated and separate financial statements.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
8. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

11. As disclosed in note 40 to the consolidated and separate financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2018.

Material losses and impairments

12. As disclosed in note 15 and 16 to the consolidated and separate financial statements, material impairment allowances of R1,8 billion (2016-17: R1,3 billion) and R831,9 million (2016-17: R701,7 million) were made against trade receivables - exchange transactions and other receivables – exchange and non-exchange transactions. The net movement in these allowances together with the bad debt write-offs resulted in an impairment expense of R872,7 million (2016-17: R603,5 million).

13. As disclosed in note 35.10 to the consolidated and separate financial statements, material water losses of R152,9 million (2016-17: R169,7 million) were incurred, which represents 41,1% (2016-17: 35,5%) of total water purchased. The non-technical losses of 39,1% are a result of physical losses, theft, illegal water drawn from fire hydrants and meter inaccuracies.

14. As disclosed in note 35.11 to the consolidated and separate financial statements, material electricity losses of R339,5 million (2016-17: R326,2 million) were incurred, which represents 13,95% (2016-17:13.6%) of total electricity purchased. The non-technical losses of 5% was as a result of faulty meters, theft from illegal connections and meter tampering.

Unauthorised expenditure

15. As disclosed in note 44.1 to the consolidated and separate financial statements, the municipality incurred unauthorised expenditure of R260,2 million (2016-17: R431,9 million), as the total actual expenditure per budget vote exceeded the approved adjustments budget for certain directorates, which included non-cash items.

Fruitless and wasteful expenditure

16. As disclosed in note 44.3 to the consolidated and separate financial statements, the municipality accumulated fruitless and wasteful expenditure of R659,2 million (2016-17: R656,5 million) in previous years that was not investigated.

Responsibilities of accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

18. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Nelson Mandela Bay Metropolitan Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

19. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

20. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

21. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

22. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priority	Pages in the annual performance report
KPA 1 –Basic service delivery	294 – 298 (Volume I)

24. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. I did not raise any material findings on the usefulness of the reported performance information for this development priority. The material findings in respect of the reliability of the selected development priority are as follows:

KPA 1- Basic service delivery

Indicator: Percentage year-to-year reduction in electrical power outages on the high voltage network

26. The reported achievement of 6,67% for the target of 8% is not reliable as the municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. Based on the supporting evidence that was provided I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Indicator: Average response time to emergencies within Nelson Mandela Bay

27. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for this indicator which had a planned response time of 15 minutes for both traffic and fire emergencies. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of 7 minutes 29 seconds for traffic emergencies and 12 minutes 16 seconds for fire emergencies.

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. Refer to the annual performance report on pages 293 to 305 (Volume I) for information on the achievement of planned targets for the year. This information should be considered in the context of material findings on the usefulness and reliability of the reported performance information in paragraphs 26 to 27 of this report.

Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1 – basic service delivery. As management subsequently corrected only some of the

misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

31. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
32. The material findings on compliance with specific matters in key legislations are as follows:

Consolidated and separate annual financial statements

33. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the consolidated and separate financial statements receiving a qualified audit opinion.

Strategic planning and performance management

34. The performance management system and related controls were not maintained as it did not describe how the performance review and improvement processes should be organised, as required by section 7(1) of the municipal planning and performance management regulations.

Revenue management

35. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2) (f) of the MFMA.

Expenditure management

36. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. Irregular expenditure of R2,7 billion was as a result of non-compliance with SCM regulations.
37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R2,9 million, as disclosed in note 44.3 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by expenditure incurred in vain.
38. Reasonable steps were not taken to prevent unauthorised expenditure of R260,2 million, as disclosed in note 44.1 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused

by over expenditure on budget allocated to the affected votes. Unauthorised expenditure of R260,2 million was incurred on safety and security and water services projects.

Asset management

39. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
40. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

41. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
42. Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA and section 75(1) of the municipal budget and reporting regulations.
43. Losses resulting from irregular expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Procurement and contract management

44. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
45. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
46. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and Preferential Procurement Regulations (PPR) of 2017. Similar non-compliance was also reported in the prior year.
47. Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the regulation 8(5) of the PPR. Similar non-compliance was also reported in the prior year.
48. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.
49. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

50. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
51. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the Municipal Systems Act, 2000 (Act no. 32 of 2000) (MSA) and the code of conduct for staff members issued in terms of the MSA.
52. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Other information

53. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
54. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
55. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
56. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

57. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance information and the findings on compliance with legislation included in this report.
58. Leadership did not take decisive steps to implement adequate consequence management, action plans, and key controls, nor monitor policies and procedures in a manner that promoted a sound control environment for the municipality. Consequently daily, weekly and monthly financial and performance management disciplines were not consistently implemented. Systemic weaknesses in information technology (IT) systems that were

reported on for many years were not addressed. Key risks relating to financial and performance reporting and supply chain management were not actively managed during the year under review.

Other reports

59. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

60. There were 38 investigations during the year under review, three have been finalised, while the others are still in progress. Two of the completed reports relate to forged qualifications and unethical behaviour and have been referred to internal audit for review. The remaining completed report were closed as there were no irregularities noted.

Auditor - General

East London

12 December 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for the selected development priority and on the municipality’s compliance with respect to the selected subject matters.

Consolidated and separate financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nelson Mandela Bay Metropolitan Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE NELSON MANDELA BAY MUNICIPALITY (2017/2018)

OBJECTIVE

The purpose of this report is to present the Audit Committee's progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process including the Audit Committees review meetings to 30 June 2018.

TERMS OF REFERENCE

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; Accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit Committee is also required to fulfill the functions of a Performance Management Committee constituted in terms of sections 38 and 41 of the Municipal Systems act No 32 of 2000 and Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001. Review and advise in terms of the provisions of the local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to Council on matters raised by the Auditor General and carry out investigations into the financial affairs of the Municipality.

The Audit committee assists Council in fulfilling its oversight responsibilities in helping to ensure high quality financial and performance management reporting as well as effective internal control.

COMPOSITION OF THE AUDIT COMMITTEE AND ATTENDANCE

The Audit Committee comprises five independent members. The City Manager, the Executive Mayor and the Auditor General (hereinafter referred to as the AG) have standing invitations to all Committee meetings. An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee. The Audit Committee have held meetings as set out below from August 2017 to June 2018.

Names of members	Appointed / Resigned
Greg Billson (Chairman)	April 2014
Jose Neves	April 2014
Michelle Nicholls	September 2014 / August 2017
Tracy Cumming	September 2014
Loren Smith	September 2014 / August 2017
Sakhiwo Glen Zamisa	November 2017
Younus Amod	November 2017

Meetings Dates are as follows:

21 August 2017	Internal Audit high risk dashboard review
21 August 2017	Special Audit Committee meeting – AFS and performance report review
29 August 2017	Special Audit Committee meeting – AFS and performance report review cont.
17 November 2017	Audit Steering Committee review
27 November 2017	Audit Steering Committee review – AG Close out meeting
01 December 2017	Quarterly Audit Committee meeting
17 April 2018	Special Audit Committee meeting – performance report review
02 May 2018	Special Audit Committee meeting – IDP and budget review
07 May 2018	Quarterly Audit Committee meeting
21 June 2018	Quarterly Audit Committee meeting

1. Internal financial control and internal audits

The Internal Audit unit completed and issued final reports in respect of +- 50% of its audit plan for the 2017/18 financial year. The under-performance in respect of executing the audit plan is as a result of the under capacity within the internal audit directorate. Additionally the Director Internal Audit was suspended during the first quarter of 2018 which further impacted on the performance of the unit.

The Internal Audit Division reports to the Audit Committee on a quarterly basis in respect of the progress achieved in executing the audit plan. Amendments to the audit plan are approved by the Audit Committee.

Internal Audit review :

- Effective, efficient and transparent financial management, performance management and internal control systems are maintained by council.
- The Audit Committee reviewed the adequacy, reliability and accuracy of financial reporting and information.
- The Audit Committee reviewed and agreed to the Accounting policies in place when reviewing the financial statements.
- Internal financial control were considered in reviewing the findings of internal audits.
- Management draw conclusions on the adequacy and effectiveness of the system of internal controls through the review of Internal Audit assurance reports.
 - Management response to reported weaknesses in control, deficiencies in systems and recommendations for improvement in certain instances is lacking.
 - The Audit Committee noted that in certain instances, management do not address high risk findings and agree that such findings will not be addressed through a process of signing a notice that those recommendations to address high risk findings will not be implemented. The Audit Committee and City Manager should be made aware of any instances where management will not consider implementing recommendations in respect of high risk findings.
- The Risk Committee have worked with management to ensure relevant policies and procedures are in place and these are adequate, effective and regularly updated.
- In reviewing whether management encourage ethical and lawful behavior, financial discipline and accountability for the use of public resources, consideration should be given to greater accountability and consequence management being implemented in cases of mismanagement of resources. Additionally, it is imperative that instances of mismanagement of resources are dealt with expediently.
- Internal Audit have prepared, in consultation with the Audit Committee and for their approval:
 - A three year rolling strategic internal audit plan
 - An annual internal audit plan
 - The plan addresses the high risk areas identified in consultation with the Risk Committee. Consideration should be given to adequately resourcing the Internal Audit Division.

- Internal Audit monitors the risk and opportunity profile regularly and proposes revisions to the audit plan accordingly, with the approval of the Audit Committee.
 - Internal Audit plans indicate the scope of each audit in the annual internal audit plan
- The Audit Committee have not determined whether Internal Audit were subjected to an independent quality review, in accordance with the standards for the professional practice of internal auditing as prescribed by the institute of internal auditors.
- The Audit Committee reviewed internal audit charter.
- The Audit Committee have reviewed the organization structure, competence and qualifications of the IA sub-directorate. The Internal Audit Directorate is under-capacitated. Trainee staff who are inexperienced should not be considered as Internal Audit capacity as these staff do not have the requisite experience and require time from the experienced staff who are engaged in executing the audit plan.
- In evaluating of the adequacy of performance of the Internal Audit sub-directorate, including the degree of co-operation with external auditors, the Audit Committee consider the performance of Internal Audit adequate, with the exception of not executing the full audit plan, where this is as a result of capacity constraints within the directorate.
- The assurance reports together with recommended remedial action is considered adequate. Effective action by management in addressing high risk findings remains inadequate. As a result repeat findings year on year are the result of not effectively addressing noted high risk findings.
- Quality assurance review results are often concerning where the executive directorship and management need to actively work on addressing those agreed upon findings together with implementing the recommended and agreed to remedial action. A close proactive working relationship between the executive management and internal audit is essential.
- The Audit Committee have noted that no restrictions or limitations are placed on the Internal Audit sub directorate in the execution of their mandate.
- Internal Audit, the director / acting director Internal Audit and risk assurance and other specialists in the third line of assurance are independent from management that designed and implemented the controls
- A review of the quarterly performance reports submitted by Internal Audit takes place including:
 - Supply Chain Management, irregular expenditure, financial management, IT within various directorates, compliance with Policies

and Regulations, Corporate Governance, major capital projects, water losses, compliance with the Division of Revenue Act (DORA), HR effectiveness, Assistance to the Poor program me (ATTP), leave accrual, financial statement close process, income from electricity, status of records, procurement within the Electricity and Energy Directorate, and the critically important area of mSCOA implementation.

- Internal Audit conducted four (4) quarterly reviews of the AG action plan for 2016/2017 (Monitoring control matrix) which show that most directorates achieved limited progress in addressing Internal Audit and Auditor General high risk findings. This remains a high risk to the Municipality in future qualifications or new emphasis of matters. There is limited evidence of action taken to address *high risk repeat* audit findings.
- Only high risk findings are reported on through the Monitoring Control Matrix. With the lack of progress noted in addressing internal Audit and Auditor General high risk findings, it must be assumed that similarly, limited progress is being achieved in addressing lower risks identified.
- The lack of progress in addressing audit findings results in the municipality:
 - Conducting operations in a weak control environment,
 - Being exposed to increased high risks of inaccurate information and errors,
 - Management being unable to detect incidents of possible fraud.
- Both Internal Audit and the Audit Committee reviewed the Annual Financial Statements prior to submission thereof to the Auditor General.
- The Committee further received copies of all Communications of Audit Findings throughout the audit. The final Auditor General Audit Report and Management Report were also considered.

2. Auditor General – External audit

- The Audit Committee met with the Auditor General to review whether the Auditor General felt there were any restrictions placed on the external audit. The Auditor General noted that there were no restrictions, though in certain instances there was a resistance to co-operating. Management are to be advised that full co-operation is required with the external auditors from the Auditor General's office.
- The Audit Committee did not review the audit plan of the external auditors to determine whether all critical risk areas were addressed. The audit plan

was not provided to the Audit Committee for review by the external auditors.

- No significant disagreements between external auditors and management were noted.
- No material unsolved accounting and auditing problems were noted.
- The Audit Committee did not have any significant audit matters to disclose that arose from the audit.
- The Audit Committee met with internal and external auditors during the year without management being present so as to create an opportunity for views and concerns to be raised that may not be appropriate in an open forum.
- The Audit Committee considers the performance of external auditors to be adequate.

3. Combined assurance

- The Audit Committee has not adequately determined whether a combined assurance model to achieve the following is in place:
 - Adequacy and effectiveness of the internal control environment
 - The integrity of information used for reporting and decision making
- The Audit Committee will oversee that the scope of combined assurance is informed by the risk and opportunities that materially affect the ability of the municipality to create value in the 2018/19 financial year.

4. Forensic investigations

- Feedback by management and evidence on the resolutions of numerous forensic investigations dating back to 2013 remain outstanding.
- Substantial costs have been incurred through forensic investigations undertaken with limited or no evidence of action in respect of forensic findings.
- Recommendations and required actions in respect of forensic reports should be concluded as soon as possible following the finalization of these reports.

5. Risk Management control and Corporate Governance

- The timeous implementation of the Municipal Standard Chart of Accounts (mSCOA) remains a high risk facing the municipality.
- The Audit Committee, through the review of assurance reports, oversees:

- Financial reporting risks
- Internal financial controls
- Fraud risks as it relates to financial reporting
- IT risks as they relate to financial reporting
- The Audit Committee together with the Risk Management Committee considers that the internal audit work carried out will assist in improving the effectiveness of risk management, control and governance processes.
- The Audit Committee has further reviewed those recommendations made by the Risk Committee
- The Risk Management Committee continues to contribute effectively to identifying high risk areas. The Risk unit remains under capacitated where additional resources would contribute to identifying additional risks providing for an improved control environment.

6. Financial Reporting

- The Audit Committee have reviewed the expertise, resources and experienter of the municipalities finance function which are considered to be adequate. The Executive Directorship has been filled by an acting position for in excess of one year. This is not ideal where a permanent appointment to this role should be pursued.
- The Audit Committee do consider that the financial disclosures made by management are objective, complete, timely and show council's financial position, results of operations, plans and long term commitments.
- Through the Annual Financial Statement review process, the Audit Committee have considered the quality, value and effectiveness of financial information produced together with the accounting policies with recommendations for amendments and changes being effected. The financial statements were approved by council prior to the Audit Committee review thereof.

7. Performance management and evaluation

- The Audit Committee is responsible to report to council, the political office bearers, the accounting officer and management on matters relating to performance management:
 - The Audit Committee reviewed the performance management report for the 2017/2018 year. The performance management report was considered accurate by the Audit Committee.

- A special Audit Committee meeting was held on 2 May 2018 to review the Integrated Development Plan for 2017/18 together with the Budget for 2018/19.
- The Audit Committee reviewed the relevance of noted indicators together with their measurability in relation to services performed. The Chairman of the Audit Committee further chaired the section 57 managers annual performance reviews with the office of the COO.
- An improvement has been noted in senior management being held accountable for their performance, although it is critical that a culture of accountability and consequence management be driven down through all levels within in the institution.

8. IT Governance

- The Audit Committee will provide input on IT governance, controls, access and safeguarding of information in the municipality together with the appropriateness of disaster recovery and continuity plans supporting IT risk, regular testing and evaluation of plans, systems and processes during the 2018/19 financial year.

9. Legal and Policy compliance

- Excessive costs have been noted in outsourcing legal services.
- A review of legal services should be conducted to determine whether limitations in capacity or competencies exist which has resulted or contributed to excessive outsourced external legal costs

10. Effective governance

- A number of scheduled Audit Committee meetings were either delayed to later start times or postponed due to either Internal Audit not being prepared with the required agenda information or by request of Municipal Management. The Audit Committee dates should be scheduled in the calendar of meetings for the year where dates are not amended to allow management to schedule such meetings in their respective calendars. The Audit Committees effectiveness is compromised where required senior management representation are unable to attend meetings.
- The numerous delays and breakdowns in council meetings has negatively impacted on the adjustments budget approval and ultimately the

performance management targets of the Municipality with projects being unable to proceed resulting in non-delivery of services to the city ahead of year end.

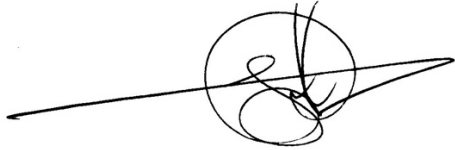
- The Audit Committee is required to consider matters relating to the discharge by management and the council of their duties relating to risk management and safeguarding of assets, financial and operational controls, the operation of adequate systems and the reliability and credibility of financial reporting. As noted, identified high risk finding and forensic investigative findings should be dealt with expediently to ensure optional performance within an effective control environment into the future.
- No evidence of medium to long term succession planning for all key positions is noted.

Supply chain management

- A municipality may enter into a contract where such contract will extend beyond three years, provided the provisions of S33 of the MFMA are complied with. Further S78(c) states that, "...each senior manager must take all reasonable steps ... to ensure that any unauthorized, irregular or fruitless and wasteful expenditure and any other losses are prevented;". In the instance of a contract with Evergreen Consulting, management will continue to incur irregular expenditure until 2025, where the provisions of S33 have not been adhered to. Irregular expenditure may only be condoned by National Treasury.

Suspensions / Acting positions

- Suspended officials are often suspended for many months or years without resolution.
- The Audit Committee have continued to highlight their concern as to those situations where suspended officials are not dealt with timeously.
- The monthly cost to the Municipality of suspended officials is material.
- Bold action will be required to be taken to address suspended officials.

A handwritten signature in black ink, consisting of a circle with a vertical line through it and a horizontal line extending to the left, with some scribbles inside the circle.

Greg Billson

Chairperson : Audit Committee

10 January 2019

VOLUME V
(PART 1)
MBDA – Annual Report

MANDELA BAY DEVELOPMENT AGENCY
ANNUAL REPORT
2017/2018

DRAFT



Table of Contents

Acronyms and Abbreviations.....	03
Section 01: Introduction and organisational overview.....	04
1.1 Foreword by the Executive Mayor of Nelson Mandela Bay.....	05
1.2 Chairperson’s Report.....	05
1.3 Chief Executive’s Report.....	07
1.4 Renewed and refocused MBDA.....	08
Section 02: Governance.....	09
2.1 Mandate.....	09
2.2 Structures.....	10
2.2.1 Governance structure.....	10
2.2.2 Administrative governance structure.....	11
2.3 Inter-governmental relations.....	12
2.3.1 Government stakeholders and engagements.....	12
2.4 Public accountability and participation.....	13
2.5 Corporate profile and governance.....	13
2.5.1 Corporate profile.....	13
2.5.2 Governance.....	14
Section 03: Service delivery performance.....	16
3.1 Planning and Development.....	16
3.1.1. The Port/ Baakens Programme.....	16
3.1.2 The Happy Valley Programme.....	19
3.1.3 The New Brighton and Red Location Programme.....	19
3.1.4 The Uitenhage Railways Sheds Programme	20
3.1.5 The Helenvale Safety and Peace through Urban Upgrading Programme.....	20
3.2 Area and Facilities Management.....	31
3.2.1 Operations.....	31
3.2.2 Security.....	31
3.2.3 Informal Trade Regulation.....	32
3.2.4 Special Ratings areas.....	33
3.2.5 Mobile parking meters.....	33
3.2.6 Final remarks.....	34
3.3 Marketing and communications.....	34
3.3.1 Front of house.....	34
3.3.2 The Tramways Events Centre.....	34
3.3.3 The Campanile.....	35
3.3.4 Implementation of Special Projects.....	35
3.3.5 Corporate Social Investment.....	36
3.3.6 Media Management.....	36
3.4 Nelson Mandela Bay Stadium.....	37
3.4.1 2017/18 Events.....	37
3.4.2 Recruitment process.....	38

3.4.3	Service Level Agreement.....	39
3.4.4	Operational Focus	40
3.4.5	Stadium Projects.....	40
3.4.6	Notable success stories.....	41
3.4.7	Future developments and exciting events.....	42
3.4.8	Final Remarks.....	43
3.5	Nelson Mandela Bay Science & Technology Centre.....	43
3.5.1	Key Highlights for 2017/2018.....	43
Section 04: Organisational development performance.....		44
4.1	Human resources.....	45
4.2	Organisational structure.....	46
Section 05: Audit report and annual financial statements.....		47
Audit Committee Chairperson report		
5.1	Report of the Auditor General (to be finalised).....	XX
5.2	Director’s Report.....	XX
5.3	Statement of Financial Position.....	XX
5.4	Statement of Financial Performance.....	XX
5.5	Statement of Changes in Net Assets.....	XX
5.6	Statement of Cash Flows.....	XX
5.7	Statement of Comparison of Budget to Actual amounts.....	XX
5.8	Notes to the Annual Financial Statements.....	XX

Acronyms and Abbreviations

AFS	Annual Financial Statements
CBD	Central Business District
CCI	Cultural and Creative Industries
CEO	Chief Executive Officer
CPF	Community Policing Forum
CSI	Corporate Social Investment
DSD	Department of Social Development
dti	Department of Trade & Industry
EDTA	Economic Development, Tourism and Agriculture
EIA	Environmental Impact Assessment
FY	Financial Year
HURP	Helenvale Urban Renewal Programme
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
KfW	German Development Bank
MBDA	Mandela Bay Development Agency
NMB	Nelson Mandela Bay
NMBM	Nelson Mandela Bay Municipality
NMB Stadium	Nelson Mandela Bay Stadium
NMU	Nelson Mandela University
SAPS	South African Police Service
SDA	Service Delivery Agreement
SSIF	Strategic Spatial Implementation Framework
SMMEs	Small, Medium and Micro-sized Enterprises
SPUU	Safety and Peace through Urban Upgrading
SPV	Special Purpose Vehicle
SRA	Special Ratings Area
SSIF	Strategic Spatial Implementation Framework

Section 01: Introduction and organisational overview

1.1 Foreword by the Executive Mayor of Nelson Mandela Bay

The Mandela Bay Development Agency is an entity created and owned by the Nelson Mandela Bay Municipality on behalf of the citizens of Nelson Mandela Bay. This 14yr old entity has contributed immensely to the redevelopment and urban renewal of Nelson Mandela Bay. Credit for the establishment of this strategic institution must go to the founding fathers of our Metro, led then by Executive Mayor, Cllr Nceba Faku, who saw the need and purpose for a special purpose vehicle to expedite the urban renewal of the Bay.

It is also important to note that the MBDA was created with a very specific Council developed mandate, the regeneration and urban renewal of the inner city of Port Elizabeth. The entity was set up, so it could operate with a level of independence and more efficiency in carrying out its mandate. There is no doubt that this entity has bequeathed the City with world class economic rejuvenation projects that have changed the landscape of Nelson Mandela Bay from Central to New Brighton.

Amongst the iconic projects successfully implemented by the MBDA are Kings Beach redevelopment, Central CBD upgrades, the Tramways, Helenvale Resource Centre, Uitenhage Square, the Baakens and Donkin Reserve. The latter includes the creation of Route 67, a heritage trail dotted with contemporary artworks that celebrate the like of the City's name sake, uTata Nelson Mandela. The early successes of the MBDA can also be attributed to the enabling environment created by the Nelson Mandela Bay Municipality, providing strong as well as the necessary funding required.

The last five years of the MBDA saw the entity enter new territories, the previously disadvantaged areas of the Bay. Some of the notable and successful projects include a Business Incubation, Community Enterprise project (Car Wash) and an SMME trading centre all located in Veeplaas. The projects in Veeplaas were initiated and championed by the local community and elected leadership of the Ward. The highlight of the Agency's projects in previously disadvantage areas is most definitely the Singaphi Street environmental upgrade, a project that incorporated significant community participation and empowerment of local SME's.

With successes come several challenges, some of which have stalled progress in some of the most challenged wards. The challenges facing the MBDA in these previously disadvantaged wards means that Council and the MBDA need to collaborate and complement each other because the complexities are unique and are very much a product of apartheid era spatial planning.

The challenges to implementing urban renewal projects are more pronounced in areas such as Helenvale, where even with significant community buy in, projects continue to get stalled due to gang violence and crime. These external factors are issues beyond the scope and abilities of the MBDA, but the consequences affect the performance and speed of delivery, denying communities much needed development and services.

Finally, on behalf of Council and the Citizens of the Bay, I wish to congratulate the Board, Management and Staff of the MBDA for attaining yet another unqualified audit from the Auditor General of South Africa. We recognize that attaining unqualified audits in this highly regulated environment is a significant achievement and Council acknowledges that.

Mongameli Bobani
Executive Mayor

1.2 Chairperson's Report

Looking back at the period under review, I am happy to report that despite many legacy challenges inherited by this Board, we never lost sight of the important task at hand, to place the organisation on a good footing going forward in terms of mandate efficacy and performance.

The challenges the Agency found itself in are no doubt due to being locked into a “cloudy mandate” created through personal networks, influences, and a lack of clarity in mandated boundaries. Expectations from Council specifically had become vague and scope creep became invasive. Growing anxiety over the vulnerability of the structures and the lack of sustainability of the operating model resulted in the Board scrutinizing, and critically reassessing the organisational design and model going forward.

The Board led review, included a review of the organisational design, the development and implementation of a new and relevant performance management system. The organisational design process provided an indication as to whether there was a case for re-alignment, expansion or reduction of the organisational structure. In the end the process proposed a revised structure that would enable improvement in the delivery of projects and performance.

The intent behind the organisational design project was to ensure that the structure of the MBDA can support the mandate, the new five-year strategic plan and the Agency's strategic objectives. Also, critical to setting up a revised structure was to first identify where the value of the MBDA is created and how a revised structure could enhance that value creation. This talks to the maximizing of the components of the MBDA that contribute to the realization of the strategy. This process was consultative, all-inclusive and concluded in June 2018.

On performance management, the MBDA is by design a special purpose vehicle of the Municipality and therefore must be agile, responsive, less bureaucratic and focused on performance and delivery. The assessment of the previous performance management system identified six key themes that needed to be addressed in a new system.

The challenges identified relate to; elements of leadership, culture, governance, capacity, capability, operating model, organizational structure and accountability. The ensuing period, 2018/19, will be the first time the system is put into practice, and I foresee that this period of adoption will provide us with key insights and learnings for the continuous improvement of the system. I have no doubt that the impact of these major interventions will soon bear fruit resulting in higher levels of accountability, performance and most importantly spatial, social and economic transformation in our mandate areas.

In conclusion, I would like to thank my fellow Directors who have diligently served this organization, sometimes at significant personal cost. I would also like to congratulate management and staff for making sure that systems are adhered to and that we are able to once again maintain the Agency's unblemished record of unqualified audits.

Looking ahead I can confidently say that the Agency is in a better footing now and better positioned to capitalize on the organisational design and structure changes. The Agency now has the leadership, capacity, capability and structure in place in order to improve performance and realize the mission “to become a knowledge based developmental agency that seeks to achieve social, spatial and economic transformation in Nelson Mandela Bay”.

Mputumi Goduka
Chairperson

1.3 Chief Executive's Report

My journey with this 14-year-old organisation started some 14 months ago as a secondment from the South African Local Government Association (SALGA) triggered by the resignation of the founding Chief Executive Officer of the MBDA. The mandate from the Board to me as Acting Chief Executive Officer then was simple; it was to stabilize the organisation, conduct a systems and processes review and appoint a Chief Executive Officer. Joining the organisation with only two months left in the 2016/17 financial year meant that all focus and energy would be spent looking forward, the year covered in this report.

The initial organisational assessments indicated an entity that had enjoyed early successes, due to that success, the entity attracted scope creep with many initiatives clouding the mandate. The organisation's performance was already on the decline as there was no succession plan in place, and the entity had challenges spending capital budgets due to a heavy reliance on external service providers.

The MBDA thrives and does best when its people have clarity of its vision and purpose, and these in my view, also started to get muddled, bringing down morale and confidence. The sudden departure of then Chief Executive Officer only deepened the anxiety and drop in performance. As Acting Chief Executive Officer, my focus was the core mandate given to me by the Board in order to bring this organisation into a new realm of possibilities, challenging old habits and inspiring the team to find alternative approaches and focus on making an impact in the socio-economic space.

I am delighted to report that the mandate given to me by the Board has been achieved. The systems and organisation review pointed to key issues that needed urgent attention. Top amongst the list was to establish a logical flow and processes for mandate acceptance and execution. Too many of the MBDA projects could not be logically justified and linked to the City's strategic imperatives, either on the Integrated Development Plan or the Built Environment Performance Plan. The National Development Plan did not even feature in the planning and scoping of MBDA initiatives. Today, the Agency has a 5-year Strategic Plan that adopts a logical framework approach.

Programmes and projects are unpacked over a period of 5 years with clear outcomes, clear links to the City's Key Performance Areas and IDP. Many of these programmes are not new, the difference is that they now follow a systematic and logical approach, which also makes budgeting, funding and resourcing that much clearer. The MBDA now has a clear mandate acceptance and implementation system and procedure, which also informs the City when projects are due for take over and maintenance.

Equally important and coming out of the systems review were shortcomings in the organisational structure to drive performance. The Agency spent significant resources outsourcing to external professional service providers without any retention of skills, know-how and that fuelled an abnormal dependency. This model could have well worked when the Agency was a start-up, but 13 years later, this became a drain in the resources earmarked for development. Several teams of consultants were appointed per project meaning there was no synergy or leveraging when it came to emerging projects and ad-hoc requirements.

Exacerbating the problem was that securing these consultant services would be delayed by a lengthy supply chain process that often took nearly 90 days to complete. All these issues had a direct impact on capital budget expenditure and institutional performance. To remedy this, the Board approved a revised organisational structure that would insource critical skills, create a matrix structure in the

engine room of the Agency, and include Operations to give them the flexibility to mix and pull resources as and when needed.

The revised organisational structure is engineered to improve efficiencies, streamline processes and build in-house capacity. The by-product is a potential savings in time and resources because the need to advertise, evaluate and adjudicate for consultants over a 3 months period would no longer be necessary. The high costs of consultants would reduce, as the Agency would source external skills only under special circumstances.

The period 2017/18 has been a planning, re-organising and consolidation phase with many of the changes coming into effect in July 2018 for the 2018/2019 financial year. The gains from these changes are likely to be fully realized in the 2019/20 year and beyond. I have no doubt in my mind that the MBDA is on a path to do great things and we have started earnestly.

A renewed partnership with Nelson Mandela University on research in alternative energy and eMobility is at an advanced stage and our first solar powered unit will be delivered by NMU in January 2019. We have also partnered with the Nelson Mandela Bay Composites Cluster to foster a unique relationship that will see the adoption of alternative materials to reduce costs, become greener and pioneer new innovations. The Nelson Mandela Bay Stadium is embarking on a breakthrough Green Hub initiative that will see the community of North End access the Stadium as a Waste and Recycling Hub, where the community could exchange waste for something of value, such as match and event access or necessities such as soap and bread.

The programmes in the five-year plan, effective July 2018, will be reported on in the relevant period. Suffice to say that Area and Facilities Management is a focus area along with a holistic development approach that considers Psychosocial programs as an integral part to the work we do. Even with limited resources, the MBDA, will continue to do more Helenvale Safety and Peace through Urban Upgrading (SPUU) type interventions.

Finally, I would like to thank the Board of Directors for the support and leadership they provided over this period, ensuring that we kept our record of unqualified audit outcomes from the Auditor General of South Africa. Various committees of the Board including Corporate Services Committee (HR& Remco), Capital Projects and Audit have all added immense value to bring the Agency to where it is today. To management and staff, thank you for your cooperation and robust constructive engagements. We can never rest on any laurels because our task is too big and the reason for our existence has only been amplified. The 2018/19 year will be tough, but we wouldn't have it any other way. Our reason for existence is to Revive, Renew and Inspire Nelson Mandela Bay.

Ashraf Adam
Chief Executive Officer

1.4 Renewed and refocused MBDA

The period in review saw a consolidation of the Strategic Review Process that began in the latter phase of that year. The Strategic Review Process, mandated by the MBDA Board of Directors, looked at various operational and strategic aspects of the MBDA. This included a systems and processes review, project establishment and implementation, reporting, a skills audit, review of the organogram and restructuring in order to deliver on the new mandate.

The Board approved the Strategic Review Report and the adopted four areas of focus, are:

- *Facility management*: The agency already operates facilities such as The Tramways, Campanile, Helenvale Resource Centre, and Nelson Mandela Bay Stadium with more to come on stream in the future.
- *Area management*: This aspect entails security, cleansing and other utilities and services in special spatial nodes.
- *Socio-economic programmes*: The programmes focus on uplifting or improving the lives of communities living on the margins of society and in high levels of poverty, unemployment and crime.
- *Research and knowledge creation*: This will see the MBDA become a capacity hub, introducing new physical or intangible assets to the city with a focus on sustainability.

The resultant Vision, Mission and Strategic objects of the MBDA are as follows:

Vision

- To develop an iconic world-class ocean city showcasing its diversity of people, culture, heritage and environment.

Mission

- To become a knowledge-based developmental agency that seeks to achieve social, spatial and economic transformation in Nelson Mandela Bay.

Strategic Objectives

- To pioneer and implement people-centred catalytic programmes;
- To create spaces and places that inspire and transform Nelson Mandela Bay; and
- Develop and promote a creative culture in Nelson Mandela Bay.

Section 02: Governance

2.1 Mandate

The MBDA was conceptualised by the Nelson Mandela Bay Municipality and the Industrial Development Corporation (IDC) and is a wholly-owned entity of the NMBM. It was created in 2003 following an acknowledgement by the city's leadership of the urgent need to reverse a trend towards urban decay in the inner city and to drive urban regeneration in the Nelson Mandela Bay CBD and other designated areas.

Since then, the mandate area has been expanded to include several key township projects, with the aim of transforming urban spaces to activate economic activity, create job opportunities and reshape urban development.

The CBD, however, remains critically important to the NMBM as one of the main contributors to the city's rates base. Disinvestment from the inner city would mean reduced revenue streams and limited growth for Nelson Mandela Bay. Moreover, vacant city centres scare off investment and constrain the city's ability to become competitive on national and global levels. Investment attraction is now no longer focused on mega-industries, but on developing scalable and diverse industries, inclusive of the cultural and creative industries and knowledge economies, for greater economic security.

Informed by an overall philosophy that cities and their CBDs are the engines of growth in a region, the NMBM undertook firm measures to establish a SPVU to drive development through catalytic infrastructure and capital projects that would, in turn, stimulate private sector (re-)investment.

The MBDA's overall role is not only that of promoter and supporter, but also of 'doer'. The Agency's mandate has widened over the years and now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct and Uitenhage.

As a municipal entity, the MBDA is governed primarily by the Municipal Systems Act 32 of 2000, the Municipal Finance Management Act 56 of 2000 and the Companies Act No 71 of 2008. It operates under a specific, approved mandate document, which outlines a focused approach to be followed in respect of services provided, catalytic infrastructure projects and liaison with other parastatals and government departments to create a conducive investment environment in its mandate areas. The NMBM also has a Service Delivery Agreement with the MBDA that is reviewed every three years, and which formalises and governs the relationship between the two entities.

2.2 Structures

2.2.1 Governance structure

Ownership and control

The MBDA was established as a municipal entity in 2003 as a joint initiative of the Nelson Mande Bay Municipality (NMBM) and the Industrial Development Corporation (IDC). The Agency is wholly owned by the Nelson Mandela Bay Municipality.

The MBDA, represented by its board of directors, receives its mandate from the NMBM, acting through the Executive Mayor, the City Manager and Council. The Agency is contractually accountable to the NMBM, to which it delivers compliance reporting in respect of its key performance indicator targets being achieved. The MBDA relies on the NMBM for service delivery direction in terms of its contractual obligations contained in the Service Delivery Agreement (SDA).

As controlling shareholder, the NMBM provides corporate governance-related support, such as sustainability and compliance reporting and review. The MBDA Board is responsible for providing strategic direction and guidance to management, as well as ensuring oversight on corporate governance and performance matters. The MBDA management is responsible for operational aspects in line with the strategic planning and mandate documents of the Agency, as well as the Integrated Development Plan of its parent municipality.

2.2.2 Administrative governance structure

Board of Directors

The Board provides strategic oversight to ensure that the MBDA reaches its objectives and delivers on its mandate.

Board members as at 30 June 2018

Mputumi Goduka (Chairperson), *Appointed to the Board: 21 April 2016*

Rajesh Dana, *Appointed to the Board: 21 April 2016*

Adrian Gardiner, *Appointed to the Board: 21 April 2016*

Kasaven Kenny Govender, *Appointed to the Board: 21 April 2016*

Bongani Gxilishe, *Appointed to the Board: 21 April 2016*

Rojie Kisten, *Appointed to the Board: 21 April 2016*

Sithole Mbanga, *Appointed to the Board: 21 April 2016*

Masalamani Odayar, *Appointed to the Board: 21 April 2016*

Company Secretary

Mbulelo Matiwane

Audit Committee

Michelle Wait: Chairperson and Independent member

Gregory Billson: Independent member

Herbert Fischat: Independent member

Stephen Nel: Independent member

William Smith: Independent member

Human Resources and Remuneration Committee

Sithole Mbanga: Chairperson
Rajesh Dana
Mputumi Goduka
Kasaven Kenny Govender
Masalamani Odayar

Capital Projects Committee

Rojie Kisten: Chairperson
Kasaven Kenny Govender
Sithole Mbanga

Management as at 30 June 2018

Ashraf Adam: Acting Chief Executive Officer
Ashwin Daya: Chief Financial Officer
Dorelle Sapere: Planning and Development Manager
Nafeesa Dienie: Acting Planning and Development Manager (SPUU)
Mcebisi Ncalu: Operations Manager
Luvuyo Bangazi: Marketing and Communications Manager
Mpho Mokonyama: Nelson Mandela Bay Stadium Manager
Singathwa Poswa: Acting NMB Science Centre Manager

2.3 Inter-governmental relations

2.3.1 Government stakeholders and engagements

The MBDA regularly interacts with key NMBM directorates, namely: Economic Development, Tourism and Agriculture; Human Settlements; Budget and Treasury; Environmental Health; Infrastructure and Engineering; and Safety and Security.

The MBDA coordinates its area-based developments and other catalytic interventions with in collaboration with relevant directorates and sub directorate of the NMBM. It is important for the MBDA to engage with client departments so that upon completion, they are able to take ownership of projects, programmes and assets created by the MBDA.

2.4 Public accountability and participation

All MBDA projects follow an in-depth public participation process, particularly in the master plan and design phases, but also with increasing regularity, throughout the construction process. The Agency collaborates with key stakeholders to meet project design and implementation goals. Designs are finalised only after the consideration of various inputs received and recorded through public participation processes.

MBDA management further ensures that final designs and project concepts are in line with the Agency's mandate and strategic plan as well as the IDP of its parent municipality. Moreover, the MBDA is in constant conversation with various communities within its mandate areas and maintains a people-centred approach to its development methodology. Perception surveys are performed periodically to gauge public sentiment and ensure that the MBDA always has the public's interests at the centre of its initiatives.

2.5 Corporate profile and governance

2.5.1 Corporate profile

The MBDA stimulates, facilitates and supports area-based urban renewal initiatives throughout Nelson Mandela Bay. It is an entity wholly-owned by the Nelson Mandela Bay Municipality.

History

The MBDA came into being at a critical point in the history of Nelson Mandela Bay, when urban decay in the CBD had led to a decline in occupancy and interest in real estate investment – a downward trend which had begun to impact negatively on the municipal rates base.

The Strategic Spatial Implementation Framework (SSIF) of the MBDA was developed in 2006 as a point of departure for reversing socio-economic decline in the Agency's mandate area. The SSIF established the MBDA's long-term vision and strategy; and was accepted by the NMBM Council as the blueprint for economic development and urban renewal in the mandate area.

Purpose and strategy

As an agent of the NMBM, the MBDA's work supports achievement of the goals in the IDP that were drawn up by the municipality for development of the city as a whole. The SSIF, and the five-year strategic plan derived from it, thus corresponds with the urban renewal, urban management and development planning sectors of the IDP.

The MBDA's five-year strategic plan charts the Agency's medium- to long-term strategic course. It is periodically reviewed to take into account, and respond to, prevailing local and global economic and political conditions. Drawing on the long-term vision of the SSIF, the five-year plan outlines development priorities and strategies, and is accompanied by key performance indicators that set out short- to medium-term objectives and programmes that will ensure sustained progress towards achieving the MBDA's vision.

Growth strategy

The MBDA has accumulated a successful track record through the implementation of projects that have consistently achieved the goals of spurring socio-economic transformation, improving public confidence, and positively influencing private sector real estate and corporate investor decisions.

The increased enthusiasm of the private sector continues to present an opportunity for the MBDA. The Agency endeavours to encourage partnerships and involve corporate and private investors, public sector funders, and provincial and national governments in those capital project developments that stimulate private sector investment response. The MBDA was established expressly for facilitating such developments and encouraging private sector confidence and investment. Its cumulative and growing experience in the types of developments it conceptualises, implements and manages represents a significant asset for the NMBM.

Moreover, the MBDA has partnered with various private sector businesses to collaborate on corporate social investment initiatives that also leave a lasting impact on communities. During the 2017/28 period the MBDA continued to deliver on its vision under the SSIF. It will also expand on and enhance its competence in meeting the urban renewal needs of the greater Nelson Mandela Bay area. In

growing its influence, the MBDA will widen its focus into new mandate areas, concentrate on deepening the lasting economic and social impacts of its work, and ensure that projects are economically and environmentally sustainable.

Competencies

As a development vehicle, the MBDA coordinates and manages socio-economic, capital investment projects and related initiatives such as cleansing, security and the regulation of informal trading, in partnership with public and private sector stakeholders. In particular, the MBDA has gained significant experience in the following aspects:

- Urban renewal – rejuvenation and development of decayed areas;
- A 'bottom-up' concept-to-completion approach that involves affected communities in determining the outcome of development projects and the maintenance of developed infrastructure;
- Project management and coordination of diverse teams; and
- Regeneration of historically marginalised areas.

Other than being an implementing agent for the NMBM with a particular emphasis on urban renewal – the MBDA has also become a key transformation agent in Nelson Mandela Bay, thanks to its strong social approach.

2.5.2 Governance

The MBDA endeavours to ensure that the essentials of good governance are in place to ensure smooth operations. These elements include risk management, anti-corruption initiatives, secure supply chain management, a digital presence for engagement and communications, and compliance with relevant legislation and bylaws.

In terms of risk management, the Agency has undertaken a risk review process and has compiled a risk register that is reviewed on a quarterly basis. This register is also tabled at board, audit and risk committee meetings for discussion and appropriate action where necessary. A board-approved fraud and corruption policy has also been implemented by the Agency with ongoing monitoring and evaluation checks and balances in place.

With respect to its various projects, the Agency applies strict and sound supply chain management policies and procedures to ensure that this critical business process is fully adhered to in an effective and efficient manner. The Agency's supply chain management policy is based on the policy of its parent municipality, which in turn, is based on the National Treasury model policy. Compliance with this is mandatory and necessary to ensure processes are legitimate and fair.

Municipal bylaws indirectly affect the entire city. However, beside matters relating to informal traders, security and the cleansing plan initiatives of the Agency, municipal bylaws do not directly impact the Agency's projects. The MBDA reports to the parent municipality's Economic Development, Tourism and Agriculture portfolio committee (as outlined in the Main Funder figure) on the progress of its various urban renewal projects. It also falls under the jurisdiction of the NMBM Municipal Public Accounts Committee, as well as the NMBM's Budget Performance Monitoring Forum.

Section 03: Service delivery performance

Since establishment, the MBDA has facilitated and invested in excess of R650-million in direct infrastructure upgrades to date. This is a bold illustration of the MBDA's confidence in Nelson Mandela Bay's potential, and one that has yielded the desired outcomes - resulting in increased private sector investment, particularly in areas where projects are now completed.

3.1 Planning and Development

The Planning and Development unit has been instrumental in its engagement in a significant number of strategic and catalytic programmes that impact social, economic and spatial planning in Nelson Mandela Bay. In the period under review, the team has led several successful programmes, including the Port/ Baakens Programme, the Happy Valley Programme, the New Brighton and Red Location Programme, the Uitenhage Railways Sheds Programme and the Helenvale Safety and Peace through Urban Upgrading Programme.

In the non-built environment, the unit initiated various arts initiatives that have created new job opportunities for established and emergent creatives in the Bay. Support to this initiative has taken the form of resources, but most importantly, the team offered guidance, mentorship, facilitation of opportunities and linkages to funding, all with the goal of assisting artists to become sustainable.

Due to the nature of the Agency's budgeting cycles, many of the capital projects are multi-year which means they cut across multiple financial years. Below are projects that were either already underway or started during the period under review.

3.1.1 Inner-City and Special Projects: Port/ Baakens Programme

Contribution to the NMBM and MBDA Strategic and Business Plans

The programme contributes to the NMBM's key performance indicator of Local Economic Development and responds to three of the six Pillars of the NMBM by 1) being a safe city, 2) an inclusive city and 3) a forward-thinking city. The programme contributes to the Urban Network Strategy and the development of Integration Zones and Economic Growth nodes, of which the Port Elizabeth CBD is seen as a Primary Hub. The Programme is one of the 14 Catalytic Programmes identified in the Built Environment Performance Plan (BEPP) and is defined as the Port/Baakens Programme.

The Port/ Baakens Programme consists of a package of projects which forms part of the MBDA's Strategic Plan and are clustered into one of the six mandated areas of intervention of the MBDA, namely the PE Central/Baakens and Happy Valley Areas. The programme contains all the elements identified in the MBDA's Reviewed Strategic Plan, including Catalytic socio-economic projects, Targeted multi-sector interventions, Area and Facility Management and Partnerships and Research.

The Baakens River Precinct Plan has been conceptualized as an integral part of the Port Marina Precinct, which is concurrently being planned and developed by Transnet. It is envisaged that the 23km of pristine river frontage, together with the sea water frontage, will be a catalytic project which will contribute to an alternative economy for Nelson Mandela Bay. The Baakens Valley Programme is a package of projects, identified through the Baakens Precinct Plan, which has been approved by Council and which has direct linkages to the proposed Waterfront Development being spearheaded by Transnet.

Priority projects have been identified and the MBDA has commenced with the implementation of these priority projects, with the goal of transforming the area into a safe, clean and affordable precinct that is characterized by multi-income, multi-generational and multi-sectoral uses. New technological solutions and innovative approaches will be sought.

Objectives of the Programme

- Spatial transformation of the precinct;
- Reconciliation of the forced removals from South End;
- A tourism product for the city;
- Social transformation of the precinct;
- Increased opportunity for job creation and artisanal production;
- A safer recreational precinct;
- Preservation of heritage;
- Transformation of the economy;
- Diversified user of the precinct;
- Transformation of the green lung; and
- Improved access to the precinct in terms of mobility, social and recreational access for all citizens of NMB.

Progress to date

The upgrade of Fleming Street and North Union Street is nearing completion. This first phase of the Vuyisile Mini Square upgrade will rationalize parking in the precinct and create the first part of the pedestrian walkway to the river. It will also enable an events space, where markets and performances can be hosted. The planning and the preparation of approval submissions for the construction of a pedestrian bridge has commenced to ensure that construction can proceed in the 2018/19 financial year. The bridge will serve to link the heart of the inner-city with the Baakens Valley.

The upgrade of St Peters Land is close to completion. The process of rezoning all the available land on the south bank to enable a mixed-use precinct, predominantly for affordable housing, has commenced. The upgrading of the Ellis Street Houses, which are rental stock, has been prepared and will be implemented once lease agreements with the tenants have been finalized. The houses are currently in a very bad state of disrepair. Their upgrade will improve the quality of life of the nine extended families that live in Ellis Street, provide opportunities for economic strengthening to them and at the same time provide an indication of the MBDA's approach to transforming the Baakens Valley.

Several stakeholder engagements have been held around the cultural stories and environmental opportunities existing in the Valley. The private sector continues to invest in the precinct with popular events such as Food Truck Fridays, various markets, cycling events and fun walks taking place on a regular basis. In addition, the re-introduction of the Apple Express generated a lot of interest from tourists into the Baakens Valley and increased the number of visitors to the precinct. Traffic calming measures and the rationalization of parking commenced. Several interest groups have been working towards initiatives to activate the Baakens Valley and this has resulted in the collective transformation of the precinct through small investments with big impact.

- **Vuyisile Mini Square – Phase 1**

Vuyisile Mini Square is one of the most important spaces in the NMBM and is the focus of significant decision-making buildings and events in the city. The Square itself is surrounded by important heritage buildings on two sides and has the town hall at the centre of the space. The current phase provides part of a walkway that links Vuyisile Mini Square with the Baakens Valley.

The intentions of the project were to provide a non-vehicular connection to the Baakens River; to create a space where people can meet and share ideas; to alleviate the parking challenges experienced and provide adequate parking for councillors; to add value to the repurposed Campanile building; and to create an educational walk for children. The project has been completed.

- **Baakens River Pedestrian Bridge**

The Baakens River Pedestrian Bridge will serve to connect the movement of pedestrians from Vuyisile Mini Square to the Baakens River Precinct in order to unlock the parking potential on the north bank of the river. This will influence increased numbers of visitors to activities happening at the Tramways building and other urban regeneration and tourism events in the Valley.

It responds directly to the key performance area of Local Economic Development and Oceans Economy, through the provision of public sector investment into infrastructure, which will unlock private investment and tourism. The work has been completed and a construction tender was advertised in August 2018.

- **St Peters Environmental Upgrade**

The aim of the project is to create a special place of remembrance, a heritage resource and a visitor destination in remembrance of South End and the community who lived there. This important heritage site consists of the ruins of St Peter's Church and is adjacent to St Mary's Cemetery, The Malay Cemetery and the Pauper Cemetery. The MBDA has purchased the land and is in the final process of a first phase, short-term intervention consisting of landscaping and improved access.

This will enable the site to be used as a multi-purpose outdoor events and recreational space. The MBDA will maintain and clean the cemetery and surrounding area, including the Paupers Grave and the Black Steps. Pedestrian connections and lighting to the entire area will be provided. The restoration of the Church itself will form part of a second phase.

The project contributes directly to social transformation and the creation of a tourism product for NMB. An extension of Route 67 into the history of South End can form the basis of an additional route into the area. This in turn will provide further jobs for tour operators and encourage visitors from docking passenger liners to visit the site and spend a day of leisure in the Valley. The project will be completed in the first quarter of 2018/19.

- **South End Mixed-Use Precinct**

The project vision is to transform the south bank of the Baakens River into a new, post-apartheid neighbourhood which will acknowledge the injustice which was done by the forced removals in the early 1970's while providing an opportunity for social, spatial and economic transformation through a mixed-use development. It will focus on affordable housing and the establishment of micro-enterprise opportunities within proximity of the proposed Waterfront precinct.

The Scope of work includes preparation of a Framework Plan; Rezoning the land, including all regulatory land use approvals to accommodate a Special Purpose Use with such proposed uses pre-defined; and the identification of blocks for development through a realistic phasing plan and assigning a bulk register for the development. The current scope of work is in process and is scheduled for completion by June 2019.

3.1.2 The Happy Valley Programme (as defined in the BEPP)

The Happy Valley Programme has been removed as a Catalytic Programme in the 2017/18 BEPP, but remains a key Programme forming part of the MBDA's Port Elizabeth Central/Baakens/Happy Valley Area as defined in the Strategic Plan. The purpose of the programme is to enable the precinct to be used for a multiplicity of functions - including recreational, tourism, residential, retail, entertainment and commercial uses.

An increased diversity of income groups, ages, cultural backgrounds who make use of the area is a key driver of the Happy Valley programme. It is anticipated that the development at Telkom Park could start within the next two years. The biggest challenge has been the old stadium which is in a state of complete disrepair and is a safety hazard. The demolition of the stadium will make it a more attractive opportunity to developers.

- **Telkom Park**

The MBDA's intentions with the project are to ensure that the precinct is safe and secure and to encourage the private sector to see the potential of the land in preparation of a call for proposals. The scope of work will involve: Demolition of Telkom Park Stadium as well as precinct buildings and structures; Removing masonry work from the main pavilion, chalets and ablution facility; Demolishing remaining concrete structures; Clearing the existing open pavilion (NE) of all vegetation, and defective areas repaired; Demolishing the remainder of the open pavilions and slope embankments; Demolishing all precinct buildings; and Dismantling and disposing of masonry and bricks. The project has commenced and is scheduled for completion before the end of 2018.

3.1.3 New Brighton and Red Location Programme (as defined in the BEPP)

- **Singaphi Street Upgrade**

The project was implemented to ensure local economic development in the so-called township areas to align with the MBDA's urban renewal initiatives of the inner city. The iconic Red Location area received approximately 150 000 visitors per annum when the Red Location Museum was open. The access roads to the museum were in a state of disrepair and it was considered essential to upgrade Singaphi Street as a major tourism approach route to Red Location - one which could, in turn, maximise the tourism opportunities for the residents of the area and enable them to develop an attractive street like Vilakazi Street in Soweto, Johannesburg, where the art, culture and heritage of New Brighton can be celebrated. The project has been completed.

- **New Brighton Swimming Pool**

The purpose of the project is to provide a community recreational facility – a first of its kind for Nelson Mandela Bay's township areas. The facility can, depending on budget, be extended over time to become an economic hub for SMMEs. The project forms part of the municipality's mandate of basic service delivery. The project scope of work includes a swimming pool, ablution facilities, fencing and

paving, a pump room as well as electrical and mechanical works. The project is in the construction phase. Its anticipated completion date is February 2019.

3.1.4 Uitenhage Railways Sheds Programme (as defined in the BEPP)

With the dissolution of the Uitenhage Despatch Development Initiative (UDDI), the Uitenhage Science Centre has been incorporated into the MBDA. The remainder of the railway shed precinct consists of derelict sheds that detract from the Science Centre yet provide an opportunity for development. For this to happen, a long-standing award with a private sector developer needs to be unblocked. This involves the sale of land and lease agreement finalisation which is the current responsibility of the Economic Development, Tourism and Agriculture Department.

The MBDA has been tasked to upgrade the Railways Sheds on the lease portion, that forms part of the Science Centre Precinct. The intentions of the programme include: Spatial transformation of the Railway Shed Precinct; Social transformation of the precinct; Preservation of Heritage; Increased opportunity for job creation; Increase the effectiveness and reach of the Science Centre; and Improved quality of life in terms of mobility, social and recreational access for the residents of the area. Approximately 3000m² of lettable space will be created. The structural engineer has been identified and commenced work in July 2018.

3.1.5 Helenvale Safety and Peace through Urban Upgrading Programme (SPUU)

The governments of South Africa and Germany agreed upon a development co-operation to introduce a hybrid-model programme to reduce violence and crime through urban upgrading in Helenvale, Nelson Mandela Bay. The project as a partnership model is aimed at addressing the issues of safety and peace through urban upgrading which will be a catalyst for change. The project scope includes the phasing in of diverse project components in a hybrid development project model, consisting of capital infrastructure and psycho-social programmes. The MBDA, mandated to implement the Safety and Peace through Urban Upgrading (SPUU) programme on behalf of the funding partners and shareholders, is tasked to deliver the project within the approved project framework and financing agreement.

How it supports the NMBM & MBDA's plans

The project is aligned to the NMBM's IDP, BEPP and the ward-based development plans. It is based on a multi-year project financing and implementation model which was designed to the needs as informed by the local communities in partnership with KfW (the German Development Bank) and NMBM. The programme is aligned to the MBDA's Strategic Business Plan and Helenvale is one of the precinct areas of the MBDA.

Background

Helenvale has intertwined problems of crime infestation and socio-economic deprivation. Apart from the manifestation of high levels of violence and crime, the area is known for overcrowding and poor housing conditions, unemployment and low incomes, inadequate urban services, widespread alcohol and substance abuse, division of community structures, increased individualisation and the disintegration of families. From a socio-economic point of view, Helenvale is one of the most deprived areas of the metro, with two outstanding features: the relatively high proportion of young people and the low educational attainment levels. Taking into consideration the context, the programme is designed to combine three approaches: situational prevention by improvements which reduce the opportunities of crime and violence, social prevention by strengthening appropriate community initiatives and institutional prevention by facilitating the cooperation of competent institutions.

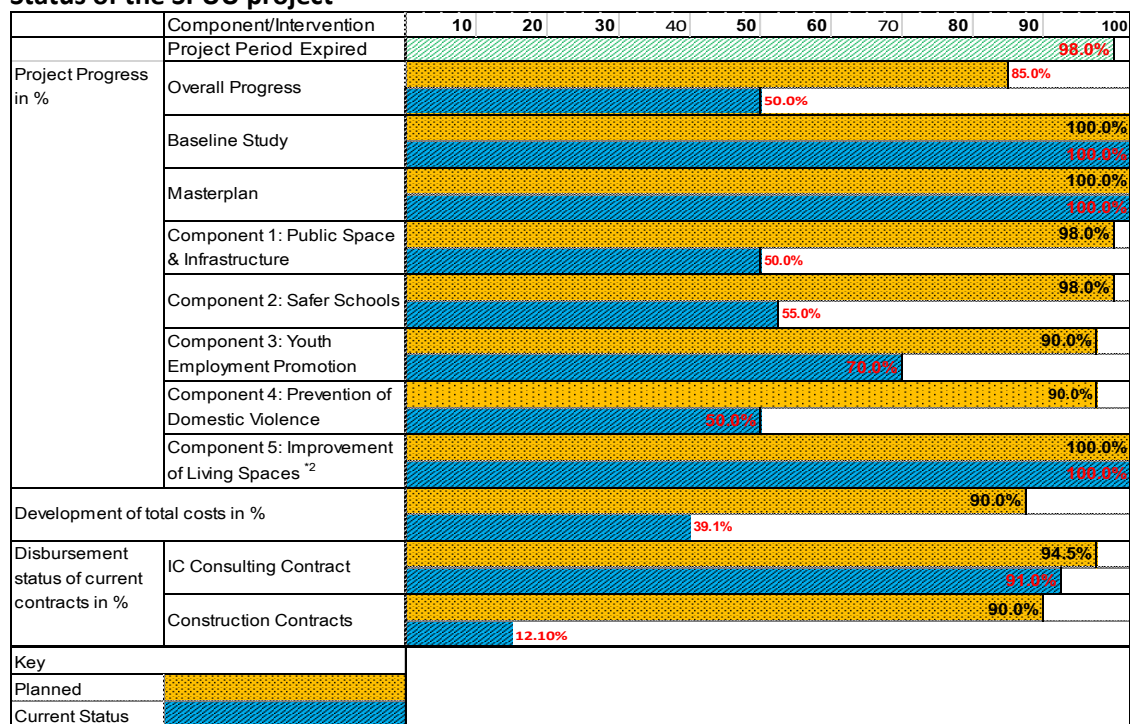
The programme focusses on all Helenvale residents; it is expected that reduced levels of violence, upgraded public spaces and infrastructure as well as improved community services will benefit everyone. Nevertheless, there are priority target groups that the programme focusses on, including children and young adults, especially school drop-outs and youth in conflict with the law, as well as women. The programme pays special attention to safety at school, victims of crime, and victims of domestic violence. The overall goal of the SPUU programme is "to improve the quality of life of the residents of Helenvale, especially through the reduction of crime and violence."

The five SPUU Components and Objectives

	Component area	Objective
1	Safe public space	Violence preventative infrastructure is provided, with the participation of the residents. The self-help potential of the target group is strengthened.
2	Safer schools	All schools in Helenvale are adequately equipped. Teachers, parents and students collectively contribute to the reduction of violence at schools.
3	Perspectives for the youth	Employment schemes, training and educational programmes, counselling services as well as recreational activities are available for the youth in Helenvale.
4	Domestic violence prevention	Services and support mechanisms for the fight against domestic violence are available for the inhabitants of Helenvale.
5	Improvement of living spaces (housing)	First steps for the implementation of a user-driven housing and neighbourhood improvement programme have been taken.

Source: SPUU Baseline Study, Aug. 2014, Table 16

Status of the SPUU project



Source: KfW Template (Annex 7 to the Separate Agreement), which measures indicative progress (planned vs. actual), on a composite basis, i.e. for the activities and initiatives that make up the distinct SPUU components.

Performance of the programme against its objectives

The upsurge of violence in the period under review continued un-abated. However, there were at least two important interventions by the government that may contribute to mitigation in the long run, including the deployment of Metro Police by the NMBM and a visit by the National Minister of Police. The newly launched NMBM Metro Police commenced operations in Helenvale on 6 September 2017, with one vehicle patrol and foot patrols. In addition, the NMBM has deployed technology to monitor shootings, known as “Shotspotter”. The visibility of police is a major advancement that should ultimately contribute to the reduction of violence in public spaces. On 17 November 2017, the National Police Minister visited Helenvale and promised to increase police support in combating gangsterism.

Despite this progress, and in reaction to the continued violence, the MBDA had put on hold all infrastructure projects and terminated Contract No. 01/15 - the Construction of Pedestrian Walkways. All the other SPUU programmes continued, albeit at a slower pace. The most significant progress was in Youth Employment Promotion where 24 skills’ trainees received their certificates from the training service provider during a ceremony on 8 December 2017. The SPUU programme period was initially planned to conclude on 31 January 2018, but KfW has in principle agreed to extend support. This support is however subject to a detailed elaboration of the SPUU programme measures to be implemented during the extension period.

The cost and financing (C&F) schedule had been revised to include the revised scope with the presumption that the proposed extension of KfW support will be finalized in early 2018.

Overall the programme is behind planned schedule by approximately:

- 15 months regarding Social Activities;
- 22 months regarding Construction Projects.

Progress by SPUU Component

- **Component 1: Public Space and Infrastructure**

During the last report period, there was one construction project under execution: Contract No. 01/15 - Construction of Pedestrian Walkways. The physical progress, as assessed by the resident engineer increased from 68% as of 30 September 2017, to 80% as of 31 October 2017. The contract was, however, terminated on 17 November 2017, due to risk of violence. The termination was preceded by discussion between the MBDA and NMBM on security risks, and an assessment by the engineer on the contractual obligations of the employer (MBDA) to provide a safe working environment. The termination was temporary lifted on 21 November 2017, but re-instated on 5 December 2017. After termination, the MBDA has recruited community members to clean up the sites of construction debris. A decision on whether to complete the works will be taken by the MBDA in the next report period.

- **Component 2: Safer Schools**

This intervention combined construction of physical and sports facilities in the three Primary Schools and one High School into 1 contract (Contract No. 02/15). The scope of work included construction of “clear-view” fencing to the internal courtyard and stone guards to windows; renovating of existing sports facilities and installation of new facilities; and conversion of one classroom in each school into

a dual-purpose counselling access point (CAP). The specific details were determined through a prioritization by each school, and there are slight variations, informed by the specific context. The previous contract, awarded in June 2016, was terminated in May 2017. The scope of infrastructure works to be funded from KfW grant has been revised to have more extensive sports facilities, and to exclude all works associated with rehabilitation of buildings.

- **Component 3: Youth Employment Promotion**

The youth employment promotion component interventions are executed under a services contract by M/s Leap Entrepreneurial Development and supported by the IC. The inputs provided by LEAP comprise three technical experts, one for each of the three key result areas (Career Guidance, Skills Training and Support to Business). Assessments are managed by the team using proprietary computer software procured from Mindmills.

- **Component 4: Prevention of Domestic Violence**

The challenge of funding services at the Helenvale Resource Centre was aggravated by the increase in violence. Out of the initial four service providers, only one (FAMSA) is still active.

Social services at the Counselling Access Points (CAPs) in the four schools are managed by the White Door of Hope (WDH). The volunteers are mentored by a local NGO, *Voice for the Voiceless*, as part of IC services to the Socio-economic Projects (SEP) cluster. The mentoring includes briefing on social services norms and standards, and monthly mentoring sessions aimed at guiding professional development, operational support and governance of NPOs.

The capacity building programme for local NGOs/CBOs, faith-based organisations, schools and other social service providers, executed by a local NGO, *Voice for the Voiceless*, under the overall auspices of, and within the Consulting Services of the IC, was concluded in October 2017 with a final workshop on Conflict Management.

Community Development Fund

The Community Development Fund is not a separate SPUU component and was financially budgeted for under Component 1 (Public Space & Infrastructure). The cumulative progress to date comprises of four rounds of “Call for Proposals” with a total of 27 projects approved. There was no new call for proposals, because of a saturation of eligible applicants. Field monitoring of ongoing projects was suspended due to violence.

The MBDA PMU with the IC support has reviewed the performance of the projects funded so far, in terms of use and accountability of the financial resources. So far, 21 of the 27 CDF projects are now fully completed, two projects were closed at partial completion, one project is on-going, two projects are yet to commence after the applicants requested leave to revise the budget, and one project was terminated before completion.

- **Component 5: Pilot Housing Project**

During the previous reporting period, the MBDA and NMBM set up a Technical Committee to advise on the Environmental Impact Assessment (EIA), Technical Planning and implementation of the Pilot Housing Project. The Technical Committee, chaired by the Executive Directorate of Human Settlements, will prepare all documents required for submitting an application for additional funding to the National Department of Human Settlements. The Technical Committee has advised on the composition of a Steering Committee for the project. There were no further developments on the Pilot Housing Project during the reporting period.

3.2 Area and Facilities Management

3.2.1 Operations

The MBDA still maintains its completed projects and assets in its mandate areas such as the Port Elizabeth and Uitenhage CBD's and other projects in designated tourism precincts. In embracing its new role and function, the MBDA has embraced this aspect, to provide maintenance of assets, infrastructure and other operational initiatives, including security, cleaning, regulation and management of informal trading and the maintenance of its key projects.

This is an accepted approach in urban development, which puts the basics in place and ensures that regenerated and revived destinations are protected against future urban decay. This in turn helps the Agency to ensure that private and public sector investments are protected, that investor confidence is maintained and that the quality of life and the environment around venues and facilities are preserved and protected.

In the 2017/18 financial year, the MBDA continued to implement programmes which included:

- Security top-up services in addition to the municipality's services in the Port Elizabeth CBD in the form of a private security company;
- Provision of cleansing top-up services in addition to the municipality's services in the CBDs of Port Elizabeth and Uitenhage;
- Regulation and management of informal trading in the CBDs of Port Elizabeth and Uitenhage;
- General maintenance of all MBDA completed projects both in Port Elizabeth and Uitenhage CBDs, including plumbing, electricity, masonry, painting and steel work;
- Helping communities within MBDA mandated areas, as well as outside, with the establishment of Special Rating Areas;
- Introduction of a Mobile Parking Meter Plan encompassing 1 329 meters in certain areas of the Port Elizabeth CBD;
- Provision of maintenance, upkeep and security in the Uitenhage Science and Technology Centre which was recently transferred to the MBDA by the NMBM; and
- The operationalisation, upkeep, maintenance and security of the revamped Campanile on behalf of the Metro for the financial year 2017/18.

3.2.2 Security

The MBDA took a major step in creating a safer inner city through the launch of a multimillion-rand anti-crime programme in the period under review. Through the MBDA Security Programme, an additional private sector security support layer was introduced to augment law enforcement capacity in the CBD and to prevent and reduce crime.

This initiative, which complements work that is already being done by the South African Police Service, NMBM Safety and Security Department and the Metro Police, has the following overarching goals and is mandated to:

- Promote community involvement in response to safety and security matters;
- Provide protection to the general public, businesses and properties;
- Create a safer environment for the community, residents and business owners;
- Monitor and analyse crime tendencies;
- Design and implement strategic measures to reduce crime in the CBD;
- Protect tourist attractions in the identified precincts;
- Promote safety initiatives in the identified precincts among the various communities and interventionists;
- Monitor and identify illegal traders;
- Fulfil tourism ambassadorial roles; and
- Participate in blitz raids in the MBDA mandate areas (in conjunction with law enforcement authorities).

The programme introduced 63 trained and accredited security officers for random and routine foot patrols as well as criminal apprehension and on-site detention (to facilitate arrests through law-enforcement agents). Five vehicle units were introduced, including two K9 reaction retrofitted vehicles for random and routine patrols and rapid response, eight trained dogs for criminal apprehension, patrolling, narcotics detection, officer protection, tracking and on-site detention (to facilitate arrests through law-enforcement agents), and six reaction officers for rapid response. Three roving information kiosks were also introduced. The introduction of the business forum chat group saw Metro Security guards working even harder than before. In fact, it yielded a minimum of two apprehensions per day.

The sad news is that at the end of this private security service contract on 31 August 2018, this service will not be renewed as the municipality sees it as a duplication of services. This comes at a time when the MBDA has been given the task of area management for the area abutted by Strand Street, Russell Road, Rink Street and Brickmakers kloof/Lower Valley Road. It is anticipated that there will be a huge gap in terms of security for the CBD and Central, with only a few members from the Metro Police/NMBM Security Services patrolling.

3.2.3 Informal trade regulation

Informal street trading is often associated with visual unpleasantness, littering, obstruction, crime, unhygienic surroundings and infrastructural decay. However, informal trade is the livelihood of many individuals, households and communities living on the periphery of society and in the shadow of the formal economy. With this understanding in mind, the MBDA is committed to creating appropriate spaces where vendors can trade to earn a living.

In the period under review, the MBDA's approach and work has solicited strong and positive endorsement from establishments such as the Nelson Mandela University's Faculty of Law which

highlighted the way the MBDA regulates and manages informal trading in the CBD of Port Elizabeth to ensure fairness and transparency.

In a bid to ensure that informal traders tap into economic opportunities in the Uitenhage area, the MBDA created the Uitenhage CBD Uncedo Taxi Rank. During the period under review, 25 trolleys, which will be used to provide after-hours storage for the vendors, were procured and branded. These trolleys will be handed over to informal traders in the new financial year.

Due to several businesses closing in Govan Mbeki Avenue and the perceived notion that the area is unsafe, the MBDA together with the NMBM, organised business and other relevant stakeholders have embarked on hosting dialogues, public participation sessions and studies to determine the cause of the perceived exodus and challenge each other to find new and innovative ways to attract people and tourists to the city centre.

3.2.4 Special rating areas

A special rating area (SRA) is an area in which property owners agree to pay a small additional amount in rates. These funds are then used to provide extra security and cleansing services. This allows property values to be maintained and/or improved and occupants to be safeguarded.

The MBDA has embarked on introducing SRAs in a bid to continue promoting economic development in areas prone to urban decay. Based on international best practices, the Metro's first SRA was established in Richmond Hill in the 2014/15 financial year.

Richmond Hill is one of the Metro's oldest suburbs and has seen significant redevelopment over the last five years. Driven exclusively by private investment, with the institutional support of the MBDA, small-scale urban renewal has occurred which has seen the introduction of a number of new businesses into the area – particularly restaurants – around Stanley Street. The introduction of these restaurants to the area has also helped to stimulate the redevelopment of the surrounding residential area. Local residents have made a number of improvements to their properties, which have led to a corresponding increase in property values.

In the period under review, the MBDA can report that based on empirical observations the SRA is doing well with a visible improvement on maintenance and improvements to properties, a reduction in crime, and a more aesthetic setting through litter removal.

This has encouraged the Central community with the help of the MBDA to embark on the process of establishing their own SRA. To date several public participation meetings have been held and the proposed area boundary has been agreed upon.

Through commitment by some property/business owners an interim committee was elected to drive this process and engage all the relevant municipal/government authorities to ensure the establishment of their own SRA.

Currently they are busy with the consenting process and have also created their own website where all their information is posted and where consenting can be done.

This process has been delayed due to most property owners not residing in Central, but the MBDA continues to work with the relevant stakeholders to see this initiative through. The MBDA has committed to assist with logistics/resources that would contribute to realising the Central SRA.

Furthermore, the success of the SRA model has resulted in home owners and property investors in Mount Croix, Walmer Heights and Walmer Links starting applications for SRAs, with the help of the MBDA.

3.2.5 Mobile parking meters

This initiative could not be continued, since the NMBM Traffic Department has been mandated to roll out the project. Since the MBDA is charged with the area management of the CBD and Central, the agency will nonetheless continue to ensure that public parking spaces are utilised effectively and efficiently, and that revenue is generated out of this public resource.

3.2.6 Final remarks

In the 2017/18 financial year, excellent strides were made to proactively maintain current projects, and to implement support mechanisms that both complement and supplement the work of the parent municipality. The MBDA is agile and strategically positioned to manage and maintain various operational programmes that are directly and indirectly linked to its mandate. It is positioned as an implementation agent of projects improving investment, aestheticism, tourism and city security and safety, which improve existing and new/alternative income streams for the city. This work is likely to escalate in the coming financial years.

3.3 Marketing and communications

The marketing and communications department is responsible for the provision of marketing, communications, events and corporate social investment services to relevant internal and external stakeholders.

3.3.1 Front of house

The team is continuously looking at various ways to manage and improve the front of house operation, which includes the reception and meeting facilities. We recently piloted a new call management system that channeled calls to specific departments, freeing up reception to deal with walk-in visitors. A decision has since been taken to put the system on hold due to some shortcomings identified. We are planning to introduce a new visitor feedback system via touch screen technology (tablets) as well as traditional suggestion boxes at key points of service.

3.3.2 The Tramways Events Centre

The team has worked hard at establishing the Tramways as an ideal venue for bespoke events. Demand for the venue is driven through visitor experience, which means those who attend events here return to book themselves. The diversity of events is also welcomed with the Tramways Events Centre hosting weddings, fashion expos, youth talks, training workshops, motor vehicle launches, markets, high teas and many more.

3.3.3 The Campanile

This is the second facility that is operated and promoted by the Marketing team. Operations at the Campanile include the provision of tour guide services, complemented by tourism ambassadors. A brochure marketing the Campanile has been produced and distributed in partnership with Nelson Mandela Bay Tourism. The mandate to operate the Campanile from the NMBM expired at the end of June 2018.

3.3.4 Implementation of Special Projects

E-Mobility project

The eMobility project is a national initiative run by our local Nelson Mandela University aimed at preparing South Africa for future mobility trends. The MBDA was invited to this project by the Nelson Mandela University and the Nelson Mandela Bay Business Chamber, whom initially aimed at facilitating an international event. Since then the team has agreed to focus on three key initiatives.

The three main initiatives that are underway include:

1. Mobility month conference at Nelson Mandela University in October;
2. The Sasol Solar Challenge on 24 September; and
3. MBDA Tuk-Tuk conversion to battery- and solar-powered units.

- **Mobility Month planned for October 2018**

This initiative is earmarked for October 2018 during SA's Transport Month. Nelson Mandela University will host major speakers around electric vehicle development and research. On the periphery, the MBDA and the Business Chamber will host various public exhibitions with electric vehicles, e-bikes, Segway's and other items. Planning for this exhibition reached 70% during the current year in review.

- **Sasol Solar Challenge – Nelson Mandela Bay**

This event is part of a national tour featuring a fleet of local and international solar powered "race cars". The cars will arrive in Port Elizabeth on 24 September and leave on 25 September. Planning for this exhibition reached 70% during the current year in review.

- **Tuk-Tuk conversion and charging station**

The MBDA through a renewed MOU with the Nelson Mandela University is about to launch the converted and branded electric powered Tuk-Tuk as a catalytic project to stimulate buy-in and adoption of alternative mobility platforms. These units, when completed, will be deployed for tourism ambassadorial services, NMB Science Centre outreach programs and other initiatives that build on the SMART City agenda.

Advanced Manufacturing / Composites cluster

The marketing department, in partnership with the NMB Science Centre and NMB Stadium team, is collaborating with a Nelson Mandela Bay Composites Cluster-led event planned for South Africa in November. The African Advanced Manufacturing and Composite Show is an offshoot of a similar initiative hosted in Paris annually. Some of the leading alternative materials and composites industry leaders will be in South Africa to share best practice, as well as seek investment partnerships. More details to follow. Planning for this exhibition reached 60% during the current year in review.

3.3.5 Corporate Social Investment

The MBDA facilitates support for deserving community-led initiatives through a board-approved CSI policy. The Agency's management team is tasked through this policy to oversee its implementation and support of many non-profit initiatives. Most of beneficiary organizations are based in the townships of the Bay spanning from Early Child Development Centers to Sports Development initiatives. The assistance provided usually transcends the financial arrangement and often leads to capacity building, mentoring and facilitating additional partnerships with the private sector. To date an amount of R7 000 000 has been disbursed to various causes.

3.4 Nelson Mandela Bay Stadium

This report will highlight the Nelson Mandela Bay Stadium’s new strategic foundation, illustrated through its performance for the period under review. The Stadium’s performance is measured through outputs determined by an annual planning process, which sets targets for the year. The Nelson Mandela Bay Stadium is continuing to raise the bar with new events and initiatives, leveraging the city’s most iconic real-estate asset as a flagship multi-purpose indoor and outdoor venue.

While the facility remains rooted in sport, it continues to focus on staying the preferred and go-to destination for sport, arts, culture, recreational events and conferences in NMB. During the review period, stadium management forged a new vision for the largest real estate asset in the city – to transform it into a working investment on behalf ratepayers and residents of NMB.

The Nelson Mandela Bay Stadium’s core focus is to position itself as a multipurpose stadium capable of offering a one-stop shop – generating sales opportunities for the business to grow through various income streams.

3.4.1 2017/18 Events

Mandela Bay Development Agency - Stadium				
Nelson Mandela Bay Stadium Events History - 2018				
Event Name	Event Type	Event Date	Attendance	Organiser
Southern Kings vs Toyota Cheetahs	Rugby	13 January 2018	6 711	Southern Kings
Chippa United vs Bidvest Wits	Soccer	14 January 2018	6 105	Chippa United FC
Chippa United vs Golden Arrows	Soccer	21 January 2018	3 933	Chippa United FC
Chippa United vs Platinum Stars	Soccer	04 February 2018	4 030	Chippa United FC
Chippa United vs Orlando Pirates	Soccer	25 February 2018	24 375	Chippa United FC
Southern Kings vs Dragons	Rugby	02 March 2018	4 574	Southern Kings
NMB Mountain Bike Challenge	Cycling	04 March 2018	no headcount	NMB Stadium
Southern Kings vs Benetton	Rugby	24 March 2018	4 193	Southern Kings
Presenter Search on 3	Auditions	25 March 2018	no headcount	Cardova
Kaizer Chiefs vs Baroka FC	Soccer	31 March 2018	8 844	PSL - Nedbank QF
Southern Kings vs Cardiff Blues	Rugby	14 April 2018	3 796	Southern Kings
Chippa United vs Ajax Cape Town	Soccer	15 April 2018	3 316	Chippa United FC
Spar Trade Show	Trade Show/Exhibition	19 April 2018	no headcount	Spar
Southern Kings vs Toyota Cheetahs	Rugby	28 April 2018	4 179	Southern Kings
			74 056	

Mandela Bay Development Agency - Stadium

Nelson Mandela Bay Stadium Events History - 2017

Event Name	Event Type	Event Date	Attendance	Organiser
Chippa United vs Baroka FC	Soccer	07 February 2017	3 095	CUFC
Southern Kings vs SWD Eagles (friendly)	Rugby	11 February 2017	743	Kings
Southern Kings vs Jaguares	Rugby	25 February 2017	2 226	Kings
Working World Expo	Exhibition	28 Feb-02 Mar 2017	no headcount	Inkanyezi
Southern Kings vs Stormers	Rugby	11 March 2017	9 938	Kings
Chippa United vs Witbank Spurs (Nedbank 32)	Soccer	15 March 2017	1 073	PSL
Southern Kings vs Lions	Rugby	25 March 2017	4 733	Kings
Chippa United vs Polokwane City (Nedbank 16)	Soccer	08 April 2017	1 922	PSL
Chippa United vs Polokwane City	Soccer	11 April 2017	2 590	CUFC
Chippa United vs Jomo Cosmos (Nedbank 8)	Soccer	22 April 2017	2 819	PSL
Chippa United vs Maritzburg United	Soccer	25 April 2017	2 963	CUFC
Southern Kings vs Melbourne Rebels	Rugby	29 April 2017	4 434	Kings
Southern Kings vs Sharks	Rugby	13 May 2017	15 258	Kings
Chippa United vs Supersport United	Soccer	17 May 2017	7 658	CUFC
Southern Kings vs Brumbies	Rugby	20 May 2017	16 455	Kings
Business Night relay	Relay	30 May 2017	no headcount	Zsports
Business Night relay	Relay	27 June 2017	no headcount	Zsports
Southern Kings vs Cheetahs	Rugby	14 July 2017	10 053	Kings
Business Night relay	Relay	25 July 2017	no headcount	Zsports
SA vs Argentina	Rugby	19 August 2017	42 513	SARU
Chippa United vs Amazulu	Soccer	22 August 2017	1 400	Chippa United
Chippa United vs Baroka FC	Soccer	12 September 2017	6 299	Chippa
Southern Kings vs Leinster	PRO 14 - Rugby	16 September 2017	3 011	Kings
Southern Kings vs Zebre	PRO 14 - Rugby	23 September 2017	4 062	Kings
Chippa United vs Bloem Celtic	Soccer	24 September 2017	5 282	Chippa United
Chippa United vs Maritzburg United	Soccer	18 October 2017	3 189	Chippa United
Night Club		07 October 2017		
Jehova's Witness		20-22nd October	18 484	
Color Run	Relay	29 October 2017	4 000	Z Sport
TKO Quarter Final: Chippa United vs Chiefs	Soccer	05 November 2017	32 726	PSL/Telkom
Chippa United vs Sundowns	Soccer	25 November 2017	17 789	
Kings vs Scarlets	Rugby	26 November 2017	3 619	
Kings vs Edinburgh	Rugby	01 December 2017	3 600	
Chippa United vs Kaizer Chiefs	Soccer	06 December 2017	14 997	
Chippa United vs Polokwane City	Soccer	16 December 2017	1 910	
Ebubeleni Music Festival	Concerts	30 December 2017	17 632	
			266 473	

3.4.2 Recruitment process

The Nelson Mandela Bay Stadium implemented structural changes due to its new business strategy. The changes were based on operational requirements necessary to deliver the NMB Stadium’s new mandate, while eliminating duplication or inefficiencies and aligning outcomes, policies, and regulatory approaches.

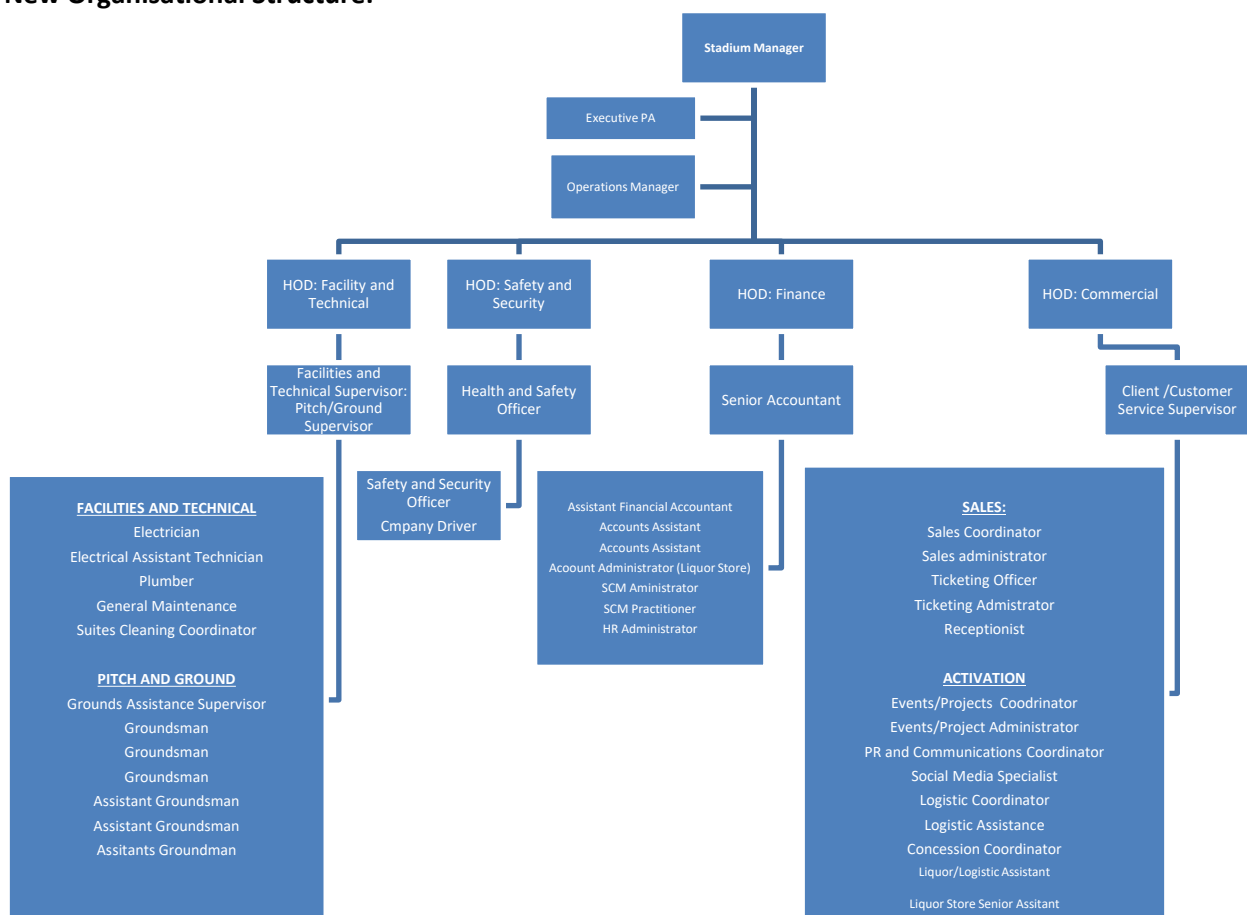
The realignment of the organisational structure was also necessitated by the change in management of the NMB Stadium from a private sector operator to the MBDA. When the MBDA took charge of the operations the agency offered staff members (then working for the private operator) twelve-month temporary employment contracts (effective from 01 July 2017, ending 30 June 2018) pending the approval (from the MBDA Board) of the new appropriate organisational structure and operational requirements.

The new operational model for the stadium for 2018 has the following divisions:

1. Finance
2. Technical and Facility
3. Commercial
4. Safety

The Food and Beverage division is no longer operational, and some of these responsibilities have been assumed by the Commercial division. The new model outsources the catering aspects of the business – this is expected to significantly reduce various cost margins.

New Organisational Structure:



3.4.3 Service Level Agreement

With the current mandate in place, the MBDA continues to engage with the NMBM to gain approval on the Service Level Agreement and long-term vision of the Nelson Mandela Bay Stadium by Council and other relevant stakeholders.

3.4.4 Operational Focus

The NMB Stadium's medium-term goal is to create an environment where the stadium becomes a focal point and desired destination for new and exciting events. To achieve this goal, Stadium management plans to form strategic partnerships that enhance the stadium brand, inspire innovation, and create unique opportunities to grow the value asset.

The Nelson Mandela Bay Stadium is almost ten years old and infrastructural and technical maintenance have become imperative. The following items are due for upgrades and/or repair:

- Big Screen
- CCTV Cameras
- Roof Panels
- Pitch Repair (including B- and C-fields)
- Corrosion

Temporary measures have been executed resulting in some budgetary relief. The above-mentioned fields due for an upgrade will be concluded in the next financial year 2019/2020.

3.4.5 Stadium Projects

Innovation has a significant impact on an organisation's competitive advantage, and the NMB Stadium's aim is to enhance the fan experience through product innovations.

Green hub

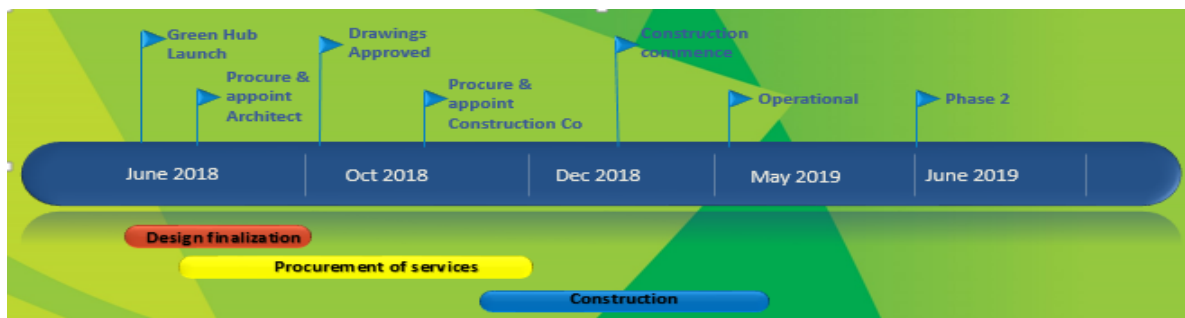
Stadium management, in partnership with The Waste Trade Company (TWTC), will develop a community recycling Hub at the Nelson Mandela Bay Stadium in Port Elizabeth.

The Mission of The Green Hub is to create value for all stakeholders by:

- Educating the community about good environmental practice;
- Promoting recycling to ensure a safe and healthy environment for the NMB Stadium, surrounding industry and communities; and
- Create a safe opportunity for the community to better their environment.

This project will serve as a vehicle for the NMB Stadium to connect with surrounding stakeholders by:

- Implementing a self-sustainable recycling hub that creates value for the community;
- Offering a safe recycling hub for community members to make use of; and
- Providing a platform for community upliftment by cultivating relationships between the NMB Stadium and industry.



Greenhub Project timeline

Museum

The Nelson Mandela Bay Stadium has appointed SVA International to assist with the architectural design and implementation of a brand-new Sports Museum to be housed in the existing stadium. The role of the museum will be to collect sport, recreational, art and cultural objects and materials which have historical importance; preserve and present these to the public for the purpose of education and enjoyment.

There is a strong, positive emotional attachment to museums – particularly younger generations who see them as entertaining, interactive and educational. The area to be developed into the new Museum is an existing event space, located on the 5th floor of the stadium’s North wing.

Museum Timeline:

Phase 1 - Securing of Service Providers	30 June 2018
Phase 2 – Design	31 July 2018
Phase 3 – Building and Installation	30 October 2018
Phase 4 – Procuring memorabilia	30 November 2018
Phase 5 – Completion	06 January 2019

3.4.6 Notable success stories

The Nelson Mandela Bay Stadium has experienced an exciting year with several new sport, recreational, art and cultural events added to the stadium’s calendar for the first time. These events include the hosting of the Color Run, hosting a successful music festival: Ebubeleni, as well as the introduction of stadium-owned events like the Mountain Bike Challenge, Russia in 90 minutes: Watch Party, and NMB Stadium Night Club. Infrastructural developments for the year include the NMB Stadium’s reception area and the launch of a new stadium website.

3.4.7 Future developments and exciting events

The Nelson Mandela Bay Stadium has the ability and proven track record to attract leading domestic and international events to Port Elizabeth. A key focus of development in the future will be the stadium precinct. Pending the outcomes of future feasibility and environmental impact assessment studies, the precinct development will include an office and retail complex, boutique hotel on the lakeside, as well as a high-performance sports centre and team headquarters next to the precinct B- and C-fields.

- **Event Day App**

As part of turning fans into customers by positioning the Nelson Mandela Bay Stadium as the epitome of convenience and the ultimate entertainment facility, the stadium management plans to launch a stadium Event Day App.

The App will be beneficial to spectators as it will assist them with:

- Directions around the stadium precinct
- Player stats and information
- Ticket Sales/Purchases
- Seat Upgrades
- Fan Engagement

This innovation will impact the stadium's value proposition to its stakeholders by having increased customer appeal – and it is envisaged that it will increase the stadium's revenue accordingly.

- **PSL Fixtures**

Chippa United kicked-off the Premier Soccer League with a home fixture against Orlando Pirates on 8 August 2018. This was only the beginning of an action-packed upcoming soccer season as months of planning and lobbying for top flight football in the city bears fruit. The NMB Stadium is also expected to host the Telkom Cup final in December.

- **PRO14 Tournament and Rugby Test Match**

The rugby calendar is set to be a hive of activity from August 2018 through to April 2019. The NMB Stadium is gearing up for a promising feast of rugby as we prepare to once again host the PRO14 tournament and the major international test between South Africa and Australia scheduled for 29 September 2018.

- **African Advanced Manufacturing and Composite Show**

From 7 to 10 November the Nelson Mandela Bay Stadium will host the African Advanced Manufacturing and Composite Show (AAM&CS) – a first of its kind on the African continent. The AAM&CS is anticipated to be Africa's most comprehensive, dynamic trading and networking show for technology, products and services in Advanced Manufacturing.

3.4.8 Final remarks

The MBDA believes that collective efforts can ensure that the NMB Stadium maintains its status and performs its role as a critical centre-point for economic development, community building and social cohesion, sports development, and events.

A new 5-year plan will be developed to align the NMB Stadium with global trends and standards. The main aim of the plan is to enhance the fan experience through technological and product innovations, allowing the facility to remain competitive. Support from the NMBM, as well as the private sector, will be required.

3.5 Nelson Mandela Bay Science & Technology Centre

Following the dissolution of the Uitenhage Despatch Development Initiative (UDDI), the NMBM mandated the MBDA to take over the Science Centre operations. The year 2017/18 has been a challenging year for the Science Centre with its transitioning into the new entity.

The primary objective of the Science Centre is to provide access to Science, Technology, Engineering and Mathematics (STEM) focusing on the poorly-resourced schools around the Uitenhage and Despatch area.

The Science Centre has 4 key fundamental goals:

- To expose learners to career opportunities in STEM;
- To provide educational support programmes focusing on STEM to teachers and learners;
- To identify and nurture poorly-resourced schools in the region;
- To be a centre where the community - both adults and children alike - can explore, experience and learn about STEM in an interactive and exciting way.

The Centre's programmes consist of science awareness programmes and educational support programmes which complement formal teaching and learning of STEM. The programmes include Outreach Programmes, Holiday Programmes, Science Centre Tours, Curriculum Support Programmes and Career support programmes.

3.5.1 Key Highlights for 2017/2018:

- A total of 872 learners, 20 educators and 286 community members were reached during National Science Week which was held on from 7 to 11 August 2017.
- The Centre successfully hosted "Africa Code" which was aimed at teaching learners how to code and expose them to the different careers which exist within this field. 153 learners participated in the programme.
- The Centre had 6 027 visitors over the period under review.
- 1 922 learners were reached through the Outreach programme.
- The Centre partnered with the Eskom Expo for Young Scientists and provided training to 31 learners (from poorly resourced schools) in preparation for the Eskom Expo for Young Scientists competition.
- 143 local Grade 12 learners were sent to an Open Day through the Career Support Programme.
- In partnership with the Department of Science & Technology (DST)'s Youth into Science Programme, five graduates were provided with professional work experience and coaching in preparation for the next step in their careers.

Section 04: Organisational development performance

The MBDA's organisational performance is managed by reporting and accounting to the NMBM performance management unit. This reporting includes quarterly target reports along with a portfolio of evidence. As can be ascertained from the above report, performance on our projects was not optimal. This was largely due to four key performance indicators being deleted from the Annual Performance Plan during the year due to various challenges being faced on the projects and activities in question.

It must be further noted that only the Agency's institutional key performance indicators are reflected in the report, as these also formed part of the NMBM's Service Delivery Budget Implementation Plan for 2017/18.

The MBDA Annual Performance Report tabled separately in the pack, reports on the Agency's annual performance for the 2016/17 period against quarterly targets for its institutional key performance indicators.

ATTACHED

4.1 Human resources

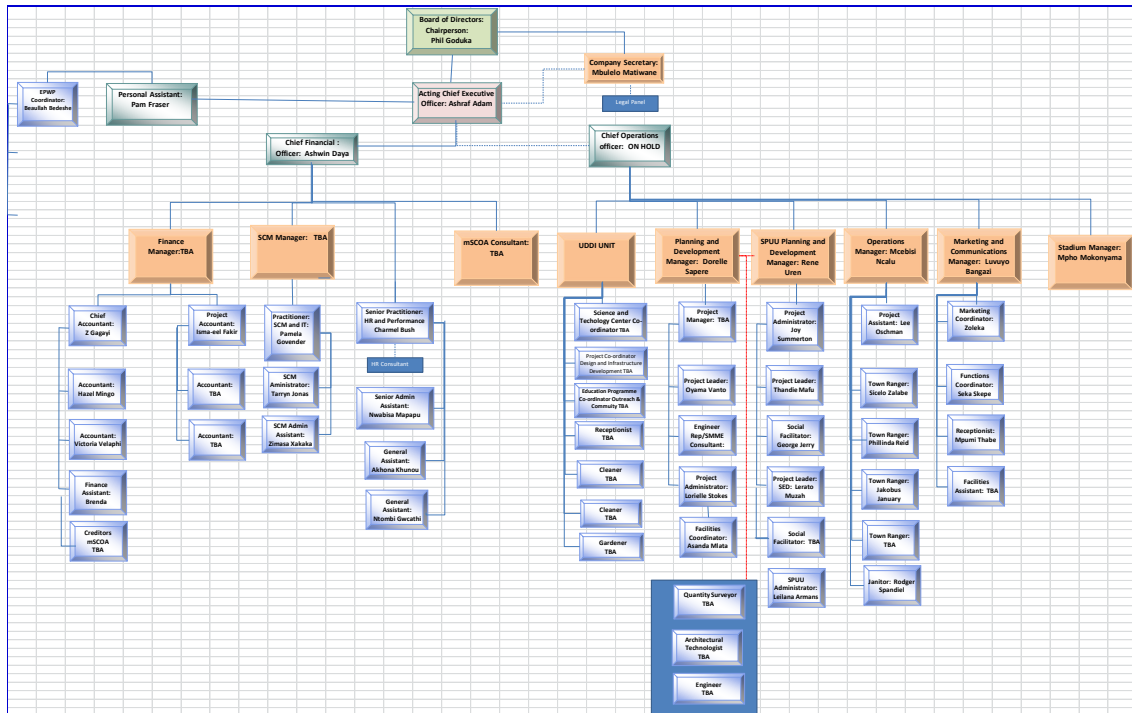
During the 2017/18 period, the MBDA staff complement as of 30 June 2018, and as per employment equity principles, is reflected in diagram 6 below:

Occupational Levels	Male				Female				Foreign National		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
Top Management (TASK 23-26)	0	0	0	0	0	0	0	0	0	0	0
Senior Management (TASK 18-22)	1	0	2		0	0	0	0	3	0	3
Professionally qualified and experienced specialists and mid-management` (TASK 14-17)	4	1	0	3	2	4	0	1	8	7	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (TASK 9-13)	5	4	2	8	1 1	4	2	1	19	18	37
Semi-skilled and discretionary decision making (TASK 4-8)	7	4	0	1	1 3	7	0	1	12	21	33
Unskilled and defined decision making (TASK 1-3)	1 6	2	0	0	1 3	3	0	0	18	16	34
TOTAL EMPLOYEES											
TOTAL PERMANENT											
TEMPORARY EMPLOYEES											
GRAND TOTAL	3 3	1 1	4	1 2	3 9	1 8	2	3	60	62	122

MBDA staff complement – June 2018

4.2 Organisational structure

The MBDA staff organogram as of 30 June 2017 is reflected in diagram 7 below.



Audit Committee's Chairperson report

The purpose of this report is to present the Audit Committee's progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2018.

Terms of reference

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Board on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; accounting policies; performance management and evaluation; effective governance; compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipal entity.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to the council of the parent municipality and the board of directors on matters raised by the Auditor General of South Africa (AGSA) and carry out investigations into the financial affairs of the municipal entity.

Composition of the Audit Committee and attendance

The Audit Committee comprises five independent members. The Accounting Officer, Internal Audit (of the parent municipality) and the AGSA have standing invitations to all committee meetings. An independent member chairs the committee. Both the internal and external auditors have unrestricted access to the Audit Committee. During the year ending 30 June 2018, the Audit Committee held meetings comprising of 4 ordinary meetings and 1 special meeting.

Name of members	Appointed	Total number of meetings 2017 - 2018	Number of meetings attended 2017 - 2018
Michelle Wait	26 September 2016	5	5
Greg Billson	9 June 2017	5	4
Stephen Nel	2007	5	3
Nevel Smith	26 September 2016	5	5
Hubert Fischat	26 September 2016	5	5

Dates are as follows:

30 August 2017	Quarterly
21 November 2017	Quarterly
19 January 2018	Special
19 February 2018	Quarterly
18 May 2018	Quarterly

Internal financial control and internal audits

The Internal Audit unit is a shared service from the parent municipality. A separate internal audit plan was prepared for the MBDA towards the end of the 2017/18 financial year. Up until that point, it was incorporated into that of the parent municipality. The Audit Committee recommended that the Internal Audit unit prepares a separate risk-based audit plan for the MBDA and considers the appropriate timing for each planned project. This was effectively done during May 2018.

The following internal audit projects were completed during the year under review:

- Performance management system audits: 4th quarter 2017/18
- Controls review and follow up review: Project management
- Controls review and follow up review: Cash Management – NMBM Stadium
- Controls review and follow up review: Interim financial statements at 31 March 2018
- Review of Annual financial statements for the year ended 30 June 2018

The below internal audit project was still in progress:

- Controls review and follow up review: Supply chain management

In addition, the following documents were reviewed by Internal Audit and approved by the Audit Committee during the 2017/18 year:

- Audit Committee Charter

Internal audit action plans were not adequately monitored by management to address the findings raised and this should be implemented immediately.

External audit action plans were monitored by management and reported on quarterly to the Audit Committee.

The Internal Audit and Audit Committee reviewed the annual financial statements prior to submission to the AGSA. There were many changes suggested, however, it must be noted that we were unable to check if all the required changes were adequately addressed as a result of timing of the meeting in relation to submission to AGSA.

The AGSA presented the audit report to the Audit Committee as unqualified, with compliance findings. The Audit Committee concurs with the conclusion of the AGSA on the annual financial statements.

Risk management

The Audit Committee recommended that the entity incorporates its risk management processes with that of the parent municipality. This was implemented during the year under review and thus the same risk assessment process is now followed by the MBDA as that of the parent municipality. The strategic risk register was updated during the year and is now monitored on a quarterly basis as part of the risk management process and presented to the Risk Committee of the parent municipality as well as the MBDA's Audit Committee.

The appointment of a new Chief Executive Officer on 1 February 2018 has created stability within the entity. It must also be noted that the service level agreement for managing the NMB stadium had still not been finalised by 30 June 2018.

Financial reporting

There were material adjustments made to the annual financial statements submitted to the AGSA. This was mainly due to the annual financial statements not being prepared timeously to allow for enough reviews to be done. The audit committee concurs with the AGSA audit opinion.

Performance management and evaluation

The performance management system remains good with no findings reported by the AGSA. It must however be noted that many planned projects were not completed during the year under review, resulting in a huge grant underspend.

Effective governance

The lack of policies and procedures at the NMB stadium as well as outdated policies and procedures at MBDA is an area of concern and which requires urgent attention.

Compliance

During the year under review management starting using a tool to monitor compliance with MFMA, HR and performance management. This is reported on quarterly to the Audit Committee with no material findings noted.

Conclusion

Significant progress was made during the financial year in addressing internal audit and risk management weaknesses. Senior management should continually promote a culture in which administrative controls are constantly improved upon and where evidence of accountability and consequence management remains a key focus.

Michelle Wait
Chairperson: Audit Committee

Section 05: Audit report and annual financial statements

- 5.1 Report of the Auditor General (to be finalised)
- 5.2 Director's Report
- 5.3 Statement of Financial Position
- 5.4 Statement of Financial Performance
- 5.5 Statement of Changes in Net Assets
- 5.6 Statement of Cash Flows
- 5.7 Statement of Comparison of Budget to Actual amounts
- 5.8 Notes to the Annual Financial Statements



VOLUME V
(PART 2)

MBDA – Performance Report

INTERPRETATION OF TRAFFIC LIGHTS AND OVERALL ACHIEVEMENT	
Over Achieved	100% progress towards achievement of target
Achieved	75% progress towards achievement of target
Partially achieved	50% progress towards achievement of target
Not achieved	Below 50% progress towards achievement of target

MBDA 2017/18 FOURTH QUARTER PERFORMANCE REPORT

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	KPI NO	KEY PERFORMANCE INDICATOR	2017/18 QUARTERLY TARGETS			ACTUAL - QUARTER ENDING 30 JUNE 2018	ACHIEVEMENT STATUS	COMMENTS IF TARGET WAS NOT MET, PLEASE GIVE REASONS WHY; INDICATE WHEN THE TARGET WILL BE MET AND SUPPLY MITIGATING MEASURES THAT WILL BE IMPLEMENTED TO MEET THE TARGET
				TARGET - QUARTER ENDING 30 SEPTEMBER 2017	TARGET - QUARTER ENDING 31 DECEMBER 2017	TARGET - QUARTER ENDING 31 MARCH 2018			
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	1	% completion of Flemming Street and North Union Street Upgrade (Baakens Valley Precinct)	15%	30%	60%	100%	Over achieved	WORK DONE: The Flemming Street and North Union Street Upgrade (Baakens Valley Precinct) is 100% complete. The 100% completion is made up of the following: Street lights completed, paving, irrigation system, traffic circle in lower valley road, road signs, exposed aggregates side walk, road kerbs and boom gate. REASON FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to contingencies such as natural, social and technical factors interplaying project implementation were factored into the planning of this project. The smooth implementation of the project can be attributed to the fact that no such contingencies were experienced during project implementation. As a result, the project was smoothly executed. The contractor who achieved practical completion is currently doing minor repairs from a snag list submitted by the consultant after inspection was done on 20 March 2018. Furthermore the project was fast tracked with no additional costs.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	2	% completion of planning and regulatory approvals for the Baakens Pedestrian Bridge construction	10%	25%	75%	100%	Achieved	WORK DONE: The planning and regulatory approvals for the Baakens Pedestrian Bridge construction is 100% complete.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	3	% completion of St Pieters environmental Rehabilitation (Baakens Valley Precinct)	Scopes of work finalised and tender prepared	Contractor appointed	50%	70%	Partially achieved	WORK DONE: The St Pieters environmental Rehabilitation (Baakens Valley Precinct) is 70% complete. REASON FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator due to the fact that the tender documents were based on a particular material that increased the tender and in a process of negotiations was followed, a revised tender amount was agreed upon in February 2018. The revised tender amount and evaluation report to be resubmitted for tabling at the adjudication committee for approval. After approval of the report, a waiting period of 14 days for objections on the appointed tenderer was undergone. The contractor commenced on site and the structural engineer had to revise the tender drawings, the details and the specifications to suit the new approved material after commencement. CORRECTIVE ACTION / MITIGATION: In order to mitigate the underperformance reported against this Key Performance Indicator, the contractor achieved practical completion on the 13 July, additional work (landscaping) was issued to the contractor. Due to the delay experienced with the Nelson Mandela Bay Municipality with the connection of the electricity, the contractor was given additional time for the completed installation of the luminaires.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	4	% completion of South End mixed use precinct development (Baakens Valley Precinct)	Conceptual plan in place and public participation commenced	Contractor appointed	30%	0%	Not achieved	WORK DONE: During the period under review, a cancellation letter was issued to the contractor. South End Mixed Use Documentation and a data collection commenced, in preparation of rezoning application. No-go areas identified (biodiversity, floodlines, heritage). Preparation has commenced for the public participation process. Specialist studies regarding Heritage and Traffic Impact Assessment has proceeded. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the Ellis Street Project being cancelled due to invalidity of lease agreements, properties not listed on the Nelson Mandela Bay Municipality asset register and the high value expenditures on the properties for rectification works. CORRECTIVE ACTION / MITIGATION: In order to mitigate the underperformance reported against this Key Performance Indicator, Mandela Bay Development Agency intends to generate a checklist to confirm all required details in place before commencing with tender specifications are formulated.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	5	% completion of Telkom Park/ Boel Erasmus Stadium demolition	Environmental Impact Assessment (EIA) basic assessment submitted to the Municipality and "Heritage Impact Assessment (HIA) Intent to Develop" submitted to the Heritage Association	Tender document prepared	Tender advertised	16%	Partially achieved	WORK DONE: The Telkom Park/ Boel Erasmus Stadium is 16% complete. The contractor has been appointed and the demolition permit has been received. The first site meeting was held on 26 June 2018. Site establishment commenced, and the site was fenced for safety. All hazardous waste procedures were approved and removal process commenced. REASON FOR OVERPERFORMANCE: The reason for underperformance reported against this Key Performance Indicator is attributed to delays in environmental authorisations and issues experienced due to late approval of the adjustment budget.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	6	% completion of the Nelson Mandela Bay Metropolitan Stadium Precinct development	Consultant appointed	10%	30%	100%	Achieved	WORK DONE: The Nelson Mandela Bay Metropolitan Stadium Precinct Plan is 100% complete. The plan was submitted to be tabled at the next Board meeting to be held on 27 August 2018.

MBDA 2017/18 FOURTH QUARTER PERFORMANCE REPORT

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	KPI NO	KEY PERFORMANCE INDICATOR	2017/18 QUARTERLY TARGETS				ACTUAL - QUARTER ENDING 30 JUNE 2018	ACHIEVEMENT STATUS	COMMENTS (IF TARGET WAS NOT MET, PLEASE GIVE REASONS WHY; INDICATE WHEN THE TARGET WILL BE MET AND SUPPLY MITIGATING MEASURES THAT WILL BE IMPLEMENTED TO MEET THE TARGET)
				TARGET - QUARTER ENDING 30 SEPTEMBER 2017	TARGET - QUARTER ENDING 31 DECEMBER 2017	TARGET - QUARTER ENDING 31 MARCH 2018	TARGET - QUARTER ENDING 30 JUNE 2018			
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	7	% completion of Helenvale precinct areas upgrade	70%	100% construction of 3 Pedestrian walkways by December 2017	N/A	N/A	69%	Partially achieved	WORK DONE: As at 30 June 2018, the 3 pedestrian walkways was 68.6% complete. The Pedestrian Walkways under direct award through Counter funding has been finalised. Appointment letters have been issued to the contractor. Concurrent appointment for Electrical Engineers and Electrical Contractor has been made to commence with the Pedestrian Strengthening project on the site. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to delays experienced in financial approvals and the request for variation to fund the total costs remaining for the completion of the Pedestrian Sidewalks (3 School-to-home routes). CORRECTIVE ACTION / MITIGATION: All on site work is planned to be completed by September 2018. Ensuring that all administrative & compliance matters in terms of Supply Chain Management will be obtained for the appointment of all the service providers, consultants and contractors for the scope of work.
				Tender specification drafted	5%	15%	50% construction of sportsfield	0%	Not achieved	WORK DONE: During the period under review, 100% of the Planning Phase was completed, however, 0% of the Construction/Implementation Phase was completed. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the fact that the implementation is subject to KIW (the German Development Bank) approving the SPUU Helenvale Extension Phase. The previous Contract was terminated by the Principal Contractor due to unsafe working conditions. The scope of work was revised and expanded based on additional needs identified by the Helenvale Community. The revised scope therefore includes the upgrading of the Soccer & Rugby Pitches, Change Rooms, Parking, Clear vtu fencing & moving of the set of Floodlights. This rescope of work has been submitted to KIW (the German Development Bank) for non-objection. Awaiting approval in order to commence the SCM process. CORRECTIVE ACTION / MITIGATION: Although KIW (the German Development Bank) extension of partnership is not finalised, all planning was accelerated and is in process of being expedited/finalised.
				Tender specification drafted	5%	15%	50% construction of physical infrastructure and 3 school sportsfields	0%	Not achieved	WORK DONE: During the period under review, 100% of the Planning Phase was completed, however, 0% of the Construction/Implementation Phase was completed. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the fact that the implementation is subject to KIW (the German Development Bank) approving the SPUU Helenvale Extension Phase. The scope of work has been revised from an initial single package Capex Project, to multi-packaged projects to provide more opportunity for local SMMEs/EMEs to participate in the open tender process. The project is currently awaiting non-objection from KIW (The German Development Bank). CORRECTIVE ACTION / MITIGATION: Performance is set to accelerate once on site work commences.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	8	% completion of the Singaphi Street / Red Location precinct development	80%	85%	90%	95% (Phase3)	100%	Over achieved	WORK DONE: As at 30 June 2018, the Singaphi Street / Red Location precinct development was 100% complete. Project achieved Practical Completion. Retention for Phase 3 and close out will be concluded in December 2018. REASON FOR OVERPERFORMANCE: The reason for overperformance reported against this Key Performance Indicator are attributed to the fact that contingencies such as natural, social and technical factors interrupting project implementation were factored into the planning of this project. The smooth implementation of the project can be attributed to the fact that no such contingencies were experienced during project implementation. As a result, the project was smoothly executed.
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	9	Finalising conditional assessment and construction tender processes for the upgrade of Uitenhage Rail Shed (Phase 1)	Approval to develop the Uitenhage Rail Shed precinct obtained from the Municipality	Professional team appointed and the Rail Shed condition assessment completed	Construction tender advertised	Preferred contractor identified	Target not met	Not achieved	WORK DONE: As at 30 June 2018, the conditional assessment not did not commence. REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to a formal objection received against the tendering process, and the fact that the preferred bidder appointment was placed on hold. CORRECTIVE ACTION / MITIGATION: A preliminary conditional assessment and cost estimate has been prepared internally by the MBDA. A decision was made to call for services of a structural engineer to do the full conditional assessment prior to commencement of tender documentation. Once clarification meetings were concluded, the preferred bidder withdrew their bid and this delayed the appointment process. Request For Proposal for the full professional team will go out in the 2nd phase. Construction tender will only be advertised once team has been appointed, scope, detail and specifications identified.

MBDA 2017/18 FOURTH QUARTER PERFORMANCE REPORT

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	KPI NO	KEY PERFORMANCE INDICATOR	TARGET - QUARTER ENDING 30 SEPTEMBER 2017	2017/18 QUARTERLY TARGETS	TARGET - QUARTER ENDING 31 MARCH 2018	TARGET - QUARTER ENDING 30 JUNE 2018	ACTUAL - QUARTER ENDING 30 JUNE 2018	ACHIEVEMENT STATUS	COMMENTS (IF TARGET WAS NOT MET, PLEASE GIVE REASONS WHY; INDICATE WHEN THE TARGET WILL BE MET AND SUPPLY MITIGATING MEASURES THAT WILL BE IMPLEMENTED TO MEET THE TARGET)
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	10	% completion of the Singaphi Street sidewalks construction	Tender document prepared	50%	95% (Phase 3A)	0%	Not achieved	WORK DONE: The Singaphi Street sidewalks construction is 0% complete. REASON FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the 14 day non objection period needing to lapse and due to the fact that the contractor was only appointed on 25 June 2018. CORRECTIVE ACTION / MITIGATION: Site will be occupied by latest 9 July 2018.	
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	11	% completion of New Brighton swimming pool development	Current professional contract terminated	20%	50%	30%	Not achieved	WORK DONE: The New Brighton swimming pool development is 30% complete. REASON FOR UNDERPERFORMANCE: Initially it was agreed that a new consultant will be appointed to manage the project. This was later changed and a decision was made to continue with RMA architects. The appointment letter was sent in March 2018 and the site was handed over to the contractor on the 9 April 2018. CORRECTIVE ACTION/ MITIGATION: Quarterly targets for the project reflected that a new consultant will be procured, the targets on the KPI spreadsheet were invalid based on the decisions taken.	
KPA 1: BASIC SERVICE DELIVERY	PILLAR 2: THE OPPORTUNITY CITY	12	% completion of Schauderville / Korsten Recreational Park development	Tender specification drafted	5%	60%	28%	Partially achieved	WORK DONE: The Schauderville / Korsten Recreational Park development is 28% complete Contractor Appointed & Site Established. Groundbreaking Ceremony held. Mayor officially with Clits and Community members declared the development launched. CLO (Community Liaison Appointed), SMME's contractors appointed and SMME Mentor/Coach appointed to oversee SMME development programme in Schauderville. REASON FOR UNDERPERFORMANCE: The reason for underperformance reported against this Key Performance Indicator is due to the fact that the project had a delayed start due to budget review and revision of scope of work. The delay was also affected by the priority need to mitigate any potential SMME negative consequences which could unfold as this was a key risk area. This required an extensive engagement process prior to start-up with local SMME's and the local ward Councilors. CORRECTIVE ACTION/ MITIGATION: SMME contracting successfully achieved with the support of the 3 respective local ward councilors & committee. Since commencement on site, work has been accelerated. The project completion date is estimated at December 2018. WORK DONE: All Key Performance Indicators in the 2017/18 Performance Plan of the Chief Executive Officer has a Technical Description and Business Process Guide in place by 30 September 2017.	
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	13	% of KPIs in the 2017/18 performance plan of the Acting Chief Executive Officer with a Technical Description and Business Process Guide in place	100% by 30 September 2017	N/A	N/A	100% by 30 September 2017	Achieved	WORK DONE: All Key Performance Indicators in the 2017/18 Business Plan which requirement procurement had a detailed procurement plan in place by 30 September 2017.	
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	14	% of Mandela Bay Development Agency's KPIs in the 2017/18 Business Plan which requirement not less than R200 000 (tax-included) with a procurement plan in place	100% by 30 September 2017	N/A	N/A	100% by 30 September 2017	Achieved	WORK DONE: All Key Performance Indicators with a quarterly percentage targets in the 2017/18 Business Plan had a detailed project plan in place by 30 September 2017.	
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	15	% of Mandela Bay Development Agency's project related KPIs with quarterly percentage targets in the 2017/18 Business Plan with a detailed project plan / technical description in place outlining the composition of each percentage target.	100% by 30 September 2017	N/A	N/A	100% by 30 September 2017	Achieved	WORK DONE: During the fourth quarter of the 2017/18 financial year, all third quarter performance reviews were conducted with direct reporting managers.	
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	16	Conducting quarterly performance reviews of Managers directly reporting to the Acting Chief Executive Officer	Executive Director's performance agreement in place Performance plans or direct reporting managers in place 2016/17 Fourth quarter performance reviewed with direct reportees	2017/18 First Term performance reviews conducted with direct reporting managers	2017/18 Mid-Term performance reviews conducted with direct reporting managers	2017/18 Third Quarter performance reviews conducted with direct reporting managers	Achieved	WORK DONE: During the fourth quarter of the 2017/18 financial year, the MBDA conducted performance reviews with its Service Providers within 10 days after the end of the quarter.	
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	17	Conducting quarterly performance reviews of Mandela Bay Development Agency's Service Providers and/or Contractors in line with concluded Service Level Agreement and/or project plan reflecting measurable Key performance indicators or deliverables	Within 10 calendar days after the end of the quarter	Within 10 calendar days after the end of the quarter	Within 10 calendar days after the end of the quarter	Within 10 calendar days after the end of the quarter	Achieved	WORK DONE: During the fourth quarter of the 2017/18 financial year, the MBDA conducted performance reviews with its Service Providers within 10 days after the end of the quarter.	

MBDA 2017/18 FOURTH QUARTER PERFORMANCE REPORT

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	KPI NO	KEY PERFORMANCE INDICATOR	2017/18 QUARTERLY TARGETS				ACTUAL - QUARTER ENDING 30 JUNE 2018	ACHIEVEMENT STATUS	COMMENTS (IF TARGET WAS NOT MET, PLEASE GIVE REASONS WHY; INDICATE WHEN THE TARGET WILL BE MET AND SUPPLY MITIGATING MEASURES THAT WILL BE IMPLEMENTED TO MEET THE TARGET)
				TARGET - QUARTER ENDING 30 SEPTEMBER 2017	TARGET - QUARTER ENDING 31 DECEMBER 2017	TARGET - QUARTER ENDING 31 MARCH 2018	TARGET - QUARTER ENDING 30 JUNE 2018			
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	18	Percentage of officials currently employed within the Mandela Bay Development Agency in positions designated in terms of the MFMP Unit Standards have completed. The remaining 4 managers are in the process of completing the relevant Unit Standards.	Progress report submitted to Directorate Management Team	Progress report submitted to Directorate Management Team	Progress report submitted to Directorate Management Team	100%	42%	Not achieved	WORK DONE: During the period under review, 42% of officials currently employed within the Mandela Bay Development Agency in positions designated in terms of the Municipal Regulations on Minimum Competency Levels fully complied with the set regulation requirements. This implies that 3 of 7 managers designated to meet the MFMP Unit Standards have completed. The remaining 4 managers are in the process of completing the relevant Unit Standards. REASON FOR UNDERPERFORMANCE: The reason for underperformance reported against this Key Performance Indicator is due to the fact that after officials submitted their POEs for assessment, the next Unit Standard could not be completed until the previous has been declared compliant. This created a delay in completion CORRECTIVE ACTION/ MITIGATION: Study leave is being granted to complete POEs.
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	19	Average turnaround time for the filling of vacancies (spanning from the date of receipt of the recruitment notice to the date of implementation of the final resolution)	90 days	90 days	90 days	90 days	30 days	Over achieved	WORK DONE: During the 2017/18 fourth quarter, the turnaround time to fill vacancies calculated at 30 days. REASON FOR OVERPERFORMANCE: The use of a recruitment agency to assist with filling of vacancies.
KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	PILLAR 1: THE WELL RUN CITY	20	Average turnaround time for concluding internally managed disciplinary cases reported to the Labour Relations Unit (from the date the case is instituted to the date the case is concluded)	90 days	90 days	90 days	90 days	N/A	N/A	There were no disciplinary cases reported to the Labour Relations Unit during the fourth quarter of the 2017/18 financial year.

MBDA 2017/18 FOURTH QUARTER PERFORMANCE REPORT

KEY PERFORMANCE AREA (KPA)	IDP PILLAR	KPI NO	KEY PERFORMANCE INDICATOR	2017/18 QUARTERLY TARGETS				ACTUAL - QUARTER ENDING 30 JUNE 2018	ACHIEVEMENT STATUS	COMMENTS IF TARGET WAS NOT MET, PLEASE GIVE REASONS WHY; INDICATE WHEN THE TARGET WILL BE MET AND SUPPLY MITIGATING MEASURES THAT WILL BE IMPLEMENTED TO MEET THE TARGET)
				TARGET - QUARTER ENDING 30 SEPTEMBER 2017	TARGET - QUARTER ENDING 31 DECEMBER 2017	TARGET - QUARTER ENDING 31 MARCH 2018	TARGET - QUARTER ENDING 30 JUNE 2018			
KPA.3: LOCAL ECONOMIC DEVELOPMENT	N/A	21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
KPA.4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	22	% of the Mandela Bay Development Agency's Training Budget spent on implementing its Workplace Skills Plan	10%	30%	60%	95%	90%	WORK DONE: During the period under review, the MBDA spent 90% of its Training Budget. REASON FOR UNDERPERFORMANCE: The reason for underperformance reported against this Key Performance Indicator is due to the fact that the timing of training courses was not scheduled in time to meet the stipulated target. CORRECTIVE ACTION/ MITIGATION: Mandela Bay Development Agency will attempt to make a concerted effort to manage the training schedule more effectively.	
KPA.4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	23	% of the Mandela Bay Development Agency's Capital Budget actually spent	10%	30%	60%	95%	38%	WORK DONE: During the period under review, the MBDA spent 38% of its Capital Budget. REASON FOR UNDERPERFORMANCE: The reason for underperformance reported against this Key Performance Indicator is due to the fact that, during the 2017/2018 financial year, there were many factors that resulted in low capital expenditure. In this regard, the following projects experienced serious delays resulting in them commencing late in the 2017/2018 financial year and which is anticipated to be completed in the 2018/2019 financial year. • Korslen Schauderville/ Neave Street Park Upgrade • New Blighton Swimming Pool • Helenvale SPUU Programme of projects • Ellis street Housing Rectification CORRECTIVE ACTION/ MITIGATION: In light of this underperformance, the following measures have been instituted in order to improve on the 2018/19 capital expenditure results: • The organisation has adopted a risk management approach in its operations in order to manage risks prior to becoming issues and in doing so better manage performance. Furthermore the Chief Executive Officer has issued a memorandum to all managers instructing all of them to adopt a proactive approach in mitigating identified weakness that could adversely affect the objectives of the Service Delivery Agreement signed between the Municipal Development Agency and the Nelson Mandela Bay Municipality. To this end, managers have been instructed to provide feedback on the actions taken to improve the management of risks on a monthly basis and report on the same to the Office of the Chief Executive Officer. • Capital project manager are to perform a root cause analysis in the form of a detailed report on the low capital project expenditure for each of the projects for the 2017/2018 financial year including actions to address root causes as identified. • The Helenvale SPUU Programme has experienced numerous serious delays. The reality of safety and security factors in the Helenvale environment remain a huge risk and is something that will need to be managed closely and jointly with the Nelson Mandela Bay Municipality.	
KPA.4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	PILLAR 1: THE WELL RUN CITY	24	% of the Mandela Bay Development Agency's planned repairs and maintenance performed	100%	100%	100%	100%	0%	WORK DONE: Request for quotation (RFQ) advertised on 03 July 2018 REASON FOR UNDERPERFORMANCE: Initially the RFQ for this service was not advertised due to budgetary constraints. Subsequently after a discussion with the CFO he agreed that it be advertised as it would not cost more than R200 000. The RFQ was compiled and forwarded to Supply Chain section for advertising on the 13 March 2018 and delayed due to back and forth movement as Mandela Bay Development Agency was unsure as to how best to structure it as it was the agency's first time to ask for such consultant services. Subsequently it was advertised on Tuesday the 03 July 2018. CORRECTIVE ACTION/ MITIGATION: Since then the City was consulted for advice on this service. To ensure that this target is realised an invite will be extended to companies who provide training in Occupational Health & Safety, Fire Fighting, First Aid etc to participate in tendering for this service. Also assistance will be sought from Association of Facilities Management	
KPA.5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 1: THE WELL RUN CITY	25	Number of the Mandela Bay Development Agency's risk management reports submitted to the Board of Directors	1	2	3	4	Achieved	WORK DONE: During the period under review, altogether 4 Risk Management Reports was submitted to the Board of Directors.	
KPA.5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 1: THE WELL RUN CITY	26	% quarterly achievement of the Mandela Bay Development Agency's plan of action as reflected in the Auditor-General Dashboard	95%	95%	95%	95%	92%	WORK DONE: During the fourth quarter of the 2017/18 financial year, the MBDA achieved 92% of its plan of action as reflected in the Auditor General Dashboard. REASON FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the fact that the last finding to be addressed relates to the completion of Unit Standards by relevant reporting managers. These Unit Standards have not yet been completed. CORRECTIVE ACTION/ MITIGATION: To mitigate against this underperformance, the MBDA will address the completion of the remaining Unit Standards by relevant reporting managers.	
KPA.5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PILLAR 1: THE WELL RUN CITY	27	Percentage of 2017/18 Council resolutions relating to the Mandela Bay Development Agency implemented	95%	95%	95%	95%	N/A	There were no Council resolutions to be implemented by the MBDA during the fourth quarter of the 2017/18 financial year.	

VOLUME V
(PART 3)

**MBDA – Annual Financial
Statements**



Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Urban renewal and rejuvenation of economic activity within the central business districts, townships and any other emerging nodes as designated by the Nelson Mandela Bay Municipality.
DIRECTORS	Mputumi William Goduka (Chairperson) Kasaven Govender Adrian John Faulkner Gardiner Renganayagee Kisten Bongani Gxilishe Rajesh Dana Sithole Mabi Mbanga Masalamani Odayar Khulile Vuyisile Nzo (Resigned 06 April 2018)
REGISTERED OFFICE	1st Floor, Tramways Building Corner Lower Valley Road & South Union Street Port Elizabeth 6000
BUSINESS ADDRESS	1st Floor, Tramways Building Corner Lower Valley Road & South Union Street Port Elizabeth 6000
POSTAL ADDRESS	P.O. Box 74 Port Elizabeth 6000
FINANCIAL YEAR END	30 June
FINANCIAL STATEMENTS ARE PRESENTED AS AT	30 June 2018
COMPARATIVE PERIOD PRESENTED AS AT	30 June 2017
CONTROLLING ENTITY	Nelson Mandela Bay Municipality (NMBM)
BANKERS	Nedbank Ltd (South Africa)
AUDITORS	The Auditor-General of South Africa
COMPANY SECRETARY	Mbulelo Matiwane
COMPANY REGISTRATION NUMBER	2003/017900/08

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Table of contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Directors' Responsibilities and Approval	1-4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9
Accounting Policies	10-28
Notes to the Annual Financial Statements	29-61

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Directors' Responsibilities and Approval

The Directors have pleasure in submitting their report for the entity, which forms part of the annual financial statements of the Non Profit Company for the period ended 30 June 2018.

Establishment

The Mandela Bay Development Agency (MBDA) was formed in 2004 with its initial objective being the urban regeneration of the Central Business District (CBD). It commenced with its work through the development of an Inner-city Local Spatial Development Framework Plan (LSDF) in 2006. During this period, the company evolved from an inner city Mandate Area focus, extending to other emerging and developing nodes and precincts which includes township areas.

The MBDA has over the past 12 months undergone a challenging transition period that has seen the strategic direction of the organization being reviewed with a view to becoming a forward looking agency dealing with the complexities that are associated with development work.

The Mandela Bay Development Agency (MBDA) was mandated by the Nelson Mandela Bay Metropolitan Municipality (NMBM) as a trans-disciplinary implementing agent for programmes, projects and events which have a number of defined objectives which include inter alia:

- Enabling social, spatial and economic transformation;
- Implementing existing and identify new projects, programmes and events within its mandated areas referred to as "designated localities, nodes and precincts (of different scales)" which are to be aligned to the various plans of the NMBM which include the following:
 - To leverage existing or acquired resources such as assets, property and provide for skills development to ensure the successful implementation.
 - To deliver catalytic programmes, special defined projects and events

Over the past fourteen years, the MBDA has implemented a number of urban renewal projects, precinct upgrades, security and cleansing programmes as well as other strategic assignments that are collectively changing the face of Nelson Mandela Bay and reinvigorating the economic life in key developing nodes and precincts which has resulted in an expansion of its mandate and strategic objectives in line with the Integrated Development Plan (IDP) of its parent municipality NMBM.

The NMBM also mandated the MBDA to take over the operations and management of its Science Centre in Uitenhage with effect from 01 July 2017. The 3-year mandate for the MBDA managing the NMB Stadium operations continued during the period under review and will terminate on 31 December 2019.

General review

The entity has received conditional grants during the period under review from the NMBM for urban regeneration projects, operational expenses and property, plant and equipment in terms of the budget submitted to them.

The MBDA mandate includes the rejuvenation of neglected township areas, from the initial focus on the inner city and its surrounds only and this initiative has now gained much momentum as the challenges of inequalities in townships and other previously disadvantaged areas are addressed by the NMBM. To date the MBDA has played a key role particularly in addressing the urban decay and degeneration in the inner cities of Port Elizabeth and Uitenhage and the municipal infrastructure and environmental upgrading projects that it has been implementing in the townships have been widely welcomed and positively received by various key stakeholders. The mandate received from the NMBM to manage the NMB Stadium is expected to be for a limited duration until the NMBM decides how to deal with this key asset in the future.

Legislation

The entity complied with all the relevant sections of the Companies Act 71 of 2008, the Companies Amendment Act 3 of 2011, the Local Government: Municipal Finance Management Act 56 of 2003, and the Local Government: Municipal Systems Act 32 of 2000.

Financial results

The financial results are set out in the attached annual financial statements. The entity has opted to change the major classifications of line items presented to align more closely with classification used by the parent municipality Nelson Mandela Bay Metro (NMBM).

This has affected the following components of financial statement:

- (a) statement of financial position;
- (b) statement of financial performance;
- (c) statement of Changes in Net Assets
- (d) cash flow statement;

It is the view of management that this will result in more consistency and comparability in line with GRAP 1. This will also ensure more relevant information for the nature of the business conducted by the MBDA as well as improved alignment with para 79 and 96 of GRAP 1.

Directors' Responsibilities and Approval

Key activities

In Progress / Completed Projects

During the period under review the Agency completed the Flemming Square/ North Union Street Upgrade project which forms part of the Vuyisile Mini Square Node.

Singaphi Rd Phase 2 development was also completed and work has commenced with Phase 3 which relates predominantly to sidewalks construction. This project is expected to become a gateway to the Red Location Museum with the precinct becoming a vibrant arts, cultural and tourism node.

The Helenvale SPUU foreign donor funded projects continued to encounter serious challenges and delays during the financial period due to gang violence and community strife and dissatisfaction with the process involved in the way the contracts were awarded. Discussions between the agency, NMBM and funder KfW Bank have led to the SPUU programme deadline being extended to November 2019 with counter-funding for the programme also committed to by the NMBM.

The upgrade of the Neave St Park in Schauderville has commenced with the project anticipated to be completed during the 2018/19 period. Similarly the New Brighton Swimming Pool construction has also commenced after much delay and will also be completed during 2018/19.

The delays in obtaining the necessary regulatory permissions for the Boet Erasmus Stadium were finally resolved with the project commencing in June 2018 and the total demolition of this catalytic municipal asset is expected to be completed by the end of 2018.

During the 2017/18 period, activities at the NMB Stadium included hosting of PSL and Pro 14 Rugby matches as a professional soccer and rugby franchise are anchor tenants at the facility. A rugby international test between South Africa and Argentina was also successfully hosted in September 2017.

It must also be noted that the operating costs for the Stadium have reduced since the MBDA has taken over the operations mainly due to private operator fees no longer being incurred to manage the facility.

The MBDA and Stadium have during 2017/18 both undergone a major organisational review resulting in a new organogram being approved by the Board and which is in the process of being capacitated in term of the requisite skills levels required in meeting the organisation's mandate and strategic objectives.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Directors' Responsibilities and Approval

New Projects

New projects commenced during the 2017/18 financial period include the rehabilitation of the St Peters property site and which will be completed in 2018/19. Design planning and regulatory approvals for the Baakens River Pedestrian Bridget are well advanced with the actual construction tender planned to be advertised in early 2018/19 period.

The rectification of the Ellis Street homes in the Baakens Valley was awarded but the project has experienced problems in that these properties are not listed on the NMBM asset register and the lease agreements entered into with the tenants are considered invalid and are presently under review by the municipality. This has resulted in the project being halted.

IN addition to its operating activities the Stadium introduced a Green Hub recycling concept during 2017/18 where a facility is planned to be built for key stakeholders to be able to utilise.

Future Projects

During 2018/19 the Agency plans to commence the construction of the Baakens River Pedestrian Bridge which will form a key linkage between the inner city / CBD and the Baakens Valley precinct.

With the extension of the Helenvale SPUU programme imminent it is expected that the remaining key projects relating to Safer Schools, Parks, Sportfields, Security Lighting and various community mobilisation and development initiatives will be undertaken in 2018/19.

A conditional assessment has been undertaken of the Uitenhage Railshed that is adjacent to the Science Centre and the redevelopment of the shed relating to creating a facility for a potential state tenant is also planned to commence in 2018/19.

The Bayworld project has not gathered the required momentum during the period under review and there are new plans in place to accelerate this process towards redeveloping the existing facility into a brand new state of the art edutainment facility that will have the potential to become a major tourist attraction as well as add to the development of an Oceans Economy in the region. This however can only be finalised once various key stakeholders have met and a meeting between the Eastern Cape provincial government, NMBM and the MBDA is in the process of being set up where a plan of action will be agreed upon and the necessary planning processes implemented.

Refurbishments to the existing Govan Mbeki Avenue Upgrade project are in the process of being planned with the necessary interventions planned to commence during 2018/19.

During 2018/19 the focus for the Stadium will shift towards making the facility more sustainable with a view to generating more revenue to subsidise the operating costs which are substantial. A planned sports museum is also planned to commence during 2018/19.

Directors

Non-executive directors of the company as at 30 June 2018 were:

Mputumi William Goduka (Chairperson)
Kasaven Govender
Adrian John Faulkner Gardiner
Renganayagee Kisten
Bongani Gxilishe
Rajesh Dana
Sithole Mabi Mbanga
Masalamani Odayar
Khulile Vuyisile Nzo (Resigned 06 April 2018)

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position

Figures in Rand	Notes	2018	2017
			Restated
Assets			
Current Assets		104,616,244	84,866,942
Cash and cash equivalents	1	39,393,139	58,876,992
Receivables from exchange transactions	2	61,245,525	25,447,297
Receivables from non-exchange transactions	3	3,453,392	14,210
Inventory	4	524,188	528,442
Non-Current Assets		7,221,172	7,630,466
Intangible Assets	5	51,157	35,991
Property, Plant & Equipment	6	6,919,515	7,343,975
Heritage Assets	7	250,500	250,500
Total Assets		111,837,416	92,497,407
Liabilities			
Current Liabilities		101,221,295	82,924,956
Payables from exchange transactions	8	34,522,025	15,227,271
Payables from non-exchange transactions	9	145,579	90,050
Provisions	10	1,275,029	1,794,709
Unspent grants	11	64,062,012	65,085,777
VAT Payable	12	1,216,650	727,149
Non-current Liabilities		1,494,290	1,335,967
Payables from exchange transactions	8	1,494,290	1,335,967
Total Liabilities		102,715,585	84,260,923
Net Assets		9,121,831	8,236,485
Accumulated surplus		9,121,831	8,236,485
Total Net Assets		9,121,831	8,236,485

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Notes	2018	2017
			Restated
Revenue			
Revenue from exchange transactions		32,875,511	35,579,932
Government grants and subsidies		29,658,923	34,599,511
Other Revenue		3,216,588	980,421
Revenue from non-exchange transactions		100,849,831	72,945,514
Government grants and subsidies		93,710,329	62,368,847
Other Revenue		7,139,502	10,576,667
Total Revenue	13	133,725,342	108,525,446
Other income	14	3,598,420	3,403,132
Finance Income		2,328,084	2,387,959
Sundry Income		1,270,336	1,015,173
Total Income		137,323,762	111,928,578
Expenditure			
Employee Related costs	15	-21,296,632	-15,986,709
Remuneration of Directors	16	579,000	-636,500
Depreciation and Amortisation	6/5	-720,684	-698,808
Debt Impairment	2	-55,340	-65,069
Contracted Services	17	-17,119,093	-17,219,239
Capital projects costs	18	-31,459,983	-36,732,185
Other Operating costs	19	-66,323,499	-40,056,224
Total Expenditure		-136,396,230	-111,394,735
Operating Surplus		927,532	533,843
Profit/(Loss) on sale of assets	6	-42,186	-133,930
Surplus before taxation		885,346	399,912
Taxation (exempt)		-	-
Surplus for the year		885,346	399,912

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Notes	Contribution from Shareholder	Accumulated surplus	Total Net Assets
Balance at 01 July 2016		-	7,836,573	7,836,573
Surplus for the year		-	-191,204	-191,204
Change in accounting policy	27		593,578	593,578
Correction of an error	28		-2,461	-2,461
Balance at 01 July 2017 as restated				
		-	8,236,485	8,236,485
Surplus for the year		-	885,346	885,346
Balance at 30 June 2018		-	9,121,831	9,121,831

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Notes	2018	2017
			Restated
Cash flows from operating activities			
Receipts		147,728,976	143,720,217
Government Grants		121,632,625	120,946,719
Interest received		2,492,966	2,394,726
Other Revenue		23,603,385	20,378,772
Payments		-166,859,254	-118,307,340
Suppliers		-133,398,464	-96,419,837
Employees costs		-33,460,790	-21,887,503
Net cash from/(used) operating activities	20	-19,130,278	25,412,877
Cash flows from investing activities			
Purchase of Property, plant and equipment	6	-326,090	-636,339
Proceeds from sale of property, plant and equipment	6	22,714	-
Purchase of intangible assets	5	-50,200	-
Net cash flows from investing activities		-353,576	-636,339
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-19,483,853	24,776,538
Cash and cash equivalents at the beginning of the year		58,876,992	34,100,454
Cash/cash equivalents at the year end	1	39,393,139	58,876,992

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts - MBDA

Budget on Accrual Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on a comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Government grants and subsidies	36,599,921	37,760,172	74,360,093	29,658,923	-44,701,170	Note 35 - A
Other Revenue	-	-	-	3,216,588	3,216,588	Note 35 - B
Total Revenue from exchange transactions	36,599,921	37,760,172	74,360,093	32,875,511	-41,484,582	
Revenue from non-exchange transactions						
Government grants and subsidies	92,090,870	-24,185,829	67,905,041	54,136,608	-13,768,433	Note 35 - C
Other Revenue	3,900,000	7,200,000	11,100,000	7,139,502	-3,960,498	Note 35 - D
Total Revenue from non-exchange transactions	95,990,870	-16,985,829	79,005,041	61,276,110	-17,728,931	
Total Revenue	132,590,791	20,774,343	153,365,134	94,151,621	-59,213,513	
Other income						
Sundry Income	200,000	-	200,000	2,328,084	2,128,084	
Finance Income	2,000,000	-	2,000,000	1,270,336	-729,664	
Total Income	134,790,791	20,774,343	155,565,134	97,750,041	-57,815,093	
Expenditure						
Employee Related costs	-21,495,000	-429,488	-21,924,488	-21,296,632	-627,856	Note 35 - E
Remuneration of Directors	-500,000	-500,000	-1,000,000	579,000	-1,579,000	
Depreciation and Amortisation	-	-761,080	-761,080	-720,684	-40,396	
Finance costs	-228,091	228,091	0	-	0	
Debt Impairment	-	-200,000	-200,000	-55,340	-144,660	
Contracted Services	-21,927,067	-	-21,927,067	-17,119,093	-4,807,974	Note 35 - F
Capital projects costs	-36,599,921	-37,760,172	-74,360,093	-31,459,983	-42,900,110	Note 35 - G
Other Operating costs	-17,028,811	-18,363,595	-35,392,406	-26,749,778	-8,642,628	Note 35 - H
Total Expenditure	-97,778,890	-57,786,244	-155,565,134	-96,822,509	58,742,625	
Operating Surplus	37,011,901	-37,011,901	0	927,532	927,532	
Profit/(Loss) on sale of assets	-	-	-	-42,186	-42,186	
Surplus before taxation	37,011,901	-37,011,901	-	885,346	885,346	
Taxation (exempt)	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement						
	37,011,901	-37,011,901	-	885,346	885,346	

Statement of Comparison of Budget and Actual Amounts - NMB Stadium

Budget on Accrual Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on a comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of Goods and Rendering of Services	10,800,000	4,000,000	14,800,000	10,154,305	4,645,695	Note 35 - I
Total Revenue from exchange transactions	10,800,000	4,000,000	14,800,000	10,154,305	4,645,695	
Revenue from non-exchange transactions						
Government grants and subsidies	32,669,610	8,168,930	40,838,540	39,573,722	-1,264,818	Note 35 - J
Total Revenue from non-exchange transactions	32,669,610	8,168,930	40,838,540	39,573,722	-1,264,818	
Total Income	43,469,610	12,168,930	55,638,540	49,728,027	5,910,513	
Expenditure						
Employee Related costs	16,488,000	-	16,488,000	13,808,074	2,679,926	
Contracted Services	14,236,640	4,000,000	18,236,640	14,723,848	3,512,792	
Other Operating costs	12,744,970	8,168,930	20,913,900	21,196,105	-282,205	
Total Expenditure	43,469,610	12,168,930	55,638,540	49,728,027	5,910,513	Note 35 - K
Surplus before taxation	-	-	-	-	-	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement						
	-	-	-	-	-	

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). In addition, these Annual Financial Statements include mandatory disclosures in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and related regulations.

With respect to accounting standards for material transactions, events or conditions not covered by Directive 5, the MBDA has developed accounting policies in accordance with paragraphs 8, 10 and 11 of GRAP 3, as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where off setting is either required or permitted by a Standard of GRAP.

All figures have been rounded to the nearest Rand.

The accounting policies applied are consistent with those used to present the previous year's Annual Financial Statements, unless explicitly stated.

1.1 Reporting Entity

Mandela Bay Development Agency is a municipal entity (registered non-profit company) with the Nelson Mandela Bay Municipality (NMBM) as its parent municipality. The entity's registered address is The City Hall, Port Elizabeth. The entity is situated in the Nelson Mandela Bay Municipality of the Eastern Cape Province. The entity has been established by the NMBM with the assistance of the Industrial Development Corporation (IDC) to project manage urban regeneration of the inner metro precinct and emerging development nodes in Nelson Mandela Bay with a view to promoting economic and tourism development.

1.2 Basis for Presentation

1.2.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) Financial Reporting Framework as set by the Accounting Standards Board (ASB) and prescribed by the Minister of Finance in Directive 5.

1.2.2 Basis of measurement

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

1.2.3 Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

a. Provisions

Provisions are recognised when the 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.

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 to settle obligation, the provision is reversed.

Workmen's compensation provision is calculated as a percentage of total earnings for the year.

The 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.

b. Trade receivables and/or loans and receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.2.3 Use of Estimates and judgements (continued)

c. Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets and intangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cashflows are largely independent of cashflows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cashflows for each group of assets. Expected future cashflows used to determine the value in use of tangible assets are inherently uncertain and could materially change overtime. They are significantly affected by a number of factors, together with economic factors.

d. Useful lives of property, plant and equipment and intangible assets

The entity's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and intangible assets. This estimate is based on an industry norm. Management will adjust the depreciation charge where useful lives are less than previously estimated useful lives.

e. Effective interest rate

The entity used the prime interest rate to discount future cashflows.

f. Allowance for impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cashflows discounted at the effective interest rate, computed at initial recognition.

1.3 Presentation Currency

These annual financial statements are presented in South African Rand.

The functional currency of the MBDA is South African Rand. Financial values are rounded to the nearest one Rand.

1.4 Going Concern Assumption

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

On 12 June 2018 NMBM Council adopted the 2018/19 to 2020/21 budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF), supporting the on-going delivery of MBDA projects to residents, reflected that the budget was funded over the three-year period.

1.5 Principal Agent Transactions

During the previous period there was a transfer of the management of the Nelson Mandela Bay Multi-Purpose Stadium operations to the agency by the NMBM, where a principal / agent relationship exists between the parties. It was established that MBDA will function as principal on NMB Stadium related expenditure and act as agent on the income earned as a result of NMB Stadium activities. An exception is liquor income as the licence is in the name of MBDA.

1.6 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the Financial Statements.

1.7 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 entity's Supply Chain Management Policy.

Irregular expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure on unauthorised, irregular and fruitless and wasteful expenditure in the notes to the Financial Statements.

1.8 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 incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the note to the financial statements.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.9 Recovery of Unauthorised, Irregular, Fruitless & Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures and is recognised when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income.

1.10 Related Parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transaction took place between the parties during the reporting period.

Where transactions occurred between the entity and one or more related parties, and these transactions were not within:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by the entity's legal mandate.

Further details about those transactions are disclosed in the notes to the financial statements.

1.11 Presentation of Budget Information in the Financial Statements

Presentation of a comparison of budget and actual amounts

The entity presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP24. The comparison of budget and actual amounts present separately for each level of legislative oversight:

- (a) the approved and final budget amounts;
- (b) the actual amounts on a comparable basis; and
- (c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

Presentation and disclosure

The entity presents a comparison of budget and actual amounts as additional budget columns in the primary financial statements because the financial statements and the budget are prepared on a comparable basis.

Changes from approved to final budget

The entity presents an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget or of other factors:

- (b) in a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements.

Comparable basis

All comparisons of budget and actual amounts are presented on a comparable basis to the budget.

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.12 Commitments

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in an outflow of cash.

Disclosure is done to the extent that it has not already been recognised elsewhere in the Financial Statements.

Capital commitments are treated as follows:

- The aggregate amount of capital expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements; and
- If a commitment is for a period longer than a year.

Commitments are disclosed in the following circumstances:

- Unrecorded capital expenditure approved and contracted for before/at reporting date;
- Unrecorded capital expenditure approved but not yet contracted for at reporting date; and
- Unrecorded capital expenditure approved after reporting date.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.13 Property, Plant and Equipment

Initial recognition

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, other than investment property, or for administrative purposes and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Measurement at recognition

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. Where an asset is acquired by the 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.

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 entity. The cost also includes the initial estimate of the 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 item of property, plant and equipment is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an item of property, plant and equipment is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated 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 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 a specific 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 (other than land) are measured at cost less accumulated depreciation and impairment losses.

Subsequent to initial recognition, land is measured at cost and is not depreciated because it has an indefinite useful life.

Where the entity replaces parts of an asset, it derecognises the part of the asset 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 life of the component assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The component assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in estimate in accordance with the standard of GRAP on accounting policies, changes in accounting estimates and errors.

The depreciation charge for each reporting period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

The annual depreciation rates for the current and previous year are based on the following average asset useful lives:

Assets	Useful Life Range in Years
- Computer Equipment	3 - 8
- Office Equipment	5 - 10
- Furniture and Fittings	10
- Motor Vehicles	4 - 5
- Containers	15
- Leasehold Asset	5
- Land	Indefinite Life
- Buildings	15 - 50

Accounting Policies

1. Presentation of Annual Financial Statements

1.13 Property, Plant and Equipment (continued)

Impairment:

Recognition and measurement of an impairment loss for an item of property, plant and equipment

An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The carrying amount of an asset is reduced to its recoverable amount if, and only if, its recoverable amount is less than its carrying amount.

The impairment loss is recognised immediately in surplus and deficit.

Derecognition

The carrying amount of an item of property, plant and equipment is 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. Residual values are assumed to be zero, unless otherwise stated.

1.14 Heritage Assets

Initial recognition and measurement

Heritage assets are assets that have cultural, historical, environmental, natural, scientific or technological significance that are held indefinitely for the benefit of present and future generations.

Heritage assets are recognised when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

When an asset does not meet the initial recognition criteria of a heritage asset, the entity discloses the relevant and useful information about such assets in the notes to the financial statements.

Heritage assets are initially recognised at cost on acquisition date.

The cost 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 entity.

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

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

Subsequent measurement

Subsequent to initial recognition, the entity uses the cost model to measure its heritage assets.

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

The table below reflects the class of heritage assets and the estimated useful life range in years:

Heritage Sites	Useful Life Range in Years
Memorials & Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life
Collections of rare books and manuscripts	Indefinite Life

Impairment

The entity does not depreciate its heritage assets, but at each financial year end, it assesses whether there is an indication that the assets may be impaired. If such an indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

Heritage 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 a heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Accounting Policies

1. Presentation of Annual Financial Statements

1.15 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 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 entity and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), its initial cost at the date of acquisition is measured at its fair value as the date of acquisition.

Intangible assets acquired through non-exchange transactions:

Internally generated intangible assets:

Research phase

The entity does not recognise any intangible asset arising from a research phase of an internal project. Expenditure on research phase of an internal project is recognised as an expense when incurred.

Development phase

An intangible asset arising from development phase is recognised if, and only if the entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so it will be available for use or resale;
- Its intention to complete the intangible asset and use it or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits or service potential;
- The availability of technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Exchanges of assets

The cost of an intangible asset acquired in exchange for another is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent measurement

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

The cost of an intangible asset is amortised over its 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. 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.

Amortisation of an asset begins when it is available for use.

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

Assets	Useful life in Years
- Computer Software	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.

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.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.16 Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date exceed capital grants received, the deficit is shown as amounts due from funders for contract work. For contracts where capital grants received exceed contract costs incurred to date, the surplus is shown as the amounts due to funders for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as unspent conditional grants. Amounts billed for work performed but not yet paid by the funder are included in the statement of financial position under trade and other receivables.

1.17 Financial Instruments

Initial Recognition

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

The entity recognises financial assets using trade date accounting.

Distinguishing liabilities and residual interests

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.

Compound financial instruments

The entity evaluates the terms of a financial instrument to determine whether it contains both a liability and residual interest component. Such components are classified separately as financial liabilities or residual interests.

Initial Measurement of financial assets and financial liabilities

When a financial asset or financial liability is recognised initially, the entity measures 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.

Concessionary loans

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

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

Subsequent Measurement of financial assets and financial liabilities

Subsequent to initial recognition, financial assets and financial liabilities are measured 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
 - 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.
 - 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 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 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.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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 is 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.

Impairment of financial assets

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

Financial assets measured at amortised cost:

The 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 is reduced through the use of an allowance account. The amount of the loss is 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 is reversed by adjusting an allowance account. The reversal may 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 is recognised in surplus or deficit.

Financial assets measured 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 are not reversed.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.17 Financial Instruments (continued)

Derecognition of financial assets:

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- a) The contractual right to the cash flow from the financial asset expires, are settled or waived;
- b) The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another party.

Derecognition of financial liabilities:

The entity derecognises a financial liability from its statement of financial position when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation:

Interest, losses and gains

Interest, losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Offsetting a financial asset and a financial liability

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right to set-off exists and the parties intend to settle on a net basis or to realise the asset and settle the liability simultaneously.

Policies relating to specific financial instruments

1.17.1 Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The entity had no financial assets at fair value through profit or loss, held to maturity investments or available-for-sale financial assets.

1.17.2 Trade and other Receivables

Trade and other receivables are classified as loans and receivables and are measured at initial recognition at fair value plus direct transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss to reflect irrecoverable amounts. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

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, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

1.17.3 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 comprises of cash on hand and deposits held on call with banks.

1.17.4 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 method.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.18 Inventories

Inventories comprise assets held for sale, consumption or distribution during the ordinary course of stadium business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes (other than VAT), transport costs and any other direct 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 entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials and finished goods (FG), are measured 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 first-in, first-out (FIFO) method for all inventory categories. 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.

An impairment provision for the write down of inventory is maintained in lieu of obsolete inventory. The level of the impairment 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.

1.19 Impairment of Financial Assets

The entity assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

1.20 Derecognition of financial assets and liabilities

1.20.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired; or the entity retains the right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either

- (a) the entity has transferred substantially all the risks and rewards of the asset, or
- (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.20 Derecognition of financial assets and liabilities (continued)

1.20.2 Financial Liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The entity's financial liabilities include trade and other payables as well as construction contract retention creditors.

1.20.3 Construction Contract Retention Creditors

The 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 financial year end is treated as current and any retentions payable over 12 months after financial year end is treated as non-current

1.20.4 Loans and Borrowings

After initial recognition, trade and other payables and construction contract retention creditors are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well through the amortisation schedule.

1.21 Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, 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. Cash in the statement of financial position comprises of cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at fair value.

1.22 Provisions and Contingencies

A provision is recognised when the entity has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources 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 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 to settle the obligation, the provision is reversed.

Future events that may affect the amount required to settle an obligation are reflected in the 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.

With respect to litigation and claims against the entity, the entity's Legal Counsel assesses the list of claims against the entity on an annual basis. The entity recognises a provision for all claims/cases for which the outflow of economic resources is probable and the amount can be reliably estimated.

After their initial recognition contingent liabilities recognised are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised but disclosed in the annual financial statements.

Accounting Policies

1. Presentation of Annual Financial Statements

1.23 Revenue

1.23.1 Revenue from Exchange Transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest

Interest income is recognised in surplus or deficit on a time proportionate basis, using the effective interest method (i.e. based on the effective interest rate of the individual investments).

1.23.2 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Recognition of revenue

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.

Recognition of assets

An inflow of resources from a non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Grants, transfers or donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is no corresponding liability in respect of related conditions. Where the grant, transfer or donation has been received but the entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.23 Revenue (continued)

Measurement of revenue from non-exchange transactions

Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets, recognised by the entity.

Expenditure from Non-exchange Transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue. Expenditure from non-exchange transactions is recognised when the resources have been transferred to the beneficiaries. A corresponding asset is raised to the extent that conditions attached to the expenditure have not been met. The asset is transferred to the Statement of Financial Performance once the conditions are met.

1.24 Value Added Tax

Revenue, expenses and assets are recognised net of the amount of Value Added Tax except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of Value Added Tax included.

The entity accounts for Value Added Tax on the invoice basis.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of trade and other receivables or trade and other payables in the statement of financial position.

1.25 Principle Agent Transactions

The MBDA was appointed by its parent municipality NMBM to act as its agent in the management of the NMB Stadium operations. As part of its custodial responsibilities the agency is responsible for the total operations in terms of event, financial and risk management, and to ensure that this facility becomes more sustainable over the longer term.

The agency has contracted additional staff with the relevant experience to manage this operations with oversight and control of the agency's senior management.

1.26 Unspent Conditional Grants

Unutilised project funding is reflected on the Statement of Financial Position as a Current Liability - Unspent Conditional Grants. The cash received is invested until it is utilised.

1.27 Comparative Information

Current year comparatives:

In accordance with GRAP 1 and 24, the Budget information has been presented on the face of the Statement of Financial Performance in these Annual Financial Statements.

Prior year comparatives:

When the presentation or classification of items in the Annual 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 and the standards require retrospective adjustment, 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 28 and 29 to the Annual Financial Statements.

1.28 Taxation

The entity has received a tax exemption certificate from South African Revenue Services.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.29 Operating Leases

As Lessee

Recognition

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. Lease payments under an operating lease are recognised as an expense in the statement of financial performance, on a straight line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be.

Measurement

The resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, namely 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.

Derecognition

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

As Lessor

The entity presents assets subject to operating leases in its Statement of Financial Position according to the nature of the asset. Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred by the entity in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

The depreciation policy for depreciable leased assets is consistent with the entity's normal depreciation policy for similar assets, and depreciation is calculated in accordance with the Standards of GRAP on Property, Plant and Equipment and Intangible Assets.

Recognition

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, on a straight-line basis over the lease period.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, namely, 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.

Measurement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.30 Employee benefits

Recognition and measurement

Short term employee benefits

Remuneration to employees is recognised as an expense 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.

Short-term employee benefits are measured on an undiscounted basis.

Short term compensated absences

The expected cost of compensated absences is recognised as follows:

Accumulating compensated absence:

When employees render services that increase their entitlement to future compensated absences;

and

Non-accumulating absences:

When absences occur.

Leave pay accrual

The liability for accumulating compensated absences is based on the total amount of leave days accumulated by employees at reporting date and on the total remuneration package of the employees.

Bonus incentive and performance related payments

The entity recognises the expected cost of performance bonus when, and only when, it has a present legal or constructive obligation to make such payments, as a result of past events and a reliable estimate of the obligation can be made.

A provision in respect of the liability relating to the anticipated costs of performance bonuses payable to management is raised once the timing and amount of such provision can be reliably determined. The provision is based on the performance of each member of management against the performance scorecard set and agreed upon for each financial year. If on assessment of the respective member of management it is decided that a bonus will be paid out, the manager is entitled to receive this bonus irrespective of whether they are still in the service of the entity, or not.

The policy of the company is to provide retirement benefits for all its employees. The company has a defined contribution plan. Current contributions to the retirement benefit plan operated for employees are charged against the income in the period to which they relate.

Long service awards

Employees receive the monetary award in recognition for continuous service at the completion of certain milestone periods of service. In addition employees also receive a once off gift certificate whose value is dependant of the number of years of service. The award is included in the employee's salary in the month of the service anniversary.

1.31 Impairment of Non-Cash-Generating Assets

Recognition

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where any such indication exists, the entity estimates the recoverable service amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount). An asset's recoverable amount (or recoverable service amount) is the higher of the fair value less costs to sell, and the value-in-use of the asset.

The entity classifies the asset/identifiable group of assets as cash-generating if the key purpose of such asset/group of assets is to derive a commercial return from continuing use, and are independent of the cash inflows from other assets or groups of assets. The entity will classify all other assets that do not meet the definition of cash-generating assets/group of assets as non-cash generating assets.

Accounting Policies

1. Presentation of Annual Financial Statements

1.31 Impairment of Non-Cash-Generating Assets (continued)

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash-generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash-generating unit.

An asset is part of a cash-generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets, the value in use is determined as a function of the discounted future cash flows from the asset.

Where the asset is a non-cash generating asset, the value in use is determined through one of the following approaches:

- Depreciated replacement cost approach: The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
- Restoration cost approach: The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.
- Service units approach: The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, 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 entity makes an estimate of the assets or cash-generating unit's recoverable amount.

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the estimates 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.

The reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

1.32 Reporting Foreign Currency Transactions in the Functional Currency

Initial recognition

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Reporting at subsequent reporting dates

At each reporting date:

- (a) foreign currency monetary items shall be translated using the closing rate;
- (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and
- (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Recognition of exchange differences

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in surplus or deficit in the period in which they arise,

Accounting Policies

1. Presentation of Annual Financial Statements

1.33 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 Annual Financial Statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Adjusting events after reporting date

The entity adjusts the amounts recognised in the Annual Financial Statements to reflect adjusting events after the reporting date

Non-adjusting events after the reporting date

The entity does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. The entity discloses 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 Annual Financial Statements.

1.34 Impairment

Impairment of cash generating units:

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

(a) Evidence is available of obsolescence or physical damage of an asset.

(b) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

(c) A decision to halt the construction of the asset before it is complete or in a usable condition.

(d) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

1.34 Impairment (continued)

Impairment of non-cash generating units:

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) Cessation, or near cessation, of the demand or need for services provided by the asset.

(b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal sources of information

(a) Evidence is available of physical damage of an asset.

(b) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

(c) A decision to halt the construction of the asset before it is complete or in a usable condition.

(d) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

1.35 Statements in issue but not yet adopted

The following revised and newly 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 MBDA has not early-adopted any new Standards or revised Standards of GRAP 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 of GRAP	Effective Date
GRAP 20 Standard of GRAP on Related party disclosures	Reporting periods beginning on or after 1 April 2019
GRAP 32 Standard of GRAP on Service Concession Arrangements: Grantor	Reporting periods beginning on or after 1 April 2019
GRAP 34 Standard of GRAP on Separate Financial Statements	No effective date gazetted to date
GRAP 35 Standard of GRAP on Consolidated Financial Statements	No effective date gazetted to date
GRAP 36 Standard of GRAP on Investments in Associates and Joint Ventures	No effective date gazetted to date
GRAP 37 Standard of GRAP on Joint Arrangements	No effective date gazetted to date
GRAP 38 Standard of GRAP on Disclosure of Interest in other Entities	No effective date gazetted to date
GRAP 108 Standard of GRAP on Statutory Receivables	Reporting periods beginning on or after 1 April 2019
GRAP 109 Standard of GRAP on Accounting Principles and Agents	Reporting periods beginning on or after 1 April 2019
GRAP 110 Standard of GRAP on Living and Non-living Resources	Reporting periods beginning on or after 1 April 2020

GRAP 20 – Related Party Disclosures

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. It is expected that adoption of this standard will result in additional disclosures.

GRAP 32 - Service Concession Arrangements – Grantor

This Standard applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset) if certain conditions are met. It is expected that adoption of this standard will not be significant.

GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. It is expected that adoption of this standard will not be significant.

1.35 Statements in issue but not yet adopted (continued)

GRAP 35 – Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It is expected that adoption of this standard will not be significant.

GRAP 36 - Investments in Associates and Joint Ventures

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity has an investment in one or more other entities. It is expected that adoption of this standard will not be significant.

GRAP 37 - Joint Arrangements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity has an investment in one or more other entities. It is expected that adoption of this standard will not be significant.

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

GRAP 38 - Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

GRAP 108 – Statutory Receivables

This standard deals with receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. It is expected that adoption of this standard will not be significant.

GRAP 109 – Accounting by Principals and Agents

This standard deals with principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. It is expected that adoption of this standard will not be significant.

GRAP 110 - Living and Non-living Resources

This standard deals with living resources that undergo biological transformation and non-living resources that occur naturally and have not been extracted. It is expected that this standard will not be applicable to the entity as we are not dealing with these resources currently.

INTERPRETATIONS

The following interpretations 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. These interpretations are expected to have an insignificant impact on the financial statements since they generally reflect the interpretation and principles already established under GRAP.

Standard number	Standard name	Effective date (if applicable)
IGRAP 17	Service concession arrangements where a grantor controls a significant residual interest in an asset	Effective date not yet determined
IGRAP 18	Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	Reporting periods beginning on or after 1 April 2019
IGRAP 19	Liabilities to Pay Levies	Reporting periods beginning on or after 1 April 2019

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

1. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	26,901	476
Bank Balances	2,297,170	5,791,458
Short-term Deposits	37,110,494	51,289,791
Main Bank Account	-41,426	1,795,267
	39,393,139	58,876,992

Current assets	39,393,139	58,876,992
Current liabilities	-	-
	39,393,139	58,876,992

Cash on hand consists of petty cash.

The entity had the following bank accounts

Account number /description	Cashbook			Bank Account		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Account Number - 1084853833 (Nedbank, PE) - Primary Account	-41,426	1,795,267	3,648,537	-41,426	1,795,267	3,648,537
Account Number - 1084866064 (Nedbank, PE)	210,578	811,600	2,101	210,578	811,600	2,101
Account Number - 1084866110 (Nedbank, PE)	-	555	-37	-	555	-37
Account Number - 1106700856 (Nedbank, PE)	2,196	3,638,041	917,152	2,196	3,638,041	917,152
Account Number - 037881142189 (Nedbank, PE)	18,824	-	-	18,824	-	-
Account Number - 1140185322 (Nedbank, PE)	2,084,397	1,341,262	-	2,084,397	1,341,262	-
Account Number - 788114218 (Nedbank, PE)	-	-	-	-	-	-
Account Number - 037881116285 (Nedbank, PE)	37,091,670	46,756,535	-	37,091,670	46,756,535	-
Account Number - X021906134 (RMB, PE)	-	4,533,256	29,211,400	-	4,533,256	29,211,400
	39,366,238	58,876,516	33,779,153	39,366,238	58,876,516	33,779,153

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

Cash and Cash Equivalents	39,393,139	58,876,992
Current Accounts and cash on hand	2,282,645	7,587,201
Call Account Balances	37,110,494	51,289,791

All amounts of Cash and Cash Equivalents are available for use by the entity.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

	2018	2017
--	------	------

2. Receivables from exchange transactions

Trade Debtors - MBDA	8,484,678	7,607,858
Trade Debtors - NMB Stadium	42,789,070	957,658
Provision for Bad debts	-248,494	-213,830
Interest Receivable	111,651	213,854
Sub Lease Rental	387,591	221,480
Nelson Mandela Bay Stadium Loan Account	9,721,030	16,660,277
	<u>61,245,525</u>	<u>25,447,297</u>

Trade debtors: Ageing - MBDA

Current (0 - 30 days)	7,804,684	5,737,173
31 - 60 days	72,177	81,434
61 - 90 days	21,601	4,770
Over 90 days	586,216	1,784,481
	<u>8,484,678</u>	<u>7,607,858</u>

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

3. Receivables from non-exchange transactions

Deposits	2,100	14,210
	<u>2,100</u>	<u>14,210</u>
Transfer from Unspent grants - KfW Grants	3,451,292	-
	<u>3,453,392</u>	<u>14,210</u>

4. Inventory

Food and Beverage	499,095	515,296
Diesel	25,093	18,750
	<u>524,188</u>	<u>534,046</u>
Less: Provision for Obsolete Stock	-	-5,604
	<u>524,188</u>	<u>528,442</u>

4.1 Inventory items on hand at year end (in quantities)

Food and Beverage (units)	96,204	102,306
Diesel (litres)	1,664	1,500

None of the inventory has been pledged as security.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible Assets

	2,018			2,017		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
Computer Software	377,218	-326,061	51,157	327,018	-291,026	35,992

Reconciliation of intangible assets - 2018

	Cost			Accumulated Amortisation			
	Opening Balance	Additions	Disposals	Opening Balance	Amortisation	Closing Balance	Carrying Value
Computer Software	327,018	50,200	-	327,018	-291,026	-35,035	51,157

Reconciliation of intangible assets - 2017

	Cost			Accumulated Amortisation			
	Opening Balance	Additions	Disposals	Opening Balance	Amortisation	Closing Balance	Carrying Value
Computer Software	327,018	-	-	327,018	-238,440	-52,586	35,992

Pledged as security

None of the intangible assets have been pledged as security.

There were no internally generated intangible assets.

There are no capital commitments against intangible assets.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

6. Property, Plant & Equipment

	2018			2017		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer Equipment	1,050,860	-582,142	468,718	1,025,398	-616,044	409,354
Office Equipment	1,170,334	-442,713	727,621	1,199,543	-298,292	901,251
Furniture & Fittings	405,451	-174,811	230,640	383,082	-173,904	209,179
Motor Vehicles	657,367	-479,848	177,519	657,367	-387,807	269,560
Containers	62,120	-26,912	35,209	62,120	-23,448	38,672
Land*	4,649,358	-	4,649,358	4,649,358	-	4,649,358
Leasehold Improvements	1,180,753	-550,303	630,450	1,180,753	-314,151	866,602
	9,176,242	-2,256,727	6,919,515	9,157,621	-1,813,645	7,343,976

Reconciliation of property, plant and equipment - 2018

	Cost			Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	1,025,398	257,111	-231,649	1,050,860	-616,044	-143,243	177,145	-582,142	468,718
Office Equipment	1,199,543	15,810	-45,019	1,170,334	-298,292	-179,173	34,752	-442,713	727,621
Furniture & Fittings	383,082	53,169	-30,800	405,451	-173,903	-31,579	30,671	-174,811	230,640
Motor Vehicles	657,367	-	-	657,367	-387,807	-92,040	-0	-479,848	177,519
Containers	62,120	-	-	62,120	-23,448	-3,463	-0	-26,912	35,209
Land*	4,649,358	-	-	4,649,358	-	-	-	-	4,649,358
Leasehold Improvements	1,180,753	-0	-	1,180,753	-314,151	-236,152	0	-550,303	630,450
	9,157,621	326,090	-307,468	9,176,242	-1,813,645	-685,651	242,568	-2,256,727	6,919,515

Reconciliation of property, plant and equipment - 2017

	Cost			Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	915,465	121,984	-12,051	1,025,398	-485,987	-135,560	5,503	-616,044	409,354
Office Equipment	932,988	270,372	-3,817	1,199,542	-153,561	-150,652	5,922	-298,292	901,251
Furniture & Fittings	456,689	234,366	-307,973	383,082	-331,059	-22,082	179,238	-173,903	209,179
Motor Vehicles	657,367	-	-	657,367	-288,876	-99,112	181	-387,807	269,560
Containers	62,120	-	-	62,120	-19,044	-3,213	-1,191	-23,448	38,672
Land*	4,649,358	-	-	4,649,358	-	-	-	-	4,649,358
Leasehold Improvements	1,180,752	-	-	1,180,752	-78,717	-236,150	716	-314,151	866,602
	8,854,739	626,721	-323,841	9,157,619	-1,357,245	-646,769	190,370	-1,813,645	7,343,975

Pledged as security

None of the property, plant and equipment has been pledged as security.

There are no capital commitments against property, plant and equipment.

* - Located within the land is the ruins of the historic St Peters Church, these are valued at a carrying amount of zero

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

7. Heritage Assets

	2018			2017		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
Heritage Assets	250,500	-	250,500	250,500	-	250,500
	250,500	-	250,500	250,500	-	250,500

Reconciliation of heritage assets - 2018

	Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortisation	Closing Balance	Carrying Value
Heritage Assets	250,500	-	0	250,500	-	-	-	250,500
	250,500	-	-	250,500	-	-	-	250,500

Reconciliation of heritage assets - 2017

	Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortisation	Closing Balance	Carrying Value
Heritage Assets	250,500	-	-	250,500	-	0	-	250,500
	250,500	-	-	250,500	-	-	-	250,500

Pledged as security

None of the heritage assets have been pledged as security.

There are no capital commitments against heritage assets.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
8. Payables from exchange transactions		Restated
Trade Creditors - MBDA	10,819,504	6,605,659
Trade Creditors - NMBM Stadium	10,031,422	6,001,851
Employee costs - 13th Cheque accrual	332,456	274,755
Accrued expenses	805,967	448,503
Deferred Income	1,125,382	1,125,382
Contractor Retentions	1,766,814	1,126,624
NMBM Revenue due for surrender	11,134,769	980,463
	36,016,315	16,563,238
Current liabilities	34,522,025	15,227,271
Non-current liabilities	1,494,290	1,335,967
	36,016,315	16,563,238

Accrued expenses relates to expenditure that has been incurred, but for which no invoices have been received as yet. Trade payables relate to suppliers payable for work done in the normal course of business. The MBDA continues to strive to pay its trade payables within 30 days. Based on the nature of the implementation of capital projects, the bulk of the expenditure is incurred during the last quarter of the financial year with recognition of these trade payables at year end. This results in a higher than normal trade payables balance at year end and is not necessarily a consistent balance throughout the year.

9. Payables from non-exchange transactions

Deposits	145,579	90,050
	145,579	90,050
Current liabilities	145,579	90,050
Non-current liabilities	-	-
	145,579	90,050

Deposits relates to amounts paid over to the MBDA for Venue Hire.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

10. Provisions

Reconciliation of provision - 2018

	Opening Balance	Additions	Utilised during the year	Total
Workmen's Compensation	25,675	176,982	-150,760	51,897
Performance Bonuses	401,741	248,854	-401,741	248,854
Leave Pay	730,793	1,541,430	-1,297,947	974,276
Directors Fees	636,500	-	-636,500	-
Other	-	-	-	-
	1,794,709	1,967,266	-2,486,947	1,275,028

Reconciliation of provision - 2017

	Restated Opening Balance	Additions	Utilised during the year	Total
Workmen's Compensation	41,800	43,376	-59,500	25,675
Performance Bonuses	670,830	401,741	-670,830	401,741
Leave Pay	469,376	419,659	-158,242	730,793
Directors Fees	-	636,500	-	636,500
Other	-	-	-	-
	1,182,006	1,501,275	-888,572	1,794,709

Performance Bonuses - These are payable contingent upon the achievement of KPIs per the performance contract for the management.

Leave Pay - Accrued leave pay relates leave days owed to staff members at the reporting date calculated based on the daily pay rate. This is payable should employees terminate their employment.

Directors' Fees - An amount for Directors' Fees was provided for in the prior year pending a decision on the payment of fees to Directors.

11. Unspent grants

	Opening Balance	Grants for the year	Recognised as Revenue the year	Total
2018				
National Lotteries Board (NLB)	39,668	-	-39,668	-
Eastern Cape Development Corporation (ECDC)	32,054	-	-	32,054
HURP/SPUU (KfW Funded)	916,418	2,464,100	-6,831,810	-3,451,292
Eskom	-	100,000	-	100,000
SAASTA	-	446,201	-268,024	178,177
Industrial Development Corporation	1,959,049	-	-	1,959,049
Nelson Mandela Bay Municipality (NMBM)	62,138,588	83,449,675	-83,795,531	61,792,733
	65,085,777	86,459,976	-90,935,033	60,610,721
Transfer to debtors - KfW Grants				3,451,292
Total				64,062,012

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018		2017	
	Opening Balance	Grants for the year	Recognised as Revenue the year	Total
2017				
National Lotteries Board (NLB)	89,648	-	-49,980	39,668
Eastern Cape Development Corporation (ECDC)	32,054	-	-	32,054
HURP/SPUU (KfW Funded)	-176,192	10,081,662	-8,989,053	916,417
SAASTA	-	-	-	-
Industrial Development Corporation	1,959,049	-	-	1,959,049
Nelson Mandela Bay Municipality (NMBM)	48,970,328	91,820,628	-78,652,367	62,138,589
Total	50,874,887	101,902,290	-87,691,400	65,085,777

NMBM unspent grants relates to capital project funding that was received in advance, the amount above relates to the unspent balance.

12. VAT Payable

VAT Payable	1,216,650	727,149
	1,216,650	727,149

VAT Payable relates to amount outstanding to SARS for Value Added Tax.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

2018 2017

13. Revenue

Government grants & subsidies - NMBM Operating Grants	54,136,608	43,715,514
Government grants & subsidies - NMBM Capital Grants	29,658,923	34,599,511
Government grants & subsidies - National Lottery Fund Receipts	39,668	49,980
Government grants & subsidies - NMBM Stadium Operating Grant	39,573,721	18,653,333
Government grants & subsidies - SAASTA Grants	268,024	-
Other Revenue - KfW Capital grant	2,062,250	2,640,278
Other Revenue - KfW Operational	4,769,560	7,886,409
Other Revenue - Stadium Liquor Income	3,216,588	980,421
	133,725,342	108,525,446

The amount included in revenue arising from exchanges of goods or services are as follows:

Government grants & subsidies - NMBM Capital Grants	29,658,923	34,599,511
Other Revenue - Stadium Liquor Income	3,216,588	980,421
	32,875,511	35,579,932

Government grants & subsidies

This relates to funding received mainly from the parent municipality for the implementation of Capital Projects. The NMBM receives capital assets from funds received by the MBDA for the implementation of projects, hence these are classified as exchange transactions.

Other Revenue

This relates to income generated from the sale of liquor at the stadium. The MBDA is the liquor licence holder for liquor trade at the stadium

The amount included in revenue arising from non-exchange transactions are as follows:

Government grants & subsidies - NMBM Operating Grants	54,136,608	43,715,514
Government grants & subsidies - National Lottery Fund Receipts	39,668	49,980
Government grants & subsidies - NMBM Stadium Operating Grant	39,573,721	18,653,333
Government grants & subsidies - SAASTA	268,024	-
Other Revenue - KfW Capital grant	2,062,250	2,640,278
Other Revenue - KfW Operational	4,769,560	7,886,409
	100,849,831	72,945,514

Government grants & subsidies

This relates to funding received mainly from the parent municipality for the operational costs of the MBDA. These are classified as non-exchange transactions.

Other Revenue - KfW

This relates to funding received for the SPUU program funded by the German KfW bank in Helenvale. This relates to infrastructure and social projects that have been implemented in the community. These are classified as non-exchange transactions.

14. Other Income

Finance Income

Interest Received	2,328,084	2,387,959
-------------------	-----------	-----------

Sundry Income

Lease Rental Income	166,110	166,110
Tender fee income	96,278	77,506
Kiosk Rentals	61,776	76,761
Helenvale Resource Centre Income	31,666	183,551
Public Toilet Fees	25,677	27,095
Tramways Event Space Rental	663,924	384,768
Discount Received	26,225	-
Science Centre Entrance Fees	48,970	-
Other	149,709	99,383
	1,270,336	1,015,173
	3,598,420	3,403,132

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
15. Employee Related costs		Restated
Salaries and Wages	16,079,187	11,796,148
Social Contributions	3,795,946	2,753,879
Car allowances	92,000	87,000
Long Service Bonus	38,573	7,842
Performance bonus	401,742	670,830
Leave Pay	237,752	233,869
Annual Bonus	651,431	437,141
	21,296,632	15,986,709

Included in the employee costs are the following key management positions:

2018	Annual Remuneration including social contributions	Car allowance	Performance Bonus	Acting Allowance	Total
Chief Executive Officer (Appointed February 2018)***	862,661	20,000	-	-	882,661
Chief Financial Officer	1,162,431	26,000	101,795	-	1,290,225
Planning & Development Manager (Inner City) *	1,139,164	26,000	97,651	-	1,262,815
Stadium Manager	1,057,333	26,000	-	122,636	1,205,969
STC Manager	51,709	-	-	-	51,709
Company Secretary	764,400	-	-	-	764,400
Operations Manager	734,192	-	62,464	-	796,656
Planning & Development Manager (Townships)	533,210	-	56,667	-	589,877
Marketing and Communications Manager	975,381	-	83,166	-	1,058,547
Acting Planning & Development Manager (Townships)	-	-	-	74,060	74,060
Acting STC Manager	-	-	-	36,076	36,076
	7,280,481	98,000	401,742	232,772	8,012,995

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

15. Employee Related costs (continued)

2017 - Restated

	Annual Remuneration including social contributions	Car allowance	Performance Bonus	Acting Allowance/ Gratuity Payment	Total
Chief Executive Officer (resigned January 2017) **	946,246	35,000	186,530	1,374,500	2,542,276
Chief Financial Officer	993,946	24,000	122,667	234,010	1,374,623
Planning & Development Manager (Inner City)	952,500	24,000	108,742	-	1,085,242
Operations Manager	624,639	-	66,698	-	691,337
Planning & Development Manager (Townships)	461,007	-	93,581	-	554,588
Marketing and Communications Manager	833,123	-	92,612	-	925,735
Stadium Manager	165,896	4,000	-	-	169,896
	4,977,357	87,000	670,830	1,608,510	7,343,697

* Included in the amount for annual remuneration is a long-service bonus of R26 486

** The previous CEO received a Gratuity Payment of R 1 374 500 in 2016/17 Financial Year

*** - The current CEO was previously acting in the position under a secondment agreement for which an amount was paid to the seconding organisation

No termination benefits have been paid during the year

16. Remuneration of Directors

	2018	2017
	Directors Fees Expenditure	Directors Fees Provision
Mputumi William Goduka (Chairperson)	20,000	-
Kasaven Govender	7,500	-
Adrian John Faulkner Gardiner	-	-
Renganayagee Kisten	7,500	-
Khulile Vuyisile Nzo (Resigned 06 April 2018)	-	-
Bongani Gxilishe	-	-
Rajesh Dana	-	-
Sithole Mabi Mbanga	-	-
Masalamani Odayar	22,500	-
	57,500	-
Directors Fees Provision	(636,500)	636,500
Total	(579,000)	636,500

The Directors of the MBDA did not receive remuneration in the past. A decision on paying Directors fees was approved by Council on the 24 May 2018.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
17. Contracted Services		
IT Support & Computer Costs	720,335	376,293
Equipment Lease & Rentals	125,042	78,623
Security costs	8,419,524	8,509,378
Office Decor & Fittings	20,376	22,074
Cleansing Costs	4,435,173	4,472,780
Facilities Maintenance Costs	3,398,643	3,760,091
	<u>17,119,093</u>	<u>17,219,239</u>
18. Capital projects costs		
MBDA Projects	31,459,983	36,732,185
	<u>31,459,983</u>	<u>36,732,185</u>
18.1 Capital Programme		
Baakens River Valley Programme	17,313,709	10,249,481
CBD Port Elizabeth Programme	390,496	12,001,726
Helenvale SPUU FDFP Programme	2,308,147	2,640,278
Korsten / Schauderville Programme	1,822,468	522,586
New Brighton / Red Location Precinct Programme	9,578,255	11,318,114
	<u>31,413,075</u>	<u>36,732,185</u>

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
19. Other Operating costs		
Advertising and Media Placement	543,694	588,970
Arts, Culture & Heritage activation	1,498,265	1,141,412
Athenaeum Club Operating Costs	52,100	308,568
Audit fees	937,082	892,786
Bank Charges	15,434	11,995
Corporate Social Investment	741,544	778,610
Directors Expenses	220,253	304,349
Education & Training	223,952	166,905
Electricity, Water & Rates	522,589	247,604
Entertainment	29,626	64,914
EPWP Expenses	58,250	274,578
Helenvale Resource Centre Operating Costs	1,584,838	1,390,820
Insurance	143,969	97,712
Innovation / 4th Industrial Revolution projects	208,500	-
Legal Fees	837,477	462,375
Marketing & Communications	4,097,522	4,317,894
Motor Vehicle Expenses	65,745	66,412
National Lottery Grant Funded Costs	39,668	49,980
NMBM Counter Funding for KfW SPUU Programme	319,985	-
NMBM Stadium Expenditure	19.1	18,653,333
NMBM Stadium Liquor Expenditure	1,871,748	386,843
Office Cleaning & Safety	221,594	122,929
Postage & Courier	12,858	12,620
Printing & Stationery	172,633	156,448
Professional & Consultant Fees	1,666,842	425,229
Recruitment Costs	285,869	54,655
Refreshments	62,713	78,772
Rental	1,000	1,000
Repairs & Maintenance	1,577,536	103,505
Seminars, think tanks and conferences	315,218	-
SPUU Helenvale Projects Expenses	5,185,714	2,807,444
SPPU Consultants Expenses	-678,843	5,078,966
Staff Welfare	20,222	13,088
Strategic Spatial and Feasibility Studies	531,272	242,790
Subscriptions & Membership fees	37,125	72,606
Sundry Expenses	162,766	29,763
Telephone & Fax	119,905	248,442
Demolition of Telkom Park Stadium Project Costs	2,467,544	-
Travel & Accommodation	575,567	401,912
	66,323,499	40,056,224
19.1 NMBM Stadium Expenditure by nature		
Employee Related costs	13,808,074	7,016,508
Contracted Services	14,723,848	6,971,807
Other Operating costs	21,196,105	5,645,481
	49,728,027	19,633,796
Less: NMBM Revenue funded expenditure	-10,154,306	-980,463
Total	39,573,721	18,653,333

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
20. Net cash flows from operating activities		Restated
Surplus/ (deficit)	885,346	399,912
Adjustments for:		
Loss on disposal of property, plant and equipment	42,186	133,930
Depreciation	720,684	698,808
Interest accrued	-	6,767
Increase in provisions for doubtful debts	-	25,421
Changes in working capital:		
Increase/(Decrease) in provisions	-519,681	835,587
Increase/(Decrease) in Payables from exchange transactions	19,453,077	6,711,438
Increase/(Decrease) in Unspent Conditional Grants	-1,023,765	14,034,699
Increase/(Decrease) in Payables from non-exchange transactions	55,529	-392,522
Decrease /(Increase) in Receivables from exchange transactions	-35,798,228	296,889
Decrease /(Increase) in Receivables from non-exchange transactions	-3,439,182	-
Increase/(Decrease) in VAT	489,501	3,201,635
Decrease /(Increase) in Deposits	-	-11,246
Decrease /(Increase) in Inventory	4,254	-528,442
	-19,130,278	25,412,877
21. Auditor's Fees		
External audit fees	937,082	892,786
	937,082	892,786

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
22. Commitments		Restated
Approved and contracted for:		
Capital expenditure	42,123,567	37,697,459
	42,123,567	37,697,459
Approved and not yet contracted for:		
Capital expenditure	5,704,029	-
	5,704,029	-
Total commitments	47,827,596	37,697,459
Operating leases - as lessee (expense)		
- within one year	101,136	94,003
- within two to five years	69,193	169,329
- above five years	1,000	2,000
	171,329	265,333
Operating leases - as lessor (income)		
- within one year	166,110	166,110
- within two to five years	276,850	442,961
- above five years	-	-
	442,961	609,071
Lease income relates to sub-letting of the Tramways building		
Lease expense relates to lease of public toilets, office equipment, and the rental of office accommodation from the Metro		
Commitment relates to capital projects implemented by the MBDA		
23. Contingent Liabilities		
Contingent liabilities	100,000	-
Nature of contingent liability		
Civil claim for vehicle damage on MBDA project	100,000	-
Labour claim for reinstatement of employees	-	-
	100,000	-

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

24. Risk Management

Financial risk management

The MBDA's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk (e.g. currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

Liquidity risk

The MBDA's risk to liquidity is a result of the funds available to cover future commitments. The MBDA manages liquidity risk through an ongoing review of future commitments.

The table below analyses the MBDA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2years	Between 2 and 5years	Over 5 years
At 30 June 2018				
Payables from exchange transactions	34,522,025	1,494,290	-	-
Payables from non-exchange transactions	145,579	-	-	-
At 30 June 2017				
Payables from exchange transactions	15,227,271	1,335,967	-	-
Payables from non-exchange transactions	90,050	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The MBDA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise mainly of Grant Receivables from the parent municipality. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2018	Restated 30 June 2017
Cash and cash equivalents	39,393,139	58,876,992
Receivables from exchange transactions	61,245,525	25,447,297

(All figures have been rounded to the nearest thousand Rand).

Market risk

Interest rate risk

As the MBDA has no significant interest-bearing assets, the MBDA's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The MBDA does not hedge foreign exchange fluctuations and has limited exposure to foreign exchange risk.

25. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The MBDA is dependent on the NMBM to fund its operations and it earns revenue from appropriations for the implementation of the NMBM's capital projects. The ability of the MBDA to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continues to receive funding for the ongoing operations from its controlling entity, the NMBM.

26. Events after the reporting date

Following an organisational review commissioned by the Board of Directors, a revised organisational structure has been approved for implementation effective 01 July 2018.

Subsequent to year-end R127 192 of the Fruitless and Wasteful Expenditure balance was written-off, and R1 232 648 of the irregular expenditure balance was condoned by the Board of Directors.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies

27.1 Changes in classification

During the year, the entity changed its accounting policies as noted on page 1 in the directors' report.

The entity has opted to change the major classifications of line items presented to align more closely with classification used by the parent municipality Nelson Mandela Bay Metro (NMBM).

This has affected the following components of financial statement:

- (a) statement of financial position;
- (b) statement of financial performance;
- (c) statement of Changes in Net Assets
- (d) cash flow statement;

It is the view of management that this will result in more consistency and comparability in line with GRAP 1.

This will also ensure more relevant information for the nature of the business conducted by the MBDA. This also ensure improved alignment with para 79 and 96 of GRAP 1.

The Statement of Comparison of Budget and Actual Amounts is does not reflect comparative figures and as such is not affected by the change in accounting policy. However the change in major classification per the Statement of Financial Performance will be adopted for that statement going forward.

These changes have not resulted in any restatement of the underlying transactions, except to have an impact of how these are classified. The restatements are presented mainly to reflect the impact of the changes on the layout and presentation of the new classification. However there are restatement of figures previously presented due to correction of prior year errors, thus this note should be read together with Note 28.

In certain instances additional information has been disclosed in the notes to the financial statements, as such the comparative period information is also presented for consistency and comparability in line with GRAP 1. However this does not amount to an adjustment nor does it affect any financial statement line item.

The comparative results have been appropriately restated. The effect of these changes are as follows:

Statement of Financial Position	Balance as previously Reported	Change in accounting policy		Restated Balance	
		New Classification	Reclassified Amount		
Current Assets	83,886,478		-83,886,478	Current Assets	84,866,942
Receivables from Exchange Transactions	24,466,833	Receivables from exchange transactions	-24,466,833	Receivables from exchange transactions	25,447,297
VAT	-	Receivables from exchange transactions	-	Receivables from non-exchange transactions	14,210
Deposits	14,210	Receivables from non-exchange transactions	-14,210	Cash and cash equivalents	58,876,992
Cash and Cash Equivalents	58,876,992	Cash and cash equivalents	-58,876,992	Inventory	528,442
Inventory	528,442	Inventory	-528,442		
Non-current Assets	7,632,928		-7,632,928	Non-current Assets	7,630,466
Property, Plant & Equipment	7,346,436	Property, Plant & Equipment	-7,346,436	Property, Plant & Equipment	7,343,975
Intangible Assets	35,992	Intangible Assets	-35,992	Intangible Assets	35,991
Heritage Assets	250,500	Heritage Assets	-250,500	Heritage Assets	250,500
Total Assets	91,519,406		-91,519,406	Total Assets	92,497,407

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies (continued)

Statement of Financial Position

	Balance as previously Reported	Change in accounting policy		Restated Balance	
		New Classification	Reclassified Amount		
Current Liabilities	81,944,493		81,944,493	Current Liabilities	82,924,956
Payables from Exchange Transactions	14,151,610	Payables from exchange transactions	14,151,610	Payables from exchange transactions (i)	15,227,271
Provisions	1,063,917	Provisions	1,063,917	Payables from non-exchange transactions (i)	90,050
VAT	727,149	VAT Payable	727,149	VAT Payable	727,149
Unspent Conditional Grants	65,085,778	Unspent grants	65,085,778	Provisions (i)	1,794,709
Current Portion Deferred Income	236,150	Payables from exchange transactions	236,150	Unspent grants	65,085,777
Current portion of Construction Contract Retention Creditors	679,889	Payables from exchange transactions	679,889		
Non-Current Liabilities	1,335,967		1,335,967	Non-current Liabilities	1,335,967
Construction Contract Retention Creditors	446,735	Payables from exchange transactions	446,735	Payables from exchange transactions	1,335,967
Deferred Income	889,232	Payables from exchange transactions	889,232	Payables from non-exchange transactions	-
Total Liabilities	83,280,460		83,280,460	Total Liabilities	84,260,923
Net Assets				Net Assets	8,236,485
Accumulated surplus	8,238,946	Accumulated surplus	8,238,946	Accumulated surplus	8,236,485
Total Net Assets and Liabilities	91,519,406	Total Net Assets	91,519,406	Total Net Assets	8,236,485

(i) In addition to the reclassifications above, a correction of error has been processed, please refer to note 28 for details.

Note: The above changes in classifications have no impact on the underlying transactions and on the previously stated amounts for line items. As such the above is presented to reflect the impact of the new classification on the statement as previously presented. The above presentation provides better information in order to reflect the full impact of the change and to aid comparative information

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies (continued)

Statement of Financial Performance	Balance as previously Reported	Change in accounting policy		Restated Balance	
		New Classification	Reclassified Amount		
Revenue from Exchange Transactions	38,220,210		-38,220,210	Revenue from exchange transactions	35,579,932
- NMBM Capital Expenditure Grants	34,599,511	Government grants and subsidies	-34,599,511	Government grants and subsidies	34,599,511
- National Lotteries Board Grants	-	Government grants and subsidies	-	Other Revenue from exchange transactions	980,421
- KfW Bank Capital Grants	2,640,278	Other Revenue from non-exchange transactions	-2,640,278		
- Stadium Liquor Income	980,421	Other Revenue from exchange transactions	-980,421		
Revenue from non Exchange Transactions	72,859,306		-72,859,306	Revenue from non-exchange transactions	72,945,514
- Industrial Development Corporation Grants	-	Government grants and subsidies	-	Government grants and subsidies	62,368,847
- Nelson Mandela Bay Municipality Grants	43,715,514	Government grants and subsidies	-43,715,514	Other Revenue from non-exchange transactions	10,576,667
- Department of Arts and Culture Grants	-	Government grants and subsidies	-		
- NMBM Stadium Operating Grant	18,653,333	Government grants and subsidies	-18,653,333		
- Eastern Cape Development Corporation Grants	-	Government grants and subsidies	-		
- KfW Bank Operating Grants	7,886,409	Other Revenue from non-exchange transactions	-7,886,409		
- National Lotteries Board Grants	49,980	Government grants and subsidies	-49,980		
- Lease Rental Income	166,110	Sundry Income	-166,110		
- Interest Received	2,387,959	Finance Income	-2,387,959		
Total Revenue	111,079,515		-111,079,516	Total Revenue	108,525,446
Other income				Other income	3,403,132
Other Income	849,062	Sundry Income	-849,062	Sundry Income	2,387,959
				Finance Income	1,015,173
Total Income	111,928,578		-111,928,578	Total Income	111,928,578

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies (continued)

Statement of Financial Performance

	Balance as previously Reported	Change in accounting policy		Restated Balance
		New Classification	Reclassified Amount	
Expenditure	111,526,204		111,526,204	Expenditure
Advertising & Media	588,970	Other Operating costs	588,970	Employee Related costs
Audit Fees	892,786	Other Operating costs	892,786	Remuneration of Directors (ii)
Arts, Culture & Heritage Activation	1,141,412	Other Operating costs	1,141,412	Depreciation and Amortisation
Athanaeum Building Operating Costs	308,568	Other Operating costs	308,568	Finance costs
Bad Debts	39,648	Debt Impairment	39,648	Debt Impairment
Bank Charges	11,995	Other Operating costs	11,995	Contracted Services
Capital Projects Cost	36,732,185	Capital projects costs	36,732,185	Capital projects costs
CBD Facilities	3,760,091	Contracted Services	3,760,091	Other Operating costs
Cleaning & Safety	122,929	Other Operating costs	122,929	Total Expenditure
Cleansing Plan Project	4,472,780	Contracted Services	4,472,780	
Consumables	-	Other Operating costs	-	Operating Surplus
Course Fees, Education & Training	166,905	Other Operating costs	166,905	Profit/Loss on sale of assets
Depreciation and amortisation	698,808	Depreciation and Amortisation	698,808	
Directors' Fees & Expenses	940,849	Remuneration of Directors	940,849	
Donations & Social Responsibility	778,610	Other Operating costs	778,610	
ECDC Project Expenses	-	Other Operating costs	-	
Electricity, Water & Rates	247,604	Other Operating costs	247,604	
Employee Related Costs	15,986,709	Employee Related costs	15,986,709	
Entertainment	64,914	Other Operating costs	64,914	
EPWP Projects	274,578	Other Operating costs	274,578	
Operating Leases & Rentals	78,623	Contracted Services	78,623	
Helenvale Urban Renewal Program	-	Other Operating costs	-	
Helenvale Resource Centre Operating Costs	1,390,820	Other Operating costs	1,390,820	
Insurance	97,712	Other Operating costs	97,712	
Interest Paid	-	Other Operating costs	-	
IT Support Costs & Computer Expenses	376,294	Contracted Services	376,294	
Legal Fees	462,375	Other Operating costs	462,375	
Stadium Liquor Expenditure	386,843	Other Operating costs	386,843	
Loss on disposal of Property, Plant and Equipment	131,469	Profit/Loss on sale of assets	131,469	
Motor Vehicle expenses	66,412	Other Operating costs	66,412	
National Lotteries Board Expenses	49,980	Other Operating costs	49,980	
Nelson Mandela Bay Stadium Expenditure	18,653,333	Other Operating costs	18,653,333	
Office Decor & Fittings	22,074	Contracted Services	22,074	

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies (continued)

Statement of Financial Performance

	Balance as previously Reported	Change in accounting policy		Restated Balance
		New Classification	Reclassified Amount	
Office Relocation costs	-	Other Operating costs	-	
Office Rentals	1,000	Other Operating costs	1,000	
Postage & Courier	12,620	Other Operating costs	12,620	
Printing & Stationery	156,448	Other Operating costs	156,448	
Professional & Consultant Fees	425,229	Other Operating costs	425,229	
Provision for Doubtful Debts	25,421	Debt Impairment	25,421	
Public Relations & Marketing	4,317,894	Other Operating costs	4,317,894	
Recruitment Costs	54,655	Other Operating costs	54,655	
Refreshments	78,772	Other Operating costs	78,772	
Repairs & Maintenance	103,505	Other Operating costs	103,505	
Security Plan Project	7,983,129	Contracted Services	7,983,129	
SPUU Consultants Expenses	5,078,966	Other Operating costs	5,078,966	
SPUU Helenvale Projects Expenses	2,807,444	Other Operating costs	2,807,444	
Staff Welfare	13,088	Other Operating costs	13,088	
Strategic Spatial Framework Studies	242,790	Other Operating costs	242,790	
Subscriptions	72,606	Other Operating costs	72,606	
Sundry Expenses	29,763	Other Operating costs	29,763	
Telephone & Fax	248,442	Other Operating costs	248,442	
Tramways Building Security	526,249	Contracted Services	526,249	
Travel & Accommodation	401,912	Other Operating costs	401,912	
Surplus for the year	402,374		-402,374	Surplus before taxation 399,912
				Taxation -
				Surplus for the year 399,912

(ii) The figure for *Directors Fees & Expenses of R940 849* has been separated. Directors Fees have been reclassified to *Remuneration of Directors* at R636 500 and Directors Expenses have been reclassified to *Other Operating costs* at R304 349 to make up the previously stated total.

Note: The above changes in classifications have no impact on the underlying transactions and on the previously stated amounts for line items. As such the above is presented to reflect the impact of the new classification on the statement as previously presented. The above presentation provides better information in order to reflect the full impact of the change and to aid comparative information.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies (continued)

Statement of Changes in Net Assets

	Balance as previously Reported	Change in accounting policy		Restated Balance
		New Classification	Reclassified Amount	
		Error	-2,462	
Stadium Liquor Sales Surplus - Surplus for the year	593,578	Accumulated Surplus	593,578	Accumulated Surplus 399,912
Accumulated Surplus - Surplus for the year	-191,204	Accumulated Surplus	-191,204	

Note: The above changes in classifications have no impact on the underlying transactions and on the previously stated amounts for line items. As such the above is presented to reflect the impact of the new classification on the statement as previously presented. The above presentation provides better information in order to reflect the full impact of the change and to aid comparative information. This should be read together with note 28.

Cash Flow Statement	Balance as previously Reported	Change in accounting policy		Restated Balance
		New Classification	Reclassified Amount	
Cash flows from operating activities				Cash flows from operating activities
Gross cash receipts from Nelson Mandela Bay Municipality	120,946,719	Government Grants	-120,946,719	Receipts 143,720,217
Gross cash receipts from KfW, ECDC and others	20,378,772	Government Grants	-20,378,772	Government Grants 120,946,719
Cash paid to suppliers and employees	-118,307,340	- Suppliers	118,307,340	Interest received 2,394,726
Cash utilised in operations	23,018,151	- Employees costs	-23,018,151	Other Revenue 20,378,772
Interest received	2,394,726	Interest received	-2,394,726	Payments - 118,307,340
Interest paid	-	Finance charges	-	Suppliers (iii) - 96,419,837
				Employees costs (iii) - 21,887,503
				Finance charges -
				Dividends paid -
Net cash from operating activities	25,412,878		-25,412,878	Net cash from/(used) operating activities 25,412,877

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

27. Changes in Accounting Policies (continued)

Cash Flow Statement	Balance as previously Reported	Change in accounting policy		Restated Balance
		New Classification	Reclassified Amount	
Cash flows from investing activities				Cash flows from investing activities
Proceeds from sale of property, plant and equipment	-	Purchase of Property, plant and equipment	-	Purchase of Property, plant and equipment
Purchase of property, plant and equipment	-636,339	Purchase of Property, plant and equipment	636,339	Proceeds from sale of property, plant and equipment
Purchase of intangible assets	-	Purchase of intangible assets	-	Purchase of intangible assets
Net cash flows from investing activities	-636,339		636,339	Net cash flows from investing activities
				Cash flows from financing activities
				Movement in project
				Net cash flows from financing activities
Net decrease in cash and cash equivalents	24,776,538	Net increase/(decrease) in cash and cash equivalents	-24,776,538	Net increase/(decrease) in cash and cash equivalents
Cash and cash equivalents at the beginning of the year	34,100,454	Cash and cash equivalents at the beginning of the year	-34,100,454	Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year	58,876,992	Cash/cash equivalents at the year end	-58,876,992	Cash/cash equivalents at the year end

(iii) The figure for Cash paid to suppliers and employees of R 118 307 340 has been separated. This line items has been reclassified to payments to Suppliers at R102 320 631 and Employee costs at R 15 986 709 to make up the previously stated total.

Note: The above changes in classifications have no impact on the underlying transactions and on the previously stated amounts for line items. As such the above is presented to reflect the impact of the new classification on the statement as previously presented. The above presentation provides better information in order to reflect the full impact of the change and to aid comparative information.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

28. Correction of prior period error

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved.

This note must be read together with the Note 27 dealing with changes to accounting policies.

28.1 Provision

Amounts relating to leave accruals and deposits received were incorrectly classified as Payables from Exchange Transactions although the timing of such liabilities were uncertain at year-end. Leave Accruals are only payable when employees leave, an uncertain event at year end. Thus leave accruals met the definition of Provisions on the basis of uncertain timing at the prior year end. Deposits received from customers were incorrectly classified as Payables from exchange transactions although these relate to non-exchange transactions.

A summary of the effect of the correction of error is presented below:

Statement of Financial Position	Balance as previously Reported	Change in Accounting Policy		Restated Balance	
		Correction of error Restatement Amount	Restatement Amount		
Payables from Exchange Transactions	14,151,610	159,621	916,039	Payables from exchange transactions (i)	15,227,271
- Leave Accrual		-730,792			
- Deposits Received		-90,050		Payables from non-exchange transactions	90,050
- Other (see 28.7)		980,463			
Provisions	1,063,917	730,792		Provisions	1,794,709
- Leave Accrual		730,792			

(i) Other restatements to the figure for Payables from Exchange Transactions are due to the change in accounting policy on note 27 above. This was previously reflected as separate line items for the current portions of Deferred Income and Construction Contract Retention Creditors at R236 150 and R679 889 respectively. This makes up the R961 040 total.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

28.2 Related Parties

During the prior year the entity incorrectly disclosed the following entities as related parties:

- Industrial Development Corporation (Funder)
- National Lotteries Board (Funder)
- Eastern Cape Development Corporation (Funder)
- Department of Arts and Culture (Funder)
- KfW Bank (Funder)

The above entities are not part of the same economic entity as the entity, and as such do not meet the definition of related parties per GRAP 20.

Providers of finance above did not exercise significant control as the proportion of the budget funded by them was insignificant relative to the MBDA's total budget.

Further the amount for transactions with related parties for Nelson Mandela Bay Municipality related to cash amounts received instead of the amount for income received.

A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	Balance as previously Reported	Correction of error Restatement Amount	Restated Balance
Amounts included in Receivables from Exchange Transactions/(Payables from Exchange Transactions) regarding related parties			
Nelson Mandela Bay Municipality	22,252,115	-	22,252,115
Eastern Cape Development Corporation	698,350	-698,350	-
	22,950,465	-698,350	22,252,115
Amounts included in unspent conditional grants regarding related parties			
Nelson Mandela Bay Municipality	-62,138,589	-	-62,138,589
KfW	-916,418	916,418	-
Industrial Development Corporation	-1,959,049	1,959,049	-
Eastern Cape Development Corporation	-32,054	32,054	-
National Lotteries Board	-39,668	39,668	-
	-65,085,778	2,947,189	-62,138,589
Amounts Received from transactions regarding related party			
Nelson Mandela Bay Municipality	120,946,719	-120,946,719	-
KfW	10,081,662	-10,081,662	-
Eastern Cape Development Corporation	369,547	-369,547	-
Industrial Development Corporation	-	-	-
	131,397,928	-131,397,928	
Income from related parties*			
Nelson Mandela Bay Metropolitan Municipality	-	96,968,359	96,968,359
	-	96,968,359	96,968,359

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

28.3 Employee Costs (Key Management Personnel)

During the previous financial year, the disclose of key management personnel incorrectly disclosed the amount for the provision for Performance Bonus instead of the actual amount paid to key management during the financial year. In addition the performance bonus relating to the previous CEO had not been disclosed.

A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	Balance as previously Reported	Correction of error Restatement Amount	Restated Balance
			Performance Bonus
Chief Executive Officer (resigned January 2017)	-	186,530	186,530
Chief Financial Officer	101,795	20,872	122,667
Planning & Development Manager (Inner City)	97,651	11,091	108,742
Operations Manager	62,464	4,234	66,698
Planning & Development Manager (Townships)	56,667	36,914	93,581
Marketing and Communications Manager	83,166	9,446	92,612
	401,743	269,087	670,830

Further the amount paid for the secondment of the previously Acting CEO was incorrectly disclosed as remuneration paid to Key management personnel. No remuneration was paid by the entity and only a secondment fee was paid to the seconding employer organisation, which does not amount to remuneration per para 20 of GRAP 20.

A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	Balance as previously Reported	Correction of error Restatement Amount	Restated Balance
			Annual Remuneration including social contributions
Acting Chief Executive Officer (Commenced 22 May 2017)	173,333	-173,333	-
	173,333	-173,333	-

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

28.4 Irregular Expenditure

During the financial year certain irregular expenditure was discovered relating to expenditure for which no deviations were approved. A portion of this expenditure took place during the prior year. A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	<u>Balance as previously Reported</u>	<u>Correction of error Restatement Amount</u>	<u>Restated Balance</u>
Irregular expenditure	-	205,792	205,792
	<u>-</u>	<u>205,792</u>	<u>205,792</u>

28.5 Deviations from Supply Chain Management Processes

During the financial year it was discovered that certain deviations were not stated at the correct amount during the prior financial year. A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	<u>Balance as previously Reported</u>	<u>Correction of error Restatement Amount</u>	<u>Restated Balance</u>
Categories of deviation as per Regulation 36 of the MFMA			
Regulation 36 (1)(a)(i) : In the case of an emergency	533,148	-134,854	398,294
Regulation 36 (1)(a)(ii) : Goods or services are produced or available from a single provider	483,006	336,359	819,365
Regulation 36 (1)(a)(v) : Exceptional case where it is impractical or impossible to follow the official procurement processes	318,481	6,756,033	7,074,514
	<u>1,334,635</u>	<u>6,957,539</u>	<u>8,292,174</u>

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

28.6 Additional Disclosures in terms of the MFMA

During the previous financial year the contribution to medical aid and VAT were not included in the MFMA disclosures.

A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	Balance as previously Reported	Correction of error Restatement Amount	Restated Balance
Medical Aid			
Current year fee	-	1,085,436	1,085,436
Amount paid - current year	-	-1,085,436	-1,085,436
		-	
VAT			
VAT receivable	-	1,825,091	1,825,091
VAT payable	-	-2,552,240	-2,552,240
	-	-727,149	-727,149

28.7 Amounts for surrender to NMBM

The MBDA acts as an agent for revenue collected at the stadium, however the amount owing in the prior financial year was erroneously omitted from disclosure as a related party balance, and this was also not accrued for in the books of the MBDA.

A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements	Balance as previously Reported	Correction of error Restatement Amount	Restated Balance
Payables to related parties			
Nelson Mandela Bay Metropolitan Municipality	-	980,463	980,463

Statement of Financial Position

	Balance as previously Reported	Correction of error Restatement Amount	Change in Accounting Policy Restatement Amount	Restated Balance
Payables from Exchange Transactions	14,151,610	159,621	916,039	15,227,271
- Trade Creditors - NMBM Stadium		980,463		
- Other (see Note 28.1)		-820,842		
Receivables from exchange transactions	24,466,833	980,463		25,447,297
- Nelson Mandela Bay Stadium Loan Account		980,463		

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

28.8 Property, Plant and Equipment

During the current year's verification of assets differences were discovered between the fixed assets register and the general ledger. Certain of these amounts impact on the prior year balances and thus have to be adjusted for.

A summary of the effect of the correction of error is presented below:

Statement of Financial Position

	<u>Balance as previously Reported</u>	<u>Correction of error Restatement Amount</u>	<u>Restated Balance</u>
Property, Plant & Equipment	7,346,436	-2,461	7,343,975
Loss on disposal of Property, Plant and Equipment		<u>-2,461</u>	

Statement of Financial Performance

	<u>Balance as previously Reported</u>	<u>Correction of error Restatement Amount</u>	<u>Restated Balance</u>
Loss on disposal of Property, Plant and Equipment	-131,469	-2,461	-133,930
		<u>-2,461</u>	

28.9 Commitments

During the financial year, it was discovered that the opening balance for the disclosure of commitments was misstated.

A summary of the effect of the correction of error is presented below:

Notes to the Annual Financial Statements

	<u>Balance as previously Reported</u>	<u>Correction of error Restatement Amount</u>	<u>Restated Balance</u>
Commitments - Capital	23,130,609	14,566,850	37,697,459
Commitments - Leases (As Lessee)	547,167	-281,834	265,333
Commitments - Leases (As Lessor)	830,551	-221,480	609,071

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

29. Fruitless and wasteful Expenditure

Opening Balance	866,743	3,743
Incurred during the year	136,191	866,743
Condoned by the Board	-	-3,743
Closing Balance	<u><u>1,002,934</u></u>	<u><u>866,743</u></u>

Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	Amount
SARS late payment penalty	Under investigation	111,058
SARS late payment Interest	Under investigation	6,549
Cancellation of tender	Under investigation	9,584
Cancellation of contract	Under investigation	9,000
		<u><u>136,191</u></u>

Please refer to Note 26 for additional details.

30. Irregular Expenditure

Opening Balance	205,792	-
Incurred during the year	3,773,815	205,792
Condoned by the Board	-1,374,796	-
Closing Balance	<u><u>2,604,811</u></u>	<u><u>205,792</u></u>

Restated

Analysis of Current Year's irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings	Amount
Deviations not approved by the Accounting Officer	Condoned	1,374,796
Deviations not approved by the Accounting Officer	Under investigation	1,002,177
Payment after end of contract	Under investigation	24,679
Payments made to suppliers not on accredited database	Under investigation	1,057,244
Award to persons in service of the state (consultant)	Under investigation	199,500
No supply chain process followed	Under investigation	97,964
process	Under investigation	17,455
		<u><u>3,773,815</u></u>

Please refer to Note 26 for additional details.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

31. Related Parties

Relationships

Controlling entity Nelson Mandela Bay Metropolitan Municipality
Other members of the group None

Members of key management

Chief Executive Officer (Acting before February 2018):	Mr Ashraf Adam
Chief Financial Officer:	Mr Ashwin Daya
Planning and Development Manager - Inner City:	Ms Dorelle Sapere
Planning and Development Manager - Townships (Resigned):	Ms Rene Uren
Operations Manager:	Mr Mcebisi Ncalu
Marketing and Communications Manager:	Mr Luvuyo Bangazi
Planning and Development Manager - Townships (Acting):	Ms Nafeesa Dinie
Stadium Manager:	Mr Mpho Mokonyane
Science Centre Manager (Resigned):	Ms Zimasa Nyingwa
Company Secretary:	Mr Mbulelo Matiwane
Science Centre Manager (Acting):	Ms Singathwa Poswa

Directors

Mputumi William Goduka (Chairperson)	Non-Executive Director
Kasaven Govender	Non-Executive Director
Adrian John Faulkner Gardiner	Non-Executive Director
Renganayagee Kisten	Non-Executive Director
Bongani Gxilishe	Non-Executive Director
Rajesh Dana	Non-Executive Director
Sithole Mabi Mbanga	Non-Executive Director
Masalamani Odayar	Non-Executive Director
Khulile Vuyisile Nzo (Resigned 06 April 2018)	Non-Executive Director

	2018	Restated 2017
Related party balances		
Receivables from related parties		
Nelson Mandela Bay Metropolitan Municipality	49,190,781	22,252,115
Payables to related parties		
Nelson Mandela Bay Metropolitan Municipality	11,148,454	980,463
Unspent grants from related parties		
Nelson Mandela Bay Metropolitan Municipality	61,792,733	62,138,589
Income from related parties*		
Nelson Mandela Bay Metropolitan Municipality	123,369,252	96,968,359
Payments made to related parties		
Nelson Mandela Bay Metropolitan Municipality	810,726	67,023

* - In the prior year the entity had presented cash transactions with the related parties, in the current year, this has been changed to income amount to be more consistent with the accrual basis of accounting upon which these financial statements are based

None of the related party balances have been impaired for doubtful debts

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
32. Additional Disclosures in terms of the MFMA		Restated
Audit Fees		
Current year fee	937,082	892,786
Amount paid - current year	<u>-937,082</u>	<u>-892,786</u>
	<u>-</u>	<u>-</u>
PAYE, SDL and UIF		
Current year fee	6,528,145	3,403,066
Amount paid - current year	<u>-6,528,145</u>	<u>-3,403,066</u>
	<u>-</u>	<u>-</u>
A penalty and interest was levied for a late payment for 1 month		
Pension Deductions		
Current year fee	2,191,325	1,471,428
Amount paid - current year	<u>-2,191,325</u>	<u>-1,471,428</u>
	<u>-</u>	<u>-</u>
Medical Aid		
Current year fee	1,751,820	1,085,436
Amount paid - current year	<u>-1,590,612</u>	<u>-1,085,436</u>
	<u>161,208</u>	<u>-</u>
VAT		
VAT receivable	932,288	1,825,091
VAT payable	<u>-2,611,483</u>	<u>-2,552,240</u>
	<u>-1,679,195</u>	<u>-727,149</u>

All VAT returns were submitted by the due date throughout the year.

Mandela Bay Development Agency NPC

(Registration number 2003/017900/08)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

33. Deviations from Supply Chain Management Processes

Categories of deviation as per Regulation 36 of the MFMA	2018		Restated 2017	
	No of instances		No of instances	
Regulation 36 (1)(a)(i) : In the case of an emergency	6	112,996	29	398,294
Regulation 36 (1)(a)(ii) : Goods or services are produced or available from a single provider	36	810,671	19	819,365
Regulation 36 (1)(a)(iii) : Acquisition of special works of art or historical objects where specifications are difficult to compile	-	-	-	-
Regulation 36 (1)(a)(v) : Exceptional case where it is impractical or impossible to follow the official procurement	113	5,078,581	5	7,074,514
Regulation 36 (1)(b) : Ratification any minor breaches of the procurement processes	-	-	-	-
	155	6,002,247	53	8,292,174

34. Awards made to a person whose close family members are in the service of the State

A municipal entity must disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including:

- the name of that bidder
- the capacity in which that person is in the service of the state
- the amount of the award

Name of bidder	Capacity in which that person is in the service of the state	Amount of the award
Route2 EC*	Director's parent is a Councillor at Overstrand Municipality	R950/h
		-

* Amount limited to below R200 000 incl VAT

35. Budget Differences

Material differences between budget and actual amounts - MBDA

- A - The variance is due to low expenditure on capital projects
- B - Stadium Liquor income does not form part of the MBDA budget
- C - This is due to suspension of the KfW programme and reduced spending of the operating budget
- D - Progress in capital projects for SPUU has been halted due to ongoing violence in Helenvale
- E - The spending is in line with budget, except for the impact of resignations during the year
- F - This is due to budget savings on security and cleansing amongst others
- G - Due to the low expenditure on capital projects
- H - This is due budget savings on professional costs and the demolition of Telkom Park Stadium amongst others

Material differences between budget and actual amounts - MBDA (Nelson Mandela Bay Stadium)

- I - Stadium had less events than anticipated
- J - Grant for expenditure is paid by the parent municipality
- K - Stadium had less events than anticipated

VOLUME V
(PART 4)
MBDA – Audit Report

Report of the auditor-general to the Eastern Cape Provincial Legislature and council on the Mandela Bay Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mandela Bay Development Agency set out on pages ^{5 to 61} (Vol V - Part 3) which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets and cash flow statement, and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandela Bay Development Agency as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act, 2008 (Act No.71 of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Prior period error

7. As disclosed in note 28 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipal entity at, and for the year ended, 30 June 2018

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

9. In terms of section 125(2) of the MFMA, the entity is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Mandela Bay Development Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may

be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the annual performance report of the municipal entity for the year ended 30 June 2018:

Key performance area	Pages in the annual performance report
Basic service delivery	1 to 3 (Volume V - Part 2)

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for Basic Service Delivery key performance area.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages ^{1 to 5}_(Volume V - Part 2) for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of a number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of key performance area 1 – basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual reports

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property plant and equipment, commitments and related parties identified by the auditors in the submitted financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

25. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

31. Leadership did not ensure that an appropriate accounting system and effective controls enabled financial statements that were free from material misstatements. Action plans were not implemented in time to prevent such misstatements.

Financial and performance management

32. Management did not develop adequate record keeping mechanisms and daily and monthly controls to ensure that the data used to prepare the financial statements was accurate and complete, this resulted in the misstatements identified by the auditors. Furthermore, management reviews to identify errors were limited.

Other reports

33. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

34. A forensic investigation is underway on supply chain deviations for the Nelson Mandela Bay Stadium.

AUDITOR-GENERAL

East London
30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected key performance area and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mandela Bay Development Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.