

ANNUAL REPORT 2016/17



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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 Enterprise
SPUU	Safety and Peace through Urban Upgrading
SPV	Special Purpose Vehicle
SRA	Special Ratings Area
SSIF	Strategic Spatial Implementation Framework

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FACILITIES MANAGEMENT:



40 000

visitors through doors of Tramways for events in period under review

EMPOWERMENT, DEVELOPMENT AND TRANSFORMATION:

19

youth start-ups supported through project collaborations to stimulate Metro's creative economy



20 +

in contracts awarded to SMMEs in Nelson Mandela Bay

15+

SMMEs empowered through contracts awarded

5 863

the number of beneficiaries on SPUU youth employment promotion programmes



43 000

person hours spent on MBDA projects by SMMEs and Contractors

R1,7M

spent on skills training through SPUU to empower and develop capacity of SMMEs



AREAS MANAGEMENT:

155

tons of refuse collected per month in MBDA mandate areas as part of top-up cleansing services for metro

306

informal traders registered with trading licences



83000m²

informal traders registered with trading licences

319

criminals and perpetrators arrested in MBDA mandate areas by SAPS, chiefly facilitated through private security force interventions

R478431

value of stolen goods recovered through private security force



MARKETING, CORPORATE RELATIONS & MEDIA HIGHLIGHTS

97%

neutral or positive sentiment towards MBDA in media



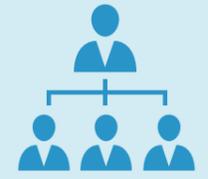
R18M

in media coverage earned



2500

engaged social media followers



R700000

in CSI contributions made



100

events hosted in first year of Tramways building opening



51

matches and non-bowl events at Nelson Mandela Bay Stadium in first six months after MBDA's appointment as stadium operator



75 000

fans visiting Nelson Mandela Bay Stadium for rugby or soccer matches in first six months after Metro appointed MBDA as operator





SECTION 01:

INTRODUCTION & ORGANISATIONAL OVERVIEW

01

FOREWORD: EXECUTIVE MAYOR OF NELSON MANDELA BAY

FOREWORD FROM THE EXECUTIVE MAYOR

The MBDA has a critical role to play towards advancing the development of Nelson Mandela Bay as a Well-Run, Safe, Caring, Inclusive, Forward Thinking, Opportunity City.

While the performance of the MBDA over the year under review is indicative of a period characterised by transition, it has also seen the conclusion of a number of long-term projects, as well as the operationalization thereof.

The advances progress achieved towards the progress of upgrading of Bay World as a strategic asset for tourism and conservation is considered as progress. The realization of revitalizing this onset remains a critical focus area.

While the success of the Telkom Park redevelopment will only be achieved in the longer term, the demolition of the dilapidated stadium is a solid first step in the manifestation of the city's vision for the development of the precinct. As a mixed-use development where nature is in easy reach, Telkom Park will have something to offer for every resident, investor and visitor. Beginning with the precinct's "green lung", the NMBM is looking forward in the year ahead to collaborating with the MBDA towards advancing the project towards fruition.

The Tramways Building and the completion of the Campanile project are to be applauded for the improvement they have made to the façade of the inner city and to the improved linkages they have created between the inner city and the Baakens Valley. The inner city is becoming more walkable by the day as a result of public congregation these developments hosted over 40 000 people at the 100+ events since the opening of the Tramways. It has been inspiring to see private

development resulting from the public investment in the Tramways building and Baakens Valley area. In the year ahead, linkages to the harbour and the Donkin will be further developed through the efforts of both the MBDA and the NMBM.

The NMBM commends the MBDA's support and investment in the cultural and creative industries over the financial year under review – the foundations laid in this respect are an achievement that will no doubt be furthered in the year ahead.

Vital to the functioning of the MBDA as a fit-for-purpose development vehicle is its performance as an agency - not only for development but for the attraction of investment that enables development. Commitments made by collaborative partners that escalated the ability of the MBDA to perform need to be delivered upon.

The work done thus far in Helenvale, Veeplaas and Schauderville/Korsten constitutes a valuable contribution towards the transformation of the city's townships and vulnerable areas into suburbs and improvement of the livelihoods of our communities.

As an entity, the MBDA's well-recognised track record and ability to consistently achieve clean audits positions it well to access funding and investment in many forms. It is hoped that the recent changes to the Agency's leadership - in respect of the appointment of new board members and, at the time of publishing, a new CEO – will see it continue on this path also and improve its performance.

The entity is tasked to ensure that it not only undertakes

its own developments but continues to catalyse and support development by those investors wishing to build their future successes as part of the unfolding Nelson Mandela Story. The Inclusive City and the Opportunity City are mutually reinforcing. From our flame, many more will be ignited. The future looks brighter by the day.

I would like to conclude by thanking the MBDA Board, management and staff for their commitment and service over the past year.



Athol Trollip
Executive Mayor



02 CHAIRPERSON'S REPORT

i. Foreword by the Executive Mayor of Nelson Mandela Bay

The Executive Mayor's office through the Chief Of Staff has been requested to supply this item as soon as possible.

ii. Chairperson's report

The MBDA has once again proved to be an integral and strategic special purpose vehicle of the Nelson Mandela Bay Municipality (NMBM). The relatively new board (first term) inherited an organisation in transition. This 14-year-old organisation was clearly undergoing common challenges experienced by successful organisations that for one reason or the other start to suffer from mandate creep, lack of focus and declining performance.

Stabilizing board and shareholder relations

The new board, which was appointed in April, became active in June of the 2015/16 financial year. After the 2016 local government elections, Nelson Mandela Bay experienced a significant change in political leadership and this necessitated a transitional period whereby the Board needed to engage with the new leadership to understand the incoming local government's priorities, vision and strategic objectives. Various engagements have since taken place between the Board and the relevant leaders of the Council.

The complications of an organisation in transition are that even though change is required, normal business must continue in order to fulfil existing obligations while limiting the intake of new commitments.

Strengthening governance structures

One of the most challenging issues that the Board had to tackle head on was an unresolved matter relating to the employment status of the CEO. It gives me pleasure to confirm that, following all necessary consultations, the matter has been resolved amicably. This has allowed the Board to focus on strengthening governance structures and supporting the management team to carry out the Agency mandate.

A new board committee, the Capital Projects Committee, was set up to assist the Agency to improve spending and efficiencies in project management. Through the interventions of this committee, various projects have either made progress or have been relocated to more fitting departments within the municipality, thus bringing more focus and applying Agency resources to core mandate areas. The work of this committee continues.

Reviewing the mandate

The review of the mandate and focus of the Agency also necessitated the review of the MBDA's strategic plan. The Board, working closely with management, began a process to review the vision, mission and strategic objectives of the MBDA. The review process is to be finalised during the first quarter of the 2017/18 financial year (FY). Further consultations with all the relevant stakeholders will commence soon thereafter.

Capacity building

Through the review process the Board identified a number of areas that required additional capacity and support in

order to strengthen the delivery capacity of the Agency. Various positions have since been advertised or recently filled. Topping the list of crucial vacancies were the appointment of competent and experienced project managers, the appointment of a panel of professional advisers and consultants, the appointment of a company secretary and most importantly finalising the search for a competent Chief Executive Officer.

Credible stewardship

To end off, the Board would like to thank the Nelson Mandela Bay Municipality for its unwavering support during this period, the committed staff of the Agency, service providers and the communities we serve for yet another unqualified audit from the Auditor General South Africa.

The MBDA operates in a strictly regulated environment that places a lot of emphasis on compliance. The implementation of capital projects in a depressed economic environment presents many challenges and jostling for access. Project implementation and specifically procurement processes are always under pressure and pose a high level of risk. Even in this environment, the Agency was able to sustain its proud legacy.

The year ahead

The 2016/17 FY has been a year of recalibration, consolidation and repositioning. The year ahead should benefit from all the ground work covered in 2016/17 by showing improved rates of spending, project completion rates, and a measurable socio-economic impact. Projects such as Telkom Park, the Baakens Precinct, Bayworld, Singaphi Street, Helenvale Safety and Peace through Urban Upgrading and the Uitenhage Science Centre

Precinct should make significant progress in changing the socio-economic landscape of Nelson Mandela Bay. The Board also embraces the continued operation and management of the Nelson Mandela Bay Stadium (NMB Stadium) as we believe a lot of value can still be unlocked from this asset, especially when the entire stadium precinct is taken into account.

Mputumi Goduka
Chairperson



03 CHIEF EXECUTIVE'S REPORT

Having been at the MBDA for just under two months of the financial period under review, my observation as Chief Executive Officer is that the Mandela Bay Development Agency has, in its 14 years of existence, made a significant impact on the Metro and its communities. This impact is especially seen in relation to the Agency's newly built public infrastructure together with its existing pipeline of programmes and projects planned for the future.

Despite this impact, it is also clear that over time the Agency has taken on certain activities and projects that were not aligned with its original mandate. Such mandate creep was however understandable and somewhat inevitable given the sustained period of political instability experienced by the Metro as a whole. For the Agency to have performed relatively well under such circumstances demonstrates a high level of resilience.

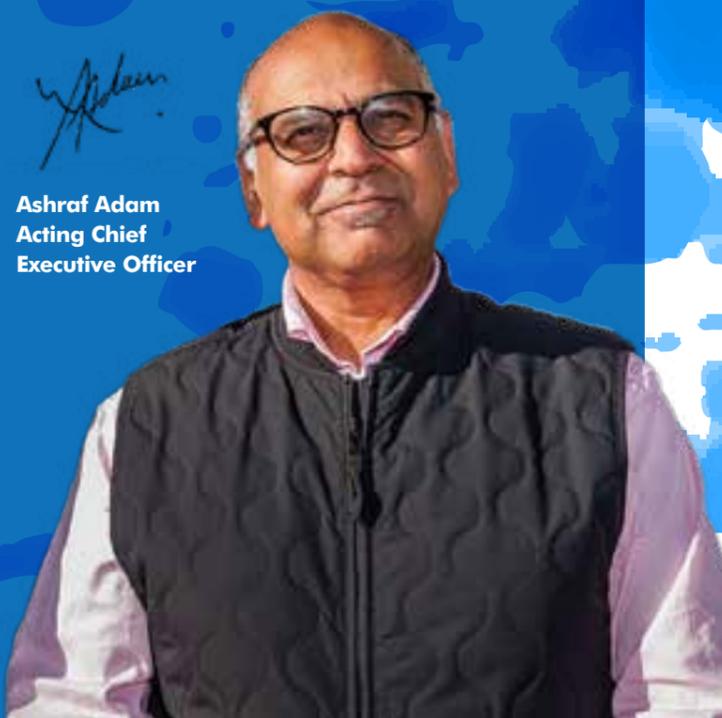
It is now critical that a strategic review of the Agency's mandate is undertaken. The Board has commenced the review process with support of the Nelson Mandela Bay Municipality leadership. This review will ensure that a more focused approach is adopted in respect to ensuring that future programmes and projects have a strong development focus and catalytic impacts that result in the upliftment of our communities.

Allied to the strategic review process, an organisational review is also required to ensure that the revised mandate and strategic objectives are effectively pursued. Moreover, such a review will ensure that the Agency is capacitated to deliver on its programmes and projects in a more effective manner than during the current financial period, where our project performance was not optimal mainly due to the organisational challenges faced by the Agency.

Since the resignation of the Agency's former chief executive in January 2017 the MBDA Board, with the support of the Nelson Mandela Bay Municipality, ran a nationwide search for a full-time Chief Executive Officer. After an acting period, I was delighted to take up the role of CEO and my five-year vision is to turn Nelson Mandela Bay into a true post-Apartheid city where vulnerable areas become desirable places to live in.

Notwithstanding the challenges faced by the Agency this past financial year, I am very excited at the potential and opportunity that the NMB Stadium poses for the MBDA and NMBM at both an operational and precinct development level. The stadium is a key strategic municipal asset that has, to date, not been leveraged anywhere close to its full potential.

As the world deals with the emergence of the fourth industrial revolution, the planned transfer of the operations of the Uitenhage Science and Technology Centre to the Agency in the new financial period is another promising development which will have strong synergy with the future Bayworld redevelopment project, and will also expand the MBDA's footprint into Uitenhage and Despatch.



Ashraf Adam
Acting Chief Executive Officer

04 STRATEGIC REVIEW

In the period under review, the MBDA began with an internal process of renewal, revival and inspiration on its own organisational DNA and strategic direction.

This process has allowed the Agency to map a new course that will unlock even greater levels of transformation, social inclusivity, economic growth, investment, environmental justice and shared prosperity for residents, business owners and communities in Nelson Mandela Bay. This process of necessary reinvention has been important to realign the city's development agency - taking the city's Integrated Development Plan, several national development mandates and a variety of factors into account.

The strategic review took a variety of factors into account including:

- Spatial development planning;
- High-growth, high-potential and untapped sectors of Nelson Mandela Bay's economy;
- Downstream and upstream effects of technological change;
- Accessibility to economic opportunities;
- Changes in the generational composition of the economic workforce;
- Mobility and transport systems, and human settlement patterns;
- Various national and provincial planning directives;
- The effective management of the excesses of a neoliberal mode of economic organisation and effectively ensuring that the responsibilities of the welfare and development state are achieved; and finally
- Managing and improving societal divisions which may exist in Nelson Mandela Bay on the basis of race, gender, religion or income.

The Agency's new vision will focus on creating an iconic world-class ocean city showcasing its diversity of people, culture, heritage and environment. And, to achieve this the MBDA sets out a mission to become a knowledge-based developmental agency that seeks to achieve social, spatial and economic transformation in Nelson Mandela Bay.

The Agency has also created a map of strategic objectives or focus areas.

Firstly, the work and programmes of the MBDA are fundamentally oriented towards the relationship between human communities and physical spaces. In this regard, the Agency seeks to pioneer and implement people-centred catalytic programmes. Secondly, the end goals or outcomes of all MBDA investment initiatives have to be catalytic and

transformative. Thus, the MBDA has to create spaces and places that inspire and transform Nelson Mandela Bay. Finally, one of the key future drivers of economic growth is the creative industries. The creative economy comprises one of the fastest-growing sectors of the global economy. With this in mind, the MBDA will develop and promote a creative culture in Nelson Mandela Bay.

Essentially, four strategic marketing areas have emerged that will define the activity spheres of the MBDA.

Facility management, which will include running assets developed by the MBDA such as the Tramways, Campanile and Helenvale Resource Centre or assets such as the Nelson Mandela Bay Stadium assigned to be operated by the MBDA.

Area management, which entails security, cleansing and traffic management in special spatial nodes that have been upgraded or revitalised by the MBDA.

Socio-economic programmes which focus on uplifting or improving the lives of communities living on margins of society and in high levels of poverty, unemployment and crime.

Research and knowledge creation which will see the MBDA become a capacity hub introducing new physical or intangible assets to the city with a focus on sustainability.

As a result of the processes outlined, revised Vision, Mission and Strategic Objectives have been developed:



To develop an iconic world-class ocean city showcasing its diversity of people, culture, heritage and environment.



To become a knowledge-based developmental agency that seeks to achieve social, spatial and economic transformation in Nelson Mandela Bay.



- 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

Section 01: Introduction & overview

Section 02: Governance

Section 03: Service delivery performance

Section 4: Organisational Development Performance

Section 05: Audit report

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01 MANDATE

The MBDA was conceptualised by the Nelson Mandela Bay Municipality and the Industrial Development Corporation 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 a number of 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 in order to create a conducive investment environment in its mandate areas. With this in mind, 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.

02 STRUCTURES

i. Governance structure

Ownership and control

The MBDA was established as a municipal entity in 2003 as a joint initiative of the NMBM and the IDC. It is wholly owned by the NMBM.

MBDA ownership and control

The MBDA, represented by its board of directors, receives its mandate from the NMBM, acting through the Executive Mayor, the City Manager and the NMB Metropolitan 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 SDA, and on the political dispensation for its political mandate.

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 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.

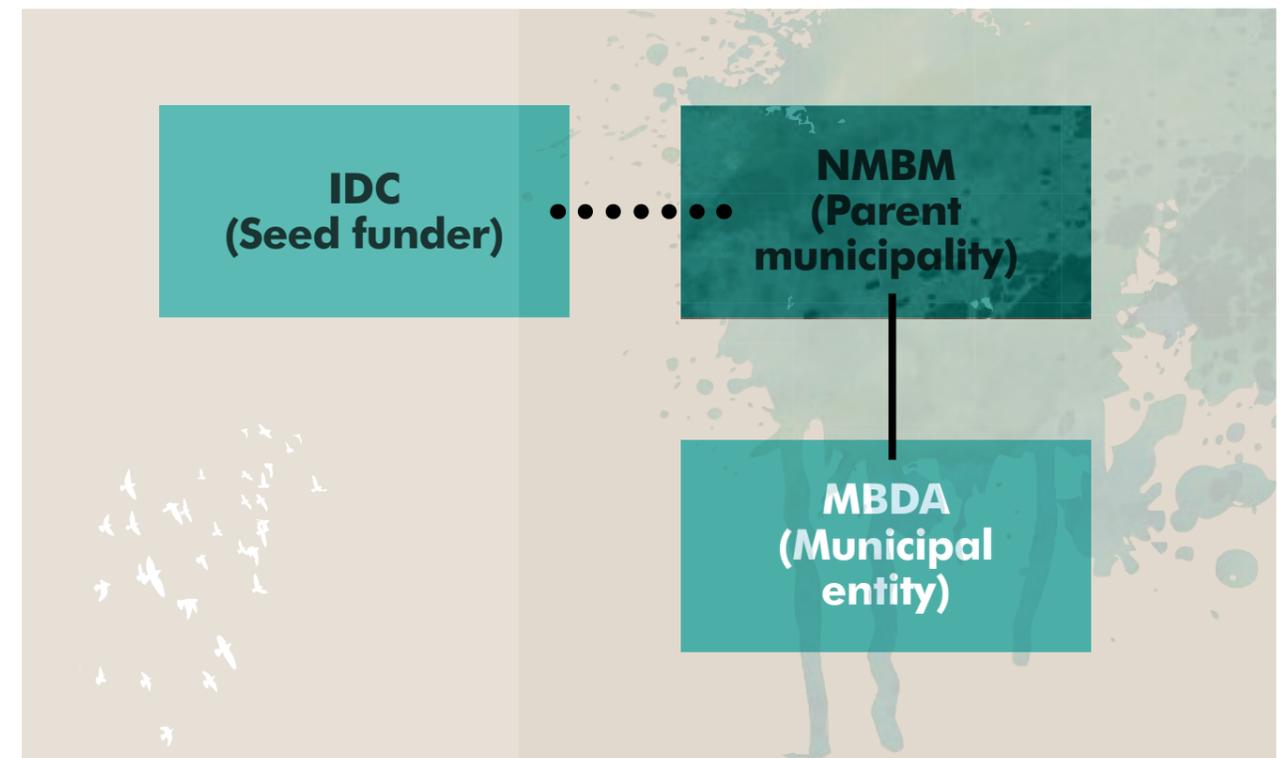


Diagram 1: MBDA ownership and control



BOARD MEMBERS

Mputumi Goduka (Chairperson),
Appointed to the Board: 21 April 2016

Derrick Swartz,
Appointed to the Board: 21 April 2016

Nomhle Tys,
Appointed to the Board: 21 April 2016/Re-
signed 30 September 2016

Kasaven Govender,
Appointed to the Board: 21 April 2016

Adrian Gardiner,
Appointed to the Board: 21 April 2016

Rojie Kisten,
Appointed to the Board: 21 April 2016

Khulile Nzo,
Appointed to the Board: 21 April 2016

Bongani Gxilishe,
Appointed to the Board: 21 April 2016

Rajesh Dana,
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

AUDIT COMMITTEE

Michelle Wait: Chairperson and Independent member

Stephen Nel: Independent member

Herbert Fischat: Independent member

William Smith: Independent member

Gregory Billson: Independent member

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Sithole Mbanga: Chairperson

Masalamani Odayar

Rajesh Dana

Kasaven Govender

Mphutumi Goduka

CAPITAL PROJECTS COMMITTEE

Rojie Kisten: Chairperson

Khulile Nzo

Kasaven Govender

Sithole Mbanga

EXECUTIVE MANAGEMENT

Ashraf Adam: Chief Executive Officer

Ashwin Daya: Chief Financial Officer

Dorelle Sapere: Planning and Development Manager

(Inner city and special projects)

Rene Uren: Planning and Development Manager (Township
projects)

Maebisi Ncalu: Operations Manager

Luvuyo Bangazi: Marketing and Communications Manager

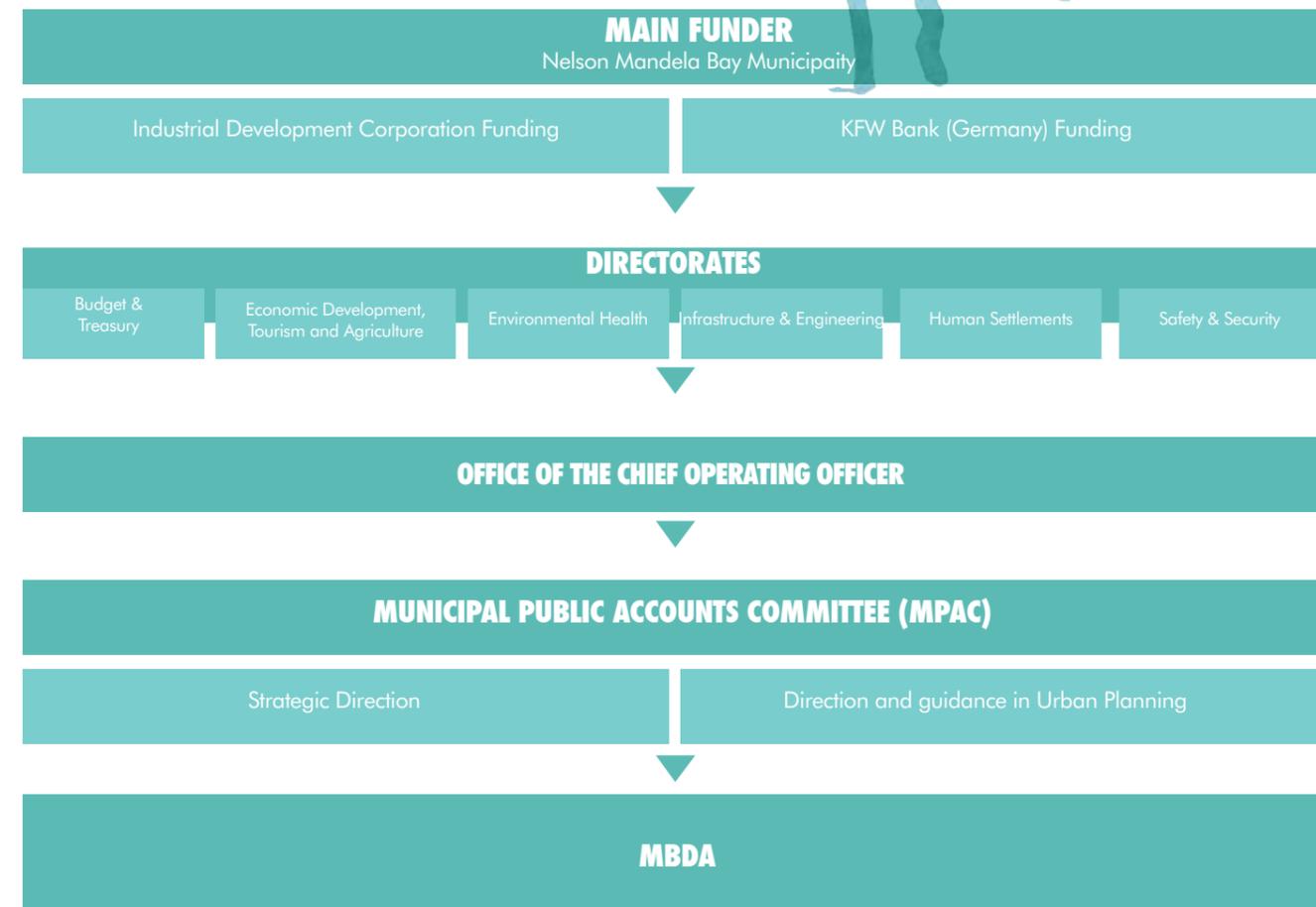
Mpho Mokonyama: NMB Stadium Manager

03 INTER-GOVERNMENTAL RELATIONS

I. 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 the NMBM. In addition, the MBDA engages with client departments that take ownership upon completion of infrastructure and assets created by the MBDA, particularly the Infrastructure and Engineering Directorate. The figure below represents MBDA stakeholder engagement linkages with the NMBM.



04. 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 in order 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 in order to gauge public sentiment and ensure that the MBDA always has the public's interests at the centre of its initiatives.



05 CORPORATE PROFILE AND GOVERNANCE

I. 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 NMBM. The Agency's present mandate areas are: the Port Elizabeth CBD and its linkages with the Port of Port Elizabeth and Kings Beach, as well as the NMB Stadium precinct and North End, Uitenhage, and the township areas of Helenvale, New Brighton, Veeplaas and Walmer-Gqebera.

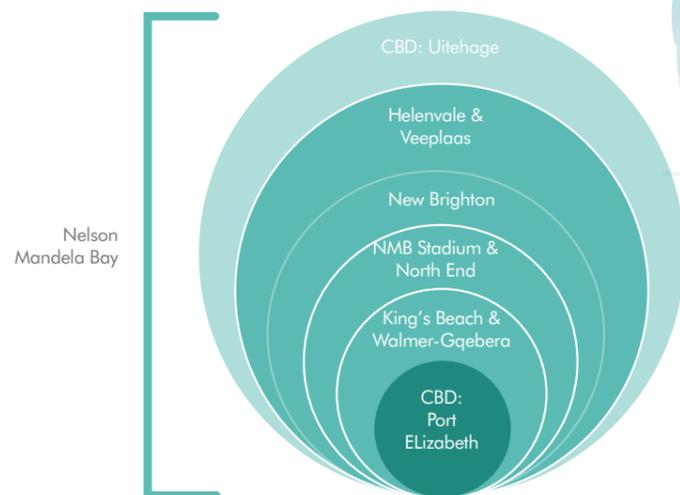


Figure 3: From CBD to CBD – the concentric approach to urban renewal linking two major urban nodes in the Nelson Mandela Bay Municipality.

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 2016/17 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 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:

- Inner city 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 of consultants, contractors and service providers;
- Regeneration of historically marginalised areas; and
- Establishment of a particular brand of urban planning and renewal, with strong emphasis on public participation.

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.

II. GOVERNANCE

The MBDA endeavours to ensure that the essentials of good governance are in place to facilitate smooth operation. 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.

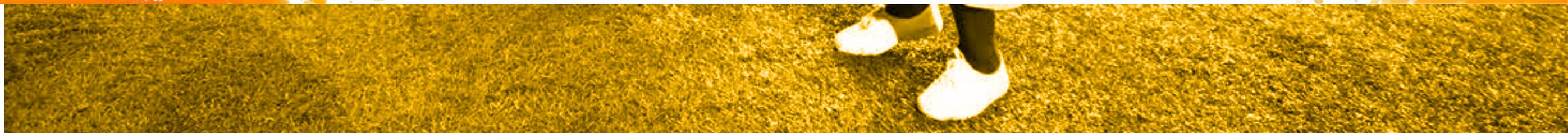
Municipal bylaws indirectly affect the entire city. However, besides matters relating to informal traders, security and the cleansing plan initiatives of the Agency, municipal bylaws do not directly impact the Agency's projects. The MBDA reports to the parent municipality's Economic Development, Tourism 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 – a bold illustration of confidence in the city’s potential, and one that has yielded the desired result of increasing private sector investment, particularly in areas where projects are now completed.

01. PLANNING AND DEVELOPMENT: INNER-CITY AND SPECIAL PROJECTS

This planning and development unit has been instrumental in its engagement in a number of strategic and catalytic programmes that impact social, economic and spatial planning in Nelson Mandela Bay. The team has led a number of successful projects which include the Kings Beach environmental upgrade, Port Elizabeth CBD urban upgrades, Uitenhage CBD urban upgrades and, more recently, the Tramways redevelopment.

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 offers guidance, mentorship, facilitation of opportunities and linkages to funding, all with the goal to assisting artists to gain sustainability.

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.

I. BAYWORLD REDEVELOPMENT

Bayworld is an Eastern Cape Provincial Government asset on local municipal land. The facility houses an Oceanarium, museum and snake park. Attached to the property is a bowls sporting complex. After many years of consultations and engagements necessitated by the degeneration of the asset, the Provincial Government handed the process to plan and

redevelop Bayworld over to the Nelson Mandela Bay Municipality. The city delegated the MBDA, acting as its agent, to undertake the task of the future development and refurbishment of two components of the facility. This proposed redevelopment aims to offer a world-class visitor attraction with a unique experience. There are a number of integrated phases involved in this process beginning with public participation and visioning. The process continued in 2016/17 and is likely to conclude towards the second half of 2017/18.

The repurposing and revitalisation of Bayworld is key to developing tourism real estate for Nelson Mandela Bay – in order to make the city even more attractive and competitive. The MBDA believes the facility has great potential that will be unearthed through a thorough redevelopment and planning process that includes wider participation.

In the year under review, several dialogue sessions took place with stakeholders, role-players in science, education, animal protection and environmental spheres as well as city and tourism officials over a period of six months. These initial sessions served as an antecedent for the formal stakeholder consultation component, forthcoming environmental impact assessment (EIA) and feasibility studies.

The discussions and dialogues were undertaken in the spirit of creating planning integration between city, province, tourism authorities, and civil society. Through these sessions, the MBDA was enabled to create an inventory of preliminary ideas, concerns, visions and expectations concerning the future of Bayworld through a SWOT analysis. The topics discussed ranged from the required staffing and human resources component for the facility to ways in which the city, the MBDA and tourism authorities can ensure that responsible forms of management in relation to environmental justice and animal rights will be realised. Key to these discussions was the question on how Bayworld could be reimaged to be more representative of the environment.

The MBDA will be investigating the viability of Bayworld with or without live animals. While the revival plan received sharp criticism from animal rights groups when the MBDA revealed that bringing animals back to the facility would be one of the possible scenarios, it should be noted that the MBDA had not yet taken a position on the matter.

II. TELKOM PARK DEMOLITION

2018. The demolition of Telkom Park (Boet Erasmus Stadium) has been approved, budgeted for and consultants have been appointed. The location of the site invoked various compliance processes – such as a water use license – before the demolition can proceed. The team is working closely with the specialist consultants to fast track this process. It is envisaged that the demolition will commence during the first half of 2018. The demolition process will take eight months and should be completed in the second half of the 2018/19 financial year.

The MBDA intends to rezone and develop the land within its new mission and vision. At this moment in time the MBDA is exploring various

scenarios which may include a mixed-use development including retail, exhibitions centres, accommodation and eco-adventure activities. However, the programme is subject to environmental authorisation. It presents a unique lifestyle, business and leisure development opportunity with a link to the beachfront via Happy Valley. The project is envisioned as an eco-friendly sustainable development focused around a green lung. The intention is for mixed use: residential, office/retail, tourism and leisure, together with public open spaces. The development seeks to create nodes and people-centred spaces with a strong focus on creating links between public and green spaces through an architectural language that speaks to and of a great African city.

The Telkom Park Precinct will be a vibrant people-orientated development where residents from different backgrounds will live, work and play together. The unique green lung, which extends the full extent of the site, will allow for unique adventure and eco-tourism activities while providing public access to all amenities as well as specialist retail and conference facilities. These amenities will be complemented by high density residential development and Gap housing opportunities. A new Village Centre could also house retail, specialist shops and offices.

The ecologically sensitive green areas are anticipated to benefit from a new tourist and educational interpretive centre which will engender and encourage a positive attitude towards conservation and sustainable living.

Architectural and development guidelines have been developed to set the physical built environment as a leading example for sustainable development and all aspects of “place making” have been considered to ensure a sense of ownership and belonging. Social redress is central to the thinking around the open green lung where all population groups from the Metro and beyond will have access to the beachfront via Happy Valley.

The purpose envisaged for the guidelines is to ensure linkages to existing social fabric, the natural environment (Happy Valley and the “Green Space”) and infrastructure, and to ensure that a Sustainable Community Concept is encouraged. These guidelines will have to specifically refer to “place making” and the “green lung” that runs through the development, and will have to further take reference from the Local Spatial Development Frameworks with regard to the built environment, the “green lung” and Happy Valley.

The guidelines will be informed by case studies and basic graphics to explain concepts and principles. Safety and security within the proposed development will have to be integrated into the development of the guidelines. The guidelines will have to refer to an implementation process (how the guidelines could be enforced) and must clearly spell out an approval process, where the MBDA would be involved in the approvals. The guidelines will have to be specific to different development nodes (if applicable) – in terms of residential, commercial and retail.

III. THE TRAMWAYS REDEVELOPMENT

One of the MBDA's primary objectives is to bring people to the urban and historical heart of the city. This is achieved through promoting the historical significance of an area, creating art, culture and leisure focal points, and by improving the infrastructure.

The Baakens Valley and the inner city must not only reflect the status and dignity of Nelson Mandela, but it must match a regional, African character. None of these developments will be successful, though if they do not make a positive investment impact on the private sector. At the centre of this vision is the Tramways building.

The redevelopment of the Tramways concluded during this period. The investment into what was a derelict building has been a catalyst for private sector investment into the precinct. Although the structure houses the operations of the MBDA, it has become one of the city's most successful multi-purpose venues catering for conferences, exhibitions, food markets, night markets, craft shows, music events, cocktail events and product and service launches.

The Tramways offers four floor spaces to hire. The exhibition hall boasts a 1 000 square metre floor space, the foyer area offers almost 200 square metres, there is a 16-seater boardroom, and the latest addition is a new Left Wing which is about 300 square metres.

Since its opening, the Tramways has welcomed over 40 000 people as a venue for more than 100 unique events.

The Tramways is also tenanted by the Wilderness Foundation's Youth Training Centre. At this centre many underprivileged youths find skills, hope and future employment. The centre trains the youth across various sectors of conservation and hospitality. This initiative embodies the vision of the Valley, where people meet, engage, work, invest, live and celebrate life.

The approach to the upgrade of the building was to redevelop it taking into account the building's heritage status as well as its proximity to the Baakens Valley. The exterior of the building, particularly on the Baakens Street and Lower Valley Road side, was restored to its original design.

The project forms part of the development of a new inner city precinct which links the Port-Marina-Baakens nexus. In addition, the project creates a strong arterial route to South End and Kings Beach and up toward the Belmont Terrace/Bird Street and Donkin Reserve precincts and nodes.

Also, given its centrality to major transport linkages – the Port of Port Elizabeth and the N2 highway interchange – the precinct also links with the other nodal developments the MBDA has been involved in at Walmer Township, New Brighton/Singaphi Street, Helenvale and Uitenhage.

The Tramways is a catalyst for the redevelopment of the Baakens Valley from its previous industrial use to a non-industrial use, such as office, tourism, leisure and entertainment. While the Tramways and Baakens Valley project is looking at the creation of new buildings, its initial focus

is on the redevelopment of old, generally derelict, industrial buildings as a means to revitalise the node.

IV. THE CAMPANILE REFURBISHMENT

Renovations and upgrading of the Campanile, one of Port Elizabeth's most visible skyline and audible heritage landmarks, was completed at the end of June 2017.

The upgrades and renovations of the Campanile focussed on fixing a memorial site which had begun to fall into disrepair.

A strategic imperative of this refurbishment was to construct a new heritage identity for the Campanile.

The upgrade and renovations were undertaken with several integrated development planning goals in mind, such as growth and development of the city's tourism and creative economies, and relaunching the Campanile with a more inclusive heritage identity through the vehicle of urban renewal and regeneration.

The new upgrades and renovations introduce a host of new features and activities which push the envelope and have the potential to rival tourism experiences at other global heritage sites.

One of the new features of the Campanile include an interactive visual-technology array dubbed the 'Ghost Bells' – bell proxies installed under the actual bell carillon which visually light up during chiming or when visitors press keys of an interactive silver console to match the pitch of a key with the corresponding bell. Another addition includes the harbour viewing window – an observation deck capsule at the top of the 52 metre Campanile memorial, suspending visitors in the sky when they overlook the Port Elizabeth Harbour.

A special computerised, purpose-built, electro-mechanical bell-ringing system has also been installed for the Campanile's 17 ton bell carillon that were removed, restored and reinstalled by the MBDA over the last year to ensure that the crispness of each bell was pitch perfect. The Campanile bells can now play any melody which gets programmed into its state-of-the-art digital interface.

Inscriptions in Afrikaans and isiXhosa were made on some bells – as all but six bells were contributed chiefly by descendants of the 1820 settlers as tribute to their forebears. Through new inscriptions, the bells have been rededicated to all people of Nelson Mandela Bay and also the deceased crew of the SS Mendi, a ship which sank in 1917 in the English Channel and resulted in the deaths of 646 people, most of whom were black South African troops.

A silver plaque on the 67th step of the 204-step spiral staircase, to acknowledge Nelson Mandela's 67 years in service of democracy, is another feature of the upgraded building.

All of these new features offer a welcoming start to the city's iconic Route 67 – a public art urban meander dedicated to Nelson Mandela which has its starting point at the Campanile.

V. CREATIVE INDUSTRY AND JOB CREATION

The creative space presented less challenges compared to the built infrastructure environment.

Investment in the Creative Sector for 2016/17 had the following objectives:

- To offer support for young and emerging artists in Nelson Mandela Bay;
- To offer a package of activities that have potential to attract markets through tourism;
- To promote Nelson Mandela Bay heritage and cultural assets;
- To create work opportunities for local artists; and
- To lobby for further investment into the creative and cultural sector.

Below are a number of youth-owned organisations based in Nelson Mandela Bay that the MBDA helped to formalise as entities and delivered projects in partnership with:

BLART PROJECTS: Visual arts company

The project is a visual arts intervention into child rape and a mural was developed in Kwazakhele in Memory of Sonia Payi, the seven-year-old girl who was abducted, raped and murdered.

EZINGCANJINI: Heritage company

This company conducted outreaches to schools in Walmer to attend dialogues and conversations on liberation heritage.

THIMNA TRADING: Music festival events company

Turned an abandoned public park into a space for local artists to showcase and sell their work.

FREEFORMARTISTS: Visual arts company

The project is a collaborative exhibition between groups of artists and is growing in attracting more artists to participate each year.

MALSTONES: Fashion and textile company

This company was supported through the establishment of pop up shops in local malls in the city in an attempt to take local artists' work to where the market is.

NELSON MANDELA BAY FASHION WEEK: Annual fashion show exhibition. The project offers a fantastic opportunity for local designers to not only showcase their products, but also to access the market.

SWALLOWS FOUNDATION: Arts development organisation

The foundation drives a lot of performing arts content at the Athenaeum and is funded by Lotto and NAC. The support given to the project was through venue support on exhibitions and showcases.

KAIROS ARK: Visual arts organisation

This craft shop, which has moved from Westbourne Road to Bird Street, offers emerging artists access to market.

YAMYAKHOYETHU: Fashion and textile organisation

MBDA supported a fashion and textile exhibition of the Metro's top designers. The exhibition was housed at the Tramways building and three local designers participated in the collaborative exhibition.

AFROPOLITAN EXPLOSIVE: Arts development organisation

The MBDA supported a project focusing on up-skilling performing artists. Over 10 emerging artists benefited from the initiative.

RISE IN PEACE AFRICA: Music development organisation
The MBDA provided assistance to three local musicians to record new music in preparation for their tour to Spain.

IMIBALA ARTS FESTIVAL: Annual cultural festival
Imibala Festival is an exhibition space for musicians and visual artists. The festival offers a diversified mix of local talent.

SISTA ROOTS: Arts development organisation
The project is based at Embizweni Square in New Brighton where local artists have taken ownership of the space and have turned it into an exhibition and performance space.

DIPUO PR AND ENTERTAINMENT:

Music development organisation The project is a collaborative music project headed by Lefa Mosea. This is a music production project which features Nelson Mandela Bay's greatest musicians in studio to release music that promotes our local talent.

MONTISYS/ZAZZO ENTERTAINMENT:

Music production organisation MBDA supported a project based in the Northern Areas which used music production and recording as an alternative to gang violence. The project recorded a group of 15 young people and the CD was released on a rotation to radio stations.

KEEP A DREAM ALIVE: Photographic exhibition project

This organisation reaches out to young pupils in township communities to encourage and empower them. The project allows young people to dream and use their imagination to elevate them above the hardships of their situation and their surroundings.

VI. CAPITAL PROJECTS CHALLENGES

The changing political environment presented its own challenges where projects became targets for contestations at local ward level. Coupled with lack of clarity in dealing with Small Medium Micro Enterprises (SMMEs), the Agency had to adapt to a very fast changing landscape to mitigate SMME demands. What also became apparent was the need to capacitate the internal team with various skill sets such as civil engineering expertise, quantity surveying, project management and researchers.

In order to ensure that an enabling environment is created and maintained for the MBDA to design and deliver catalytic programmes that focus on the social and economic transformation of Nelson Mandela Bay, the attraction of foreign or domestic direct investments to the city and the promotion of higher levels of societal cohesion, it is necessary to take stock of the Agency's current challenges, constraints, shortcomings, strengths and opportunities.

A process of honest introspection and critical reflection is necessary for improvement and creating supporting action plans.

In the past financial year, it has become clear that three potential issues and problem areas require alternative approaches and new directions.

These include: streamlining the budgeting process, strategic project selection and the city's SMME policies.

While, in some instances, the MBDA was able to create solutions that will be implemented in the new financial year, in other instances, the city will need to co-create solutions addressing these issues.





02 PLANNING AND DEVELOPMENT: TOWNSHIP PROJECTS

The township projects are envisioned to replicate the development possibilities and outcomes achieved in more economically advantaged areas, focusing on integration by creating a continuity and unification between the inner city, urban centres and townships.

A core focus of planning and development for the MBDA is for Nelson Mandela Bay to continue its transformation towards becoming a cohesive, multi-cultural community, linked through integrated spatial planning, representative urban renewal and art. This has become central to the MBDA's work going forward.

The MBDA hopes to empower residents in more peripheral and marginalised communities through integrated development projects within these localities. In turn, the hope is that through urban renewal in these areas, the social dynamics and community cohesion might improve, leading to improved daily living conditions, inclusive and safer communities. Enhanced public participation processes attached to spatial transformation is also intimately linked to the most common challenges encountered by the MBDA through raising awareness and expectations through active community participation and continuous dialogue.

Township renewal initiatives have been identified as core to the future development of the MBDA's mandate. Moving away from the past – where no clear methodology existed for selecting catalytic township development projects – the MBDA has made a considered decision to select projects based on alignment with both its mandate and the NMBM IDP, in consultation with ward councillors and the responsible municipal directorates as well as the communities within the respective geographic areas. This process is guided by Local Spatial Development Frameworks that identifies development precincts and nodes.

I. VEEPLAAS BUSINESS INCUBATOR

The Veeplaas Business Incubator was built by the Economic Development, Tourism and Agriculture (EDTA) directorate in 2009 but was never used and subsequently fell into a dilapidated state. The Veeplaas in Action community expressed concern over the decay of this community resource and requested intervention by the MBDA.

The EDTA transferred the building to the MBDA in 2016 for the purpose of revamping and making it operational. The project was completed at the end of March 2017 and handed back to the NMBM for operationalisation.

The MBDA has designed an incubation programme to aid the development of entrepreneurial companies, by offering an array of support services, resources and infrastructure. Incubators are geared toward

speeding up the growth and success of start-up and early stage companies.

The project looks at housing business development services, a satellite post office – a need identified by the community – communication services such as an internet café as well as a printing and copying service centre. As such the project aims to create interlinked communications and sustainable economic development opportunities for the community.

II. SCHAUDERVILLE/KORSTEN

In line with its mandate of upgrading areas that have seen some form of environmental decay, the MBDA, through assistance with funding from the IDC, formulated and approved a master plan for Schauderville and Korsten in September 2015.

In January 2016, in an attempt to activate the master plan, the MBDA planned and budgeted an initial amount of R5-million for the construction of the Neave Street Multi-Purpose and Recreational Park.

In the period under review, the MBDA began scoping the possibilities of rolling out its master plan in a phased-in approach. A tender for the Neave Street Multi-Purpose and Recreational Park was advertised and closed in September 2016.

The cost of the lowest tender received was R13-million, which far exceeded the original budget of R5-million and there was no possibility of sourcing additional funding. As such, construction could not commence and the tender lapsed.

In January 2017, in an attempt to accommodate the budget limitations, the design of the park was scaled down to R5-million. After accessing the downscaled design, its value for construction, and the final product in consultation with the local communities, coupled with the MBDA strategic review of all its capital projects, strategic choices were made and it was resolved, in April 2017, to hand back the entire implementation of the Schauderville/Korsten project to the NMBM.

In July 2017, the decision to hand back the project to the NMBM was reviewed and it was resolved that the MBDA would implement the Recreational Park (only this one project in the master plan as phasing in the roll out of the masterplan).

At the end of July 2017, a budget amount of R11,8 -million was approved for the Recreational Park.

A tender was advertised in October 2017, and tender adjudication is planned for January 2018 while commencement of construction is earmarked for the first quarter of 2018.

III. HELENVALE - SAFETY AND PEACE THROUGH URBAN UPGRADING (SPUU)

For South African and global communities characterised by abnormally high levels of crime, violence, unemployment, inequality and intergenerational poverty, the lessons from the SPUU programme have created a valuable knowledge base and repository of best practices for future directions in social development and urban upgrading initiatives which seek to promote peace and safety through urban upgrading. New knowledge, data and rich insights – which has never before been available to development agencies, the Metro and other state-owned socio-economic planning and delivery agents – in relation to development programmes for Helenvale have become available through experience in working in volatile and fragile communities to better plan, design and direct future initiatives.

The SPUU psycho-social programmes has had an important impact on the lives of residents in Helenvale in a relatively short space of time. However, programmes of intervention take place against one of the most challenging environmental backdrops. Helenvale's unemployment rate stands above 70%. The community is the poorest ward in Nelson Mandela Bay. All aspects of social life have been pervaded by the shadow of gangsterism, crime and violence. As a result of unemployment, crime and gang-related violence, the highest levels of rape, murder, prostitution, and drug trafficking in South Africa take place in Helenvale. The society is plagued by social ills and socio-economic decay. The SPUU Helenvale programme aims to be a catalyst for developing safer communities by implementing a diversity of psycho-social and capital infrastructure projects. The aim

is through the introduction and implementation of a unique programme model and framework to contribute towards reducing crime and violence in the geographic area of Helenvale and surrounds.

With these issues so firmly welded and ingrained into community life, it becomes clear that interventions have to be sustained over the long-term. In order to facilitate the necessary change and transformation that is needed to improve the lives of the residents of Helenvale, more resources and time, creative solutions, and cooperation between all stakeholders and roleplayers are required. This requires strengthening relations and mobilizing efforts and resources between local, regional, national government, international aid organisations as well as the civic society / local communities.

In future, and given the very complex and abnormal challenge spanning across Helenvale's economic, environmental and social spheres, more radical and innovative approaches to social development and urban upgrading are needed. There also needs to be a much stronger form of integration and cooperation between various authorities. Such an effort – where developmental, safety and basic service delivery agents come together through a united vision for Helenvale – can create a much stronger and enabling environment for development initiatives which seek to introduce peace and safety through urban upgrading.

Helenvale, with an estimated population of 21 236 has intertwined problems of crime and socio-economic deprivation. According to the SPUU feasibility study, the main manifestations of violence are violent gangs, domestic violence, substance and alcohol abuse, violence in schools and violence among young people as well as community protests that start off



peacefully and subsequently spiral out of control.

Many factors contribute to the high levels of violence and crime in Helenvale, including overcrowding and poor housing conditions, unemployment and low income, inadequate urban services, widespread alcohol and substance abuse, division of community structures, increased individualisation and the disintegration of families.

Taking into consideration the contextual realities of Helenvale the SPUU programme is designed to combine three approaches:

- Situational prevention by improvements which reduce the opportunities of crime;
- Social prevention by strengthening appropriate community initiatives; and
- Institutional prevention by facilitating the cooperation of competent institutions.

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 programme objective is to increase the safety of the residents, with a special regard to the main component areas, namely the public space and physical infrastructure, safer schools, youth employment, domestic violence prevention and a pilot housing scheme. The programme has five components and related objectives which are summarized in the table below.

Component area	Objective
Safe public space	Violence preventive infrastructure is provided with participation of the residents. Self-help abilities of the target group are strengthened.
Safer schools	All schools in Helenvale are adequately equipped. Teachers, parents and students collectively contribute to the reduction of violence at schools.
Perspectives for the youth	Employment schemes, training and education programmes, counselling services as well as recreational activities are available for the youth in Helenvale.
Domestic violence prevention	Services and support mechanisms for the fight against domestic violence are available for the inhabitants of Helenvale.
Improvement of living spaces (housing)	Implement user-driven housing and neighbourhood improvement programme.

Table 1: SPUU components and objectives

Component One: Public Spaces and Infrastructure

The phased-in approach of the planned Capital Infrastructure projects under the SPUU model commenced in June 2016, with the start-up of the financial year. Since the rollout of the approved capital infrastructure projects in Helenvale, a myriad of negative factors has hindered progress. This was due mainly to violence and crime prevalent in the area, which cannot provide a safe and enabling environment for contractors, SMMEs and SPUU staff on the various geographically dispersed sites in Helenvale. Despite these negative influencing factors, the SPUU project has commenced capital projects which have achieved varying degrees of progress. Due to the high volatility which prevailed during the past year, two capital projects were terminated by mutual agreement between the contractor and the MBDA due to the unsafe working conditions on site. Escalated gang violence, community protests and SMME challenges have all contributed to the termination of construction contracts. All stakeholders are in constant discussions to scope solutions to address the issue of unsafe working conditions. All avenues are being explored to introduce various interventions to mitigate the safety and risks on site issues in order for the construction projects to be completed.

Component Two: Safer school infrastructure projects

Safety and security through appropriate infrastructure improvements is a key priority of this project. The KfW grant is being used to fund three pedestrian walkways which correspond with safe home-to-school routes. Two pedestrian walkways to be funded by NMBM are next in line for prioritization. The design will include security lighting along the walkways.

The pedestrian walkways comprise of physical sidewalk and pavement construction and include a poetry, music and play route, decorated with artwork designed and crafted by residents of Helenvale.

Table 2 below outline activities conducted in line with the 'safer school' interventions.

Intervention/Key Result Area	Activities during report period
Support to participatory planning through appropriate institutional and participation structures	<ul style="list-style-type: none"> • Steering Committee set up in 2014 meets on regular basis (monthly); • Record of decisions and attendance register kept; • Planning workshop to set out planning activities for 2017; • All three primary schools provided a draft school year calendar for their respective school. Gelvandale High School was not present; • A consolidated work plan for all three schools prepared.
Safety and Peace Promotion	<ul style="list-style-type: none"> • Thirty-five prefects from Bayview Primary School attended leadership training (Leadership training topics included: conflict management, leadership, decision making, team work, peer pressure, self-esteem, etc.); • Forty prefects from Helenvale Primary School attended leadership training (Leadership training topics included: conflict management, leadership, decision making, team work, peer pressure, self-esteem, etc.); • A two-week school holiday programme on life skills, social issues and physical activity was attended by 250 learners per day; • Bayview Primary School organised an educational tour of historical sites around the city.
Sports and Cultural Activities for Peace	<ul style="list-style-type: none"> • Helenvale Primary School's annual inter-house athletics day; • Hillcrest physical education-cum-dance event; • Literacy promotion programme Nali'bali was held at three schools, total attendance 3 306 learners (integration with youth employment promotion); • Peace march and sports event attended by over 1 000 learners from four schools on 30 May 2017.

Table 2: Safer Schools Intervention/Key Result Area

Waste Management: Micro-Recycler Support Project

The objective of the Waste2Worth Champions: Micro-Recycler Support Project initiative is to increase the effectiveness of waste management in Helenvale through awareness on waste management and the training or capacity building of locally-based recyclers. The expected outcomes are increased community environmental awareness; instilling the practice of community recycling, contributing to cleaner and greener communities, a noticeable increased and enhanced community participation in the waste management recycling value-chain. This will be measured by two indicators, namely the increase in value of recycled waste, and the increase in mark-up/return to the recyclers.

The specific initiatives comprise of:

- Micro-Recycler Support Project. This includes a business training workshop to improve business skills and the provision of personal protective equipment and recycling equipment which helps to improve business effectiveness, productivity and impact;
- School-based parental and school learner workshops. These workshops help to plan and coordinate on-going volunteer maintenance and street cleaning by parents and learners. Particular emphasis is placed on the SPUU construction of pedestrian walkways/safe home-to-school routes; and
- A household targeted community awareness campaign to promote recycling and integration with value-chain actors through waste recyclers and promote positive civic action.

The core target group was identified through a participatory process in 2016, and comprises of 30 micro-recyclers from Helenvale who have been in operation between one to three years. Recycling in the area is largely facilitated by women, youth and older recyclers from specific stakeholder groups (i.e. the Rastafari community and school-based recycling activists). The target group represents approximately 70% of active recyclers in Helenvale. Recycling impacts on their livelihoods; recyclable collection and trade represents an income of between R600-R1 000 per month.

The outputs of this initiative in the 2016/17 financial year included:

- The establishment of a network of 30 plus micro-recyclers in Helenvale and an analysis of their key challenges and needs;
- All participants were actively involved in the training provided on business fundamentals and engaged with the subject matter and application thereof in a simulated business environment; and
- A clearly defined understanding of how the recycling and waste value-chain in Helenvale exists and what can be done to strengthen it.

Component Three: Youth employment promotion

Table 3 below highlights the career guidance and counselling achievements to date and table 4 highlights the skills training achievements to date.

Activity, Service or Support	Participants		
	Previous Cum. No. (31.03.2017)	No. in Report Period (01.04-30.06.2017)	Total Cum. No. to-date (30.06.2017)
General training needs assessments completed	129	176	305
Career assessments completed	32	42	74
Youth placed on second-chance matric programme (out of 22 approached)	6	0	6
Harambee youth employment activator placements	22	30	52
Counselling of primary school learners	218	240	458
Counselling out-of-school youth (one-on-one) sessions	3	32	35
Special Events – Literacy programme at three primary Schools (Nali'bali – culture of reading)	3 306	0	3 306
Special Events – Leadership camp for Bayview Primary School prefects – support to and integration with safer schools infrastructure component	30	37	67
Special Events – Holiday programme with primary schools – Support to Helenvale Centre of Hope on Career Choices	0	170	170
Special Events – Out-of-Schools Youth Workshop on CV writing, job readiness and interview skills (Two events held at Barcelona and Helenvale Resource Centre)	0	70	70

Table 3: career guidance and counselling achievements

Component Three: Youth employment promotion

Activity, Service or Support	Participants		
	Previous Cum. No. (31.03.2017)	Cum. No. in Report Period (01.04-30.06.2017)	Total Cum. No. to-date (30.06.2017)
Proficiency assessments completed	174	157	331
Learners/trainees placed on training courses:			
Learners placed on Early Childhood Development (NQF Level 4) *The drop in attendance for ECD is due to learner attrition. Reasons for drop-offs include pregnancy, participating in a competing learnership and family responsibilities	8	5	5
Learners placed on Early Childhood Development (NQF Level 5) *The drop in attendance for ECD is due to learner attrition. Reasons for drop-offs include pregnancy, participating in a competing learnership and family responsibilities.	9	7	7
Learners placed on hairdressing learnership	1	1	1
Learners placed on business admin learnership (8 applicants could not be traced)	13	13	13
Learners placed on generic management learnership (6 applicants could not be traced)	11	11	11
Learners placed on hygiene and cleaning learnership	6	6	6
Sub-total placements	48	43	43

Table 4: Skills training achievements

Table 5 below highlights the support to business achievements to date and table 6 highlights the financing of skills training for the past financial year.

Activity/Service or Support	Participants		
	Previous Cum. No. (31.03.2017)	No. in Report Period (01.04-30.06.2017)	Total Cum. No. to-date (30.06.2017)
Number of SMME clients on file. *The decline in number of clients is a result of a database "clean-up". The 86 files reflect all those who are actively involved within their businesses. These businesses are now being assessed for compliance and a compliance report per business will be placed in their files.	153	86	86*
Number of SMMEs visiting the SMME Centre	353	252	605
NPOs registered	8	0	8
Business registered for SMMEs	12	4	16
Number of SMMEs trained to date	85	88	173
Mentoring sessions held to date (Business improvement groups)	5	2	7
Marketing and Networking Events	6	2	8

Table 5: Support to business achievements

Skills Programme/Description of Skills Training	No. of Beneficiaries			Cost and Financing (Rands)		
	Male	Female	Total	KfW	SETAs	Total
Early Childhood Development (Level 4)	0	5	5	104,000	0	104,000
Early Childhood Development (Level 5)	1	6	7	180,000	0	180,000
Hairdressing learnership – Images Hairdresser	0	1	1	0	36 000	36 000
Business administration learnership	2	11	13	0	468,000	468,000
Generic management learnership	3	8	11	0	396,000	396,000
Hygiene and cleaning learnership	0	6	6	0	216 000	216 000
Recognition of Prior Learning/Trade Test funding for welding through Services SETA	*	*	*	0	250,000	250,000
Social enterprise training co-funded through Transport Education Training Authority (TETA)	*	*	*	0	60 000	60 000
Total	6	37	43	284 000	1,426,000	1,710,000

Table 6: Financing of skills training for the past financial year

WASTE MANAGEMENT: MICRO-RECYCLER SUPPORT PROJECT

The objective of the Waste2Worth Champions: Micro-Recycler Support Project initiative is to increase the effectiveness of waste management in Helenvale through awareness on waste management and the training or capacity building of locally-based recyclers. The expected outcomes are a cleaner environment and improvement in the waste management recycling value-chain. This will be measured by two indicators, namely the increase in value of recycled waste, and the increase in mark-up/return to the recyclers.

The specific initiatives comprise of:

- Micro-Recycler Support Project. This includes a business training workshop to improve business skills and the provision of personal protective equipment and recycling equipment which helps to improve business effectiveness, productivity and impact;
- School-based parental and school learner workshops. These workshops help to plan and coordinate on-going volunteer maintenance and street cleaning by parents and learners. Particular emphasis is placed on the SPUU construction of pedestrian walkways/safe home-to-school routes; and

- A household targeted community awareness campaign to promote recycling and integration with value-chain actors through waste recyclers and promote positive civic action.

The core target group was identified through a participatory process in 2016, and comprises of 30 micro-recyclers from Helenvale who have been in operation between one to three years. Recycling in the area is largely facilitated by women, youth and older recyclers from specific stakeholder groups (i.e. the Rastafari community and school-based recycling activists). The target group represents approximately 70% of active recyclers in Helenvale. Recycling impacts on their livelihoods and recyclable collection and trade represents an income of between R600-R1 000 per month.

The outputs of this initiative in the 2016/17 financial year included:

- The establishment of a network of 30 plus micro-recyclers in Helenvale and an analysis of their key challenges and needs;
- All participants were actively involved in the training provided on business fundamentals and engaged with the subject matter and application thereof in a simulated business environment; and
- A clearly defined understanding of how the recycling and waste value-chain in Helenvale exists and what can be done to strengthen it.

YOUTH TRAINING AND INFORMATION CENTRE

The initial design concept for a Youth Training and Information Centre has been scaled-down and proposals for containers to be customized and converted into spaces for youth meetings and activities have been made. The space requirements and conversion proposals are under preparation and three possible locations are under discussion. Approval by NMBM for currently-available land to be utilised is forecast to take two to three months, and the procurement of converted containers is set to take approximately three months. With this forecast, the facilities could be in place in the 2017/18 financial year.

Intervention/ Key Result Area	Activities
Social services	<ul style="list-style-type: none"> Steering Committee meetings convened once a month, attended by participants from both external and community based organisations. Central facility for social services at the Helenvale Resource Centre continues to operate with services provided by the Department of Social Development (DSD), PE Mental Health and FAMSA on a pre-determined rota. Monthly statistics gathered and shared by DSD primarily and then PE Mental Health and FAMSA. A panel was established to oversee the recruitment and selection process of volunteer care-givers who will provide outreach services to schools and the community. These care-givers will be under the management of the White Door Centre of Hope based at Bayview Primary School. The panel comprised representatives from White Door Centre of Hope, Gelvandale SAPS, CPF, MBDA, PAC and DSD.
Extension and upscaling services through networking	<ul style="list-style-type: none"> Four fieldworkers were successfully recruited and placed at the four schools in Helenvale under the management of the White Door Centre of Hope. The IC provided the services of a specialised trainer, M/s Voice of the Voiceless, to train 30 fieldworkers from community based organisations, the Helenvale Pastoral Forum, the SPUU Women's Dialogue and other community members involved in social services. The training comprised the role of volunteer care-givers, psycho-social support to victims of violence, statutory support systems, etc. PE Mental Health conducted a foster parent workshop where the role of foster parents was discussed as well as topics related to parenting and communicating with your child.
Victim care and support	The proposal for expansion at Gelvandale Police Station to provide short-term refuge to victims, and specialised services is still pending SAPS approval. No further actions.

Table 7: Interventions and activities related to the domestic violence prevention

COMMUNITY DEVELOPMENT FUND

The Community Development Fund is not a separate SPUU component, and was financially budgeted under the Component of Public Space and Infrastructure.

Table 8 below provides an outline of the Community Development Fund Budget for the 2016/17 financial year.

Round	Date of approval	No. projects	No. beneficiaries by Age Group				Approved budget (Rand)	Disbursed amount (Rand)
			Disbursed amount (Rand)	Under 5	5-12	Youth/ Adolescents		
1	April 2016	11	304	273	283	135	274,600.00	264,600.00
2	July 2016	5	260	352	870	160	100,000.00	98,000.00
3	Nov 2016	2	90	60	50	400	37,000.00	23,000.00
4	April 2017	9	253	21	28	184	232,000.00	93,000.00
TOTAL		27	907	706	1,231	879	643,600.0	478,600.00

Table 8: Community Development Fund Budget – 2016/17 financial year.

COMPONENT FIVE: IMPROVED LIVING SPACES

During the report period, the MBDA has prioritised part of the "NMBM 2017/18 counter funding budget for SPUU" to be earmarked for bulk infrastructure and for the pilot housing project. Subject to NMBM taking the required administrative action, the Environmental Impact Assessment (EIA) and technical planning for the project has been prioritised to commence in the next report period.

In the spirit of critical reflection and introspection, the MBDA intends to develop alternative approaches and radically new methodologies of development and urban upgrading for this community. The process of redesigning, rethinking and reinvention should not be seen as a failure or slow progress. In fact, a much clearer picture has emerged of what solutions work, what challenges have to be overcome and what directions need to be followed in the near future.

With this in mind, the SPUU Capital Projects earmarked for the financial year 2017/18 are presented in table 9 below.

Cost Category	Description	Scope/Quantity
KfW Funded		
	Construction of pedestrian walkways (including three home-to-school routes)	1 680 running metres
	New pedestrian walkways: Barcelona	Planning and design cost
	Installation of street lighting	37 x 10m high lights, 34 x 6m high lights
	Upgrading/extension of sports field	Rugby + football field, changing rooms, spectator stands and parking
	Pilot housing project: Technical support	Environmental Impact Assessment and technical planning
	Construction of sports facilities in schools	Basic sports facilities for rugby, test cricket, football, netball
	Youth training facilities	Barcelona: 144m ² Extension 12: 90m ²
NMBM and GSA Counterpart Funding		
	Construction of pedestrian walkways: Two routes in Barcelona	750 running metres + 15 x 6m security lights
	HURP precinct upgrade	Upgrade roads, drainage + 1 park in Die Gaat area
	Upgrading parks	Barcelona: 815 m ² Extension 12: 3 600 m ²
	Pilot housing project: infrastructure	Bulk infrastructure
	Construction of safe facilities (fencing)	Perimeter fencing for schools
	Waste management	Construction of recycling facility

Table 9: SPUU Capital Projects earmarked for the financial year 2017/18



03 AREA MANAGEMENT AND LOCAL ECONOMIC DEVELOPMENT

I. OPERATIONS

The MBDA maintains its completed projects and assets in its mandate areas such as the CBD, township areas and designated tourism precincts. Although outside the core of the Agency, the MBDA has taken ownership of the 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 accepted approach in urban development, which puts the basics in place, 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 2016/17 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 Port Elizabeth 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.

Note: The tourism ambassadorial initiative (Humewood Community Policing Forum initiative) operating in the Port Elizabeth and Uitenhage CBDs has been discontinued due to financial constraints and will need to be continued by the Economic, Development, and Tourism and Agriculture Directorate of the NMBM.

II. SECURITY

MBDA took a major step in creating a safer inner city through the launch of a multimillion-rand anticrime programme in the period under review. Through the MBDA Security Programme, an additional private sector se-

curity 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 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 to 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.

III INFORMAL TRADE REGULATION

Informal street trading is often associated with visual unpleasantness, littering, obstruction, crime, unhygienic surroundings and infrastructure 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 Nelson Mandela University's Institute of Law which highlighted the manner in which the MBDA regulates and manages the 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, the MBDA created the Uitenhage CBD Uncedo Taxi Rank. During the period under review, twenty-five trolleys, which will be used to provide after-hours storage, were procured and branded. These trolleys will be handed over to informal traders in the new financial year.

IV. 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 MBDA to embark in 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.

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.



V. TOURISM AMBASSADORS

Nelson Mandela Bay is endowed with well-known heritage sites, tourist destinations and various upgraded urban spaces. The MBDA is fully committed to promoting economic and tourism development against the backdrop of urban renewal. To this end, the MBDA sponsors tourism ambassadors who approach and welcome visitors in order to promote visits to the city's main attractions. The initiative was launched in the previous financial year and continued into the period under review.

The initiative is also aligned with the municipality's objectives of promoting Nelson Mandela Bay's heritage, and recognising tourist attractions as important drivers of economic growth and job creation.

In this regard, MBDA's tourism ambassadors deal with tourists from a customer service point of view. They also conduct scheduled cleaning up of sites, while generally providing security and guidance in terms of information and directions.

The programme also empowers unemployed youth and provides on-the-job skills development and employment opportunities.

This initiative was concluded on 30 June 2017.

VI. MOBILE PARKING METERS

In the period under review, MBDA launched a public consultation and information sharing programme on the planned implementation of the first Inner-City Mobile Parking Meter Programme in designated areas of the inner-city of Port Elizabeth.

In a bid to maximise revenue collection, NMBM noted this project as a way to accrue new revenue streams and tasked the MBDA with the application process and the vetting of parties interested in the project.

The MBDA created spaces and platforms to discuss the plan with all stakeholders, whether directly or indirectly affected. Through this process, MBDA provided the public and businesses with the opportunity to register ideas that will strengthen the programme and make it beneficial to all.

The intentions of the MBDA Inner-City Mobile Parking Meter Programme are to ensure efficient, effective, fair and equitable use of parking bays. In addition, the public will be provided with a safe and secure parking environment through the programme which will integrate illegal car guards in the identified areas.

The benefits of the Inner-City Mobile Parking Meter Programme include: visible foot patrolling and monitoring of the designated parking bays which will help to curb crime; patrollers/parking attendants will act as guides to visitors; an additional layer of security, monitoring and reporting of suspected criminal activities; and a safer environment for the public to shop, work, park, play and visit.

VII. FINAL REMARKS

In the 2016/17 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 only likely to escalate in the coming financial years.

04. MARKETING AND COMMUNICATIONS

The year began with a number of significant changes on both strategic and operational leadership presenting both opportunities to be taken advantage of and challenges to be overcome. The marketing and communications function within the context of the MBDA serves a number of objectives and these include:

- Brand management – building a positive image of the institution;
- Marketing services – providing marketing support across all departments;
- Special projects – executing projects that enhance the mandate of the MBDA;
- Stakeholder relations – facilitating and improving stakeholder relations;
- Activating the precincts (i.e. the Tramways);
- Repositioning and promoting of the Nelson Mandela Bay Stadium; and
- Championing corporate social investment.

I. BRAND AND REPUTATION MANAGEMENT

Due to the public nature of the organisation, transparency, accessibility and meaningful public engagement are values that influence the direction and operations of the Agency. The marketing team ensures that the MBDA brand is sufficiently monitored across all traditional and new media platforms. This allows the team to intervene and engage in conversations that centre on the MBDA or its projects.

Through regular content development and distribution, the team has been able to set the content agenda to align with the objectives and focus areas of the Agency across earned, owned, paid and social media channels. Of all conversations tracked in print, broadcast and online media, 96.1% was either neutral or positive during the period under review. This implies that – as expressed through empirical observations – the MBDA enjoys a degree of trust and credibility with its target audiences and stakeholders.

II. MARKETING SERVICES

The marketing and communications function offers a variety of services across departments within the Agency. These services include, but are not limited to, provision of:

- Communication collateral like photography, print material, branding, etc.;
- Publicity;
- Public participation programmes;
- Events; and
- Development and the production of collateral.

III. SPECIAL PROJECTS

The marketing and communications function has been instrumental in executing special projects or mandates from the Nelson Mandela Bay Municipality. Some of the projects include:

- The compilation and submission of the Ironman 70.3 World Championship bid; and
- The compilation and production of the 5 Golden Years IDP edition.

IV. STAKEHOLDER RELATIONS

Maintaining good and healthy stakeholder relations is a strategic function driven from the CEO's office. The marketing team provides all the necessary support and logistics. The Agency is already actively engaged in a number of platforms such as Business Vision 2030, a member of the National Federated Chamber of Commerce, membership of Project Nelson Mandela Bay, an active participant in the Composites Cluster of Nelson Mandela Bay, a member of Nelson Mandela Bay Arts Council and a member of the Nelson Mandela Bay Business Chamber.

The Agency also participated in a number of intergovernmental platforms and presented at various industry or sector forums (i.e. architecture and engineering graduate forums). Through an MOU, the Agency also works closely with the Nelson Mandela University across a number of faculties including Architecture and Design.

V. ACTIVATING THE TRAMWAYS

The Tramways has proven to be a catalytic investment that has energised the entire Baakens Valley. The building has quickly established itself as an alternative venue of bespoke events, especially those that require a lot of creativity in the utilisation of space. The hosting of the Valley Market has proven to be a magnet for many other special events.

During the year in review, the Tramways have seen more than 80 events, in excess of 30 000 feet through the door and over 2000 followers on social media. The venue continues to serve corporates as well as aspiring arts and creative industry entrepreneurs. In addition to this, the venue is now host to what will be an annual Nelson Mandela Bay Fashion Week which provides a platform for aspiring designers to showcase and develop their small businesses.

VI. THE NELSON MANDELA BAY STADIUM

In what was an expected move, the NMBM included the operation of the Nelson Mandela Bay Stadium under the mandate of the MBDA. Due to previous negative media coverage related to the operations of the stadium, it was necessary for the team to start off by repositioning the brand, regaining lost ground and leveraging the positives. A comprehensive plan that delivered the hashtag OURSTADIUM was the initial rallying point for football, rugby and events promotion.

VII. CORPORATE SOCIAL INVESTMENT

A number of corporate social investments were approved during the year in review. Most notable is Project iGEMS.

iGEMS is a school-to-work programme implemented by Unity Foundation in collaboration with various partner companies. The programme focuses on maths, science and engineering, incubating great engineering minds

for industry. Scholars are selected from many previously disadvantaged schools across Nelson Mandela Bay.

These scholars then spend three years in the programme from grade 11 and grade 12, taking a gap year after grade 12 to work, earn a living in one of the member companies before enrolling to further their studies. This approach aims to prepare the scholars for life in tertiary education as well as providing them with valuable in-industry experience. These young people come out of the gap year even more determined to make a success of the opportunity provided.

VIII. MEDIA HIGHLIGHTS

The MBDA received 867 media mentions in the past financial year: 283 in print, 426 online articles and 158 broadcast clips. Media coverage during this period was 96% neutral or positive indicating a positive sentiment. Media exposure was fairly consistent throughout with September, October and May recording the highest averages at 60 or more clips in those months. The media value tracked amounted to just over R18-million. This value equates to four times the marketing investment.

05. NELSON MANDELA BAY STADIUM

I. INTRODUCTION

The Nelson Mandela Bay Stadium is firmly embedded in the landscape and fabric of the city as a multi-purpose stadium for sporting, entertainment and special events. This is evidenced in what is now a long history of game-changing events, and a new future which lies ahead.

On 25 October 2016, mayoral committee members voted for the MBDA to manage the stadium and precinct, which include land surrounding the stadium and the North End Lake.

The MBDA took over management of the stadium in January 2017. The Agency retained 80% of the operational and management team to preserve elements of efficiency and institutional memory in operations, maintenance, security and marketing of the stadium.

II. APPOINTMENT OF NEW STADIUM MANAGER

In the period under review, the MBDA concluded a national recruitment search for the appointment of an executive with a deep understanding of the sports and special events environment and sponsorship recruitment to lead the NMB Stadium into a new era. Mpho Mokonyama, a sports marketing specialist, was appointed to the role of full-time Nelson Mandela Bay Stadium manager in May.

Mokonyama is responsible for designing, implementing and evaluating a commercial plan and commercial partnerships to turn the stadium around. He will focus on increasing the stadium's revenue to ensure the city's largest sport and recreational asset is used to its fullest potential in order to reduce the financial burden on the municipality, and ultimately, ratepayers.

He holds qualifications in sports management, business communications, financial management and sports law. His career track record includes various positions in sport events management and securing sponsorship deals for some of the country's leading sport franchises, including rugby franchise the Blue Bulls and soccer club Kaizer Chiefs.



III. NEW VISION MAP

While the NMB Stadium will remain rooted in sport, the management team are committed to making this asset the preferred and go-to destination for sport, arts, culture, recreational events and conferences.

The short-term focus is implementing systems and processes as well as identifying new revenue streams which will generate more income for the stadium.

This strategic direction will ensure that the stadium is used to its fullest potential and this will also ensure that we start steering the venue into a more sustainable financial direction.

The medium-term goal is to create an environment in which the stadium becomes a focal point and desired destination for new and exciting events. This is an opportunity to provide Nelson Mandela Bay and the wider Eastern Cape with a fresh new perspective of the stadium, to ensure that the legacy is carried over and that the ship remains stable.

It is essential to augment the stadium's revenue and ensure that this iconic asset is

	Item January – June 2016	January – June 2017
Number of matches hosted	15	14
Non-Bowl functions hosted	35	37
Concerts	2	0

used to its fullest potential in terms of a solid events calendar to make the city and stadium the preferred destination for staging major events.

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 development will be envisaged as an office and retail complex and boutique hotel on the lake front, as well as a high-performance centre and sports team headquarters next to the precinct B and C fields. This is the first step of many which could change the face of the North End area. It will also include the North End Lake front complex, a new sports academy with gym and fields, rugby and football headquarters and training facilities.

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 so that the business can grow through various income streams.

Table 10 below gives a breakdown of stadium usage in 2016/17 comparing six months on a year-to-year basis. The data indicates that in the first six months of MBDA's tenure as stadium operator, the Agency succeeded in maintaining the status quo in relation to matches and non-bowl functions. However, there was a decline in concert events hosted.

Table 10: 2016/17 Nelson Mandela Bay Stadium usage comparison

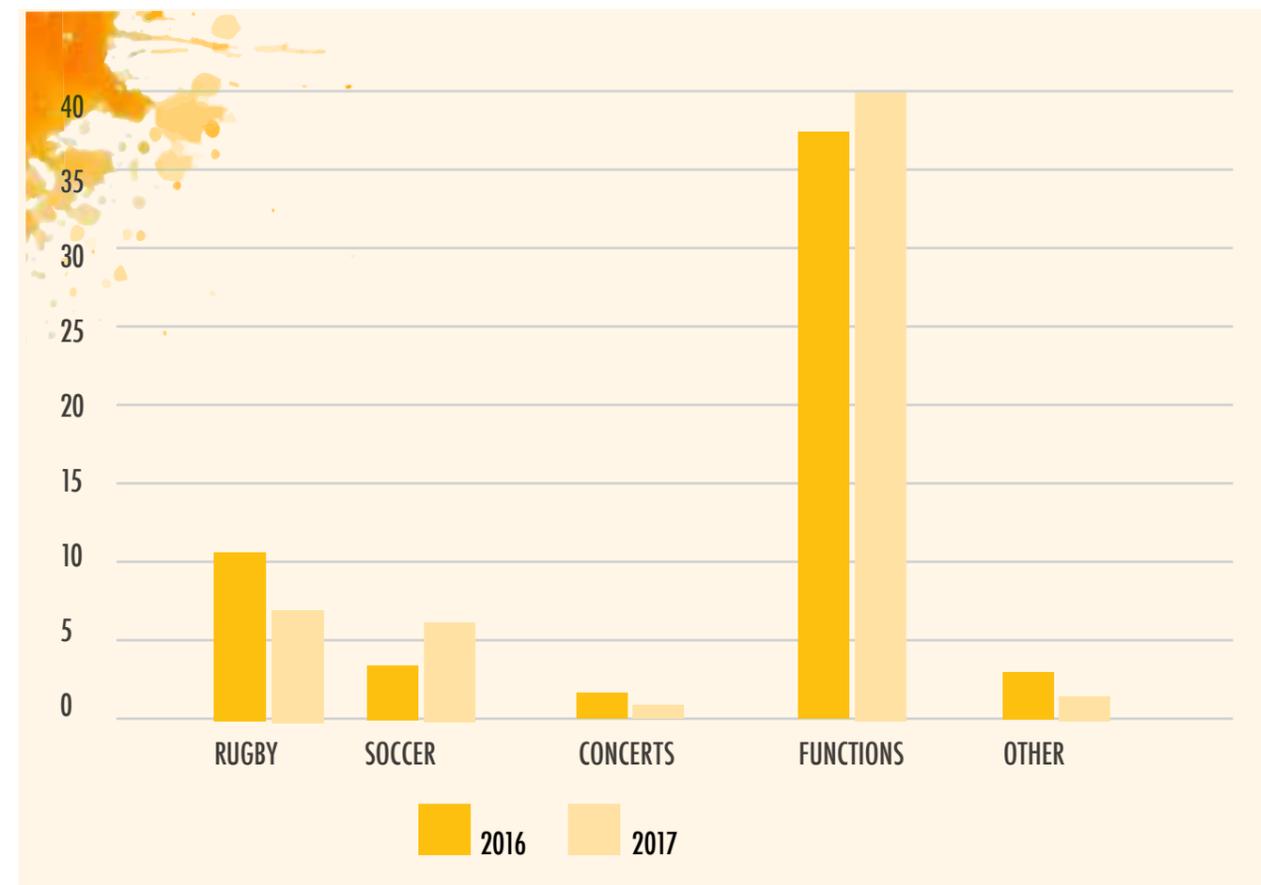


Diagram 3: Annual Event Comparison: NMB Stadium

Diagrams 4 and 5 highlight the event history of the Nelson Mandela Bay Stadium for 2016 and 2017.

Nelson Mandela Bay Stadium Events History - 2016				
Event Name:	Event Type	Event Date	Attendance	Organiser
Chippa United vs Bidvest	Soccer	10 January 2016	4536	PSL
Rodrigues	Concert	03 February 2016	6648	Big Concerts
Roxette	Concert	05 February 2016	8133	Big Concerts
Southern Kings vs Cheetahs	Friendly	12 February 2016	1905	Southern Kings
Southern Kings vs Sharks	Super Rugby	27 February 2016	10937	Southern Kings
Chippa United vs Free State Stars	Soccer	20 February 2016	4812	PSL
Southern Kings vs Chiefs	Super Rugby	12 March 2016	7768	Southern Kings
Chippa United vs Maritzburg United	Soccer	20 March 2016	6274	PSL
Southern Kings vs Japan	Super Rugby	02 April 2016	5437	Southern Kings
Southern Kings vs Bulls	Super Rugby	09 April 2016	10347	Southern Kings
ANC Manifesto		16 April 2016	42000	ANC
Southern Kings vs Lions	Super Rugby	23 April 2016	6117	Southern Kings
Southern Kings vs Blues	Super Rugby	07 May 2016	2573	Southern Kings
Chippa United vs Orlando Pirates	Soccer	11 May 2016	16178	PSL
EP Kings vs Free State	Currie Cup	20 May 2016	388	EPRU
Southern Kings vs Argentina	Super Rugby	27 May 2016	3577	Southern Kings
EP Kings vs Sharks	Currie Cup	03 June 2016	469	EPRU
South Africa vs Ireland	Test Rugby	25 June 2016	42 323	SARU
Southern Kings vs Highlanders	Super Rugby	02 July 2016	2902	Southern Kings
EP Kings vs Griffons	Currie Cup	15 July 2016	264	EPRU
EP Kings vs Boland	Currie Cup	12 August 2016	464	EPRU/Southern Kings
Chippa United vs Free State Stars	Soccer	23 August 2016	4143	CUFC
EP Kings vs WP	Currie Cup	27 August 2016	2098	EPRU/Southern Kings
MTN Semi-final Chippa United vs Mamelodi Sundowns	Soccer	11 September 2016	16521	PSL/CUFC
EP Kings vs Lions	Currie Cup	24 September 2016	1708	EPRU/Southern Kings
Fridge Food Fair	Food Fair	06 October 2016		Fridge Food Group
Jehovah's Witness Convention	Church Convention	14-16 October 2016		Jehovah's Witness
Chippa United vs Bloem Celtic	Soccer	25 October 2016	4377	CUFC
Transnet Family Day	Family Day	05 November 2016		Greenroom Comm.
			219 342	

Diagram 4: Nelson Mandela Bay Stadium events history 2016



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	3095	CUFU
Southern Kings vs Jaguares	Rugby	11 February 2017	743	Kings
Southern Kings	Rugby	28 February 2017	2226	Kings
Working World Expo	Exhibition	28 Feb - 02 March	No headcount	Inkanyezi
Southern Kings vs Stormers	Rugby	11 March 2017	9938	Kings
Chippa United vs Witbank Spurs (Nedbank 32)	Soccer	15 March 2017	1073	PSL
Southern Kings vs Lions	Rugby	25 March 2017	4733	Kings
Chippa United vs Polokwane (Nedbank 16)	Soccer	08 April 2017	1922	PSL
Chippa United vs Polokwane City	Soccer	11 April 2017	2590	CUFC
Chippa United vs Jomo Cosmos (Nedbank 8)	Soccer	22 April 2017	2819	PSL
Chippa United vs Maritzburg United	Soccer	25 April 2017	2963	CUFC
Southern Kings vs Melbourne Rebels	Rugby	29 April 2017	4434	Kings
Southern Kings vs Skarks	Rugby	13 May 2017	15 258	Kings
Chippa United vs Supersport United	Soccer	17 May 2017	7658	CUFC
Southern Kings vs Brumbies	Rugby	20 May 2017	16455	Kings
			75907	

Diagram 5: Nelson Mandela Bay Stadium events history 2017

V. FEES MUST FALL MOVEMENT

The #FeesMustFall movement, which began in October 2015 in response to tuition fee increases at South African universities, flared up again in response to tuition fees for the 2017 academic year. In mid-August 2016, the protest movement blocked access to the Nelson Mandela University's campuses, thereby halting many academic activities.

To mitigate the effect of protests and disruption of academic operations, NMU engaged the Nelson Mandela Bay Stadium on a solution that saw the creation of a university campus within the stadium.

Over a period of 12 days:

- 476 hours were spent concluding classes and tests in eight venues and three alcoves at the stadium;
- More than 220 module codes across 65 disciplines were covered;
- More than 10 000 students accessed the stadium for teaching, learning and assessment purposes, along with 153 lecturers;
- The Level 4 area was repurposed for examinations seating between 200 and 350 students;
- 32 000 student entries were recorded to write about 1 000 papers in 24 days with two exam sessions daily; and
- A 120-seater computer lab was established to allow architecture, architectural technology, IT, maths and journalism students to complete their practical work assignments.

University staff and senior students volunteered as marshals to help students to find their way around the unfamiliar surroundings. This enabled teaching, student learning and motivation to be reignited, which was necessary after five weeks of protest action.

VI. FINAL REMARKS

The MBDA believes that collective efforts can ensure that the stadium maintains its status and performs a role as a critical centre-point for economic development, community building and social cohesion, sports development, and events.

A dual vision has to be maintained which expands past the circumference of the sports ground to take advantage of our unique positioning. The stadium is in close proximity of two bodies of water, the North End Lake and the ocean. The stadium is not only a world-class sporting facility, but has potential to develop as a multi-purpose facility and preferred tourist and visitor attraction.

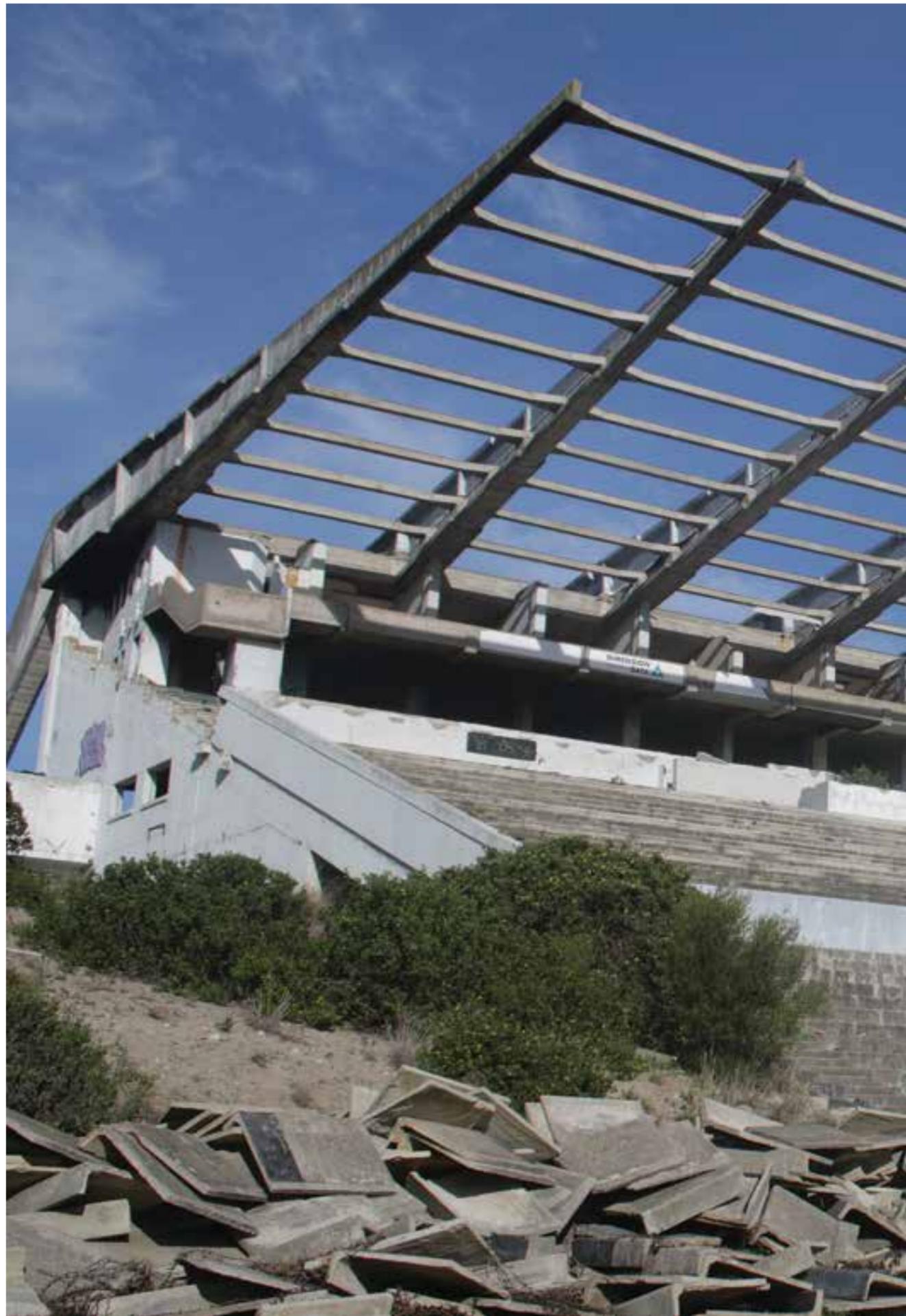
Vision and implementation now need to merge – and this can only happen through collaboration. As caretakers, we have been at the centre of both planning and application. There is now a solid base on which we together can raise the roof.





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.

formed part of the NMBM's Service Delivery Budget Implementation Plan for 2016/17.

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.

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

01 HUMAN RESOURCES

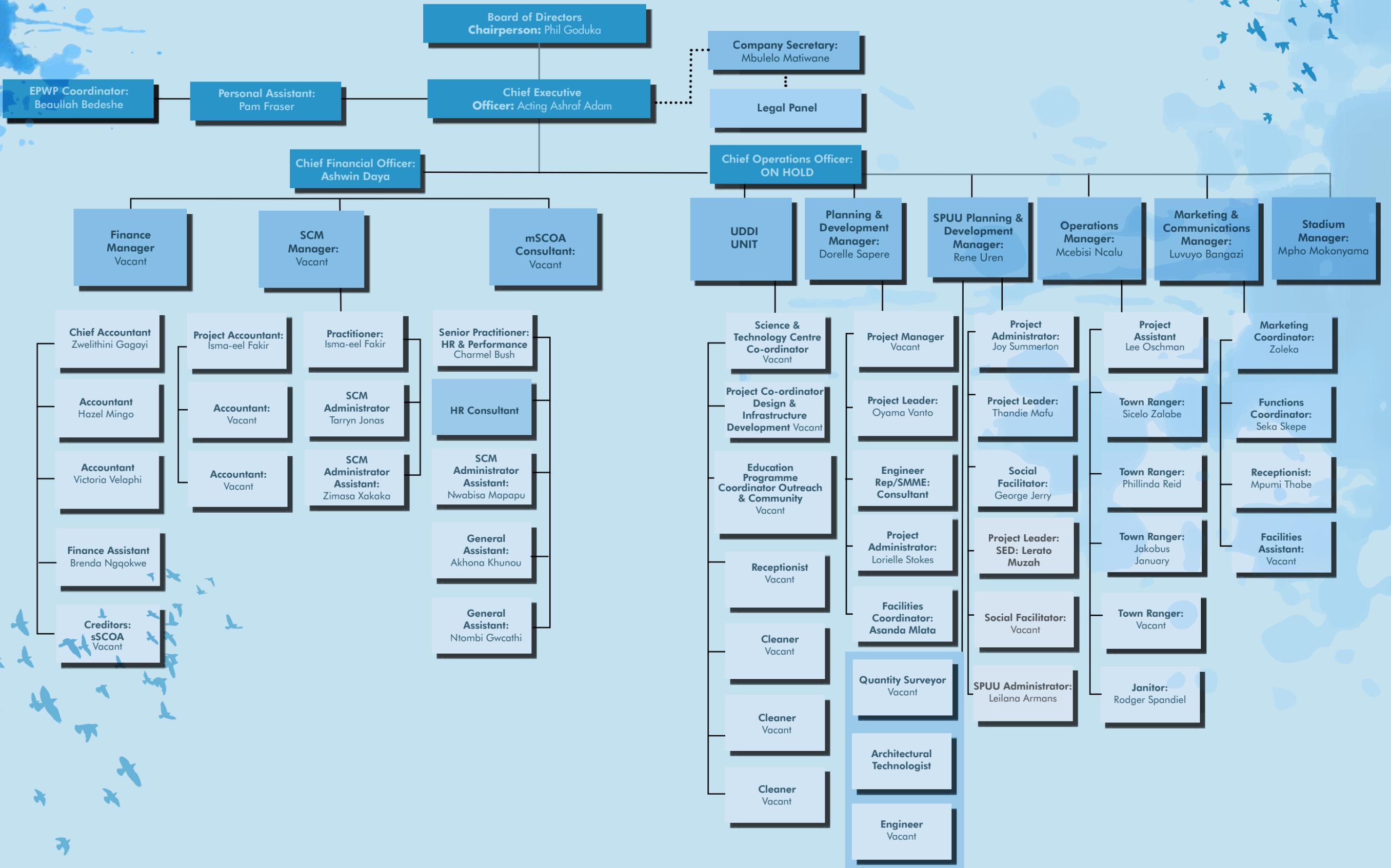
During the 2016/17 period, the MBDA staff complement grew with 82 new employees coming on board. This was mainly as a result of NMB Stadium being incorporated into the Agency's operations. The MBDA's staff complement as of 30 June 2017, and as per employment equity principles, is reflected in diagram 6 below:

Occupational Levels	Male				Female				Male	Female	
	A	C	I	W	A	C	I	W			
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	1	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	3	1	0	1	0	1	0	1	0	0	7
Skilled technical and academically qualified workers, junior management, supervisor, foreman, and superintendents	2	2	1	2	8	4	1	0	0	0	20
Semi-skilled and discretionary decision making	1	1	0	0	4	3	0	0	0	0	9
Unskilled and defined decision making	9	1	0	0	4	1	0	0	0	0	15
TOTAL PERMANENT	16	5	2	3	16	9	1	1	0	0	53
Temporary Employees	15	6	1	8	14	6	1	2	0	0	53
GRAND TOTAL	31	11	3	11	30	15	2	3	0	0	106

Diagram 6: MBDA staff complement – June 2017

02 ORGANISATIONAL STRUCTURE

The MBDA staff organogram as of 30 June 2017 is reflected in diagram 7 below.



Section 01: Introduction & organisational overview

Section 02: Governance

Section 03: Service delivery performance

Section 4: Organisational Development Performance

Section 05: Audit report

Section 06: Annual financial statements





SECTION 05:

AUDIT REPORT

Report of the auditor-general to the Eastern Cape Provincial Legislature and the 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 ... to ..., which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and 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 2017 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 Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).

Context for the 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 my 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) together with 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 errors

7. As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the municipal entity for the year ended 30 June 2017.

Responsibilities of the accounting officer for the financial statements

8. 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 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity'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 accounting officer 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

10. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. 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.
13. 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.
14. 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 2017.

Key performance area	Pages in the annual performance report
KPA 2: Integrated service delivery to a well-structured city	x – x

15. 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.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected key performance area.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. 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.

20. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance report and annual report

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Other information

22. 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 of South Africa, 2008 (Act No. 71 of 2008). The other information does not include the financial statements, the auditor's report thereon and those selected key performance areas presented in the annual performance report that have been specifically reported on in the auditor's report.
23. 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.
24. 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.
25. I have nothing to report in this regard.

Internal control deficiencies

26. 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
27. Adequate processes were not implemented to ensure that the financial statements were free from material misstatements.

AUDITOR-GENERAL

East London

30 November 2017



Auditing to build public confidence



SECTION 06:

ANNUAL FINANCIAL STATEMENTS



The Directors have pleasure in submitting their report for the entity, which forms part of the audited financial statements of the Non Profit Company for the year ended 30 June 2017.

Establishment

The Nelson Mandela Bay Municipality (NMBM), with the assistance of the Industrial Development Corporation (IDC) established the Mandela Bay Development Agency (the entity) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development. The original geographical area for which the entity was responsible, was the Port Elizabeth Central Business District (CBD) and the inner-city surrounds and this was later expanded to various other developing and emerging nodes in Nelson Mandela Bay. A further development during the period under review was the transfer of the management of the Nelson Mandela Bay Multi-Purpose Stadium operations to the agency by the NMBM.

Over the past thirteen 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 and which has resulted in an expansion of its mandate and strategic objectives in line with the Integrated Development Plan (IDP) of its parent municipality.

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.

Key activities

In Progress / Completed Projects

During the period under review the Agency completed the the Singapi Rd Phase 2 development and commenced with Phase 3. This project is expected to become a gateway to the Red Location Museum with the precinct becoming a vibrant arts, cultural and tourism node. In Veeplaas three community projects were completed in the form of a carwash, a creative industries hub as well as a business incubator, all of which have been handed over to the NMBM at end June 2017 for operationalisation in the new financial period. The rehabilitation of the Campanile is nearing completion and is planned to be opened to the public early in the new financial year and is expected to become a major tourism attraction for the Metro. The Helenvale SPUU foreign donor funded projects encountered many challenges during the financial period and a few of the projects within the programme were seriously delayed due to SMME and community strife and dissatisfaction with the process involved in the way the contracts were awarded. Discussions with the NMBM and funder KfW Bank have lead to the SPUU programme deadline being extended to 2019/2020 with counter-funding for the programme also committed to by the NMBM. The upgrade of the Neave St Park in Korsten/Schauderville experienced a budget shortfall once tenders were submitted and the process was cancelled, with a new tender planned for the new period together with an additional budget allocated to the project.

New Projects

New projects during the 2016/17 financial period include the Upgrade of Flemming Square / Lower Valley Rd as part of the Vuyisile Mini nodal upgrade with a contractor appointed and construction work having commenced. Following a Council resolution that the Rivonia Trial Monument / Art Piece project be implemented by the agency, the Board concluded that the project was not strategic in line with the MBDA's mandate and the project will be returned to the NMBM in 2017/18.

The New Brighton Swimming Pool project posed challenges for the agency in that the project was overdesigned without sufficient budget and fruitless and wasteful expenditure incurred as a result. Negotiations are currently underway with the consultant with regard to the future design and the possibility of using an NMBM approved design that is more relevant and cost effective, and this matter will be finalised in the first quarter of the new financial period.

Future Projects

During 2017/18 the Agency plans to commence with the planning and construction of the South End Mixed Use Precinct, a key project forming part of the Baakens River Valley programme which has linkages to the new port development and the Happy Valley precinct. The Neave Street Park in Schauderville / Korsten will be upgraded in line with a revised design while a further phase on the Singapi Rd will be done relating to additional sidewalks being constructed. The planning of the demolition of the old Boet Erasmus Stadium has commenced together with application for various regulatory permissions and the actual demolition is planned to commence in early 2018 leading to this key strategic site being made available to the market for redevelopment. The MBDA will also in the new financial period be taking over the operations of the Uitenhage Science & Technology Centre, an asset of the NMBM, and plans are in place to redevelop one of the adjoining Rail Sheds into an office park facility for a potential State tenant. 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.

01 MANDELA BAY DEVELOPMENT AGENCY NPC DIRECTORS' REPORT

Directors

Non-executive directors of the company as at 30 June 2017 were:

Mputumi William Goduka (Chairperson)

Derrick Ian Swartz

Nomhle Theodora Tys (Resigned 10 November 2016)

Kasaven Govender

Adrian John Faulkner Gardiner

Renganayagee Kisten

Khulile Vuyisile Nzo

Bongani Gxilishe

Rajesh Dana

Sithole Mabi Mbanga

Masalamani Odayar

Senior Management

The Chief Executive Officer resigned in January 2017 and a full-time Chief Executive Officer.

During the period under review four of the six senior managers in the agency completed the minimum finance competency level requirements for senior officials within the entity. This requirement is in terms of a National Treasury regulation (Government Gazette 29967).

Preparer of annual financial statements:

Zwelithini Gagayi (Chief Financial Accountant)

The company secretary is Ashwin Badra Daya whose business and postal addresses are:

Postal Address:
Mandela Bay Development Agency
P.O. Box 74
Port Elizabeth
6000

Business Address:
1st Floor
Tramways Building
Corner Lower Valley Road and South Union Street
Central
Port Elizabeth
6001



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	NOTES	2017 R	RESTATED 2016 R
NET ASSETS AND LIABILITIES			
NET ASSETS			
Accumulated Surplus		8,238,946	7,836,572
NON-CURRENT LIABILITIES			
		1,335,967	865,885
Construction Contract Retention Creditors	2	446,735	-
Deferred Income	5.1	889,232	865,885
CURRENT LIABILITIES			
		81,944,493	60,474,877
Payables from Exchange Transactions	3	14,151,610	7,440,172
Provisions	4	1,063,917	228,330
VAT	11	727,149	-
Unspent Conditional Grants	5.2	65,085,778	51,051,079
Current Portion Deferred Income	5.1	236,150	236,150
Current portion of Construction Contract Retention Creditors	2	679,889	1,519,146
TOTAL NET ASSETS AND LIABILITIES		91,519,406	69,177,334
ASSETS			
NON-CURRENT ASSETS			
		7,632,928	7,836,572
Property, Plant & Equipment	6	7,346,436	7,497,494
Intangible Assets	7	35,992	88,578
Heritage Assets	8	250,500	250,500
CURRENT ASSETS			
		83,886,478	61,340,763
Receivables from Exchange Transactions	9	24,466,833	24,763,722
VAT	11	-	2,474,487
Deposits	12	14,210	2,100
Cash and Cash Equivalents	13	58,876,992	34,100,454
Inventory	10	528,442	-
TOTAL ASSETS		91,519,406	69,177,334



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	2017 R	RESTATED 2016 R
REVENUE FROM EXCHANGE TRANSACTIONS			
		38,220,210	41,485,521
- NMBM Capital Expenditure Grants		34,599,511	41,485,521
- KfW Bank Capital Grants		2,640,278	-
- Stadium Liquor Income	16.2	980,421	-
REVENUE FROM NON EXCHANGE TRANSACTIONS			
		72,859,306	59,050,063
- Industrial Development Corporation Grants		-	1,540,951
- Nelson Mandela Bay Municipality Grants		43,715,514	46,953,663
- NMBM Stadium Operating Grant	16.1	18,653,333	-
- Eastern Cape Development Corporation Grants		-	25,304
- KfW Bank Operating Grants		7,886,409	6,392,985
- National Lotteries Board Grants		49,980	80,060
- Lease Rental Income		166,110	55,370
- Interest Received		2,387,959	4,001,730
TOTAL REVENUE		111,079,515	100,535,584
OTHER INCOME			
Other Income	15	849,062	506,269
TOTAL INCOME		111,928,578	101,041,853
EXPENDITURE			
		111,526,204	94,701,959
Advertising & Media		588,970	460,624
Audit Fees		892,786	789,735
Arts, Culture & Heritage Activation		1,141,412	261,670
Athenaeum Building Operating Costs		308,568	712,707
Bad Debts		39,648	26,821
Bank Charges		11,995	16,697
Capital Projects Cost		36,732,185	42,367,936
CBD Facilities		3,760,091	3,062,625
Cleaning & Safety		122,929	58,198
Cleansing Plan Project		4,472,780	4,418,061
Course Fees, Education & Training		166,905	229,551
Depreciation and amortisation	6, 7	698,808	438,301
Directors' Fees & Expenses		940,849	105,144
Donations & Social Responsibility		778,610	830,659
ECDC Project Expenses		-	25,304
Electricity, Water & Rates		247,604	83,915
Employee Related Costs	17	15,986,709	13,903,235
Entertainment		64,914	81,550
EPWP Projects		274,578	1,462,685

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

EXPENDITURE (continued)	NOTES	RESTATED	
		2017 R	2016 R
Operating Leases & Rentals	29	78,623	46,537
Helenvale Urban Renewal Program		-	339,023
Helenvale Resource Centre Operating Costs		1,390,820	1,335,686
Insurance		97,712	127,766
Interest Paid	19	-	3,743
IT Support Costs & Computer Expenses		376,294	204,834
Legal Fees		462,375	495,494
Stadium Liquor Expenditure	16.2	386,843	-
Loss on disposal of Property, Plant and Equipment		131,469	37,107
Motor Vehicle expenses		66,412	114,371
National Lotteries Board Expenses	31	49,980	80,060
Nelson Mandela Bay Stadium Expenditure	16.1	18,653,333	-
Office Decor & Fittings		22,074	5,996
Office Relocation costs		-	134,176
Office Rentals		1,000	343,875
Postage & Courier		12,620	7,919
Printing & Stationery		156,448	183,659
Professional & Consultant Fees		425,229	716,758
Provision for Doubtful Debts		25,421	41,739
Public Relations & Marketing		4,317,894	4,670,214
Recruitment Costs		54,655	17,403
Refreshments		78,772	58,547
Repairs & Maintenance		103,505	585,752
Security Plan Project		7,983,129	6,802,563
SPUU Consultants Expenses		5,078,966	5,425,953
SPUU Helenvale Projects Expenses		2,807,444	967,033
Staff Welfare		13,088	17,260
Strategic Spatial Framework Studies	33	242,790	1,846,190
Subscriptions		72,606	140,400
Sundry Expenses		29,763	116,633
Telephone & Fax		248,442	304,752
Tramways Building Security		526,249	-
Travel & Accommodation		401,912	195,099
SURPLUS FOR THE YEAR		402,374	6,339,895

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

		R	R	R
	NOTE	ACCUMULATED SURPLUS	STADIUM LIQUOR SALES SURPLUS	TOTAL
BALANCE AT 01 JULY 2015		1,496,677	-	1,496,677
SURPLUS FOR THE YEAR		6,013,040	-	6,013,040
BALANCE AT 30 JUNE 2016		7,509,717	-	7,509,717
PRIOR PERIOD ADJUSTMENT	30	326,855		326,855
RESTATED BALANCE AT 01 JULY 2016		7,836,572	-	7,836,572
SURPLUS FOR THE YEAR		(191,204)	593,578	402,374
BALANCE AT 30 JUNE 2017		7,645,368	593,578	8,238,946



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

		RESTATED	
	NOTE	2017	2016
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Gross cash receipts from Nelson Mandela Bay Municipality		120,946,719	75,312,306
Gross cash receipts from kFW, ECDC and others		20,378,772	19,722,758
Cash paid to suppliers and employees		(118,307,340)	(111,628,818)
Cash utilised in operations	18	<u>23,018,151</u>	<u>(16,593,754)</u>
Interest received		2,394,726	2,769,114
NET CASH FLOW FROM OPERATING ACTIVITIES		<u>25,412,878</u>	<u>(13,824,639)</u>
CASH FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	(99,885)
Purchase of property, plant and equipment	6	(636,339)	(5,622,946)
Purchase of intangible assets	7	-	(8,830)
NET CASH FROM INVESTING ACTIVITIES		<u>(636,339)</u>	<u>(5,731,661)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>24,776,538</u>	<u>(19,556,300)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		34,100,454	53,656,754
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>58,876,992</u>	<u>34,100,454</u>

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS							
STATEMENT OF FINANCIAL PERFORMANCE							
MBDA	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Budget and Actual	Explanations
	R	R	R	R	R	%	
REVENUE							
Revenue from Exchange Transactions							
Nelson Mandela Bay Municipality Grants	80,276,469	7,479,585	87,756,054	34,599,511	53,156,543	61%	Lower recognition of revenue (refer note 5)
Stadium Liquor Income	750,000	-	750,000	980,421	(230,421)	-31%	Refer Stadium schedule
KfW Bank Capital Grants	5,192,568	-	5,192,568	2,640,278	2,552,290	49%	Project delays experienced
Interest Received	2,200,000	-	2,200,000	2,387,959	(187,959)	-9%	
Sundry Income	500,000	-	500,000	849,062	(349,062)	-70%	Lower income yielded
	88,919,037	7,479,585	96,398,622	41,457,231	54,941,391		
Revenue from non Exchange Transactions							
Nelson Mandela Bay Municipality Grants	43,715,514	-	43,715,514	43,715,514	-	0%	
NMBM Stadium Operating Grant	36,515,640	-	36,515,640	18,653,333	17,862,307	49%	Lower recognition of revenue
Lease Rental Income	200,000	-	200,000	166,110	33,890	17%	Sub-lease Rental straight lined
KfW Bank Grants	9,956,406	-	9,956,406	7,886,409	2,069,997	21%	Project delays experienced
National Lotteries Board Grants	89,648	-	89,648	49,980	39,668	44%	Timing of expenditure
	90,477,208	-	90,477,208	70,471,347	20,005,862		-
TOTAL REVENUE	179,396,245	7,479,585	186,875,830	111,928,578	74,947,252		-
EXPENDITURE							
Advertising & Media	300,000	300,000	600,000	588,970	(11,030)	-2%	
Audit Fees	874,930	100,000	974,930	892,786	(82,144)	-8%	
Arts, Culture & Heritage Activation	1,100,000	45,000	1,145,000	1,141,412	(3,588)	-0%	
Athenaeum Building Operating Costs	548,344	(200,000)	348,344	308,568	(39,776)	-11%	Less maintenance required
Bad Debts	50,000	-	50,000	39,648	(10,352)	-21%	Lower value written off



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS							
STATEMENT OF FINANCIAL PERFORMANCE							
MBDA	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Budget and Actual	Explanations
	R	R	R	R	R	%	
REVENUE							
Revenue from Exchange Transactions							
Bank Charges	20,000		20,000	11,995	(8,005)	-40%	Savings incurred
Capital Projects Cost	85,469,037	7,479,585	92,948,622	36,732,185	(56,216,437)	-60%	Refer to note 5.2
CBD Facilities	4,804,891	-	4,804,891	3,760,091	(1,044,800)	-22%	Savings incurred on facility maintenance
Cleaning & Safety	114,365	10,000	124,365	122,929	(1,436)	-1%	
Cleansing Plan Project	6,469,299		6,469,299	4,472,780	(1,996,519)	-31%	Savings incurred
Course Fees, Education & Training	371,000	(170,000)	201,000	166,905	(34,095)	-17%	Minimum competency training not done
Depreciation and amortisation	718,000	100,000	818,000	698,808	(119,192)	-15%	Savings incurred
Directors' Fees & Expenses	150,000	805,000	955,000	940,849	(14,151)	-1%	
Donations & Social Responsibility	750,000	95,000	845,000	778,610	(66,390)	-8%	
Electricity, Water & Rates	233,934	20,000	253,934	247,604	(6,330)	-2%	
Employee Related Costs	19,308,170	(3,160,000)	16,148,170	15,986,709	(161,461)	-1%	
Entertainment	180,194		180,194	64,914	(115,280)	-64%	Savings incurred
EPWP Projects	445,670		445,670	274,578	(171,092)	-38%	Timing of expenditure
Operating Leases & Rentals	156,000		156,000	78,623	(77,377)	-50%	Savings incurred
Helenvale Resource Centre Operating Costs	1,706,787	-	1,706,787	1,390,820	(315,967)	-19%	Savings incurred
Helenvale SPUU Expenses	4,746,809		4,746,809	5,078,966	332,157	7%	
Insurance	418,000		418,000	97,712	(320,288)	-77%	Savings incurred
Interest Paid	215,180	(208,000)	7,180	-	(7,180)		No present valuing of retention creditors
IT Support Costs & Computer Expenses	313,687	65,000	378,687	376,294	(2,393)	-1%	
Legal Fees	637,583	(155,000)	482,583	462,375	(20,208)	-4%	
Stadium Liquor Expenditure	750,000		750,000	386,843	(363,157)	-48%	Refer Stadium schedule

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS							
STATEMENT OF FINANCIAL PERFORMANCE							
MBDA	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Budget and Actual	Explanations
	R	R	R	R	R	%	
REVENUE							
Revenue from Exchange Transactions							
Loss on disposal of Property, Plant and Equipment	-	140,000	140,000	131,469	(8,531)	-6%	
Motor Vehicle expenses	225,420		225,420	66,412	(159,008)	-71%	Lower maintenance required
National Lotteries Board Expenses	96,887		96,887	49,980	(46,907)	-48%	Timing of expenditure
Nelson Mandela Bay Stadium Expenditure	35,765,640		35,765,640	18,653,333	(17,112,307)	-48%	Refer Stadium schedule
Office Decor & Fittings	55,805		55,805	22,074	(33,731)	-60%	Savings incurred
Office Rentals	10,000		10,000	1,000	(9,000)	-90%	Nominal Tramways building rental
Postage & Courier	35,437		35,437	12,620	(22,817)	-64%	Savings incurred
Printing & Stationery	131,607	25,000	156,607	156,448	(159)	-0%	
Professional & Consultant Fees	1,281,245	(125,000)	1,156,245	425,229	(731,016)	-63%	Savings and partly committed
Provision for Doubtful Debts	150,000		150,000	25,421	(124,579)	-83%	Lower provisions required
Public Relations & Marketing	4,500,000	(50,000)	4,450,000	4,317,894	(132,106)	-3%	
Recruitment Costs	300,000		300,000	54,655	(245,345)	-82%	Savings incurred
Refreshments	77,875	3,000	80,875	78,772	(2,103)	-3%	
Repairs & Maintenance	100,000	10,000	110,000	103,505	(6,495)	-6%	
Security Plan Project	10,253,378		10,253,378	7,983,129	(2,270,249)	-22%	Savings incurred
SPUU Expenses	9,867,824	-	9,867,824	2,807,444	(7,060,380)	-72%	Project delays
Staff Welfare	132,740		132,740	13,088	(119,653)	-90%	Savings incurred
Strategic Spatial Framework Studies	3,618,776	(500,000)	3,118,776	242,790	(2,875,986)	-92%	Delays due to strategy changes
Subscriptions	104,500		104,500	72,606	(31,894)	-31%	Savings incurred
Sundry Expenses	50,000		50,000	29,763	(20,237)	-40%	Savings incurred



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS							
STATEMENT OF FINANCIAL PERFORMANCE							
MBDA	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Budget and Actual	Explanations
	R	R	R	R	R	%	
REVENUE							
Revenue from Exchange Transactions							
Telephone & Fax	415,225	100,000	515,225	248,442	(266,783)	-52%	Lower usage
Tramways Building Security	653,683		653,683	526,249	(127,434)	-19%	Savings incurred
Travel & Accommodation	304,901	100,000	404,901	401,912	(2,989)	-1%	
Telkom Park Demolition	5,000,000	-	5,000,000	-	(5,000,000)	-100%	Deferred to 2017/18
TOTAL EXPENDITURE	203,982,823	4,829,585	208,812,408	111,526,204	(97,286,204)		
NET SURPLUS FOR THE YEAR	(24,586,578)	2,650,000	(21,936,578)	402,374	172,233,456		
STATEMENT OF FINANCIAL POSITION							
	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Budget and Actual	Explanations
	R	R	R	R	R	%	
Computer Equipment	200,000	-	200,000	121,984	(78,016)	-39%	Lower expenditure on PPE
Computer Software	100,000	385,000	485,000	-	(485,000)	-100%	
Office Equipment	200,000	180,000	380,000	270,372	(109,628)	-29%	
Furniture & Fittings	219,731	15,000	234,731	234,366	(365)	-0%	
Motor Vehicles	203,997	-	203,997	-	(203,997)	-100%	Deferred to 2017/18
TOTAL EXPENDITURE	923,728	580,000	1,503,728	626,721	(877,007)		

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS							
STATEMENT OF FINANCIAL PERFORMANCE							
STADIUM	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Budget and Actual	Explanations
	R	R	R	R	R	%	
STADIUM EVENTS REVENUE	5,000,000	-	5,000,000	980,463	(4,019,537)	-80%	As per the SLA Revenue to the value of R 5 million is disclosed by NMBM
LESS: STADIUM EVENTS REVENUE	3,804,100	-	3,804,100	2,525,908	(1,278,192)	34%	The six month period under MBDA's management had less events than anticipated, hence the under expenditure.
GROSS PROFIT	1,195,900	-	1,195,900	(1,545,445)	(5,297,729)		
OVERHEAD EXPENDITURE	36,515,640	-	36,515,640	16,514,268	(17,780,144)		
FIELD EXPENSES	312,700	249,000	561,700	494,678	67,022		
Labour Cost		2,000	2,000	1,520	480	24%	The six month period under MBDA's management had less events than anticipated, hence the under expenditure.
Maintenance costs	265,000	105,000	370,000	363,474	6,526	2%	
Fuel for mowers		44,000	44,000	26,895	17,105	39%	
Pitch tools		83,000	83,000	63,176	19,824	24%	
Equipment rentals	47,700	-	47,700	25,196	22,504	47%	
Precinct Maintenance		15,000	15,000	14,417	583	4%	
FACILITIES & TECHNICAL EXPENSES	6,454,770	(497,820)	5,956,950	4,913,358	1,043,592		
Plumbing	86,920	38,080	125,000	122,942	2,058	2%	Less expenditure was required during the period
Electrical	223,860	101,140	325,000	306,488	18,512	6%	
Structural Engineers		10,000	10,000	7,201	2,799	28%	
Membranes		70,000	70,000	68,516	1,484	2%	
Floodlights Main Field		17,000	17,000	15,480	1,520	9%	Less expenditure was required during the period
Lifts	67,370	7,630	75,000	71,139	3,861	5%	
TVs & Signal		2,000	2,000	1,170	830	42%	
Air Conditioners	78,340	-48,340	30,000	28,516	1,484	5%	
Fire Equipment Replacements & Service	156,040	13,960	170,000	163,966	6,034	4%	Less expenditure was required during the period
Windows		20,000	20,000	17,660	2,340	12%	
General Maintenance	1,058,830	-408,830	650,000	634,760	15,240	2%	



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS STATEMENT OF FINANCIAL PERFORMANCE							
STADIUM	Approved Budget	Adjust- ments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Bud- get and Actual	Explanations
	R	R	R	R	R	%	
UPS Maintenance	45,000	-45,000	-	-	-	0%	
Painting	-	10,000	10,000	6,556	3,444	34%	Painting was only done where required
Maintenance Contracts	-	5,000	5,000	3,043	1,957	39%	Less maintenance was required than anticipated
Locks and Keys	7,950	-2,950	5,000	4,289	711	14%	Less locks and keys needed to be replaced
CCTV		250,000	250,000	234,550	15,450	6%	
Access Control Expenses	320,410	-320,410	-	-	-	0%	
Safety and Protective Clothing	50,000	-	50,000	11,520	38,480	77%	Safety clothing was purchased as part of uniforms
ICT SUPPORT EXPENSES							
ICT Support Service Support	-	170,000	170,000	152,760	17,240	10%	Less events were held during the period
ICT Support Connectivity	23,900	91,100	115,000	101,133	13,867	12%	Less events were held during the period
ICT Hardware Support		360,000	360,000	346,146	13,854	4%	
ICT PA Systems	2,055,730	-1,105,730	950,000	920,606	29,394	3%	
ICT Hardware Improvement	-	80,000	80,000	75,255	4,745	6%	
North End Lake maintenance	1,409,400	-	1,409,400	719,536	689,864	49%	The current contract expired and discussions is under way with the University to help with the rehabilitation of the lake
CLEANING							
General cleaning	627,470	-77,470	550,000	523,898	26,102	5%	
Waste cleaning	-	25,000	25,000	23,982	1,018	4%	
Hygiene & consumables expenses	60,400	-	60,400	55,072	5,328	9%	
Roof Cleaning	-	160,000	160,000	152,600	7,400	5%	
Raptor & Pest Control	85,860	-	85,860	77,591	8,269	10%	Savings was made in the services required
Refuse Removal	97,290	-	97,290	20,542	76,748	79%	Less events were held during the period
Diesel Rotaries	-	50,000	50,000	21,325	28,675	57%	Less events were held during the period
Small Tools	-	30,000	30,000	25,114	4,886	16%	Less tools were purchased

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS STATEMENT OF FINANCIAL PERFORMANCE							
STADIUM	Approved Budget	Adjust- ments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Bud- get and Actual	Explanations
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Painting	-	10,000	10,000	6,556	3,444	34%	Painting was only done where required
Maintenance Contracts	-	5,000	5,000	3,043	1,957	39%	Less maintenance was required than anticipated
Locks and Keys	7,950	-2,950	5,000	4,289	711	14%	Less locks and keys needed to be replaced
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ICT SUPPORT EXPENSES							
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ICT Support Connectivity	23,900	91,100	115,000	101,133	13,867	12%	Less events were held during the period
ICT Hardware Support		360,000	360,000	346,146	13,854	4%	
ICT PA Systems	2,055,730	-1,105,730	950,000	920,606	29,394	3%	
ICT Hardware Improvement	-	80,000	80,000	75,255	4,745	6%	
North End Lake maintenance	1,409,400	-	1,409,400	719,536	689,864	49%	The current contract expired and discussions is under way with the University to help with the rehabilitation of the lake
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Hygiene & consumables expenses	60,400	-	60,400	55,072	5,328	9%	
Roof Cleaning	-	160,000	160,000	152,600	7,400	5%	
Raptor & Pest Control	85,860	-	85,860	77,591	8,269	10%	Savings was made in the services required
Refuse Removal	97,290	-	97,290	20,542	76,748	79%	Less events were held during the period
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MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS STATEMENT OF FINANCIAL PERFORMANCE							
STADIUM	Approved Budget	Adjust- ments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Bud- get and Actual	Explanations
	R	R	R	R	R	%	
GENERAL EXPENSES	29,706,190	(119,200)	29,586,990	10,721,516	(18,865,474)		
MBDA Management Fee	5,000,000	-	5,000,000	-	5,000,000	100%	Discussions are still underway in determining the amount to be paid to MBDA.
Chippa United Anchor Tenant Agreement	6,000,000	-	6,000,000	500,000	5,500,000	92%	The only payment done was for the marketing campaign, the balance was paid in the period before December 2016.
Southern Kings Anchor Tenant Agreement	6,000,000	-	6,000,000	-	6,000,000	100%	Payment was done in the period before December 2017.
ADVERTISING & MARKETING EXPENSES							
Marketing Expenses	1,000,000	-750,000	250,000	221,079	28,921	12%	Expenditure was curtailed while the new look of the Stadium was being developed.
Entertainment Expenses				-	-		
SIGNAGE							
Permanent Signage	103,650	470,000	573,650	556,190	17,460	3%	
CONSULTING FEES							
General Consulting Fees	180,000	120,000	300,000	280,072	19,928	7%	
BANK CHARGES							
General Bank Charges	48,000	-	48,000	35,112	12,888	27%	Less cash banked due to fewer events
Breakages Function Areas	-	105,000	105,000	100,813	4,187	4%	
INSURANCE							
General Short Term Insurance	250,000	-	250,000	103,479	146,521	59%	The utilisation of the NMBM insurance ensured savings
Suite Insurance	150,000	-	150,000	-	150,000	100%	No expenditure was required
General Legal Fees	300,000	-	300,000	279,463	20,537	7%	
MOTOR VEHICLE EXPENSES							
Motor Vehicle Petrol & Oil	142,220	-50,000	92,220	5,741	86,479	94%	Fewer vehicles were used during the period
Motor Vehicle Repairs & Maintenance		5,000	5,000	4,875	125	3%	
ADMINISTRATIVE EXPENSES							
Printing & Stationery		150,000	150,000	134,321	15,679	10%	Less expenditure was required

MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS STATEMENT OF FINANCIAL PERFORMANCE							
STADIUM	Approved Budget	Adjust- ments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Bud- get and Actual	Explanations
	R	R	R	R	R	%	
Staff Welfare & Refreshments	50,000	-	50,000	4,085	45,915	92%	No major activities were performed
Computer Expenses General		5,000	5,000	4,279	721	14%	Less expenditure was required
General Consulting Fees		100,000	100,000	96,000	4,000	4%	
Accreditation Expenses		5,000	5,000	2,658	2,342	47%	Fewer events were held
First Aid Boxes		-	-	79	-79	0%	
General Expenses Other	187,000	-185,000	2,000	1,900	100	5%	
Photographs		2,000	2,000	1,725	275	14%	Fewer events were held
Small Assets		10,000	10,000	9,796	204	2%	
Conference & Meeting Expenses		3,000	3,000	2,764	236	8%	
PERSONNEL COSTS							
Employees Salaries	7,984,600	-	7,984,600	7,016,508	968,092	12%	Fewer employees were employed
Staff Training	100,000	-	100,000	76,922	23,078	23%	Training is planned to take place in the second part of the year.
SAFETY AND SECURITY							
Security 24HR	1,139,380	-239,380	900,000	850,047	49,953	6%	
OSHACT compliance	500,000	-	500,000	-	500,000	100%	Expense was paid in the period before December 2016.
SUBSCRIPTIONS & LICENSES							
DSTV		30,000	30,000	27,118	2,882	10%	
Music Licences	25,000	-	25,000	14,159	10,841	43%	Expense was paid in the period before December 2016.
TV Licenses		20,000	20,000	19,314	686	3%	
Liquor Licenses	105,240	-28,820	76,420	30,245	46,175	60%	Expense was less than budgeted
Health Licenses		-	-	80	-80	0%	
Accounting Software	25,000	-	25,000	-	25,000	100%	Expense was paid in the period before December 2016.
RECRUITMENT							
Recruitment Fees Paid	30,000	-	30,000	29,844	156	1%	
Relocation Expenses	70,000	-	70,000	-	70,000	100%	No employees were relocated
TELEPHONE & CONNECTIVITY							
Telephone Expense	100,000	50,000	150,000	145,878	4,122	3%	



MANDELA BAY DEVELOPMENT AGENCY NPC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS STATEMENT OF FINANCIAL PERFORMANCE							
STADIUM	Approved Budget	Adjust- ments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Difference Between Final Bud- get and Actual	Explanations
	R	R	R	R	R	%	
Cellphone Expense	116,100	-116,100	-	-	-	0%	
Web Design		15,000	15,000	12,107	2,894	19%	Savings were made by doing more work in-house
TRAVEL & SUBSIS- TENCE EXPENSES							
Travel Local	100,000	-	100,000	2,619	97,381	97%	No presentations were required to out of town clients
Domestic Accomo- dation		30,000	30,000	26,535	3,465	12%	No presentations were required to out of town clients
Uniforms		125,000	125,000	124,682	318	0%	
Rounding Difference		5,000	5,000	225	4,775	96%	Not required for ac- counting entries
Discount Received for Cash		-	-	739	-739	0%	
Discount Allowed for Cash		100	100	66	34	34%	
CAPITAL EXPENDITURE	41,980	368,020	410,000	384,716	(25,284)		
Computer Equipment & Software		30,000	30,000	29,372	628	2%	
Furniture & Fittings	20,980	29,020	50,000	40,393	9,607	19%	Less items were required
Pitch Equipment		140,000	140,000	137,062	2,938	2%	
Other Capital Items	21,000	-6,000	15,000	14,269	731	5%	
Functions Equipment		150,000	150,000	143,220	6,780	5%	
Corrosion Prevention		25,000	25,000	20,400	4,600	18%	Less work was required
NET DEFICIT FOR THE PERIOD	35,319,740		35,319,740	18,059,713	(12,482,415)		

MANDELA BAY DEVELOPMENT AGENCY NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 municipal-ity. 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

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention or fair value if stated as such.

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:

Note 4 – Provisions & Contingencies

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.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.4 GOING CONCERN ASSUMPTION

On 26 May 2017 NMBM Council adopted the 2017/18 to 2019/20 budget. This three-year Medium Term Revenue and Expenditure Frame-work (MTREF), supporting the on-going delivery of MBDA projects to residents, reflected that the budget was funded over the three-year period. These annual financial statements have been prepared on a going concern basis.

1.5 PRINCIPAL AGENT TRANSACTIONS

During the period under review was the 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.



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

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

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 any other factors.

1.12 COMMITMENTS

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in a outflow of cash. Disclosure is done to the extent that it has not already been recognised elsewhere in the Financial Statements.

1.13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of financial performance as incurred. Land is not depreciated.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual values over the anticipated useful lives of the assets concerned. The principal useful lives used for this purpose are:

Assets	Useful life in Years
- Computer Equipment	3 - 8
- Office Equipment	5 - 10
- Furniture and Fittings	10
- Motor Vehicles	4 - 5
- Containers	15
- Leasehold Asset	5



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Surpluses or deficits on the disposal of assets are credited or charged to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date

1.14 HERITAGE ASSETS

Heritage assets are assets that have cultural, historical, environmental, natural, scientific or technological significance that are held indefinitely for the benefit of 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.

Heritage assets are initially recognised at cost on acquisition date.

Subsequent measurement

Subsequent to initial recognition, the entity uses the cost model to measure its heritage assets.

1.15 INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary asset without physical substance and are carried at cost less accumulated amortisation and impairments.

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method. The annual amortisation rates are based on the following estimated average asset lives:

Assets	Useful life in Years
- Computer Software	3 – 5

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from 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.

The assets' residual values, amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

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.



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 60 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.

1.18 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.

Subsequent measurement

Inventories are measured at the lower of cost and net realisable value. The basis of determining cost is first-in, first-out (FIFO) method.

1.19 Impairment of Financial Assets

The company 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.

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 long term.

1.21 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.

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.22 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.

1.23 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 is the estimate of the expenditure required to settle the present obligation at the statement of financial position date.

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.

1.24 REVENUE RECOGNITION

1.24.1 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, net of trade discounts and volume rebates.

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.



MANDELA BAY DEVELOPMENT AGENCY NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Interest

Interest is recognised on a time-apportioned basis, in surplus or deficit.

1.24.2 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. 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. 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.

1.25 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 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.

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 cost effective 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

1.27.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current year only.

1.27.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior year comparative amounts are reclassified. The nature and reason for the reclassification is disclosed. (Refer to note 27 for the impact of the prior period restatement on the prior year comparatives).

1.28 TAXATION

The entity has received a tax exemption certificate from South African Revenue Services.

1.29 OPERATING LEASES

1.29.1 As Lessee

Operating leases do not transfer to the entity substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term.

1.29.2 As Lessor

Operating leases do not transfer to the lessee substantially all risks and benefits to ownership of the leased item. Operating lease rentals are recognised as an income in the statement of financial performance on a straight-line basis over the lease term.

1.30 RETIREMENT BENEFITS

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.

MANDELA BAY DEVELOPMENT AGENCY NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.31 STATEMENTS IN ISSUE BUT NOT YET ADOPTED

The following standards of GRAP in issue have not yet been adopted. Management has not yet had an opportunity to consider the potential impact of adoption of these standards.

Standard of GRAP	Effective Date
GRAP 20 Standard of GRAP on Related party disclosures	No effective date gazetted to date
GRAP 32 Standard of GRAP on Service Concession Arrangements: Grantor	No effective date gazetted to date
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	No effective date gazetted to date
GRAP 109 Standard of GRAP on Accounting Principles and Agents	No effective date gazetted to date
GRAP 110 Standard of GRAP on Living and Non-living Resources	No effective date gazetted to date



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 R	2016 R
2 CONSTRUCTION CONTRACT RETENTION CREDITORS		
Techni Civils - Bird Street/Belmont Terrace Upgrade Phase 3	-	273,345
Techni Civils - Singapi Street Upgrade Phase 2	-	588,636
Tewo Building & Civil - Qaqawuli Community Hall	-	36,266
GVK Siyazama - Tramways Building Redevelopment Phase 2	-	620,899
Hyman Master Fence :SPUU - Upgrading of Side Walks in Helenvale	387,780	-
Techni Civils: Singaphi Street Upgrade - Phase 3	679,889	-
Masiphumelele Trading: Vuyisile Mini Square	58,956	-
	<u>1,126,624</u>	<u>1,519,146</u>
Less: Current portion transferred to Current Liabilities	(679,889)	(1,519,146)
	<u>446,735</u>	<u>-</u>

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.

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors - MBDA	6,605,659	4,585,508
Trade Creditors - NMBM Stadium	6,001,851	-
Leave Accrual	730,793	469,376
Performance Bonuses	-	484,300
Employee costs	274,755	232,817
Accruals	538,552	1,624,054
Receipts in Advance	-	44,117
	<u>14,151,610</u>	<u>7,440,172</u>

Trade and other payables are non-interest bearing and are settled within 30 days of receipt of invoice.

4 PROVISIONS

Workmen's Compensation

Balance at beginning of year	41,800	32,481
Current year provision	25,676	41,801
Adjustment for under/over provision	17,700	(10,440)
Expenditure incurred	(59,500)	(22,041)
Balance at end of year	<u>25,675</u>	<u>41,800</u>

The workmen's compensation calculation is based on estimates as there are no assessments available for the period.

Performance Bonuses Provision	401,742	186,530
Directors Fees	636,500	-
TOTAL	<u>1,063,917</u>	<u>228,330</u>

5 DEFERRED INCOME

Operating Lease	<u>1,125,382</u>	<u>1,102,035</u>
Non-Current Portion	889,232	865,885
Current Portion transferred to current liabilities	236,150	236,150

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE	RESTATED	
	2017 R	2016 R
5.1 UNSPENT CONDITIONAL GRANTS	65,085,778	51,051,079
National Lotteries Board (NLB)	39,668	89,648
Opening Balance	89,648	169,708
Grants for the year	-	-
Capital expenditure portion of grant recognised as Revenue	-	-
Operating expenditure portion of grant recognised as Revenue	(49,980)	(80,060)
Eastern Cape Development Corporation (ECDC)	32,054	32,054
Opening Balance	32,054	57,358
Grants for the year	-	-
Recognised as Revenue	-	(25,304)
Industrial Development Corporation (IDC)	1,959,049	1,959,049
Opening Balance	1,959,049	-
Grants for the year	-	3,500,000
Recognised as Revenue	-	(1,540,951)
HURP/SPUU (KfW Funded)	916,418	-
Opening Balance	(176,192)	(1,760,255)
Transferred from/to Accounts Receivable	-	176,192
Grants received	10,081,662	5,103,707
Capital project expenditure portion of grant recognised as Exchange Revenue	(2,640,278)	-
Operating expenditure	(6,348,775)	(3,519,644)
Nelson Mandela Bay Municipality (NMBM)	62,138,589	48,970,328
Opening Balance	48,970,328	48,767,726
Grants for the year	91,820,628	89,809,571
Capital Projects	(34,599,511)	(42,367,936)
Operating expenditure portion of grant recognised as Non-Exchange Revenue	(44,052,856)	(47,239,033)
Interest Received	2,387,959	2,769,114
Sundry Income	849,062	506,269
Lease Rental Income	166,110	-
Property Plant & Equipment (excl Heritage Assets)	-	(6,803,698)
Operating expenses	(47,455,987)	(43,710,718)
Made up as follows:	65,085,778*	51,051,079*
Capital Projects in progress - Contract Creditors (refer to note 14)	54,485,395	94,558,388
Other (Operating grants, interest received, sundry income etc)	8,569,612	-45,588,060
Industrial Development Corporation	1,959,049	1,959,049
National Lotteries Board Grant	39,668	89,648
Eastern Cape Development Corporation Grant	32,054	32,054

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

6 PROPERTY, PLANT AND EQUIPMENT

2017

R

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	915,465	121,984	-	1,037,449	485,987	135,560	-	621,547	415,902
Office Equipment	932,988	270,372	(7,268)	1,196,091	153,561	150,652	(4,993)	299,221	896,871
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	-	387,988	269,379
Containers	62,120	-	-	62,120	19,044	3,213	-	22,257	39,863
Land & Buildings	4,649,358	-	-	4,649,358	-	-	-	-	4,649,358
Leasehold Improvements	1,180,752	-	-	1,180,752	78,717	236,150	-	314,867	865,885
	8,854,739	626,721	(315,241)	9,166,219	1,357,245	646,769	(184,231)	1,819,783	7,346,436

RESTATED

2016

R

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	837,782	192,670	(114,987)	915,465	456,642	129,526	(100,181)	485,987	429,478
Office Equipment	222,715	737,912	(27,640)	932,988	116,027	50,260	(12,726)	153,561	779,426
Furniture & Fittings	413,683	43,005	-	456,689	313,343	17,716	-	331,059	125,629
Motor Vehicles	657,367	-	-	657,367	189,944	98,932	-	288,876	368,491
Containers	62,120	-	-	62,120	15,731	3,313	-	19,044	43,076
Land & Buildings	-	4,649,358	-	4,649,358	-	-	-	-	4,649,358
Leasehold Improvements	-	1,180,752	-	1,180,752	-	78,717	-	78,717	1,102,035
	2,193,668	6,803,698	(142,627)	8,854,739	1,091,688	378,464	(112,907)	1,357,245	7,497,494

Note

No item of Property, Plant and Equipment has been pledged as security for liabilities.

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

7 INTANGIBLE ASSETS

2017

R

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Software	327,018	-	-	327,018	238,440	52,586	-	291,026	35,992
	327,018	-	-	327,018	238,440	52,586	-	291,026	35,992

2016

R

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Software	324,858	8,830	(6,670)	327,018	180,661	59,837	(2,058)	238,440	88,578
	324,858	8,830	(6,670)	327,018	180,661	59,837	(2,058)	238,440	88,578

8 HERITAGE ASSETS

2017

R

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Heritage Assets	250,500	-	-	250,500	-	-	-	-	250,500
	250,500	-	-	250,500	-	-	-	-	250,500

RESTATED

2016

R

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Heritage Assets	250,500	-	-	250,500	-	-	-	-	250,500
	250,500	-	-	250,500	-	-	-	-	250,500



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	RESTATED 2016
	R	R
9 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade Debtors - MBDA	7,607,858	24,142,522
Trade Debtors - NMB Stadium	957,658	-
Provision for Bad debts	(213,830)	(188,408)
Interest Receivable	213,853	224,396
HURP/SPUU (KfW Funded)	-	176,192
Prepaid Expenses	-	241,151
Sundry Debtors	-	112,500
Sub Lease Rental	221,480	55,370
Nelson Mandela Bay Stadium	15,679,814	-
	24,466,833	24,763,722
Trade debtors: Ageing		
Current (0 - 30 days)	5,737,173	121,160
31 - 60 days	81,434	22,015,397
61 - 90 days	4,770	16,180
91 + days	1,784,481	1,989,785
	7,607,858	24,142,522

NOTE

Interest receivable, sundry debtors and VAT are all current.

		RESTATED
10 INVENTORIES		
Merchandise	528,442	-
	528,442	-
11 VAT		
SARS - VAT	(727,149)	2,474,487
	(727,149)	2,474,487
12 DEPOSITS		
Telkom	2,100	2,100
Hall Rental Deposits	12,110	-
	14,210	2,100

13 CASH AND CASH EQUIVALENTS

The entity has the following bank accounts

Current Accounts (Primary Accounts)

NedBank, Govan Mbeki Avenue, Port Elizabeth Account Number - 1084853833/1084866064

Current account balance at beginning of year	4,568,254	435,692
Current account balance at end of the year	7,587,201	4,568,254
Bank statement balance at beginning of the year	4,568,254	435,692
Bank statement balance at end of the year	7,587,201	4,568,254

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

Call account balance at beginning of year	-	83,628
Call account balance at end of the year	-	-
Bank statement balance at beginning of the year	-	83,628
Bank statement balance at end of the year	-	-

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	R	R
CASH AND CASH EQUIVALENTS (continued)		
Call Accounts Balances		
Nedbank, Port Elizabeth		
Account Number - 03/7881116285/000002		
Call account balance at beginning of year	320,801	24,142,826
Call account balance at end of the year	46,756,535	320,801
Bank statement balance at beginning of the year	320,801	24,142,826
Bank statement balance at end of the year	46,756,535	320,801
Rand Merchant Bank, Port Elizabeth		
Account Number - X021906134		
Call account balance at beginning of year	29,211,400	28,994,607
Call account balance at end of the year	4,533,256	29,211,400
Bank statement balance at beginning of the year	29,211,400	28,994,607
Bank statement balance at end of the year	4,533,256	29,211,400

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

Cash and Cash Equivalents	58,876,992	34,100,454
Current Account (Primary Account)	7,587,201	4,568,254
Call Account Balances	51,289,791	29,532,201

All amounts of Cash and Cash Equivalents are available for use by the entity.

14 AMOUNTS DUE TO FUNDERS OF CONSTRUCTION CONTRACTS

Cumulative Construction costs incurred	(120,527,311)	(119,511,840)
Cumulative Advances received	175,012,706	214,070,228
Amounts due to funders of construction contracts	54,485,395	94,558,388

(Refer to note 5)



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	R	R
15 OTHER INCOME		
Request for Proposal Document Fees	77,506	61,154
Sundry income	225,030	218,919
Kiosk Rentals	76,761	66,055
Helenvale Resource Centre Income	183,551	115,247
Public Toilet Fees	27,095	19,219
Tramways Event Space Rental	259,121	25,676
	849,062	506,269

16 NELSON MANDELA BAY STADIUM

16.1 Stadium Expenditure and Grant Income

Stadium Expenditure	18,653,333	-
Stadium Recognised Grant Income	18,653,333	-

The agency was mandated by the Nelson Mandela Bay Municipality Council in December 2016 to take over the management and operations of the NMB Stadium as it's agent.

In this regard expenditure is reflected in the agency's financial statements as in terms of an agreement with the NMBM it acts as principal with regard to such expenditure, which is subject to the agency's supply chain management policy and which is alligned to the NMBM supply chain management policy.

16.2 Stadium's Liquor Income and Expenditure

Stadium Liquor Revenue	980,421	-
Stadium Liquor Expenditure	386,843	-

As the liquor licence is in the name of the MBDA, all liquor expenditure and income is accounted for in the agency's financial records as the principal.

17 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	12,724,790	10,595,281
Employee related costs - Social Contributions	2,833,844	2,513,994
Car allowances	83,000	108,000
Long Service Bonus	-	15,130
Performance bonus	345,075	670,830
Total Employee Related Costs	15,986,709	13,903,235

Remuneration of the former Chief Executive Officer (resigned January 2017)

Annual Remuneration including social contributions	946,246	1,635,727
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MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

17 EMPLOYEE RELATED COSTS (continued)

Remuneration of the former Chief Executive Officer (resigned January 2017) (continued)

	2017	2016
	R	R
Car allowance	35,000	60,000
Performance bonus	-	186,530
Gratuity Payment	1,374,500	-
Total	2,355,746	1,882,257

Remuneration of the Acting Chief Executive Officer (Commenced 22 May 2017)

Annual Remuneration	173,333	-
Total	173,333	-

Remuneration of Chief Financial Officer

Annual Remuneration including social contributions	993,946	920,521
Car allowance	24,000	24,000
Acting Allowance	234,010	-
Performance bonus	101,795	122,667
Total	1,353,751	1,067,188

Remuneration of Planning & Development Manager (Inner City)

Annual Remuneration including social contributions	952,500	813,531
Car allowance	24,000	24,000
Performance bonus	97,651	108,742
Total	1,074,151	946,273

Remuneration Operations Manager

Annual Remuneration including social contributions	624,639	615,948
Performance bonus	62,464	66,698
Long Service Bonus (10 years)	-	15,130
Total	687,103	697,776

Remuneration of Planning & Development Manager (Townships) (resigned June 2016)

Annual Remuneration including social contributions	-	829,025
Performance bonus	-	93,581
Total	-	922,606

Remuneration of Planning & Development Manager (Townships)

Annual Remuneration including social contributions	461,007	-
Performance bonus	56,667	-
Total (8 months)	517,673	-

Remuneration of Marketing and Communications Manager

Annual Remuneration including social contributions	833,123	776,761
Performance bonus	83,166	92,612
Total	916,289	869,374



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	R	R
18 CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Surplus for the year	402,374	6,339,895
Depreciation	698,808	438,301
Loss on disposal of property, plant and equipment	131,469	37,107
Interest Received	(2,387,959)	(2,769,114)
Increase in provisions for doubtful debts	25,421	41,739
Operating (loss)/surplus before working capital changes:	<u>(1,129,887)</u>	<u>4,087,928</u>
Increase in provisions	835,587	195,849
Increase/(Decrease) in Trade and other Payables	6,711,438	(1,814,369)
Increase in Unspent Conditional Grants	14,034,699	2,000,917
Increase in Construction Contract Retention Creditors	(392,522)	(1,686,582)
Decrease / (Increase) in Trade and other Receivables	296,889	(19,377,497)
Decrease in VAT	3,201,635	-
Increase in Deposits	(11,246)	-
Increase in Inventory	(528,442)	-
Cash generated from / (utilised in) operations	<u>23,018,151</u>	<u>(16,593,754)</u>
19 INTEREST PAID		
	-	3,743
Interest on fair valuing of Retention Creditors	<u>-</u>	<u>3,743</u>

This amount relates to a book entry with respect to the valuation of retention creditors at financial year end and is reversed once the retention is paid.



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	R	R
20 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
20.1 Audit fees		
Opening balance	-	479,888
Current year audit fee	892,786	638,517
Amount paid - current year	(892,786)	(638,517)
Previous year audit fees adjustment	-	262,104
Amount paid - previous year	-	(741,992)
Balance unpaid	<u>-</u>	<u>-</u>
20.2 PAYE and UIF		
Opening balance	-	191,085
Current year payroll deductions	3,403,066	2,441,801
Amount paid - current year	(3,403,066)	(2,441,801)
Amount paid - previous year	-	(191,085)
Balance unpaid	<u>-</u>	<u>-</u>
20.3 Performance Bonuses		
Opening balance	687,788	597,707
Amount paid	(687,788)	(597,707)
Amount - Current year	401,742	687,787
Balance unpaid	<u>401,742</u>	<u>687,787</u>
20.4 Provident Fund		
Opening balance	-	104,484
Amount paid	(1,471,428)	(1,397,089)
Expenditure	1,471,428	1,292,605
Balance unpaid	<u>-</u>	<u>-</u>

The employer makes a monthly contribution of 15% of staff members' salary in respect of members belonging to the Provident Fund. A total of 25 members belong to the fund.

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

		2017 R		2016 R
20.5 Deviation from supply chain management regulations	Number of MBDA incidents	Amount	Number of NMB Stadium incidents	Amount
Reason				
In accordance with section 36(1)(a)(i) of SCM policy regulations there were deviations from the normal procurement process to the value of R615 461	29	533,148	4	112,672
In accordance with section 36(1)(a)(ii) of SCM policy regulations there were deviations from the normal procurement process to the value of R848 634	19	483,006	6	346,177
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 092 850	5	318,481	54	6,777,624
	53	1,334,634	64	7,236,473

20.6 Non-Compliance

Management is not aware of any non-compliance with the Municipal Finance Management Act 56 of 2003.

20.7 Capital Commitments

Approved and contracted for

	2017 R	RESTATED 2016 R
Land and Buildings	462,951	26,291,812
Infrastructure	19,881,791	23,495,180
Community	2,785,866	7,901,859
Intangible	-	-
Other	-	-

23,130,609 **57,688,851**

This expenditure will be financed from:

NMBM Grants	12,082,658	14,411,749
KfW Grants	11,047,951	43,277,103
	23,130,609	57,688,851

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 R	2016 R
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21 VALUE ADDED TAX

As at 30 June 2017 all VAT returns have been submitted timeously to the South African Revenue Services, with the exception of NMB Stadium which will be included in the VAT return for August 2017.

22 RELATED PARTIES

22.1

Relations	
Parent Municipality	Nelson Mandela Bay Municipality
Funder	Industrial Development Corporation
Funder	National Lotteries Board
Funder	Eastern Cape Development Corporation
Funder	Department of Arts and Culture
Funder	KfW Bank

22.2 Related party balances

(a) Amounts included in Receivables from Exchange Transactions/(Payables from Exchange Transactions) regarding related parties

	2017 R	RESTATED 2016 R
Nelson Mandela Bay Municipality	22,252,115	22,843,504
Eastern Cape Development Corporation	698,350	1,099,952
	22,950,465	23,943,456

These balances have no fixed terms and conditions.

Refer to note 5 relating to NMBM, IDC, ECDC, NLB and KfW unspent conditional grants.

(b) Amounts included in unspent conditional grants regarding related parties

Nelson Mandela Bay Municipality	(62,138,589)	(48,970,328)
KfW	(916,418)	176,192
Industrial Development Corporation	(1,959,049)	(1,959,049)
Eastern Cape Development Corporation	(32,054)	(32,054)
National Lotteries Board	(39,668)	(89,648)
	(65,085,778)	(50,874,887)

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

		2017		2016
		R		R
22.3	Related party transactions			
	Amounts Received from transactions regarding related party			
	Nelson Mandela Bay Municipality	120,946,719		96,658,112
	KfW	10,081,662		5,103,707
	Eastern Cape Development Corporation	369,547		1,002,545
	Industrial Development Corporation	-		3,500,000
		131,397,928		106,264,364

23 KEY MANAGEMENT PERSONNEL

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, including any director of MBDA:

Chief Executive Officer (Acting):	Mr Ashraf Adam
Chief Financial Officer:	Mr Ashwin Daya
Planning and Development Manager:	Ms Dorelle Sapere
Planning and Development Manager:	Ms Rene Uren
Operations Manager:	Mr Mcebisi Ncalu
Marketing and Communications Manager:	Mr Luvuyo Bangazi

Their short term employee benefits are disclosed in note 13.

24 CONTINGENT LIABILITY

We are not aware of the existence of any contingent liabilities at the financial year end.

25 CONTINGENT ASSETS

NMBM Council resolved in December 2016 that MBDA takes over the management and operation of Nelson Mandela Bay Multi-Purpose Stadium from January 2017 and that the agency be entitled to a management fee for such services rendered. At financial year end the basis for the calculation of this fee had not been finalised with NMBM and a contingent asset of R1,7 million has thus been raised.

26 IN-KIND DONATIONS

No in-kind donations and/or assistance was received during the financial year that would require adjustments to the annual financial statements.

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

27 POST BALANCE SHEET EVENTS

The agency has been mandated by the NMBM to take over the management and operations of the Science & Technology Centre (STC) from July 2017 onwards. The STC is an NMBM asset situated in Uitenhage and was previously managed by the Uitenhage Despatch Development Initiative, which is in the process of being deregistered as a company.

A Professional fee dispute originally disclosed as contingent liability at financial year end has since been resolved between the parties

28 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

28.1 UNAUTHORISED EXPENDITURE

No such expenditure was incurred by the entity.

28.2 IRREGULAR EXPENDITURE

No such expenditure was incurred by the entity.

28.3 FRUITLESS AND WASTEFUL EXPENDITURE

Balance at beginning of year	3,743	55,191
Incurred during the year	866,743	3,743
Approved by the Board	(3,743)	(55,191)
Balance at end of year	866,743	3,743

Fruitless and wasteful expenditure incurred during the year related to the fraudulent payment of an Auditor General invoice of R16 743 as well as a settlement payment of R850 000 for a professional fee dispute on one of the agency's infrastructure projects.

29 OPERATING LEASES

The following are the total minimum future lease payments

	2017		2016	
	R		R	
	0 - 1 year	1-5 years	0 - 1 year	1-5 years
Office Plants Rental	17,999	-	-	-
Public Toilets Rental	133,807	266,098	-	-
Copier Rentals	72,984	49,279	-	-
Building Rental	000	6,000	-	-
Sub letting of Office Premises	-	830,551	-	-



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30	PRIOR PERIOD RESTATEMENT	2017 R		
		PREVIOUSLY STATED 2016	CHANGE	RESTATED 2016
	The prior period restatements related to the following items:			
(1)	Statement of Financial Position			
(a)	Deferred Income - Long term portion	(609,071)	(256,814)	(865,885)
(b)	Deferred Income - Short term portion	(166,110)	(70,040)	(236,150)
(c)	Accumulated Surplus	(7,509,717)	(326,855)	(7,836,572)
(d)	Unspent Conditional Grants (NMBM)	(51,345,910)	294,831	(51,051,079)
(e)	Receivables from Exchange Transactions	27,182,838	(2,419,117)	24,763,722
(f)	VAT	-	2,474,487	2,474,487
(g)	Heritage Assets	-	250,500	250,500
(h)	Property plant and Equipment	1,136,421	76,354	1,212,775
	Leasehold Assets - at cost	830,551	350,201	1,180,752
	Leasehold Assets - accumulated depreciation	55,370	(23,347)	32,023
	Heritage Assets	250,500	(250,500)	-
	Net impact on Statement of financial position		23,346	

- (a) & (b) Deferred Income - Long term portion and short term portions**
During 2015/16 financial year the deferred income amount was understated by R350 201.
- (c) Accumulated Surplus**
The change in the depreciation of leasehold asset.
- (d) Unspent Conditional Grants (NMBM)**
As a result of adjustments in the expenditure funded by NMBM Operating expenditure this figure has been changed.
- (e) Receivables from Exchange Transactions**
The VAT receivable has been reallocated out of the Receivables from exchange Transactions and shown on its own on the notes and on the statement of financial position.
- (f) VAT**
The VAT receivable has been reallocated out of the Receivables from exchange Transactions and shown on its own on the notes and on the statement of financial position.
- (g) Property Plant and Equipment**
Leasehold Assets were understated in 2015/16 financial year. Heritage Assets were moved from Property Plant and Equipment and are shown on their own.
- (h) Heritage Assets**
Heritage Assets were moved from Property Plant and Equipment and are shown on their own.

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30	PRIOR PERIOD RESTATEMENT (continued)	2017 R		
(2)	Additional Disclosures - Notes	PREVIOUSLY STATED 2016	CHANGE	RESTATED 2016
(a)	Commitments The entity has never disclosed commitments as note before. As a result the 2016 figure had to be restated. <i>The following related party items were not disclosed previously</i>	-	57,688,851	57,688,851
(b)	Related party balances Amounts included in unspent conditional grants regarding related parties	-	(50,874,887)	(50,874,887)
(c)	Related party transactions Amounts Received from transactions regarding related party	-	106,264,364	106,264,364

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The entity's principal financial liabilities comprise Trade and Other Payables. The entity's financial assets comprise Trade and Other Receivables (excluding loan accounts from related parties) and cash and short-term deposits.

Classification of Financial Instruments

	2017 R	2016 R
Financial Assets		
Trade and Other Debtors	8,787,019	24 587,530
Cash and Cash Equivalents	58,876,992	34,100,545
Financial Liabilities		
Trade and Other Payables	14,151,610	7,440,172
Construction Contract Retentions	1,126,624	1,519,146



MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

31.1 Interest Rate Risk

The entity's exposure to the risk of changes in market interest rates relates primarily to the entity's positive bank balance. As part of the process of managing the entity's interest rate risk, the entity's income and operating cash flows are substantially independent of changes in the market rates.

Interest Rate Risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on profit before taxation (through the impact on floating rate borrowings). There is no impact on equity.

Cash and cash equivalents

Effect of a 100 basis point movement in the interest rate

31.2 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity mainly transacts with entities who provides grants to fund operations and projects. Trade Receivables at year end consist mainly of the Nelson Mandela Bay Municipality.

31.3 Liquidity Risk

Liquidity Risk Management

The entity manages its liquidity risk by ensuring sufficient cash reserves to settle liabilities.

Liquidity Tables

The following table details the entity's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the debt can be required to pay.

Tables include both interest and principal cash flows.

30-Jun-17	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
Trade and Other Payables	14,151,610	-	-	-
Construction Contract Retention Creditors	-	-	679,889	446,735
	14,151,610	-	679,889	446,735
30-Jun-16	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
Trade and Other Payables	7,440,172	-	-	-
Construction Contract Retention Creditors	-	-	1,519,146	-
	7,440,172	-	1,519,146	-

31.4 Foreign Currency Risk

The entity is not exposed to foreign currency risk as all trading was done in local currency.

MANDELA BAY DEVELOPMENT AGENCY NPC

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

32 NATIONAL LOTTERIES BOARD EXPENSES

These expenses relate to an arts grant that was awarded to the entity by the National Lotteries Board (NLB).

33 STRATEGIC SPATIAL FRAMEWORK STUDIES

These expenses relate to economic feasibility and development studies and are funded by the Eastern Cape Development Corporation (ECDC), Industrial Development Corporation (IDC) and NMBM.

34 HELENVALE SPUU EXPENSES

These expenses relate to a foreign donor funded programme between Nelson Mandela Bay Municipality and KfW Bank, Germany and where the agency has been appointed as project execution authority on behalf of the parent municipality. This programme is multi year in nature and comprises of various infrastructure and community development projects.

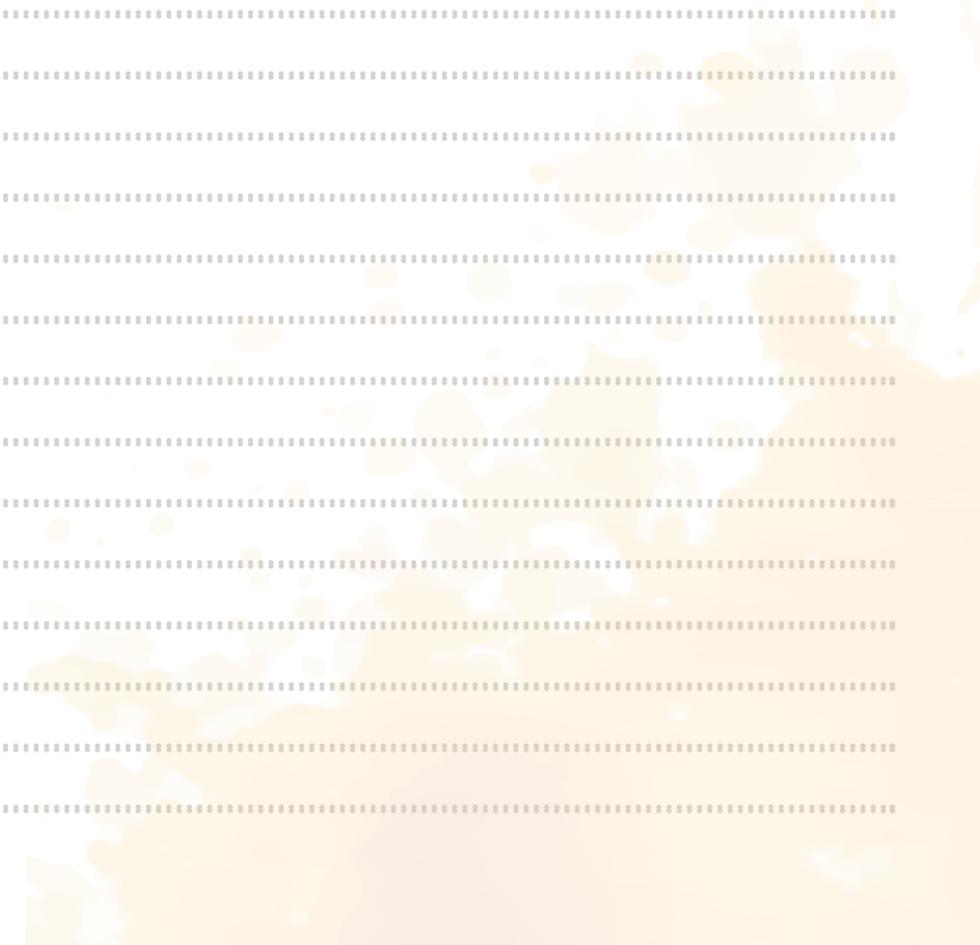
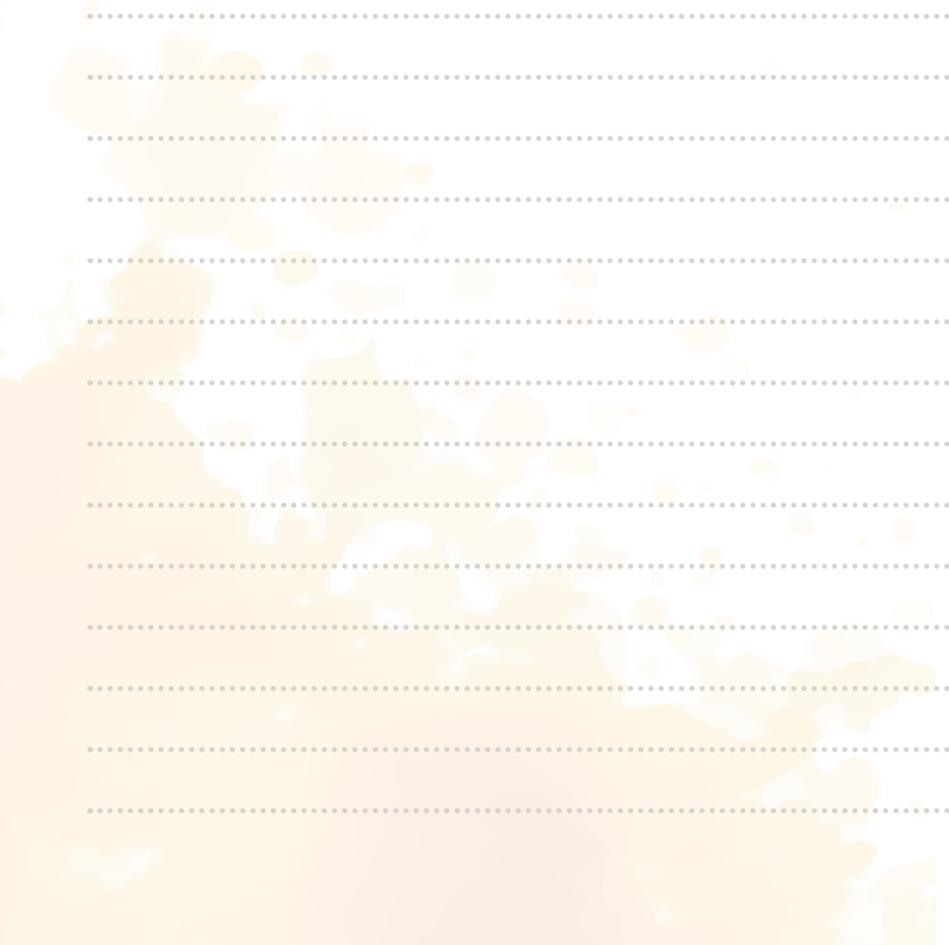


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Physical Address:
Postal Address:
Email:
Alternative Email:
Telephone:

1st Floor, Tramways Building, Corner Lower Valley Road & South Union Street, Port Elizabeth, 6000
P.O.Box 74, Port Elizabeth, 6000
info@mbda.co.za
reception@mbda.co.za
+27 (41) 811 8200



mandela bay
DEVELOPMENT AGENCY
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