

THE ROAD TO IMPLEMENTATION

Annual Report 2008/9

A photograph of two women walking away from the camera on a paved road that leads into a rural village. The woman on the left is wearing a patterned sweater and a white skirt, carrying a basket. The woman on the right is wearing a floral top, a white shawl, and a blue skirt. The background shows a village with colorful houses on a hillside under a blue sky with scattered clouds.

ASPIRE
Amathole beyond limits

Aspire's 2008/09 Annual Report consists of two documents – the Annual Review and the Financial Report. The Annual Review provides an overview of our operations. The Financial Report contains a summary of the financial statements and our service delivery reports.

If you would like a copy of the 2009 Annual Report, please visit www.aspire.org.za

Cover: The provincial government has agreed to resurface the 14km road that runs from the R72 to Hamburg.

Vision

Aspire is a pioneer in the stimulation of spatial economic development

Values

- Passion for development
- Respect for: each other, communities, environment, diversity and culture
- Integrity: capital stewardship, professionalism
- Ethical behaviour: no corruption, ethical decision making
- Accountability: inclusivity, transparency

Principles

- Encourage innovation and learning as keys to competitiveness
- Beneficiation is an essential element to sustained community development
- Environmental sustainability is crucial

Culture

- Mutual respect
- Teamwork
- Open and constructive communication to build trust
- Listening with insight before reacting

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“... we will work on the targeted renewal of rural towns, through grants such as the Neighbourhood Development Grant programme. In this way, areas around the towns will benefit from the economic boost.”
– President Jacob Zuma, State of the Nation address, 3 June 2009

Timeline

05



September 2005
Agency is established as a
Pty Ltd company

06



September 2006
Agency hosts first Small
Towns Conference

07

May 2007

ADM adopts the Amathole Regional Economic Development Strategy (AREDS), which was completed by the agency

June 2007

The agency's strategy for 2007-14, aligned with AREDS, is adopted by the Board

September 2007

Agency hosts second Small Towns Conference

08

April 2008

Launch of new name and branding of agency, "Aspire – Amathole beyond limits"

April 2008

Neighbourhood Development Partnership Grant allocates R273.5-million to Aspire for stimulation of five small-town economies

September 2008

Aspire hosts third Small Towns Conference

November 2008

Development fair held in Butterworth

November 2008

Finalisation of contractual agreement with national Department of Environmental Affairs and Tourism for R22-million to construct the Hamburg Artists' Residency

09

May 2009

Completion of business plan for the construction of the Hamburg Artists' Residency

June 2009

Development of a small-town regeneration model

June 2009

Completion of Stutterheim regeneration strategy and local spatial development framework plan



Mayor's foreword

“... it was a true realisation that what Aspire has been championing – the regeneration of small-town economies – has indeed influenced development policy at the very highest level.” – Sakhumzi Somyo, Executive Mayor, Amathole District Municipality

In Aspire, the Amathole District has a vehicle that we can trust and that can work with our communities to give real substance to our vision of growing the economy of the region. In other words, institutionally, the existence of Aspire has enabled us to provide a speciality that promises spatial economic development that will truly lift the quality of life of the people of our district. After the first few years of Aspire's existence, I can say this with utter conviction.

We know that we cannot succeed in stimulating the regional economy without mobilising the relevant stakeholders and resources – and this is what Aspire has done. Through Aspire's work, we have been able to source the requisite support, buy-in and funding in order to drive our economic development programmes in the broadest sense.

The journey that Aspire has embarked on has been a courageous one, something that has never been done before, and the Amathole District Municipality (ADM) has given it complete support from day one. It had to be like that. The concept recognised that local government is highly regulated, in a way that makes things difficult to happen in a short space of time.

Without necessarily working against that regulated environment, Aspire has been innovative, sometimes in difficult circumstances, in taking us closer to realising our vision. It would be of no use whatsoever to have such a vehicle if we did not support it – and our support is informed by that vehicle's ability to do what it set out to do.

The people who make up Aspire, led by their very able chief executive officer, have spoken of "the demonstration effect" and their wish to be "pioneers in the stimulation of spatial economic development". It has been most gratifying to us at the Amathole District Municipality to see that playing out. Through our partnership with the Industrial Development Corporation, there is some influence, stemming from Aspire's work, on some institutions. We feel that we are contributing towards establishing some sort of standard for approaching economic development, particularly of small towns.

That Aspire is a pioneer far beyond the boundaries of the Amathole District is borne out by the fact that it managed to influence National Treasury to focus on small towns, instead of just townships. It provides some kind of view that says to others that it could be of assistance to have a vehicle that sits outside the parent institution. We are seeing other district municipalities moving towards seriously considering that they can do the things they should be doing by having such an agency.

Most encouragingly, we heard the President of the country, in his State of the Nation address in June 2009, talking of the necessity of building rural towns and economies. To us, it was a true realisation that what Aspire has been championing – the regeneration of small-town economies – has indeed influenced development policy at the very highest level.

We have to look back as we go forwards, and as we enter the implementation phase of the programmes and projects that Aspire has worked so hard at establishing, it has become clear to us at the ADM that we need to focus now on setting out clearly defined interactions between Aspire and our local municipalities and local economic development structures. By building our own institutions and finding clarity about areas of focus, we will better ensure effectiveness, which will sharpen the intended outcomes.

At the same time, our country is experiencing a recession, and this forces us to ask: How can we begin to do more with what we have? How can we, in Amathole, take some of the load in our country's economic development? All of this requires new ways of thinking, and with Aspire, we will find the answers.



Cllr Sakhumzi Somyo
Executive Mayor
Amathole District Municipality

A man with a goatee, wearing a dark blue suit, a light blue shirt, and a patterned tie, is sitting in front of a large window. He is smiling slightly and looking towards the camera. His hands are clasped in his lap. The window behind him has a grid pattern and shows some greenery outside.

Chairperson's statement

“Aspire’s approach creates a new space for district municipalities that is much broader and clearer than the clouded way in which things have been thought out in the past.” — Simphiwe Kondlo, Chairperson

The members of the new Board of Directors are excited about Aspire's approach to development and the huge amount of thinking that has been done outside of the box.

They see that Aspire has brought a new dimension to economic development, moving away from fragmented projects focused solely on poverty alleviation – these are almost fire-fighting efforts – to a more comprehensive, corridor approach that bodes well for long-term sustainability and impact. Central to that approach is small-town regeneration, and Aspire has contributed significantly to raising the profile of small towns, not just at a provincial level, but also at a national level.

The organisation brings a fresh stance in terms of the role that districts such as Amathole should be playing, especially when there is a mix of towns: Aspire's approach creates a new space for district municipalities that is much broader and clearer than the clouded way in which things have been thought out in the past.

This is still a young organisation, but it has grown and matured tremendously over the past three years in terms of its internal processes and systems. It has done very well from a governance point of view, and its track record of unqualified audits is indicative of that.

Aspire is finding a balance in terms of working within the context of a municipal entity with a specialised mandate. The institutional arrangements are complex, and are made even more complex by the fact that Aspire is moving in new and uncharted terrain. This, I believe, shows the maturity and calibre of the people at executive level and the depth of leadership at Board level. The Amathole District leadership worked very closely with the Board and the Executive in laying a strong foundation that enabled Aspire to do things right from the very start.

Like any organisation, Aspire has had to work hard to secure scarce skills, and one of the things the Board is looking at is gaining more certainty on issues of budget provision, which would bring more stability in terms of staffing. Although the recession that South Africa entered during the year has not directly impacted on Aspire's programmes, we can sense an element of over-caution from some funders. However, we believe the district municipality is fully behind us on our desire for stability.

Having said that, we are deeply appreciative of the fact that Aspire has a highly specialised executive team on board, which is able to act swiftly and appropriately. The team is led by an exceptional chief executive officer and bolstered by the international skills offered by a network of volunteer organisations.

From the Board's point of view, we see Aspire as a facilitator and advisor, and although there may be a need for an implementation role to some extent, we support the team in looking at how it uses resources and in guarding against shifting from its core function. Again, this will require innovation, which Aspire has shown that it has in abundance.

I would like to take this opportunity to thank my predecessor, Dr Mvuyo Tom, for the very important role he played in leading the Board through its infancy. I would also like to register my appreciation for the work of our late deputy chairperson, Mrs Vuyiswa Kakana, who sadly, passed away during the year. The ongoing support of the Council under the visionary leadership of the Executive Mayor has been valued by the Board.

The executive team can expect our full support as it continues its journey. The new Board of Aspire is made up of an excellent spread of skills, and its energetic members are very confident about where the organisation is going.



Simphiwe Kondlo
Chairperson

A woman with dark braided hair is shown in profile, looking out a window with horizontal blinds. She is wearing a dark grey blazer and has a slight smile. The background consists of the window blinds and a bright outdoor scene.

CEO's report

"Aspire's interactions with municipalities have taught us that they are practical, oriented to service delivery, and geared up for implementation. With municipalities on board, we are seeing a new way of thinking emerging that is both fascinating and highly encouraging." — Phila Xuza, Aspire CEO

Economic development is less about “doing” projects, and more about people and trust. It is about meetings of minds and shifting mindsets that create a context in which long-term, sustainable development of spatial areas can take place. This has become abundantly clear to Aspire during our first three full years of operation.

It is a very different understanding of development from the norm so far, but then, from the start, Aspire has done things differently. Established by the Amathole District Municipality (ADM) as a proprietary limited company in September 2005, Aspire's mandate is to assist the ADM in growing the economy of the region. The agency translated this into its vision: to be a pioneer in the stimulation of spatial economic development.

This vision is hinged on the regeneration of the economies of decaying small towns – “no-hope” areas largely left out of development frameworks and approaches, apart from the harvesting of social grants, which certainly does not change the character of these areas. But, Aspire argued and set out to demonstrate, these small towns are the direct link to the rural hinterlands that they serve: their regeneration could anchor broader economic growth and development of an economic corridor, improving the quality of life of the people who live there.

Hand in hand

Today, Aspire, registered as the Amathole Economic Development Agency, works hand in hand with local municipalities to kick start small-town regeneration programmes and anchor projects. Strong roots lie in the wide-ranging, multi-stakeholder processes that led to the formulation of the Amathole Regional Economic Development Strategy (AREDS) in May 2007. The ADM had commissioned the agency to undertake an economic analysis of the district in order to come up with AREDS, a long-term, holistic vision for Amathole, which was adopted by the district municipality.

AREDS broke with old ways of thinking by introducing a spatial approach to development that transcended municipal boundaries and individual projects. Aspire arranged itself and its approach to focus on development and management of four corridors in the district that broadly follow major roads: the N6, N2, R63 and R72. Each corridor incorporates at least one small-town regeneration programme, which we define as the development of sectors with comparative advantage in localities that are linked both spatially and along value chains.

As we approach implementation of these programmes, we can look back and say that it has been an exciting, but far from easy, journey. Of course, the ADM's support for the concept was a huge boost for our work, but Aspire had to get small towns onto local, provincial and national agendas.

**ASPIRE'S SMALL-TOWN
REGENERATION MODEL AIMS TO:**

- Identify the key economic conditions and trends in the town.
- Determine which sectors and commodities in the area are significant to the town's economic activity and could be developed in order to positively impact on economic development.
- Assess socio-economic activities that will give a competitive advantage to the area.
- Increase capital investment in the town and surrounds.
- Assess existing spatial data, such as cadastral information, land use and land ownership, and demographic and physical analyses of the area.
- Investigate bulk infrastructure and other related engineering requirements.
- Compile a concept map to show an aerial view of the town.

Milestone

A major milestone came in March 2009, when Aspire and National Treasury reached agreement on all levels for the Neighbourhood Development Partnership Grant (NDPG) contract. In the 2007/8 financial year, National Treasury allocated funding of R273.5-million for stimulation of the five small-town economies (Alice, Butterworth, Dutywa, Hamburg and Stutterheim) in the Amathole District.

The allocation of the funding, in itself, was a breakthrough. If you recall, NDPG funding had been targeted at development of townships, not of small towns, and the Aspire application for small-town funding from this grant brought about an assessment at the highest level of the meaning and urban bias of the word, "neighbourhood".

For Aspire, reaching the point of finalisation of the NDPG contract opened a door of enormous learning. First, it taught us a great deal more about streamlining complex issues of institutional alignment across national, district and local levels. In this case, the ADM is the contracting authority with National Treasury, and Aspire, as the district's economic development agency, is essentially the project manager for the NDGP pilot in five of its local municipalities.

Approaching a model

Second, it gave us the opportunity to consider exactly what we mean when we speak of small towns; there cannot be any misconceptions. Drawing on our own approach and experiences, the result was that we came up with a model of small-town regeneration as early as May 2009. It was time to do this: we believed we were at a point where we had identified the core elements and process for such a model.

The model underlines how crucial it is to spend time with communities and with councils, understanding their challenges, concerns and aspirations. Second, it emphasises that development of a strategy has to begin with gathering all possible information about a town to obtain a situational analysis – to know exactly what you are dealing with – including establishing a social profile and researching value chains of existing sectors. Armed with this knowledge, the next step is to develop, with the people, a vision of where the town is going, and then, to identify interventions, looking at each intervention's impact and spatial implications, to take the town to its chosen destination. The aims of our small-town regeneration model are shown alongside.

Local economic development (LED) has dominated the field since the adoption of a developmental local government agenda in 1998, taking different forms in different municipalities: in small and rural municipalities, LED has been limited mainly to a number of small poverty-alleviation projects that are not linked together and are not part of overall plans for the areas.

We are certainly not against poverty-alleviation projects, but, in our view, many have been executed without taking into account the "local" in LED, failing to look at value chains and localities. LED debates and experiences have indeed yielded valuable lessons in terms of what has worked and what has not worked; small-town regeneration brings a new angle to those debates.

At Aspire, it has become clear to us that the visioning process of our small-town regeneration model allows a much more reflective statement of a town's destination than a conventional LED statement would do.

CEO'S report

Enriched conversations

For example, Alice stakeholders, including the local municipality, envisage “an economically and socially viable university town”. In their conversations, they ask: “If we want to be that, how do we get there? What are the key interventions?” They see these interventions as upgrading the town, finding enough housing, upgrading their heritage and offering a better shopping experience to their people. There is nothing about poverty alleviation on the surface of that statement (unlike an LED statement), although poverty alleviation would be a likely outcome.

The approach enriches the conversation with a “can-do, can-work” attitude, empowering stakeholders to create scenarios and tackle the issues. So, regarding Alice, where the state owns 90% of properties, the Nkonkobe Local Municipality got the ball rolling by committing to approach the provincial government’s Executive Committee to ask not just for the release of property for development, but also to invite the committee to support the town’s regeneration.

Test drive

We plan to test this model at the annual Small Towns Conference, the fourth that Aspire will be hosting, in September 2009. This conference will focus on lessons learnt from implementing small-town regeneration, governmental and policy perspectives on small-town regeneration, and case studies of small towns.

It is interesting to note the progression of debate at each Small Towns Conference, which appears to reflect the progression of the status of small towns in development agendas. The aim of the conference is to raise awareness and stimulate discussion of the issues that surround the economic regeneration of small-town economies. In 2006, we looked at whether there was even a need to be concerned about small towns. In 2007, we discussed the case for a small town focus. In 2008, we spoke about the critical success factors for vibrant and sustainable small towns. And in 2009, the focus shifts to actual implementation. Small-town regeneration is becoming a reality.

More than 100 people attended the third conference, and many of them were the practitioners who would see to the nuts and bolts of small-town regeneration: they included economic development practitioners and technical and professional service providers involved in such fields as town planning, architecture, place marketing and investment promotion. Local municipalities, Aspire’s closest partners, were well represented.

Practical issues were under the spotlight at the 2008 conference, including: restrictive planning methods on commuter versus national road, for example, in the N2 corridor; architecture of small-town built environs that can attract business and tourism; the importance of identifying competitive and comparative advantages of a small town for increased business activity; and building and marketing the unique “personalities” of small towns.

i More than 100 people attended the third Small Towns Conference

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Aspire has assisted local municipalities in formulating local spatial development frameworks for their areas

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Aspire's assistance and support has spread to seven of the district's local municipalities

Our role

Aspire set out to position itself as a “trusted advisor, stimulator and partner in the regional economic environment”, but it is true that we continually assess, experiment with, and test our role. During our first year of operation, it became clear that Aspire would also have to take up the role of assisting municipalities in implementation. Today, this is particularly the case for implementation of catalytic projects and where spending of the NDPG funds is concerned.

This was discussed again at our second annual strategic planning meeting, held on 29 June 2009. The general feeling was that Aspire should ideally play the role of facilitator – the spark that ignites development and implementation – but was now also assisting with implementation.

It was agreed that Aspire's ability to align and coordinate assisted in development, and it had a role to play in assisting municipalities in reaching their constitutional obligations. Further, Aspire's contribution is increasingly in helping define the urban edge of small towns, which is critical not just for small-town regeneration, but also for rural planning and rural development.

A point of departure

The meeting concluded that developing a local spatial development framework (LSDF) for a small town was an important tool in Aspire's small-town regeneration process. It would assist in: strategy planning for the town or specified area of the local municipality; aligning the town's regeneration to its integrated development plan (IDP); assessing the impact of identified economic intervention on the entire town; putting economic intervention into space and context; and changing fragmented apartheid planning to ensure integration.

An LSDF would test economic, technical, environmental and social feasibility of planned and future interventions to ensure economic development and overall viability. And it would consider such issues as transport, integrated land use, different land uses and other developments. It was accepted, however, that an LSDF was just a tool, a point of departure for a destination.

Aspire has, indeed, assisted local municipalities, working with as wide a range of stakeholders as possible, in formulating LSDFs for their areas.

Conductors and drivers

Regarding implementation of an LSDF, the meeting drew the analogy of a taxi driver and a taxi conductor: the municipality as the taxi driver, the driver of development, and Aspire as the conductor that coordinates and aligns meaningful resources. The point is that a conductor can guide a vehicle and passengers towards a destination, but the taxi will go nowhere without a driver.

Engagement with municipalities began in earnest with the AREDS process in 2007, and today, Aspire's assistance and support is spread out to seven of the district's local municipalities (we exclude the aspirant metro, Buffalo City, from our main focus): Amahlathi, Great Kei, Mbhashe, Mquma, Nkonkobe, Ngqushwa and Nxuba. The hope is that through this support and facilitation, and through providing a demonstration effect with the five small-town regeneration programmes now underway, local municipalities will develop similar initiatives in other small towns within their municipal jurisdictions.

CEO'S report

We have every reason to be very positive. The local municipalities have become our major partners in every sense of the word, and our support and facilitation is built on trust. It would be wrong for us to compete with municipalities and try to take away their work. Rather, our role is in dealing with issues and processes; it is not about the projects per se, but rather about how things are done. Our influence is not at the point of results, but in the processes of getting there: the projects can be done by the municipalities, but a lot of gains have happened before a project gets visibly underway.

As we enter the implementation phase, we understand that we exist to capacitate municipalities to do these things, to guide them to believing they can do it and to actually doing it. Despite many statements to the contrary, we as Aspire are not convinced that municipalities are not capable of carrying out development, but rather that municipalities are not given the tools to do what they have to do, and very often, much of what they are expected to do is undoable. It is little wonder that a kind of paralysis is sometimes created, with municipalities focusing on things like imbizos and fairs, rather than development.

The spatial rezoning schemes we are involved in are complex, with layers of required approvals sitting outside the municipal ambit, and, as we have found in our district, vastly different sets of ordinances for different areas, a rather unpleasant throwback to the days of apartheid. This is where an agency such as Aspire must do what it can do.

Regrouping

Each year from the very start of our journey has been challenging, and 2008/9 was no exception. Some key staff members, who helped to build the organisation, came to the end of their contracts and decided that they had fulfilled their roles here. This did affect the progress of programmes in their areas, but as the year came to a close, we had filled those positions and were enjoying the fresh eyes that our new staff members have brought with them.

For many organisations around the world, recessions and financial markets turmoil were major factors in 2008/9, but at Aspire, it would be facetious for us to try to climb onto that bandwagon. The reality is that our programmes are yet not at the phase where they are deeply affected by the recession. We are, however, fully aware of the pressures that the recession has created, and we take it into account in our planning.

The run-up to the April general elections, with a split from the ANC, did affect Aspire, mostly in terms of delays in gaining approvals from municipal councils. However, this national reality also gave us time to regroup and look at our processes.

And, talking of national realities, while the nation eagerly anticipates staging a successful soccer World Cup in 2010, Aspire will be looking at cementing the World Cup legacy – we hope that the soccer tourists will see change from the South Africa they knew or heard of in the past, to the South Africa that we are today.


It was during the time created by the run-up to the elections that we prepared for our Lessons Learnt workshop. Held with the German Development Service (DED) in May 2009, it was a first step in providing a systematic overview of documentation of individual programmes in each town, extracting lessons for further implementation and guidance for new programmes.

Discussions here centred on five themes, based on Aspire's experiences in small-town regeneration. The five themes, detailed in the sidebar alongside, would go on to be incorporated into the small-town regeneration model. Indeed, from these discussion points, the small-town regeneration model emerged.

FIVE THEMES:

LESSONS LEARNT WORKSHOP

- **Regeneration strategy:** The lessons learnt, it emerged, were: a small-town regeneration strategy requires a holistic approach; spatial perspective is an important part to small-town regeneration; and a common understanding of small-town regeneration needs to be created.
- **Spatial integration:** Lessons here were: clear planning tools are necessary for efficient implementation of a regeneration strategy; the urban edge in South African small towns needs to be redefined.
- **Nodal and precinct development:** Towns generally have nodes that lend themselves to development, such as central business districts, cultural and recreational spaces, commercial and retail nodes, and mixed residential nodes. But in many small towns, these nodes are non-existent or chaotic. Lessons learnt were: a balanced improvement in small towns can be achieved through nodal and/or precinct development; creating neighbourhood diversity is an objective of nodal development; and small-town regeneration interventions should address social aspects, in addition to the economy of the town.
- **Identifying an anchor project:** An anchor project is not necessarily a large project, but it is one that has the most impact, and could in fact be based on a combination of an area's features. Lessons learnt included: features of anchor projects need to be identified in order to ensure purposeful interventions; and stakeholder engagement is essential to ensure viability and sustainability of an anchor project.
- **Communications:** Any successful small-town programme depends on local citizens; it is essential, from the start, to ensure that local communities, including those of rural villages served by the town, understand the concept. Communications can also help promote a sense of pride in, and ownership of, the programme. Lessons learnt were: clear communication methods need to be used to create ownership in the communities; and different modes of communication are appropriate for various purposes.

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Overhaul

We are pleased that national government is talking about an overhaul of the local government system; this is long overdue. There is a lot more thought now about the kind of local government system that will work for municipalities and enable them to do what they must do for real development.

Aspire's interactions with municipalities have taught us that they are practical, oriented to service delivery, and geared up for implementation. With municipalities on board, we are seeing a new way of thinking emerging that is both fascinating and highly encouraging: LED officials working to align their projects with the agency and the district's strategy; local municipality leaders asking us how they can help; people calling Aspire to check on the progress of the NDPG contract; municipalities talking about "we, in Amathole" or "Amathole Incorporated"; and officials engaging directly with communities.

When leaders start talking like that, understanding the processes, they find a role for themselves. It is leaders like this who will change the lives of their people.

At a large community meeting in Stutterheim, for example, municipality representatives listened when residents discussed the design of the bridge that will link Mlungisi township and the town. They heard people's questions about safety issues, including concerns about a lack of street lighting on the bridge. Aspire, too, listened – and then budgeted for lighting. We learnt from the community: it was the community that identified the gap. Without those conversations, putting up a bridge would be meaningless for the people it is meant to serve.

The demonstration effect


In all of this, we believe we are demonstrating how things can be done – and we do aim to keep demonstration at a strategic, rather than a project, level.

Locally, we are demonstrating that we are not just "doing" development, but are testing the particular context of specific small towns with our local municipality partners. So, for example, in the context of Hamburg, we ask what a specific catalytic project, the artists' residency, would mean in terms of developing a clear potential, tourism. The residency will not make the town a tourist destination, but it could demonstrate potential in other tourism activities, such as a hotel, a restaurant and an Internet café.

In Butterworth in the N2 Corridor, we are not talking about tourism, but about an educational node, which already has roots in the area, and about channelling funds into upgrading the central business district. In Dutywa, the Mbhashe Local Municipality has come with proposed interventions, including developing a craft market and taking full advantage of the fact that tourists travel through the town on their way to the Wild Coast.

These are the routes identified, with our partners, who are immersing themselves with passion, to reach the destination of small-town regeneration.

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CEO'S report

At provincial level, Aspire is gratified to hear KwaZulu-Natal announce that it has launched such a programme – which they heard about in Amathole – and to be approached by other provinces which intend to do so. We await a clear commitment to a small-town regeneration programme from the Eastern Cape Government.

And at a national level, we sense a great deal more awareness of the strategic importance of small towns in development. Small towns have gained the attention of the President of the country – he even spoke of small towns in his State of the Nation speech. And, of course, National Treasury's willingness to test a small-towns pilot in Amathole puts small towns firmly on the national agenda.

Next stops

If all goes well, work on the Mlungisi bridge will begin in January 2010 and work on the Hamburg Artists' Residency will begin a month later. The key, however, will be to keep the processes of managing implementation on track and not lose sight of the concept and vision that is driving those specific projects.

For example, in Hamburg, the residency is a means to changing the town from a coastal village to a thriving resort town – it is not the end of the road, and the community and the local municipality will have to look at what comes next. In Stutterheim, the Mlungisi bridge is not just a bridge; it has re-defined the urban edge of the town, and it is one of many "how-tos" on the road to attaining the vision of the town.

We will be keeping the big picture in mind as we embark on the next stretch of our journey, and we continue with some trepidation at what may be in store. But we do so with confidence, made so much stronger by the confidence we are exposed to in Amathole's local municipalities as we journey together.



Ms Phila Xuza
Chief Executive Officer
Aspire

i Small towns have gained the attention of the President of South Africa





WSU
Walter Sisulu University

- Mthatha
- Butterworth
- Buffalo City
- Queenstown

BLYTHE

N2 Corridor

The N2 Corridor fans from Buffalo City into the former Transkei. It is by far the most populated of the four corridors of the Amathole District, and with a large portion falling within a former Bantustan, it is arguably the most challenging in development terms. Yet, it is rich with natural endowments, including an unsurpassed environment, and rich with potential.

Laps
COUNTEE

N2 CORRIDOR AT A GLANCE

- Population: About 586 000
- Current economic activities: Agriculture (mostly small scale in the former Transkei), tourism, livestock
- Opportunities: Investment in retail, leisure, housing and education-based support services
- Main towns: Butterworth, Dutywa, Qumra
- Local municipalities: Great Kei, Mngquma, Mbhashe
- Aspire focus areas: Butterworth small-town regeneration, Dutywa small-town regeneration

HIGHLIGHTS OF 2008/9

- Three concrete nodes for development in Butterworth identified.
- Butterworth Urban Renewal Programme central business district upgrade outlined.
- Dutywa project steering committee for small-town regeneration formed; market research completed.
- Cebe project handed to Border Rural Committee for implementation.
- Corridor information gathering and stakeholder mobilisation efforts stepped up.

Butterworth

Butterworth, or Gcuwa, is the bustling centre of a large rural hinterland. The town is home to more than 50 000 people in more than 7 500 households, about a third of which have no income and a further 37% earn less than R1 600 per month. The segregations and disjointed spatial planning of apartheid remain: its townships, Umsobomvu and Ibika, are truly separate from the town itself. Nevertheless, Butterworth contributes some 77% of the Mngquma municipal area's gross domestic product.

Development in Gcuwa hugs the N2 – the entire town is a long, narrow settlement – and the N2 runs through the central business district, creating congestion and a clash of uses. The regeneration of Butterworth involves both the town and its townships, and is based on altering the spatial dynamics and spatial development options for the town.

In 2008/9, Aspire, in close consultation with its partners, identified three nodes for development in Butterworth. These were among those considered in the previous year, but with an allocation from the Neighbourhood Development Partnership Grant (NDPG), made concrete in the year under review. They are:

- The Ibika education node: The Walter Sisulu University (WSU) campus in Ibika, some 5km from the town centre, provides a logical starting point for this node. One possibility is to encourage the further education and training (FET) college to relocate to an unused factory complex near the university. Opportunities include development of a student village that brings together the WSU and FET campuses.
- The Umsobomvu retail and commercial node: This links directly with upgrading the central business district. It includes development of municipal offices of 4 000 to 5 000 square metres, a library and an Internet café within a pedestrianised area. Other elements include a mini grandstand overlooking a multi-purpose hard-surface court for netball and basketball games and entertainment, and public toilets and parking.
- The Gcuwa Dam leisure node: This development potentially includes protected swimming areas, braai facilities, public toilets, a parking area, and building of a snack shop and water sport rental facility. It offers opportunities to build a function room for hire for weddings, parties and conferences.

As project manager, Aspire is driving the Butterworth Urban Renewal Programme (BURP), which covers both social and infrastructure needs. In 2008/9, BURP was finalised and refined to direct funds towards renewal of the town's central business district. It draws together previously separate elements into a holistic framework, ensuring maximum impact from use of limited resources.

At year-end, Aspire was working on a status quo report to inform development of a local spatial development framework. Feasibility studies on planned interventions and business plans will follow. A project steering committee for the Butterworth regeneration was established. Areas of collaboration were identified and discussed with partners, such as the university and Eastern Cape Development Corporation, and Aspire hopes that formal partnership agreements will be signed early in the coming financial year.

Dutywa

A similar process has begun for the small town of Dutywa, just 30km east of Butterworth along the N2. One of the main towns in the Mbhashe Local Municipality, Dutywa lies on the northern boundary of Amathole. The town serves a highly populated rural area, where many people live in poverty and without access to basic infrastructure, such as water, sanitation and electricity. The town's central business district is characterised by busy informal activity, high-density residential use and traffic congestion.

Dutywa's peri-urban areas, such as Govan Mbeki, are worlds apart from the town itself. Any regeneration programme has to be targeted at integrating these settlements into the town. It also makes sense to focus on agriculture and agri-business development,

N2 Corridor report

given the surrounding unused arable land and a favourable climate. Establishment of leisure and accommodation facilities would feed into tourism to the Wild Coast. And upgrading roads is just one aspect of required infrastructure provision, which would also have to be part of an overall programme. Here, a project steering committee for small-town regeneration projects has been formed, and NDPG funding is covering planning of interventions. Market research was completed in the year under review.

Proposals from the Mbhashe Local Municipality include: development of a craft market, tourism information centre and multi-purpose centre in the central business district; using the area around the railway station for commercial to light industrial uses, as well as residential flats; developing a petrol filling station next to the N2, to the south of the central business district; extending the bus terminus into a centralised public transport facility; and building municipal offices.

Dwesa Cwebe

With funding from the European Union (EU), studies were carried out, identifying and costing infrastructure requirements, such as access roads, for stimulating agriculture and tourism on this beautiful stretch of the Wild Coast, as well as opportunities for investors.

However, alternative developments in the year resulted in a change of concept, and the emphasis for infrastructure development moved to an area outside Aspire's original mandate. The outcome is that Aspire is no longer the driver of the Dwesa Cwebe project, but continues its involvement through representation on the project steering committee.

We are pleased to report that the attention drawn to this project, which began in 2007, has resulted in a situation in which the provincial government has committed to upgrading infrastructure in the area.

Cebe

At Cebe, an active community approached Aspire with their own list of possible interventions in 2007. With EU funding secured, studies were carried out on the feasibility of these interventions, for example, around agriculture and tourism. A local spatial development plan has been compiled and tabled to the Mquma Local Municipality Council for approval. Funding was secured from the EU programme, Sustainable Rural Development in the Eastern Cape (SURUDECE), and the Cebe project has now been handed to the Border Rural Committee for implementation.

A clearer road for the corridor

The groundwork for N2 Corridor interventions was finalised, and funding sourced, in 2008/9. By year-end, many projects were ready for implementation. With a clearer road forward for the N2, information gathering and stakeholder mobilisation efforts were stepped up in 2008/9. Stakeholder workshops were held for Butterworth and Dutywa and for the agriculture and tourism sectors. A development fair was held to mobilise communities and encourage them to bring products and ideas forward.

An N2 strategy, transcending municipal boundaries, was formulated in November 2008, and the Butterworth strategy has now been included into the N2 strategy. Both the N2 Forum and the Butterworth Regeneration Forum were meeting regularly and effectively, sharing knowledge, ideas and experience.

Following these wide-ranging conversations, it is now time for specific interventions to measure the demonstration effect. Our local municipality partners are ready, and Aspire has assembled a group of experts to help us through the economic and geo-technical processes.





N6 Corridor

The N6 Corridor follows the national road that leads from East London to Johannesburg. The corridor takes in the small towns of Stutterheim — where Aspire's small-town regeneration interventions are shifting into top gear — and Cathcart on its northern boundary. In this corridor, blueberry farming is emerging as an exciting new industry.

N6 CORRIDOR AT A GLANCE

- Population: About 139 043
- Current economic activities: Timber and forestry, farming, tourism
- Opportunities: Exploring value-addition activities in existing sectors, such as local processing of timber; exploring value-chain opportunities of blueberry farming; ensuring that linking tourism is an integral part of all business activities
- Main towns: Stutterheim, Keiskammahoek, Cathcart
- Local municipalities: Amahlathi
- Aspire focus areas: Stutterheim & Keiskammahoek small-town regeneration; blueberry farming

HIGHLIGHTS OF 2008/09

- Completed draft Amabele local spatial development framework.
- Stutterheim spatial development framework completed.
- Two sites earmarked for development in Stutterheim, including commercial community park in Mlungisi.
- Revised business plan for Woodhouse project close to completion; implementation partners identified and PSC established to implement project.
- Draft blueberry outgrowers model completed.
- All petropark studies revised for change of site, and finalised or close to finalisation; awaiting DEDEA's record of decision on EIA submission.
- Funding received from EU for fresh produce market feasibility study in Keiskammahoek.

Blueberries

In just a few months' time, the first blueberries will be harvested at Thornhill Farm near the village of Amabele in the N6 Corridor. These are the first fruits of many years of laying the groundwork, and hopefully, the first beats of the heart of a thriving operation that could eventually stretch throughout the Eastern Cape.

It is testament, too, to the power of partnerships, of journeying together, which Aspire has, since its beginnings, stressed as crucial to success. The main driver is Amathole Berries, a private-public partnership assisted by a range of role players, including Aspire, the Amahlathi Local Municipality and the Eastern Cape Development Corporation (ECDC), and supported by the Development Bank of Southern Africa (DBSA) and the Department of Roads and Transport.

Undoubtedly, the increased attention drawn to the area by blueberry farming and lobbying by organisations such as Aspire is putting the area on government's map. In 2008/9, a commitment from the Department of Roads and Transport was secured to tar the road to Thornhill Farm and to upgrade the railway siding at the village of Amabele.

It is envisaged that in 10 years' time, 200 hectares will be under blueberry cultivation at Thornhill Farm, creating some 5 000 seasonal jobs (blueberry harvesting takes place over four to five months in a year).

The first harvests are expected from December 2009 to April 2010, a sign of bigger things to come. The economic spin offs for the area are significant. For example, blueberry farming demands large quantities of organic fertiliser: a facility to supply this fertiliser is on the cards. Further, blueberries require bees for pollination; a bee farming operation is planned, with honey production being yet another spin off. Such spin offs would also counteract the seasonality of blueberry cultivation by extending economic activity through the year.

Aspire's support is targeted at three main components leading towards the establishment of a berry corridor – and establishment of a blueberry outgrower “wheel” is one of these components.

A large outgrower scheme is about to get off the ground at Keiskammahoek, 50km to the west. Here, the scheme will be built up so that eventually, about 300 hectares are under blueberry cultivation. A draft outgrower model has been completed, and Aspire is preparing business plans for the first outgrowers for submission to the DBSA.

The establishment of about 150 outgrowers, each on one to two hectares, is planned for the entire Amahlathi municipal area and beyond its borders, depending on the suitability of the land and farmers' commitment to blueberry growing.

Amabele and Ndakana

The other two components of Aspire's support are: developing Amabele Village and the nearby Ndakana communities into an integrated rural service node; and supporting the development of economic spin offs of the blueberry farming.

The blueberry farming will certainly change the face of the village of Amabele, which has, for years, been comprised mostly of a largely unused railway siding. With fall-offs in agriculture and railway usage, poverty and unemployment have increased in the area.

Aspire facilitated the development of the Amabele local spatial development framework, the draft of which was completed in 2008/9, with the municipality, ECDC and the DBSA. The plan aims to coordinate public sector, private and community investment towards revitalising Amabele and surrounding communities.

N6 Corridor report

The intention is to develop the village as a service, logistical and processing hub for the blueberry farming, as well as linking it with the Kei Rail improvement programme and tourism development. The village is the obvious site for both the fertiliser and bee operations.

And 5 000 seasonal workers will require services, such as banking and child-care facilities: Amabele is the logical centre for these services. It is also the logical centre for a berry packaging and freezing plant, and Aspire, with ECDC, is facilitating funding applications for this processing plant. From here, marketing of the berries will be carried out, and extension services for farmers will be offered. In the long term, a research and training centre, as well as berry tourism, is envisaged.

The spatial plan includes developing a service node at the village of Ndakana, a stone's throw from Amabele across the N6, for agri-processing, retail and social facilities.

Tourism development is closely related to the Amabele revitalisation and is a key to unlocking economic opportunities. A tourism strategy for the corridor, including a focus on rail-based tourism, has been finalised and approved by the Amahlathi Local Municipality. With German Technical Cooperation (GTZ), Aspire is assisting the municipality in developing its tourism strategy, which was adopted in August 2008.

Its implementation has started by focusing on the rehabilitation of the surrounding wetlands; Aspire assisted in organising the Amahlathi Friends of the Wetlands to drive the rehabilitation. In partnership with GTZ, Aspire assisted the local municipality in identifying an appropriate vehicle to drive and implement the tourism strategy. The Department of Water Affairs has also committed to develop a resource management plan for the nearby Wriggleswade Dam.

Stutterheim and Mlungisi: building bridges

Just 15km from Amabele along the N6, the small town of Stutterheim is also seeing the first fruits of long years of hard work – in the form of a bridge that links the township of Mlungisi with the centre of the town. This is a bridge that will literally cross the divides created by apartheid planners intent on keeping people apart. Construction is due to begin in January 2010.

During the environmental impact assessment (EIA) process, local people registered their appreciation of the construction of the new bridge. "I am so very (happy) about the progress of our community," one resident said. And many offered input. For example: "I think we should fix some wire on both sides of the new road from town to the location to protect some cows and goats from making waste in our newly formed road, or stop them from eating some grass in our working space."

Like many small towns, Stutterheim is the centre for a large rural area. Estimates are that almost half of the 48 000 people who use the town's higher-order services and commercial infrastructure live outside of the urban area. Among current realities listed by residents are unreliable and poor infrastructure, unemployment, lack of skills, crime and poorly maintained public spaces. More than 86% of households earn less than R1 600 a month.

The bridge is the just the beginning. The regeneration vision, as articulated by the local municipality and the community, describes Stutterheim as "a safe, clean town where all people work together, with a growing economy supplied by local businesses and services, supported by good governance, leadership, education and infrastructure to generate investment opportunities". The strategy involves both economic development and improvement to the quality of the urban environment.

In 2008/9, with funding from the Neighbourhood Development Partnership Grant, Aspire completed a spatial development framework for the town, and two sites were identified for development. One site is in Mlungisi: a plan has been finalised for a commercial community park, which includes a library, amphitheatre and space for formal and informal business activities. The other is in the centre of the town: here, the spatial plan draws in such elements as government service buildings, commercial activities and the town's main taxi rank. A project steering committee is in place. The proposed developments at Mlungisi involved massive public participation; for example, more than 400 people attended a meeting in a community hall in the township, registering their support for the project, and also their expectations.

Petropark detour

Development of a gateway petropark and information centre is a key intervention planned for Stutterheim. It is envisaged as a one-stop facility for travellers along the N6.

However, difficulties raised by the South African National Roads Authority – the N6 is a national road, and is regarded as such even when it runs right through the central business districts of small towns – necessitated a detour from the original planned site for the petropark, and even going back to the drawing board on some studies.

Despite this, progress was impressive in 2008/9: the economic feasibility study was completed; the town planning report was revised; the district and local municipalities approved the rezoning application; the Department of Economic Development and Environmental Affairs (DEDEA) approved the scoping report; and application was made to National Treasury for registration of the project as a public-private partnership.

Indeed, all studies had been revised for the change of site and were finalised or close to finalisation by year-end, and Aspire was awaiting DEDEA's record of decision on the EIA submission.

N6 Corridor report

Woodhouse

Drawing on the strengths of the surrounding rural areas, opportunities have been identified in forestry, agriculture and tourism, with Stutterheim as the service centre, benefiting from development of value-added activities.

The Woodhouse project is an example of where this is happening. It involves the establishment of an industrial park focused on technical and entrepreneurial training for the timber industry in Stutterheim, tapping into economic opportunities downstream of the existing forestry and timber industry around the town.

In 2008/9, partnerships for implementation were built and strengthened. A partnership agreement has been established with training provider IETI, Babana Technologies, Amahlathi Local Municipality and Yonder Lea Timber. A project steering committee was established, with representation by Aspire, the local municipality, DEDEA, Walter Sisulu University, IETI, Babana Technologies and Yonder Lea Timber.

At year-end, a revised business plan, focusing on training and manufacturing, was close to completion. Once funding is secured, pilot training will begin.

Keiskammahoek

European Union funding was obtained in the previous financial year to undertake a fresh produce feasibility study and business plan in Keiskammahoek. The studies will be completed in the 2009/10 financial year.

A project steering committee, with representation by Aspire, the Department of Agriculture, the local municipality and ECDC, for regeneration of the town, including implementation of a fresh produce market, was established during the year. Development of a local spatial development plan is also envisaged.

Cathcart

At Cathcart, 40m along the N6 from Stutterheim, Aspire has developed a concept for small-town regeneration, which was accepted by the Amahlathi Local Municipality. Funding opportunities are being sought.



R63 Corridor

The R63 Corridor stretches inland towards the west from Buffalo City through a string of historical towns and scenic rural areas. For now, Alice is Aspire's small-town regeneration priority, and an essential oils project in the corridor is gaining momentum.



R63 CORRIDOR AT A GLANCE

- Population: About 153 000
- Current economic activities: Farming, agri-processing, tourism
- Opportunities: Investment partners for Alice, essential oils, heritage tourism
- Main towns: Alice, Hogsback, Fort Beaufort, Adelaide, Bedford, Middledrift
- Local municipalities: Nkonkobe, Nxuba
- Aspire focus areas: Alice small-town regeneration, essential oils

HIGHLIGHTS OF 2008/09

- Alice interventions identified within five themes: CBD upgrade; heritage development; upgrade and utilisation of visitor centre for ICT, provision of accommodation; agriculture.
- Essential oils project enters pilot phase; DEDEA funding secured and allocated to pilot.
- Draft essential oils business plan completed.

Alice

Although the population of Alice is just 8 000, the town also serves many more thousands of people in 56 surrounding villages. This historic centre is home to the University of Fort Hare and Lovedale College, the alma mater of many leaders throughout Africa, and Lovedale Press, South Africa's earliest black press, which still survives today.

However, the town has languished over previous decades. Today, estimates are that just 26% of Alice's population is employed, and more than two-thirds of the economically active population lives on less than R1 600 a month. The town's many challenges include a poor state of physical infrastructure, limited land ownership, spatial fragmentation, and a severe shortage of housing.

The Nkonkobe Local Municipality mandated Aspire in 2006 to drive the regeneration of Alice.

In 2008/9, Aspire worked together with stakeholders, such as the Nkonkobe Local Municipality, the Department of Public Works and the University of Fort Hare, with the aim of creating a better understanding between stakeholders of what is required, what can be achieved, and how it can be achieved. The concept, as articulated by stakeholders, is to regenerate Alice as a small, economically viable and integrated university town.

Stakeholders now sit jointly on a task team that is finding ways forward around major issues, such as releasing land for projects – the state owns around 90% of properties in the town. Stakeholders see that for decades, Alice has been arranged into two essentially very different worlds: the university on the one hand, and the town with its central business district (CBD) and the rural hinterland on the other. They are finding an agenda to integrate those worlds, both spatially and socially.

Concrete interventions

With Neighbourhood Development Partnership Grant technical assistance, secured in 2007/8, the design of the strategy to regenerate the town forged ahead in the year under review. An analysis of potential for the town was carried out, and concrete intervention areas were identified.

These interventions fall within five themes:

- **Information and communications technology (ICT):** ICT is regarded as an important enabler of economic development, and Alice, as a higher education town, is well positioned here. An identified project is capacitating the Alice Visitors' Centre to both market the town and provide visitors with good connectivity, and extending the centre to include an Internet café.
- **Upgrading of the central business district:** Stakeholders see this as a priority; an upgrade would not only create a centre that is more cohesive and integrated with surrounding areas, but it would also create an environment conducive to attracting investment. A focus will be the renovation of key historical buildings, such as the town hall, and rehabilitation and/or creation of public open spaces. Projects will include rehabilitating roads and sidewalks, and developing signage that reflects the town's historical character and gives coherence to the area.
- **Heritage development:** Dating back to 1847 and withstanding several frontier wars, Alice is particularly strong in heritage. It is also close to natural assets, the mountain town of Hogsback not least among them. A project that is already enjoying much support is the development of a heritage precinct, to be called the John Knox Bokwe Heritage Park. John Knox Bokwe (1855-1922) was a celebrated missionary, educator and hymn writer who played a part in founding the college that became the University of Fort Hare.
- **Providing accommodation:** Alice experiences a severe shortage of accommodation: many professionals, officials, academics and business people

R63 Corridor report

are forced to live in other areas; and an estimated 2 500 students are currently not accommodated in Fort Hare residences. This is an obvious constraint to the growth of both the town and the university. A first step is establishing an appropriate forum of stakeholders, which has been done, and planning ways to respond to the accommodation shortage.

- **Developing agriculture:** Alice is surrounded by a great deal of land that is suitable for agriculture, and the university has built strength in the sector. Fort Hare's Rural Enterprise Advancement Programme includes development of an Agri-Park Business Training Programme. This focuses on creating a new economy around the town through a cooperative agri-business enterprise, consisting of a seedling nursery, production facility and vegetable processing facility. Extending this programme will be an important part of the town regeneration.

Essential oils

Trials conducted in the previous financial year identified six suitable sites and eight promising crops in the essential oils project, which entered its pilot phase during 2008/9. The project could enter its commercial phase as soon as the coming year.

The aim is that, ultimately, 500 hectares will be under organically grown crops for essential oils, a processing plant will be established, and 500 jobs will be created. During the trial phase, 36 full-time jobs were created for people from surrounding villages. It is a project that, with growth of related industries, such as tourism, promises to reach directly into communities in the corridor, creating both jobs and income-generating activities.

Aspire and the Eastern Cape Development Corporation (ECDC) were closely involved in the first phase of the project, including providing funds to kick start the project. The organisations then assisted the producer, Essential Amathole, in presenting its case to the provincial government for funding of the second phase. Essential Amathole is a consortium made up by the private sector and community. The Department of Economic Development and Environmental Affairs has allocated funding for the pilot.

Crops being piloted are: lemon balm, rose geranium, rosemary, peppermint, Roman chamomile, German chamomile, rosa damascene, and pelargonium sidodes.

Gearing up

Aspire and ECDC also assisted the producer in compiling a business plan for the commercial phase, and by year-end, a draft plan, accepted by the project steering committee, had been completed.

By year-end, the first draft of an outgrower model document had been finalised and accepted by the Eastern Cape Essential Oils Forum. The forum was established by ECDC and Aspire in early 2008 and draws together key essential oils role players in the province. It meets every quarter, exchanging knowledge, ideas and assistance, and discussing options for technologies and processes.

With European Union funding, a value-add investigation of essential oils was carried out in 2008/9. Although it indicated that beneficiation would not be feasible until higher quantities were produced, perhaps in a year or two, it did provide the know-how and reinforce the intention to develop value-added activities.

Apart from obvious value adds, such as producing soap or ointments, an activity very likely to stem from essential oil production is tourism. An essential oils corridor route has been designed. It is also possible that branching into the medicinal plants industry will be looked at in some depth in the year to come.



A woman in a blue sweater and dark pants sits on a wooden cart pulled by a donkey on a dirt road. The background shows a rural landscape with a dirt road, green grass, and a blue sky with scattered white clouds. The text 'R72 Corridor' is overlaid on the right side of the image.

R72 Corridor

The R72 Corridor stretches as far as the Fish River along the route between the Eastern Cape's two main economic centres, East London and Port Elizabeth, and inland to the small town of Peddie. The coastal town of Hamburg is the focus of Aspire's small-town regeneration work here, centred on development of a unique artists' residency.

R72 CORRIDOR AT A GLANCE

- Population: About 84 000
- Current economic activities: Agriculture (chicory and pineapples), tourism
- Opportunities: Tourism based on arts & culture and environment
- Main towns: Hamburg, Peddie
- Local municipality: Ngqushwa
- Aspire focus areas: Hamburg regeneration, Hamburg Artists' Residency

HIGHLIGHTS OF 2008/9

- Business plan for construction of the Hamburg Artists' Residency completed.
- Studies of economic potential for the Hamburg area completed; agriculture and tourism distilled as the main opportunities.
- Establishment of artists' database initiated.
- Linkages and partnerships further strengthened.

Special quality

It was recognised at an early stage of planning that a defining feature for the corridor was its environmental sensitivity: any development would have to be built around this special quality. The area is rich in bird life and indigenous plant species, and several rivers run into the sea along the corridor. All of this would be extremely vulnerable to uncontrolled, haphazard development.

It was also recognised that the numerous villages and settlements throughout the corridor did not link with each other in terms of their markets and products. Further, although some agricultural activities are already strong here – chicory and pineapple farming are well established, for example – there is potential for far more in this largely rural corridor.

Hamburg

Hamburg epitomises the character of the corridor. The area is endowed with a spectacular environment that combines an unspoilt beach, an estuary and lagoon, indigenous vegetation, rare bird species and wild landscapes.

Already, there are visible signs of things to come. For example, the provincial government has agreed to resurface the 14km road that runs from the R72 to Hamburg. Behind the scenes, however, there is a great deal of activity.

A National Treasury Neighbourhood Development Partnership Grant allocation, secured in 2007/8, is funding the compilation of a spatial development framework to define and inform the development of Hamburg as a tourism destination. This includes identifying interventions that link the town's growing economy and attraction with surrounding coastal villages.

In 2008/9, an analysis of economic potential for the Hamburg region was completed, leading to the identification of concrete opportunities for development. Tourism was distilled as the main area of potential opportunity for Hamburg, although opportunities for agriculture were identified in the wider municipal area. This would not be just another blanket tourism drive, but one that captured the unique identity of this part of South Africa's coastline: that identity is arts, culture and heritage, already a clear feature of the corridor.

R72 Corridor report

The anchor

The Hamburg Artists' Residency is the exciting project that anchors this small-town regeneration. It is envisaged that the residency will, in the next few years, offer a space to local and international artists to develop their work in a stunning environment. It will offer residencies for up to 12 artists at a time for periods of six to eight weeks, mostly during off-peak seasons. This releases the residency for use as a leisure tourism and conferencing facility at other times.

The site for the residency is a north-facing brow of a hill that overlooks the Keiskamma river estuary on one side and the ocean on the other; it allows space for the creation of a central art park for experimental art, community interaction and environmental education. The design includes an open-air amphitheatre, indoor rehearsal space, exhibition areas and studios. Where possible, materials, particularly infill materials, are local labour-intensive elements, such as bricks and wattle screens.

In 2008/9, the business plan for construction of the residency was completed, and a project steering committee was meeting on a regular basis.

A programme to train local people for construction was in place, its funding subject to the training requirements of the national Department of Environmental Affairs and Tourism, which allocated seed funding of R22-million to the project in 2007/8.

Opportunities

Within the town's spatial development framework, commercial opportunities flowing from the residency include retailing, fish farming, an arts and craft facility, tour guiding, accommodation facilities, and leisure and entertainment. Indeed, stakeholders see that the residency holds the key to unlocking the economic potential of Hamburg and creating sustainable jobs and income-generating opportunities.

Infrastructure requirements were finalised during the year under review. The infrastructure report includes the consideration of eco-friendly, local solutions for sewerage treatment, such as producing biogas for power and fertiliser for crops. Funding for such a sewerage treatment plant is being sought, and already, there is agreement that this could be a good opportunity to pilot a system that differs from the conventional.

Making it tick

In parallel to physical planning, Aspire focused on the activities and people that would, ultimately, make the residency a success. By year-end, establishment of a database had been initiated, and artists were being invited to register. Sponsorships and endowments to fund artists in residence were being sought, and efforts were being made to include community artists and schools in residence activities.

Linkages and partnerships were further strengthened. This includes links to the Grahamstown National Arts Festival and partnerships with strategic stakeholders, such as Business Arts South Africa, the South African Broadcasting Corporation, and academic, research and funding institutions. Letters of support were received during the year from Walter Sisulu University and artist groupings.



Internal management

Communications and Marketing

Human Resources

Organisational management

Organogram

Governance structure

Board of Directors

ASP  **RE**
Amathole beyond limits

Communications and Marketing

Communication in all its forms is vital to maintain information flow, both internally and externally with key stakeholders and partners. Good communication is crucial to good relationships and it is a critical process in Aspire's day-to-day work. The communications function cuts across all business areas at Aspire and is the basis for strategic decision making. Choosing an appropriate channel and the most applicable tools is the key to how people receive critical messages and information.

Our internal communications take the shape of formal and informal meetings and dialogue. Weekly meetings, exchange of emails, walk-in queries and discussions – all are used to keep staff up to date with developments within and outside of the organisation. The corporate identity of the Aspire brand was also strengthened in the 2008/9 year, with a growing recognition at national level.

Externally, our focus is to align communication to our stakeholder needs. Each corridor has its own unique character and challenges. Communications range from information flyers distributed to the community and public meetings for participatory processes to website updates and articles in the media. Carrying out an effective process of where, when and how to disseminate information is key in order for us to walk together with our stakeholders.

Human Resources

Human Resources: Human resource (HR) management is essential for healthy organisational development. The CEO and the HR Committee work together to ensure that personnel policies and practices are applied fairly and consistently to protect staff and provide them with a work environment that is conducive to productivity. A significant number of founding staff resigned in the 2008/9 year, which impacted on several of our programmes, but by year-end, these staff had been replaced.

Staff development: This is done in a number of ways, including coaching, mentoring, constructive feedback, interpersonal skills development and other types of professional training and development. The aim is to achieve increased productivity and staff engagement and commitment to the organisation. Academic support was provided for a staff member to undertake a Masters in Development Studies. Aspire also took on an intern in a cadet programme funded by the Industrial Development Corporation. The agency provides a learning environment to complement the intern's study programme.

Organisational development: Here, we focus on improving effectiveness and enhancing Aspire's sustainability. Organisational development involves efforts made both by staff and the Board and to some extent, by the Amathole District Municipality (ADM) Council, to develop, maintain and protect our strategy while effectively sharing the positive benefits of our activities, brand and stature with our broader stakeholders in Amathole and beyond.

Organisational management

Performance management: Strategic and operational plans are submitted by the agency to its Board of Directors, as well as to the ADM Council, which reflect the planned activities, outputs and performance against set targets. Detailed performance results are on page 79-102.

Finance and legal considerations: Our organisational management approach also focuses us on designing appropriate internal policies and contractual agreements that meet the compliance requirements of a number of government laws and local government legislation. Legal considerations on procurement and finance management provide us with a sound judgment and lawful decision making.

Internal management

Supply chain management: In April 2006, Aspire introduced a supply chain management policy in accordance with relevant National Treasury regulations and circulars. This policy complies with the Preferential Procurement Policy Framework Act of 2000 and the regulations of 2001, which require that the entity promotes black economic empowerment (BEE), as well as specific procurement preferences, through the allocation of preference points for tenders in excess of R200 000.

During the 2008/9 financial year, more than 56% of controllable procurement was with entities of which the BEE ownership component is 50% or more and a total of 65% was with entities with a BEE shareholding component.

TABLE: NUMBER OF POSITIONS FILLED AND VACANCIES AS AT JUNE 2009

Function	Current staff	Current vacancies
Chief executive officer	Ms P Xuza	None
Chief financial officer	Mr J Cerff	None
Personal assistant to CEO	Ms P Matyila	None
Corridor managers (x4)	Mr S Chagi Mrs U Duyar-Kienast Mrs S Haardt	One vacancy
Communication & Marketing manager	Ms C Jordan	None
Project officers (x3)	Ms S Qayi Ms N Mazwai	One vacancy
Project administrator	Mr S Nondumo	None
Receptionist	Ms Z Mabece	None
Office assistant	Mrs T Ndondo	None

TABLE: TRENDS ON TOTAL PERSONNEL EXPENDITURE

Levels	30 June 2008			30 June 2009		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Executive	1	1	1	1	1	1
Senior management	1	1	1	1	1	1
Specialists	4	3	3	4	3	3
Middle management	1	1	1	1	1	1
Coordination/administration	6	6	6	7	6	6
TOTAL	13	12	12	14	12	12

TABLE: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS AS AT JUNE 2009

Levels	Total	African = 70%		Coloured = NIL%		Indian = NIL%		White = 30%	
		Male	Female	Male	Female	Male	Female	Male	Female
Executive			1						
Senior management								1	
Specialist		1							2
Middle management									1
Coordination/administration		1	5						
Total		2	6					1	3
% of total			17%	50%				8%	25%



See table alongside

Remuneration policy: The agency employs staff on a cost-to-company basis and does not provide medical or pension benefits. It is our policy to employ suitably multi-skilled staff. This enables Aspire to reduce the number of staff, as well as corresponding overhead costs. This results in a high number of staff (more than 70%) being in possession of tertiary qualifications.

Aspire's remuneration policy aims to attract and retain top-calibre staff and to incentivise them to develop and implement business strategies to achieve long-term stakeholder wealth.

The policy comprises of the following key principles:

- Remuneration is offered on a cost-to-company basis.
- The fixed element of remuneration is set at levels that are competitive with the relevant market in addition to being based on the individual's level of skill, experience and expertise.
- The total incentive-based element of remuneration is linked to an individual staff member's scale of responsibility, as well as his/her performance against shareholder-aligned goals.

The salaries and employment benefits of the chief executive officer and senior managers for the period under review were as follows:

	2009	2008
CHIEF EXECUTIVE OFFICER		
- Salaries	772 734	676 309
- Allowances	157 381	142 313
- Bonus	136 970	121 001
	1 067 085	939 623
CHIEF FINANCIAL OFFICER		
- Salaries	596 711	518 057
- Allowances	236 904	214 573
- Bonus	120 013	101 320
	953 628	833 950

Internal management

TABLE: REMUNERATION DISCLOSURE FOR THE PERIOD, 1 JULY 2008 TO 30 JUNE 2009

Description	Executive	Senior management	Specialist	Middle management	Coordination/administration	TOTAL
SALARIES AND WAGES R'000						
Normal	773	597	657	50	525	2 602
Overtime	0	0	0	0	0	0
CONTRIBUTIONS R'000						
Pensions	0	0	0	0	0	0
Medical aid	0	0	0	0	0	0
Other	0	0	0	0	0	0
ALLOWANCES R'000						
Travel and vehicle	131	125	148	0	16	420
Cell phone	20	20	27	0	0	67
Other	7	92	8	0	0	107
HOUSING BENEFIT AND ALLOWANCES R'000						
	0	0	0	0	0	0
LOANS AND ADVANCES R'000						
	0	0	0	0	0	0
OTHER BENEFITS AND ALLOWANCES R'000						
Bonus and annual	137	120	168	0	37	462
ARREARS OWED TO MUNICIPALITY R'000						
	0	0	0	0	0	0

NOTE: Two specialists and one middle management staff members are seconded positions from Aspire's international strategic partners.

OFFICE OF THE CHIEF EXECUTIVE OFFICER

The CEO provides strategic leadership and attends to organisational development, shareholder interaction, mobilisation of finances and funding, and positions Aspires on the national policy agenda.

FINANCE AND ADMINISTRATION

The role of this team is to establish and maintain an effective and well-operating financial, budgetary and treasury management system. The aim is to ensure compliance with Treasury regulations, legislation and the agency's systems, policies and procedures.

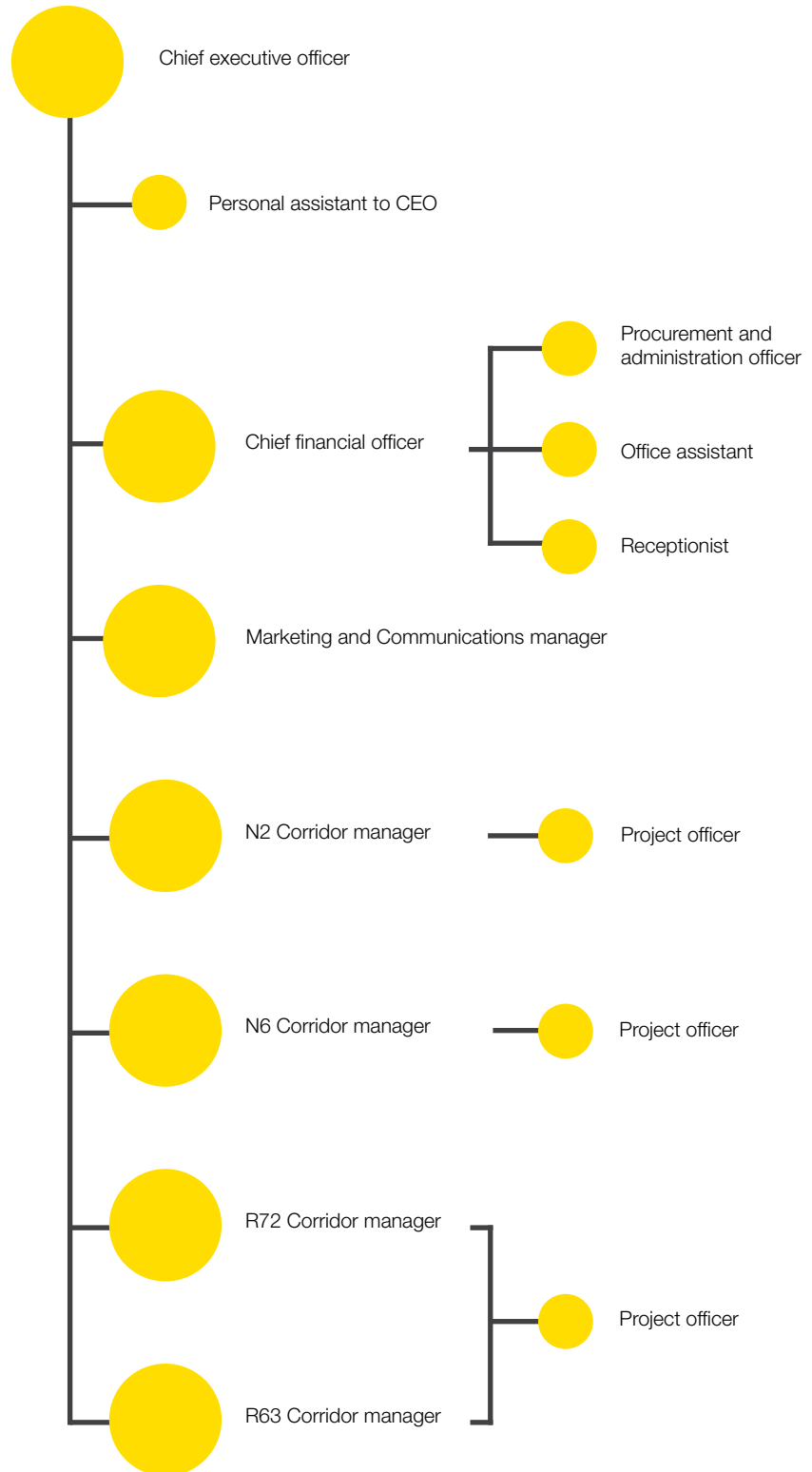
MARKETING & COMMUNICATIONS

The role of the Marketing and Communications manager is to manage all of Aspire's corporate communications and advise on marketing requirements and implications with respect to the implementation of anchor projects. The manager works to promote Aspire's image and reputation to the public, inform staff and stakeholders about what is happening in the agency, and highlight the marketing needs of anchor projects to ensure their success.

CORRIDOR MANAGEMENT

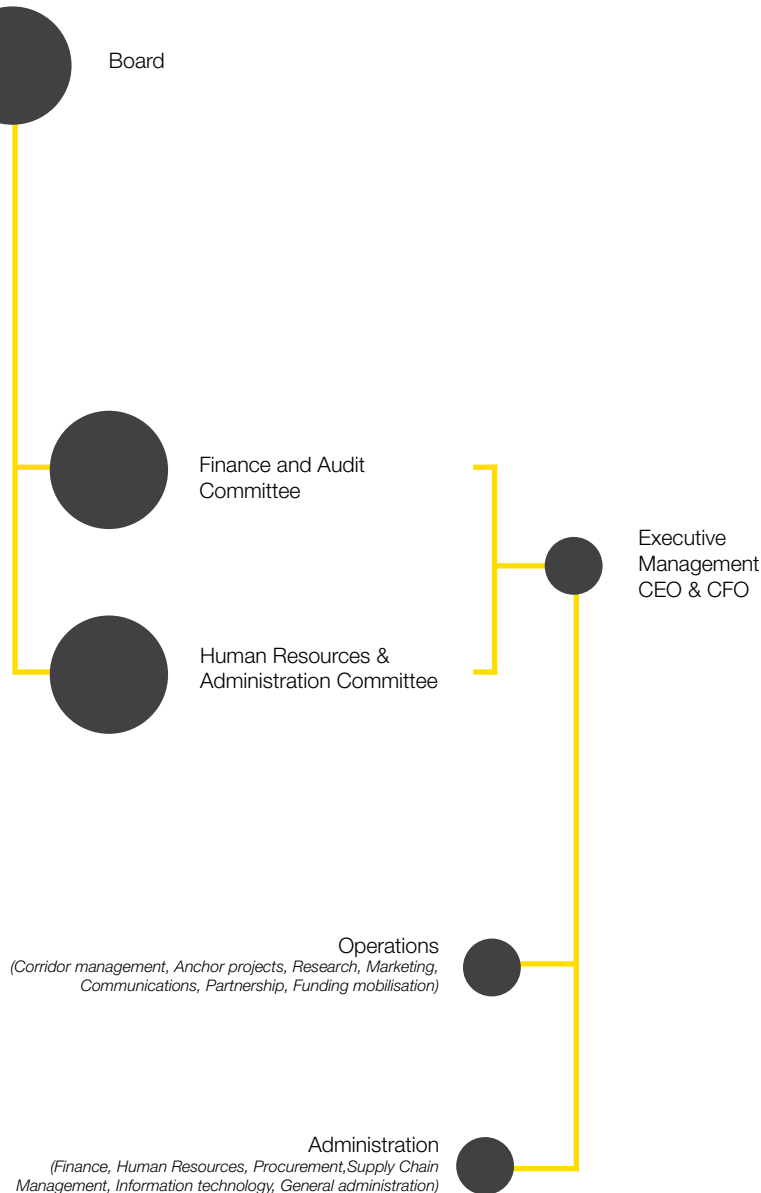
These managers develop, manage and contribute to the implementation of sustainable corridors, focusing on locality development and sectors with comparative and competitive advantages. They manage anchor projects that contribute to the agency achieving its objective of the regeneration of small-town economies.

Organogram



Internal management

Governance structure



BOARD

The Board provides strategic direction for the agency. All matters required in accordance with the Companies Act, as well as the Municipal Finance Management Act, are referred to the Board for decision by management.

The board activities are supported by the Finance and Audit Committee and the Human Resources and Administration Committee.

FINANCE & AUDIT COMMITTEE AND HUMAN RESOURCES & ADMINISTRATION COMMITTEE

Audit Committee

The Audit Committee is responsible for overseeing and reporting to the Board on the quality and integrity of the agency's financial statements; compliance with legal, regulatory and tax requirements; financing and IT policies; overall risk management profile; independent auditor's qualifications and independence; and performance of the internal audit function and independent auditors.

Human Resources Committee

The Human Resources Committee is responsible for overseeing and reporting to the Board on: Aspire's human resources policies and procedures, including the performance management system; reviewing staff objectives and performance evaluations; and overall compensation policies and their application to staff.

EXECUTIVE MANAGEMENT

Executive management liaises between the staff and the Board, and between the Board and shareholders. It also manages policies, including risk management, and the resources of the company.

OPERATIONS AND ADMINISTRATION

This function consists of Aspire's core team of personnel who manage and implement our strategy, liaise with our partners, and maintain systems and procedures, including day-to-day administration, supply chain management and information technology systems.



1.

Mr Simphiwe Kondlo

Masters Engineering Management, BSc Agricultural Engineering, NDip Civil Engineering

Mr Kondlo is the chief executive officer of the East London Industrial Development Zone. Mr Kondlo has co-authored and presented papers on the planning and delivery of water schemes in South Africa. He is also a board member for Trans-Caledon Tunnel Authority and a member of the South African Institute of Agricultural Engineers.



2.

Ms Phila Xuza

Masters Economic Geography

Ms Xuza has 14 years' work experience in local economic development planning and implementation. She is widely involved in research and debates on the policy-making process on economic development issues and has contributed to many national and international conferences and publications. She is also a Board member of the South African Local Economic Development network.



3.

Ms Portia Loyilane

BCom Economics & Business Economics, NDip Education

Ms Loyilane is a determined activist, fighting for the rights and representation of people with disabilities. She is currently a commissioner at the Gender Commission of South Africa. She is also a member of the Council of Disabled People South Africa in the Eastern Cape.

Board of Directors

In loving memory of the Deputy Chairperson of the Board

Mrs CV Kakana

1950 - 2008



4.

Mr Lunga Ntshinga

B Com, Post-graduate Diploma Business Management

Mr Ntshinga runs his own accounting and consulting firm with offices in Queenstown and East London. He serves on various audit committees in the Eastern Cape Province. He is a member of the Southern African Institute for Business Accountants, the Institute of Internal Auditors (SA) and is a registered debt counsellor with the National Credit Regulator.



5.

Dr Pelisa Mafuya

Bachelor of Medicine and Bachelor of Surgery (MBChB)

Dr Mafuya is the owner of a medical practice in Butterworth that provides 24-hour primary health care services. She is also an active businesswoman and owns two guest houses, while also being an active member of her community. Dr Mafuya has acted as a member of several boards and has been an occupational health practitioner and a Provincial Assessor for maternal deaths in the Eastern Cape.



6.

Mr Pumzile Majeke

B Proc, Dip Certificate in Labour Law

Mr Majeke is a director and partner of Majeke Mjali & Co. Attorneys, Conveyancers and Labour Consultants. He is an active member of various community organisations and president of the Cape Law Society.

Board of Directors

The Board subscribes to the values of good corporate governance and recognises the need to conduct the agency with integrity and in accordance with generally accepted corporate practices. The members of the Board consider that in the period under review, Aspire has substantially complied with the relevant aspects of best practice of corporate governance. The agency subscribes to the principles of the King II report. Furthermore, the agency is governed and complies with the following acts:

- Municipal Finance Management Act (MFMA)
- Municipal Systems Act
- Occupational Health and Safety Act
- Companies Act

The unitary Board of Directors comprises a majority of non-executive directors, and meets at least quarterly. The chairman is elected on a three-year basis from among the non-executive directors. The term of office of all directors comprising the first Board was three years. Towards the end of the 2008 financial year, this period was extended by a further six months to December 2008. In February 2009, a new Board was appointed, consisting of three new non-executive members and two non-executive members retained from the old Board.

Role and function:

The Board of Directors of Aspire provides strategic direction and is the accounting authority in terms of the Companies Act. In terms of the MFMA, the chief executive officer, who is also an ex-officio director, is the accounting officer.

The Board is responsible for the adaptation of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of the agency's risk management and internal controls, communication policy, and director selection, orientation and evaluation.

The Board has approved a Board charter that provides guidance to the directors in discharging their duties and responsibilities.

The role of the chairperson of the Board is responsibility, in conjunction with the Board, for the agency's strategic direction and necessary policies. The role of the chief executive officer is to assume responsibility for the effective management of Aspire and the implementation of the strategy, policy and Board directives.

Induction:

All new directors appointed to the Board are taken through an induction programme. A continuous education and training programme is also provided for all Board members in order to improve and maintain the effectiveness of the Board.

Evaluation and performance:

Although the individual Board members are appointed for a period of three consecutive years, performance evaluations of the Board as a whole and of individual directors are reviewed on an annual basis. The Chairman of the Board appraises the performance of the chief executive officer on an annual basis.

Remuneration philosophy:

The remuneration of the non-executive directors is determined by the parent municipality in consultation with the Board. No performance rewards are paid or awarded to non-executive directors.

There are six members of the Board of Directors, including the chief executive as ex-officio member. The curriculum vitae of all directors to be re-elected at the annual general meeting are set out on the previous pages.

Board of Directors

Board member	Term	Board meetings attended	HR & Administration Committee meetings attended	Audit & Finance Committee meetings attended	Director's fees
Dr M Tom	Resigned 26/02/09	5	n/a	n/a	12 500
Mrs CV Kakana	Passed away 30/10/08	0	1	n/a	2 394
Mr S Kondlo	Full year	5	n/a	n/a	11 322
Mrs Y Balfour	Resigned 26/02/09	4	n/a	n/a	8 000
Mrs NEP Loyilane	Full year	4	1	n/a	10 212
Mr L Ntsinga	Appointed 26/02/09	2	n/a	n/a	4 467
Dr PN Mafuya	Appointed 26/02/09	1	n/a	n/a	2 295
Mr P Majeke	Appointed 26/02/09	1	n/a	n/a	2 000
TOTAL		7	1	n/a *	53 190

* Due to changes in the Board of Directors and an inability to secure a quorum for Audit & Finance Committee meetings, these responsibilities were passed to the full Board.

Board member	Capacity: executive/ non-executive	Race	Gender	Designation Jun 08-Jan 09	Designation Feb 09-Jun 09
Dr M Tom	Non-executive	Black	Male	Chairperson of Board	n/a
Mrs CV Kakana	Non-executive	Black	Female	Deputy chairperson of Board	n/a
Ms P Xuza	Executive	Black	Female	Chief executive officer	Chief executive officer
Mrs Y Balfour	Non-executive	Black	Female	Board member	n/a
Mrs NEP Loyilane	Non-executive	Black	Female	Board member	Deputy chairperson of Board
Mr S Kondlo	Non-executive	Black	Male	Board member	Chairperson of Board
Mr L Ntsinga	Non-executive	Black	Male	n/a	Board member
Dr PN Mafuya	Non-executive	Black	Female	n/a	Board member
Mr P Majeke	Non-executive	Black	Male	n/a	Board member





Annual Financial Statements

**Statement of Responsibility
Report of the Auditor General
Report of the Audit Committee
Director's Report
Statement of financial position
Statement of financial performance
Statement of changes in net assets
Cash flow statement
Notes to the annual financial statements
General information
Functional area: Service delivery report**

Statement of Responsibility for the year ended 30 June 2009

The Municipal Finance Management Act requires the directors to ensure that The Amathole Economic Development Agency (Proprietary) Limited keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of The Amathole Economic Development Agency (Proprietary) Limited, its financial results, and its financial position at the end of the year in terms of South African Statements of Generally Accepted Accounting Practice, including any interpretations of such statements issued by the Accounting Practices Board with the prescribed Standards of Generally Recognized Accounting Practices (GRAP) replacing the equivalent GAAP Statement.

The annual financial statements are the responsibility of the directors. The external auditors are responsible for independently auditing and reporting on the financial statements.

Our external auditors have audited the annual financial statements and their audit report appears on pages 48 to 50. The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, Generally Recognized Accounting Practice and the Companies Act. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The directors have reviewed the company's budgets and cash flow forecasts for the period up to 24 August 2009.

On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors have every reason to believe, and the auditors concur, that the company will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the financial statements.

To enable the directors to meet the above responsibilities, the board of directors sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses.

The entity maintains internal financial controls to provide assurance regarding:

- The safeguarding of assets against unauthorized use or disposition, and
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Further, because of changes

in conditions, the effectiveness of internal financial controls may vary over time. The directors are of the opinion that the entity's systems of internal control and risk management did function as intended for the year under review.

In the opinion of the directors, based on the information available to date, the annual financial statements fairly present the financial position of The Amathole Economic Development Agency (Proprietary) Limited at 30 June 2009 and the results of its operations and cash flow information for the year and the Code of Corporate Practices and Conduct has been adhered to.

The annual financial statements for the year ended 30 June 2009, set out on pages 51 to 78, were approved by the Accounting Officer and the Board of Directors on 5 November 2009, and are signed on its behalf by:



S. Kondlo - Chairperson
East London
5 November 2009



PHL Xuza - Chief Executive Officer
East London
5 November 2009

Report of the Auditor General for the year ended 30 June 2009

REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF AMATHOLE ECONOMIC DEVELOPMENT AGENCY (PROPRIETARY) LIMITED T/A ASPIRE FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Amathole Economic Development Agency (Proprietary) Limited T/A Aspire which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets, the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 51 to 78.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in note 1 to the financial statements and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa 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.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 [(Act No. 25 of 2004) (PAA)], my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as

- evaluating the overall presentation of the financial statements.
6. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Amathole Economic Development Agency (Proprietary) Limited T/A Aspire in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Amathole Economic Development Agency (Proprietary) Limited T/A Aspire as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with basis of accounting and in the manner required by the MFMA and the Companies Act of South Africa

Emphasis of matter(s)

Without qualifying my opinion, I draw attention to the following matters:

Basis of accounting

9. The municipal entity's policy is to prepare financial statements on the basis of accounting determined by National Treasury, as set out in note 1 to the financial statements.

Other matters

Without qualifying my opinion, I draw attention to the following matter(s) that relate(s) to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation Municipal Finance Management Act

10. The entity did not comply with section 94(1)(a) as it did not implement a fraud prevention plan.
11. As disclosed in note 20 to the financial statements, the entity did not comply with section 87(11) as it did not report on the state of the Agency's budget and accounting records to the parent municipality within 7 working days of month end.
12. As disclosed in note 20 to the financial statements, the entity did not comply with section 89 (1) as council had not determined the director's allowances.
13. The entity did not comply with section 86 as a bank account had been opened with ABSA bank, however, the parent municipality was not notified.

Governance framework

14. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

15. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA.	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipal entity had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.		✓
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		✓
7.	Internal audit		
	• The municipal entity had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 95(c)(i) of the MFMA.	✓	
12.	Delegations of responsibility are in place, as set out in section 106 of the MFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA/Oversight resolutions have been substantially implemented.		n/a
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipal entity against its mandate, predetermined objectives, outputs, indicators and targets section 87 of the MFMA.		✓
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

Conclusion on the governance framework based on other key governance requirements

16. The financial statements were subject to material amendments resulting from the audit as the errors identified exceeded the calculated materiality.
17. The audit committee did not meet during the year under review, which is non compliance with sec 166(2) of the Municipal Finance Management Act No. 56 of 2003. Furthermore, the audit committee charter was still in draft at year end.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Report on performance information**

18. I have reviewed the performance information as set out on pages 79 to 102.

The accounting officer's responsibility for the performance information

19. In terms of section 121(4)(d) of the MFMA, the annual report of a municipal entity must include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives, set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.

The Auditor-General's responsibility

20. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 and section 45 of the MSA.
21. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
22. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)**Non-compliance with regulatory requirements**

23. No pre-determined objectives are set per key performance indicator. The strategic plan prepared and approved by the entity for the financial year under review was not sufficient for purposes of monitoring the performance in relation to the budget and delivery by the municipal entity against its mandate, predetermined objectives, outputs, indicators and targets as agreed with the parent municipality in terms of the IDP and as prescribed in section 87 of the MFMA.

APPRECIATION

24. The assistance rendered by the staff of the Amathole Economic Development Agency (Proprietary) Limited T/A Aspire during the audit is sincerely appreciated.

Auditor-General.

East London
27 November 2009



AUDITOR - GENERAL

Auditing to build public confidence

Report of the Audit Committee for the year ended 30 June 2009

During the course of the financial year, changes to the Board and an inability to secure a quorum for Audit Committee meetings resulted in no meetings taking place. However, this issue was addressed just before year end with the finalisation of the new board and the new audit committee had its first meeting on 2 July 2009. The principles and aspects mentioned below forms the principles that the new committee adheres to. It should be appreciated that although the audit committee did not meet, the internal audit function and quarterly audits were still performed.

The Audit Committee has adopted appropriate formal terms of reference, which have been confirmed by the board. The committee recognizes the need to conduct the affairs of the Agency with integrity and in accordance with generally accepted corporate practices and is committed to upholding the governance principles incorporated in the Code of Corporate Practices and Conduct, as set out in the King II Report.

In performing its responsibilities the Audit Committee has reviewed the following:

- the effectiveness of the internal control systems;
- the effectiveness of internal audit;
- the risk areas of the entity's operations to be covered in the scope of the internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- any accounting or auditing concerns identified as a result of the internal or external audits;
- the entity's compliance with legal and regulatory provisions;
- the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- the independence and objectivity of the external auditors.

The Audit Committee is also responsible for:

- Confirmation of the internal audit department's charter;
- Maintaining objectivity between management and the external auditors;
- Recommending the appointment and removal of the external auditors;
- Conducting investigations within its terms of reference;
- Concurring with the appointment and dismissal of the head of the internal audit department;
- Approving the internal audit work plan;
- Setting the principles and scope for the external audit.

The Audit Committee has evaluated the annual financial statements of The Amathole Economic Development Agency (Proprietary) Limited for the year ended 30 June 2009 and concluded that they comply, in all material respects, with the requirements of the Companies Act (Act 61 of 1973, as amended), the Municipal Finance Management Act and South African Statements of Generally Accepted Accounting Practice and Generally Recognized Accounting Practice. The Audit Committee agrees that the adoption of the going concern premise is appropriate in preparing the annual financial statements. The Audit Committee has therefore recommended the adoption of the annual financial statements by the Board of Directors at their meeting held on 28 August 2009.



L.Ntshinga
Chairperson – Audit Committee
28 August 2009

Audit Committee members:

SN Kondlo (Chairperson)	Resigned from Audit Committee – 26 February 2009
YP Balfour	Resigned as Director and from committee – 26 February 2009
L Ntshinga (new Chairperson)	Appointed 26 February 2009
P Loyilane	Appointed 26 February 2009
J. Buchner	Appointed 26 February 2009
P. Ncedo	Appointed 26 February 2009

Directors' Report

for the year ended 30 June 2009

The Board of Directors present their fourth Annual Report.

1. CONSTITUTION

Amathole Economic Development Agency (Proprietary) Limited is a Municipal entity constituted by the Amathole District Municipality and became operational with effect from 1 September 2005.

2. OBJECTIVES AND PRINCIPAL ACTIVITIES

The main objectives of the Agency are to stimulate economic growth in the Amathole district through promotion of entrepreneurial activity, leveraging of business development support and facilitation of investment into strategic economic sectors and spatial nodes.

3. PROPERTY, PLANT AND EQUIPMENT

During the course of the year, the Agency acquired plant and equipment at a cost price of R 80 644 (2008 – R 68 982). During the year under review, the Agency disposed of no plant and equipment (2008 – R nil). Plant and equipment with a book value of R 1 110 was scrapped during the year (2008 – R 2 116). In lieu of this R 9 868 was received as an insurance claim.

4. CORPORATE GOVERNANCE

The Board subscribes to the values of good corporate governance and recognises the need to conduct the enterprise with integrity and in accordance with accepted corporate practices. The members of the Board are of the opinion that during the year under review, the Agency has substantially complied with the relevant aspects of good corporate governance.

5. ORDINARY SHARE CAPITAL

No ordinary shares were issued during the year under review (2008 – R nil).

6. FINANCIAL RESULTS

The results of the Agency are disclosed in the annual financial statements.

7. POLICY DIRECTIVES

No policy directives were received from the Member of the Executive Council for Local Government and Housing during the year.

8. DIVIDENDS

No dividends are payable to the Agency's ordinary shareholder. Retained income attributable to the ordinary shareholder is re-invested in projects to promote development.

9. INTEREST-BEARING BORROWINGS

No new borrowings were incurred during the year.

10. INSURANCE

The Agency protects itself against catastrophic financial and fraudulent losses by means of a normal external insurance policy through Indwe Insurance Brokers.

11. CONTRACTS

No contracts in which directors and officers of the company had an interest were entered into during the year.

12. COMPLIANCE WITH MFMA

This constitutes the fourth year of operations (and only the third full year). After its incorporation on 1 September 2005, the Agency commenced with the employment of staff, capacitating of the Agency and formulation of policies and procedures. During the 2007 calendar year, the Board commenced with a concerted effort to introduce such systems, procedures and controls to ensure that the Agency operates and acts at all times in accordance with the MFMA. The Board is of the opinion that with the exception of the issues reported on under note 20, the agency complies in all material respects with the MFMA.

13. AUDIT COMMITTEE AND INTERNAL AUDIT

As mentioned above, the Agency only commenced with operations from 1 September 2005 and was not institutionalised for the larger portion of the 2007 financial year. As a number of the Board of Directors contracts finished in September 2008 and the new members were only appointed at the end of February 2009, the prescribed minimum number of Audit Committee meetings could not be held. However the internal audit unit functioned well during the year and all outstanding reports have been submitted to the Audit Committee for review and acceptance by the date of these financial statements.

14. SUBSIDIARIES AND ASSOCIATES

The Amathole Economic Development Agency (Proprietary) Limited has no subsidiaries or associated companies.

15. EVENTS SUBSEQUENT TO YEAR END

The directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which may significantly affect the financial position of the company or the results of its operations.

16. NUMBER OF EMPLOYEES

During the year under review the average number of employees was 8 (2008 – 10) and 3 volunteers (2008 – 2).

17. DIRECTORS AND SECRETARY

The directors of the company during the year under review and up to the date of this report were as follows:

Dr. ME Tom	Chairperson	Resigned 26 February 2009
Mrs. CV Kakana	Deputy Chairperson	Passed away 30 October 2008
Ms. NEP Loyilane		
Mr. SN Kondlo	new Chairperson	Appointed as new chairperson 26 February 2009
Mrs. YP Balfour		Resigned 26 February 2009
Ms. P Xuza	Chief Executive Officer	Appointed 1 September 2005
Dr. P Mafuya		Appointed 26 February 2009
Mr. P Majeke		Appointed 26 February 2009
Mr. L. Ntshinga		Appointed 26 February 2009

The company does not currently have a company secretary.

Statement of Financial Position for the year ended 30 June 2009

	Notes	2009 R	2008 R
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	2	211 475	212 715
CURRENT ASSETS			
Receivables	3	336 695	37 090
VAT Receivable		117 961	178 994
Cash and cash equivalents	4	8 608 263	9 526 485
TOTAL ASSETS		9 274 394	9 955 284
NET ASSETS AND LIABILITIES			
NET ASSETS AND RESERVES			
Contributions from owner	5	1 000	1 000
Accumulated Surplus		350 260	343 953
NON-CURRENT LIABILITIES			
Deferred Lease Payments	6	-	9 448
CURRENT LIABILITIES			
Payables	7	1 774 651	4 772 959
Provisions	8	202 412	394 992
Deferred income	9	6 895 250	4 263 343
Short term portion of deferred lease payments	6	1 162	17 935
VAT payable		-	-
Taxation	13	49 659	151 654
TOTAL NET ASSETS AND LIABILITIES		9 274 394	9 955 284

Statement of financial performance for the year ended 30 June 2009

	Notes	2009 R	2008 R
Revenue			
Interest income	10	815 161	170 708
Grant income realised			
- Amathole District Municipality		6 323 286	6 110 063
- Industrial Development Corporation		109 843	1 209 990
- Other		2 234 235	463 529
Sundry income		9 869	-
Sponsorship income		105 000	188 160
Total revenue / income		9 597 394	8 142 450
Less: Expenditure			
- Employee related cost		3 533 368	4 037 199
- Directors' fees		57 190	85 685
- Scrapping of assets		1 110	2 116
- Depreciation		80 774	85 664
- Project expenditure		4 463 454	2 601 953
- Repairs and maintenance		32 268	47 060
- General expenses – other		1 420 471	1 114 181
Total expenditure	12	9 588 635	7 973 858
Surplus before taxation		8 759	168 592
Taxation	13	2 452	47 206
Surplus for the year		6 307	121 386

Statement of changes in net assets for the year ended 30 June 2009

	Notes	Contributions from owner R	Accumulated Surplus R	Total R
2009				
Balance at 1 July 2008		1 000	343 953	344 953
Share capital issued		-	-	-
Net surplus for the year		-	6 307	6 307
Balance at 30 June 2009		<u>1 000</u>	<u>350 260</u>	<u>351 260</u>
2008				
Balance at 1 July 2007		1 000	222 567	223 567
Share capital issued		-	-	-
Net surplus for the period		-	121 386	121 386
Balance at 30 June 2009		<u>1 000</u>	<u>343 953</u>	<u>344 953</u>

Cash Flow Statements for the year ended 30 June 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from grant funders and other			
- Grant income received		12 008 850	8 453 681
- Sundry income received		114 867	188 160
- Interest received		815 161	170 708
Cash paid to suppliers and employees			
- Employees		-3 841 929	- 1 278 716
- Suppliers		-9 813 177	- 1 608 278
Cash paid as taxation		-121 350	-
Net cash flows (used by) / from operating activities	18	- 837 578	5 925 555
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			
Proceed on disposal of plant and equipment		-	-
Purchase of plant and equipment to maintain operations		-80 644	-68 981
Purchase of plant and equipment to enhance operations		-	-
		-80 664	- 68 981
NET CASH INFLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	-
Net increase in cash and cash equivalents		- 918 223	5 856 574
Cash and cash equivalents at beginning of the year		9 526 485	3 669 911
Cash and cash equivalents at the end of the year		8 608 263	9 526 485

Notes to the annual financial statements for the year ended 30 June 2009

1. ACCOUNTING POLICIES

The principal accounting policies of the Agency are set out below. These accounting policies are consistent with the previous year.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1.1 Terminology differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit for the year	Profit/loss for the year
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

1.1.2. The cash flow statement can only be prepared in accordance with the direct method.

1.1.3. Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
 - (b) taxes and transfers payable;
 - (c) trade and other payables from non-exchange transactions;
- must be presented separately on the statement of financial position

1.1.4. The amount and nature of any restrictions on cash balances is required to be disclosed.

Paragraph 11 – 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

1.2 Underlying principles

The financial statements are prepared on the historical cost basis utilising accounting policies appropriate to a going concern, which assumes that the Agency will continue in operation for the foreseeable future.

An asset, being a resource controlled by the Agency as a result of a past event from which future economic benefits are expected to flow, is recognised when it is probable that the future economic benefits associated with it will flow to the Agency and its cost or fair value can be measured reliably.

A liability, being a present obligation of the Agency arising from a past event the settlement of which is expected to result in an outflow of resources embodying economic resources from the Group, is recognised when it is probable that future economic benefits associated with it will flow from the Group and its cost or fair value can be measured reliably.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the applicable standard or, if no guidance is provided, they are applied retrospectively unless it is impracticable to do so, in which case the change is applied prospectively. Changes in accounting estimates are recognised in profit or loss in the period they occur. Prior period errors are retrospectively restated unless it is impracticable to do so.

1.3 Financial instruments

1.3.1 Financial liabilities

Financial liabilities are initially recorded at cost. Subsequently, financial liabilities with fixed maturity dates and fixed or determinable payments are measured at amortised cost. Other financial liabilities are measured at cost, i.e. the original debt less principal repayments.

1.3.2 Loans and receivables

Loans and receivables are initially recorded at cost. Loans and receivables with fixed term maturities are subsequently measured at amortised cost less accumulated impairment allowances. Other loans and receivables are measured at cost less accumulated impairment allowances.

1.3.3 Investments

All investments are initially recognised at cost. After initial recognition investments are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or disposal. Unlisted investments are stated at cost if fair value cannot be determined reliably, less amounts written off to give recognition to a permanent decline in value, and profits and losses are recognised on realisation. The classification as investment is determined by the intention to keep the overall portfolio on a long term basis.

1.3.4 Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments, net of

bank overdrafts. Cash and cash equivalents are initially and subsequently measured at fair value.

1.4 Capitalisation of borrowing costs

Borrowing costs, incurred in respect of construction or installation of qualifying assets, are capitalised up to the date that the qualifying assets are brought into use or sold.

1.5 Inventory

Inventory is valued at the lower of cost and net realisable value on a first-in-first-out basis.

1.6 Property, plant and equipment and depreciation

Property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment. Depreciation is calculated on the straight line basis at rates that will reduce the historical costs to estimated residual values over the expected useful lives of the assets.

Property, plant and equipment acquired under finance lease arrangements are capitalised. Such assets are depreciated on a straight line basis at rates considered appropriate to reduce capitalised cost to estimated residual value over the expected useful lives of the assets. Lease finance charges are amortised over the duration of the finance leases using the effective interest rate method. The expected useful lives of the assets are as follows:

Infrastructure and buildings	50 years
Furniture and equipment	7 years
Computer equipment	3 years
Vehicles	4 years

Land is not depreciated as it is deemed to have an infinite life. Buildings include all direct building costs, allocated overhead costs and capitalised borrowing costs. Other categories of assets' cost include all direct costs incurred in bringing the asset to a point of operation. Costs incurred to maintain assets subsequent to acquisition and bringing the asset into operation are expensed in the period in which they are incurred.

Where the carrying amount of an asset is greater than its estimated market value, it is written down to its market value. Impairment evaluation and a review of the useful lives, residual values and depreciation methods used are performed on an annual basis.

1.7 Provisions

Provisions are recognised when the Agency has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economics benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Short term employee entitlements to annual leave and annual bonuses are recognised when they accrue to employees. A provision is made for the estimated liability, measured at the

undiscounted amount of the benefit, for annual leave and annual bonuses as a result of services rendered by employees up to the Statement of financial position date.

1.8 Operating leases

Assets leased by the Agency under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of financial performance on a straight-line basis over the period of the lease.

1.9 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the periods necessary to match the grants with the related costs which they are intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of financial performance over the expected useful life of the relevant asset in equal annual instalments.

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Sponsorship income is recognized as and when received.

1.11 Taxation

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss, directly in equity, or a business combination.

	2009 R	2008 R
2. PLANT AND EQUIPMENT		
2.1 Summary of plant and equipment		
Owned assets at cost	468 422	397 197
Computer equipment	217 881	180 826
Office Equipment	27 748	27 748
Furniture and fittings	222 793	188 623
Accumulated depreciation	256 947	184 482
Computer equipment	155 077	113 632
Office Equipment	17 720	12 170
Furniture and fittings	84 150	58 680
Net carrying amount	<u>211 475</u>	<u>212 715</u>

2.2 Movement in plant and equipment	Computer Equipment	Office Equipment	Furniture & Fittings	Total
2009				
Net book value at beginning of the year	67 195	15 577	129 943	212 715
Additions	46 474	-	34 170	80 644
Depreciation for the year	-49 755	-5 549	-25 470	-80 774
Disposals	-	-	-	-
Scrapping of asset	-1 110	-	-	-1 110
Net book value at 30 June 2009	<u>62 804</u>	<u>10 028</u>	<u>138 643</u>	<u>211 475</u>
2008				
Net book value at beginning of the period	80 678	19 910	130 926	231 514
Additions	43 271	1 089	24 622	68 982
Depreciation for the period	-54 638	-5 422	-25 605	-85 665
Disposals	-	-	-	-
Scrapping of asset	-2 116	-	-	-2 116
Net book value at 30 June 2008	<u>67 195</u>	<u>15 577</u>	<u>129 943</u>	<u>212 715</u>

	2009	2008
	R	R
3. RECEIVABLES		
Sundry debtor and deposit receivable	23 550	23 550
Fruitless and wasteful (see note 19.2)	-	13 540
Sundry receivables	305 130	-
Related party receivable – Amathole District Municipality	8 015	-
	<u>336 695</u>	<u>37 090</u>

4. CASH AND CASH EQUIVALENTS

ABSA Call account	746 318	1 011 129
ABSA fixed deposit	7 731 010	6 034 401
Bidvest cash passport	7 965	9 055
Bank balances and cash	122 300	2 469 530
Cash on hand	670	2 370
	<u>8 608 263</u>	<u>9 526 485</u>

The bank balance is held with MEEG Bank of South Africa and is held in a current account. No restrictions are in force with regards to the bank account.

The Bidvest passport account is held with Bidvest Bank. The account consists of €726.70 held for overseas missions by the Agency. The account does not attract any interest.

The ABSA Call account is held with ABSA Bank Limited on call and earns interest at an average rate of 6% (2008 -10.95%) pa, capitalised on the 10th day of each month.

The ABSA fixed deposit is held with ABSA Bank Limited. The last investment was made on 23 June 2009 and matures on 23 August 2009. The investment attracts interest at 7.25% (2008 - 12.3%) pa (effective). Interest is capitalised at the end of the period.

5 CONTRIBUTIONS FROM OWNER

5.1 Authorised		
1 000 ordinary shares of R 1 each	<u>1 000</u>	<u>1 000</u>
5.2 Issued		
1 000 ordinary shares of R 1 each	<u>1 000</u>	<u>1 000</u>
5.3 Share Capital Reconciliation		
Balance at beginning of the year	1 000	1 000
Issued this year	-	-
Balance at end of the year	<u>1 000</u>	<u>1 000</u>



	2009 R	2008 R
6. DEFERRED LEASE PAYMENTS		
Operating lease liability deferred	1 162	27 383
Less: Short term portion	-1 162	-17 935
	<u> -</u>	<u> 9 448</u>

The borrowing relates to the smoothing of the operating lease payments in accordance with the requirements of IAS 17 as further discussed in note 14.

7. PAYABLES		
Sundry payables	666 222	229 532
PAYE, UIF and SDL	91 408	122 881
Staff bonuses accrual	166 689	251 198
Amathole District Municipality current account	850 332	4 169 348
	<u>1 774 651</u>	<u>4 772 958</u>

8. PROVISIONS		
Leave pay provision	202 414	394 992
	<u>202 414</u>	<u>394 992</u>

9. DEFERRED INCOME		
Amathole District Municipality grants		
Grant income deferred at beginning of year	2 480 924	3 590 987
Grants received	6 500 000	5 000 000
Released to income	-6 323 285	-6 110 063
Balance at end of year	<u>2 657 639</u>	<u>2 480 924</u>
Amathole District Municipality – BURP		
Grant income deferred at beginning of year	-	-
Grants received	2 235 418	-
Released to income	-	-
Balance at end of year	<u>2 235 418</u>	<u>-</u>
Industrial Development Corporation grants		
Grant income deferred at beginning of year	1 292 268	2 259
Grants received	-	2 500 000
Released to income	-109 842	-1 209 991
Balance at end of year	<u>1 182 426</u>	<u>1 292 268</u>

	2009	2008
	R	R
9. DEFERRED INCOME (Cont.)		
Eastern Cape Development Bank		
Grant income deferred at beginning of year	-	-
Grants received	364 079	285 789
Released to income	-364 079	- 285 789
Balance at end of year	<u>-</u>	<u>-</u>
European Union – Dwesa Cwebe		
Grant income deferred at beginning of year	305 299	-
Grants received	-	305 299
Transferred to sundry payables	-111 910	-
Released to income	-193 389	-
Balance at end of year	<u>-</u>	<u>305 299</u>
European Union – Essential Oils		
Grant income deferred at beginning of year	132 220	-
Grants received	252 662	309 960
Released to income	-384 882	177 740
Balance at end of year	<u>-</u>	<u>132 220</u>
Neighbourhood Development Partnership Grant		
Grant income deferred at beginning of year	-	-
Grants received	1 033 898	-
Released to income	-1 033 898	-
Balance at end of year	<u>-</u>	<u>-</u>
Mbhashe Municipality – N2 Summit		
Grant income deferred at beginning of year	-	-
Grants received	87 719	-
Released to income	-	-
Balance at end of year	<u>87 719</u>	<u>-</u>
Amathole District Municipality - AREDS		
Grant income deferred at beginning of year	-	-
Grants received	855 244	-
Released to income	-4 912	-
Released to ADM Current account	-850 332	-
Balance at end of year	<u>-</u>	<u>-</u>



	2009	2008
	R	R
9. DEFERRED INCOME (Cont.)		
DEAT – Hamburg Artists Residency		
Grant income deferred at beginning of year	-	-
Grants received	836 000	-
Released to income	-200 443	-
Balance at end of year	<u>635 557</u>	<u>-</u>
Amahlathi Local Municipality – Amabele		
Grant income deferred at beginning of year	-	-
Grants received	52 632	-
Released to income	-52 632	-
Balance at end of year	<u>-</u>	<u>-</u>
Development Bank of South Africa		
Grant income deferred at beginning of year	52 632	-
Grants received	43 859	52 632
Released to income	-	-
Balance at end of year	<u>96 491</u>	<u>52 632</u>
Grant income carried forward to following year	<u>6 895 250</u>	<u>4 263 343</u>

10. INTEREST

Interest income		
ABSA Call account	84 189	11 129
ABSA fixed term deposit	696 609	34 401
MEEG Current bank account	34 363	125 178
	<u>815 161</u>	<u>170 708</u>

	2009	2008
	R	R
11. TAXES PAID		
The Agency paid the following amounts to the South African Revenue Services during the year:		
Value Added Tax	1 225 535	761 439
Pay- As-You-Earn	1 022 685	949 283
Skills Development Levies	21 032	33 274
Unemployment Insurance Fund	28 631	23 842
	<u>2 297 883</u>	<u>1 767 838</u>

12. OPERATING EXPENDITURE

Operating expenditure is stated after taking into account the following items:

Depreciation

- Plant and equipment	80 774	85 664
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Lease rentals

- Premises	354 909	299 833
- Equipment	36 422	41 299

Director's emoluments

Executive – Chief Executive Officer

- Salaries	772 734	676 309
- Allowances	157 381	142 313
- Bonus	136 970	121 001
	<u>1 067 085</u>	<u>939 623</u>

Non-Executive board members

ME. Tom	12 500	10 000
S. Kondlo	11 322	16 430
CV. Kakana	2 394	16 755
YP. Balfour	8 000	14 000
L. Ntshinga	4 467	-
P. Mafuya	2 295	-
P Majeke	2 000	-
NEP. Loyilane	10 212	20 303
	<u>53 190</u>	<u>77 488</u>

Audit committee members that are non-directors

J. Buchner	2 000	4 000
P. Ncede	2 000	4 197
	<u>4 000</u>	<u>8 197</u>
	<u>57 190</u>	<u>85 685</u>



	2009	2008
	R	R
12. OPERATING EXPENDITURE (cont.)		
Senior Manager's remuneration		
<i>Chief Financial Officer</i>		
- Salaries	596 711	518 057
- Allowances	236 904	214 573
- Bonus	120 013	101 320
	<u>953 628</u>	<u>833 950</u>
Travel and subsistence	72 461	36 958
Loss on foreign exchange	1 091	2 903
Audit fees	174 490	87 871
Interest paid	42 631	-
Personnel costs	<u>3 533 368</u>	<u>4 037 199</u>

13. TAXATION

13.1	South African Normal Tax	<u>2425</u>	<u>47 206</u>
	- Current tax	<u>28%</u>	<u>28%</u>
	South African effective nominal tax rate		
13.2	Taxation liability		
	- Amount payable at beginning of year	151 654	90 908
	- Current tax	2 452	47 206
	- Interest and penalties paid	16 903	
	Less: Paid during year	-121 350	-
	Provision for interest and penalties	-	13540
		<u>49 659</u>	<u>151 654</u>

The Agency is of the opinion that its income should be exempt in terms of Section 10(1) (cA) (i) and (ii) of the Income Tax Act. As this matter has not yet been finalised with SARS, a provision for normal income tax at 28% has been made in accordance with the prudence principle. Also provision for interest and penalties regarding the preceding years has been raised.

	2009	2008
	R	R
14. OPERATING LEASES		
14.1 Office Premises		
The future minimum office lease payments, which escalate at CPIX plus 2% per annum on the anniversary of the lease, are as follows:		
- Not later than one year	115 250	315 938
- Greater than one year, less than five	-	108 105
	<u>115 250</u>	<u>424 043</u>
The current office lease agreement is for a period of 3 years. It provides for a renewal on 1 November 2009 at renegotiated market related terms		
14.2 Accommodation Rental		
The future minimum accommodation lease payments, which has no escalation clause, are as follows:		
- Not later than one year	60 500	-
- Greater than one year, less than five	-	-
	<u>60 500</u>	<u>-</u>
The current lease operates month to month basis with a 2 month notice period.		
14.2 Office Equipment		
The future minimum office equipment lease payments, which has no escalation clause, are as follows:		
- Not later than one year	13 895	31 980
- Greater than one year, less than five	-	13 850
	<u>13 895</u>	<u>45 830</u>
The current office equipment lease agreement is for a period of 3 years and lapses on 1 December 2009.		
	<u><u>189 645</u></u>	<u><u>469 870</u></u>

15. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist primarily of cash deposits with MEEG Bank and Amalgamated Banks of South Africa (ABSA), pre-payments, VAT receivable and accounts payable and provisions. The book value of financial instruments approximates fair value.

16. CREDIT AND LIQUIDITY RISK

In the normal course of operations, the company is exposed to limited credit and liquidity risks since its main debtors and funders are the Amathole District Municipality, provincial and national departments and public entities.



	2009	2008
	R	R
17. RELATED PARTY TRANSACTIONS		
Amathole District Municipality		
- Percentage shareholding	100%	100%
- Grants received	6 500 000	5 000 000
- Amount owed by / (to) related party	-842 317	-4 169 348

The account operates on a current account basis, i.e. the Agency's service providers are paid by the municipality on the Agency's behalf. No financial benefit accrues to the Agency or the District Municipality.

18. NOTES TO CASH FLOW STATEMENT

Cash (used) / generated by operations		
Net income before taxation	8 759	168 592
Adjustment for non-cash items:		
- Depreciation	80 774	85 664
- Deferred lease payments recognised	-27 383	- 18 446
- Deferred lease payments	1 162	27 383
- Scrapping of asset	1 110	2 116
- Profit on disposal of asset		-
- Less: Taxation paid	-104 447	-
- Less: Transfer of Deferred funds to accruals	-962 241	-
- Deferred income increase	3 594 148	670 097
Operating surplus before working capital changes	2 591 882	935 406
(Decrease)/Increase in payables	-3 190 888	4 224 924
(Increase)/Decrease in receivables	-238 572	765 225
	<u>-837 578</u>	<u>5 925 555</u>

19. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

19.2 Fruitless and Wasteful	13 540	-
Opening Balance		
Fruitless & wasteful expenditure – current year	29 091	13 540
Approved by Board or condoned	-13 540	-
Fruitless and wasteful expenditure awaiting authorisation	<u>29 091</u>	<u>13 540</u>

The 2008 amount relates to interest and penalties that has been levied by SARS subsequent to year end (R 10 773) relating to the 2006 tax year and an estimated interest and penalties provision amounting to R 2 768 that may be levied by SARS in respect of the 2007 tax year. The 2009 amounts relate to interest and penalties (R16 903) incurred due to disputes with SARS regarding the tax exemption of the entity as well as R 12 188 relating to interest on a late payment of VAT.

20. NON-COMPLIANCE WITH MUNICIPAL FINANCE MANAGEMENT ACT

Due to delays in obtaining financial information, the Agency is unable to report on the state of the Agency's budget and accounting records to the parent municipality within 7 working days of month end as required by section 87 (11).

Only on 28 March 2008 did the parent municipality determine the upper levels of the Chief Executive Officer and senior managers' salaries and benefits, as required by section 89 (1). To date Council has not yet determined the directors' allowances as required by section 89(1).

Subsequent to March 2008, the internal audit function was contracted to an independent firm of auditors and accountants. This outsourcing operated effectively during the year. However due to changes in the Board of Directors and an inability to secure a quorum for Audit Committee meetings an insufficient number of meetings were held.

21. CURRENCY

The amounts are South African Rands rounded off to the nearest R 1.

22. CAPITAL DISCLOSURES

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets and its mandate from its parent municipality. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

22. CAPITAL DISCLOSURES (continued)

The company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, minority interest, retained earnings, and revaluation reserve) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt.

During 2009, the company's strategy, which was unchanged from 2008, was to not exceed a ratio of 6:1 in order to secure access to finance at a reasonable cost. The debt-to adjusted capital ratios at 30 June 2009 and 30 June 2008 were as follows:

	2009	2008
	R	R
Total Debt	8 923 134	9 610 331
Less: Cash and cash equivalents	-8 608 263	- 9 526 485
NET DEBT	<u>314 871</u>	<u>83 846</u>
TOTAL EQUITY / ADJUSTED CAPITAL	351 260	344 953
Debt to adjusted capital ratio	0.90	0.24

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

	2009			2008		
	Designated as at fair value through profit or loss	R Loans and receivables	Total Carrying Value	Designated as at fair value through profit or loss	R Loans and receivables	Total Carrying Value
Financial assets						
Accounts receivable	-	336 695	336 695	-	37 090	37 090
VAT receivable	-	117 961	117 961	-	178 994	178 994
Cash and cash equivalents	8 608 263	-	8 608 263	9 526 485	-	9 526 485
Total	8 608 263	454 656	9 062 919	9 526 485	216 084	9 742 569

	2009	2008
	R At amortised cost	R At amortised cost
Financial liabilities		
Leave pay accrual	202 414	394 992
Accounts payable	1 774 651	4 772 959
	1 977 065	5 167 951

23.2 Fair value of financial instruments

Financial instruments with short-term maturities

At year end the carrying amounts of cash and cash equivalents, accounts receivable, VAT receivable and accounts payable approximated their fair values due to the short-term maturities of these assets and liabilities.

23.3 Risks arising from financial instruments

23.3.1 Liquidity risk

The Agency's exposure to liquidity risk is limited to accounts payable with a maturity of three months or less. Management has implemented appropriate budgeting and cash flow strategies to ensure that the Agency has sufficient cash flows to meet its obligations as they fall due.

23.3.2 Credit risk

Credit risk arises mainly from cash and cash equivalents, VAT receivable and accounts receivable. The Agency only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party..

23. FINANCIAL INSTRUMENTS (cont.)

Concentrations of credit risk

The Agency determines concentrations of credit risk by reference to major counter-parties. Counter-parties comprise large South African banks with high-quality credit ratings, other government agencies private sector entities.

	2009	2008
	R	R
Counterparty		
ABSA Bank Limited	8 477 328	7 045 530
Meeg Bank Limited	122 300	2 469 530
Bidvest Bank Limited	7 965	9 055
South African Revenue Service	117 961	178 994
Other counterparties	337 365	37 090
Total	<u>9 062 919</u>	<u>9 740 199</u>

23.3.3 Market risk

Interest rate risk

The Agency's exposure to interest rate risk arises primarily from the investment of surplus operational cash with large South African banks. Interest rate risk is managed by investing surplus cash in instruments with short-term maturities, typically 90 days or less, allowing the Agency to respond to interest rate trends.

An increase of 1% in the discount rate applied to the estimated future cash flows of fixed-rate investments will result in a decrease in fair value of R 11,670 (2008: R 12,422.)

Foreign exchange risk

The Agency has no material exposure to foreign exchange risk.

24 STATEMENTS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

24.1 New standards issued but not yet effective, comprises:

IFRS 8 – Operating Segments – Effective for annual periods beginning on or after 1 January 2009

This standard requires an entity to report financial and descriptive information about its reportable segments or aggregation of operating segments that meet specified criteria.

The standard will have no effect on the annual financial statements.

IFRIC 15 – Agreements for the Construction of Real Estate – Effective for annual periods beginning on or after 1 January 2009

The interpretation addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. Agreements within the scope of IFRIC 15 are described as “agreements for the construction of real estate”, and may include the delivery of other goods or services. IFRIC 15 addresses two (related) issues being determined whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised.

The standard will have no effect on the annual financial statements.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation – Effective for annual periods beginning on or after 1 October 2008

The interpretation provides guidance on net investment hedging, including: which foreign currency risks qualify for hedge accounting, and what amount can be designated; where within the group the hedging instrument can be held; and what amount should be reclassified to profit or loss when the hedged foreign operation is disposed of.

The standard will have no effect on the annual financial statements.

24.2 Amendments to existing standards issued, but not yet effective comprises:

IFRS 1 – First-time Adoption of International Financial Reporting Standards

This amendment deals with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The standard will have no effect on the annual financial statements.

IFRS 2 – Share Based Payment

This amendment deals with vesting conditions and cancellations. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IFRS 3 – Business Combinations

This amendment deals with the accounting for business combinations. This amendment to the standard is effective from annual periods beginning on or after 1 July 2009.

The amendment will have no effect on the annual financial statements.



IFRS 5 – Non-current Assets held for Sale and Discontinued Operations

This amendment deals with plans to sell the controlling interest in a subsidiary. This amendment to the standard is effective for annual periods beginning on or after 1 July 2009.

The amendment will have no effect on the annual financial statements.

IFRS 7 – Financial Instruments : Disclosures

This amendment deals with presentation of finance costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 1 – Presentation of Financial Statements

This amendment deals with amendments to structure of Financial Statements and current/non-current classification of derivatives. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

This amendment deals with the status of implementation guidance. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 10 – Events after the Reporting Period

This amendment deals with dividends declared after the end of the reporting period. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 16 – Property, Plant and Equipment

This amendment deals with recoverable amount and sale of assets held for rental. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 18 – Revenue

This amendment deals with costs of originating a loan. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 19 - Employee Benefits

This amendment deals with curtailments and negative past service cost, plan administration costs, replacement of term “fall due” and guidance on contingent liabilities. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The amendment will have no effect on the annual financial statements.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance

This amendment deals with government loans with a below-market rate of interest and consistency of terminology with other IFRS's. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 23 – Borrowing Costs

This amendment only allows the capitalisation model and components of borrowing costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 27 – Consolidated and Separate Financial Statements

This amendment deals with the measurement of the cost of investments when adopting IFRS for the first time, consequential amendments from changes to Business Combinations and measurement of a subsidiary held for sale in the separate financial statements. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 28 – Investments in Associates

This amendment deals with consequential amendments from changes to Business Combinations, required disclosures when investments in associates are accounted for at fair value through profit or loss and impairment of investment in associate. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies

This amendment deals with description of measurement basis in financial statements and consistency of terminology with other IFRS's. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 31 – Interest in Joint Ventures

This amendment deals with consequential amendments from changes to Business Combinations and required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.



IAS 32 – Financial Instruments : Presentation

This amendment deals with certain financial instruments that will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 34 – Interim Financial Reporting

This amendment deals with earnings per share disclosures in interim financial reports. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 36 – Impairment of Assets

This amendment deals with disclosure of estimates used to determine the recoverable amount. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 38 – Intangible Assets

This amendment deals with advertising activities, promotional activities and unit of production method of amortisation. This amendment to the standard is effective an annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 39 – Financial Instruments : Recognition and Measurement

This amendment deals with reclassification of derivatives into or out of the classification of at fair value through profit or loss, designating and documenting hedges at the segment level and applicable effective interest rate on cessation of fair value hedge accounting. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

Management does not expect the amendment to have a significant effect on the annual financial statements.

IAS 40 – Investment Property

This amendment deals with property under construction or development for future use as investment property, consistency of terminology with IAS 8 and investment property held under lease. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

IAS 41 – Agriculture

This amendment deals with discount rate for fair value calculations, additional biological transformation, examples of agricultural produce and products and point-of-sale costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009.

The amendment will have no effect on the annual financial statements.

General information

REGISTERED NAME:

Amathole Economic Development Agency (Proprietary) Limited

REGISTRATION NUMBER:

2005 / 030812 / 07

AUDITORS:

Office of the Auditor – General, Eastern Cape

BANKERS:

MEEG Bank Limited – East London

ABSA Bank Limited – East London

PHYSICAL ADDRESS:

10 Bell Road, Vincent, East London

POSTAL ADDRESS:

PO Box 500, East London

LEGISLATION:

The Agency is governed by and complies with the Municipal Finance Management Act 56 of 2003 as well as the Companies Act of 1973, as amended.

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Communications & Marketing				
Promotion of Aspire Corporate image and identity	Website redesigned to incorporate new branding & functioning correctly	Website includes logo and brand values		Aug 08
		Supplier database online and functioning correctly	Included in website expense	Sep 08
		Members' area operating with documents loaded	Included in website expense	Oct 08
		Tender advertisements loaded on time	n/a	Full year
	Edit, design & printing or posting on the website — of approved documents	Appointment of the service provider		Sep 08
		Printing of Aspire Strategy 2007-2014		Oct 08
		Small Towns Conference report 2007 on the website	n/a	Oct 08
		Small Towns conference report 2008 on the website	n/a	Oct 08
		Editing of AREDS – Khul'Amathole 2027	Budget from ADM	Dec 08
		Aspire brochures		Oct 08
	Shared (G or Z) drive organised with content loaded and internal intranet working	Shared drive utilised as internal communication tool	n/a	Full year
		Intranet working	n/a	Full year
	Annual report submitted on time	Service provider appointed	R190,000	Sep 08
		Report content compiled		Nov 08
Report approved by AG's office			Dec 08	
Printed of final copy delivered on time			Dec 08	
Corporate communication plan developed	Corporate communication plan available	n/a	Dec 08	
Develop and manage procurement document templates	Procurement templates available and current	n/a	Full Year	
Manage and promote small town renewal conference	Project plan available 2 months in advance	Project plan complete and all staff aware of plan	n/a	Jul 08
	Advertising & stakeholder awareness promoted	Advertising to stakeholders	n/a	Aug 08
		Invitations completed	n/a	Aug 08
		Promotional items sourced	n/a	Aug-Sep 08
	Event takes place successfully	Successful event	R139,196 + external funds	Sep 08

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Done	Website online and appropriately branded	Aug 08		100%		
Done	Functioning with over 105 suppliers. Supplier networking sessions have been held to demonstrate the online registration process	Sep 08	Included in website expense	100%		
Done	Members' areas is operational	Nov 08	Included in website expense	100%		
Done	Functioning with advertisements loaded on time and tracking of adverts on line	Ongoing	In-house cost	100%		
Done	Service providers available	Nov 08		100%		
Done	Strategy report completed. Decision taken to only print as required	Ongoing		100%		
Conference report available. Not uploaded to website.	Conference report available	Ongoing		90%	Communications strategy changed and a decision was taken not to upload this report to website	
Conference report available. Not uploaded to website	Report available	Ongoing		90%	Communications strategy changed and a decision was taken not to upload this report to website	
Text editing completed. Graphics need to be re-worked for high resolution in order to print	Editing process started	Mar 09		60%	Ownership of AREDS reverted to ADM and therefore printing and editing now lies with ADM	
Done	Printed and distributed	Nov 08		100%		
Done	Shared drive in place and being used by all staff	Aug 08		100%		
Done	Effective; but using website member's area as intranet. Due to small size of Aspire decided not to implement a full intranet solution			100%		
Done	Service provider appointed	Sep 08		100%		
Done	Report compiled	Oct 08	R185,292	100%		
Done	Report approved	Dec 08		100%		
Done	Delivered to Board and ADM	Dec 08		100%		
Done	Plan available	Sep 08		100%		
Done	Procurement templates up to date and complete	Ongoing		100%		
	Changes are made as and when required					
Done	Project plan completed and available on shared drive	Jul 08		100%		
Funding sourced from ADM, IDC and ECDC to cover cost of the conference	Stakeholders notified personally and via email	Aug 08		100%		
Branded email and faxed invites designed and sent	Invites sent on time	Aug-Sep 08		100%		
Done	Banner and literature sourced for all funders. Branded conference items – bags and stress balls and gifts for speakers sourced	Aug-Sep 08		100%		
Cost of conference covered from external sources	Event takes place in Sept 2008	Sep 08		100%		

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Provide marketing assistance to corridor managers	Assist corridor managers in communications in their corridors & projects	Service provider appointed	Corridor budget	Sep 08
		Communication plan for N6 corridor	Corridor budget	Nov 08 Full year
		Communication strategy for N2 corridor	Corridor budget	Nov 08 Full year
		Assist in managing N2 strategy summit event	Corridor budget	Dec 08
		Assist in managing R72 summit event	Corridor budget	Oct 08
		Develop media releases as required		Six monthly
		Develop corridor newsletters as required	Corridor budget	Six monthly
		Assist with marketing strategy for Tyelela Meander N6	Corridor budget	Jul 08 and ongoing
		Promotional tools sourced as required	R60,000	Full year

N2 Corridor				
Butterworth factory utilisation & small town regeneration To facilitate small-town regeneration of Butterworth through high-impact investment & development of the comparative advantages of Butterworth, with a resultant utilisation of empty factory space	Butterworth regeneration influenced to include the interventions required to promote economic use of empty factory space	Butterworth Regeneration Strategy available and accepted by Council	Ex fund R250,000 (ADM)	Dec 08
		NDPG allocations & milestones submitted in accordance with NDPG guidelines		Jun 09
		Minimum of 3 nodes for development identified & buy-in obtained from relevant stakeholders		Jun 09
		Private sector involved and informed		Dec 08
	Consolidate partnerships with ECDC, Mnquma, Hluma and DBSA	Agreements with partners on reservation (for defined period) of targeted factory space for NDPG identified uses	Aspire in-house	Dec 08
		Partnership agreement with WSU, FET, DORT, ECDC and other relevant stakeholders on Gcuwa regeneration activities		Dec 08
	Planning, design and development of two nodes in Butterworth – NDPG funding	Socio-economic and market research		Dec 08
		Survey of consumer needs for Umsobomvu planning		Dec 08
		Survey of pedestrianisation preferences and acceptance		Dec 08
		Upgraded retail development in Umsobomvu.		Jun 09
Investment interests and options established for Gcuwa regeneration				
Spatial planning and land uses are available and inform factory utilisation planning	Spatial plan, 2 node layout plan and services status reports		Jun 09	

Functional area: Service delivery report

PERFORMANCE

ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION
Done	Service providers available	Nov 08		100%	
Done	Plan drafted in conjunction with N6 corridor manager. Communication materials available	Dec 08		100%	
Not done	n/a	n/a		0%	Plan not undertaken as awaiting outcome of final N2 strategy process
Done	TOR for event manager developed Invites sent out Event held in Nov 08	Nov 08		100%	
n/a	n/a	n/a		0%	Event was not required
Done	Media releases released as required	n/a		100%	
n/a	No newsletters have been undertaken in any other corridors	n/a		0%	No newsletters were required
Done	Meetings with Meander to define marketing strategy and logo design Ongoing advice	Ongoing Jul-Aug 08		100%	
Done	Stress balls, frisbees, calendars and Aspire branded jackets obtained	Full year		100%	
2 out of 3 workshops have taken place. Mnquma SDF and SEA meetings held	Butterworth strategy included in N2 strategy	Feb 09		80%	Strategy complete, but not submitted to Council
Done	Milestones and allocations submitted to National Treasury NDPG unit	Oct 08		100%	
Done	Minutes of meetings and workshops, including letters of support from stakeholders	Jun 09		100%	
Done	Stakeholder workshops and meetings held and reports available	Ongoing		100%	
Ongoing interactions with ECDC, WSU, DBSA and Mnquma	Minutes of meetings	Ongoing		50%	Process is dependent on strategy outcomes. Partnerships are affected by political changes in local municipality
Input to agreement obtained. Areas of collaboration discussed	PSC terms of reference identifies areas of collaboration	Ongoing		30%	Areas of collaboration identified and discussed, but no formal partnership agreement was obtained
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09
Not done	n/a	n/a		0%	
Not done	n/a	n/a		0%	
Not done	n/a	n/a		0%	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
	Uses identified for 15% of empty factory space	Informal covered market and craft incubator feasibility undertaken		Jun 09
		Development elements identified and sized		Jun 09
	Matching of opportunities with users	Preliminary identification of development partners for nodes		Jun 09
	Adaptation of factory space	Define user requirements, planning of space, design for alterations		Jun 09
	Necessary legislative issues are resolved (land and government processes)	Feasibility plan plus land and factory use agreements		Jun 09
		Applications submitted for legislative compliance (EIAs, etc)	NDPG funding R500,000	Jun 09
	Identification of uses for additional factories:	Dependant on external funding — refer to N2 corridor processes	See N2 budget	Jun 09
	Partnership development, stakeholder mobilization/management	N2 forum and Butterworth Regeneration forum meet effectively	R30,000	Dec 08
				Jun 09
	BURP projects	Tender award for minor works		Dec 08
		Appointment of project manager to support NDPG and BURP		Dec 08
Marshstrand Lifestyle Estate	Research into status and markets	Tourism and lifestyle markets investigation	Aspire	Dec 08
This project aims to develop, market and manage the implementation of a lifestyle estate concept at Marshstrand			R550,000	
		Spatial plan and assessment		Jun 09
	Unblocking investment constraints.	Agreement on land availability	Requires external funding	Jun 09
	Resolve land and spatial issues			
	Identify community land needs	Community resettlement planned under ADM Land and Housing budget		-

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Not done	n/a	n/a		0%	Not completed due to a change of concept and staff member resignation. Currently engaged with status quo assessment for all nodes with a planned completion date of Nov 09	
Technical task team meeting held – all LM strategic projects now report back to the same meeting.	Progress reports on file	Ongoing		100%		
N2 Forum meetings held						
Done	Contract signed with service provider. Work 80% complete	Jun 09		100%		
Not done	Tender process failed due to disagreements on budget limits with service providers	n/a		0%	Tender prices exceeded budget	
Not done	n/a	n/a		0%	Less land was available than initially planned for the project and there was also potential for land claims. This resulted in the project not being feasible	
Not done as project deemed not feasible	Report on land availability in Marshstrand	n/a		0%		
Not done as project deemed not feasible	n/a	n/a		0%		
Not done as project deemed not feasible	n/a	n/a		0%		

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
	Undertake part of pre-feasibility (dependant on approval from Council to incorporate public land holdings)	Investigate services provision, markets, development model	External funds	Jun 09
		Socio-economic survey of squatter community and livelihoods	Co-funding required for full feasibility study inputs	Jun 09
		Locality strategy development		Jun 09
		Feasibility study on concept with costing. EOI or identify investment package to develop properties		Jun 09
	Packaging project, planning, capacity and institution building	Project concept. Application submitted		Jun 09
	Stakeholder mobilization	Meet with local stakeholders to identify issues and vision		Jun 09
	Explore the use of clean technologies in servicing the estate.	To be undertaken under Dwesa project		Jun 09
	Gain understanding of broadband facilities provision	To be undertaken under Butterworth project		Jun 09
	Concept for development	Concept paper	In-house	Jun 09
	Dwesa-Cwebe	Infrastructure assessment	Report	EU funding, DBSA funding R750,000
Facilitate holistic and inclusive economic development within the area based on tourism development in the nature reserve	Costing for infrastructure requirements (IDPs, DBSA, etc.)	Submit applications for MIG, DORT, DPW funding for bulk infrastructure		Jun 09
	Community facilitation plan finalised (with Ruliv and universities)	Process documentation, minutes		Jun 09
	Sourced funding for infrastructure requirements (IDPs, DBSA, etc.)	Submit applications for MIG, DORT, DPW funding for bulk infrastructure		Jun 09
		Community trust, Ruliv, Eastern Cape	Requires external funding	Jun 09
		External funding: Design and commencement of implementation of infrastructure		
	Sourced funding review of community economic development plan	Application		Jun 09
	Planning of economic development projects	Planning report: economic development projects	Requires external funding	Jun 09

Functional area: Service delivery report

PERFORMANCE

ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION
Not done as project deemed not feasible	n/a	n/a		0%	Less land was available than initially planned for the project and there was also potential for land claims. This resulted in the project not being feasible
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Site identified; agricultural opportunities identified and reports on file	DORT approval for road planning delayed and ECPB strategy withdrawn	Mar 09		100%	
Cost estimates for business plans	Report submitted to EU				
Done. Included in the above report	Bill of quantities prepared and submitted for funding Project under consideration due to resource constraints	Mar 09		100%	
Interaction with Ruliv over expanded role in facilitating development and institution building for Dwesa-Cwebe	Matter under consideration	Jun 09		10%	Post the completion of the infrastructure report, Public Works and DORT resolved to upgrade the eastern access road as well as the Haven infrastructure, thereby making the Dwesa project no longer feasible
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	
Not done as project deemed not feasible	n/a	n/a		0%	

PLANNED PROJECTS					
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE	
Objective of this project is to develop a strategy and stakeholder driving group for development of four sectors as catalytic interventions	LED Summit for Corridor	Partnership development, stakeholder mobilisation & management	N2 Forum meeting – report available	Dec 08	
		N2 strategy events held		Dec 08	
		Summit held	Requires R650,000 external funding + internal funding. Additional funding for post-summit activities	Mar 09	
		Strategy agreed by LMs, DM		Mar 09	
		Key interventions identified and stakeholder agreements in support of in place		Jun 09	
		Institutional plan and capacity building strategy report in place		Jun 09	
		Fund mobilisation / commitment for spatial planning of corridor		Jun 09	
		Apply for funds to contract service providers to advise on permits and constraints, do pre-feasibility on services and technology innovation		Jun 09	
		Black granite mining	Application for funding to establish potential sites		Dec 08
		Support mobilised for Cebe community & increased economic activity	Application to SURUDEC		Dec 08
Compile local spatial development framework			Jun 09		
Business plans developed for a minimum of 4 projects			Jun 09		
Agricultural value chain development	Funding applications prepared		Jun 09		
Planning and design of nodes — Gcuwa, Dwesa-Cwebe, Cebe and Marshstrand	Role clarification and partnership agreements: 3 nodes		Jun 09		
	Funding applications submitted		Jun 09		
Infrastructure needs of corridor identified and costed	Funding application submitted		Jun 09		
Spatial plan for Wild Coast	Funding application submitted		Jun 09		
	Apply for funds to identify community based economic development approach & business development plans nodal / value chain projects		Jun 09		
Communicate effectively with N2 stakeholders	Communication strategy available for N2		Nov 08		
Dutywa Regeneration	Planning, design and development of interventions	Market research information – document available		Dec 08	
	Dutywa & Govan Mbeki Regeneration influenced to include the interventions required	NDPG allocations & milestones submitted in accordance with NDPG guidelines		Jun 09	
		Preliminary corridor strategy compiled		Jun 09	
		Relevant workshops held with stakeholders		Jun 09	

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Done	Minutes of meetings and workshops	Aug 08		100%		
Done	Minutes on hand. Pictures and presentations made at strategy events	Nov 08		100%		
Not done	Support mobilised for summit, but not enough funding obtained	Mar 09		0%	The summit event was not held due to a lack of funding and also a lack of availability of key role players due to the elections	
Strategy workshops held and draft strategy complete	Strategy document available, but not submitted to LMs and DM	n/a		60%	Summit event not held and therefore strategy not submitted	
Strategy process and outcomes delayed	Key interventions are identified, but stakeholder agreement not yet obtained	n/a		0%	Due to resignation of staff member as well as a realignment of the funder's process and requirements in March 2009, a new process was started. This requires that a detailed status quo and infrastructure assessment take place prior to identification of potential interventions. This process will be completed in the 2010 financial year	
Strategy process and outcomes delayed	n/a	n/a		0%		
Strategy process and outcomes delayed	n/a	n/a		0%		
Strategy process and outcomes delayed	n/a	n/a		0%		
Meetings with Geoscience. Application not submitted	Initial investigations made into black granite, but lack of funding for project			20%	Lack of staffing and funding within Aspire for project	
Tourism concept prepared Agricultural development concept prepared	Application submitted. Delay in launch of SURUDEC led to delays in application from Dec 08 to Mar 09	Mar 09		100%		
Done	Spatial framework completed & submitted to Council	Jun 09		100%		
Done	Business plans compiled	Jun 09		100%		
Not done	n/a	n/a		0%	Lack of staffing and funding within Aspire for project	
Not done	n/a	n/a		0%	Lack of staffing within Aspire	
Not done	n/a	n/a		0%	Lack of staffing within Aspire	
Not done	n/a	n/a		0%	Lack of staffing within Aspire	
Not done	n/a	n/a		0%	Lack of staffing and funding within Aspire for project	
Not done	n/a	n/a		0%	Lack of staffing and funding within Aspire for project	
Done	Mobilisation plans completed	Nov 08		100%		
	Stakeholders informed via N2 forum process					
Done	Market research completed and incorporated into NDPG requirements	Jan 09		100%		
Done	Submitted to National Treasury NDPG unit for final approval	Jul 08		100%		
Linked to broad N2 corridor strategy	Draft N2 strategy available	Feb 09		100%		
Done	Minutes of workshops and letters of support on hand	Jan 09		100%		

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
N6 Corridor				
Woodhouse project	MOU signed with ECDC for funding of the business and operational plan	Signed MOU with ECDC		Apr 09
The establishment of an industrial park that consists of technical & entrepreneurial training centre for the timber industry	Lobby pilot training initiative in partnership with local businesses and training institution	Partnership agreement for the pilot training initiative – document available		Oct 08
	Establish project steering committee	Minutes of the PSC		Oct 08
	Mobilise funding for Woodhouse pilot training	Funding proposal submitted to Department of Labour and other funders		Nov 08
	Identify trainees and start pilot training	List of possible/interested trainees and pre-assessment of trainees		Dec 08
	Gain access to timber supply via stakeholder collaboration with DWAF and Amahlathi LM	Minutes of meetings		Full year
		Letters of support/MOU		Jun 09
	Lobby funding for implementation of woodhouse project	Signed MoU with co-funder		Apr 09
	MoU with DWAF and Amahlathi LM about woodhouse site	Minutes of the meeting		Jun 09
		Letters of support		
	Form partnership with local businesses for the cluster and training requirements	Partnership agreement(s) for Woodhouse project signed		Jun 09
	Conduct skills needs assessment with DOL, training institutions and businesses	Report on skills audit		May 09
	Develop business and operational plan for Woodhouse	TOR for business and operational plan		Jun 09
	Procure EIA and site development plan	TOR for EIA and site development plan and appointment of service provider		Jun 09
	Finalise EIA and site development plan	EIA report & site development plan		Jun 09
Keiskammahoek renewal	Identify possible funders for the implementation of the Keiskammahoek renewal concept	Funding partner identified for Keiskammahoek renewal concept		Dec 08
The purpose of the project is to revitalise the economy of Keiskammahoek through agro-processing and tourism	Conduct feasibility study for fresh produce market	Terms of reference for feasibility study		Jun 09
	Develop concept and business plan for dairy processing	Terms of reference		Jun 09

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Not done	No MOU	n/a		0%	ECDC not interested in funding this project	
Done	Partnership agreement available with IETI, Babana Technologies, Amahlathi LM & Yonder Lea Timber	Jun 09		100%		
Done	Minutes on hand. Initially the PSC could not be established due to unavailability of ALM, but PSC now established	Feb 09		100%		
Done	Submitted to Department of Social Development	Apr 09		100%		
Not done	No trainees identified	n/a		0%	Delayed due to decision to finalise business plan prior to mobilising trainees	
Done	Minutes of meetings on file. Timber access gained from private sector, as DWAF did not grant access to indigenous wood stocks and it suggested purchasing wood at auctions	Ongoing		100%		
Done	Access from private sector stakeholder and letter of support from national DWAF minister	Jan 09		100%		
Not done	No letter signed	n/a		0%	Delayed due to decision to finalise business plan	
Not done	No longer applicable	n/a		0%	No longer applicable as business plan is to lease premises not construct a site	
Meetings with interested public and private sector stakeholders. Expression of interest launched	Yonder Lea Timber signed as partner, but needs other stakeholders.	Jun 09		50%	Responses to Expression of Interest not adequate	
Not done	Concept changed	n/a		0%	Change in concept	
Done	Consultants contracted	May 09		100%		
Site identified	n/a	n/a		0%	No EIA required as an existing site will be rented for first 2-5 years of operations	
Not done	n/a	n/a		0%		
Minutes of meetings with potential funders	Funding from EU has been approved	Apr 09		100%		
Submitted application to the EU LED fund						
Done	TOR document on file	Jun 09		100%		
Not done directly by Aspire	n/a	n/a		0%	Not required as private sector studies have already been completed	

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Stutterheim Renewal Objective of the project is to regenerate the economy of Stutterheim and its surrounds	Establish a PSC for the Stutterheim renewal project	TOR for the PSC – document available		Aug 08
		Meetings of the PSC – minutes available		Dec 08
	Complete economic feasibility study for petropark (including tourism centre)	Report on economic feasibility study		Nov 08
	Identify private investor for petropark	TOR for call for business proposal		Oct 08
		Agreement with private sector		Jan 09
	Assist Amahlathi with terms of reference to develop business and operational plan for the tourism information centre	Terms of reference for business and operational plan for tourism centre		Dec 08
	Complete EIA of the petropark (including tourism information centre)	EIA approval for petropark		Dec 08
	Lobby funding for architectural design of the petropark	Funding agreements for petropark architectural design		Apr 09
	Procure architectural design of the tourism information centre	Architectural design of the tourism information centre		Jun 09
	Finalise plans for Mlungisi access road, bridge and commercial community park	Feasibility and survey reports available		Jun 09
	Integration and spatial plan of Mlungisi	Stutterheim regeneration strategy		Mar 09
		Integration and spatial plan of Mlungisi		Mar 09
	Conduct EIA of the commercial community park, bridge and access road	EIA report completed		Jun 09
N6 Corridor development Berry corridor & associated spin-off businesses; Amabele & Ndakana development	Make submission to Cabinet Committee	Submission to Cabcomm		Dec 08
	Finalise funding agreements with DBSA, ECDC and ALM	Signed MoU with DBSA, ECDC, ALM		Jun 09
	Develop spatial development plan of Amabele	Amabele Spatial Development Plan complete		Mar 09
	Increased economic activity in the sector	Outgrowers model/plan developed & accepted by all stakeholders		Jun 09
		Buy-in obtained from provincial departments		Jun 09
		Funding application for outgrowers submitted		Jun 09
	Develop business and operational plan of Amabele concept & related business concepts	Business and operational plan available		Jun 09
	Conduct EIA for proposed developments	TOR for EIA on proposed developments		Jun 09

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Done	TOR reference on hand	Sep 08		100%		
Done	Minutes of meetings available in file	Ongoing		100%		
Done	Draft economic feasibility and economic impact assessment report on file	Oct 08		100%		
Not done	On hold	n/a		0%	Project could not be finalised as it has to be registered with the National Treasury PPP unit as a municipal PPP. EIA issues with SANRAL in identified site	
Not done	On hold			0%		
In progress	Minutes of meetings available	Ongoing		40%	GTZ is assisting with TOR for development of a tourism agency	
Not done – being extended to 2010	Consultants contracted to conduct EIA. EIA submission complete and awaiting DEDEA's approval	In progress		90%	Awaiting DEDEA for approval	
Not done	n/a	n/a		0%	Awaiting EIA approval (see above)	
Not done	n/a	n/a		0%		
Done for the road and bridge. Work started on community commercial park	Feasibility and survey reports on file for road and bridge	Jun 09		70%	Preliminary work completed on road and bridge; commercial community park work in progress.	
Done	Document on file and awaiting public comments	Jun 09		90%	Awaiting public comment process for finalisation	
Draft basic assessment report complete & public participation process complete for road and bridge	Draft basic assessment report out for public comments for road and bridge. Community park does not require an EIA	Jun 09		90%	Awaiting public comment time frame for completion	
Done	Submitted to EC cabinet initially in September 2008, but not on agenda Documentation on file	Sep 08		90%	Some delays due to the April 2009 election period	
Done	Funding agreements on file	Sep 08		100%		
Final draft out for public comment	Draft documents on file with comments from relevant stakeholders including DWAF	Jun 09		90%	About 4 months behind schedule of target dates due to public comment process	
Done	Draft outgrowers model available. To be finalised based on confirmation of land ownership	Ongoing		80%	Full acceptance being negotiated	
DORT committed to upgrade access road to Thornhill Farm & railway siding; DWAF committed to undertake resource management plan	Meetings are minuted and documentation is on file	Dec 08		100%		
Funding model developed and submitted to DBSA	Document available	Dec 08		100%		
Draft TOR for Ndakana business plan available	Document available	May 09		25%	Funding not yet obtained for completion	
Site for processing plant at Amabele identified	No TOR completed, as this is now to be undertaken by Amathole Berries	Jun 09		0%	EIA no longer to be done by Aspire, but undertaken by Amathole Berries	

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Tourism Strategy Implementation	Finalise tourism strategy and implementation plan	Final tourism strategy including implementation plan		Sep 08
	Provide assistance for appropriate institutional arrangements for tourism implementation	MOU between ATA and ALM		Dec 08
	Undertake Amahlathi Tourism Summit	Minutes of PSCs for the implementation of the tourism strategy		Full year
		Tourism summit takes place successfully		Nov 08
	Participate in Amahlathi wetlands rehabilitation forum	Minutes of meetings		Full year
Cathcart Renewal	Develop a Cathcart renewal concept	Cathcart renewal concept available		Dec 08
	Prepare funding applications for the Cathcart renewal concept	Funding applications for Cathcart renewal concept completed and submitted to potential funders		Dec 08
R72 Corridor				
Hamburg Re-development Initiative The objective of this programme is to develop a framework that will define and inform the development of Hamburg as a tourism destination.	Set up a project steering meeting (PSC)	PSC meeting – minutes available		Sep 08
	Launch a tender for the Hamburg Regeneration Strategy (incorporating the surrounding coastal nodes)	ToR for the regeneration strategy		Sep 08
	Development of a spatial development plan framework	Design of sewerage treatment plant	R350,000	Feb 09
		EIA approved		Apr 09
	Bulk services report	Infrastructure plan available	R90,000	Feb 09
	Outline of institutional arrangements eg PSC	Local project steering committee formed	R50,000	Jun 09
	Skills development strategy framework	Skills plan report		May 09
	Mobilisation of funding	Funding secured		Jun 09
	Finalisation of bankable business plan	Business plan complete		Jun 09

Functional area: Service delivery report

PERFORMANCE					
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION
Strategy approved by Amahlathi LM; implementation plan circulated for comment	Document available in file	Aug 08		100%	
Delays due to political changes in local municipality. GTZ then contracted April 2009	GTZ contracted to provide support and to fund the process to develop institutional arrangements and to fine tune draft concept	Ongoing		40%	GTZ is assisting with TOR for development of a tourism agency
Not done	No PSC was formed to undertake the tourism strategy	n/a		0%	Was not intended to form PSC
No longer intended to hold a tourism summit as it is seen to be more appropriate to set up institutional arrangements	A concept draft is included in the minutes on file	n/a		0%	Delays due to the non-availability of the LM during Sept 08 and conceptual change
Done	Forum meetings have been held monthly Minutes are on file	Full year		100%	
Done	Document developed and submitted to LM	Oct 08		100%	
Workshops held with LM to map the way forward; priority projects identified; investigation underway for bottled water plant	Bottling of water found to be not feasible; therefore no funding applications completed			10%	No feasible projects currently identified
Done	Minutes of PSC meeting on file	Dec 08		100%	
Done	TOR on file Consultants appointed	Sep 08		100%	
Done	Documents on file	May 09		100%	
Assessment of EIA needs complete. Awaiting decision of appropriate form of sewerage treatment	Report available	May 09		100%	
Infrastructure report incorporated into status quo report for Hamburg	Report available	Jun 09		100%	
PSC formed	Minutes available	Jun 09		100%	
Not done	Awaiting outcome of synthesis of skills needs	Jun 09		10%	Assessment needs parameters defined
Application submitted to DBSA. Funding assessment identified gaps which are being filled by NDPG funding of studies.	Funding for studies obtained.	Jan 09		50%	Awaiting outcome of studies to apply for further funds
Not done	TOR has been written and consultants appointed to complete business plan	n/a		20%	Consultants appointed for business planning. Likely completion date of Mar 2010

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Hamburg Artists' Residency The objective of the Artists' residency is to attract artists to Hamburg, as such developing a programme that will attract both artists and tourists into the area to create opportunities to grow the economy	Set up a PSC	PSC meeting – minutes available		Oct 08
	Mobilising local buy in	Meeting the provincial arts fraternity – report available		Oct 08
	Compile and finalise business plan	Business plan available – phased to include the economic feasibility (or market info) for the anchor project		Dec 08 Sep 08
	Reviewing the budget & deliverables for the DEAT funding	Revised budget & deliverables submitted to DEAT & CFO		Sep 08
	Mobilising funding from Dept of Arts & Culture	Funding proposal submitted to DAC		Dec 08
	Training programme in place for construction	Proposal and funding gained for implementation	R50,000	Feb 09
	Training for arts administration and management	Proposal and funding gained for implementation	R50,000	Feb 09
	Procurement process for developers	Tender finalised	R100,000	Apr 09
	Expanded Nodal Development Initiative	Procurement for spatial development initiative	Tender finalised	R1,8 million
R72 Corridor Plan	Facilitate a successful R72 Strategy Summit	Summit held — report available	R100,000	Nov 08
	Final draft of plan available	Council approved strategy		Jan 09
R63 Corridor				
Alice Regeneration Concept Formulate a regeneration concept for Alice Town. The objective for this project is to integrate existing township settlements with the main town with the view to create equitable economic/employment opportunities. Creating of positive linkages to the heritage institutions (UFH & Lovedale). Regeneration of CBD to create a conducive environment to attract investment	Facilitate interventions required to revitalise the local economy	ToR for the Alice Regeneration Strategy — to include socio-economic profile and market research		Jun 09
	Consultation process with stakeholders to achieve buy-in	Minutes of meetings with stakeholders eg. UFH, community, local municipality		Consultation ongoing full year
	Undertake technical assistance studies to inform a regeneration strategy	Research studies available		Feb 09
	Develop concept document for Alice regeneration	Guidelines for the development of Alice renewal plan		Sep 08
		Concept document available		Sep 08
	Identification of quick wins in Alice renewal concept	Report available		Oct 08
		Plan available to pilot 1 quick win initiative		Mar 09
	NDPG technical assistance funding	Studies to inform regeneration strategy		Feb 09
		Audit of properties		Feb 09
		Development of Alice regeneration strategy & implementation plan		Apr 09
		Council adoption of regeneration strategy		Jun 09
Start framework plan and precincts design			Mar 09	

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Done	Minutes available on file. Letters of support from WSU and artist groupings	Jun 09		100%		
Done	Minutes of meetings and letters of support on file; WSU, Rhodes and UFH been part of discussions	May 09		100%		
Done	Business plan on file. Awaiting funding approval from national DEAT	May 09		100%		
Done	Details on file	May 09		100%		
Done	Funding proposal prepared and submitted to DAC	Nov 08		100%		
Training programme proposed to DEAT	Funding gained for training, subject to DEAT training requirements	May 09		100%		
n/a	n/a	n/a		0%	Due to staff member resignation, project hasn't yet reached this stage	
n/a	n/a	n/a		0%		
Service provider appointed	Work in progress	Apr 09		100%		
Initial meetings held with NLM; workshop minutes are on file	n/a	n/a		0%	Summit event cancelled by LM	
Initial meetings held with NLM; workshop minutes are on file	n/a	n/a		0%	Summit event cancelled by LM	
Done. It was however resolved to close the tender process and commence with a targeted procurement system in conjunction with the NDPG	TOR on file	Mar 09		100%		
Done	Minutes available	Ongoing consultations		100%		
Partially done	Staff changes resulted in project slowing down. Consultants appointed to complete the studies	May 09		80%	Palmer Development Group appointed to undertake detailed feasibility studies	
Draft report available	Draft report submitted to stakeholders	Jun 09		70%	Awaiting feedback from all stakeholders	
Draft report available	Draft report submitted to stakeholders	Jun 09		70%	Awaiting feedback from all stakeholders	
n/a	n/a	n/a		0%	Incorporated into development concept report	
n/a	n/a	n/a		0%		
Done	Planning surveys completed	n/a		70%	Study complete, but awaiting stakeholder feedback process	
Audit is being undertaken by Public Works with Aspire participation	Still in progress	n/a		60%	Awaiting completion of Public Works audit	
Consultant appointed to undertake regeneration strategy	Data gathering and status quo complete	n/a		60%	Entering strategy phase at year end	
Not done	Project has not yet reached this stage	n/a		0%	Staff changes resulted in project slowing down	
Not done	Project has not yet reached this stage	n/a		0%		

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Bedford Regeneration Concept	Develop concept to submit for NDPG funding	Submit to NDPG		Dec 08
The objective for this project is to integrate existing township settlements with the main town with the view to create equitable economic/employment opportunities	Contact local business and community members to identify projects to facilitate economic regeneration	2-3 potential projects identified		Jun 09
	Stakeholder interaction	Minutes of 3-4 meetings		Jul 08-Jun 09
Essential oils	Compile and finalise business plans for producer (Essential Amathole Farm) as well as the operating structure of producer(s)	First crops harvested for products that produce more than 1 crop a year and submitted for testing		Mar 09
The objective of the project is to establish a high-value crop which can be processed within the corridor		Farming operation business plan		First draft = Dec 08
				Acceptance of Business plan = May 09
		Legal framework document accepted by role players		First draft = May 09
				Acceptance of legal frame-work = Jun 09
	Community beneficiation in: (1) outgrowers and commercial farms and (2) in structure of agro-processing unit	First draft of outgrowers model document finalised		Jun 09
		Final outgrowers model document accepted by EC Essential Oil Producers Forum		Jun 09
		3 new essential oil producers commenced with trials (in Eastern Cape area)		Jun 09
	Agro-processing report makes provision for community beneficiation		Mar 09	

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Done	Concept document submitted to NDPG; copy on file	Sep 08		100%		
Done	Projects identified in concept document	Sep 08		100%		
Done	Minutes of meetings and feedback incorporated into concept document	Sep 08		100%		
Done	Business plans on hand 3 crops tested Rose geranium, lemon balm and lavender	Mar 09		100%		
Done	Draft operational business plan on file	Mar 09		100%		
Done	Acceptance by PSC of business plan	Jun 09		100%		
High-level draft included in business plan	Still in progress	n/a		25%	Delay in procurement of business plan consultant resulted in structure not completed by year end. Should be finalised Sep 09	
		n/a		0%		
Done	Outgrowers document on file	Mar 09		100%		
Five nodes established for assistance in essential oil production	n/a	n/a		0%	This activity was dependent on the establishment of a value-add production facility (refer to research component). This did not occur as the business plan was negative	
None to date Eastern Cape mobilisation process; interested growers from Tsolo and Joubertina appear keen	Still in progress	n/a		40%	Interested parties were not able to commence with trials during the planting season, therefore can only start post Oct 09	
n/a	n/a	n/a		0%	This activity was dependent on the establishment of a value-add production facility (refer to research component). This did not occur as the business plan was negative	

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
	Research completed on the possibility to use tourism as an added sector/activity at the agro-processing unit	1st draft of EU-funded report finalised (including research on tourism)		Dec 08
		Final report accepted by EC Essential Oil producers forum		Jun 09
	Performed study of local and overseas markets for essential oil processed products	1st draft of EU funded report finalised (including research on tourism)		Dec 08
		Final report accepted by EC Essential Oil producers forum		Jun 09
	Business plan for the establishment of an essential oil processing plant is finalised and approved by main role players.	Agro-processing report and recommendations finalised		Jun 09
		Agro-processing business plan finalised		Jun 09
	Potential funders for processing plant identified and approached for funding	List of potential funders		Jun 09
	Regular meetings held with stakeholders to promote essential oils as an alternative crop (objective = increased throughput)	Quarterly meetings		Sep 08 Dec 08 Mar 09 Jun 09
Corporate				
Amathole Regional Economic Development Strategy (AREDS)	Report distributed and website operational, AREDS incorporated in IDPs, PGDP and other planning documents	Database developed	ADM funding	Dec 08
AREDS was completed in May 2007 and approved by Council in September 2007		Website operational	ADM funding	Jun 09
		District venture capital fund is formulated	External funding	Jun 09
		Initiatives to establish locality development funding streams for corridors are strategised	External funding	Jun 09
		Innovation strategy developed with industry and educational sector	External funding	Jun 09
	Additional funding sought externally	Application submitted		Dec 08 Jun 09
DBSA funding via LEDI fund	Secure funds for anchor projects	Influence DBSA LEDI fund to include small town regeneration as an objective for the fund		Jun 09
To assist in the funding of sector-based anchor projects		Submit applications to fund		Jun 09
	Identify other DBSA funds that may apply to anchor projects	Establish DBSA contacts		Jun 09
		Obtain application requirements		Jun 09
		Commence negotiations		Jun 09
Promote & sell small town regeneration to provincial and national stakeholders	Focus development on small towns and generate partnerships	Garner support from national and provincial departments		Jun 09
Research	Investigate site for spring water production in Amathole	Report available		Dec 08

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PERFORMANCE					
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION
Done	Report completed	Nov 08		100%	
	Recommendation is using cottage industry as a tourism attraction along a defined triangle				
Done	Minutes of meeting showing acceptance	Jan 09		100%	
Done	Reports on file	Jan 09		100%	
Done	Minutes of meeting showing acceptance	Feb 09		100%	
Done	Report on file	Jan 09		100%	
	Letter showing acceptance by role players				
	Indications are that a number of small plants will be established rather than a single large unit				
Done	Final report on file	Jan 09		100%	
n/a	n/a	n/a		0%	This activity was dependent on the establishment of a value-add production facility (refer to research component). This did not occur as the business plan was negative
Done	Minutes of meetings	Sep 08 Nov 08 Dec 08		100%	
Information gathering commenced for N2 area	n/a	Dec 08		10%	Project reverted to ADM and is reportable for that entity
n/a	n/a	n/a		0%	
n/a	n/a	n/a		0%	
n/a	n/a	n/a		0%	
n/a	n/a	n/a		0%	
n/a	n/a	n/a		0%	
Done	DBSA agreement to consider small town regeneration as possible LEDI projects	Feb 09		100%	
Done	3 rounds of applications made to DBSA LEDI fund	Mar 09		100%	
Done	Contacts established. Evidenced by meetings with DBSA	Jun 09		100%	
Done	Application made for Hamburg bulk sanitation	Apr 09		100%	
Done	Minutes of meetings and exchanges of documents	May 09		100%	
Done	NDPG amending focus to consider small town regeneration. Also mentioned in the President's recent state of the nation speech	Ongoing		100%	
Done	As part of the feasibility study, some sites were identified	Sep 08		100%	

PLANNED PROJECTS				
PROJECT DESCRIPTION	OBJECTIVE & ACTIVITY / OUTPUT	MEASUREMENT / INDICATOR	BUDGET	TARGET DATE
Harnessing Resources	To increase Aspire resources through identifying possible savings and reduction of costs	Reduce expenditure by R200,000		Full year
		Matching of expenditure by R250,000		Full year
	Maximise income	Meet budgeted figure for investment income		Full year
Good Organisational Governance	Obtain unqualified audit report	Unqualified report		Jun 09
	Timely completion of bank reconciliations	Compile monthly bank reconciliation by 7th working day of each following month		Monthly
	Ensure statutory payments made by prescribed due dates	Payments made		Monthly
Procurement	Maintain an updated database of service providers	Database functional and service providers entered in a timely manner		Full year
	Maintain records of procurement decision processes (scoring, evaluation sheets, bid committee reports, etc)	Records presented to CFO six monthly and as required		Dec 08
	Regular reporting on procurement	Quarterly reports submitted to the ADM & CEO		Sep 08 Dec 08
	Provide monthly feedback of procurement and progress on services providers to corridor managers	Monthly reporting regarding project budget versus actual expenditure per Pastel system		Monthly
Programme Expenditure	Regular reporting on project expenditure	Quarterly reports submitted to the CEO		Sep 08 – 2nd week
				Dec 08 – 2nd week
Performance Review	Maintain an update of KPI table 2008-2009	Quarterly updates of KPI 2008-09		Sep 2008 Dec 2008
		Submit Performance Evaluation form evidenced by reports, documents, minutes of meetings (PSCs etc), MOU signed, Council resolutions, contracts etc		20 January 2009

Functional area: Service delivery report

PERFORMANCE						
ACHIEVEMENTS	MEASUREMENT ATTAINED	DATE DONE BY	ACTUAL EXPENSE	% COMPLETE	EXPLANATION OF DEVIATION	
Done	Monthly expenditure on file; Total reduction at end May 2009 R481000	May 09		100%		
Done	Co-funding agreements on file, EU LED fund; DBSA; ECDC	Ongoing		100%		
Done	Investment and interest statements from bank and financial service providers	May 09		100%		
Clean audit report	Unqualified audit report since inception of Aspire	Jun 09		100%		
Not done	Usually done within the month but not at the target date	Ongoing		60%	Bank statements arrive after target date. Issue being discussed with bank	
Done	Statutory payments made by prescribed due dates	Ongoing		100%		
Done	Online system on registration and verified by hard copies of required documents. Suppliers are also contacted on being registered	Ongoing		100%		
Done	Records are presented quarterly to CFO	Ongoing		100%		
Done	Reports are presented monthly to the CEO	Ongoing		100%		
Done	Reports are presented monthly	Ongoing		100%		
Done	Reports are presented monthly to the CEO	Ongoing		100%		
Done on 6-monthly basis	Quarterly performance reports on file	Ongoing		100%		
Done on a project-by-project basis	Reports are completed and on file	Ongoing		100%		



List of acronyms

ADM:	Amathole District Municipality
AREDS:	Amathole Regional Economic Development Strategy
BEE:	Black economic empowerment
BURP:	Butterworth Urban Renewal Programme
DBSA:	Development Bank of Southern Africa
DED:	German Development Service (Deutscher Entwicklungsdienst)
DEDEA:	Department of Economic Development and Environmental Affairs (Eastern Cape)
ECDC:	Eastern Cape Development Corporation
EIA:	Environmental impact assessment
EU:	European Union
FET:	Further education and training
GTZ:	German Technical Cooperation (Gesellschaft für Technische Zusammenarbeit)
HR:	Human Resources
ICT:	Information and communications technology
IDP:	Integrated development plan
MFMA:	Municipal Finance Management Act
NDPG:	Neighbourhood Development Partnership Grant (National Treasury)
SURUDEC:	Sustainable Rural Development in the Eastern Cape
WSU:	Walter Sisulu University



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