

MUNICIPAL COUNCIL OF MBABANE



2012 ANNUAL REPORT

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VISION, MISSION AND VALUES

VISION STATEMENT

The City of Mbabane will be the preferred destination in Southern Africa.

MISSION

To stimulate economic growth, provide all stakeholders with quality services and good governance.

SHARED VALUES

The City is committed to uphold and be guided by the following shared values at all times in its internal and external operations:

- Transparency
- Honesty & Integrity
- Fairness
- Ethics
- Quality
- Customer Focus
- Communication
- Reputation

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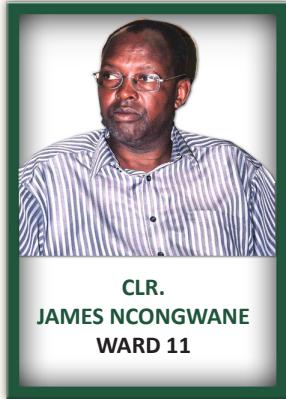
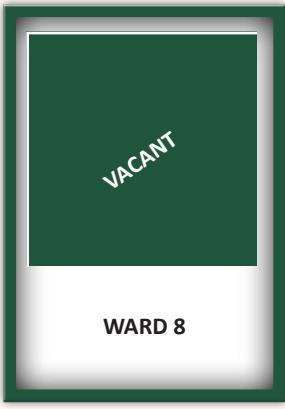
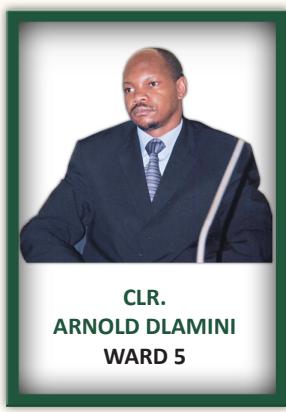
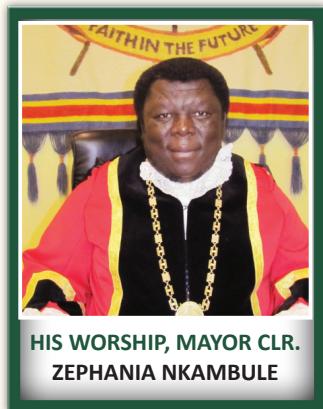
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COUNCILLORS



EXECUTIVE MANAGEMENT



Gideon Mhlongo
Chief Executive Officer



Bongani Dlamini
Acting City Secretary



Benedict Gamedze
Acting Director
Human Resources



Nhlanhla Vilakati
Director Finance



Fiksile Dlamini
Director Planning and
Community Development



Constance Maziya
Acting Director
Environmental Health Service



Kennedy Shongwe
Director Public Works

PROFILE

1.1 EXECUTIVE SUMMARY

This Annual Report details the Municipal Council of Mbabane's performance, against the Turn-Around Strategic Plan and the organization's general Annual Operational Plans for the financial year 2011/12. It provides an account of the Municipal Council of Mbabane's progress to date and offers a way forward in terms of future plans and value generating strategies.

Over the course of the past financial year, preparations for the implementation of the Municipal Council of Mbabane's Turn-Around Strategy (which dates as far back as 2007) were initiated. The purpose of the exercise was to review the Municipal Council of Mbabane's service delivery model, as well as its overall sustainability.

In 2007 the Municipal Council of Mbabane appointed FHT Consulting to conduct the review study, wherein it was identified that the structure and operations of the Municipal Council of Mbabane would require restructuring. It was during the course of this current financial year that Uriel Consulting was appointed to support the Municipal Council of Mbabane through the implementation of the Turnaround Strategy. For this, Government pledged funding of up to E16 million for the exercise.

Thus far, the Municipal Council of Mbabane has completed the following deliverables, towards implementation of the Turn-Around Strategy:

- » Initial Benchmarking or the Municipal Council of Mbabane's current state against other sub-Saharan municipalities;
- » Development of a concise Minimum Service Delivery Standards policy;
- » Ring-Fencing of all the Municipal Council of Mbabane's service units, to better determine the organization's financial and operational requirements. In turn, aiding the decision-making process on whether to outsource service providers or not;
- » An Expression-of-Interest (EOI) initiative; aimed at attracting and empowering local service providers, through an exercise of evaluating the capacity levels of those interested vendors who would be locally outsourced;
- » A Cost-Benefit Analysis of the Municipal Council of Mbabane's current service delivery model against a service model that encompasses various outsourced departments; and
- » Implementation of a Change Management Strategy with defining guidelines on how the Turn-Around Strategy must be implemented in order for it to remain in line with the Municipal Council of Mbabane's overall objectives, whilst pre-empting potential challenges and risks that may impact the entire programme.

Current deliverables on the horizon include the following:

- » A Budget Planning process which, in turn will outline the Budget Development and Value Enhancement Package development processes;
- » Outsourcing of Procurement Services, in Environmental Health, Public Works, Planning and Community Development, and Human Resources;
- » Operational Review and Knowledge Management and Capacity Building, which will entail an HOD and middle-management workshop on Change Management, scheduled for the later part of January 2013;
- » Implementation of Service Delivery Plans to guide management and steer service provider performance;
- » A Contract Development process, which will form part of the tender awarding process;
- » Attainment of Enterprise Support, which is closely related to the deliverables the Municipal Council of Mbabane must fulfill for it to be able to achieve its objectives inline with the 2007 Collective Agreement. At the top of the list of enterprise support needs, that the Municipal Council of Mbabane has, to fulfill its objectives are financial and business support, and this is primarily down to the lack of funds necessary to execute the route outlined by the 2007 Collective Agreement.

The Municipal Council of Mbabane's key performance achievements for the financial year 2011/2012 are highlighted as follows:

- » The Annual Operating Plan and Budget has been completed in December 2012 and submitted to the Minister of Housing and Urban Development for approval;
- » The Municipal Council of Mbabane's establishment of new relations with the City of Maputo, Mozambique to foster technical and cultural exchange programmes in the following focus areas; Public Private Partnerships, Waste Management; Tourism & culture;
- » The official opening of the Nkwalini Social & Health Centre (February 2012) that caters for orphaned and vulnerable children in nearby committees; and
- » Students from various schools within Mbabane were able to attend the International Leadership Academy (ILA) in Fort Worth in Texas, USA with an aim to empowering young Swazis with International leadership skills.

The Culture Exchange Programme consists of a group of mixed-age Americans from Fort Worth who visited the Municipal Council of Mbabane under the annual programme who donated books and painted a mural at the Mbabane Library.

From a Communications and Stakeholder Engagement perspective, the following campaigns have been completed:

- » Public and media relations, focused on -
 - educating the public on the Council's Elections billed for November 2012;
 - the importance of looking for alternative burial spaces; and
 - introduction of the new parking system in Mbabane.
- » Stakeholder Engagements, focused on engaging certain stakeholders directly on issues that affect them, such as -
 - public safety, and the performance of the security service provider (Gridlock Security Company); and
 - the intensification of the working relationship with the Royal Swaziland Police (RSP) and the Community Police by the Municipal Council of Mbabane.

From a Financial perspective, the following initiatives were implemented:

- » A Credit rating assessment was conducted to measure Council's relative ability to honour its general unsecured financial obligations for the period to 31 March 2012. The result of the credit rating indicated that in terms of a long-term debt rating, the Municipal Council of Mbabane obtained a BBB+ grade; which means that not only are they able to repay maturing long-term liabilities, but the Municipal Council of Mbabane is considered a safe haven of investment;
- » A "Pay Your Rates and Win" Competition was introduced by the Council, as an incentive, to encourage its property owners to pay their rates on time;
- » A Financial Year End Audit was completed, and thanks to a prevailing spirit of dedication, hard work and a vigilant demeanour the Municipal Council of Mbabane obtained an unqualified external audit opinion;
- » A "Knowing your customer" and "Arrear Rates Collection" initiative, aimed at bringing the Council closer to its customers, whilst encouraging ratepayers to honour their obligation of paying their rates and helping Council to fulfil its mandate; and
- » Fixed Assets Policy which was developed and approved by Council in August 2012, which in turn has provided consistency for the accounting process for the Municipal Council of Mbabane's fixed assets.

From an organizational governance and quality management perspective, the following implemented:

Department relevant quality control systems were developed, which are in-line with the provisions of the internationally recognized ISO 9001 Quality Management System, with the aim of implementing it in the next Financial Year, with the assistance of ISO specialists.

PROFILE

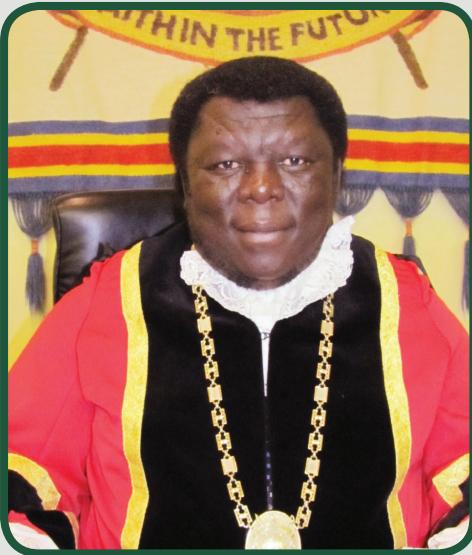
1.2. ORGANIZATIONAL PROFILE

The Mandate of the Municipal Council of Mbabane, as derived from Section 55 (1) of the Urban Government Act of 1969, as amended from time to time is as follows:

"Subject to and in accordance with the provisions of this Act and any other law, relating to the duties of a Council, the Council shall so far as is reasonably practicable:

- a) Control, manage and administer the municipality;
- b) Maintain and cleanse all public streets and open spaces vested in the Council or committed to its management;
- c) Abate all public nuisances;
- d) Safeguard public health, and provide sanitary services for the removal and disposal of night soil, rubbish, carcasses of dead animals and all kinds of refuse;
- e) Establish or take over and maintain, subject to the extent of its resources, any public utility service which it is authorized or required to maintain under any law and which is required for the welfare, comfort or convenience of the public;
- f) Develop, control and manage any land vested in, owned or leased by the Council;
- g) Establish or take over and administer, subject to the extent of its resources, housing schemes for the inhabitants of the municipality and;
- h) Generally promote the public health, welfare and convenience, and the development, sanitation and amenities of the municipality."

FOREWORD BY THE MAYOR



"The performance section of this annual report will provide detailed information on the above achievements, and I believe that the work done has laid a firm foundation towards the realisation of our long-term goal of sustainability of the Municipal Council of Mbabane and ultimately to ensure that our mandate to provide excellent services to the residents of Mbabane is fulfilled".

The Municipal Council of Mbabane continues to be committed in serving the people by mobilising government services to be rendered in an integrated manner through programmes.

This Annual Report will highlight what the Council was able to achieve and the challenges it faced throughout the 2011/2012 financial year. I am proud to report that the Municipal Council of Mbabane was able to:

- » commence with implementation of the Turn-Around Strategy Programme; and
- » to support the training of ward committee members on their roles and responsibilities.

The performance section of this annual report will provide detailed information on the above achievements, and I believe that the work done has laid a firm foundation towards the realisation of our long-term goal of sustainability of the Municipal Council of Mbabane and ultimately to ensure that our mandate to provide excellent services to the residents of Mbabane is fulfilled.

I thank you.

A handwritten signature in black ink, appearing to read "Zephania Nkambule".

HIS LORDSHIP, CLR. ZEPHANIA NKAMBULE
MAYOR

FOREWORD BY THE CHIEF EXECUTIVE OFFICER



"I am pleased to announce that the Municipal Council of Mbabane has played a positive role in our community's continued development during 2011/2012. This was, in part, thanks to the strengthening of its strategic planning and the coordinative governance, I am proud of the management team and employees, and appreciate all the long hours and commitment to ensure that we could meet some of our key goals for this financial year".

I am pleased to announce that the Municipal Council of Mbabane has played a positive role in our community's continued development during 2011/2012. This was, in part, thanks to the strengthening of its strategic planning and the coordinative governance, I am proud of the management team and employees, and appreciate all the long hours and commitment to ensure that we could meet some of our key goals for this financial year.

Some of the noteworthy achievements include the following:

- » **BBB+ Credit rating** that the Municipal Council of Mbabane obtained for the period to 31 March 2012;
- » **Restructuring Exercise** – Council confirmed the need to completely restructure the service delivery model
- » **Pay Your Rates and Win Competition**, which we introduced to encourage local property owners to pay their rates.
- » **Performance Management System** – The Performance Management System initiated the previous year was rolled out in the year under review to all employees of Council.
- » **Nkwalini Social & Health Centre** – A first of its kind centre conceived and developed by Council with the assistance of its development partners was completed & officially opened.

Kind Regards;


GIDEON MHLONGO
CHIEF EXECUTIVE OFFICER

PROGRAMME PERFORMANCE REVIEW

3.1. HIGHLIGHTS AND ACHIEVEMENTS

The key highlights, achievements and initiatives during the financial period 2011/2012 are as follows:

3.1.1. Restructuring Exercise

The Council started preparation for the long overdue restructuring exercise which was brought about by observations made by the World Bank, Government, Ratepayers and other stakeholders that the Council's personnel budget was way over acceptable parameters. This necessitated the development and implementation of a Turn-Around Strategy as; in its current state, the personnel budget represents more than 60% of the Municipal Council of Mbabane's total budget. This exercise, which was mooted in 2007, could not be initiated due to instabilities in the leadership of the institution and further compounded by the unavailability of funds.

During the course of the 2011/2012 financial year, the Swaziland Government pledged funding of up to E16 million for the exercise and therefore, with funding secured for the restructuring, the Municipal Council of Mbabane could begin gearing up for the restructuring, which had targeted a delivery date of June 2012. The preparations built around the Structural Review report (as compiled by FHT Consulting) and the Turnaround Strategy involved the ring-fencing of all Council services and the implementation of a Change Management Strategy.

3.1.2. Annual Operating Plan & Budget

The 2011/2012 financial year saw another successfully prepared Annual Operating Plan and budget from the Municipal Council of Mbabane. Preparation of the annual operating plan and budget was completed in December 2012 and will be made available for the Honourable Minister's approval. This laid the ground for early approval by the Honourable Minister. Early approval of the Operating and Budget Plans would allow the Municipal Council of Mbabane to work as soon as the next financial year of 2012/2013 commences; which means ratepayers and residents will receive better quality and timeous service delivery.

3.1.3. International Cooperation

Under this programme, the Council established new relations with the City of Maputo, Mozambique. The main objective of this initiative is to foster technical and cultural exchange programmes. Areas of focus are Public Private Partnerships, Waste Management, Tourism and Culture. Furthermore, the Council together with its sister cities (Matola in Mozambique, Mbombela and Nkomazi from the Republic of South Africa) developed and started to implement a programme of action drawn from the Memorandum of Cooperation signed in 2002. This programme of action known as Umsebe Accord has its focus on Local Economic Development, Women and Youth Empowerment and the promotion of Culture and Tourism.

3.1.3.1. Nkwalini Social & Health Centre

The Nkwalini Social & Health Centre; a product of the Council's International Cooperation Programme; was officially opened in February 2012 with great aplomb. A large delegation from the City of Fort Worth, Texas, United States of America came to Swaziland to participate in the grand opening officiated by the Honourable Minister for Housing & Urban Development. The centre, which came to a cost of E1.7 million to complete, was funded jointly by Sister Cities International (Fort Worth, Texas) and the Municipal Council of Mbabane. The centre will cater for orphaned and vulnerable children in nearby communities; offering Voluntary Counselling and Treatment services, along with general public health services; all the while offering a positive focal point for the communities of Nkwalini Zone 4.

3.1.3.2. International Leadership Academy

Students from various schools in Mbabane were able to attend the International Leadership Academy (ILA) in Fort Worth in Texas, USA. The programme, which has become an annual event, started in 2006. This programme, which is sponsored by the Black Ecumenical Leadership Alliance (BELA) and Baptist Churches in Fort Worth, is aimed at empowering young Swazis with international leadership skills. Here students gained valuable lessons and experiences

PROGRAMME PERFORMANCE REVIEW

(Continued)

in the process of shaping them into future leaders and in some instances obtained sponsorships to further their education in the USA. The ILA programme has become a flagship programme for the sister city relationship with the City of Fort Worth.

3.1.3.3. Cultural Exchange Programme

A group of mixed-age Americans from Fort Worth visited the City of Mbabane on a cultural exchange programme. This was the 6th group to visit the City of Mbabane under this annual programme. The group was able to visit a number of places including the three Social Centres for Orphaned and Vulnerable children run by the Municipal Council of Mbabane, primary schools and the Mbabane Library where they donated books and painted a mural. In all the areas they visit, the group makes some donations or conduct community work. While still in the country, the visitors are home-hosted by locals and in the process are initiated on the culture and life of the Swazi people.

3.2. KEY COMMUNICATIONS AND STAKEHOLDER ENGAGEMENTS

3.2.1. Public and Media Relations

The Council continued during the year under review to disseminate and educate the public on important issues the Council was addressing in response to the needs of the people of Mbabane and the general stakeholders. Various means of communication and disseminations were used such as public and Council meetings, the media (both print and electronic), Trade Fair, Annual Reports, pamphlets and leaflets.

Of note this year was the education on the Council Elections billed for November 2012, the importance of looking for alternative burial spaces in response to the acute shortage of burial space faced by the Council, the introduction of a new parking system in Mbabane in response to the parking challenges faced and others issues bordering on the day to day provision of municipal services.

Media briefings and conferences were conducted to keep the media abreast on matters that required their understanding and support. In response to media needs, the Council used press releases, questionnaires and direct interviews with media personnel.

3.2.2. Stakeholder Engagements

The Municipal Council of Mbabane created a forum where related to the Turn-Around Strategy matters could be dealt with by all parties concerned. Parties involved in this exercise were the Council (inclusive of management), Staff Association, the Workers and other relevant third parties including Government, Ratepayers Association, the media etc.

For community matters the Municipal Council of Mbabane used community meetings to engage with the stakeholders. Whereas for other specified needs, the stakeholders would be invited to meet with the Municipal Council of Mbabane's management or Board members.

The Council entered into a Memorandum of Understanding with the Mbabane City Ratepayers and Developers Association. This instrument was drawn and signed by the parties. It aims at harmonizing the relationship between the parties and also to give guidance on matters of engagement. The Association was also consulted in a number of matters by the Council as one of its main stakeholders.

Matters dealt with the Council's stakeholders during the year included -

- » budget submissions by the public;
- » ratepayer's concerns (addressed through the Mbabane Ratepayers and Developers Association);
- » illegal street vending at the bus rank;
- » crime prevention matters;

PROGRAMME PERFORMANCE REVIEW

(Continued)

- » street naming and church establishment policies;
- » restructuring of the Council;
- » administration issues of the Mbabane Bus Rank by public transport owners;
- » development of the Economic Development Strategy;
- » introduction of the parking system; and
- » implementation of planning matters in the informal settlements.

The Municipal Council of Mbabane has been applauded for having found it important to engage stakeholders in its activities and policy development.

3.2.3. Public Safety

Following the establishment of good working relations between the Council's security service provider (Gridlock Security Company), the Community police and the Royal Swaziland Police (RSP) and the community police by the Council, the City of Mbabane enjoyed an improved safety record. According to the RSP crime records, Mbabane remains a safe place to live in. Despite the heightened industrial actions that marred the City with protest marches, there were no serious incidents of violence against the City dwellers and property. However, there were a number of noise pollution complaints received this year compared to the previous year. Most of the noise came from churches during the service times, liquor outlets and other unruly residents. These were swiftly addressed by the security service providers.

3.3. FROM A FINANCIAL PERSPECTIVE THE FOLLOWING HAS BEEN ACHIEVED

3.3.1. Credit Rating

This exercise was conducted to measure Council's relative ability to honour its general unsecured financial obligations for the period to 31 March 2012. For the long term debt rating Council obtained BBB+ meaning over and above being able to repay its maturing long term obligations, Council is also considered a safe haven for investment. For the short-term rating Council obtained an A2 meaning its financials exhibit good certainty for timely payments.

3.3.2. Financial Year End Audit

Though not for the first time, Council obtained an unqualified external audit opinion and this can be attributed to vigilance, dedication and hard work of all within the department.

3.3.3. Fixed Assets Policy

A fixed assets policy was developed and approved by Council in August 2011. This has provided a uniform and consistent basis for the handling and accounting for all Council's fixed assets.

3.4. GOVERNANCE AND FINANCIAL CONTROL

3.4.1. Quality Management System (ISO 9001)

In line with the provisions of the ISO 9001, the Council developed quality systems procedures to be followed when executing important activities with the assistance of ISO specialists. All departments had already started developing their relevant QMS Procedures and this programme will be fully implemented in the next Financial Year.

3.4.2. Financial Performance

3.4.2.1. Revenue

Revenue increased by 10% due to a combination of 5.5% increase in assessed rates plus supplementary rates revenue earned during the year. Other income increased primarily due to increased collections from public conveniences income, animal pound fines, building applications and inspection fees.

PROGRAMME PERFORMANCE REVIEW

(Continued)

Government grant subvention reduced reflecting the fiscal hardships experienced by central government.

3.4.2.2. Operating Expenditure

Operating expenditure increased by 27% due to a surge in the depreciation expense resulting from the asset revaluation exercise performed during the financial year.

3.4.3. Financial Position

3.4.3.1. Assets

Property, plant and equipment increased from E199m (2011) to E454m (2012) due to the asset revaluation exercise performed on roads infrastructure during the financial year.

3.4.3.2. Trade and other receivables

These increased from E7.7m (2011) to 26.5m (2012) due to private property owners and central government lagging behind their obligations during the financial year as a result of the fiscal hardships experienced country wide.

3.4.3.3. Liabilities

Borrowings decreased slightly from E7.6m (2011) to E7.4m (2012) due to repayment of current loans and leases. Also, no significant long term borrowings were entered into during the financial year. Trade and other payables the increase to E6m from E4.7m was due to cheques that had not been presented at year end which were immediately cleared after financial year end.

3.4.4. Internal Audit

The Municipal Council of Mbabane's Internal Audit Function is an independent and objective assurance and consulting activity that reports direct to the Finance Committee of the Council. Its main objectives are:

- » Ensuring that internal controls systems are operating effectively;
- » Ensuring compliance to policies, procedures, laws and regulations; and
- » The policies in place to adequately safeguard Council's assets against loss and theft.

During the 2011/12 financial year Internal Audit performed the following activities;

- » Internal Audit reviewed the Internal Audit Charter and amended it in order to keep it relevant, and in line with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Council approved the amended Charter in their meeting of 28 June 2011.
- » A risk-based annual internal audit plan was approved by the Finance Committee which set the audit universe for the period.

Internal Audit presented the following audit reports to the Finance Committee

- » Review of Council's Stores section – the objective was to ensure that the system of internal controls in place adequately mitigates against the risk exposures.
- » The audit review found several control weaknesses and recommended improvements thereto. They were mainly around segregation of duties, regular reconciliation of the stores account, and the development of operational standards and procedures for the section. The recommendations were accepted by management and they were being implemented by the end of the financial year.
- » A review of Council's Workshop Section – the objective of the audit was to ensure that the policies, procedures and controls that management had put in place adequately address the risk areas and safeguard Council Assets against losses and theft.
- » The review found that there was room for improvement in the following areas; reviewing and communication of policies and procedures, and monitoring and controlling the movement of tools and equipment in and out of the workshop. The recommendations made were accepted by management for implementation.

PROGRAMME PERFORMANCE REVIEW

(Continued)

- » A review of the Human Resources Department – the objective was to ensure that the policies and procedures approved by Council are being adhered to and are adequate to mitigate against possible risk exposures.
- » The main findings from this review were around segregation of duties on the Human Resources/payroll system, occupational health and safety fire and evacuation procedures, and compliance to the employment act with regards to staff indebtedness ratio.
- » Management committed to implementing the corrective interventions to address the issues raised.
- » The adoption of the ISO9001 standards next financial year will also help address some of the issues raised.
- » Follow-up reviews were performed for the Stores and Workshop audits – the objective was to ensure that the management had implemented the agreed to recommendations.

3.5. DEPARTMENTAL PROGRAMME PERFORMANCE FOR THE FINANCIAL YEAR PERIOD 2011/2012

This section highlights the key departmental programme performance for the financial period 2011/2012 in the following areas:

3.5.1. City Secretary

The department's main objectives are to provide legal services to the Council, organize Council meetings, provide secretariat services to Council, and manage safety and security in the City. These services were provided through the following programmes;

3.5.1.1. Secretariat Services

Timeous preparation of agendas and minutes for Council, Committees of Council and Management meetings and the preparation of the minute book were done. The following were the meeting scheduled in the year under reviewed;

TYPE OF MEETING	NUMBER OF MEETINGS
Council Ordinary	9
Council Special	21
Ad Hoc Committees	24
Council Workshops	17
Executive Management	29
Adjourned Council	1
Aborted Council	3
GRAND TOTAL	101

3.5.1.2. Messenger Services

Effective management of messenger services which includes collection and delivery of Council messages and parcels (including letters, notices, agendas etc.) to its stakeholders and the general transportation of Councillors and Council Guests during official trips were carried out.

3.5.1.3. Litigation

The council saw an increase in the number of legal actions taken against in comparing to previous years. There were eight (8) cases brought against the Council. These involved delictual liabilities and liabilities for administrative action. There were four (4) cases initiated by the Council against second parties. In all the 12 cases attended to, only two cases were lost and these related to traffic matters.

3.5.1.4. Maintenance of Law and Order

The Council continued to enforce laws of the land within the mandate of the municipality through the prevention of

PROGRAMME PERFORMANCE REVIEW

(Continued)

crime and the apprehension of offenders using citizens' right to arrest. This was, however, to a greater extent done with the collaboration of the Royal Swaziland Police. The following are the outcomes of this programme;

ILLEGAL VENDORS ARRESTS					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
No. of arrested	83	76	37	108	304
Paid fine and rescued their wares	13	19	17	24	73
Abandon wares and avoided arrest	-	-	-	46	46

3.5.1.5. Animal Control

The Council saw better control of stray animals in the city in the year under review due to increased and bettered monitored services by the security service provider (Gridlock Security Company) engaged by Council. The following results were obtained;

- » There were 93 dogs brought down due to being nuisance. These dogs were found straying on the streets and thus threatening the free movement of the public.

Despite numerous warnings, notices and appeals to the residents of Mbabane to take care of their dogs by keeping them within enclosed yards or on leash, the number of stray dogs continued to soar during the year. The Council has decided to enact a bylaw that will impose serious sanctions on any dog owner who fails to take care of it. This bylaw is set to reel through the enactment process during the next financial year.

- » A total of 1058 cattle were impounded after being found straying on the forbidden places. Most of the animals brought into the pound came from outside the City boundaries. The pound Act allows people to bring animals into the pound even if they were found outside the urban area.

The Council also issued a final notice to all cattle owners to remove the illegal kraals within the urban area. However, the owners sought an audience with the Council whereby they appealed for more time so that they can be able to remove the animals.

3.5.2. Human Resources

3.5.2.1 Staffing Matters

The manpower strength of the Municipal Council of Mbabane was 242 employees. The company lost 9 employees as detailed below:

- » Retirement - 0
- » Death - 3
- » Resignation - 2
- » Dismissals - 4

3.5.2.2 Human Resources Administration

The Department was able to install and train users on The Employee Self Service software, focusing mainly on leave management whereby leave application and approval process would be done on-line. The software also enables access for employees to their payroll data, checking leave balances including printing of copies of their pay slips.

PROGRAMME PERFORMANCE REVIEW

(Continued)

3.5.2.3 Industrial Relations

The Industrial Relations climate was stable during the year however a directive from the Ministry to stall any salary increases was received which then lead to re-negotiations on the cost of living adjustment that led to parties not reaching an agreement. The Notch increment negotiations were completed and implementation finalized. Consultations on the Restructuring exercise were embarked on.

The Review of Council Staff Standing Orders and Job Grading Exercise were completed and reports submitted to Council. However, these were not implemented pending the completion of the restructuring exercise.

3.5.2.4 Employee Welfare and Social Activities

This Programme involves the development of staff support systems to ensure that Council employees are fully supported in terms of wellness and all forms of recreational sporting activities, which promotes their wellbeing.

The Main activities were the Inter Municipal Games (SAIMG) which were successfully hosted by the 12 towns of Swaziland. The Municipal Council of Mbabane participated in the following sporting codes; Soccer, Netball, Volleyball, Pool, Table Tennis and Golf.

The Golf and Table Tennis teams were awarded bronze medals. The Local Games, an event run by the Swaziland Inter-Municipal Games Association (SIGA) was held in July 2011 in Mbabane where all 12 Swaziland Municipalities participated

3.5.2.5 A sports policy was developed and approved by Council.

An events committee was set up to handle all Council events which saw the successful hosting of the end of year party held in December 2011.

3.5.2.6 Occupational Health and Safety

The Council Occupational Health and Safety Section ensure the provision of a safe and healthy work place for all Council employees by implementing the requirements of the Occupational Safety and Health Act No. 9/2001. The following key areas were covered in the 2011/2012 financial year:

- ▶ To meet the requirements of the Occupational Safety and Health Act 2001 Section 17, monthly meetings for Safety and Health Committee were held. In these meetings matters affecting the safety and health of Council employees were discussed. Minutes of such meetings were kept safely for future reference and committee output tracking.
- ▶ Training for Section Safety and Health Representatives and First Aiders was conducted.
- ▶ Firefighting appliances in all Council depots were serviced every six (6) months. This was meant to ensure that they are always in good condition.
- ▶ Pest Control activities were also carried out through engaging a reputable company in the field of pest control.
- ▶ Internal Sectional safety and health awareness trainings were also conducted which greatly contributed to the decline in workplace injury occurrence during the course of the financial year.
- ▶ Safety Inspections were also carried in all sections of the Council.
- ▶ Safety Signs were purchased and installed in all council depots. These include “No smoking signs”, “Safe Smoking Area” and Emergency exit signs.
- ▶ Data for all injury on duty cases was loaded in Human Resources’ data base as a backup record. This will be done on going bases.

PROGRAMME PERFORMANCE REVIEW

(Continued)

3.5.2.7 Training:

The department managed to facilitate employee training in the following fields:

- » 8 newly appointed middle Managers embarked on a Certificate Programme in Management Development conducted by Maccauvlei Training Institute.
- » Heads of Departments and Middle Managers were trained on Change Management.
- » Councillors were taken through a Team Building Exercise.
- » 2 Officers attended a Minute Taking Workshop in Johannesburg and Ezulwini respectively
- » 1 Officer attended PeopleWare training with emphasis on the Payroll Module
- » All managers were trained on Managing Poor Performance and Incapacity
- » 6 Frontline employees were trained on Customer Care

3.5.3. Planning and Community Development

An insignificant increase was realized in the number of private residential developments taking place within the Mbabane urban area relative to the same period last financial year (2010/2011). The statistics for submitted, approved building plans and completed buildings for the 2011/2012 financial year show a slight increase relative to the same period last financial year (refer to table 1.1 (below) and Chart 1.1. In terms of value, a thorough scrutiny of the values for submitted, approved plans for 2011/2012 financial year compared to the last financial year shows a major decrease.

CATEGORIES	FINANCIAL YEAR 2010/2011	FINANCIAL YEAR 2011/2012
Submitted building applications	390	461
Approved building applications	325	401
Completed buildings	78	96

Table 1.1

(Above): A comparison of the number of building plans submitted, approved & completed for 2011/12 FY and 2010/11 FY.

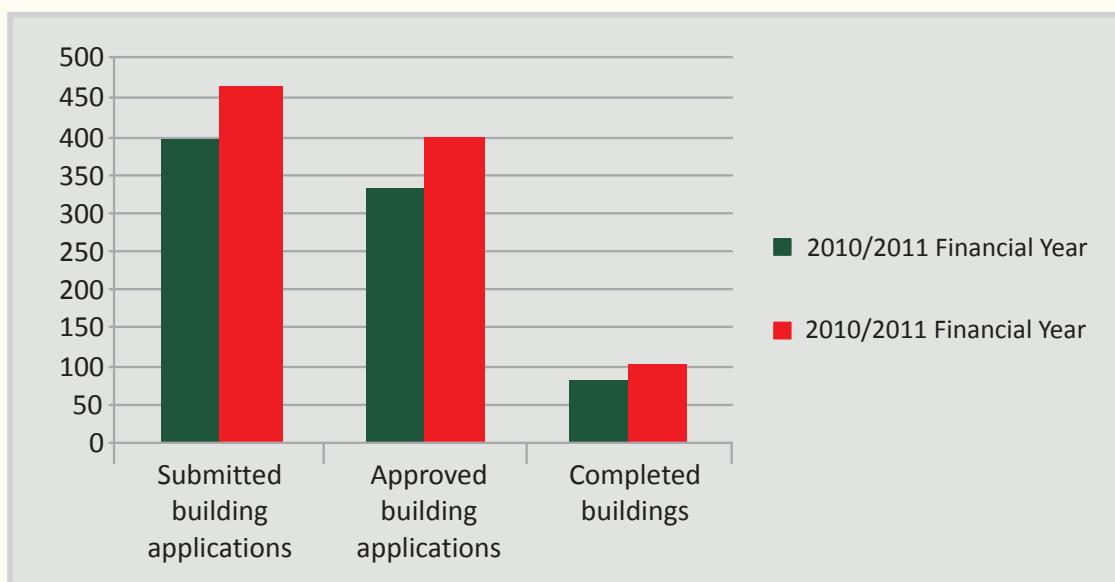


Chart 1.1

(Above): A Chart illustrating the growth in Submitted/Approved and Completed building applications between the 2010/11 FY & 2011/12 FY.

PROGRAMME PERFORMANCE REVIEW

(Continued)

In terms of value for structures completed the table below shows an increase as well in the year under review, see table below

CATEGORIES	2010/2011 FINANCIAL YEAR	FINANCIAL YEAR 2011/2012
Completed Buildings	E48 453 324	E65 133 170

Table 1.2

(Above): A table illustrating the growth of Completed Building between the 2010/11 FY & 2011/12 FY.

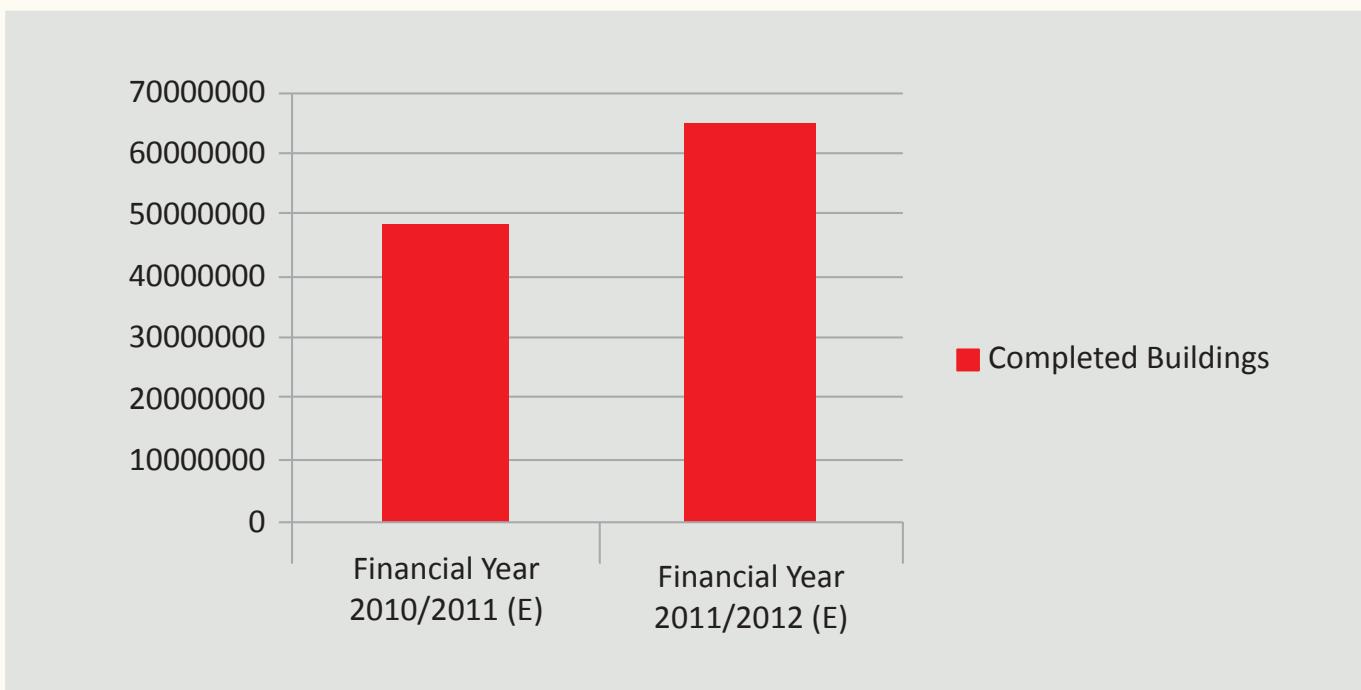


Chart 1.2

(Above): A chart illustrating the growth in value of Completed buildings between the 2010/11 FY & 2011/12 FY.

Subdivisions

A total of 44 subdivisions were submitted in the period under review and that is evidence of an increase due to the fact that there were 38 subdivision applications in the 2010/2011 financial year. Such an increase shows an increased supply of serviced land through subdivision of land into smaller portions and making land available for willing buyers.

PROGRAMME PERFORMANCE REVIEW

(Continued)

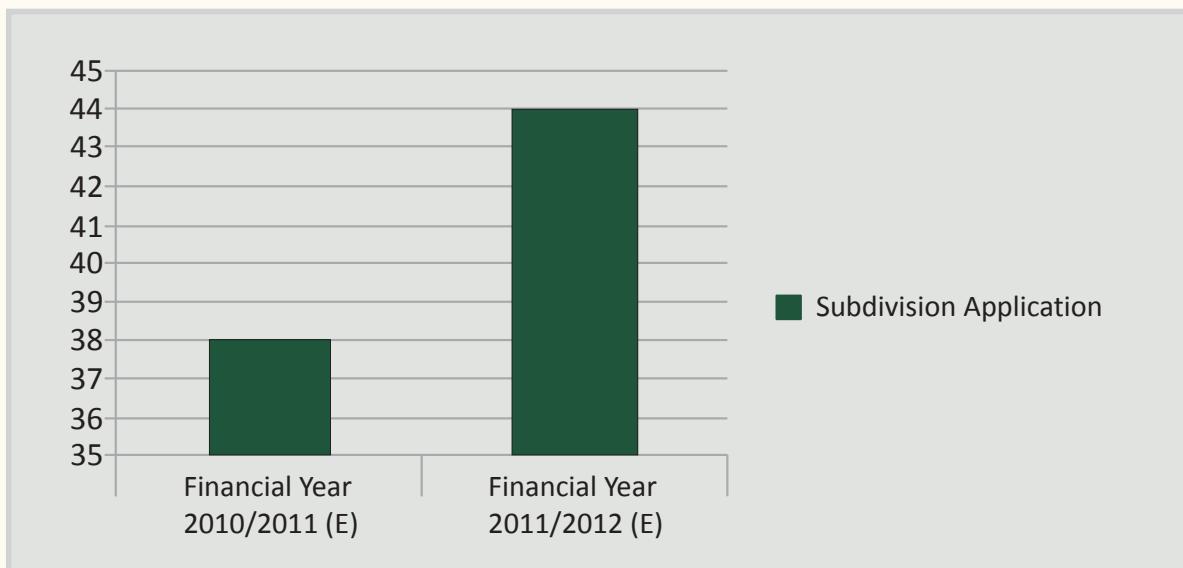


Chart 1.3

(Above): A chart illustrating the growth of subdivision applications between the 2010/11 FY & 2011/12 FY.

The Key Performance Area and Key Performance Indicators highlight Planning and Community Development's achievement for the financial year 2011/2012 as follows:

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
1. Street Naming	<ul style="list-style-type: none"> Street Naming in various townships areas has been completed. Public review processes completed and council approval for the new names granted. 	<ul style="list-style-type: none"> Council has completed the street naming process, for the townships that had no street names within Mbabane. These townships were: <i>Mbangweni, Mahwalala, Nkwalini, Lomkiri, Riverview, Woodlands, Entabeni, Sitibeni, Makholokhola, Manzana, and Mangwaneni</i>. The communication process to inform landowners of the new street names is underway. This is necessary for ease of identification of properties by emergency service providers, utilities and mailing service providers to easily identify the properties in the City.
2. Formalization of Informal Settlements	<ul style="list-style-type: none"> Layout design for the nine remaining informal settlements concluded. Application to establish the nine (9) townships was forwarded to the Human Settlement Authority for approval. 	<ul style="list-style-type: none"> The Municipal Council of Mbabane has formulated a comprehensive layout design for the nine remaining informal settlements in the city. The Human Settlements Authority to make a decision prior to township registration process.

PROGRAMME PERFORMANCE REVIEW

(Continued)

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
3. Planning for a New Cemetery for the City	<ul style="list-style-type: none"> The allocation of 50 hectares of land on Portion 16 of Farm 73 Mahwalala for the development of new city cemetery by Ministry of Housing and Urban Development. Environmental Impact Assessment for the cemetery was undertaken 	<ul style="list-style-type: none"> Portion 16 of Farm 73 Mahwalala has been allocated by the Ministry of Housing and Urban Development for the development of a new cemetery for the City. The Environmental Impact Assessment report was submitted to Swaziland Environmental Authority
4. Extension of urban boundary	<ul style="list-style-type: none"> The City's boundary was extended to include an addition 44 properties and smallholdings following a series of consultations with the land owners. 	<ul style="list-style-type: none"> Extended urban boundary

3.5.4. Environmental Health Services

The Environmental Health Services (EHS) department completed about 95% of the programmes planned for in the Annual Operating Plan for the 2011/12 financial year. The overall performance was good with fewer complaints on service provision. The department started implementing the Quality Management System and by the end of the year about nine procedures, which will help to further improve service delivery, were already drafted. In line with the improvement of service the department, by end of the year, was finalizing service level standards for the department.

The Key Performance Area and Key Performance Indicators highlight Environmental Health Services achievement for the financial year 2011/2012 as follows:

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
1. Reduction of morbidity and mortality rate in children in children under 5 years	<ul style="list-style-type: none"> Immunization campaign held Monitoring immunization in the city 	<ul style="list-style-type: none"> 401 children were vaccinated for measles, tetanus, and diphtheria, TB, Hepatitis B and Polio Only two surgeries provide immunization and are compliant with the relevant standards.
2. Management of acute and chronic diseases	<ul style="list-style-type: none"> Home visits conducted to at least 50% of homes that have sick people Screening for cancer on all people who come to the cancer clinic. 	<ul style="list-style-type: none"> 375 home visits were done as compared to 62 home visits done in the previous year. 2000 people were screened for cancer as compared to 275 screened in the previous year.
3. Waste Management and Litter Control	<ul style="list-style-type: none"> Development of the Waste Management Strategy 	<ul style="list-style-type: none"> The department is finalizing the development of the Waste Management Strategy and it will be publicized immediately after it is approved by Council.

PROGRAMME PERFORMANCE REVIEW

(Continued)

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
	<ul style="list-style-type: none"> Waste minimization initiatives strengthened 	<ul style="list-style-type: none"> Recycling activities continued in two of the major Municipal Council of Mbabane Buy Back Centers and Msunduza Recycling Centre, where the main motivational factor is the incentive paid promptly to members of the public. During the course of the year waste collected amounted to 793 tons of recyclable were received at the Buy Back Centers. The waste included; plastics, paper of all kinds, cans, metals glass of all kinds
	<ul style="list-style-type: none"> Introduction of a permit system for the disposal of construction waste 	<ul style="list-style-type: none"> A permit system was introduced by the department for the disposal of construction waste to ensure that all rubble ends up at the landfill. 140 permits were issued during the course of the year and 74920 tons were disposed at the landfill.
4. Public Health & Nuisance Control	<ul style="list-style-type: none"> Medical waste collected from all clinics and surgeries at least once a week. 	<ul style="list-style-type: none"> 804 kg of medical waste was collected and incinerated during the course of the year.
	<ul style="list-style-type: none"> All feeder roads into the city cleaned At least 30 street litter bins installed 	<ul style="list-style-type: none"> Service providers were engaged to clean the main roads feeding into the city. 34 street litter bins were purchased and installed during the course of the year. The programme is designed to ensure that pedestrians have access to litter bins.
	<ul style="list-style-type: none"> Illegal dumps identified and removed 	<ul style="list-style-type: none"> During the year 2011/12, Nineteen (19) illegal dumps were identified and dealt with compared to 14 illegal dumps identified in 2010/11.
	<ul style="list-style-type: none"> One major Clean-up campaign held 	<ul style="list-style-type: none"> With the full participation of Council employees and some Councilors a major clean-up was conducted successfully.
	<ul style="list-style-type: none"> Increased number of schools that have drop off centres 	<ul style="list-style-type: none"> Council purchased 96 (210L) drums to assist schools with containers for the recyclable waste. 24 schools are now using the bins to put recyclable waste. The waste consists of paper, plastics, cans and bottles.
	<ul style="list-style-type: none"> All nuisances reported abated. 	<ul style="list-style-type: none"> There were 239 nuisances reported which included overgrown plots, stray dogs, goats and cattle, scrap cars, noise, and sewer complaints. Notices were served and compliance was achieved in almost 80% of the nuisances/complaints.
5. License inspections, routine inspections and the grading of food premises	<ul style="list-style-type: none"> Inspections done on all premises that submit applications for licences 	<ul style="list-style-type: none"> Over 800 premises were inspected for licences during the year. Applications were mainly for grants and renewals.

PROGRAMME PERFORMANCE REVIEW

(Continued)

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
	<ul style="list-style-type: none"> All Butcheries, bakeries, supermarkets and restaurants graded All food premises inspected. 	<ul style="list-style-type: none"> Refer to Chart 1.3 for the comparisons between the premises as at the end of the year. All food premises were inspected during the course of the year to ensure compliance with the Public Health (Food Hygiene) Regulations of 1973 and other relevant legislation. Non compliant premises were served with notices. Condemned and spoiled food items were collected and destroyed at the landfill.
6. Waste Collection and disposal Services Waste Water Removal	<ul style="list-style-type: none"> Waste collected from commercial, residential and industrial areas Disposal of waste up to standard 	<ul style="list-style-type: none"> The department collected waste at least six times a week from the commercial and the industrial area areas Waste was collected two times a week from the residential areas Waste disposed at the landfill was approximately 22 000 tones.
	<ul style="list-style-type: none"> All applications for vacuum tanker services attended 	<ul style="list-style-type: none"> The programme went well with no problems all applications received were attended promptly.
7. Public Conveniences management	<ul style="list-style-type: none"> Cleaning and management of public toilets Collection of revenue 	<ul style="list-style-type: none"> Plans to rehabilitate and extend the bus rank toilets area are underway, so as to deal with the issue of congestion. Faults were reported and attended to. Revenue was collected and deposited in the Finance Department
8. Market management	<ul style="list-style-type: none"> Flea market held at least once a month Renovation of street vendors shelters Cleaning and collection of revenue from the markets 	<ul style="list-style-type: none"> The flea market is held once a month and only an average of 15 – 20 vendors/month applied during the year. The project for the provision of toilets in all the street vending sites was finalized; all the legal sites have access to toilets The vending shelters especially the seats and tables were refurbished. The department continued to clean the markets daily Revenue collected as rent from the vendors amounted to E508 874.
9. Sampling, analysis and communication of results.	<ul style="list-style-type: none"> Samples of water, milk, food and waste water collected and analysed Results communicated to responsible units 	<ul style="list-style-type: none"> The following samples were taken and analyzed by the department: 108 milk samples, 99 bottled water samples, 207 samples from the springs in informal areas, 12 samples of water from the Mbabane River, 156 waste water samples and the department analyzed 158 customer samples. Non-compliant samples were communicated to responsible units for action to be taken.

PROGRAMME PERFORMANCE REVIEW

(Continued)

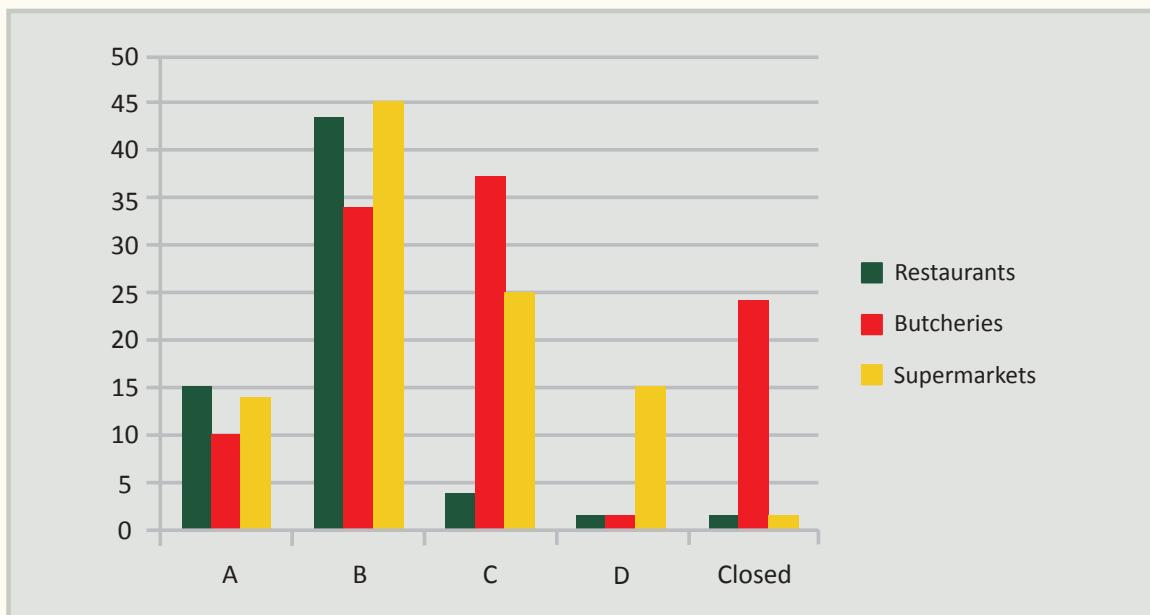


Chart 1.3

(Above): A comparisons between the premises graded during the year 2011/12 as at the end of the year.

3.5.5. Public Works Department

The Department of public works is responsible for the maintenance of approximately 160 km of road network of which 136 km is paved and 24 km is unpaved, including traffic, street and high mast lights, Parks and recreational facilities, fleet maintenance and renewal, public transport and City parking.

The Department is also responsible for the provision of professional services and implementation of the Capital Improvement programme.

In the 2011/12 financial year, the Council strove to keep the City infrastructure in a usable state despite the financial challenges it faced.



Picture 1.1

(Above): Low cost surfacing of Indingilizi Road - Dalriach West



Picture 1.2

(Above): Completed footbridge at Manzana Township

PROGRAMME PERFORMANCE REVIEW

(Continued)

The Key Performance Areas, Key Performance Indicators and Outcomes below highlight the Council's achievements under Public works:

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
1. Professional Services	<ul style="list-style-type: none"> Quality engineering 	<ul style="list-style-type: none"> A consultancy study report, giving an inventory of the City's road network was completed during the year. The report captures information like condition of road pavement and surface, whether road is paved or not, absence or presence and adequacy or inadequacy of sidewalks, proper drainage, street lights, etc. The report further identifies any required improvements as to the type of treatment required for each road or section (i.e. rehabilitation, sealing or maintenance). The report gives costs estimates for the recommended improvements to assist Council in its planning and budgeting process and to prioritize expenditure. The report can form the basis of a future Road Management System.
2. Road Maintenance	<ul style="list-style-type: none"> Well-constructed and maintained road network and footbridges. 	<ul style="list-style-type: none"> Road Maintenance was carried out during the year to prolong the life of the City's road network. Maintenance activities included but were not limited to; pothole patching for paved roads, re-graveling for unpaved roads, cleaning of storm water drains, street sweeping and litter picking, cutting and removal of overgrown grass, shrubs and trees from road sides, replacement of road signs and painting of road markings to make the City's roads user friendly and safe. Most of the City's roads are past their design lives and now require major rehabilitation as they easily develop potholes especially after rains. However funding remains a major challenge. Until a capital budget is secured for major rehabilitation works Council continues with efforts to keep the City's Streets in a usable and driveable state through the use of ready mix pothole patching products.

PROGRAMME PERFORMANCE REVIEW

(Continued)

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
3. Low cost road surfacing		<ul style="list-style-type: none"> In the case of gravel roads, until a capital budget is secured to upgrade them into properly paved roads, Council has adopted the use of a low cost surfacing technology called grav-sealing. This is a rolling programme to surface all the City's streets. During the course of the year: Mkhaya and Mkhwa Streets at Checkers Township and Indingilizi Street at Dalriach West Township were surfaced including construction of side channel drains to facilitate good drainage. Roads planned for surfacing in the coming 2012/2013 financial year include jubela, Sir Robert Croydon Honey crescent and Professor Guma Street at Kent Rock area.
4. New Road Construction		<ul style="list-style-type: none"> A new E6 million link road was constructed at the Mbabane Industrial site linking the industrial site with extension 3 township. This road is a component of the larger Sheffield Road, which due to budgetary constraints could not be implemented as a whole project. A phased implementation plan was adopted with the construction of this road as a first phase. The link project comprised the construction of a bridge and the approach roads on either side. This link road provides an alternate and quick route for traffic that has no business in the City such as Manzini and Government Offices bound traffic from Extension 3 Township, Msunduza and Corporation. A new footbridge was also constructed at Manzana Township for the convenience of pedestrians.
5. Traffic Safety improvements	<ul style="list-style-type: none"> Improved safety of pedestrians through elimination and/or reduction of accidents. 	<ul style="list-style-type: none"> During the year speed humps were installed along Mahwalala, Somhlolo and Extension 3 Township roads and other busy roads to protect pedestrians against speeding traffic.
6. Traffic & Street lighting maintenance	<ul style="list-style-type: none"> Functional traffic, Street and high mast lights. 10% reduction in electricity consumption. 	<ul style="list-style-type: none"> All eight Council owned traffic lights had their lamps converted from the traditional high energy consuming incandescent types to LED (Low Energy Diode) lamps. The change to LED lamps will result in low maintenance costs as the LED lamps last up to 5 years. The change will also result in low electricity costs as LED's use less energy.

PROGRAMME PERFORMANCE REVIEW

(Continued)

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	OUTCOME
		<ul style="list-style-type: none"> In the coming financial years the exercise will be extended to the City's Streets lights and In the long term the use of solar powered traffic and street lights will be explored.
7. New Street & high mast lights	<ul style="list-style-type: none"> Functional Street and high mast lights 	<ul style="list-style-type: none"> New street lights were installed along Msakato Street, Zwide and Fonteyn road during the year. A new high mast light was installed at Fonteyn during the year.
8. Parks and Recreation Facilities Provision and Maintenance	Additional recreational facilities developed.	<ul style="list-style-type: none"> A new Park and a new sport ground were completed during the year at Makholokholo Township to serve the Townships of Makholokholo, Sidwashini, Mbangweni and surrounding communities. This is in line with Council's Strategy to decentralize the provision of parks, sport and recreation facilities by developing such facilities in residential areas, close to the people.
9. Plant & Fleet renewal	<ul style="list-style-type: none"> Stabilized, strengthened, and improved operations and service delivery. 	<ul style="list-style-type: none"> In line with the turn Around Strategy Council adopted a rolling replacement programme and the following plant/vehicles were replaced during the year. <ul style="list-style-type: none"> - a Backhoe/Digger, - a car for the mayor's office, - a kombi and - an operational vehicle for the Environmental health Department.
10. Introduction of Parking System.	<ul style="list-style-type: none"> Availability of parking space within the CBD. Increased consumers, business and entrepreneurs within CBD 	<ul style="list-style-type: none"> A parking system was introduced on some designated City streets and areas to manage the huge demand for parking in the City. The management of the parking system was outsourced to a service provider. The main aim of the Parking system is to control and regulate parking in order to make the City easier to do business in and be attractive to consumers and entrepreneurs.
11. Introduction of user fees at the bus rank	<ul style="list-style-type: none"> Derive some revenue at the bus rank. 	<ul style="list-style-type: none"> In line with Council strategic objective to derive some revenue at the bus rank user fees were introduced. A private service provider was appointed during the year to manage and control the bus rank was including the collection of user fees from which Council derives a share.

PROGRAMME PERFORMANCE REVIEW

(Continued)

3.5.6. Amicall

The AMICAALL Program is an initiative by the Alliance of Mayors Initiative for Community Action on HIV/AIDS at Local Level. AMICAALL has been designated by the national government as a lead organization to facilitate Local government response to the epidemic within urban areas. The response of the Municipal Council of Mbabane to the pandemic is multipronged but based in three thematic areas: -

- » Prevention of the spread of HIV;
- » Mitigation of the impact of HIV/AIDS;
- » and Response Management.

In the year 2011/12 a number of interventions and initiatives were taken by Council in an endeavour to tackle more effectively the devastating impact of the pandemic in the city and make sure that it can be more responsive to the needs of its communities. In its approach Council as much as it is acknowledging the multifaceted nature of HIV/AIDS, the interventions employed were focussed in addressing the Public Health and the Social aspects of the pandemic including;

- » Focusing on Preventing of Mother to Child Transmission (PMTCT),
- » Voluntary Testing and Counselling (VCT),
- » Social Behavioural Change.

The progress that has been made in the period between 2011 and 2012 include the following:

3.5.5.1 Prevention:

- a. Conducting a Sporting activity dubbed Mandela for Good Sport Tournament. Young people both male and female of ages between 14 and 19 from the 12 wards were engaged in a variety of sporting codes at the Prince of Wales and Coronation Park. The major aim of this intervention was to engage young people on issues of HIV/AIDS, Reproductive Health, Life skills/livelihood skills and Social Behavioural Change. Before and in-between games there would be dialogues/discussions on these topical issues. From these tournaments eached more than 10,000 young people with information on Social Behavioural Change and sexual Reproductive Health information.
- b. Female condom promotion was carried out at the Bus rank and more than a thousand female condoms were distributed
- c. PMTCT: There was a training of 75 community care givers (6 men and 69 women) that were capacitated or trained in PMTCT. After their training they were able to reach about 6 000 women who were either pregnant or lactating and yet HIV positive.
- d. VCT: Council constructed its own Voluntary Counselling and Testing centre at Nkwalini. Although the centre was officially opened in February its operations started in June of the following financial year 2012/2013 with the technical support of PSI.
- e. A Wellness Program was established within the workplace. A steering committee and peer educators were selected and trained. A wellness policy was drafted. Monthly health talks are held by peer educators at departmental level.
- f. Candlelight and World AIDS Day commemorations were observed by Council employees

3.5.5.2 Impact Mitigation:

- a. Community Home Based Care (CHBC): the Ministry of Health developed and introduced a new reporting tool for community care givers. 120 care givers were trained in this new tool and the training combined both CHBC's and Rural Health motivators (RHMs)
- b. The International Volunteers' Day for 180 community volunteers was commemorated. The purpose of this event is to thank the volunteers for committing themselves to this service so freely and whole heartedly risking their own lives. It was a well-attended event with the Deputy Director of health being the guest speaker whilst UNDP was the major funder for the event.

PROGRAMME PERFORMANCE REVIEW

(Continued)

- c. Social Centres: the number of social centres where children from 0 to 18 get at least one meal per day were increased from 5 in 2010/11 to 11 in 2011/2012. This meant an increase in the number of OVC assisted with food. Within this period, there were 2 117 children beneficiaries (on food) in the 11 social centres.
- d. Hygiene and food handling training for 60 cooks was conducted by the Ministry of Agriculture and Cooperatives.
- e. To ensure that the children also enjoyed their right to identity and nationality, 90 OVC were identified and assisted to get birth certificates and Identity Documents. This was done with the financial assistance from the President's Emergency Plan for AIDS Relief (PEPFAR).
- f. Social centre beneficiaries took a trip to see a game reserve at Hlane. There were 120 of them. In December a Christmas party and graduation was held for the preschool. The Christmas and graduation were attended by councillors who then handed the graduation certificates to the children, each councillor handed a certificate to a child from his ward.

3.5.5.3 Social Issues/Gender, Discrimination, Racism And Xenophobia

- a. A situational analysis on the implementation of the Ten point Action Plan on the Coalition of African Cities against Racism, Discrimination and Xenophobia was carried out by UNESCO and the findings and recommendations made known to the Council. Findings indicated that Council has implemented about a third of those ten points.

Council became a Centre of Excellence (COE) for Gender Mainstreaming in Local Government. Gender Mainstreaming is a strategy employed by the COE to ensure the achievement of gender equality at all levels of the local government. The COE are responsible for pioneering and cascading and strengthening gender mainstreaming in Local Governments. Council is working with Gender Links in this programme. Councillors and management were workshopped in Gender Mainstreaming in Local Government. The Councillors and management were also trained on gender concepts. A gender action plan was developed and a situational analysis carried out.

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATOR	OUTCOME
1. Prevention	<ul style="list-style-type: none"> • Reduce idleness amongst young people (14-19) years 	<ul style="list-style-type: none"> • Young people were engaged in sporting activities in four sporting codes; soccer, Netball, basketball and Volley ball.
		<ul style="list-style-type: none"> • This was the Mandela Good for Sport Project. Municipal Council of Mbabane also participated and in soccer Ward 3 represented the Council at national level, ward2 in Netball.
	<ul style="list-style-type: none"> • Male Condoms Distributed 	<ul style="list-style-type: none"> • Male condoms distributed in that period were 1 092 676 and 2 121 female condoms.
	<ul style="list-style-type: none"> • Poem Writing amongst 8 primary schools on child abuse 	<ul style="list-style-type: none"> • Held Poem writing amongst 8 primary schools on Child Abuse and Cedusizi Primary was the winner. The purpose of the poem writing was to encourage the children express their views freely on issues that affect them as children
	<ul style="list-style-type: none"> • Establishing new health clubs and reviving old ones 	<ul style="list-style-type: none"> • Visit 5 health clubs & established 2 new ones

PROGRAMME PERFORMANCE REVIEW

KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATOR	OUTCOME
	<ul style="list-style-type: none"> Establish & Launch of Nkwalini Health and Social centre Established and launched the Wellness Program 	<ul style="list-style-type: none"> Establishment and launch of the Nkwalini Health and Social centre where there is a VCT Established and launched the Wellness Program within the workplace. A wellness policy was formulated and launched as well. The program is driven by 10 Peer educators and 9 steering committee members.
2. Impact Mitigation	<ul style="list-style-type: none"> Training of CHBC on the M&E Tool 	<ul style="list-style-type: none"> Trained 120 CHBC givers in the new reporting or M&E Tool from the Ministry of Health
	<ul style="list-style-type: none"> Refresher Course for Lihlombe Lekukhalela volunteers was conducted 	<ul style="list-style-type: none"> A 100 Lihlombe lekukhalela volunteers went through a refresher course
	<ul style="list-style-type: none"> Training conducted on Hygienic and Food safety 	<ul style="list-style-type: none"> Training of social 60 centre cooks on Hygiene and Food handling by the Ministry of Agriculture and cooperatives
	<ul style="list-style-type: none"> Meal provision for about 2 117 OVC in 11 social centres 	<ul style="list-style-type: none"> Continued providing meals to about 2 117 OVC in 11 Social Centres
	<ul style="list-style-type: none"> Provided Home based Care to clients in the comfort of their homes 	<ul style="list-style-type: none"> Reached about 14 000 clients with Home Based care Clients.
3. Response Management	<ul style="list-style-type: none"> Meetings held with MHT and Social Centres Partners 	<ul style="list-style-type: none"> Held 2 coordination meetings 1 with MHT and the other one with Social Centres partners
	<ul style="list-style-type: none"> Community mobilization 	<ul style="list-style-type: none"> Community mobilization through commemorating major international days especially the following: International Volunteers' day; World Aids Day, Candle light. and the Valentine day

4. INTERNAL AUDIT

The Municipal Council of Mbabane's Internal Audit Function is an independent and objective assurance and consulting activity that reports direct to the Finance Committee of the Council. Its main objectives are:

- » Ensuring that internal controls systems are operating effectively;
- » Ensuring compliance to policies, procedures, laws and regulations; and
- » The policies in place to adequately safeguard Council's assets against loss and theft.

During the 2011/12 financial year Internal Audit performed the following activities;

- » Internal Audit reviewed the Internal Audit Charter and amended it in order to keep it relevant, and in line with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Council approved the amended Charter in their meeting of 28 June 2011.
- » A risk-based annual internal audit plan was approved by the Finance Committee which set the audit universe for the period.
- » Internal Audit presented the following audit reports to the Finance Committee
 - Review of Council's Stores section – the objective was to ensure that the system of internal controls in place adequately mitigates against the risk exposures.
 - The audit review found several control weaknesses and recommended improvements thereto. They were mainly around segregation of duties, regular reconciliation of the stores account, and the development of operational standards and procedures for the section. The recommendations were accepted by management and they were being implemented by the end of the financial year.
 - A review of Council's Workshop Section – the objective of the audit was to ensure that the policies, procedures and controls that management had put in place adequately address the risk areas and safeguard Council Assets against losses and theft.
 - The review found that there was room for improvement in the following areas; reviewing and communication of policies and procedures, and monitoring and controlling the movement of tools and equipment in and out of the workshop. The recommendations made were accepted by management for implementation.
 - A review of the Human Resources Department – the objective was to ensure that the policies and procedures approved by Council are being adhered to and are adequate to mitigate against possible risk exposures.
 - The main findings from this review were around segregation of duties on the Human Resources/payroll system, occupational health and safety fire and evacuation procedures, and compliance to the employment act with regards to staff indebtedness ratio.
 - Management committed to implementing the corrective interventions to address the issues raised.
 - The adoption of the ISO9001 standards next financial year will also help address some of the issues raised.
 - Follow-up reviews were performed for the Stores and Workshop audits – the objective was to ensure that the management had implemented the agreed to recommendations.

5. CONCLUSION

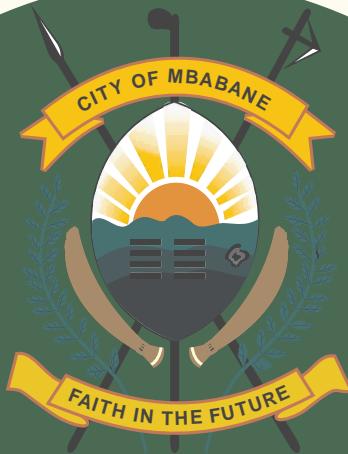
The Municipal Council of Mbabane's Strategic plan for this current financial year focuses on the implementation of a Turn-Around Strategy, aimed at improving the efficiencies of service delivery, which in turn will ensure public finances are put to proper use, further supporting the City's guiding principle of putting people first in everything it does.

Both Councillors and Management have committed to upholding and practicing the highest standards of corporate governance in the service of the people we were all called upon to serve. To keep the strategy alive and relevant, Council resolved to make it part of its commitment to good corporate governance practice to review the strategy document every year.

To ensure that we achieve all the strategic objectives associated with each of these strategic focus areas, the Municipal Council of Mbabane City has carefully and collectively decided on the prioritization of key activities for implementation process. We will continue to be guided by our legal mandate as a Municipality, which defines the authority and boundaries of our actions.

In conclusion, the priority for the upcoming financial year of 2013/14 must be to drive the implementation of the TAS strategy, with a key focus on the completion of the following deliverables:

- » Implementing a revised service delivery model which could potentially incorporate outsourcing of the identified services areas;
- » Implementation of the Minimum Service Standards;
- » Implementation of the Voluntary Exist Packages (VEP).



Annual Financial Statements

for the year ended 31 March 2012

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FINAL ACCOUNTS

for the year ended 31 March 2012

His Worship the Mayor and Honourable Councillors,

FINAL ACCOUNTS FOR THE YEAR ENDED 31 March 2012

I have the pleasure to submit final accounts for the year ended 31 March 2012 together with the auditor's report for your consideration.

May I express my sincere appreciation to our auditors for their hard work and co-operation.

Yours faithfully,

.....
N. VILAKATI

CITY TREASURER

STATEMENT OF RESPONSIBILITY BY THE COUNCILLORS

for the year ended 31 March 2012

The Councillors are responsible for the preparation, integrity and fair presentation of the financial statements of the Municipal Council of Mbabane. The financial statements presented on page 41 have been prepared in accordance with the Council's accounting policies and in terms of section 102(3) of the Urban Government Act, 1969, and include amounts based on judgements and estimates made by management. The Councillors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The Councillors are also responsible for the Council's system of internal financial control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Councillors to indicate that any material breakdown in the functioning of these controls, procedures and system has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The Councillors have no reason to believe that the Council will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Council.

The independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the Councillors and committees of the Council, has audited the financial statements. The Councillors believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 36.

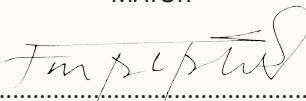
The councillor's confirm that the annual financial statements set out on pages 54 to 55 were approved by the Councillor's on and are signed on their behalf by:



MAYOR



CHIEF EXECUTIVE OFFICER



DIRECTOR OF FINANCE

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Municipal Council of Mbabane

For the Financial year ended 31 March 2012

We have audited the annual financial statements of the Municipal Council of Mbabane, which comprise the Councillors' report, the Statement of financial position as at 31 March 2012, the income and expenditure statement, the statement of changes in equity, the Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 53.

Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of these financial statements in accordance with Section 102 (3) of the Urban Government Act 1969. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 the Councillors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Council as of 31 March 2012 and of their financial performance and their cash flows for the year then ended in accordance with Section 102 (3) of the Urban Government Act 1969.

Supplementary information

The general income and expenditure summary and related schedules set out on page 40 do inform part of the annual financial statements and are presented as additional information.



PricewaterhouseCoopers

Partner: *Theo Mason*

Chartered Accountant (Swaziland)

Mbabane

Date:.....

Partner in charge J P E Lewis

Resident partners T Mason, M Fakudze

PricewaterhouseCoopers, MTN Office Park, Karl Grant Street, Mbabane, Swaziland

P O Box 569, Mbabane H100, Swaziland Telephone +268 2404 2861/3, Telephone or 2404 3143, Facsimile +268 2404 5015,
www.pwc.com

COUNCILLOR'S REPORT

for the year ended 31 March 2012

The Councilors have pleasure in presenting their report and audited financial statements of the Municipal Council of Mbabane for the year ended 31 March 2012.

NATURE OF BUSINESS

The Urban Government Act number 8 of 1969 provides the Council's functionality and mandate. Council has a responsibility to:

- ↳ Control, manage and administer the municipality;
- ↳ Maintain and cleanse all public streets and open spaces vested in the council or committed to its management;
- ↳ Abate all public nuisances;
- ↳ Safeguard public health & safety and provide sanitary services for removal and disposal of night soil, rubbish, carcasses of dead animals and all kinds of refuse;
- ↳ Establish or take over and maintain, subject to the extent of its resources, any public utility service which is authorized or required to maintain under any law and which is required for the welfare, comfort and convenience of the public;
- ↳ Develop, control and manage any land vested in, owned or leased by the Council;
- ↳ Establish or take over and administer, subject to the extent of its resources, housing schemes for the inhabitants of the municipality; and
- ↳ Generally promote the public health & safety, welfare and convenience, and the development, of sanitation and amenities of the Municipality.

EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

The Council members are not aware of any events that have occurred subsequent to year end that could impact the amounts presented in the financial statements and:

- (a) have been fully taken into account insofar as they have a bearing on the amounts attributable to assets and/or liabilities at that date;
- (b) apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial position;
- (c) Have not required adjustments to the fair value measurements and disclosures included in the financial statements.

COUNCILLOR'S REPORT (Continued)

for the year ended 31 March 2012

COUNCILLORS

The following Councillors were in office during the year:

01 April 2011 – 31 March 2012

1. Sikhatsi Dlamini
2. Arnold Dlamini
3. Jones G. Benito
4. Grace Bhembe
5. Bheki B. Nkambule
6. Thulani W. Mkhonta
7. James M. Ncongwane
8. Zephania Nkambule
9. Gedle E. Mdluli
10. Benedict C. L. Bennett

MAYOR

Zephaniah Nkambule

DEPUTY MAYOR

Gedle E. Mdluli

SENIOR MANAGEMENT

Chief Executive Officer	G.Mhlongo
Director of Finance	N. Vilakati
Director of Public Works	K. Shongwe
Acting Director of Environmental Health Services	C. Maziya
Acting City Secretary	B.A. Dlamini
Director of Planning and Community Development	F. Simelane
Acting Director of Human Resources	B. Gamedze
Professional Assistant	B. Gamedze
Information Technology Manager	J. Nkambule
Internal Auditor	M. Shabalala

LEGAL ADVISORS

ROBINSON BERTRAM

Postal address

P O Box 24
Mbabane

Physical address

Ingcongwane Building
Gwamile Street, Mbabane

COUNCILLOR'S REPORT (Continued)

for the year ended 31 March 2012

AUDITORS

PRICEWATERHOUSECOOPERS

Postal address

P O Box 569
Mbabane

Physical address

MTN Office Park
Mbabane

BANKERS

STANDARD BANK SWAZILAND LIMITED

Postal address

BOX A 294
Swazi Plaza
Mbabane
Mbabane

Physical address

1st Floor Standard Bank House
Swazi Plaza

REGISTERED BUSINESS OFFICE AND ADDRESS

MUNICIPAL COUNCIL OF MBABANE

Physical address

P O Box 1
Mbabane
Telephone: 2409-7000

Physical address

Civic Offices
Mahlokohla Street
Mbabane

INCOME AND EXPENDITURE STATEMENT

for the year ended 31 March 2012

	Notes	2012 E	2011 E
Revenue	1	63 788 232	57 937 804
Other operating income	2	5 022 462	4 846 933
Grants and subvention	3	1 612 800	<u>3 288 000</u>
Total income		70 423 494	66 072 737
Staff costs	5	(32 080 429)	(30 793 317)
Depreciation	6	(13 552 552)	(2 041 351)
Other operating costs		(28 915 949)	<u>(25 918 986)</u>
Operating (deficit)/ surplus	4	(4 125 436)	7 319 083
Finance income		2 175 179	2 232 725
Finance costs		(691 557)	<u>(702 046)</u>
Finance income – net	7	1 483 622	<u>1 530 679</u>
(Deficit) / surplus for the year		(2 641 814)	<u>8 849 762</u>

STATEMENT OF FINANCIAL POSITION

at 31 March 2012

	Notes	2012 E	2011 E
ASSETS			
Non-current assets			
Property, plant and equipment	6	454 220 178	199 343 062
Investments	8	5 604 807	5 636 887
		459 824 985	204 979 949
Current assets			
Inventories	9	506 541	528 304
Trade and other receivables	10	26 536 961	7 767 725
Cash and cash equivalents	11	32 079 758	29 899 221
		59 123 260	38 195 250
Total assets		518 948 245	243 175 199
EQUITY AND LIABILITIES			
Capital and reserves			
Retained Surplus		11 105 789	13 747 603
Revaluation reserve	12	286 635 930	29 345 575
Other reserves	13	194 683 134	180 956 904
Total equity		492 424 853	224 050 082
Non current liabilities			
Borrowings	14	5 750 681	5 951 362
Trust funds	15	6 624 670	5 216 648
		12 375 351	11 168 010
Current liabilities			
Trade and other payables	16	6 124 687	4 706 868
Employee benefits liabilities	17	1 857 280	1 601 094
Borrowings	14	1 703 813	1 649 145
Bank overdraft	11	4 462 261	
		14 148 041	7 957 107
Total liabilities		26 523 392	19 125 117
Total equity and liabilities		518 948 245	243 175 199

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2012

	Urban development project E	Government grants/ subvention E	Revaluation reserve E	Land trust Fund E	Revenue contribution To capital Outlay E	IBRD – grant – UDP E	MUFP Project/ Rates income appropriation E	Parking space Development Fund E	Millennium structure grants (DRG) E	Total E
Accumulated Surplus E										
Balance at 31 March 2011	13 747 603	86 554 466	61 109 471	29 345 575	1 531 780	24 189 819	5 136 600	498 394	1 907 572	28 802
Deficit for the year	(2 641 814)	-	-	-	-	-	-	-	-	(2 641 814)
Additions to capital assets financed from revenue	-	-	-	-	-	523 509	-	-	-	523 509
Revaluation reserve	-	-	-	257 290	-	-	-	-	-	257 290
Grants Received	-	3 244 274	9 695 567	-	-	-	-	262 880	-	13 202 721
Balance at 31 March 2012	11 105 789	89 798 740	70 805 038	286 635	1 531 780	24 713 328	5 136 600	498 394	2 170 452	28 802
Balance at 1 April 2010	4 897 841	86 554 466	56 755 471	29 345 575	1 531 780	23 067 621	5 136 600	-	1 490 656	28 802
Surplus for the year	8 849 762	-	-	-	-	-	-	-	-	8 849 762
Grants Received	-	-	4 354 000	-	-	1 122 198	-	498 394	416 916	-
Balance at 31 March 2011	13 747 603	86 554 466	61 109 471	29 345 575	1 531 780	24 189 819	5 136 600	498 394	1 907 572	28 802
										224 050 082

STATEMENT OF CASH FLOW

for the year ended 31 March 2012

	Notes	2012 E	2011 E
Cash flow from operating activities			
Cash (utilised in)/ generated from operations	18	(9 254 816)	8 352 908
Interest received		2 175 179	2 232 725
Interest expense		(691 557)	(702 046)
Net cash (outflow)/ inflow from operating activities		(7 771 194)	9 883 587
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(11 092 363)	(9 510 538)
Decrease in investments		32 080	264 287
Net cash outflow from investing activities		(11 060 283)	(9 883 587)
Cash flow from financing activities			
Net Government grants received		15 287 744	9 679 507
Net receipts of trust funds		1 408 022	1 457 210
Borrowings (repaid)/raised		(146 013)	(554 635)
Net cash inflow from financing activities		16 549 753	10 582 082
Net (decrease) / increase in cash and cash equivalents		(2 281 724)	11 219 418
Cash and cash equivalents at the beginning of the year		29 899 221	18 679 803
Cash and cash equivalents at the end of the year	11	27 617 497	29 899 221

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2012

1. General Information

The Urban Government Act number 8 of 1969 provides the Council's functionality and mandate. Council has a responsibility to:

- ↳ Control, manage and administer the municipality;
- ↳ Maintain and cleanse all public streets and open spaces vested in the council or committed to its management;
- ↳ Abate all public nuisances;
- ↳ Safeguard public health & safety and provide sanitary services for removal and disposal of night soil, rubbish, carcasses of dead animals and all kinds of refuse;
- ↳ Establish or take over and maintain, subject to the extent of its resources, any public utility service which is authorized or required to maintain under any law and which is required for the welfare, comfort and convenience of the public;
- ↳ Develop, control and manage any land vested in, owned or leased by the Council;
- ↳ Establish or take over and administer, subject to the extent of its resources, housing schemes for the inhabitants of the municipality; and
- ↳ Generally promote the public health & safety, welfare and convenience, and the development, of sanitation and amenities of the Municipality.

The audited financial statements include the statement of financial position, income and expenditure statement, statement of cash flow and related notes. These financial statements have been approved and authorised for issue by the Councillors.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Section 33 of the Urban Government Financial Regulations Act of 1969. The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and financial assets and financial liabilities held-for-trading.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

Basis of preparation (continued)

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

All amounts in the notes are shown in thousands of Emalangeni, rounded to the nearest thousand, unless otherwise stated.

Property, Plant and Equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed every five years with the Municipality's adoption of each new valuation roll. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are debited to the pertinent asset and credited to revaluation reserve in equity. These gains or losses are kept on the revaluation reserve and released to retained earnings on disposal of assets. Decreases that offset previous increases of the same asset are charged against the revaluation reserve.

Depreciation

All fixed assets, are depreciated or amortised in the case of intangible assets. Depreciation is initially calculated from the month, in which, a fixed asset is acquired or in the case of construction works and plant and machinery, the day following the day in which the fixed asset is brought into use.

Minor assets are depreciated using the reducing balance method as follows:

<u>Items</u>	<u>Useful Life</u>
Furniture and equipment	10%
Motor vehicles	10% - 25%
Computer equipment	33%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

Depreciation (continued)

Major assets (buildings and roads infrastructure) are depreciated on a straight line basis as follows:

Items	Useful Life
Roads, streets, bus ranks	30 years
Stadiums, Storm water drains, bridges	30 years
Traffic signs guard rails	10 years
Buildings	30 years
Car parks	20 years
Solid waste disposal	20 years
Land	Indefinite

Investments

The Council classifies its investments in debt and equity securities into the following categories: trading, held-to-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments that are acquired principally for the purpose of generating a surplus from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short term is defined as 3 months.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the Statement of financial position date which are classified as current assets; during the period the Council did not hold any investments in this category.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the Statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets; during the period the Council did not hold any investments in this category.

Purchases and sales of investments are recognised on the trade date, which is the date that the Council commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments and available-for-sale investments are included in the income statement in the period in which they arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

Leased assets

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of financial position at cost. For the purposes of the Statement of cash flow, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are included within borrowings in current liabilities on the Statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

When loans are repaid, the loan repayments are directly charged to the revenues of the council and a transfer equivalent to the amount of the loan is made from the loan account to the loans redeemed account. The balance on the loans redeemed account is classified under capital discharged in the Statement of financial position.

Employee benefits

For defined contribution plans, the Council pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Council has got no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Council will comply with all attached conditions.

Government grant for carrying out the capital project are not netted off against the cost of the capital projects but are instead accumulated in a capital grants received account which is classified under capital discharged in the Statement of financial position.

Government rates revenue received in respect of rates are offset against Government revenue debtors.

Other government revenue grants received are credited to the respective recipient votes.

Liabilities and provisions

The Council recognises liabilities, including provisions, when:

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of the obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item, included in the same class of obligations may be small.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

Contingent liabilities

The Council discloses a contingent liability where:

- it has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or
- it is not probable that an outflow of resources will be required to settle an obligation, or
- the amount of the obligation cannot be measured with sufficient reliability.

Revenue recognition

Rates income is recorded on all rateable properties of the council. The figures are extracted from both master valuation roll and amended from time to time when supplementary valuation roll is prepared.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Council.

Related Parties

Parties with common interest to the council are regarded as related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the Council shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- ✓ The amount of the transactions;
- ✓ The amount of outstanding balances;
- ✓ Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- ✓ Details of guarantees given or received;
- ✓ Provisions for doubtful debts related to the amount of outstanding balances; and
- ✓ The expense recognised during the year in respect of bad or doubtful debts due from related parties.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

3. Financial risk management

Financial risk factors

The Council's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Risk management is carried out by management under policies approved by the Councillors. Management identifies, evaluates and hedges financial risks in close co-operation with the Council's operating units. The Councillors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(a) Market risk

Market risk includes currency risk, interest rate risk and equity price risk. From time to time derivative financial instruments may be entered into to reduce this exposure to market risk.

(i) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at 31 March 2012, the Council was not exposed to price risk.

(ii) Foreign exchange risk

Foreign currency exchange risk is the risk that the financial instruments that are denominated in foreign currency will fluctuate due to changes in foreign exchange rates.

As at 31 March 2012, the Council was not exposed to currency risk as there were no financial instruments that were denominated in foreign currency.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

for the year ended 31 March 2012

3. Financial risk management (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Council's income and operating cash flows are substantially independent of changes in market interest rates. The Council has no significant interest-bearing assets. At year-end, 100 % of the borrowings were at floating rate. The Council has no specific strategy in place to hedge against fluctuating interest rates.

(b) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the Council to incur a financial loss.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. The Council's cash equivalents and short term deposits are placed in high quality financial institutions.

The Council has no significant concentrations of credit risk. The Council receivables are secured against the properties.

The carrying amounts of financial assets included in the Statement of financial position represent the Council's exposure to credit risk in relation to these assets.

The Council does not have any significant exposure to any individual customer or counterparty. The table below shows the balances of the major counterparties at Statement of financial position date.

Counterparty	31 March 2011	31 March 2011
	E	E
Standard Bank	13 964 224	29 591 010
Stanlib	41 744	39 561
African Alliance	13 463 045	15 603
	27 469 013	29 646 174
Individuals and Business	17 811 836	16 371 931
Swaziland Government	17 627 797	-
	35 439 633	16 371 931

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

for the year ended 31 March 2012

3. Financial risk management (continued)

Financial risk factors

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The council remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

The table below analyses the council's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E
At 31 March 2012			
Borrowings	2 068 735	5 024 929	1 116 492
Trade and other payables	6 124 687	-	-
Employee benefit liabilities	1 857 280	-	-
	10 050 702	5 024 929	1 116 492
At 31 March 2011			
Borrowings	1 999 770	4 997 458	1 375 558
Trade and other payables	4 706 868	-	-
Employee benefit liabilities	1 601 094	-	-
	8 307 732	4 997 458	1 375 558

(d) Legal risk

Legal risk is the risk that the Council will be exposed to contractual obligations which have not been provided for.

The Council has a policy of ensuring all contractual obligations are documented and by the relevant parties to the contract.

As at 31 March 2012, the Council was not aware of any significant obligation not provided for.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 March 2012

(e) Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

4. Critical accounting estimates and assumptions

The Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no critical accounting estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

5. Fair value estimation

The nominal value less impairment provision of rates receivables and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Council for similar financial instruments.

6. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 E	2011 E
1 Revenue		
Revenue comprised of the following:		
Assessment rates		
- Private	30 310 438	28 528 998
- Government	31 485 162	27 787 931
- Penalties and interest	1 992 632	1 620 875
	63 788 232	57 937 804
2 Other operating income		
Revenue from services rendered	5 022 462	4 846 933
3 Grants and subventions		
Subvention received – Swaziland Government	1 612 800	3 288 000
The grant received comprised of amounts received from the government of Swaziland during the year to finance operational costs.		
4 Operating expenditure		
Operating deficit for the year is arrived at after taking into account the following:		
Audit fees	329 788	234 758
Depreciation	13 552 552	2 041 351
Councillors' remuneration	341 259	366 535
Repairs and maintenance	2 118 652	1 940 313
Salaries and wages (note 5)	32 080 429	30 793 317
5 Staff costs		
Salaries	17 580 231	16 032 252
Wages	14 454 666	14 322 994
Other related costs	45 532	438 071
	32 080 429	30 793 317

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

6 Property Plant and Equipment

	Land and building E	Office equipment E	Furniture and fittings E	Computer equipment E	Motor vehicle E	Roads E	Total E
Year Ended 31 March 2012							
Opening Book Amounts	178 978 868	1 455 801	624 762	2 005 316	8 303 065	7 975 250	199 343 062
Additions	2 197 895	293 117	222 646	274 205	1 440 439	6 664 061	11 092 363
Revaluation	79 612 402	-	-	-	-	177 729 270	257 341 672
Re-allocation	(123 469 011)	-	-	-	-	123 469 011	-
Disposals	-	-	-	(26 995)	-	-	(26 995)
Acc. depreciation on disposals	-	-	-	22 628	-	-	22 628
Depreciation charge	(1 250 322)	(166 836)	(68 360)	(702 932)	(960 055)	(10 404 047)	(13 552 552)
Closing Net Book Value	136 069 832	1 582 082	779 048	1 572 222	8 783 449	305 433 545	454 220 178
At 31 March 2012							
Cost	137 320 154	2 947 477	1 411 104	6 927 616	21 735 875	315 837 592	486 179 818
Accumulated Depreciation	(1 250 322)	(1 365 395)	(632 056)	(5 355 394)	(12 952 426)	(10 404 047)	(31 959 640)
Net Book Value	136 069 832	1 582 082	779 048	1 572 222	8 783 449	305 433 545	454 220 178
Year Ended 31 March 2011							
Opening Book Amounts	178 626 338	1 368 835	591 053	2 257 383	8 400 516	629 750	191 873 875
Additions	352 530	251 563	109 315	620 806	830 824	7 345 500	9 510 538
Depreciation Charge	-	(164 597)	(75 606)	(872 873)	(928 275)	-	(2 041 351)
Closing Net Book Value	178 978 868	1 455 801	624 762	2 005 316	8 303 065	7 975 250	199 343 062
At 31 March 2011							
Cost	178 978 868	2 654 360	1 188 458	6 680 406	20 295 436	7 975 250	217 772 778
Accumulated Depreciation	-	(1 198 559)	(563 696)	(4 675 090)	(11 992 371)	-	(18 429 716)
Net Book Value	178 978 868	1 455 801	624 762	2 005 316	8 303 065	7 975 250	199 343 062

During the year, the council embarked on a valuation exercise for its major assets. The valuation was performed by Swaziland Realty Consultants and resulted in a valuation gain of E 257 341 672 as presented above. Still under use and included above are fully depreciated assets with a cost of E 604 113.

NOTES TO THE FINANCIAL STATEMENT

(Continued)

	2012 E	2011 E
7 Finance income – net		
Interest income	2 175 179	2 232 725
Interest expense	(691 557)	(702 046)
	1 483 622	1 530 679
8 Investments		
New Mall (Proprietary) Limited	50	50
New Mall (Proprietary) Limited - Loan	5 604 757	5 636 837
	5 604 807	5 636 887
Council has a 50% shareholding in New Mall (Pty) Ltd. This investment is accounted for at cost (E50) in the books of the Council. Council's estimate of its share of the equity of the New Mall (Pty) Ltd as at 31 March 2012 is E 5 604 807 (2011: 5 636 837)		
9 Inventory		
Inventory represents consumable goods, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete inventory. The Municipal council did not raise any provision in the current year	506 541	528 304
10 Trade and other receivables		
Assessment rates	35 439 633	16 371 931
Provision for doubtful debts	(13 209 770)	(12 663 386)
	22 229 863	3 708 545
Assessment rates - net	335 869	310 696
Staff debtors	3 665 751	3 270 760
Sundry debtors	305 478	477 724
Prepayments	26 536 961	7 767 725
The carrying values of all the receivables above approximate their fair values.		

NOTES TO THE FINANCIAL STATEMENT

(Continued)

	2012 E	2011 E
11 Cash and cash equivalents		
Cash at bank	18 468 345	29 883 618
Cash in hand	148 368	-
African AllianceSwaziland	13 463 045	15 603
	32 079 758	29 899 221
Cash and cash equivalent bank overdraft include the following for the purpose of cash flow:		
Cash on hand and in bank	32 079 758	29 899 221
Bank overdraft	(4 462 261)	-
	27 617 497	29 899 221
12 Revaluation reserve		
Revaluation of land and buildings	286 635 930	29 345 575
The revaluation reserve results from a surplus on the revaluation of major assets. During the year, the council revalued its major assets and a valuation gain of E257 341 672 was realized.		
13 Other reserves		
Revenue contribution to capital outlay	24 713 327	24 189 819
Government grants	66 143 893	56 448 326
Government grants – Urban Development Project (UDP)	85 611 499	83 123 001
Government Foreign exchange Subvention	4 661 145	4 661 145
New Mall land reserve	1 531 780	1 531 780
Millennium structure – City of Taipei grant	28 802	28 802
Government contributions	3 431 465	3 431 466
(IBRD) grant – Urban Development Project (UDP)	5 136 600	5 136 600
CoronationPark Grant from Finland	1 983 671	1 720 789
Parking space development fund	186 782	186 782
MUFP Project	498 394	498 394
Sister cities international	755 776	-
	194 683 134	180 956 904

Refer to the "statement of changes in equity" for the analysis of the movement in reserves.

NOTES TO THE FINANCIAL STATEMENT

(Continued)

	2012 E	2011 E
14 Borrowings		
14.1 Loans		
Non - current		
International Bank for Reconstruction and Development		
Loan	2 411 822	2 670 888
Standard Bank of Swaziland – leases	3 338 859	3 280 474
	<hr/> 5 750 681	<hr/> 5 951 362
Current		
International Bank for Reconstruction and Development		
Loan	259 066	259 066
Standard Bank of Swaziland – leases	1 444 747	1 390 079
	<hr/> 1 703 813	<hr/> 1 649 145
Total borrowings	<hr/> 7 454 494	<hr/> 7 600 507
14.2 Maturity analysis – finance leases		
The minimum lease payments on the finance leases are as follows:		
Due within a year	1 809 669	1 740 704
Due between two and five years	3 729 599	3 702 128
	<hr/> 5 539 268	<hr/> 5 442 832
Less: future finance charges		
Due within a year	(364 922)	(350 625)
Due within two to five years	(390 740)	(421 655)
	<hr/> (755 662)	<hr/> (772 280)
Present value of finance leases	<hr/> 4 783 606	<hr/> 4 670 552

International Bank for Reconstruction and Development loan:

The loan is payable semi-annually commencing in the year 2001 over a period of 18 years. Interest is at inflation plus 2%. The loan is secured by a guarantee by the Government of Swaziland.

Finance lease agreements:

These are repayable in equal monthly installments over periods ranging between 3 to 5 years at varying interest rates. These are secured by the leased assets.

NOTES TO THE FINANCIAL STATEMENT

(Continued)

	2012 E	2011 E	
15 Trust funds			
Swaziland GovernmentLand Sales	3 913 442	3 536 113	
Low cost housing (Rent)	205 075	205 075	
Mahwalala Zone 5 Project	78 914	78 914	
SwaziPlaza and Swaprop Development	192 891	192 891	
Package 14 & 15 deposits	216 499	262 662	
UDP Plot Sales	2 002 672	925 416	
Nkwalini Zone 4	15 177	15 577	
	6 624 670	5 216 648	
16 Trade and other payables			
Trade creditors	3 837 473	2 260 069	
Special creditors	1 967 489	2 383 286	
Accrued interest and commitment fees	41 161	39 134	
SNHB POFS	2 780	2 780	
Other	275 784	36 028	
Commissioner of Taxes (PAYE)	-	(14 429)	
	6 124 687	4 706 868	
17 Provision for employee benefits and other liabilities			
	Leave Pay E	Service Gradituty E	Total E
Year ended 31 March 2012			
Balance at 1 April 2011	1 376 290	224 804	1 601 094
Net increase / (decrease) during the year	171 205	84 981	256 186
Balance at 31 March 2012	1 547 495	309 785	1 857 280
At 1 April 2010	1 411 946	224 804	1 636 750
Net increase / (decrease) during the year	(35 656)	-	(35 656)
At 31 March 2011	1 376 290	224 804	1 601 094

NOTES TO THE FINANCIAL STATEMENT

(Continued)

17 Provision for employee benefits and other liabilities (continued)

17.1 Retirement benefits

All Council employees belong to defined contribution schemes administered by independent administrators, AON Swaziland and Swaziland Employee Benefit Consultants (Proprietary) Limited.

17.2 Leave pay provision

This provision is in respect of staff and employees calculated on the number of days that the employees have not taken in respect of their leave entitlement. The anticipated utilization of the amount is in the near future.

17.3 Contract gratuity

This provision is in respect of management employed on a contract basis and is computed at 25% of their basic pay each month for the duration of each contract.

17.4 Contingencies

At year end, the Council had pending litigation claims amounting to E 107 457. According to legal counsel, it is unlikely that the Council will suffer losses from these ongoing litigations, and as such, no provision has been raised.

18 Notes to the Statement of cash flows

Reconciliation of the deficit for the year to cash utilised in operations:

	2012 E	2011 E
(Deficit) / surplus for the year	(2 641 814)	8 849 762
Adjustments:		
Government grants and subventions received	(1 612 800)	(3 288 000)
Depreciation	13 552 552	2 041 351
Loss on disposal	4 336	-
Interest received	(2 175 179)	(2 232 725)
Interest expense	691 557	702 046
	<hr/>	<hr/>
	7 818 652	6 072 434
Working capital movement	(17 073 468)	2 280 474
(Increase)/decrease in trade and other receivables	(18 769 236)	11 304
Decrease/ (increase) in inventory	21 763	(97 738)
Increase in trade and other payables	1 417 819	2 402 563
Increase/ (decrease) in employee benefit liabilities	256 186	(35 655)
	<hr/>	<hr/>
Cash (utilized) / generated from operations	(9 254 816)	8 352 908

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