



MUNICIPAL COUNCIL OF MBABANE

2013 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

ADDRESS AND CONTACT DETAILS

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Mbabane

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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

COUNCILLORS



**Mayor:
CLR.
Arnold Dlamini
WARD 5**



**CLR.
Nganono Manyatsi
WARD 1**



**CLR.
John Dlamini
WARD 2**



**CLR.
George Benito Jones
WARD 3**



**CLR.
Sikhatsi Dlamini
WARD 4**



**CLR.
Skhumbuzo Dube
WARD 6**



**CLR.
Sthembiso Nhlandze
WARD 7**



**CLR.
Thulani Mkhonta
WARD 8**



**CLR.
Vusumuzi Dlamini
WARD 9**



**CLR.
Sabelo Magagula
WARD 10**



**CLR.
Musa Mamba
WARD 11**



**CLR.
Alfred Tsabedze
WARD 12**

PROFILE

1.1. EXECUTIVE SUMMARY

This Annual Report details the Municipal Council of Mbabane's performance, against the Strategic Plan, Turn-Around Strategy, and the organization's general Annual Operational Plans for the financial year 2012/13.

During the financial year, preparations for the implementation of the Municipal Council of Mbabane's Turn-Around Strategy which were initiated last financial year, continued amid serious challenges posed by the unworkable 2007 Collective Agreement. The purpose of the exercise was to review the Municipal Council of Mbabane's service delivery model, as well as its overall sustainability and it was planned to be effective by mid year.

The key performance achievements for the financial year 2012/2013 are highlighted as follows:

- ▶ The Annual Operating Plan and Budget was completed and submitted to the Minister of Housing and Urban Development for approval on time;
- ▶ 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 could not be concluded by the end of the financial year. It was meant to measure Council's relative ability to honour its general unsecured financial obligations for the period to 31 March 2013. The previous financial year's 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 meant that not only it is able to repay maturing long-term liabilities, is considered a safe haven of investment;
- ▶ A "Pay Your Rates and Win" Competition which was introduced by the Council, as an incentive, to encourage its property owners to pay their rates on time continued even this financial year.

PROFILE

- ▶ A Financial Year End Audit was completed, and thanks to adequate controls in place 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 continued even this financial year; and
- ▶ Fixed Assets Policy which was developed and approved by Council in August 2012, 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 achieving certification next financial year.

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.”

1.3. VISION, MISSION AND VALUES

1.3.1. Vision Statement

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

1.3.2. Mission

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

1.3.3. 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

FOREWORD BY THE MAYOR



We remain committed 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.

On behalf of the Council I would like to thank the citizens of Mbabane who have found it proper to entrust us with the responsibilities of governing the Municipal Council of Mbabane from November 2012 till 2017. Further may I pay tribute to the past Council for having diligently served the people of Mbabane and having obtained unqualified financial report in succession during their term of office.

It is with pleasure for me to present to you this 2012/2013 Financial Year Annual Report which boasts of a clean audit and significant program achievements despite the number of challenges faced under the implementation of the Turn Around Strategy. Accolades goes to the Council, Management and the staff for being committed in serving the people by mobilising services and 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 2012/2013 financial year.

We remain committed 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 "ARNOLD B. DLAMINI".

HIS WORSHIP, CLR. ARNOLD B. DLAMINI
MAYOR

FOREWORD BY THE CHIEF EXECUTIVE OFFICER



The greatest challenge was the full implementation of the restructuring program as planned. However, there were significant positive moves made in this regard.

Management continued to guide the organisation towards achieving the Vision and Mission Statements of Council. All departmental activities and programmes were developed and monitored such that they were consistent with the mission statement and the vision statement. Efforts were made to ensure that the organisational structure of Council is appropriately designed and responsive enough to deliver on the Vision and Mission.

During the Year new Councillors were ushered into Council after successfully held elections. A comprehensive induction exercise was conducted for them and their first assignment was the drawing of the annual operating plan which consists of the budget. Their positive support to management in the implementation of Council programmes was invaluable in ensuring that the budget was submitted to the Minister for approval well within statutory deadline.

The management continued to put even greater emphasis on effective and strategic management through monitoring the performance of the different departments on Council's programmes. Further, it ensured that heads of departments achieved their departmental goals. This was done through a combination of effective quarterly progress reporting and monitoring of action plans for each head of department.

The greatest challenge was the full implementation of the restructuring program as planned. However, there were significant positive moves made in this regard.

This annual report contains the organizational performances in all the main areas or programmes and the financial output.

Kind Regards,

A handwritten signature in black ink, appearing to read "GIDEON MHLONGO".

GIDEON MHLONGO
CHIEF EXECUTIVE OFFICER

PROGRAMME PERFORMANCE REVIEW

3.1. HIGHLIGHTS AND ACHIEVEMENTS

The key highlights, achievements and initiatives during the financial period 2012/2013 are as follows:

3.1.1. Restructuring Exercise

The new organizational staff structure of Council became operational. This structure is meant to streamline service delivery by Council, be more effective and efficient. However, the restructuring programme as whole did not progress as planned. The critical component of the restructuring exercise is the outsourcing of identified services which would result in likely redundancies and retrenchments. A deadlock with the Union and Staff Association over the review of the 2007 Redundancy and Retrenchment Policy and Collective Agreement meant that the process could not proceed.

3.1.2. Strategic Plan and Economic Development Strategy

Council operations continued to be guided by its Strategic Plan 2008 - 2012 which informed most of its programmes in the Annual Operation Plan. By the end of the year the plan had been significantly implemented paving the way for the development of a new one to enable the newly installed Councillors to give direction for their term of office.

Council reviewed its Economic Development Strategy (EDS) making it relevant and up to date to address emerging economic challenges in the City. In addition and as part of the new structure, a dedicated Local Economic Development office has been created to ensure that the strategy is not only implemented but achieves its stated objectives.

3.1.3. Swaziland Local Government Project (SLGP)

The Swaziland Local Government Project (SLGP), a World Bank funded project designed to build capacity and finance infrastructure projects in selected towns in Swaziland, of which Mbabane is part, got off the ground. The municipality signed the participatory agreement which came along with a set of performance assessment requirements and minimum mandatory eligibility criteria

which are designed to significantly improve performance. The SLGP project team assisted Council formulate a three-year Capital Improvement Programme (CIP) which included projects to be funded under the SLGP in the coming years beginning immediately with the following financial year.

Council, because of its clean audit, was one of the few Local Governments that qualified for additional capital financing support for the year 2013/14.

3.1.4. Annual Operating Plan & Budget

The newly elected Council's first official assignment which was achieved within record time was preparing of Annual Operating Plan and budget. Preparation of the annual operating plan and budget was completed in December 2012 and made available for the Honourable Minister's approval by January. This Annual Operating Plan was done in full consultation with the stakeholders including the business community, organisations, communities, ratepayers association and other interest group.

3.1.5. International Cooperation

3.1.5.1. Umsebe Accord

Under this programme, the Council together with its sister cities (Matola in Mozambique, Mbombela and Nkomazi from the Republic of South Africa) started to implement a programme of action drawn from the Memorandum of Cooperation signed in 2002 by holding the first programme of action in Matola. 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. In the next year, this programme will be held in Nkomazi.

3.1.5.2. International Leadership Academy

Six Students from various schools in Mbabane and a teacher attended 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

PROGRAMME PERFORMANCE REVIEW

Baptist Churches in Fort Worth, is aimed at empowering young Swazis with international leadership skills. Here students gained valuable lessons and experiences 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.

3.1.5.3. Cultural Exchange Programme
A group of mixed-age Americans from Fort Worth once again visited the City of Mbabane on a cultural exchange programme. This was the 7th group to visit the City of Mbabane under this annual programme. The group was able to visit a number of places including the two Social Centres for Orphaned and Vulnerable children run by the Municipal Council of Mbabane, primary and high schools and the Mbabane Library where they made some donations. While still in the country, the visitors were home-hosted by locals and in the process were 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 main focus of the Council's communication programme was on Election Education and information. This exercise went well until the Council Elections were successfully completed in November. A number of information dissemination initiatives to keep the public updated on the assumption of office by the new Council were engaged. These included press conferences, interviews and press releases. On general information dissemination, the Council used such mediums as public and Council meetings, the media (both print and electronic), Trade Fair, annual report, pamphlets and leaflets. The Council had positive media coverage during this financial year.

3.2.2 Stakeholder Engagements

The Council continued to utilize consultative and informing forums where issues related to the Turn-Around Strategy were dealt with by

all parties concerned. Parties involved in this exercise included the Council (inclusive of management), Staff Association, the Workers and other relevant third parties including Government, Parliament, the Labour Commissioner, Ratepayers Association, the media etc.

Due to the election period, less ward meetings were held and this was done to eliminate the chances of voter influencing by contesting candidates. Public consultations on the development of the Council budget were held. For other specified needs, the stakeholders would be invited to meet with the Council's management or Councillors.

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;
- ▶ Restructuring of the Council;
- ▶ Administration issues of the Mbabane Bus Rank by public transport owners;
- ▶ Implementation of planning matters in the informal settlements.
- ▶ Implementation of Anti-Litter legislation
- ▶ Management of the Bus Terminus

3.2.3 Public Safety

The Council engaged a new security service provider known as 4Him Security Company to handle its security issues. This company brought in new innovations including motorbikes and horses for patrolling the streets and public open spaces respectively. Good working relations continued to be enjoyed between the security provider and the Royal Swaziland Police. According to the RSP crime records, Mbabane remains a safe place to live in.

PROGRAMME PERFORMANCE REVIEW

3.3 FROM A FINANCIAL PERSPECTIVE THE FOLLOWING HAS BEEN ACHIEVED

3.3.1 Rates Payment Incentive

Council continued to encourage property owners to pay their rates on time by running the “Pay Your Rates and Win” competition which saw some lucky property owners winning many valuable prizes.

3.3.2 Financial Year End Audit

Council’s external audit commenced earlier than normal but the level of preparedness, dedication and hard work exhibited by all ensured that Council obtained an unqualified audit opinion, again.

3.3.3 Procurement and Supply Chain Management Policy

Council engaged in a process to develop the Procurement and Supply Chain Management policy. The primary objectives of developing the policy are:

- i) To comply with the provisions of the Urban Government Act 1969,
- ii) To comply with the provisions of the Public Procurement Act 2011.
- iii) To align Council’s procurement systems, processes and procedures to best practices in general and to those of the World Bank in particular as Council will be implementing programs to be funded through the Swaziland Local Government Projects initiatives funded by the World Bank.

3.4 GOVERNANCE AND FINANCIAL CONTROL

3.4.1. Quality Management System (ISO 9001)

Major achievements were made in the implementation of the ISO 9001 Accreditation Process. All departments were able to complete their Quality Management Systems Procedures which are meant to assist the

Council to provide public service to a consistently high standard. First internal audit was conducted by the QMS Special and the results were that the institution is ready for certification. First and second Certification Audits have been scheduled for June 2013 and August 2013 respectively which should pave the way for ISO9001 certification.

3.4.2 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.
- ▶ 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.

PROGRAMME PERFORMANCE REVIEW

- 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.

3.4.3 Financial Performance

3.4.3.1. Revenue

Rates revenue increased by 7% due to a combination of 6% increase in assessed rates plus supplementary rates revenue earned during the year.

Other income increased by 4% primarily due to increased advertising applications and licence inspection fees.

Government subvention increased due to amortization of the restructuring grant to reflect expenditure incurred against this grant as at the end of the financial year.

3.4.3.2. Operating Expenditure

Operating expenditure increased by 7% due to gratuity pay out for the outgoing and elections for the incoming Council as well as contract security services fees and provision for severance pay.

3.4.4 Financial Position

3.4.4.1 Assets

Total assets increased by 13.8m from E518.9m (2012) to E532.7m (2013) due to an increase in cash and cash equivalents after central government paid in full the restructuring grant as well as her outstanding rates balance for 2012.

3.4.4.2 Trade and other receivables

Trade and receivables decreased by E11.4m from E26.5m (2012) to E15.1m (2013) mainly due to central government paying up her outstanding rates balance for 2012. Rates collections from private property owners also improved by 4% from 61% (2012) to 65% (2013).

3.4.4.3 Total Equity

Total equity increased by E18.1m from E492.4 (2012) to E510.5m (2013) mainly due to the restructuring grant from government and the surplus realised in the financial year.

PROGRAMME PERFORMANCE REVIEW

3.4.4.4 Liabilities

Total liabilities decreased by E4.3m from E26.5 (2012) to E22.2m (2013) mainly due to a decrease in overdraft position and long term borrowing.

3.5. DEPARTMENTAL PROGRAMME PERFORMANCE FOR THE FINANCIAL YEAR PERIOD 2012/2013

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

3.5.1. Department of Corporate Services

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 in 2011/12	Number of Meetings in 2012/13
Council Ordinary	9	12
Council Special	21	28
Ad Hoc Committees	24	14
Council Workshops	17	12
Executive Management	29	19
Adjourned Council	1	0
Aborted Council	3	1
Finance Committee		17
GRAND TOTAL	101	103

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 number of legal actions taken against Council in comparing to the previous year was much lower. There was one case this year compared to eight (8) cases brought against the Council last year. It involved liabilities for administrative action. There were no cases initiated by the Council against second parties.

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 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		
	2011/12	2012/13
No. of arrested	304	428
Paid fine and rescued their wares	73	90
Abandon wares and avoided arrest	46	1 865

3.5.1.5. Animal Control

There were less animal nuisances dealt with this year. This could be attributed to the consultation the Council had with the farmers who have cattle byers within the urban area. The Council had given them an ultimatum by which they should have removed their animals from the urban area. Dogs put down were less in number compared to the previous year. The following results were obtained;

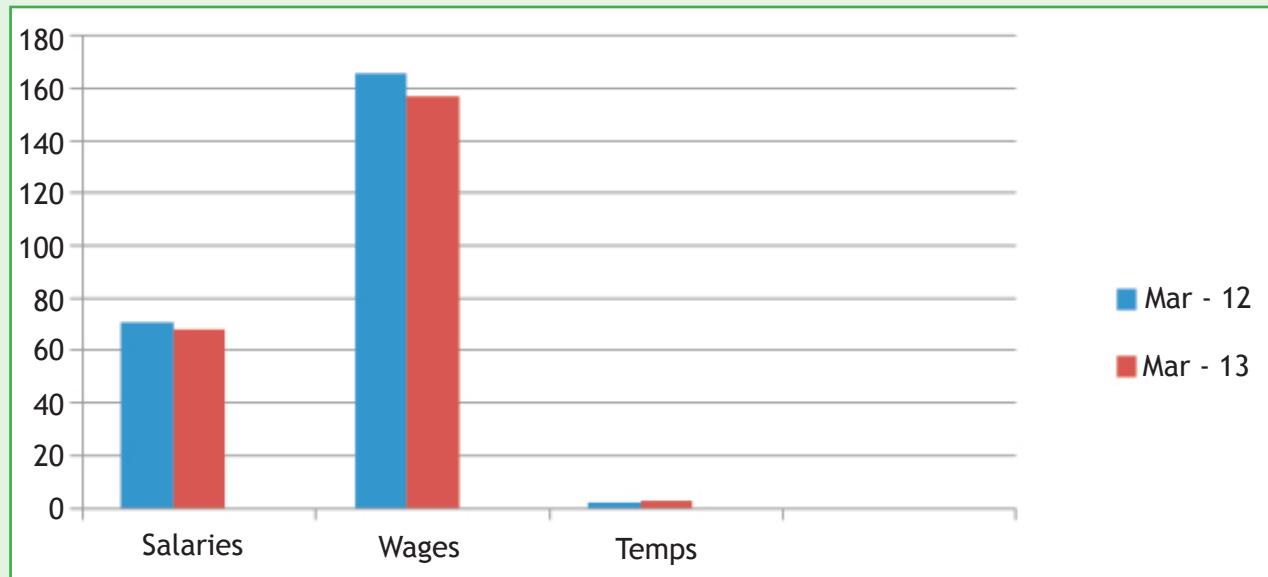
ANIMAL NUISANCES		
	2011/12	2012/13
Dogs brought down	93	87
Cattle impounded	1058	982

PROGRAMME PERFORMANCE REVIEW

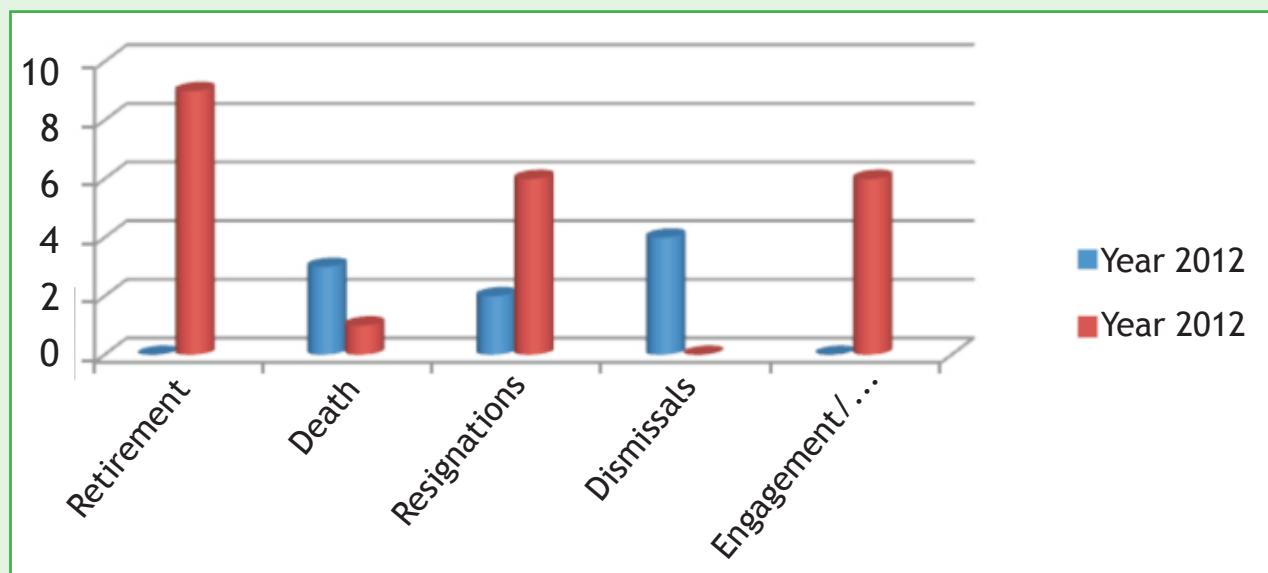
3.5.1.6 Human Resources

3.5.1.6.1 Staffing Matters

The manpower strength of the Municipal council of Mbabane was reduced by 11 employees as compared to the previous year. The current strength is 228 including temporary staff.



Graph 1. Comparison of salaried, wages and temporary employees between the 2011/2012 and 2012/2013 financial years.



Graph 2. Comparing staff movement between the financial year 2011/2012 and 2012/2013

PROGRAMME PERFORMANCE REVIEW

3.5.1.6.2 Industrial Relations

The Industrial Relations climate was not quite conducive during the year under review as there were some serious challenges that were faced which have impacted very negatively on the organizations strategic direction to implement the new restructuring exercise. One of the major challenges was the failure to reach consensus with the Unions on the status of the 2007 Collective Agreement. Consequent to the stalemate the implementation of the restructuring exercise has been delayed for more than a year.

The other challenge has been the non-concluded negotiations on the 2012/2013 cost of living adjustments which had been escalated to the CMAC arbitration level for a final determination.

3.5.1.6.3 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 recreation sporting activities which promotes their wellbeing. Council Employees were taken through Face the Future Counselling which was aimed at psychologically preparing them for the restructuring effects. Further, they participated in Local social games held at Mankayne and International social games held in Gaborone, Botswana.

3.5.1.6.4 Occupational Health and Safety

This Programme ensures the implementation of the requirements of the Occupational Safety and Health Act No. 9 /2001 in order to safe guard employee safety and health at work. The key activity within this year was training of Section Managers on Incident Investigation.

The course objective was to equip managers with skills to effectively investigate all incidents happening in their jurisdiction through determining direct and basic incident causes, setting up and implementing remedial plans to prevent incident recurrence. Other operational activities as outlined in the relevant legislation were also successfully carried out which include, amongst others, safety and health inspections, safety and health committee meetings, safety and health awareness talks and provision of personal protective clothing and equipment where required.

3.5.1.6.5 Training

The employee trainings were held as follows;

- ▶ 7 Secretaries and 18 Middle Managers were trained in Advanced Microsoft Outlook and Word
- ▶ 18 Managers attended a workshop on Initiating and Chairing of Disciplinary Hearings
- ▶ 48 Council employees attended various workshops/courses in various institutions outside and inside Swaziland.

3.5.2 Department of Community Services

3.5.2.1 Development of Community Services

Building Statistics

Between April 2012 and March 2013 there was a total of 386 building plans submitted to Council for approval. A total of 85 percent of those plans were approved and only 35 percent of the approved buildings were completed during the year under review. Considering the value of the developments, there was a considerable increase in the value of the developments in monetary terms.

PROGRAMME PERFORMANCE REVIEW

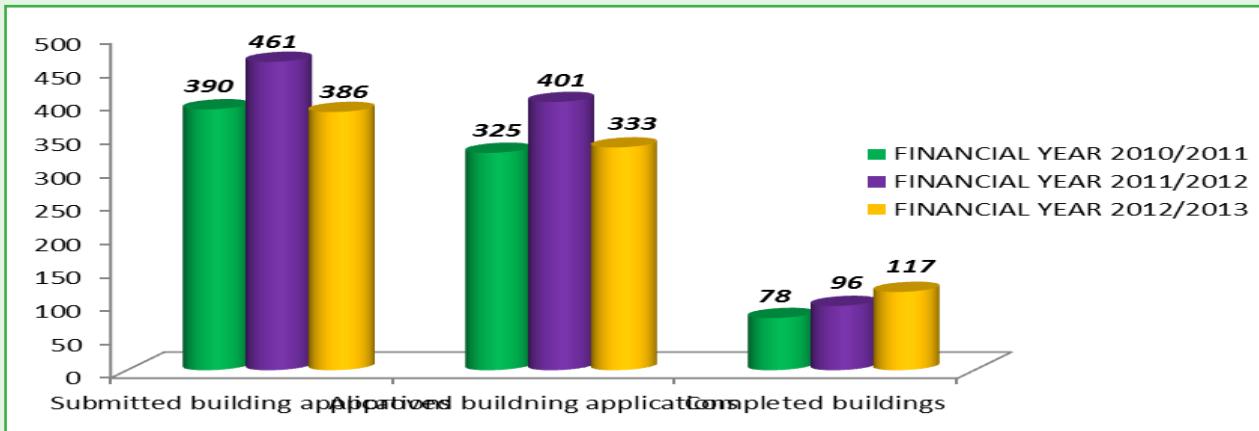


Chart 1.2: Building plans submitted, approved and completed between 1st April 2010 and 31st March 2013

Category	2010/2011 Financial Year	2011/2012 Financial Year	2012/2013 Financial Year
Completed Buildings	E48 453 324	E65 133 170	E68 173 450

Table 1.2: Comparison of the value for structures completed in 2010/2011, 2011/2012 and 2012/2013 Financial Year

1.1 **Value of Completed Buildings**

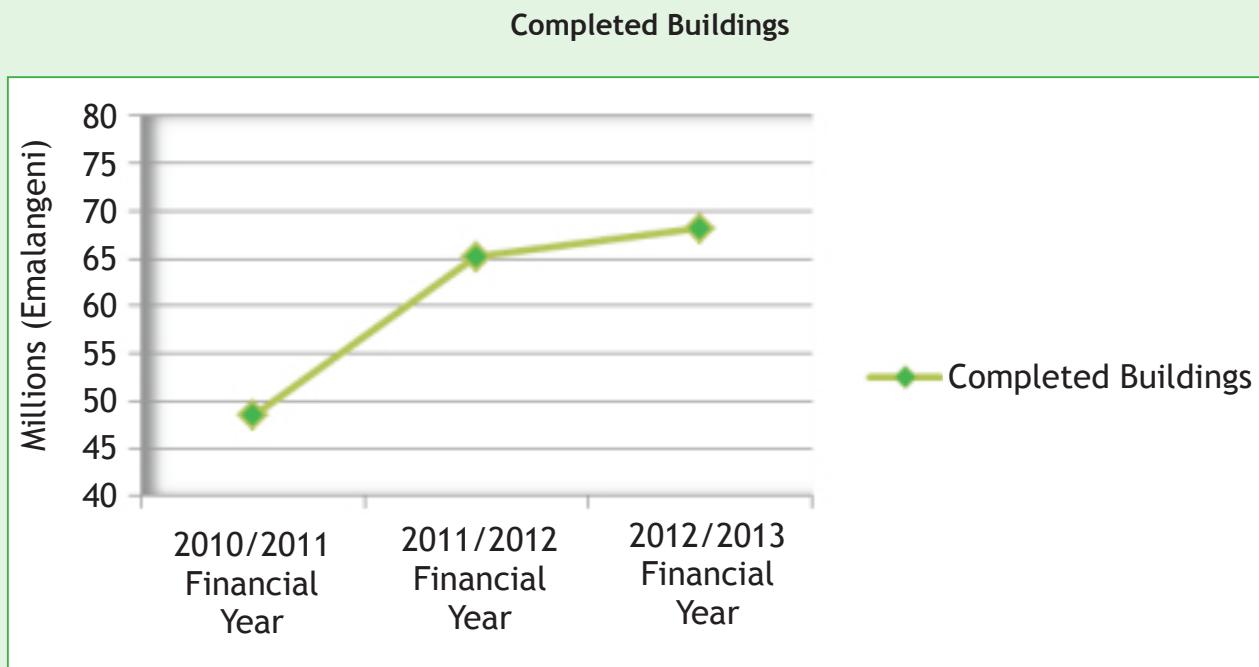


Chart 1.2: A line graph demonstration value of completed buildings between April 2010 and March 2013

PROGRAMME PERFORMANCE REVIEW

The graph shows a high increase in the value of completed buildings between 2010/2011 FY and 2011/2012 FY when compared to 2011/2012 FY and 2012/2013 FY.

A high percentage of construction activity was seen in commercial buildings, this resulted in the improved image of the City's central business district.

3.5.2.2 Major Commercial Developments in the City

i. The New Corporate Plaza is an extension of the Swazi Plaza and with this recently completed addition it makes it the largest shopping centre in Swaziland with department stores, supermarkets restaurants and more creating a well-

balanced comprehensive shopping and leisure experience.

- ii. The Public Service Pension Fund E300 Million up-market office park which includes 15 000m² of office space split across three linked buildings.
- iii. The Umtukulu office park on Portion 915 (Portion of Portion 196) 2 Mbhilibhi Street valued at E1.7 million.
- iv. Office Building on Plot 64 Dzeliwe street valued at E 1.6 million.
- v. The Maphiko building on Remainder of Portion 75 (Portion/Portion K) Mbandzeni Street valued at E6 million.

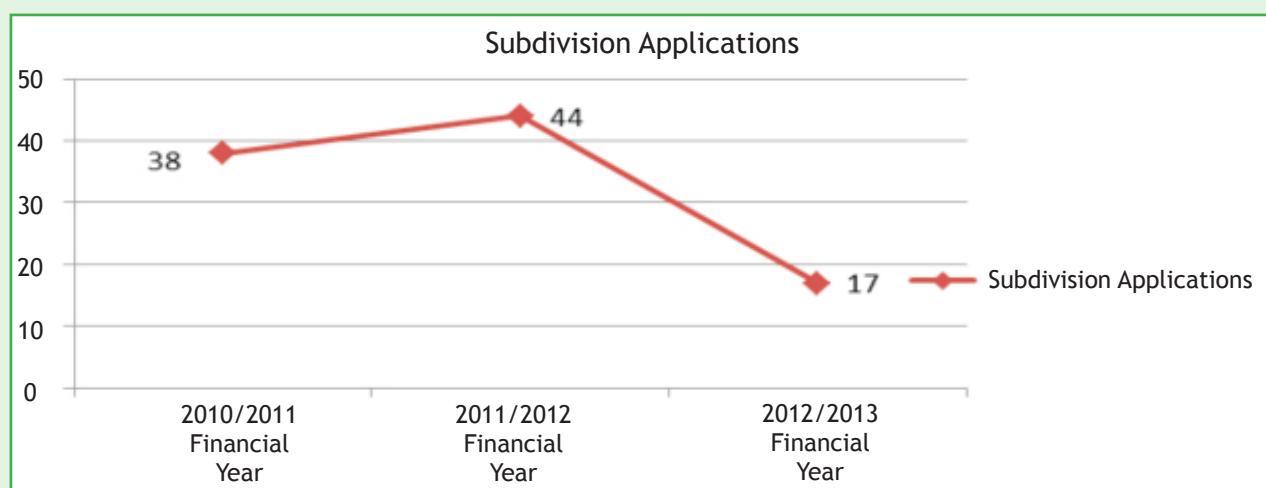


Chart 1.3: A line graph demonstration subdivision applications submitted between April 2010 and March 2013

The graph shows that there is a decrease in the number of subdivision applications submitted compared to previous years. This is probably due to the downwards economic conditions nationally.

3.5.2.4 Mbabane Informal Settlement Upgrading Program

i. Mbabane Upgrading and Financial Plan

The comprehensive layout design for the nine remaining informal settlements in the city was approved by the Human Settlement Authority. The pegging and surveying exercise has been completed at Malagwane and Mangwaneni

to be followed by Sidwashini, Fonteyn, Mahwalala Zone 6C and Nkwalini Zone 3 townships to facilitate their formalization.

ii. Urban Development Plan Plot Sales

The project area under Nkwalini and Mahwalala Townships has a total of 2,561 saleable plots. A total of 56 plots were fully paid up and registered from Government to the project beneficiaries as part of the Urban Development Project. A total amount of E 1 059 093.30 was collected during the 2011/2012 financial year compared to E1 5 045 050 collected in the 2012/2013. This shows an increase in the plot sales payments.

PROGRAMME PERFORMANCE REVIEW

The following are the key performance areas achieved under Planning and community development services in the year under review.

Key Performance Area	Key Performance Indicators	Outcome
1. Geographic Information System Development	<ul style="list-style-type: none"> Establishment of a Geographic Information System for the City 	<ul style="list-style-type: none"> The Council's has managed to establish the Geographic Information System. Data sets were acquired from different organisations and have been uploaded into the system and training of users undertaken. Users are now able to make decisions effectively due to availability of information at a tap of a button.
2. Street Naming	<ul style="list-style-type: none"> Naming of all streets in newly established townships in the City 	<ul style="list-style-type: none"> Street names were formulated for newly established townships through a highly consultative process with the public and city residents. These will be implemented in all the unnamed streets.
3. House Numbering	<ul style="list-style-type: none"> Numbering of existing houses along the streets in Mbabane for ease of identification. 	<ul style="list-style-type: none"> Numbering of all plots within the City has been done and will be launched next financial year.
4. Amendment of General Plan for Nkwalini	<ul style="list-style-type: none"> Amendment of the General Plan to ensure that it is reflective of the infrastructure patterns on the ground 	<ul style="list-style-type: none"> All plots affected by infrastructure implementation at Nkwalini have been resurveyed and survey diagrams reflecting new plot numbers, boundaries and sizes have developed by the Surveyor Generals office and new plot sizes communicated to plot owners.
5. Conduct environmental impact assessment for new cemetery site	<ul style="list-style-type: none"> Finalisation of a detailed environmental impact assessment of proposed cemetery on portion 16/73 in order to ensure environmental compliance 	<ul style="list-style-type: none"> Environmental assessment report and comprehensive Mitigation Plan for the site to develop a new cemetery for the City has been finalised and forwarded to SEA for approval
6. Regulate outdoor/public advertising	<ul style="list-style-type: none"> Formulation of a comprehensive policy and guidelines for public advertising signs within the urban area 	<ul style="list-style-type: none"> Outdoor Advertising Policy was developed and approved by Council and is being implemented to guide all Public advertising in the City.

PROGRAMME PERFORMANCE REVIEW

3.5.2.5 Parks, Gardens and Cemeteries

In 2012/13 financial year, the section made every effort, to ensure that the City's Parks, namely the Coronation Park, Selection Park, freedom square, linear Park, Makhholokholo Park, Extension three Park, Agriculture Park and Checkers Park. Recreational facilities and cemeteries in the City have been improved to ensure that they are in a usable and aesthetically appealing state.

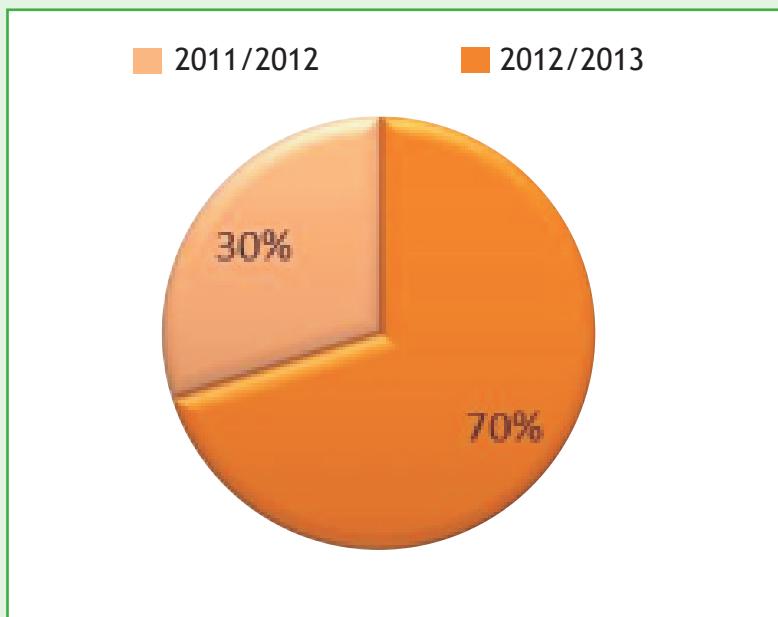
Key Performance Area	Key Performance Indicators	Outcome
7. Development of additional recreational facilities	<ul style="list-style-type: none"> Open spaces developed into recreational facilities 	<ul style="list-style-type: none"> Development of Extension three Park, where 26 benches, 12 tables and 5 braai areas were constructed and installed. Planting of eleven trees at the Extension three park
8. Provision of ablutions in parks and cemeteries	<ul style="list-style-type: none"> All active cemeteries furnished with ablutions 	<ul style="list-style-type: none"> Rehabilitation of Extension three toilets, so they can be used by park users. Council moved the idle concrete toilets from the Coronation Park and installed pipes, seats and cisterns on to them at the Sidwashini cemetery for use during weekends.
9. Landscaping of the Gwamile Traffic circle	<ul style="list-style-type: none"> An aesthetically appealing city, that also embraces biodiversity issues External toilets at Sidwashini Cemetery 	<ul style="list-style-type: none"> A public private partnership between Council and the First National Bank gave birth to the landscaping of the Gwamile traffic circle.
10. Improvement of Parks and recreational facilities	<ul style="list-style-type: none"> Fenced recreational facilities and constructed walkways in all parks. 	<ul style="list-style-type: none"> Construction of 70 meters of paved walkways at the Coronation Park. Completed the installation of pre-cast concrete fence around the Prince of Wales Playground thus improving security in this facility.

PROGRAMME PERFORMANCE REVIEW

3.5.2.6 Environmental Health Services

The number of nuisances reported and identified show a reduction when compared with last financial year:

Chart 1: Public Nuisances



There is an increase in the amount of waste recycled this year compared to the previous year 2011/12:

Chart 2: Recycled Waste



(i) Food Grading

Council grades restaurants, butcheries, supermarkets and bakeries to ensure that the public is aware of the condition of food premises prior to making purchases. The following table shows the grades obtained by food premises during the course of the year:

PROGRAMME PERFORMANCE REVIEW

Table 1: Grading of food premises

Category	Grade A %	Grade B %	Grade C %	Grade D %	Grade E %	Closed
Restaurants	20.5	25	31.5	18.5	2.5	2
Butcheries	5.7	38	38	0	5.5	0
Supermarkets	19	40	24.5	4.5	5.5	0

The Key Performance Area and Key Performance Indicators highlight Environmental Health Services achievement for the financial year 2012/2013 as follows:

Key Performance Area	Key Performance Indicators	Outcome
1. Reduction of morbidity and mortality rate 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"> • 1158 children were vaccinated for measles • 2560 children were given polio drops orally.
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"> • 177 home visits were done compared to 375 home visits carried out in the previous year. • 1059 people were screened for cancer compared to the 2000 people screened in the previous year. • 630 people were treated
3. Waste Management and Litter Control	<ul style="list-style-type: none"> • Development of the Waste Management Strategy • Waste minimization initiatives strengthened 	<ul style="list-style-type: none"> • The Waste Management Strategy was finalized. • Recycled waste received in the buyback Centre was 1 097 tons compared to 793 tons recycled in the previous year. • The waste included; plastics, paper of all kinds, cans, metals glass of all kinds.
4. Public Health & Nuisance Control	<ul style="list-style-type: none"> • Clinical waste collected from all clinics and surgeries at least once a week. • All feeder roads into the city cleaned 	<ul style="list-style-type: none"> • 2118 kg's of clinical waste was collected compared to 804 kg's collected during the previous year. • Service providers were engaged to clean the main roads feeding into the city.

PROGRAMME PERFORMANCE REVIEW

Key Performance Area	Key Performance Indicators	Outcome
	<ul style="list-style-type: none"> At least 30 street litter bins installed 	<ul style="list-style-type: none"> 80 street litter bins were installed during within the Central Business District this year compared to 34 street litter bins which were purchased last year. The programme is designed to ensure that pedestrians have access to litter bins.
	<ul style="list-style-type: none"> One major Clean-up campaign held 	<ul style="list-style-type: none"> Council held a major cleanup campaign which was graced by twinning sister cities namely Mbombela, Matola and Nkomazi. Manzini, Matsapa, Ngwenya, some churches, some institutions also attended the cleanup campaign.
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 All Butcheries, bakeries, supermarkets and restaurants graded All food premises inspected. 	<ul style="list-style-type: none"> Close to 700 premises were inspected during the course of the year compared to the 800 compared to the previous year. Applications received were mainly for grants and renewals Refer to table 1 above 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	<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"> Council managed to collect waste at least six times a week from the commercial and the industrial areas Waste was collected two times a week from the residential areas Waste disposed at the landfill was approximately 7769.44 tonnes.
7. Waste Water Removal	<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.
8. Public Conveniences management	<ul style="list-style-type: none"> Cleaning and management of public toilets Collection of revenue 	<ul style="list-style-type: none"> Faults were reported and attended to. Plans to rehabilitate the toilets were underway by the end of the year.

PROGRAMME PERFORMANCE REVIEW

Key Performance Area	Key Performance Indicators	Outcome
9. Market management	<ul style="list-style-type: none"> Flea market held at least once a month 	<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.
	<ul style="list-style-type: none"> Renovation of street vendors shelters 	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Cleaning and collection of revenue from the markets 	<ul style="list-style-type: none"> The City continued to clean the markets on a daily basis
10. Sampling, analysis and communication of results.	<ul style="list-style-type: none"> Samples of water, milk, food and waste water collected and analyzed Results communicated to responsible units 	<ul style="list-style-type: none"> The analysis results are shown in table 2 below. Non-compliant samples were communicated to responsible units for action to be taken.

Table 2: Laboratory analysis results:

Item analysed	2011/12	2012/13
Milk	108	99
Bottled water	99	75
Spring water	207	62
Rivers in Mbabane	12	8
Waste water samples:		
Gobholo	12	30
	12	82
	12	35
Swabs in food premises	0	239
Sample requests	13	112
Car wash sites	4	3

3.5.3. Department of Technical Service

The Department is responsible for the maintenance of approximately 160km of Roads of which 139km is paved and 21km unpaved, including drainage and the maintenance of traffic & streetlights, parks & recreational facilities, fleet maintenance & renewal, public transport and City parking. The Department is also responsible for the design and construction of infrastructure, including permitting and regulating public and private construction.

The Department's major achievements for the year include;

- ▶ Completion of two engineering studies (traffic and public transport study, CBD Sidewalks condition assessment study) whose recommendations were incorporated in next financial year's budget. Also completed engineering designs for the construction of Sheffield Road.
- ▶ Repairing of potholes and cleaning of

PROGRAMME PERFORMANCE REVIEW

drains to prolong the City's Roads network. Also completed regravelling of gravel roads to improve rideability and road safety and reduce vehicle maintenance costs.

- ▶ Completion of low cost surfacing of approximately 1.5km of gravel roads compared to 1.8km last year and completed surfacing of several steep gravel road sections in concrete to make them passable in all weather conditions.
- ▶ Rehabilitation of 0.2km of existing sidewalks and completion of 0.4km of new sidewalks for the convenience and safety of pedestrians and implementation of various safety improvements through signage, speed humps traffic calming and upgraded selected intersections to improve safety, including construction of ramps for the convenience of the disabled.

- ▶ Replacement of 25 Street light lamps with LED (Low Energy Diode) lamps which last longer and consume less energy to reduce street light maintenance and power costs. Also installed water saving taps in the Headquarters building to reduce water consumption costs.
- ▶ Completed a new recreational park facility at extension 3 Township 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.
- ▶ Purchased a new loader/Digger for solid waste landfill operations to stabilize, strengthen and improve service delivery.

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

Key Performance Area	Key Performance Indicators	Outcome
1. Professional Services	<ul style="list-style-type: none">• Quality engineering studies and designs.	<p>The objective is to determine best alternatives and cost effective engineering solutions to ensure that infrastructure is maintained and constructed to acceptable standards.</p> <ul style="list-style-type: none">• A Traffic and Public Transport Study and assessed traffic conditions and recommend improvements to achieve improved commuter efficiency. A Condition survey City's sidewalks was undertaken with recommended rehabilitation work. Both studies informed the budgeting process for the next financial year (2014)• The designs for the construction of Sheffield Road were finalized during the year and are planned for implementation in the new financial year (2013) when funds become available.

PROGRAMME PERFORMANCE REVIEW

Key Performance Area	Key Performance Indicators	Outcome
2. Road maintenance	<ul style="list-style-type: none"> Well-constructed and maintained road network, sidewalks and footbridges. 	<p>The objective is to prolong the life of the City's roads until such time that a budget is secured for the major rehabilitation of the City's Roads, most of which are now past their economic design lives.</p> <ul style="list-style-type: none"> This year Council repaired potholes to prolong the life of the City's Roads network and re-gravelled Roads to improve rideability and reduce vehicle maintenance costs.
3. Low cost road surfacing programme		<p>The objective is to save the otherwise scarce gravel resource through the use of low cost surfacing technology of the City's gravel roads, until a capital budget can be secured to upgrade them into acceptable engineering standards.</p> <p>The low cost surfacing programme is a rolling programme giving priority to roads in and within the vicinity of the CBD.</p> <ul style="list-style-type: none"> This financial year a total of 1.5km of roads at Kent Rock Roads; Jubela, Sir Robert Croydon, Honey crescent and Professor Guma Streets were surfaced.
4. Major Road rehabilitation/ New Road construction		<p>The objective is to have a well maintained road network to improve rideability, road safety and reduce vehicle maintenance costs.</p> <ul style="list-style-type: none"> The Construction of Sheffield Road was at design stage with physical construction planned for next financial year.
5. Sidewalk rehabilitation		<ul style="list-style-type: none"> The provision of sidewalks is a rolling programme and last year about 0.3km of existing sidewalks along both sides of Gwamile Street from the traffic circle to DPM Offices was rehabilitated while this year about 0.2km of sidewalk along Msakato and Mahlokohla Streets were rehabilitated with 0.4km of new sidewalks constructed along Pholinjane Streets.

PROGRAMME PERFORMANCE REVIEW

3.5.4. Amicall

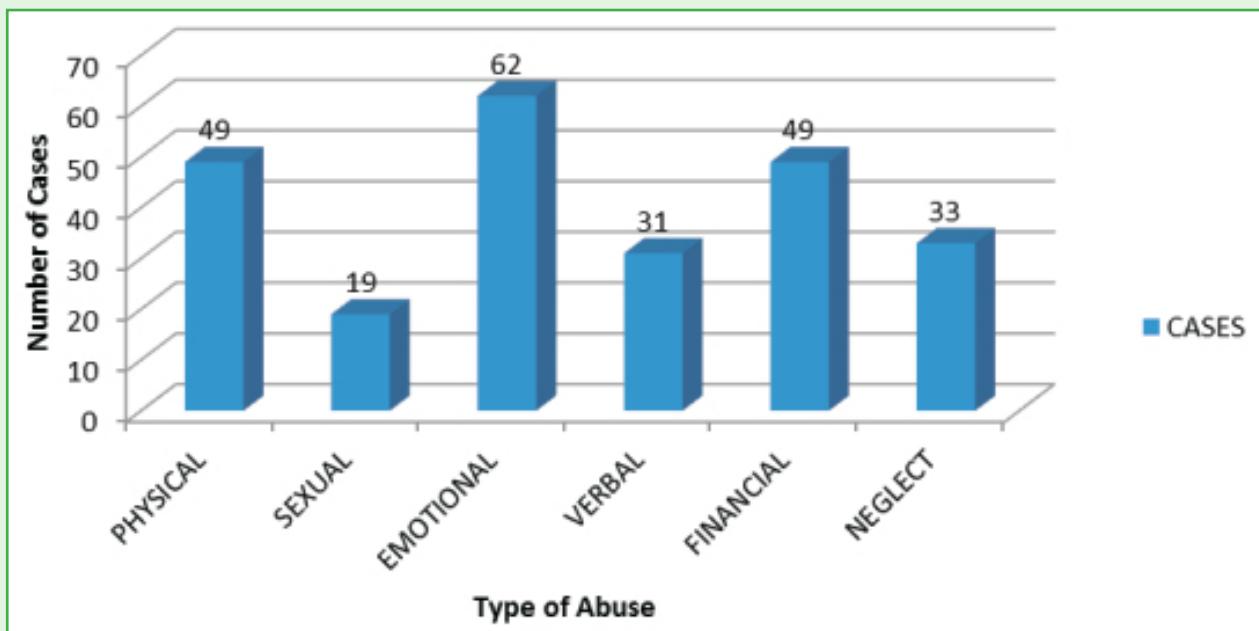
(i) Prevention

- a. **Condom Distribution:** Government ran out of condom supplies for three quarters of the year hence only a total of 504219 male condoms and 2000 female condoms were distributed.
- b. **Voluntary Testing and Counselling (VCT):** during the year Council's first VCT at the Nkwalini Health and Social Centre became operational and serviced a total of 526 clients (223 male and 303 female). Council has started making efforts in coordinating the Mbabane urban response to HIV/AIDS and such efforts have started yielding results. The table below is evidence of the efforts and it shows VCT reports for Mbabane in the year 2012/13.

NAME OF ORGANIZATION	TOTAL TESTED		
	MALE	FEMALE	TOTAL
Nkwalini Health & Social Centre	228	303	531
Salvation Army	619	1730	2349
Baphalali Red Cross	238	499	737
TOTAL	1085	2532	3617

- c. **Lihlombe Lekukhalela:** 70 Community Volunteers on Child Protection (Lihlombe Lekukhalela) had one week refresher training. Reports on child abuse in the 2012/13 showed a total of 243 abuse cases: 49 physical, 19 sexual, 62 emotional, 31 verbal, 49 financial and 33 neglect.

Abuse Cases



(ii) Impact Mitigation

- a. A total of 8456 clients were reached by home based care volunteers in the duration of the year.
- b. The Annual volunteer day was commemorated and the Principal Secretary in the Ministry of Education was the guest speaker. 130 Volunteers were openly appreciated and recognized by council.

PROGRAMME PERFORMANCE REVIEW

- c. As part of the Council Strategic Plan, a volunteer retention strategy was developed and approved by council.
- d. To further strengthen its mitigation efforts a new bakkie was purchased.

(iii) Social Issues/Gender, Discrimination, Racism and Xenophobia

- a. A verification exercise on the extent to which Council as a Centre of Excellence had mainstreamed gender was carried out by Gender Links. Subsequent to the exercise Council was invited to participate in the National Summit on Gender and Justice. Council participated in the Institutional Category against the other 11 Urban Local Authorities in the country and came out the winner. Council also participated in the Climate Change and Gender category where again got the best prize. Council successes at national level qualified them Municipality to participate at the SADC gender Summit in South Africa.
- b. To further improve its mitigation capacity, Council has formed partnership with Grand Circle Travel, a USA based tourist Company with interest in eco-tourism. Through this relationship, five children, 4 girls and 1 boy received educational sponsorship in the year 2012/13.

Key Performance Area	Key Performance Indicators	Outcome
1. Prevention	<ul style="list-style-type: none"> • Establishment/ Revival and running of Health Clubs for in and out of school youth 	<ul style="list-style-type: none"> • Ten functional in-school Health Clubs were established with committees in place. Four of these are high schools and six are primary schools. • A school debate involving 8 primary schools was held (on the Topic “Alcohol and Drug Abuse at Home affects school performance”. Lutheran Primary school was the winner. • One out of school health club has been established.
	<ul style="list-style-type: none"> • A functional Wellness Program in work place 	<ul style="list-style-type: none"> • Health talks on various wellness topical issues were conducted at department levels, (with 245 employees). Topics covered include: TB, Male Circumcision (MC), and Stress Management. • Twenty three participated in the Sibebe Survivor Climb an improvement from the 5 that had participated the previous year

PROGRAMME PERFORMANCE REVIEW

Key Performance Area	Key Performance Indicators	Outcome
2. Impact Mitigation	<ul style="list-style-type: none"> Provide food and Psychosocial Support Services in Social Centres 	<ul style="list-style-type: none"> An average number of 1425 children, some of which are orphaned and/ or vulnerable received meals five days a week in 11 social centres. The reduction in numbers can be attributed to the resumption of the schools feeding program in the neighbouring Government schools. A total of 129 (69 males and 60 females) children received Psychosocial (PSS) support services in the social centres. Conducted an educational tour to Mlilwane and the Museum for the social centre ECCD beneficiaries. Same group also had a Christmas and Graduation party.
3. Response Management	<ul style="list-style-type: none"> Conducted Municipal HIV Teams (MHT) meetings 	<ul style="list-style-type: none"> To improve the response management in the City a situational inventory was compiled of all organisations involved in the HIV/AIDS fight. Coordinating meetings were held at sector level with implementing partners especially home based care partners Community mobilization through commemorating major international days were conducted especially the following: International volunteers' day, world AIDS Day, Day of the African Child and candlelight. Developed and implemented procedures using ISO 9001 on HIV/AIDS Management and Social issues.
4. Gender, Racism, Xenophobia and Discrimination	<ul style="list-style-type: none"> Development of policies and programmes that would address Gender disparities, Discrimination, Racism and Xenophobia 	<ul style="list-style-type: none"> A draft policy on gender was developed A campaign to raise awareness on gender disparities, Gender Based Violence and discrimination against people living with HIV or Disabilities was raised in collaboration with Gender Links Council participated in the National Gender and Social Justice Summit, where by winning qualified to participate in the international summit held in Johannesburg. 16 women participated in a workshop in preparation for the Local Government Elections (Women Empowerment).

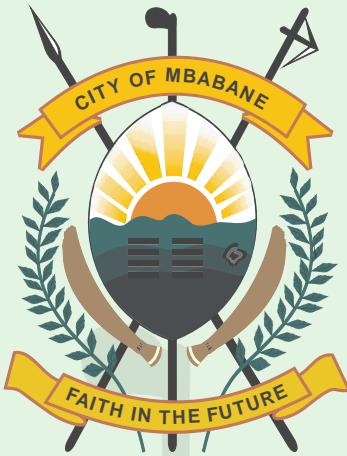
CONCLUSION

The Councillors and Management committed to uphold and practise the highest standards of corporate governance in the service of the people they serve.

To ensure that Council achieves the strategic objectives associated with each of the strategic focus areas, it carefully and collectively decided on the prioritization of key activities for implementation process. It continued to be guided by the legal mandate as a Municipality, which defines the authority and boundaries of actions.

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:

- Implementation of the migration process to the new organizational structure;
- Completion of the Voluntary Exist Packages (VEP) negotiation and its implementation thereof.



Annual Financial Statements

for the year ended 31 March 2013

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Statement of changes in equity	39
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STATEMENT OF RESPONSIBILITY BY THE COUNCILLORS

for the year ended 31 March 2013

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 pages 54 to 58 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 pages 34.

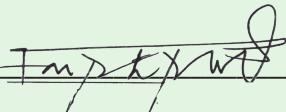
The Councilors confirm that the annual financial statements set out on pages 34 to 58 were approved by the Councilors on 30 July 2013 and are signed on their behalf by:



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 2013

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 2013, 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 36 to 59.

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 2013 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.


PricewaterhouseCoopers
Partner: *Theo Mason*
Chartered Accountant (Swaziland)
Mbabane
Date: 21 August 2013.

COUNCILLORS' REPORT

for the year ended 31 March 2013

The Councilors have pleasure in presenting their report and audited financial statements of the Municipal Council of Mbabane for the year ended 31 March 2013.

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.

COUNCILLORS' REPORT *(Continued)*

for the year ended 31 March 2013

COUNCILLORS

The following Councillors were in office during the year:

01 April 2012 - 28 September 2012

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

MAYOR

Zephaniah Nkambule

DEPUTY MAYOR

Gedle E. Mdluli

The following interim Councillors were in office during the period:

1 October 2012 - 3 November 2012

MAYOR

Zephaniah Nkambule

DEPUTY MAYOR

James Ncongwane

The following Councillors were in office during the period:

4 November 2012 - 31 March 2013

- | | |
|----------------------|------------------------|
| 1. Nganono Manyatsi | 7. Sithembiso Hlanze |
| 2. John Dlamini | 8. Thulani W. Mkhonta |
| 3. Jones B. George | 9. Vusumuzi T. Dlamini |
| 4. Sikhatsi Dlamini | 10. Sabelo L. Magagula |
| 5. Arnold B. Dlamini | 11. Musa M. Mamba |
| 6. Sikhumbuzo T Dube | 12. Alfred M. Tsabedze |

COUNCILLORS' REPORT *(Countinued)*

for the year ended 31 March 2013

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	Physical address
P O Box 24	Ingcongwane Building
Mbabane	Gwamile Street, Mbabane

AUDITORS

PRICEWATERHOUSECOOPERS

Postal address	Physical address
P O Box 569	MTN Office Park
Mbabane	Mbabane

BANKERS

STANDARD BANK SWAZILAND LIMITED

Postal address	Physical address
BOX A 294	1 st Floor Standard Bank House
Swazi Plaza	Swazi Plaza
Mbabane	Mbabane

REGISTERED BUSINESS OFFICE AND ADDRESS

Physical address	Physical address
P O Box 1	Civic Offices
Mbabane	Mahlokohla Street
Telephone: 2409-7000	Mbabane

INCOME AND EXPENDITURE STATEMENT

for the year ended 31 March 2013

	Notes	2013 E	2012 E
Revenue	1	68 725 978	63 788 232
Other operating income	2	5 224 314	5 022 462
Grants and subvention	3	7 232 007	1 612 800
Total income		81 182 299	70 423 494
Staff costs	5	(33 720 697)	(32 080 429)
Depreciation	6	(13 429 821)	(13 552 552)
Other operating costs		(32 324 553)	(28 915 949)
Operating surplus/ (deficit)	4	1 707 228	(4 125 436)
Finance income		3 167 770	2 175 179
Finance costs		(700 900)	(691 557)
Finance income - net	7	2 466 870	1 483 622
Surplus / (deficit) for the year		4 174 098	(2 641 814)

STATEMENT OF FINANCIAL POSITION

at 31 March 2013

	Notes	2013 E	2012 E
ASSETS			
Non-current assets			
Property, plant and equipment	6	443 096 763	454 220 178
Investments	8	5 534 550	5 604 807
		448 631 313	459 824 985
Current assets			
Inventories	9	519 929	506 541
Trade and other receivables	10	15 078 095	26 536 961
Cash and cash equivalents	11	68 511 467	32 079 758
		84 109 491	59 123 260
Total assets		532 740 804	518 948 245
EQUITY AND LIABILITIES			
Capital and reserves			
Retained Surplus		15 279 887	11 105 789
Revaluation reserve	12	286 635 930	286 635 930
Other reserves	13	208 567 994	194 683 134
Total equity		510 483 811	492 424 853
Non current liabilities			
Borrowings	14	4 232 073	5 750 681
Trust funds	15	7 025 309	6 815 308
		11 257 382	12 565 989
Current liabilities			
Trade and other payables	16	4 559 897	5 934 049
Employee benefits liabilities	17	2 857 300	1 857 280
Borrowings	14	1 997 325	1 703 813
Bank overdraft	11	1 585 089	4 462 261
		10 999 611	13 957 403
Total liabilities		22 256 993	26 523 392
Total equity and liabilities		532 740 804	518 948 245

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Accumulated Surplus E	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 (DRC) E	Total E
Balance at 31 March 2013	11 105 789	89 798 740	70 805 038	286 635 930	1 531 780	24 713 328	5 136 600	498 394	2 170 452	28 802	492 424 853
Surplus for the year	4 174 098	-	-	-	-	-	-	-	-	-	4 174 098
Additions to capital assets financed from revenue	-	-	-	-	-	-	591 350	-	-	-	591 350
Revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Net grants movement	-	93 652	13 149 179	-	-	-	-	(12 321)	38 000	25 000	13 293 510
Balance at 31 March 2013	15 279 887	89 892 392	83 954 217	286 635 930	1 531 780	25 304 678	5 136 600	486 073	2 208 452	53 802	510 483 811
Balance at 1 April 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
Deficit for the year	(2 641 814)	-	-	-	-	-	-	-	-	-	(2 641 814)
Additions to capital assets financed from revenue	-	-	-	-	-	-	523 509	-	-	-	523 509
Revaluation reserve	-	3 244 274	9 695 567	-	257 290 355	-	-	-	262 880	-	257 290 355
Net grants movement	-	-	-	-	-	-	-	-	-	-	13 202 721
Balance at 31 March 2012	11 105 789	89 798 740	70 805 038	286 635 930	1 531 780	24 713 328	5 136 600	498 394	2 170 452	28 802	492 424 853

STATEMENT OF CASH FLOW

for the year ended 31 March 2013

	Notes	2013 E	2012 E
Cash flow from operating activities			
Cash generated from/(utilized in) operations	18	23 206 487	(9 254 816)
Interest received		3 167 770	2 175 179
Interest expense		(700 900)	(691 557)
Net cash inflow/ (outflow) from operating activities		25 673 357	(7 771 194)
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(2 891 158)	(11 092 363)
Decrease in investments		70 257	32 080
Net cash outflow from investing activities		(2 820 901)	(11 060 283)
Cash flow from financing activities			
Net Government grants received		17 471 521	15 287 744
Net receipts of trust funds		210 001	1 408 022
Borrowings repaid		(1 225 097)	(146 013)
Net cash inflow from financing activities		16 456 425	16 549 753
Net increase /(decrease) in cash and cash equivalents		39 308 881	(2 281 724)
Cash and cash equivalents at the beginning of the year		27 617 497	29 899 221
Cash and cash equivalents at the end of the year	11	66 926 378	27 617 497

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2013

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

for the year ended 31 March 2013

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

for the year ended 31 March 2013

Depreciation (continued)

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

<u>Items</u>	<u>Useful Life</u>
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

for the year ended 31 March 2013

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

for the year ended 31 March 2013

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. 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 grants 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

for the year ended 31 March 2013

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

for the year ended 31 March 2013

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

for the year ended 31 March 2013

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 2013 E	31 March 2012 E
Standard Bank	52 597 664	13 964 224
Stanlib	43 970	41 744
African Alliance	14 193 240	13 463 045
	66 834 874	27 469 013
Individuals and Business	19 153 393	17 811 836
Swaziland Government	4 227 436	17 627 797
	23 380 829	35 439 633

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2013

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 2013			
Borrowings	1 997 325	3 374 647	857 426
Trade and other payables	4 559 897	-	-
Employee benefit liabilities	2 857 300	-	-
	9 414 522	3 374 647	857 426
At 31 March 2012			
Borrowings	2 068 735	5 024 929	1 116 492
Trade and other payables	5 934 049	-	-
Employee benefit liabilities	1 857 280	-	-
	9 860 064	5 024 929	1 116 492

(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 2013, the Council was not aware of any significant obligation not provided for.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2013

(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 FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 E	2012 E
1. Revenue		
Revenue comprised of the following:		
Assessment rates		
- Private	33 985 125	30 310 438
- Government	32 962 093	31 485 162
- Penalties and interest	1 778 760	1 992 632
	68 725 978	63 788 232
2. Other operating income		
Revenue from services rendered	5 224 314	5 022 462
3. Grants and Subventions		
Restructuring grant - amortized	4 272 807	-
Subvention received - Swaziland Government	2 959 200	1 612 800
	7 232 007	1 612 800
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	322 546	329 788
Depreciation	13 429 821	13 552 552
Councillors' remuneration	353 170	341 259
Repairs and maintenance	2 364 322	2 118 652
Salaries and wages (note 5)	33 720 697	32 080 429
5. Staff costs		
Salaries	19 750 626	17 580 231
Wages	13 965 901	14 454 666
Other related costs	4 170	45 532
	33 720 697	32 080 429

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

6. Property Plant and Equipment		Year Ended 31 March 2013				Year Ended 31 March 2012			
		Land and building E	Office equipment E	Furniture and fittings E	Computer equipment E	Motor vehicle E	Roads E	Total	
Opening Book Amounts		136 069 832	1 582 082	779 048	1 572 222	8 783 449	305 433 545	454 220 178	
Additions		103 630	556 473	105 064	509 863	185 820	1 430 308	2 891 158	
Revaluation	-	-	-	-	-	-	-	-	
Re-allocation	-	-	(72 446)	(280 323)	(396 999)	(1 934 331)	-	(2 684 099)	
Disposals	-	-	53 149	174 939	373 438	1 497 821	-	2 099 347	
Acc. depreciation on disposals	(1 189 530)	(368 625)	(72 056)	(633 516)	(1 032 708)	(10 133 386)	(13 429 821)		
Depreciation charge									
Closing Net Book Value	134 983 932	1 750 633	706 672	1 425 008	7 500 051	296 730 467	443 096 763		
At 31 March 2013									
Cost	137 423 784	3 431 504	1 235 845	7 040 480	19 987 364	317 267 900	486 386 877		
Accumulated Depreciation	(2 439 852)	(1 680 871)	(529 173)	(5 615 472)	(12 487 313)	(20 537 433)	(43 290 114)		
Net Book Value	134 983 932	1 750 633	706 672	1 425 008	7500 051	296 730 467	443 096 763		
Year Ended 31 March 2013									
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	(1 250 322)	(166 836)	(68 360)	(702 932)	(960 055)	(10 404 047)	(13 552 552)		
Depreciation charge									
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		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 E	2012 E
7. Finance income - net		
Interest income	3 167 770	2 175 179
Interest expense	(700 900)	(691 557)
	2 466 870	1 483 622
8. Investments		
New Mall (Proprietary) Limited - Shares	50	50
New Mall (Proprietary) Limited - Loan	5 534 500	5 604 757
	5 534 550	5 604 807
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 2013 is E 5 534 550 (2012: E5 604 807)		
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	519 929	506 541
10. Trade and other receivables		
Assessment rates	23 380 829	35 439 633
Provision for doubtful debts	(10 660 572)	(13 209 770)
	12 720 257	22 229 863
Assessment rates - net	230 877	335 869
Staff debtors	1 780 643	3 665 751
Sundry debtors	346 318	305 478
Prepayments		
	15 078 095	26 536 961

The carrying values of all the receivables above approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 E	2012 E
11. Cash and cash equivalents		
Cash at bank	54 226 723	18 468 345
Cash in hand	91 504	148 368
African Alliance Swaziland	14 193 240	13 463 045
	68 511 467	32 079 758
Cash and cash equivalent bank overdraft include the following for the purpose of cash flow:		
Cash on hand and in bank	68 511 467	32 079 758
Bank overdraft	(1 585 089)	(4 462 261)
	66 926 378	27 617 497
12. Revaluation reserve		
Revaluation of land and buildings	286 635 930	286 635 930
The revaluation reserve results from a surplus on the revaluation of major assets. Last 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	25 304 678	24 713 327
Government grants	79 293 072	66 143 893
Government grants - Urban Development Project (UDP)	85 611 499	85 611 499
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
Millennium structure - First National Bank grant	25 000	-
Government contributions	3 431 465	3 431 466
(IBRD) grant - Urban Development Project (UDP)	5 136 600	5 136 600
Coronation Park Grant from Finland	1 983 671	1 983 671
Parking space development fund	224 782	186 782
MUFP Project	486 073	498 394
Sister cities international	849 427	755 775
	208 567 994	194 683 134

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 E	2012 E
14. Borrowings		
14.1 Loans		
Non - current		
International Bank for Reconstruction and Development		
Loan	2 152 756	2 411 822
Standard Bank of Swaziland - leases	2 079 317	3 338 859
	4 232 073	5 750 681
Current		
International Bank for Reconstruction and Development		
Loan	259 066	259 066
Standard Bank of Swaziland - leases	1 738 259	1 444 747
	1 997 325	1 703 813
Total borrowings	6 229 398	7 454 494
14.2 Maturity analysis - finance leases		
The minimum lease payments on the finance leases are as follows:		
Due within a year	1 990 539	1 809 669
Due between two and five years	2 267 903	3 729 599
	4 258 442	5 539 268
Less: future finance charges		
Due within a year	(252 280)	(364 922)
Due within two to five years	(188 586)	(390 740)
	(440 866)	(755 662)
Present value of finance leases	3 817 577	4 783 606

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

14.2 Maturity analysis - finance leases (continued)

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.

	2013 E	2012 E
15. Trust funds		
Swaziland Government Land Sales	3 368 964	3 913 442
Low cost housing (Rent)	205 075	205 075
Mahwalala Zone 5 Project	78 914	78 914
Swazi Plaza and Swaprop Development	192 891	192 891
Package 14 & 15 deposits	216 099	216 499
UDP Plot Sales	2 757 551	2 002 672
Fonteyn Land Sale	190 638	190 638
Nkwalini Zone 4	15 177	15 177
	7 025 309	6 815 308
16. Trade and other payables		
Trade creditors	2 662 099	3 837 473
Special creditors	1 773 764	1 967 489
Accrued interest and commitment fees	43 165	41 161
SNHB POFS	2 780	2 780
Other	78 089	85 146
	4 559 897	5 934 049

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

17. Provision for employee benefits and other liabilities

	Severance provision E	Leave pay E	Service Gratuity E	Total E
Year ended 31 March 2013				
Balance at 1 April 2012	-	1 547 495	309 785	1 857 280
Net increase / (decrease) during the year	1 122 886	186 919	(309 785)	1 000 020
Balance at 31 March 2013	1 122 886	1 734 414	-	2 857 300
At 1 April 2011	-	1 376 290	224 804	1 601 094
Net increase / (decrease) during the year	-	171 205	84 981	256 186
At 31 March 2012	-	1 547 495	309 785	1 857 280

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 Severance pay provision

The council raises a provision for severance pay for all staff members that will retire within the next 12 months. The provision is in accordance with the Employment Act.

17.4 Contingencies

At year end, the Council had pending litigation claims amounting to E (2012: 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

18. Notes to the Statement of cash flows

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

	2013 E	2012 E
Surplus/ (deficit) for the year	4 174 098	(2 641 814)
Adjustments:		
Government grants and subventions received	(2 959 200)	(1 612 800)
Depreciation	13 429 821	13 552 552
(Profit)/loss on disposal	(42 708)	4 336
Interest received	(3 167 770)	(2 175 179)
Interest expense	700 900	691 557
	<u>12 135 141</u>	<u>7 818 652</u>
Working capital movement	11 071 346	(17 073 468)
Decrease in trade and other receivables	11 458 866	(18 769 236)
(Increase)/ decrease in inventory	(13 388)	21 763
(Decrease)/increase in trade and other payables	(1 374 152)	1 417 819
Increase in employee benefit liabilities	1 000 020	256 186
	<u>23 206 487</u>	<u>(9 254 816)</u>

