



MUNICIPAL COUNCIL OF MBABANE



Annual Report 2010



MUNICIPAL COUNCIL OF MBABANE ANNUAL REPORT 2010

Vision

The City of Mbabane will be the preferred Destination in Southern Africa

Mission

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

Brand

Responsive Quality Service on Time

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MBABANE
H100
SWAZILAND

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Adjacent the traffic circle on Gwamile Street
MBABANE

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Fax: (+268) 404 2611
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website: www.mbabane.org.sz

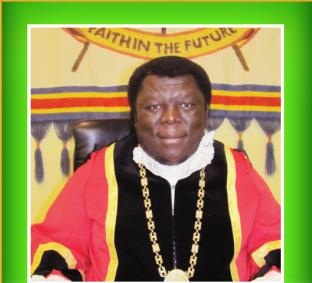


VISION

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COUNCILORS



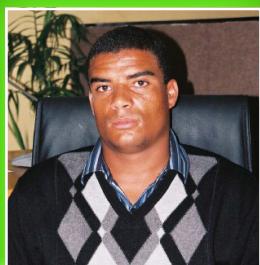
His Worship, Mayor Clr.
Zephania Nkambule



Clr. Zephania Nkambule
Ward 1



Clr. Thulani Mkhonta
Ward 2



Clr. Benito Jones
Ward 3



Clr. Grace Bhembe
Ward 4



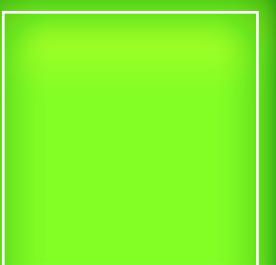
Clr. Arnold Dlamini
Ward 5



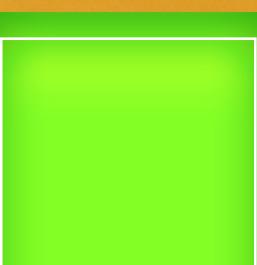
Clr. Sikhatsi Dlamini
Ward 6



Clr. Bheki Nkambule
Ward 7



Vacant
Ward 8



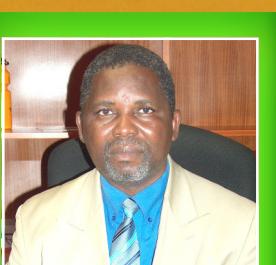
Vacant
Ward 9



Clr. Benedict Bennett
Ward 10



Clr. James Ncongwane
Ward 11



Clr. Gedle Mdluli
Ward 12



ANNUAL GENERAL MEETING 21ST JANUARY 2011

REPORT BY HIS LORDSHIP MAYOR, ZEPHANIA NKAMBULE



Introduction

During the year under review Council enjoyed relative peace politically. It was able to focus its attention to the business of Council. The major challenge that faced council was the recruitment of a CEO a process that took over a year due to sensitivities surrounding the filling of such an important position. By the end of the year the position had still not been filled though much headway had been made.

COUNCIL STRATEGY

The overarching strategy of Council during the year was the Turnaround Strategy focusing on waste reduction and expenditure control to avoid the embarrassing financial crisis experienced by Council in previous years. Indeed a combination of implementing turnaround measures and the early budget approval saw Council achieve a healthy financial situation throughout the year. This was also reflected by the audited financial statements which showed a surplus as opposed to the deficit of the previous year.

Service Delivery

With the improvement in Council finances the quick wins programme agreed to with the Ministry was satisfactorily implemented. Potholes were fixed in good turnaround time including roads which are now at the stage of structural failure. Similarly, a significant improvement was recommended in keeping streetlights in working conditions, following the fixing of the relevant equipment. The City's streets were kept clean of litter and refuse was collected from households and business premises as expected though resources especially equipment was stretched to the limit due to the frequent breakdowns. Apart from these quick wins, other services of Council were rendered in a satisfactory manner with no major hick-ups.

Communication with and education of stakeholders

As per the organization's strategy in communicating with stakeholders, Council continued to effectively utilize all communication media and channels at its disposal. The radio, television and print media were used as the main conduit of communication between the two parties. It is worth noting though that this section was also adversely affected by negative publicity it had to deal with during this period.

Public Safety

The Municipal Police Unit under the Security Section continued to suffer bad publicity from its clientele, especially the marketers, due to its inability to effectively deal with the ever increasing street vending problems. However, since the Council had resolved that this unit be completely closed pending a process of re-introducing it properly in the near future, a process of redeploying the personnel from the unit was started. Although the redeployment exercise was met with some discomfort by the affected individuals, by the end of the Financial Year more than three quarters of the unit



personnel had been successfully redeployed to other departments within Council. During the process, constant consultations were made with the employees' representative bodies.

Also, during the same period, the Council replaced a private security company, which had served Council for five years, with a new one. This private company had its duties expanded to include some of the functions that used to be carried out by the disbanded unit. Since the new company took over, the much complaint about public nuisances and disturbances were drastically reduced. The main remaining challenge was the illegal trading that took place in the bus rank. Means to eradicate this problem proved to be a tall order for the Council and a new strategy to attack it was being devised by the end of this Financial Year.

Economic growth and investor friendly environment

During the year Council experienced minimal economic growth in line with the rest of the country, a spillover effect of the country wide closure of firms and job losses. This then manifested itself in the burgeoning informal trade sector where the City was choked with illegal street vendors covering most of the available pavements in the city center. To abate this and ensure that the City remained attractive to investors, Council had to engage a private security firm to clear the streets of illegal vendors.

Human Resources

Staffing Matters

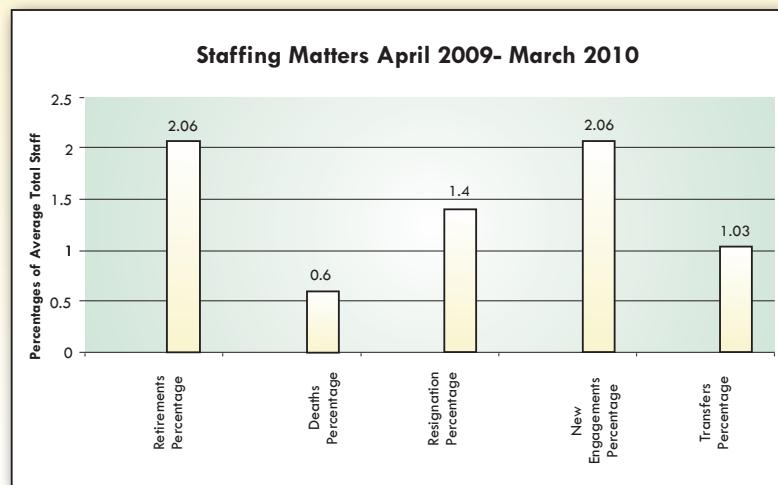
The average manpower strength of the Municipal Council of Mbabane was 291 employees against the establishment report of 320 employees. The reduction was due to the fact that Council continued to maintain its personnel at a minimum requirement and the fact that management was no longer able to sustain the personnel cost which were above 60% and the turnaround strategy was put in place to ensure that personnel cost were reduced owing to the non-affordability of the organization to remit salaries timeously and other cost saving measures.

Employee Turnover

The company lost 12 employees as detailed below:

- Retirement- 6
- Death- 2
- Resignation- 4.

A total number of 3 employees were transferred from the daily rated employees to staff. 6 new employees were engaged. The Retention of employees was critical during the year as the Municipal Police Section was to be closed down owing to the lack of proper legislation for the effective service delivery, thus the redeployment of all the employees was embarked upon and this lasted for a period of over six months. Below is an illustration chart showing the percentage of the staff changes against the average number of employees for the year.





Industrial Relations

The Industrial Relations atmosphere proved to be a challenge during the year under review as there was no offer from Management on the cost of living after a demand from the Union of 20% that was made early in May, 2009 as a result of the negotiation process. Thus a certificate of an unresolved dispute was issued after management and the union had reached a stalemate and this meant a deadlock. To try and resolve the impasse the Union suggested a five year Job security period with cost of Living adjustments in 2010/2011 onwards as concession and the Municipal Council offered a three year job security during this period there was to be no cost of living adjustment. The union further wanted to go on strike which was prevented by management citing the Recognition Agreement. After very long and protracted negotiation which lasted for over 12 meeting it was finally agreed to award a 6% Cost of Living adjustment across the Board this was accepted before the end of November, 2009.

The Union further filed a notice to picket and Management filed an application to stop the picket at the Industrial Court and this was granted. This then lead to serious consultation to amend the Recognition Agreement as some of the issues pertaining to the picket and the desire to strike were not very clear and this necessitate a clearer understanding of the Dispute Settlement Procedure as per clause 8 of the Agreement, this was finalized in March 2009 and the agreement was to be lodged for registration at the Industrial Court by the Union.

Consultations were further held during the year with stakeholders where the issue of The Municipal Police redeployment was discussed which led to the exercise being embarked on where most of the Municipal Police were redeployed to different departments leading to about 4 employees remaining to date and efforts are still being pursued to either find suitable placement or finally declare redundancy and close the department.

Employee Welfare and Social Responsibility

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

The Main activities were the Inter Municipal Games (SIGA) which was successfully held in Maputo. The teams that participated were Soccer, Netball, Volleyball and Pool. The Local Games hosted by the Swaziland Inter-Municipal Games Association (SIGA) were held in July at Pigg's Peak where all 12 Swaziland Municipalities participated and Mbabane won a trophy and a Gold Medal in Pool whilst Netball won a Silver Medal as the came third. The games greatly boost staff morale in many ways;

- Those who participate get to exercise thus improving their body and physical health.
- They get to interact with other Municipal towns, which in turn promotes sharing ideas related to their workstations.
- Create a healthy mind even the fans which always sit doing nothing freshen up their minds just to be caught up in the sports atmosphere.
- Most staff gets to know each other through these games.

The management of the HIV/AIDS Programme is under AMICAAL Mbabane.

Finally, the council also arranged a Christmas end of year party which was held on the 18th December 2009. This party is very important since it boots staff morale and create a harmonious working environment.

Occupational Health and Safety

This section of the HR Department deals with ensuring compliance to Occupational Safety and Health Act, 2001 and other relevant legislation or rules and regulations, achieved through Injury on Duty administration, First Aid administra-



tion, Emergency Preparedness, Monthly Inspections etc. It is worth noting that the Council is not only concerned about their workforce but the general public as well who might be victims of duties carried out by workers in the workplace. The safety of employees means that there is significant decline in rate of absenteeism, loss of life, decline in work output and loss of funds through compensation. In the 2009/2010 financial year, the Occupational Health and Safety Office covered the following areas;

- Inspection of Council structures on safety issues such as Lighting, sanitation, broken windows, emergency exits.
- Training of Section Safety Representatives and First Aiders by Swaziland Occupational Safety and Health (SOSH) and Swaziland Red Cross respectively.
- Enforcing the use of Personal Protective Equipment (PPE)
- Liaising with Labour Department, Mbabane Clinic and AON Insurance on Injury on Duty issues.
- Conducting of safety talks in all work areas of the council.

Training:

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

- 1 employee attended a Human Resource Forum hosted by ESAMI at Siteki
- 1 Officer attended a course on Preventing Procurement, fraud and Supply chain in South Africa
- 1 Officer attended a Project Management Course hosted KQ Consultants in Manzini
- 2 Officers attended a workshop on Promoting Quality Living Environment in Developing Cities in South Africa
- 1 Officer attended a GIS Course in South Africa
- 2 officers attended an African Urban Poverty Alleviation Programme and M&E Training in Ghana
- 7 Officers attended a Strategic and Business Thinking Styles training for Executive Secretaries in South Africa
- 1 Officer attended People were Training in South Africa

The bulk of our training was focused on employees who were retiring and this included both staff and daily rated. The training was mainly on how to invest the retirement's funds and how to start businesses in different area of interest. However in summary, training and other programmes that were planned slowed down due to the need to focus on cash flow and all other efforts to reduce cost, thus operations were done through what is called maximizing on the basic and avoiding waste if it can be avoided. This was largely due to the votes being scrutinized and the cost saving initiative under the turnaround strategy.

Planning and Developments

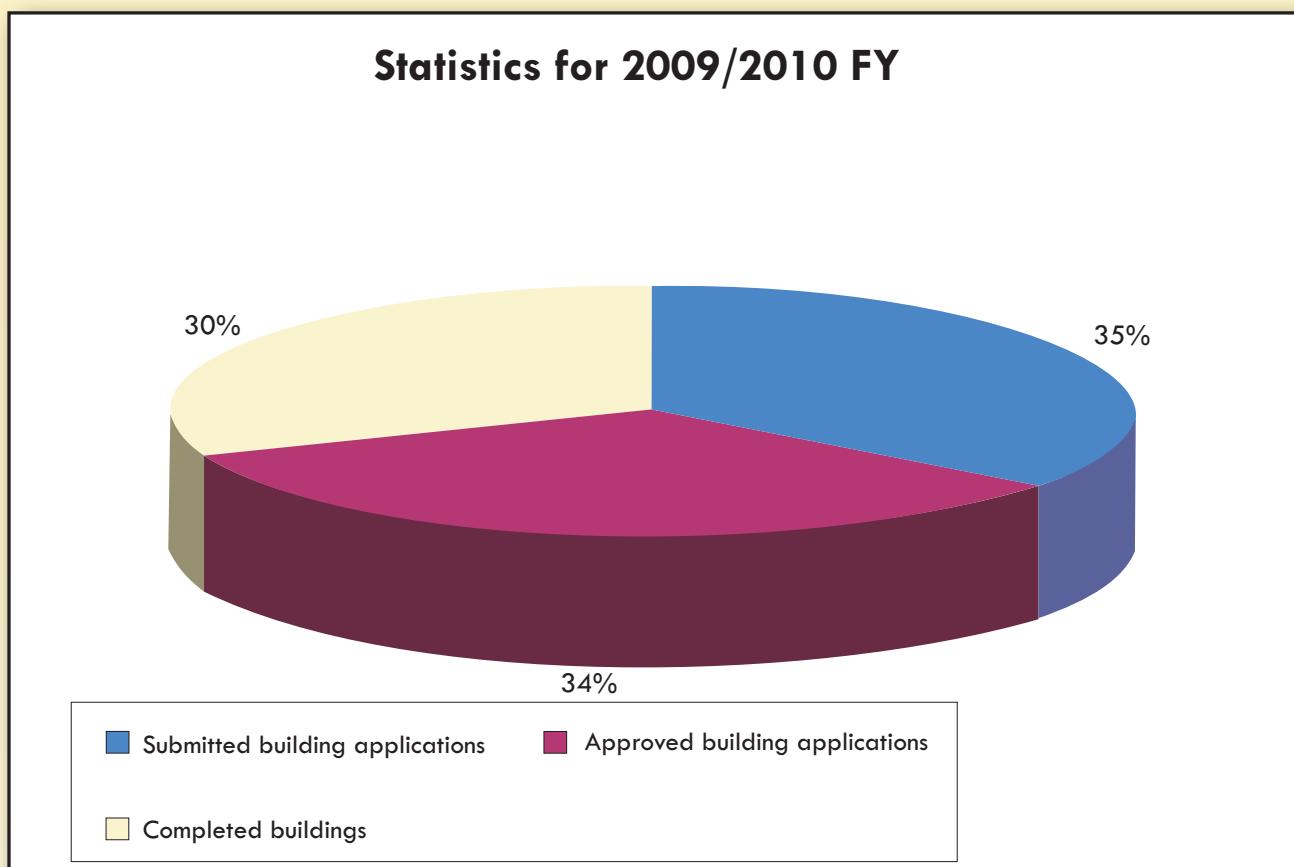
Building Control

A slight increase has been observed in private developments within the Mbabane urban area during the period under review relative to the previous financial year (2008/2009). A thorough examination of the figures for submitted, approved plans and completed buildings for 2009/2010 financial year relative to the previous financial year shows a rapid increase.

A total of 38 subdivision applications were submitted in the period under review and this figure symbolizes a slight increase in the sense that 29 subdivision applications were submitted in 2008/2009 financial. Such an increase has been necessitated by the increase in property taxes, thus property owners prefer owning smaller parcels of land relative to vast tracts of land (**refer to attached statistics on number of building plans submitted, approved and completed**).

**Table 1.0**

Categories	2009 / 2010 FY	2008/2009 FY
Submitted building applications	405	377
Approved building applications	384	322
Completed buildings	355	291

Figure 2.0

In a nutshell, the department has managed to deal with all Building and Town Planning applications timeously and also positively dealt with public enquiries, this demonstrates a positive sign in terms of service delivery.

Community Liaison and Education

Workshops on legislations pertaining to the following; Housing and Building Act, Mbabane Town Scheme and Building Ban were successfully undertaken in order to educate them about laws applicable in the urban area.



Land Use Management

A draft of the Central Business District (CBD) Urban Design Plan has been prepared by the Council through consulting the relevant stakeholders internally and externally. This plan seeks to design strategies towards improving the functionality and aesthetic appeal of the Mbabane Central District. This will help the City in providing solutions to establish a CBD with identity, character and be aesthetically pleasant.

Development of Public Private Partnerships

During 2009/2010 financial year Council has taken positive strides in initiating Public Private Partnerships (PPP's) with private investors or developers in order to ensure the effective use of Government land and stimulate local economic growth. The proposed development of a mixed-use development which will comprise of retail facilities, office space, hotel, upgraded market for Council and flats by Roux and Mc McCormick Property Developers is a case in point.

Health and Environment

Public Health Nursing and Welfare Unit

The Municipal Council continued to provide public health services within this unit. Communicable diseases were managed and others referred to the referral hospital within the urban area. Counseling was done to a lot of clients and the major challenge is that some people do not continue with medication. IEC material on HINI was developed and distributed. The surgeries within the urban area are still not reporting notifiable diseases occurring in their surgeries.

Home visits were done in this quarter to check on the sick people within the urban area. The child headed families are on the increase and there is an increase in the number of people who skip ART treatment because of side effects like vomiting. Ongoing monthly meetings were held with the destitute men and women on income generating projects.

Environmental Management and Pollution Control Unit

Objective:

The overall objective of the unit is to promote sound environmental management across all sectors in Mbabane City so that citizens live in a clean, healthy and safe environment. Environmental mitigation measures have to be in place so that activities undertaken within the city are such that they do not harm the natural built environment thus ensuring compliance with local, national and international environmental statutes in line with objectives of sustainable development.

I. General Litter Control

During the year under review 25 illegal dumps were identified within the city and unfortunately no culprits were linked to some of the dumps and Council had to remove the dumps. Self driven clean up campaigns were held by some communities/organisations e.g Mangwaneni, Msunduzi, Makhosini Award Campaign, Churches, Associations etc within Mbabane and this is appreciated and highly encouraged by Council.





2. Environmental Sanitation & Occupational health and Urban Environment Management

Routine inspections were carried out under this programme in schools, institutions and businesses. Notices were served where necessary. The State of the Environment Report (SOER) was finalized and presented to stakeholders. One of the recommendations of the SOER was that Council should develop the Environmental System that would guide planning and implementation of the environment programme.

During the year under review Council the unit finished drafting the Environment Management System (EMS) this includes:

- The Draft EMS Framework
- Environmental Action Programme
- The Draft Environmental policy

The SOER and the EMS are environmental standards resulting from the SALO/Mbabane Cooperation.

3. Public Health Nuisance Control

Mbabane continues to have the problem of overgrowth and 65 overgrown plots were identified. Notices were served and most people complied however the rains in Mbabane are not easing the situation. Public health nuisance like burst sewer lines, stray dogs etc were identified. Indiscriminate street mechanics were also identified and efforts to remove them from the streets were made together with the assistance of the Municipal Police.

4. Waste Management

A major clean up campaign was held for Mbabane. All the streets were thoroughly cleaned using casual employees and Council staff. Through the SALO/MBABANE Cooperation Project Council started a waste minimization programme aimed at educating and promoting the 'best practices' initiatives of waste management that is reduction, reuse and recycling (3R's). One of the benefits of this programme would be the conservation of the landfill space and the waste collection costs. A Council paper recycling has been set up and GWJ Recycling Company collects the paper at 10c/Kg.



Msunduza Community Waste Recycling Centre

A total of 287 tonnage of recyclable waste including paper, plastic, glass and cans was collected for recycling purposes in various schools and print companies including council. Recycling centers have been constructed in three schools of Msunduza as and the community recycling center as pilot projects.



Food Safety Unit

1. Purpose of the Food Safety Unit:

To ensure that citizens of Mbabane are served with healthy food, which is stored, prepared and served in a sanitary sound environment by clean and healthy people. The following are programmes under this Unit:

2. Routine inspections and the grading of food premises:

Regular inspections of food premises were done by the Food safety Unit to ensure:

- a. Compliance with the Public Health (Food Hygiene) Regulations of 1973 and
- b. To ensure that food served within the food premises is fit for human consumption

The following table shows how the food premises are fairing in terms of hygiene and grading:

Category of premises	Grading	Hygiene status
Butcheries	Slight improvement	The braai structures continue to present a problem
Restaurants	There is no improvement as far as grading is concerned.	Most restaurants are in good condition however there is room for improvement
Supermarkets	There is a slight improvement	There is noticeable improvement compared to last year however the storerooms continue to be a problem.
Groceries	Not yet graded	Groceries continue to have structural problems and notices are served accordingly.

Meat inspection was done by the unit to ensure that meat obtained within Mbabane is inspected and is safe for human consumption. The number of animals received at the abattoir has increased which is highly appreciated.



Market Management

Illegal vending continues to be a challenge in Mbabane. Marketers opted to move out of the formal market structures because of this problem. Markets are paying their rentals even though some are lagging behind.

Licence Inspections

This programme continued without problems. Over 300 premises submitted applications for inspections for the purpose of getting grants or renewals from the Ministry of Enterprise. Some premises failed to get straight recommendations because of adverse conditions that they had to attend to.

Renewal of licences either than for liquor outlets continue to be a problem because the law does not require a report by the health department before a renewal is granted. For liquor outlets a report from the health inspectors is a prerequisite.



Sanitation Unit

The purpose of this unit is to collect and dispose off waste in an effective and efficient manner. Progress during the year under review was as follows:

1. Waste Collection

The program performed fairly well because:

- Two new compactor trucks were purchased. This makes the number of trucks four and on a daily basis three (3) trucks are used to collect refuse in the urban area of Mbabane.
- There are two skip master trucks that collect skips around the city though frequent breakdowns occur, the trucks are up and running.
- All complaints received from the public were attended to promptly.



2. Waste Water Removal

The vacuum tanker presented some problems during the beginning of the year. The pump had problems however the programme is going on without problems.

3. Landfill Management

The landfill has not been operating properly during the year under review because:

The bomag which is used for the compaction of the refuse had major breakdowns hence the waste could not be compacted. The weighbridge also presented some problems however it is now up and running. As a result of the problems existing at the landfill the department could not conduct the environmental audit.

Waste disposed at the landfill on a daily basis is 38-40 tonnes.

4. Toilets Management

This programme had problems with the breaking down of the toilet fittings. The Works Department tried to repair the toilet and eventually a decision was made to renovate. The renovations were done and the situation has improved.

Laboratory Unit

The Laboratory analyzed water and food. The main function of the laboratory unit is to give scientific proof on the condition of water, food, milk and meat. On average, there were fifteen (15) springs sampled in the peri-urban settlements during this period. Water from the springs continues to show that the water utilized by communities is not portable. Different brands of bottled water were also analyzed to ensure that bottled water purchased from the shops in Mbabane is safe for human consumption.



Food and milk analysis is ongoing. Both raw and pasteurized milk were brought to the laboratory for analysis. Two brands of pasteurized milk did not comply with the set standards. On the other hand, raw milk showed high levels of microorganisms rendering the milk unfit for human consumption.

Food samples were also brought to the laboratory by Health Inspectors to ascertain its keeping quality and the degree of spoilage when suspected.

The results from the leachate show that the primary liner of the lagoon needs immediate repairing. The Gobholo Waste Water Treatment Plant needs rehabilitation. The laboratory results showed that the effluent escaping into the river is not properly treated.

The hygiene levels at the abattoir were assessed during this period using the European Union Standards. Hygiene and sanitation levels were satisfactory.

Public Works

Road Works

Pothole patching:

Although the availability of materials was of a great challenge, the section was able to keep the city's tarred roads in a tolerably maintained condition.

Areas covered were: the CBD, Mbabane Township, Checkers, Malunge, Sandla, Thembelihle, Dalriach East and West, Sdwashini Industrial site, Mbangweni, Makholokholo, Sdwashini South, Msunduza, Zone2, Zone3, Zone4 and Zone6 respectively.

Street Sweeping:

The unit managed to keep the entire city centre streets clean by sweeping silt and picking up litter.

Verge Clearing:

The unit was able to keep all road verges within the city clear of vegetation and overgrown grass in order to prevent accidents which could be caused by obstruction of view to motorists.

Drain cleaning

Although keeping the city's road drainage system clean at all times was a great challenge, especially within the CBD where the culverts are of a very small size, the unit managed to keep most of the drains clean through the engagement of casual labourers. During the rainy seasons, there was no flooding in the vulnerable areas of the city.

Gravelling of roads

The unit spot graveled Luqungwa, Luhlongwa, Mgwava, indingilizi, some Mahwalala Zone5 Roads, Sidvokodvo, Mvundlela, Corporation Roads and Dube Street.



Property Maintenance Section

Street and Traffic lights maintenance unit

The unit has over the period managed to keep all city's street and traffic lights functioning efficiently. This was also made easy and possible by the residents who promptly reported to the unit all faulty street and traffic lights.

Road Marking and Road Signs

This unit also has the responsibility of enhancing safety on the city's road infrastructure by keeping surface markings clear and sign posting visibly clear and user friendly. This responsibility was well met during the year under review.



Municipal Council of Mbabane Annual Financial Statements for the year ended 31 March 2010

Content

The following statements are presented:

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MUNICIPAL COUNCIL OF MBABANE

STATEMENT OF RESPONSIBILITY BY THE COUNCILLORS

for the year ended 31 March 2010

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 5 to 18 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, Pricewaterhouse Coopers, 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. Pricewaterhouse Coopers' audit report is presented on pages 2 - 3.

The Councilors confirm that the annual financial statements set out on pages 5 to 18 were approved by the Councillors on 28th September 2010 and are signed on their behalf by:

MAYOR

CHIEF EXECUTIVE OFFICER

DIRECTOR OF FINANCE



PRICEWATERHOUSECOOPERS

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Independent auditor's report

To the Councillors of the Municipal Council of Mbabane

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 2010, the income statement, the statement of changes in equity, the Statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 18.

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 2010 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.

Partner in charge J P E Lewis
Resident partner T Mason

*Supplementary information*

The general income and expenditure summary and related schedules set out on pages 19 to 60 do not form part of the annual financial statements and are presented as additional information.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

Partner: *Theo Mason*

Chartered Accountant (Swaziland)

Mbabane

Date: *15 November 2010.*



MUNICIPAL COUNCIL OF MBABANE

COUNCILLORS, CHIEF OFFICERS, BANK AND PROFESSIONAL ADVISORS for the year ended 31 March 2010

Councillors

The following Councillors were in office during the year:

01 April 2009 – 31 March 2010

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

Mayor

Zephaniah Nkambule

Deputy Mayor

Sikhatsi Dlamini

**MUNICIPAL COUNCIL OF MBABANE**

COUNCILLORS, CHIEF OFFICERS, BANK AND PROFESSIONAL ADVISORS (continued)
for the year ended 31 March 2010

Senior Management

Acting Chief Executive Officer	N. Dlamini
Director of Finance	N. Vilakati
Acting Director of Public Works	H.J Dlamini
Director of Environmental Health Services	S. Mabuza
Acting City Secretary	B.A. Dlamini
Director of Planning and Community Development	F. Simelane
Director of Human Resources	C.Ngcobo
Professional Assistant	B. Gamedze
Information Technology Manager	J. Nkambule
Internal Auditor	Vacant

Legal Advisors

Robinson Bertram
Ingcongwane Building
Gwamile Street, Mbabane

Auditors

PricewaterhouseCoopers
Chartered Accountants (Swaziland)
MTN Office Park, Mbabane

Bankers

Standard Bank Swaziland Limited

Registered Office

Civic Offices
1 Mahlokohla Street
P O Box 1 Mbabane
Telephone: 409-7000

**INCOME AND EXPENDITURE STATEMENT**
for the year ended 31 March 2010

	Notes	2010 E	2009 E
Revenue		47 571 053	42 491 522
Other operating income		5 237 748	5 464 093
Grants and subvention		7 927 784	3 288 600
<hr/>		<hr/>	<hr/>
Total income		60 736 585	51 244 215
Operating expenditure		(54 084 427)	(45 614 541)
<hr/>		<hr/>	<hr/>
Operating surplus	1	6 652 158	5 629 674
Finance income/(costs) – net	2	652 925	(425 772)
<hr/>		<hr/>	<hr/>
Surplus for the year		7 305 083	5 203 902
		<hr/>	<hr/>



STATEMENT OF FINANCIAL POSITION
at 31 March 2010

	Notes	2010 E	2009 E
ASSETS			
Non-current assets			
Property, plant and equipment	3	191 873 875	186 463 673
Investments	4	5 901 174	5 919 565
		<hr/>	<hr/>
		197 775 049	192 383 238
Current assets			
Inventories	5	430 566	242 393
Trade and other receivables	6	7 779 029	17 053 199
Cash and cash equivalents	13	21 092 208	8 426 121
		<hr/>	<hr/>
		29 301 803	25 721 713
Total assets		227 076 852	218 104 951
<hr/>		<hr/>	<hr/>
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated deficit		4 897 842	(2 407 242)
Revaluation reserve	7	29 345 575	29 345 575
Other reserves	8	174 565 396	165 717 943
		<hr/>	<hr/>
Total equity		208 808 813	192 656 276
<hr/>		<hr/>	<hr/>
Non current liabilities			
Borrowings	9	6 461 678	4 280 880
Trust funds	10	3 759 438	3 296 908
		<hr/>	<hr/>
		10 221 116	7 577 788
<hr/>		<hr/>	<hr/>
Current liabilities			
Trade and other payables	11	2 304 304	9 981 436
Employee benefits liabilities	12	1 636 750	3 595 504
Borrowings	9	1 693 464	1 155 647
Bank overdraft	14.1	2 412 405	3 138 300
		<hr/>	<hr/>
		8 046 923	17 870 887
<hr/>		<hr/>	<hr/>
Total liabilities		18 268 039	25 448 675
<hr/>		<hr/>	<hr/>
Total equity and liabilities		227 076 852	218 104 951
<hr/>		<hr/>	<hr/>



MUNICIPAL COUNCIL OF MBABANE

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2010

	Accumulated deficit 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	Rates income appropriation E	Parking space Development Fund E	Millennium structure grants (DRC) E	Total E
Balance at 1 April 2009	(2 407 242)	84 961 769	50 135 471	29 345 575	1 531 780	22 745 977	5 136 600	102 844	1 074 700	28 802	192 656 276
Surplus for the year	7 305 083	-	-	-	-	-	-	-	-	-	7 305 083
Additions to capital assets financed from revenue	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve	-	1 592 697	6 620 000	-	-	-	321 644	-	(102 844)	415 956	-
Grants Received	-	-	-	-	-	-	-	-	-	-	8 847 453
Balance at 31 March 2010	4 897 941	86 554 466	56 755 471	29 345 575	1 531 780	23 067 621	5 136 600	0	1 490 656	28 802	208 808 812
Balance at 1 April 2008	(7 611 144)	80 705 988	43 835 471	29 345 575	1 531 780	22 745 977	5 136 600	102 844	1 074 700	28 802	176 896 593
Surplus for the year	5 203 902	-	-	-	-	-	-	-	-	-	5 203 902
Additions to capital assets financed from revenue	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve	-	4 255 781	6 300 000	-	-	-	-	-	-	-	-
Grants Received	-	-	-	-	-	-	-	-	-	-	10 555 781
Balance at 31 March 2009	(2 407 242)	84 961 769	50 135 471	29 345 575	1 531 780	22 745 977	5 136 600	102 844	1 074 700	28 802	192 656 276



CASHFLOW STATEMENT
for the year ended 31 March 2010

	Notes	2010 E	2009 E
Cash flow from operating activities			
Cash received from ratepayers and other customers		47 304 606	45 689 098
Cash paid to suppliers and employees		(47 039 051)	(41 900 641)
Cash utilised in operations	14.2	265 555	3 788 457
Interest received		1 087 486	998 072
Interest expense		(434 560)	(1 423 844)
Net cash inflow from operating activities		918 481	3 362 685
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		249 500	-
Acquisition of property, plant and equipment	3	(7 750 771)	(9 084 568)
Withdrawals from investments		18 391	617
Net cash outflow from investing activities		(7 482 880)	(9 083 951)
Cash flow from financing activities			
Net Government grants received		16 775 237	13 844 381
Net receipts of trust funds		462 530	138 927
Borrowings repaid/raised		2 718 615	(2 103 161)
Net cash inflow from financing activities		19 956 382	11 880 147
Net increase in cash and cash equivalents		13 391 982	6 158 881
Cash and cash equivalents at the beginning of the year		5 287 821	(871 060)
Cash and cash equivalents at the end of the year	14.1	18 679 803	5 287 821



MUNICIPAL COUNCIL OF MBABANE

SUMMARY OF ACCOUNTING POLICIES

for the year ended 31 March 2010

1. Basis of presentation

- 1.1 The financial statements have been prepared so as to comply with Section 33 of the Urban Government Financial Regulations Act of 1969.
- 1.2 The financial statements are prepared on an accruals basis under the historical cost convention.
- 1.3 In preparing the financial statements, the following principal accounting policies have been applied which are in accordance with those applied in the previous year, unless otherwise stated.

2. Capital outlay

- 2.1 Capital outlay is stated at historical cost in the Statement of financial position.

Apart from advances from various Council funds and external loans, assets are also acquired through appropriations from revenue, where full cost of the asset forms an immediate and direct charge against revenues of the Council. An amount equivalent to the full cost of the asset is then transferred from the income and expenditure account to the revenue contribution to capital outlay account, which is classified under reserves in the Statement of financial position.

2.2 Government grants

2.2.1 Government capital grants

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

2.2.2 Government rates revenue grants

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

2.2.3 Other government revenue grants

These grants are credited to the respective recipient votes.



MUNICIPAL COUNCIL OF MBABANE

SUMMARY OF ACCOUNTING POLICIES (continued) for the year ended 31 March 2010

2.3 Property, plant and equipment

It is not the policy of the Council to provide depreciation on fixed assets with a finite useful life because the full cost of such asset is treated as a direct charge against the revenues of the Council.

Other fixed assets are depreciated on the reducing balance basis by reference to the expected useful life of the asset concerned. The principal annual rates, used for their purpose are: -

Furniture and Equipment	10%
Computer Equipment	33%
Motor Vehicles	10% - 25%

2.4 Inventory

Inventories are valued using the lower of cost and net realisable value. Cost for stores and materials are determined using the first in first out basis.

2.5 Leased assets

Leases of property, plant and equipment where the Council assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets leased in terms of the finance lease agreements are capitalised at the estimated present value of the underlying lease payments and are depreciated in accordance with the policies applicable to all items of property, plant and equipment.

The corresponding rental obligations, net of finance charges, are included in other long-term payables. Lease charges are amortised over the duration of the leases by the effective interest rate method.

All costs relating to operating leases are charged to income as incurred.

2.6 Rates income

Rates income is recorded based on all rateable properties within the jurisdiction of the Council.

The figures are extracted from the master valuation roll and amended from time to time when a supplementary valuation roll is prepared.

2.7 Financial instruments

Financial instruments carried on the Statement of financial position include cash and bank balances, investments, receivables, accounts payables and borrowings. These instruments are generally carried at their estimated fair value. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.8 Comparative figures

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 2010

	2010 E	2009 E
1 Operating surplus for the year		
Operating surplus for the year is arrived at after taking into account the following:		
Revenue from:		
- Rates	47 571 053	42 491 522
- Administration department	3 412 007	3 095 557
- Service departments	1 820 740	2 368 536
- Subvention and grants	7 927 784	3 288 600
	<hr/> 60 736 585	<hr/> 51 244 215
Operating expenditure	54 084 427	45 614 541
- Administration department	29 895 511	21 087 532
- Service departments	20 900 916	21 238 409
- Grants	3 288 000	3 288 600
	<hr/> 652 925	<hr/> (425 772)
2 Finance income – net		
Interest expense	(434 561)	(1 423 844)
Interest income	1 087 486	998 072
	<hr/> 652 925	<hr/> (425 772)
3 Property, plant and equipment		
Fixed assets at the beginning of the year	186 463 673	178 845 823
Capital expenditure during the year	7 750 770	9 084 568
Less: Depreciation for the year	(2 245 554)	(1 466 718)
Less: Disposals for the year	(95 014)	-
	<hr/> 191 873 875	<hr/> 186 463 673
4 Investments		
Revolving Fund Account - Water Projects	71 115	69 736
New Mall (Proprietary) Limited - Shares	50	50
Mahwalala Zone 5 Fund Account	121 994	126 170
New Mall (Proprietary) Limited - Loan	5 708 015	5 723 609
	<hr/> 5 901 174	<hr/> 5 919 565



NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2010

	2010 E	2009 E
4 Investments (continued)		
Council has a 50% shareholding in New Mall (Pty) Ltd. This investment is accounted for at cost (E50) in the books of Council. Council's estimate of its share of the equity of the New Mall (Pty) Ltd as at 31 March 2010 is E5 708 015(2009: 5 723 609).		
5 Inventory		
Inventory represents consumable goods, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete inventory.	<u>430 566</u>	<u>242 393</u>
6 Trade and other receivables		
Assessment rates	14 478 313	16 979 464
Provision for doubtful debts	<u>(10 357 182)</u>	<u>(3 028 997)</u>
Staff debtors	353 512	360 394
Sundry debtors	2 852 461	2 423 125
Prepayments	<u>451 925</u>	<u>319 213</u>
	<u>7 779 029</u>	<u>17 053 199</u>
7 Revaluation reserve		
Revaluation of land and buildings	<u>29 345 575</u>	<u>29 345 575</u>
8 Other reserves		
Revenue contribution to capital outlay	23 067 621	22 745 977
Government grants	52 094 326	45 474 326
Government grants – Urban Development Project (UDP)	83 123 001	81 530 303
Government Foreign exchange Subvention	4 661 145	4 661 145
New Mall land reserve	1 531 780	1 531 780
Millennium structure – City of Taipei grant	28 802	28 802
Government contributions	3 431 466	3 431 466
(DBRD) grant – Urban Development Project (UDP)	5 136 600	5 136 600
Coronation Park Grant from Finland	1 303 873	887 917
Rates income appropriation	-	102 844
Parking space development fund	<u>186 782</u>	<u>186 783</u>
	<u>174 565 396</u>	<u>165 717 943</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2010

9 Borrowings

	2010	2009
	E	E
International Bank for Reconstruction and Development		
Loan	3 189 020	3 577 619
Standard Bank loan	-	172 036
Standard Bank of Swaziland - leases	4 966 121	1 686 872
Total borrowings	8 155 141	5 436 527
Less: current portion included in current liabilities	(1 693 463)	(1 155 647)
IBRD loan	259 066	259 066
Standard Bank loan	-	172 036
Standard Bank of Swaziland – leases	1 434 397	724 545
Non-current	6 461 678	4 280 880

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 motor vehicles costing E3 318 650.

10 Trust funds

	2010	2009
	E	E
Swaziland Government Land Sales	3 003 045	2 630 347
Low cost housing (Rent)	205 075	205 075
Mahwalala Zone 5 Project	78 914	78 914
World Health Organisation (W.H.O.) Project	-	1 025
Swazi Plaza and Swaprop Development	192 891	192 891
Youth against HIV/AIDS	-	937
Package 14 & 15 deposits	231 099	187 719
UDP Plot Sales	48 414	-
3 759 438	3 296 908	



NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2010

	2010 E	2009 E		
11 Trade and other payables				
Trade creditors	1 407 012	4 246 092		
Special creditors	731 645	4 938 451		
Accrued interest and commitment fees	(104 992)	362 633		
SNHB POFS	2 780	2 780		
Other	282 288	344 844		
Commissioner of Taxes (PAYE)	(14 429)	86 636		
	<u>2 304 304</u>	<u>9 981 436</u>		
12 Employee benefits liabilities				
	Leave pay	Service gratuity	Pension fund deficit	Total
	E	E	E	E
At 1 April 2009	1 904 570	224 804	1 466 130	3 595 504
Used during the year	(492 624)	-	(1 466 130)	(1 958 754)
At 31 March 2010	<u>1 411 946</u>	<u>224 804</u>	<u>-</u>	<u>1 636 750</u>
13 Cash and cash equivalents				
	2010 E	2009 E		
Standard Bank (Swaziland) Limited	21 077 638	8 412 521		
African Alliance Swaziland	14 668	13 600		
	<u>21 092 306</u>	<u>8 426 121</u>		
14 Notes to the Statement of cashflows				
14.1 Cash and cash equivalents				
Cash and cash equivalents included in the cash flow statement comprise the following Statement of financial position amounts:				
Cash and bank balances	21 092 306	8 426 121		
Bank overdraft – Standard Bank Swaziland Limited	(2 412 503)	(3 138 300)		
	<u>18 679 803</u>	<u>5 287 821</u>		



NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2010

	2010 E	2009 E
14 Notes to the Statement of cashflows (continued)		
14.2 Reconciliation of the deficit for the year to cash utilised in operations:		
Surplus/(deficit) for the year	7 305 083	5 203 902
Adjustments:		
Government grants and subventions received	(7 927 784)	(3 288 600)
Depreciation	2 245 554	1 466 718
Profit on disposal	(154 485)	-
Capital expenditure included in expenses for the year	-	-
Interest received	(1 087 485)	(998 072)
Interest expense	434 561	1 423 844
	<hr/>	<hr/>
	815 443	3 807 792
Working capital movement	(549 888)	(19 335)
(Increase)/decrease in trade and other receivables	9 274 170	(1 120 191)
Decrease/(increase) in inventory	(188 172)	88 411
Increase/(decrease) in trade and other payables	(7 677 132)	1 604 078
(Decrease)/increase in employee benefit liabilities	(1 958 754)	(591 633)
	<hr/>	<hr/>
Cash (utilized in)/generated from operations	265 555	3 788 457
	<hr/>	<hr/>
15 Assessment rates		
	Actual Income 2010 E	Actual Income 2009 E
Rates – private	23 358 166	19 552 245
Rates – Government	22 616 431	22 939 277
	<hr/>	<hr/>
	45 974 597	42 491 522
	<hr/>	<hr/>
Site valuations as at 1 April 2008		
- Residential and Commercial	3 101 241 999	3 101 241 999
	<hr/>	<hr/>

Valuations of land are performed once every five years and annual supplementary valuations to include new Properties and modifications on existing properties. The last general valuation came into effect on 1 April 2008.



NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2010

	2010 E	2009 E
15 Assessment rates (continued)		
Annual supplementary valuations are performed for new properties.		
16 Councillors' fees		
Fees paid to Councillors during the year	<u>333 886</u>	<u>461 495</u>
17 Auditors' remuneration		
Audit fees – current year	<u>195 187</u>	<u>240 216</u>
18 Appropriations		
Accumulated surplus/(deficit) at the beginning of the year	<u>(2 407 242)</u>	<u>(7 611 144)</u>
Operating (deficit)/surplus for the year	<u>7 305 083</u>	<u>5 203 902</u>
	<u>4 897 841</u>	<u>(2 407 242)</u>
19 Retirement benefits		

During the financial year, Council converted the defined benefit scheme managed by AON Swaziland into a defined contribution scheme. This effectively means that all Council employees now belong to defined contribution schemes but separately administered by AON Swaziland and Swaziland Employee Benefit Consultants (Proprietary) Limited.



NOTES



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