

BUDGET SPEECH

2017

PRESENTED BY

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THE MINISTER FOR FINANCE

TO THE

PARLIAMENT

OF

THE KINGDOM OF SWAZILAND

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I. INTRODUCTION

i) Opening Remarks

1. Mr. Speaker, once again it is an honour to present to this August House the National Budget for the 2017/18 financial year. This is my fourth Budget Speech to the tenth Parliament of the Kingdom of Swaziland. As I look back, I have learnt that in times of difficulty, people who are not on the same side cannot afford to think about the extent of their differences. It benefits all to think of points of agreement to achieve more for the well-being of the Nation.
2. Mr. Speaker, before I continue, I would like to convey my sincere gratitude to Their Majesties for their support, wisdom and guidance as we navigate this difficult period. As the country continues to face social, environmental and economic challenges, Their Majesties' enthusiastic participation in Government to tackle these problems deserves acknowledgement and appreciation. More so, I would like to take this opportunity to sincerely thank His Majesty for His Speech from the Throne which was insightful and set the tone for this Budget.
3. Mr. Speaker, I also want to take this opportunity to convey my sincere gratitude to His Excellency the Right Honourable Prime Minister and my Colleagues in Cabinet. I have benefited greatly from His Excellency's unwavering wisdom and leadership as well as from my colleagues' spirit of generosity and team work. Particularly for their steadfast trust in me and for their invaluable guidance in taking the budget process forward.
4. In all my years serving this great nation, I have come to the realization that unity can only be achieved when there is better co-ordination, team work and mutual understanding in society. As a Cabinet, in unity, we have been able to sail through the stormy waters of the social and economic challenges that faced Government in the past year. ***In unity, and with God's Grace, we have prevailed.***

5. Mr. Speaker, I would like to echo His Majesty's exhortation on the need to foster unity and build a hard-working Nation. The Government has renewed its mandate to ensure that our future course of action must create a fitting path towards sustainable and equitable economic growth – growth that serves broad social objectives over the medium term.

ii) Milestones

6. Mr. Speaker, I would like to applaud His Majesty for hosting the SADC summit and the entire Nation for rising to the occasion to make this summit a great success. The Kingdom of Eswatini has faced a number of challenges in the past year. In spite of the severe drought and fiscal challenges we have achieved several milestones that are worth noting: -

- i. We have achieved a 7 percent increase in the number of learners sitting for the Standard 5 examination due to Government investments in primary education.
- ii. The 2016 academic year national pass rate at primary and secondary level was 88.3 percent and 81.5 percent for Grade 7 and Form 3 representing 27,000 and 12,839 students respectively.
- iii. Government has been able to provide nutritional interventions to children under the age of 5 years.
- iv. Government has implemented a nationwide deworming exercise targeting children at the primary school level.
- v. Government has completed the renovation of a state-of-the-art maternity wing at Mbabane Government Hospital, with the first neonatal unit.
- vi. During 2016, new vaccines were introduced for polio, measles and rubella.
- vii. The Out-Patient Department at Mbabane Government Hospital has been completed and is now fully operational.

- viii. State-of-the-art clinics in rural areas have been constructed at Nhlangujani, Mkhitsini, Bhudla, Nsalitje, Mkhwakhweni, Vusweni, Ekufikeni, Mambane and Ndzingeni. At this juncture, I take the opportunity to applaud His Majesty for the commissioning of three clinics at Mkhuzweni, Mangweni and Ndzingeni in Hhohho region.
- ix. Under the Food Security Project, a total of 5,868 Metric Tonnes of lime was distributed to farmers in order to improve yield. As of December 2016, a total of 30,000 hectares had been ploughed for maize production. The targeted harvest for the current season is 120,000 metric tonnes.
- x. The resealing of the Manzini-Matsapha road and the upgrading of the Lobamba-Langeni Road was completed.
- xi. In 2016, Government rehabilitated five National Libraries and the National Archives to carry out their mandate of information and heritage preservation.
- xii. Government completed the Nhlanguano Water Supply Project and concluded the feasibility study for the Lomasha-Naamacha Water Supply.
- xiii. Government also completed three macro water supply schemes at Sheleti, Kamfishane and Nkalashane to provide potable water.
- xiv. Completion of the SISOMA Project which will provide water to 61,000 people in the Siphofaneni, Somtongo and Matsanjeni Tinkhundla in the Lubombo and Shiselweni regions.
- xv. Government was able to connect 2,989 households, 2 schools, and 3 hammer mills to the electric grid. National coverage of electricity now stands at 69 percent.
- xvi. In 2016, together with other SADC countries, we concluded the Economic Partnership Agreement (EPA) with the European Union (EU). The EPA allows agricultural products and manufactured goods originating from Swaziland to enter the EU market without duty and quota restrictions.

xvii. Swaziland together with the other SACU countries concluded the SACU-MERCOSUR Preferential Trade Agreement (PTA) with the Common Market of the South American countries (MERCOSUR), comprising Argentina, Brazil, Paraguay and Uruguay. Under this Agreement, products from Swaziland such as anthracite coal, kraft paper and vegetables enter the MERCOSUR countries duty-free.

iii) Rising above Adversity

8. Mr. Speaker, the 2016/17 financial year has been a challenging one. We saw the devastating effects of the severe drought in the country over the last two years and the resultant low economic growth. The pursuit of expansionary fiscal policies resulted in development on one hand but at the same time it has led to the accumulation of arrears to Government suppliers.
9. Mr. Speaker, our difficulties in the last year were compounded by the depreciation of the Lilangeni against major currencies and its relationship with volatile commodity prices. The erosion of our revenues due to the fall in Southern African Customs Union receipts has taught us the perils of excessive reliance on this source of revenue. It has been a bitter pill to swallow. The Salary Review, while emergent, has further exacerbated Government's tight fiscal space. As a result, the gap between expenditure and revenue is estimated to be 12.3 percent of GDP at the end of the financial year, when using the new GDP figures.
10. Mr Speaker, the challenges are slowly subsiding. We can say again that once the storm is over, we will not remember how we made it through and how we managed to survive. But one thing is certain - when we finally come out of the storm, we will not be the same people who walked in. The storm was meant to test us and make us a resilient Nation which will not bend in the face of tribulations.

11. Mr Speaker, at this juncture I would like to align the theme of this Budget to His Majesty's vision as elaborated in His Speech from the Throne: '**Rising Above Adversity to Create Prosperity for All**'. Having risen from adversity we can now confidently say:

It is of the LORD's mercies that we are not consumed, because his compassions fail not. They are new every morning: great is thy faithfulness - Lamentations 3:22

12. Mr. Speaker, this Budget will concentrate on fiscal consolidation and infrastructure growth for sustainable development. Indeed, in the current fiscal climate we will also prioritize further to ensure that all Swazis have access to basic health care, education and social security.

II. RECENT ECONOMIC PERFORMANCE AND OUTLOOK

13. Mr. Speaker, let me now walk this August House through the economic developments which had an impact on our country.

i) International Developments

14. Mr. Speaker, global growth projections indicate a gradual pickup in economic activity. The IMF's latest estimates indicate a 3.1 percentage global growth rate in 2016. These figures are projected to improve in the coming years with initial figures suggesting a 3.4 percent and 3.6 percent growth rate in 2017 and 2018 respectively.

15. Growth in advanced economies was stronger in 2016 than earlier anticipated. However, these forecasts are uncertain due to the possibility of policy changes under the new administration in the United States. The prime driver behind the global growth figures was the robust growth in Emerging Markets and Developing Economies. Mr. Speaker, macroeconomic pressures are expected to normalize in several large economies in the region as oil prices recover, with the agreement by OPEC members and other large producers to limit supply.

ii) Regional Developments

16. Growth in Sub-Saharan Africa is projected to rebound to 2.8 percent and 3.7 percent in 2017 and 2018, respectively. This comes after a lacklustre growth rate of 1.6 percent recorded in 2016. The Continent's largest economies, Nigeria and South Africa, are each projected to grow by 0.8 percent in 2017, reflecting higher oil production for the former and improvements in commodity prices for the latter. In addition, improvements in weather conditions should provide a positive effect for economies in Eastern and Southern Africa.
17. Mr. Speaker, as you are all aware South Africa is our major trading partner and the performance of this economy has spill-overs on our economic prospects. In South Africa, real economic growth slowed notably to 0.3 percent in 2016. This slowdown is mainly attributed to a contraction in manufacturing output. Electricity and Agricultural production also contracted largely due to the devastating effect of drought. The IMF forecast shows that economic activity is projected to accelerate to 0.8 percent in South Africa in 2017.

iii) Domestic Developments

Real GDP Growth

18. Mr. Speaker, as per growth projections published in August 2016, the economy is expected to contract, recording a growth of minus 0.6 percent in 2016 from 1.9 percent in 2015. This forecast considers the adverse drought conditions that were faced by the country and the region at large. Analysis of primary sector activity, indicates that crop production was heavily affected by the drought. Maize production fell by as much as 60 percent. The drought is set to have far-reaching implications on production. It will also have an impact on the secondary sector which uses inputs from the primary sector. This will be evident in industries such as sugar where production is expected to fall by over 100,000 tonnes following a decline in sugarcane production. However, positive growth is expected in the manufacturing sector which is not linked to agro-processing.

19. Electricity and water services were severely affected due to the lack of rainfall. Growth constraints may further be compounded by Government's fiscal challenges in the year under review.

20. Mr. Speaker, the release of preliminary trade data shows a significant increase in construction imports, suggesting increased activity in the sector. Moreover, the evident rise in imports have also provided an indication that growth in sectors like wholesale and retail will be higher than anticipated.

Inflation

21. Mr. Speaker, average inflation in 2016 reached 7.8 percent largely due to a steep rise in food prices. Annual consumer inflation closed on an upward trajectory, recording 8.7 per cent in December 2016 from 8.6 per cent in November 2016. Food inflation remained the main driver of headline inflation with monthly figures reaching a high of 18.7 percent and 19.0 percent in November and December, 2016 respectively. The increase in food inflation is a result of the second-round effects of the El'nino induced drought.

Balance of Payments

22. Mr. Speaker, preliminary data for the six months starting January 2016 indicates that Swaziland's current account continued recording a positive balance, posting a cumulative surplus of E7.9 billion against an annual surplus of E4.7 billion in the 2015 calendar year. Swaziland's exports for the six months ending June 2016 amounted to E10.4 billion, close to half the export earnings of E22.1 billion posted in full year 2015.

23. It is worth noting that the current account of the balance of payments has been recording surpluses since 2012, mainly supported by net surpluses in the merchandise trade as well as the current transfers' accounts. Current transfers' surplus for the six months ending June 2016 amounted to E3.1 billion benefiting largely from inflows of SACU receipts against a surplus of E8.9 billion in the full year 2015.

iv) Investments

24. Mr. Speaker, net foreign direct investment (FDI) recorded a deficit of E387.7 million during the six months ending June 2016, a complete shift from the surplus of E844.7 million posted during 2015. Reinvested earnings account for a larger portion of the movements in FDI in the country's balance of payments. Existing companies in Swaziland continue to plough back their profits for expansions, thereby showing confidence in the Swazi economy.

v) Financial Sector Developments

25. In accordance to its mandate, the Central Bank of Swaziland has continued to monitor the banking sector in the light of volatile global events and has instituted mitigating actions. The Central Bank of Swaziland managed to effectively steer the banking sector towards a stable environment through sound regulation. The Bank continues to strive towards maintaining a stable and sustainable financial sector conducive for economic development while adhering to international bank regulatory standards. I would like to convey my gratitude to the Bank for its continued support through 2016/17.

Monetary Policy, Interest Rate and Private Sector Credit

26. Mr. Speaker, during the financial year 2016/2017, the conduct of monetary policy was characterized by the balancing of risks to price stability and economic growth. The dominant threat to price stability was high food prices. Consequently, the Bank tightened monetary policy between January and May 2016. Thereafter, monetary policy was held steady in an effort to boost economic growth. The Banks' prime lending rate also increased to reach 10.8 percent in January 2017.

27. Short to medium-term outlook indicates that monetary policy remains largely uncertain and threatened by persistently elevated food inflation, likely increases in administered prices of some utilities and rising international oil prices. However, inflationary pressures may be

partly moderated by the good rains received since the end of 2016. The Bank will continue to monitor the developments and act accordingly to maintain price stability.

28. Mr. Speaker, despite the impact of higher lending rates due to monetary policy tightening, private sector credit extension continued to rise in 2016. Year-on-year bank credit extended to the private sector grew by 14.2 percent. The rise in credit to businesses was mainly noticeable in the agriculture, forestry, tourism and personal services as well as real estate. Annual credit extended to the household sector continued to grow but at a lower rate of 14.9 percent in December 2016 compared to 18.3 percent recorded in 2015.

Banking Sector

29. The total bank assets exhibited a constant growth during the 2016 calendar year and stood at E17.1 billion as at 31st December 2016, a 7 percent growth relative to 2015. The industry loan book represented 58 percent of the total assets compared to 62 percent in 2015. The industry was also well capitalised at 22.2 percent which is significantly above the statutory minimum Capital Adequacy Ratio (CAR) of 8 per cent. Net profit before tax was at E655 million which translates to an impressive return on assets and return on equity of 3.5 per cent and 30.6 percent respectively. The banks' liquidity was in compliance with the statutory minimum liquidity and was 29 percent as at 31st December 2016.

Changes in the Regulatory Environment

30. Mr. Speaker, the 2016 calendar year saw the enactment of a 0 per cent cash deposit fee and an upward adjustment in the minimum statutory liquidity requirement from 20 percent to 25 percent. The banks were further required to publish their bank charges on the local newspaper and as at the 3rd January 2017, all published figures reflected a 0 per cent cash deposit fee. The banks responded quite positively to the statutory increase in liquidity and remained above the prescribed minimum liquidity throughout 2016.

31. In its endeavour to align with international standards, the Central Bank, is in the process of implementing Basel II. This is an enhanced regulatory framework for banks prescribed by the Basel Committee on Banking Supervision. The Bank hopes to fully implement the new framework by January 2018.

Foreign Exchange Reserves

32. The country's Gross Official Reserves declined by 9 percent over the calendar year ended December 2016 to reach E 7.7 billion. This was mainly attributed to a notable fall in SACU revenue while Government expenditure accelerated during the 2016/17 fiscal year. Consequently, the import cover of the reserves fell from 3.8 months in December 2015 to 3.6 months in December 2016. However, despite the decline, the import cover remained above the internationally acceptable level of 3 months.

Anti-Money Laundering

33. Mr. Speaker, the Financial year 2016/17 saw the country take great strides in its pursuit to prevent money laundering and combating terrorist financing. Amendments were made in 2016 to the Money Laundering and Terrorist Financing (Prevention) Act, 2011. These amendments reinforced the supervisory role of the Central Bank over financial institutions by compelling institutions to conduct risk assessments. In addition, the imposition of fines for non-compliance is now allowed without having to go to court.

34. Mr. Speaker, in an effort to curb black market operations, the Central Bank introduced measures for the purchase of foreign currency up to the total amount of E5,000. This enables individuals to sell foreign currency to any authorized dealer by simply producing an original Identity document. The condition of providing proof of source of funds was waived.

35. Mr. Speaker, to conform with international best practices, Swaziland as part of the Common Monetary Area (CMA) will be upgrading its Reporting System. The new system

comes with enhanced Balance of Payments codes aligned to IMF standards. This system will ensure efficiency and accuracy in the compiling of the country's data on cross border foreign exchange transactions.

III. FISCAL PERFORMANCE

i) Revenue Performance

36. Mr. Speaker, in 2016/17 Government revenue and grants are projected to be E14.4 billion which is 26 percent of GDP. The main driver of the fall in revenue numbers from the previous year was the decline in SACU receipts. SACU receipts for 2016/17 amounted to E5.2 billion which was 24 percent below SACU receipts for 2015/16. Non-SACU revenue for 2016/17 is projected at E8.3 billion which is approximately 3 percent higher than in 2015/16. This can be largely attributed to improved compliance in collection. Grants were estimated at E813 million in 2016/17 compared to E329 million in 2015/16.

37. Mr. Speaker, total revenue collected in 2015/16 amounted to E14.1 billion. SACU revenue was 49 percent of the total revenue whilst Income taxes and VAT were the next largest contributors to total revenue, contributing 27 percent and 15 percent respectively.

38. Mr. Speaker, SACU receipts for 2017/18 will increase to E7.1 billion from E5.3 billion received for the 2016/17 Financial Year reflecting an increase of 36.8 percent. There are two major reasons for this increase which I would like this Honourable House to note. Firstly, the amount to be deducted from our share for 2017/18 is smaller compared to the amount which was deducted in 2016/17. In 2016/17 the amount deducted stood at E1,100 million, whereas it has fallen to E45 million in 2017/18. In both years, the deductions were made to repay the Common Revenue Pool (CRP) due to a lower outturn compared to initial projections for 2014/15 and 2015/16 respectively. Secondly, our share for 2017/18 will increase because of a 14.8 percent increase in the projected size of the 2017/18 CRP.

39. Mr Speaker, in light of the trend of reimbursing the Pool, there is a possibility that the 2017/18 Common Revenue Pool does not perform to the level that has been projected. In such an event, the country will be required to pay back to the Pool which would then reduce our SACU share for future years.

ii) Expenditure

40. Mr. Speaker, on the expenditure side, total Government expenditure for financial year 2016/17 was budgeted at E20.7 billion in April 2016. However, the projected outturn for the same stands at E21.2 billion due to the salary review which came into effect after April, 2016. This represents 38 percent of GDP, which is 25 percent higher than the corresponding figure in 2015/16.

iii) Overall Balance

41. Mr. Speaker, the deficit for financial year 2016/17 is projected at 12.3 percent of GDP which is higher than the 4.8 percent deficit to GDP ratio for financial year 2015/16. The absolute deficit numbers grew from E2.5 billion to E6.8 billion from 2015/16 to 2016/17. It is important to note that the percentage figures are calculated based on GDP estimates that were recently re-based. The deficit has been financed through both domestic and external borrowing. Government, however, acknowledges the accumulation of arrears to suppliers and has prioritized the settlement of these at the earliest possible time.

iv) Public Debt

42. Mr. Speaker, as at the end of January 2017, total public debt is E10.4 billion. This includes E4.7 billion of external debt and E5.7 billion of domestic debt. External debt is primarily incurred to finance large capital projects, while domestic debt is raised to enable Government to meet its financial obligations. Domestic debt is comprised of E1.1 billion advanced to Government by the Central Bank, E1.7 billion in treasury bills and E2.9 billion in Government bonds.
43. Compared to the previous year, total public debt has increased by E3.5 billion. It currently stands at 18.9 percent of GDP. Most of this increase is attributed to the surge in domestic debt to finance Government's budgetary obligations.
44. Government is also concerned about the impact of accumulating arrears on the business community. Especially, small and medium enterprises which cannot sustain prolonged periods of non-payment. In this regard, Government issued a bond to raise funds to clear all arrears and this is an on-going process. Moving forward, Government is looking at developing a plan for clearing all the outstanding invoices through a one-on-one consultative engagement with suppliers. The exercise is to determine the most appropriate and convenient method to minimize negative spill-over effects on other economic agents in the country.

IV. BUDGET STRATEGY FOR 2017/18

45. The key message of His Majesty's Speech from the Throne was '**Rising Above Adversity to Create Prosperity for All**'. In executing His Majesty's vision, the focus of this Budget is '**Building Resilience and Boosting Future Growth**'. The key objectives of this Budget are reducing reliance on SACU receipts, fiscal consolidation and infrastructure development to build Government's preparedness and resilience against future adversities.

Government acknowledges the importance of human capital investments and the promotion of the interests of vulnerable groups as a crucial step towards economic growth and prosperity.

i) Social Transfers

46. Mr. Speaker, the hardship and suffering of disadvantaged segments of our society have not gone unnoticed. His Majesty the King has urged the nation to come together to ensure that they can live with dignity and to give them some form of financial security.
47. To relieve the greatest degradations of poverty, Government will increase the allowance for Bogogo na Bomkhulu from E240 to E400 per month. In addition, the monthly grant for the disabled has been increased from E80 to E180 per month. With effect from January 2017, Government will continue providing free education to those orphaned and vulnerable children who graduated to Form 1 from the Free Primary Education.
48. We hope these allocations will provide some respite to our most vulnerable, while fully acknowledging that this is only a first step towards the creation of a befitting social security net. The aim is to protect all our people in equal measure. Government is in the process of creating a social security fund to cater for health insurance, pension and disability. While we appreciate the generosity of those who are already working towards His Majesty's vision we urge the rest, particularly the private sector, to complement our efforts. As the word of God has taught us:

‘He who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. Each one must do just as he has purposed in his heart, not grudgingly or under compulsion, for God loves a cheerful giver’ – 2 Corinthians 9:6-7

ii) Increase Resilience to Adversity

Drought recovery

49. Mr. Speaker, the country is emerging from a devastating drought. A number of our people were affected by the drought in the form of food shortages. Government, in its commitment to mitigate the effects of the drought, was compelled to spend huge amounts of funds. Accordingly, His Majesty's Government would like to express its sincere gratitude for the support it received from NGOs, the UN agencies, and all other cooperating partners, whilst dealing with this natural disaster.

50. Mr. Speaker, we are hopeful that the bountiful rains this season will relieve much of the pressures on food, energy and water. Regardless, Government is committed to continue providing support to those who are still not out of this quagmire. Thus, we have set aside E120 million for emergency relief.

Agriculture

51. Mr Speaker, the drought experience in the past two years has wreaked havoc in agriculture which forms an integral part of our economy and daily lives. The lack of productivity in this sector has extorted a high human and economic cost, and made the sector relatively uncompetitive. As we speak, food security is still a pressing issue in Swaziland and the drought has made matters worse. The climatic conditions of the past planting season worsened the food security situation. Maize production dropped drastically from 81,000 metric tons to 33,000 metric tons. This was despite the progress made through the Food Security Programme.

52. Under this Budget the Government will continue with its food security project aimed at providing input subsidies for staple crops including maize, beans and sorghum. In an effort to minimise the impact of climate change and improve agricultural productivity,

Government will continue to provide funding for water harvesting projects and irrigation development. The budget allocation for the continuation of Lower Usuthu Smallholder Irrigation Project is E228 million.

53. Government's policy of improving agriculture production by smallholder farmers continues to be in focus this year. Government is targeting the enhancement of Smallholder farmers' linkages with formal markets to stimulate demand for local agricultural products. During the 2017/18 financial year, a budget allocation will be provided for the Smallholder Market Led Project which will be implemented over a period of 6 years in 37 chiefdoms. Communities will be capacitated to produce both livestock and crops for markets and be provided with requisite infrastructure.
54. Mr. Speaker, Government will further provide resources for construction of medium sized earth dams targeting the Highveld and upper Middleveld agro-ecological zones of the country. Procurement of heavy plant and equipment to support the implementation of this project will be ensured.
55. The total allocation under the current budget for the Ministry of Agriculture is E741 million.

Water and Sanitation

56. Mr Speaker, adequate and reliable water supply is a fundamental pre-condition in the war on poverty. In the outgoing year, we managed to finish the Nhlango Water Supply Project, concluded the feasibility study for Lomahasha-Naamacha Water Supply, and the SISOMA Project. Government was also able to complete 3 macro water supply schemes at Sheleti, Kamfishane and Nkalashane, to provide potable water.
57. Going forward, forecasts indicate that we are set to face erratic weather conditions. It is against this backdrop that Government is upscaling the development of resilient water resource infrastructure that can withstand future adversities. Learning from His Majesty's

Speech from the Throne; **‘we remain steadfast in our goal to ensure that all Emaswati have access to clean water by 2022’.**

58. Mr. Speaker, next year Government will finalize the National Water Policy. This Policy will drive overall development of water infrastructure. In fact, we are hoping that the Policy will foster broader stakeholder involvement. Particularly, support from the private sector which is set to benefit significantly from national investments.

59. On rural water supply, Government will develop at least 9 macro water supply schemes for potable water and backyard gardens in all the four regions. In the same period, we are hoping to complete the Mbabane Emergency Water Supply Augmentation Works from Lumphohlo Dam. On the other hand, the Nondvo Dam Project that will supply the Manzini-Mbabane corridor with water this will proceed concurrently with support from the African Development Bank.

Energy

60. Mr Speaker, the New Deal on Energy for Africa aspires to achieve universal access to energy in Africa by 2025. Countries in the region have been urged to look at domestic clean energy supply to meet the ever-increasing demand for energy. In the medium term, Government aims to expand access to electricity to 72 percent by 2017/18 and aims to cover all rural areas.

61. In an effort to increase local power production, Government is investigating the potential of increasing hydro power production at Maguduza. The planned Nondvo Dam will augment water supply for the Dwaleni and Maguduza Power Stations, subsequently enhancing power production throughout the year. Investigations for increasing power production to 12 Megawatts at lower Maguduza are underway. Government will continue with processes leading to the development of a 300 Megawatts coal powered electricity production plant at Lubhuku, and an 850 kilowatts plant at kaLanga.

62. We are also investigating the potential of wind energy, targeting the Lubombo Plateau as a possible site for a wind powered generation plant. We have a pilot project for wind and solar energy production at Tikhuba High School and at AMADI University, through donor funds from Ecolibri from the Republic of Italy.

iii) Human Capital Investment

63. Mr. Speaker, I would like to quote one of our great world leaders Nelson Mandela, *'Everyone can rise above their circumstances and achieve success if they are dedicated to and passionate about what they do'*. The Government of the Kingdom of Eswatini acknowledges the critical role played by human capital investments in education, health, vocational training and labour in the alleviation of poverty.

Education

64. Mr. Speaker, through the Ministry of Education, Government has continued to intensify efforts towards reducing barriers to primary education that facilitate access to education for all children. The Government of Swaziland continued to support the Free Primary Education programme through the provision of school grants, free teaching and learning materials, qualified teachers, infrastructure and nutritious meals for learners. In addition, we continued to invest in the education and welfare of marginalized, orphaned and vulnerable children.

65. Mr Speaker, it is important that our learners are retained within the education system until they complete secondary education. Therefore, Government will continue to invest timely and appropriately in the education of primary school children and the orphaned and vulnerable learners at the secondary level. I urge parents, guardians and teachers to support and closely monitor the performance of children to reduce the high dropout and repetition rates.

66. Mr. Speaker, the country recognizes the importance of education and skills-training in the transformation of the economy. To this end, the Ministry of Education is making efforts to develop a curriculum that is competency based. In addition to this, preparations to introduce the Advanced Subsidiary level is underway. In addition, the transformation of colleges to universities is an on-going venture.
67. Mr. Speaker, Government will continue to strengthen Technical Vocational Education and Training programmes to facilitate the acquisition of skills needed by the country. Furthermore, the newly established Swaziland Higher Education Council and the National Qualifications Department will continue to regulate the quality of programmes and performance of institutions of higher learning.
68. Mr. Speaker, Swaziland, through the Ministry of Education and Training, has committed itself to prioritizing the teaching of Christianity under Religious Education at all levels in schools. E20 million has been allocated to this end. The main objective behind the Christian-based Religious Education is to enable the learner to develop Christian virtues and to build a personal Christian ideal to inspire learners' development and maturity. The focus would be on transmitting knowledge of the Life and Teachings of Jesus Christ.
69. Furthermore, the Government of the Kingdom of Eswatini will continue to pursue other off-budget reforms in the education sector such as the revival of the SiSwati Academy in order to encourage the use of the SiSwati language and traditions.
70. Mr. Speaker, Government is allocating E3.5 billion to the Ministry of Education and Training. This figure reflects a 12 percent increase from the allocation in the previous year for the implementation of educational programs in 2017/2018.

Health

71. Mr Speaker, Health remains a top priority to Government. It is enshrined as a fundamental right and its importance cannot be understated. HIV rates, while on the decline, remain a threat to public health in the country. Government has continued to give HIV/AIDs treatment and prevention a high priority under the Health sector. In line with this objective, the country is part of the global effort aimed at ensuring that people are put on treatment as soon as they test positive for HIV commonly known as ‘Test and Treat’. As this policy is rolled out numbers of people on ART are expected to rise from about 150,000 towards 200,000 within the medium-term period.
72. Mr Speaker, Government has taken intensive measures by putting in place systems to strengthen early detection and treat those infected with all forms of Tuberculosis. The Ministry has further deployed more than 300 active case finders at community levels to identify and ensure early treatment to those infected with TB. In this endeavour, the Chiefs have taken a stewardship role in ensuring the success of this intervention. The target for treatment success rates for ordinary Tuberculosis and Multi-Drug Resistant Tuberculosis are 85 percent and 70 percent respectively in the medium term.
73. Mr Speaker, Government acknowledges the great honour bestowed to our country in the election as the chair of the African Leaders’ Malaria Alliance. This is in recognition of the kingdom’s stance in the fight against malaria. In the medium term, the Ministry of Health will remain vigilant and focus on cross-border initiatives as part of the elimination of malaria.
74. Mr. Speaker, the country continues to face the burden of non-communicable diseases. Data from the newly established National Cancer Registry has shown increasing trends in Cancer cases. This trend is corroborated by the number of patients undergoing treatment at the Chemotherapy Unit which was set up in Mbabane. Government has increased the budget

allocation for drugs to cater for non-communicable diseases. The promulgation of the Pharmacy Act, 2016 will ensure regulation of essential medicines and minimize the abuse of medicines that can threaten people's lives.

75. Mr Speaker, the health of women and children in the country is a priority to ensure the wellbeing of our future generations. Efforts to improve the proportion of mothers who deliver at a health facility are continuing. Government has embarked on the construction of maternity waiting homes in health facilities. We have also made efforts to ensure the full immunisation of our population. A disturbing trend of parents refusing to take children for vaccination has been on the rise. This will have a negative impact on our country's public health in the long run. We want to utilise this opportunity to urge all parents to take their children for vaccinations.

76. One way in which access to healthcare can be prioritised is by reducing the distance travelled to health centres. New clinics are under construction in Ezindwendweni, Maphalaleni and Lundzi. In addition, specialist care has been made available locally and externally through the Phalala Referral Scheme. Another aspect of access is the availability of Emergency Medical Services. This has been improved through the decentralization of services and zoning of ambulance stations. Efforts to collaborate on air ambulance services have been initiated.

77. A budget of E2.2 billion has been provided undertake the above programmes for Health. This is an increase from the previous budget by 9 percent. E340 million from this allocation is reserved for the integration of personnel from sub-vented organisations into Government establishment. This policy review extends to health personnel from Good Shepard Hospital, Raleigh Fitkin Memorial Hospital, Alliance Hospitals, Catholic Clinics and Red Cross Clinics.

Labour

78. Mr. Speaker, Government is committed to ensuring that our laws and practices comply with international labour standards. Harmonious labour relations between employers, Government and workers is a recipe for attracting foreign direct investment and growth of local companies.
79. Mr. Speaker, with regards to regaining the African Growth Opportunity Act (AGOA), it is gratifying to note that a lot of progress has been made towards meeting the benchmarks. The remaining are those relating to legislative amendments, which are currently before this August house. These are the Public Service Bill, the Correctional Services Bill, the Public Order Bill and the Suppression of Terrorism (Amendment) Bill. With your permission, Mr. Speaker, let me take this opportunity to request both houses of Parliament to prioritize and expedite the conclusion of these bills in readiness for the upcoming review in June, 2017.
80. Government has finalized the amendment of the Workmen's Compensation Act No. 7 of 1983 to include members of the Ubutfo Swaziland Defence Force (USDF) and domestic workers, making them eligible for compensation for any disability resulting from injuries on duty.

Vocational Training

81. Mr. Speaker, Government is committed to continuously train and certify persons living with disabilities as well as artisans in vocational trade. This initiative, increases their opportunities to gainful employment and economic participation. A review of the training strategy to incorporate latest technological solutions in relevant fields as dictated by the market is on-going. This will involve the review of curricular coupled with an upgrade of relevant infrastructure. From 2013 to date, over 3,942 artisans have been successfully trained and certified.

82. Mr. Speaker, in achieving our Vision 2022 it is fundamental not just to train people, but also to retain Swazis who are skilled to address relevant labour market demands. Recognizing this, priority areas for pre-service tertiary education and training priority areas were reviewed to be in line with industrial needs. Fields such as sciences, technology, health, and education remain top priority. The number of new student loans awarded to local institutions increased from 2608 in 2015 to 2933 in 2016. A loan recovery exercise to help Government increase its support for tertiary education is underway.

Census

83. Mr Speaker, in line with Government's commitment to ensure investments in Human Capital it is imperative that we have data to understand the population dynamics. The Government is committed to ensuring that this data is routinely updated to promote planning and good governance. The 2017 Population and Housing Census implementation features a two-phased approach and has been ongoing since the financial year 2015/16. I am pleased to announce that as scheduled the main enumeration will be conducted in the start of the new financial year.

84. Mr. Speaker, the Swaziland Household Income and Expenditure Survey data collection started in February 2016 and is now being concluded. The survey will provide extensive information on the living conditions, economic activities, income levels and patterns of expenditure.

85. The data collected through these two national surveys will be crucial for tracking progress towards the attainment of Sustainable Development Goals. The data will also be used to develop national, sub-national and sectoral policies and plans, for development frameworks.

iv) Promoting Economic Growth and Prosperity

86. Mr Speaker, His Majesty's Speech from the Throne reiterated and commanded the Nation that Swaziland should strive to make progress towards Vision 2022. This year 2017 represents the beginning of the five-year term in which we aim to accomplish His Majesty's Vision.

Tourism and Environmental Affairs

87. Mr Speaker, the Tourism and Environment Sector is one of the major components of job creation and economic growth. As such, Government has focused its efforts in ensuring the development of the tourism industry, safeguarding the overall environmental affairs, ensuring sustainable forest management and conserving wildlife.

88. Community Based Tourism has taken a high priority to ensure that local communities continue to participate and benefit from tourism. The latest one is at Siphocosini Community Venture in addition to existing facilities in rural communities. Mr Speaker, the Swaziland Tourism Authority hosted the first ever Tourism Excellence Awards to reward business excellence in the industry. In addition, the long-awaited Grading of Accommodation Establishments Regulations have finally been amended in 2016 to ensure the maintenance of Global industry standards.

89. In the medium term, the Swaziland Tourism Authority will promote the KM III International Airport and upcoming facilities such as the Five Star Hotel, the Convention Centre and the Hilton Garden Hotel. These efforts will be boosted by the proposed review of the National Tourism Policy.

90. Mr. Speaker, the Ministry of Tourism and Environmental Affairs is working towards environmental protection and preservation. This will be done by conducting the Environmental Impact Assessment process and strengthening the enforcement of environmental laws. The improvement of waste management system through establishment

of recycling centres in all four regions is ongoing. This will also stimulate economic activities in the waste value chain. Through the National Environment Fund, local entrepreneurs will be supported to start green businesses and increase job creation in the waste recycling sector.

91. In the medium term, the Meteorological Services Department will continue providing meteorological service and work towards continuous improvement in all aspects of the service. There will be significant improvement in forecasting and information dissemination to improve access, including social media, there-by minimising vulnerability to weather induced disasters.

Rural Development

92. Mr Speaker, improving the quality of life and economic well-being of our people living in rural areas is a priority for this Government. Mr Speaker, you will recall that the third Session of the 10th Parliament called for review of regulations of the RDF, wherein, the Micro Projects Unit was assigned to manage the Fund. Beneficiaries of RDF are now fully involved in project planning, preparation, and implementation. These projects provide support to our goals for sustainable rural development. I am happy to report that the allocation for RDF has been increased from E88 million to E110 million.

93. I am also pleased to report that we have finished drafting the new regulations for the Community Poverty Reduction Fund (CPRF), and I will be tabling them in the House soon. The objective of this Fund is to alleviate poverty by supporting viable co-operative or commercial projects or schemes that will create jobs and further contribute to the economic development of communities.

94. Draft regulations for the Tinkhundla Empowerment Fund are also ready to be tabled in Parliament. The Empowerment Fund is a subvention to Tinkhundla Centres.

Public Enterprises

95. Mr. Speaker, the deteriorating performance and efficiency of Public Enterprises is an increasing concern to Government. Most of these entities are fully dependent on Government funding and very few are self-sustaining. Therefore; the Government through the Ministry of Finance, will conduct a study to streamline, enhance performance and sustainability of these entities. It will also help reduce the number of enterprises by merging those with similar mandates. In the medium term, Government plans to develop policy guidelines for the establishment and management of Public Enterprises.

National Security

96. Mr. Speaker, in line with the realisation that security is a vital pre-condition for stability and economic growth in any nation, Government will continue to support our Security Forces. The budget allocated to USDF will be used to strengthen our border security and maintain peace in the Kingdom. An additional budget has been allocated to the Royal Swaziland Police to enhance the delivery of services in rural and peri-urban areas and improve emergency response and crowd management services. The allocation for Correctional Services is to cater for the welfare and rehabilitation of criminal offenders.

Information, Communication and Technology

97. Mr Speaker, Information Technology including Telecommunications is playing an increasingly important role in the global economy. Information communications technologies, have continued an evolutionary path affording people an opportunity to live in a truly ‘social network’.

98. Mr Speaker, following the passing of the Electronic Communications Act 2013 recently the country saw an addition in the number of mobile telecommunications service providers.

99. Mr Speaker, in respect of the pillars of Networked Readiness Index (NRI), Swaziland currently ranks number 136 out of 142 countries measured in Networked Readiness Index. In the SADC region, the only country ranking lower than Swaziland in the NRI 2012 index is Angola. Government will also undertake a review of the Royal Science & Technology Park Act and develop regulations for the Park. Government has also invested in the construction of the Innovation Park Centre. The Centre will provide facilities including training for advanced IT programmes, an incubator for IT business start-ups, a National Call Centre and a National Data Centre for the effective roll-out of E-Government.
100. Government will also assist in the implementation of computer-generated Vehicle Registration, installation of Local Area Network (LAN) to connect Tinkhundla offices to the central Government computing services. Government will continue to add more mobile based services for selected transport licenses and permits. The establishment of the Audio-visual Archives is underway to allow researchers to access data in electronic media.

v) Infrastructure

101. Mr Speaker, His Majesty highlighted the importance of Capital investment and infrastructure growth saying, **‘More budget resources need to be strategically channelled towards infrastructure that is necessary for increasing the country’s economic output’**. While cognizant of reducing our fiscal deficit, we acknowledge the importance of infrastructure development as a major catalyst for the promotion of economic activity.

Road Network

102. Mr. Speaker, improving accessibility to all parts of the country is fundamental in stimulating economic activity and enabling access. The increase in traffic on our roads is an important indicator of urbanization and there is a need to continuously upgrade and

maintain the road network. In this regard, a provision of E60.2 million has been made for the procurement of heavy plant equipment. Government is continuously exploring alternative approaches to road development and funding modalities.

103. Over the medium term, Government is targeting to upgrade all main roads amounting to 254km, pave all district roads with Annual Average Daily Traffic of more than 250 automobiles and upgrade existing 390km of paved road. To meet this target, an amount of approximately E2 billion has been allocated in 2017/18 to implement on-going projects. This includes:

- i) Completion of Nhlangano-Sicunusa Road
- ii) Construction of Bulembu-Piggs Peak-Magoga road, Nsoko to Maloma and Maloma to Nsalitje and maintenance of low level crossings and gravel roads across the country.
- iii) Commencement of Big Bend-Lukhula-Siteki road, Manzini-Mbadlane Road, Siphofaneni to Maloma via Sithobelweni and St Phillips to MR14 junction is underway.
- iv) Upgrading of 160 km of rural roads with the use of soil stabilising chemicals.
- v) Promoting road safety by piloting the Intelligent Traffic System along the MR3 with support from the Government of the Republic of China (Taiwan)

Railway

104. Mr. Speaker, last year I informed this August House that the implementation of the Swazi Rail Link (Lothiar-Sidvokodvo) programme is planned to start. In 2016, over eight farms traversed by the railway line have been acquired. About 100 affected families will be compensated. By the end of this financial year, all land required over farms will be secured and graves on Swazi Nation Land will be relocated to pave way for the project.

105. In 2017/18 we will commence with resettlements of about 235 affected households, comprising land allocations, building of new homes, provision of access roads, water and electricity infrastructure. In addition, we will commence the development of designs for

houses, roads, water, electricity infrastructure, monitor and supervise implementation. Government will continue with the identification and management of stakeholders and undertake detailed engineering design of the new railway line.

Aviation

106. Mr. Speaker, we all agree that the King Mswati III International Airport is the Kingdom's flagship facility. The airport enabled the smooth movement of SADC Heads of States and Officials during the SADC Summit.

107. The Matsapha airport is currently used as an alternate aerodrome. In maximizing the use of Matsapha, the authority is pursuing to convert the airport into a Swaziland Civil Aviation Training Academy. The training academy aims to have International Civil Aviation Organisation Certification that will build capacity of aviation personnel. SWACAA has signed a memorandum of understanding with the University of Swaziland and Limkokwing University of Creative Technology to establish the aviation training academy.

Mining

108. Mr Speaker, the country is endowed with minerals and it remains at the top of the national agenda to extract these in order to benefit the citizens. You will recall that last year, His Majesty graciously granted a mining lease to begin mining gold at Lufafa. I am happy to report today that mining of gold has begun at Lufafa. Furthermore, Ingwenyama granted another lease and a short-term mining license to Maloma Colliery Limited to expand operations in the mining of coal. For this, we are very grateful to His Majesty the King. **“Bayethe... Wena Waphakathi”**

109. On another note, Government has signed a Memorandum of Cooperation with Japan Oil, Gas and Metals National Corporation (JOGMEC). This technical cooperation will

involve several programmes, including the establishment of a Remote Sensing and Satellite Imagery Office.

vi) Private Sector

110. Mr. Speaker, Government is continuing with efforts to create employment and attract foreign investment. Industrialization is an engine of economic growth, and long-run poverty reduction.

Private Sector Confidence

111. Mr. Speaker, the development of the Sidvokodvo Industrial Estate of 301 hectares will alleviate the shortage of land for investors. The land developed under this estate will be sold to private investors, especially those in manufacturing. This initiative is anticipated to create 1,600 jobs in its first two years of construction. Upon completion, we anticipate that this investment will generate approximately 84,000 job opportunities. The development of the Sidvokodvo industrial estate and the construction of the Swazi Rail Link are symbiotic since they will be in the same area.

112. A part of Government's strategy to reduce dependence on SACU receipts is the establishment of Special Economic Zones (SEZs) to help stimulate growth, increase employment opportunities and reduce poverty. Mr Speaker, our industrialization efforts will be futile without creating an enabling environment for trade. In this regard, Government has gone the extra mile to make sure that local products have a market in the region and worldwide.

Small and Medium Enterprises

113. Mr. Speaker, Government is working around the clock to facilitate the development of small-medium enterprises (SMMEs). This is due to the realization that entrepreneurship is a strategic development intervention that could accelerate the rural development process.

114. The Micro Finance Unit is on the verge of finalizing the formation of the Centre for Financial Inclusion (CFI). The CFI combines both the demand and supply side issues of facilitating access to finance, and the reform of policies and legislation for SMMEs and the financial sector. In order to protect SMMEs, Government will continue to strengthen the Swaziland Competition Commission. The Commission will be supported in its fight against cartels that dominate the local market, pushing SMMEs out of business.

115. Other programmes that Government will implement in the medium term include:

- i) Upgrading of the local Measurement (Metrology) infrastructure and systems;
- ii) Strengthening the local Conformity Assessment Infrastructure Systems.
- iii) Promoting the Regional Multi-Economy Accreditation Systems – SADCAS, and other regional accreditation bodies.
- iv) Upgrading the local regulatory systems, to be in line with best practices for purposes of trade, safety and health.

vii) Strengthening Governance

116. Mr. Speaker, Government acknowledges the potential for reform within multiple spheres of our governance structure. The critical importance of efficient public institutions and governance for poverty alleviation and development are well documented.

117. This issue has come to the fore due to the economic shocks we have faced in the past years. Government has prioritised fiscal consolidation, revenue diversification and the fight against corruption. In addition, elections are a crucial component of governance and are set to take place in 2018. Government has begun preparations to ensure smooth electoral process.

118. Mr. Speaker, a pre-condition for effective governance is the provision of adequate facilities for the smooth functioning of Parliament. Government has allocated a sum of E50 million for the construction of a new building for the Parliament of Swaziland.

Diversification of Revenue

119. Mr. Speaker, SACU volatility has been a constraint to Government policies in the past. The drastic fall in SACU receipts in the 2016/2017 fiscal year was a negative economic shock and had spill-overs in multiple spheres of our economy. Government has been working on the development of strategies which will be translated into an Action Plan for reducing the reliance on SACU revenue. These strategies have varying timelines and will be supported and guided by Cabinet.
120. Several business license fees are set to be reviewed upwards such as the liquor license, motor vehicle and driver's license fees. Mobile telephone company license fees, levies on alcohol and tobacco consumption and lotteries and gaming are proposed. There is also a proposed increase in road tolls. Government also encourages all Public Enterprises to support the revenue generation exercise by declaring all dividends.

Fiscal Consolidation

121. Mr. Speaker, as highlighted in the course of this Speech, Government is facing widening deficit figures because of volatile SACU receipts and expansionary fiscal policies adopted in the past. We have strived to finance the growing deficit by borrowing from the private sector and the Central Bank. However, we acknowledge that this kind of deficit financing cannot be sustainable. It will result in drawing down the reserves and have far reaching consequences on the peg and the entire economy of the country. In the coming year, we expect to see improvement in revenue figures and have tightened Government expenditure.
122. With the imminent passing of the Public Finance Management Bill, Government has identified reform priorities to strengthen core treasury functions. Among these are the tightening of expenditure controls to prevent the accumulation of arrears going into the future. The effective management of debt and cash is another important exercise that

Government has made a priority. We urge Parliament to facilitate the approval of the Bill in order to strengthen and consolidate Government's efforts in this direction.

123. Mr Speaker, as we all know, with budget execution comes the acquisition of the necessary goods and services. The Public Procurement Act is meant to support macro fiscal stability and expenditure quality. Increased efficiency in procurement is necessary for development. This entails restructuring of the Tender Board system, the creation of an independent review system and the establishment of an independent procurement agency – the Swaziland Public Procurement Regulatory Agency (SPPRA).

Elections

124. Mr Speaker, 2018 is the year of elections. Government has the responsibility to ensure that next year's elections are free, fair, transparent, peaceful, and credible. These elections are made even more important by the fact that the country will be celebrating its 50 years of independence.

125. Beginning next financial year, Government will intensify the Civic and Voter Education Exercise to improve the participation and representation of all citizens. Voter registration is one of the crucial stages in the preparation for elections. From prior elections, it transpired that the process was not given ample time. Therefore, in preparation for the 2018 National Elections, we will make sure that the voter registration process is allocated sufficient time, at least 3 months. This will also ensure that the long queues usually seen at registration centres are no longer experienced.

Combat Corruption

126. Mr. Speaker, Government has continued to support the fight against corruption and the results are beginning to show. Although a substantial number of arrests have been made in the recent years and the trend has been that suspects get arrested but are not brought before

court. This was believed to be due to the shortage of judges as there is a huge backlog making it impossible for such to be prioritized.

127. However, we are hopeful that the status quo will soon change with His Majesty's recent appointment of additional Judges, including those who will specialize on cases relating to corruption and commercial crimes.

(i) Audit

128. Mr. Speaker, the Office of the Auditor General is mandated to keep abreast with all emerging risks that will impede development and combat bad accounting practices. In its endeavour to upgrade the accountancy profession and to meet the required number of the country's Chartered Accountants, the Office of the Auditor General has embarked on training of the audit staff. Currently the first group has enrolled and is attending the Association of Certified Chartered Accountants (ACCA) Program, at the Centre of Accountancy, situated at the Institute of Development Management (IDM) campus. This will enhance accountability, transparency and integrity.

129. I am also pleased to report that the Auditor General of this country, with two other member states, is the auditor of the SADC Secretariat. 2017/18 will be the end of the three-year term for this appointment, exemplifying the recognition of this important office locally and internationally.

(ii) Internal Audit

130. Mr. Speaker, during the Financial year 2016/17 the Internal Audit Department increased internal control activities to 91 cases. This reflects a 102 percent increase from the previous year. We have also seen an increase in the desire by Ministries, Departments and Agencies to utilize this function through the execution of special audits. The unit received 72 requests for special audit services and 64 percent of these were eventually carried out.

131. With the enactment of the PFM Bill, an Internal Audit Committee will be established which will play a pivotal role in ensuring effectiveness of the internal audit function in the public sector. The department's capacity will increase to ensure sufficient provision of audit services across all central Government agencies.

(iii) Judiciary

132. Mr. Speaker, the Judiciary has covered a great milestone in as far as the administration of Justice and Estates is concerned and this has been done through the various Courts available in the country.

133. Mr. Speaker, during the 2016/17 financial year, the Judiciary has been able to obtain six positions for Judges. Namely, four permanent Judges of the Supreme Court and two judges of the High Court. The availability of these Judges will accelerate the life-cycle of cases within the Justice system and reduce the backlog of cases.

V. REVENUE AND EXPENDITURE FOR 2017/18

i) Revenue

134. Mr. Speaker, Revenue forecasts for 2017/18 are projected to be E16.5 billion, indicating a 22 percent increase from the 2016/17 collection. A number of factors underpin the expected increase in collection. In particular, SACU receipts are expected to be E7.1 billion which is a 36.8 percent increase from the 2016/17 amount.

135. Mr. Speaker, in addition, these figures account for several proposed policy measures that are targeted to increase revenue receipts. The timely and efficient implementation of these revenue policy changes should result in an approximate increase of E453 million in revenue collection. These proposed policy measures are in line with Government's objective to be resilient and self-reliant. I urge Parliament to support this positive endeavour in enabling us to further the resilience and self-reliance of our Kingdom.

136. Government will continue to closely monitor its investments in various companies which is expected to have a high revenue yield in 2017/18. We will review all fees and fines that have not been revised in many years and are currently operating below cost recovery level. This is necessary to ensure that the quality of Government services is sustained and improved. Additionally, Government will continue to improve mechanisms of recovering education loans. During the fiscal year 2017/18, we will be introducing Point of Sale gadgets to facilitate an easy payment system by the public in various revenue collection points.

ii) *Expenditure*

137. Mr. Speaker, total expenditure for the financial year 2017/18 is estimated at E21.8 billion. This estimate includes an amount of E1.4 billion which is reserved for public debt payments and other statutory obligations. Appropriated recurrent expenditure is set to grow by 2 percent standing at E14.7 billion respectively. As a key objective of this Budget is fiscal consolidation, Government has endeavoured to tighten its expenditure where possible. Thus, the total expenditure for this year is E585 million over the estimated expenditure for 2016/17. This marks a steep decline in the growth rate of total expenditure, from 25 percent in 2016/17 to 3 percent in 2017/18. A similar pattern can be observed in capital expenditure which is expected to grow at a lower rate of 6 percent compared to the 42 percent increase in the previous year. The capital budget allocation is E5.6 billion in 2017/18.

iii) Fiscal Deficit

138. Mr. Speaker, Government has identified fiscal consolidation as one of its key objectives in the medium term. With Cabinet's support, Government has embarked on an exercise to rein in the deficit via a two-pronged approach. Firstly, revenue projections presented to this August House incorporate several revenue measures that are meant to buffer the effects of SACU volatility on our economy. Secondly, Government has attempted to curtail expenditure where possible, focussing only on the most pressing needs.

139. Mr. Speaker, the budget deficit for the financial year 2017/18 is projected to stand at 8.2 percent of GDP. This figure is in line with the SADC Macroeconomic Convergence targets of single-digit deficit levels and, in the medium term, Government intends to lower it further.

VI. APPROPRIATION

140. Mr. Speaker, by virtue of the responsibility entrusted to me as the Minister of Finance, I now present to this August House, the Budget Estimates for FY2017/18, as follows;

- i) Revenue and grants: E16,894 million
- ii) Appropriated recurrent expenditure (excluding Statutory): E14,756 million
- iii) Appropriated capital expenditure: E5,592 million
- iv) Total expenditure: E21,779 million
- v) Deficit: E4,885 million

VII. CONCLUSION

141. Mr. Speaker, allow me to reiterate that this Budget, following His Majesty's directive from the Throne, is about **'Rising Above Adversity to Create Prosperity for All - Building Resilience and Boosting Future Growth'**.

142. Mr. Speaker, I hereby submit for your approval the Budget for the Kingdom of Swaziland for the financial year 2017/18. Once again, I would like to take this opportunity to express my sincere gratitude for the support and guidance I have received during this budget preparation cycle. Under the leadership of His Excellency the Right Honourable Prime Minister, my colleagues at Cabinet, and the Finance Committee of Parliament, members of staff from Central Agencies and staff from line ministries have all contributed towards the preparation of this Budget.

143. Mr. Speaker, I also take this opportunity to acknowledge the support we have received from national and International organizations, particularly the European Union, Republic of China on Taiwan, the United Nations family, the World Bank, the International Monetary Fund, African Development Bank, International Fund for Agricultural Development, Export-Import Bank of India, Japan International Cooperation Agency (JICA), USAID, OPEC Fund for International Development, BADEA, the Kuwait Fund, the Saudi Fund for Development and NGOs.

144. I thank you all.