MINISTRY OF FINANCE

PUBLIC ENTERPRISES UNIT

QUARTERLY REPORT

For the Three Months Ended

September 30, 2011

Mbabane,
Swaziland

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CONTENTS

Swaziland Category A Public Enterprises

Sector & Enterprise	Abbreviation	Ministry
Agriculture		
1. Swaziland Dairy Board	**SDB**	AGRICULTURE
2. National Maize Corporation	**NMC**	AGRICULTURE
3. Swaziland Cotton Board	**SCB**	AGRICULTURE
4. National Agricultural Marketing Board	**NAMBOARD**	AGRICULTURE
5. Swaziland Water and Agricultural Development Enterprise	**SWADE**	AGRICULTURE
Transport		
6. Royal Swazi National Airways Corp	**RSNAC**	PUBLIC WORKS & TRANSPORT
7. Swaziland Railway	**SR**	PUBLIC WORKS & TRANSPORT
8. Central Transport Administration	**CTA**	PUBLIC WORKS & TRANSPORT
9. Swaziland Civil Aviation Authority	**SWACCA**	PUBLIC WORKS AND TRANSPORT
Finance		
10. Swaziland Development & Savings Bank	**SDSB**	FINANCE
11. Swaziland Revenue Authority	**SRA**	FINANCE
12. Swaziland Development Finance Corp.	**FINCORP**	FINANCE
13. Motor Vehicle Accident Fund	**MVA**	FINANCE
Utilities		
14. Swaziland Electricity Company	**SEC**	NATURAL RESOURCES & ENERGY
15. Swaziland Posts & Telecommunications Corporation	**SPTC**	INFORMATION COMMUNICATION AND TECHNOLOGY
16. Swaziland Water Services Corporation	**SWSC**	NATURAL RESOURCES & ENERGY
Business Promotion		
17. National Industrial Development Corporation of Swaziland*	**NIDCS**	COMMERCE, INDUSTRY & TRADE
18. Small Enterprises Development Company	**SEDCO**	COMMERCE, INDUSTRY & TRADE
19. Commercial Board*	**CB**	COMMERCE, INDUSTRY & TRADE
20. Swaziland Competition Commission	**SCC**	COMMERCE, INDUSTRY & TRADE
21. Swaziland Investment Promotion Authority	**SIPA**	COMMERCE, INDUSTRY & TRADE
22. Swaziland Standards Authority	**SWASA**	COMMERCE, INDUSTRY & TRADE
23. Swaziland Youth Enterprise Revolving Fund	**SYERF**	SPORTS AND YOUTH AFFAIRS
Education		
24. University of Swaziland	**UNISWA**	EDUCATION & TRAINING
25. SEBENTA National Institute	**SEBENTA**	EDUCATION & TRAINING
Tourism and Environment		

26. Pigg's Peak Hotel	**PPH**	TOURISM & ENVIROMENTAL AFFAIRS
27. Swaziland National Trust Commission	**SNTC**	TOURISM & ENVIROMENTAL AFFAIRS
28. Swaziland Tourism Authority	**STA**	TOURISM & ENVIROMENTAL AFFAIRS
29. Swaziland Environment Authority	**SEA**	TOURISM & ENVIROMENTAL AFFAIRS
30. Swaziland Tourism Development Company*		
Information		
31. Swaziland Television Authority	**STVA**	INFORMATION COMMUNICATION AND TECHNOLOGY
Housing		
32. National Housing Board	**NHB**	HOUSING & URBAN DEVELOPMENT
Labor		
33. Commission for Mediation Arbitration and Conciliation	**CMAC**	LABOUR & SOCIAL WELFARE
34. Swaziland National Provident Fund	**SNPF**	LABOR
Health		
35. National Emergency Committee on HIV/AIDS	**NERCHA**	PRIME MINISTER'S OFFICE
36. Swaziland Nazarene Health Institutions	**SNHI**	HEALTH
37. Siteki Good Sheppard Hospital	**SGSH**	HEALTH
Sports		
38. Swaziland National Sports Council	**SNSC**	SPORTS AND YOUTH AFFAIRS
Arts and Culture		
39. Swaziland National Council of Arts and Culture	**SNCAC**	SPORTS AND YOUTH AFFAIRS
Youth Affairs		
40. Swaziland National Youth Council	**SNYC**	SPORTS AND YOUTH AFFAIRS

* Dormant

OVERVIEW

Introduction

1. The Public Enterprises Unit (PEU) was established under the Public Enterprises (Control & Monitoring) Act, 1989. This Act provides for the PEU to monitor the performance of the designated Category A Public Enterprises and for the Unit to provide technical advice on their operations and policy management. The Act establishes a sound operational framework for the corporate governance of the public enterprise sector in Swaziland.

2. The Act requires each public enterprise to submit a report to the PEU on its financial and operational performance within one month after the end of every three-month period. The PEU then compiles these reports for submission to the Cabinet Standing Committee on Public Enterprises (SCOPE). This quarterly report is the PEU's fulfilment of this requirement for the period July - September 2011, which is the 2nd quarter of the 2011/2012 financial year.

Implementation of the Privatization Policy

3. The draft Public Enterprises Agency (PEA) Bill which is meant to establish a more empowered entity (the Public Enterprises Agency to take over the functions of the PEU) to deal with the control and monitoring of the operational and financial affairs of state owned entities is still being amended. The Multi-Sector Regulator (MSR) Bill that is meant to guide the regulation of certain sectors is still with the Legal Advisor.

Reporting

Late Reports

4. Two (2) enterprises did not submit their reports on time for the quarter as stated on page ten (10) of this report.

5. It is a statutory obligation for all Category A enterprises to report on a quarterly basis. The non-submission of quarterly reports is a violation of section 7 of the PE Act. Section 11 of the Act provides for a Disciplinary Tribunal that addresses issues of non-compliance with the Act as well as recommending disciplinary measures accordingly.

6. The quarterly reports are a vital part of the public enterprises monitoring and management process. Each enterprise's quarterly report is not only sent to the PEU, but should also be seen and approved by the Board and the line Ministry. The PEU regularly draws individual ministries and SCOPE's attention to cases of poor operational and financial performance, with accompanying suggestions on how they could be remedied.

SCOPE Approvals

7. SCOPE was able to meet nine (9) times this quarter and they made the following approvals:

- Annual report for the Financial Year ended 31st March 2010 for Swaziland National Provident Fund;

- SwaziBank's Annual Report for the Financial year ended 31st March 2011;

- Renewal of the contract for Mr. Phiwayinkhosi Ginindza as Chief Executive Officer of the Swaziland Investment Promotion Authority;

- Re: Appointment of additional board members of the Swaziland Water Services Corporation;
- Extension of term of the Swaziland Railways board members;
- Appointment of a board member into the Swaziland Posts and Telecommunication board of Directors;
- Appointment of a board member for the SwaziBank
- Public Enterprises Unit Quarterly Report for December 2010;
- Swaziland Revenue Authority's Annual Audited Financial Statements for the period ended 31st March 2011;
- National Agricultural Marketing Board Financial Statements for the Year ended 31st December 2010.
- Annual Report for the National Maize Corporation Incorporating Financial Statements for the year ended 31st March 2011;
- Appointment of the Swaziland National Youth Council Chief Executive Officer;
- Request for approval of new Human Resources Policies of the Swaziland National Trust Commission;
- Request for approval – Appointment of board members of Sebenta National Institute;
- Appointment of External Auditors 2011 – 2013 for the Conciliation, Mediation and Arbitration Commission;
- Appointment of the Chief Executive Officer of the Swaziland Television Authority;
- Annual Report of the Swaziland Water and Agricultural Development Enterprise;
- Appointment of the Chief Financial Officer at SWADE;
- Swaziland Revenue Authority's Annual Report 2011 Incorporating the Annual Audited Financial Statements for the 20 months period ended 31st March 2011;
- Recruitment of the Chief Executive Officer of the Financial Services Regulatory Authority;
- Swaziland Posts and Telecommunications Corporation Issues;
- Appointment and term of office for members of the Swaziland Tourism Authority Board of Directors;
- Expiry and renewal of the term of office of the Board Chairman of FINCORP;
- Public Enterprises Unit Quarterly Report for March 2011;

Restructuring

Central Transport Administration (CTA)

8. The Bill intended to set up CTA as a fully fledged public enterprise was still will Parliament for debate.

Swaziland Civil Aviation Authority (SWACCA)

9. Negotiations were still going on between Government and the Unions on the transfer of staff from the Department of Civil Aviation to the newly established Swaziland Civil Aviation Authority.

Swaziland Posts and Telecommunications Corporation (SPTC)

10. The court battle between SPTC and MTN continued over the promotion of the wireless network called "ONE" by SPTC and not much progress was made.

Pigg's Peak Hotel (PPH)

11. Concern is raised on the issue of the contractual obligations by Orion Hotels and Inns who has not been able to pay rental to Piggs Peak Hotel since April 2011. The Board has taken legal action against Orion Hotels and Inns and the matter was to be sent to SCOPE.

Swaziland Television Authority (STVA)

12. Following the review of the salaries for STVA some 21 months ago the entity has still not reviewed the organizational structure. The proposal to review the structure was supposed to be finished 30 months ago. The board and Ministry are urged to finalize this very vital undertaking.

Swaziland Water Services Corporation (SWSC)

13. This is the 115th quarter that Swaziland Water Services Corporation (SWSC) has been operating without subvention from Government after the subvention was stopped as it was agreed in the Performance Contract between Government and the enterprise.

Swaziland National Trust Commission (SNTC)

14. The report on the restructuring of SNTC was approved 98 months ago by SCOPE. SNTC started implementing the restructuring of the enterprise by out-sourcing the Commercial operations in Mantenga and Hawane in July 2006. The two resorts are currently being run by private operators on a lease basis. In the meantime the Board and the Ministry are working on amendment of the SNTC Act to allow SNTC to be able to enter into Commercial Joint Venture operations. The Bill has been tabled in both Houses of Parliament for approval. Mlawula is still being operated by SNTC using own staff and resources.

15. Concern is raised on the contract signed between SNTC and the operator of Mantega in terms of the operator meeting his financial obligations stated in the contract. The operator is not up to-date with rental payments.

Royal Swazi National Airways Corporation (RSNAC)

16. A new Board was appointed 23 months ago and are expected to come up with recommendations to Government on the future of the enterprise since the operations of the enterprise were downsized. The new Board continued implementing the recommendations of the forensic audit and the report of the Parliamentary Disciplinary Tribunal.

General

Management Development - Individual

17. The PEU continued supporting individual training of senior management of Public Enterprises through the training portion of the Loan Guarantee Fund. Under this program enterprises send their senior managers to certain specific courses, but before the courses are attended the PEU has to be consulted. The PEU assesses the course content and its relevance to the operations of that particular enterprise. The enterprises are reimbursed for this training from funds set aside for individual training under the scheme. During the quarter there were twelve (12) individuals that went for training and they were from Swazibank (1), University of Swaziland (4),SNPF (3), and SWSC (4)

Management Development – Group Training

18. There was no group training during the quarter.

Corporate Governance

19. Following the accreditation of SAMKHO Consulting and REDI Consulting to deliver Corporate Governance training to Boards of category A public enterprises, two (2) boards were trained during the quarter i.e. SWACCA and NMC.

The Swaziland Public Enterprises Association (SPEA)

20. The Swaziland Public Enterprises Association (SPEA) did not meet this quarter. SPEA brings together the Chief Executives of the Category A public enterprises in a meeting with representatives of the PEU to discuss matters of mutual concern. These meetings are a valuable source of information for all the participating enterprises.

Non appointment of Chief Executive Officers, Chief financial Officers and Board of Directors

21. At the end of the quarter there was still no substantive Chief Executive Officer for the following public enterprises:
    - Royal Swazi National Airways - Acting CEO following restructuring.
    - FINCORP - Acting CEO following resignation of Former CEO
    - CTA - Substantive CEO retired.
    - SWADE - Acting CEO
    - SEC - Acting CEO
    - SCC - Acting CEO
    - Youth Fund - Acting CEO pending appointment of CEO.

22. **At the end of the quarter there was still no substantive Chief Financial Officer for the following public enterprises:**

• Royal Swazi National Airways	-	Vacant
• Swazi TV	-	Vacant
• SPTC	-	Vacant
• SwaziBank	-	Awaiting renewal of contract.

23. The non-appointment of the Chief Executive Officers, Chief Financial Officers, and Boards for these public enterprises is not a good sign of corporate governance and this may mean that these entities do not have the necessary and proper guidance that they need to have.

24. **Chief Executive Officers not on contract:**
    - The Swaziland National Provident Fund Chief Executive Officer is still not on contract.

INDIVIDUAL ENTERPRISE REPORTS

For the quarter under review the following active enterprise did not submit their report.

1. Central Transport Administration
2. National Emergency Response Committee on HIV/AIDS

SWAZILAND DAIRY BOARD (SDB)

Parent Ministry: Ministry of Agriculture

The SDB reported as follows for the quarter,

Operational Review

- The Swaziland Dairy Board (SDB) places more emphasis on developing and protecting the local dairy industry through provision of training, extension and regulatory services. These activities form the core functions of the Board and are undertaken through its departments which include the Dairy Development Services, Quality Control, Finance and Administration as well as Information and Economic Analysis.

- The Quality Control Department continued with its regulatory function of the Board. This was done through working with processors, distributors, retailers and producers of dairy products. The Board charges levy on the value of imported dairy products.

- The department was involved in the inspection of dairy processing plants, wholesale and retail outlets. The department was also involved in the monitoring of imports and exports of dairy products.

- Dairy Development Officers continued to provide artificial insemination (A.I.) services to dairy cattle for milk producers in all the regions of the country. The A.I. services include synchronization of oestrus, breeding of cows/heifers and general dairy farm management to improve the dairy herds. 44 dairy cows/heifers were bred using the A.I. method and amongst the total, 7 were synchronized.

- Technical advices and dairy husbandry practical services were offered to dairy farmers during specific farm visits to address their farm problems, motivate and equip them with certain skills required to improve the performance of their dairy farms. A total of 396 farm visits were carried out covering all the regions of the country.

- Three (3) day time workshops on dairy cattle were carried out with a total attendance of 93. In addition, two (2) technical meetings were held with a total attendance of 26.

- The total number of farmers trained this quarter and graduated in a ceremony that was graced by the Honourable Minister for Agriculture who awarded them with certificates was 65 (14 dairy goats and 51 dairy cattle). The next intensive dairy goats and cattle courses for both aspiring and existing dairy farmers will start in October 2011.

- The ban on cloven-hoofed live animals which included dairy cattle that was effected in February 2011 due to an outbreak of foot and mouth disease (FMD) in the Jozini area in the Republic of South Africa (RSA) was lifted in July 2011.

- A total of 25 cows were imported into the country during the quarter for seven dairy farmers (3 new dairy farmers and 4 expanding their dairy units). Other dairy cattle purchased before the FMD outbreak will be collected and transported into the country in the next quarter.

- The Board continued to work with the University of Swaziland (Luyengo Campus) in ensuring the success of the degree program, Bachelor of Science Degree in Animal Science – Dairy Option, which is intended to produce graduates with hands on experience and can be employed by the dairy industry with ease as dairy officers. The five (5) students were attached to the Swaziland Dairy Board to gain experience and exposure in dairy extension activities.

- A total of twelve (12) farmers approached the Swaziland Dairy Board to seek assistance in the procurement of one-point mobile milking machines. Five (5) have been procured and the remaining seven (7) will be procured in the next quarter. Many more mobile milking machines were being demanded by farmers due to the advantages realised when milking cows such as clean milk production and handling, complete milking resulting in more milk per cow and short time milking period etc.

- Meetings were held in all the regions of the country to brief the Animal Health Department Staff, Dip Tank Assistants, Dip Tank Committees and live stock owners on the indigenous cattle dairying project. Meetings held had a total of 176 attendants.

- The Entandweni milk collection centre at Hlane Inkhundla under Malindza Chiefdom stopped receiving milk from farmers due to reduced quantities (dropped from 8,000 to 600 litres per month). The centre is expected to start receiving milk in the next quarter since it is expected that the daily milk supplies will increase due to improved environmental conditions and cows calving.

- The construction of the milk collection centre at Khuphuka was at an advanced stage.

- The milk collection centre (MCC) at Luve shopping complex stopped receiving milk from farmers because daily milk supplies decreased drastically. This was mainly due to reduced quantities of milk supplied to the centre and other environmental factors. It is expected that more farmers will use the MCC once milk volumes increase on their farms in the next reporting period.

- The board continued to produce round bales of hay mainly for dairy farmers. There were 113 bales produced for farmers to feed their cattle.

- A total of 11 dairy farmers have been assisted with the development of business plans. There were two (2) medium scale farmers and nine (9) small scale farmers, three (3) from Manzini, seven (7) from Hhohho and one (1) from the Lubombo region.

- The Board continued to work with Swaziland Agricultural Development Programme (SADP) to expand the smallholder dairy development in the country through the provision of technical assistance and resources. The Board submitted a draft letter of Agreement and requisitions to the SADP for the procurement of goods that include 50 dairy cattle which will be distributed to locals in all the regions of the country. The Board is confident that the Letter of Agreement submitted to the SADP will be signed and funding for the training of community artificial inseminators made available. The artificial inseminators are expected to service dairy and non dairy cows in the communities. These artificial inseminators will work closely with the Swaziland Dairy Board officers who are qualified and experienced.

- The Board continued to partner with SEDCO and was involved in a road show in the Shiselweni Region at Shiselweni Inkhundla. The road show was organised by SEDCO and Swaziland Dairy Board was invited to interact with participants and deliver dairy messages aimed at creating awareness of the opportunities that exist within the dairy sector to start businesses. The total attendance was estimated at 300. Information dissemination was through stands, presentation and interaction with the participants.

- The Board continued to play a role in the promotion of investment in the country through creating an environment that will create confidence and opportunities for investors.

- The Board is currently carrying out preliminary studies on the impact of the dairy courses offered.

- The Board embarked on an exercise of a farmer verification which includes finding out the challenges faced by the farmers. This is aimed at updating the data base and engaging stakeholders like financial institutions on behalf of the farmers on how they could assist the development of the dairy industry.

- Boards properties
    - Matsapha flats and Coates Valley house
      The Board continued to manage and carry out the necessary repairs and maintenance on the properties. Occupancy rate was 100%.

    - Enguleni House
      There were seven (7) vacant spaces in the building. There was another space which although not necessarily vacant but the Board preferred a landlord hypothec and therefore it was locked pending the outcome of the matter in court. Most of the tenants paid their monthly rentals accordingly except for a few tenants who have been handed over to lawyers so they could recover the money on behalf of the Board.

    - Nhlangano Depot
      The depot has been temporarily given to Shiselweni veterinary department to safeguard the premises whilst the Board is in the process of renovating the structure.

    - Balekane Farm
      The Board followed up on rental collections following a subsequent take over of the tenants (Hhohho Cotton Growers Association) by the Royal Swaziland Sugar Corporation. The Royal Swaziland Sugar Association has already paid the sum of E331 956.11 in respect of arrear rentals and the sum of E128 614.61 was still outstanding but will be settled very soon.

    - Lot 447/1 - Matsapha
      This is a vacant plot adjacent to Lot 447/R.

    - Lot 447/R
      The Boards factory at Matsapha was leased to Parmalat Swaziland whose rentals are being collected on a timely basis.

    - Moneni
      This is a vacant plot in Moneni, Manzini.

Financial Situation

- Net profit for the quarter was E1.33m compared to E419, 763 the previous quarter. Budget for the quarter was E454, 162 resulting in a positive variance of E875, 596.

- Total revenue collected this quarter was E5.27m compared to E3.43m collected the previous quarter. The budget for the quarter was E4.62m, reflecting a positive variance of E650, 916.

- Total expenditure amounted to E3.94m compared to E3.01m incurred the previous quarter. Budget for the quarter was E4.16m. Total expenses were below budget with a positive variance of E224, 680. This was mainly due to administration expenses and operating expenses which were below budget.

Outlook

- The next intensive dairy goat and cattle courses for both aspiring and existing dairy farmers will start in early October 2011. This group of farmers is expected to graduate in early December 2011.

- Purchasing of seven (7) one-point milking machines for farmers is expected next quarter.

- The five (5) students pursuing a Degree Programme in Animal Science (Dairy Option) will be attached to feed processors, dairy processing plants and dairy farms to enable them to have the desired hands on experience.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Turnover	5,268,416	3,428,218	3,734,613	4,366,628
Expenditure	3,938,658	3,008,455	3,285,417	3,495,861
Net Profit	**1,329,758**	**419,763**	**449,196**	**870,767**
Balance Sheet				
Fixed Assets	13,889,753	14,026,383	14,026,383	13,817,689
Investments	4,155,953	4,191,701	4,191,701	4,227,476
Current Assets	15,944,248	13,100,656	12,895,546	13,057,553
Current Liabilities	5,592,705	4,031,620	4,044,247	4,220,603
Net Current Assets	10,351,543	9,069,036	8,851,299	8,836,950
Total Employment of Capital	**28,397,249**	**27,287,120**	**27,069,383**	**26,882,115**
Retained Income	15,258,591	13,928,833	13,509,100	13,059,904
Dairy Development Fund	7,363,525	7,057,307	7,057,307	6,897,502
Office Block	5,613,112	6,152,460	6,340,957	6,695,395
Medium Term Lease Obligation	162,021	148,521	162,021	229,314
Total Capital Employed	**28,397,249**	**27,287,121**	**27,069,385**	**26,882,115**

PEU Comments

A profit increase of 217% was noted when compared to the previous quarter as profit increased from E419, 763 to E1.33m. The profit also performed above budget by 192% as the budgeted profit was E454, 162. Although there was an increase in expenses, a major increase was realised in the revenue collected during the period. This was due to the change in the import levy collection method from the specific duty to the percentage of the invoice value and increase in volumes of dairy products imported into the country.

It is noted that the indigenous milk collection centres did not perform well this quarter. They experienced a decrease in the quantity of milk received from the local communities. This was mainly due to the seasonality which leads to an unreliable supply which becomes a major threat to the performance of the processor. Most of the feed energy for milk production under the traditional management is provided by natural grazing. Although such rations are usually sufficient for maintenance, increasing milk production beyond subsistence levels requires the provision of higher quality feedstuffs and supplements with concentrate feeds. Concentrates are the easiest option for the farmers' in order to meet high protein needs of dairy cattle.

In order to stimulate innovative thinking from the farmers, Swaziland Dairy Board can advocate for the use of the pricing mechanisms. As the basic orientation of the farmer is short-term, his or her main focus is on the price per litre he receives for the milk. SDB and the processor can use this knowledge to their advantage by using the price to stimulate certain behaviours of the farmers. This could also encourage trust and farmer commitment especially when taking the seasonality of supply into consideration.

Swaziland Dairy Board's liquidity position remained constant when compared to the previous quarter as it still stood at 1.2:1. The current assets are more that current liabilities by a very small margin of 0.2. This is an indication that the Board was able to pay its current liabilities in time without facing any difficulties.

NATIONAL MAIZE CORPORATION (NMC)

Parent Ministry: Ministry of Agriculture

NMC reported as follows for the quarter,

Operational Review

- NMC was not doing its normal business operations but was trading on behalf of the Swaziland Government by selling Japanese maize (Food Aid Project KR2009). NMC is being compensated E350 per metric tonne of maize sold.

- NMC did not import any maize due to the fact that the Corporation was not trading in light of the commencement of the sale of the KR2009 counterpart project and the fact that the Corporation is now purchasing local maize as it is now the maize marketing season, hence, the increase in the local maize receipts.

- NMC is still providing storage facilities for maize procured by Ngwane Mills on behalf of the National Disaster Management Agency (NDMA). Two silo bins with storage capacity of 4000 metric tonnes each were set aside for this purpose. In the last two months of the quarter, only one silo was set aside for Ngwane Mills after having drawn all the maize from the other silo to give storage space for local maize purchases.

- Depicted hereunder is maize sold.

Maize Sales (tonnes)

	July	August	September	Total
Bulk maize	542.43	1,190.60	2,798.82	4531.85
70kg bags	93.24	177.10	228.76	499.10
50kg bags	294.75	445.60	415.20	1,155.55
25kg bags	4.27	5.96	4.27	14.50
Total	**934.69**	**1,819.26**	**3,447.05**	**6,201**

- The quantity of maize sold amounted to 6,201 metric tonnes. Local maize intake amounted to 5,799 metric tonnes. Since NMC was trading on behalf of the Swaziland Government, all the tonnage sold represents counterpart funds (KR2009 project).

- The selling price of maize was not adjusted. It remained at E2,340 per metric tonne. On the other hand, the price of rice fluctuated in line with the acquisition price of any new parcel as it is highly volatile.

- NMC's organisational structure which was reviewed by Ndallahwa and Company and approved by the Board of Directors, was forwarded to the Ministry of Agriculture and Cooperatives for endorsement. The Corporation was waiting for a response from the Ministry.

- NMC's policies were not implemented as there was pending approval by relevant authorities. The policies that were reviewed by the company include Human Resources Manual, Corporate Social Responsibility and Communications Policy, the Financial Policy and Procedures and the Vehicle Scheme.

Financial Situation

- The operating loss was E865,204.

- Total revenue amounted to E16.03m.

- Operating expenses for the Maize division amounted to E3.10m.

- Maize sales amounted to E15.19m. The turnover represents the Japanese maize sales only and there was no revenue generation for NMC. In view of the fact that NMC was not trading as a result of the selling of the Japanese maize, compensation by the Swaziland Government of E2.19m, which represents the 6201 metric tonnes sold, has been recorded as income for the Corporation.

- Operating expenses for the Rice Division amounted to E2.84m.

- The income for Sihlobo rice was E844,384.

- Trade receivables amounted to E11.63m.

Outlook

- The donated Japanese maize is expected to be sold out by the end of the third quarter. About 4,261 metric tonnes of maize in respect of the Japanese maize are still yet to be sold. The sale of this maize will continue in the next three months, after which NMC will resume normal business operations.

- The review of the organisational Structure by Ndallahwa and Company has been completed. The implementation of the new structure will start soon after going through all the approval stages and structures.

- Due to the marketing season which is a very busy season, the exercise of year round trading at the depots was not finalised. Only the purchasing of local maize took place and there was no selling as expected. Subject to availability of funds, depots will be fully operational before the end of this financial year.

Financial Statements

	2011 Sept 30	**2011 June 30**	**2011 March 31**	**2010 Dec 31**
Total Income	16,030,353	9,585,171	17,901,950	23,249,152
Total Expenditure	16,895,557	10,864,009	15,866,158	21,447,855
Operating Surplus/Loss	**-865,204**	**-1,278,838**	**2,035,792**	**1,801,297**
Balance Sheet				
Non Current Assets	10,969,595	10,774,175	10,774,175	10,286,761
Current Assets	41,215,252	22,824,174	22,824,174	21,890,993
Current Liabilities	35,879,660	25,769,074	24,056,809	19,235,727
Net Current Assets	5,335,592	-2,944,900	-1,232,635	2,655,266
Total Employment of Capital	**16,305,187**	**7,829,275**	**9,541,540**	**12,942,027**
Share Capital	2,405,000	2,405,000	2,405,000	2,405,000
Grant : Plot 542 -land & Silos	6,414,818	6,438,088	6,469,115	6,601,998
: Maize Govt Grant	7,500,000	7,500,000	7,500,000	7,500,000
Revaluation Reserve	1,039,300	-	-	-
Retained Income	-1,053,931	-6,797,480	-6,832,575	-3,564,971
Total Capital Employed	**16,305,187**	**9,545,608**	**9,541,540**	**12,942,027**

PEU Comments

NMC is faced with a very challenging situation whereby the public enterprise is expected to buy maize from farmers since it is the maize marketing season and sell maize on behalf of another organisation which is not necessarily the maize bought from the local farmers. Over the last two quarters when NMC has been selling Japanese maize (Food Aid Project KR2009), there has been operating losses meaning that the expenditure incurred by the organisation outweigh the income from the compensation of E350 per metric tonne for maize sold as well as income from the sale of rice. Fortunately, this situation is coming to an end in the next three months where NMC will resume normal business operations.

Current assets have increased as a result of NMC holding a lot of stock in the form of maize in its silos and the enterprise being unable to sell this stock until the Food Aid Project KR2009 has all been sold out. In proportion with the increase in assets, there has been an increase in current liabilities as holding such a huge amount of stock is a liability to the organisation.

SWAZILAND COTTON BOARD (SCB)

Parent Ministry: Ministry of Agriculture

The SCB reported as follows for the quarter,

Operational review

- Ginning and marketing of products was the main activity during the period under review. Seed cotton purchasing also continued up to the end of September 2011 due to dry spells that occurred during February 2011, resulting in delayed crop production. Training workshops for farmers in preparation for the new season were also started during September 2011.

- The Board continues to receive transfers from Government but at a very irregular manner due to the current financial problems being experienced by it. Government has only transferred E225, 000 out of E900, 000 allocated for this financial year.

- The Board has approved the recruitment of the Chief Operations Officer, who should be in post before the CEO departs. This is part of a succession plan for the CEO who is leaving in March 2012. The process of recruiting a substantive CEO would then follow.

- Total cotton production for the period under review fell short of production volumes of the previous season. This year's production only came to 2, 134 tons compared to 2, 342 tons of cotton in the previous season.

- The weather continues to be unreliable as sporadic dry spells requiring peak moisture have become very common. There was a devastating dry spell again this past season that occurred in February resulting in a harvest that was lower than last season's.

Financial Situation

- Financial performance for the quarter gave a gross income of E6.82m resulting in net profit of E4.19m compared to a net deficit of E6.46m last quarter. The big improvement was as a result of sales for both lint and fuzzy seed. Nearly all the income came from the ginnery with the General Fund realizing only E15, 749 from bank interest against an expenditure of E415, 657.

- Total expenses for the quarter amounted to E2.74m down from E9.9m last quarter with 84% coming from ginnery expenses. The General Fund accounted for 15% of total expenses.

Outlook

- The board is vigorously pursuing negotiations with the Ministry of Agriculture to lease the Buseleni Government farm, to grow irrigated cotton in order to improve through-put for the ginnery.

Financial Statements

Income Statement	2011 Sept. 30	2011 June 30	2011 March 31	2010 Dec. 31
Income	6,940,765	3,224,921	333,514	4,125,257
Expenditure	2,746,586	9,915,573	1,172,579	1,154,999
Operating Profit/Loss	**4,194,179**	**-6,467,451**	**-839,065**	**2,970,258**
Balance Sheet				
Fixed Assets	2,272,288	2,062,288	2,446,369	2,427,044
Investments		0	(94,631)	(94,631)
Current Assets	7,460,509	3,804,455	9,123,978	10,531,678
Current Liabilities	295,285	273,228	659,078	681,134
Net Current Assets	1,187,281	3,531,227	8,464,900	9,850,544
Employment of Capital	**9,459,570**	**5,593,515**	**10,816,638**	**12,182,957**
Contributed Surplus	10,467,482	10,392,482	9,917,474	10,456,859
Retained Income	-1,007,912	-4,798,967	899,164	1,726,098
Capital Employed	**9,459,570**	**5,593,515**	**10,816,638**	**12,182,957**

PEU Comments

The Cotton Board continued to enjoy a very healthy current ratio at 25.3:1 during the quarter compared to higher ratio at 13.8:1 for last quarter. This is explained by the fact that there was a increase in current assets E3.8m to E7.46m in the quarter due to mainly to sales of lint and fuzzy seed signifying almost the end the season. The Board made an operational profit of E4.19m compared to a loss of E6.46m last quarter and a smaller loss of E839, 065 in the quarter of March 2011, indicating the cyclical nature of the cotton industry, with reference in particular to the ginning process.

The SCB should develop a strategic plan as to how it is going to run and finance its two businesses. SCB has to make efforts to get the 1,000 ha that the proposed joint venture with IDC and a strategic partner needs. It is hoped that the new interest shown by the investor from Zimbabwe who is interested in commercial cotton farming under irrigation may hopefully fit this requirement by IDC. This proposal would eliminate the current cash flow problems that the ginnery is experiencing with regard to cotton purchasing. Both the IDC and Spintex proposals to acquire irrigated land would increase production, and therefore through-put and make the ginnery self sustaining. The ginnery is currently operating under-capacity due to insufficient cotton production.

NATIONAL AGRICULTURAL MARKETING (NAMBOARD)

Parent Ministry: Ministry of Agriculture

The NAMBOARD reported as follows for the quarter,

Operational review

- Low temperatures were experienced and affected crop planting, growth and yield. Moreover, this has also contributed adversely to the planting programmes of most farmers and vegetable supply in the market. Most of the crops had been growing at slow rate particularly tomatoes, green pepper, beetroot, carrots and cabbages.

- A total of 162 farm visits were carried out through the Market Extension services. The Market Extension services focused on verifying prospecting new sites for the production of vegetables, production problem-solving, discussing programmes, distributing contracts for signing, delivering farmers' payments cheques and checking progress on the planting programmes.

- There were 80 farmers who came through walk-ins to NAMBoard to seek for information on production programmes, inputs availability, vegetable production for the market (quality requirements) and understanding of implementation of the Global Gap Standard.

- The Board's demonstration plot was audited for conformity with the Global Good Agricultural Practices standards by PPECB and still awaiting for the certificate. A two day workshop on basic vegetable production, fruit tree management, soil sampling and lime application was held in the Shiselweni Region.

- The number of farmers who signed production contracts increased from 104 farmers to 153 farmers this quarter. This shows an increase of 47%. The Board realized increased production of banana, cabbages, tomatoes and beetroots, hence there was a period when tomatoes imported from outside the country were suspended.

- The National Market experienced a huge decline in terms of baby vegetables that were delivered. A total of 6.7 tonnes was received through the Pack House compared to 12.9 tonnes last quarter. The decline was a result of vegetables being rejected at the Pack House. The reasons for the rejected produce were due to damage by diseases (bacterial, fungal, viruses diseases and damage by pests), and overgrown products wilting, poor colour and shape of the baby vegetables.

- There were 6 radio programmes produced and were flighted over 13 episodes. The Swaziland Broadcasting and Information Services had introduced new time schedule for the programs i.e. every Friday at 1615 hrs for 15 minutes.

- The AgriBusiness Department embarked on a calling schedule for some clients who do business with Encabeni. Most of these clients complained about quality and price of local produce and that the location of Encabeni does not attract the vendor market.

- Due to the prevailing economic conditions more Swazi people are showing an interest in vegetable production, and NAMBoard should be positioned to find markets for the local produce. The likely markets are the Middle East, Mauritius, Seychelles, South Sudan and other coastal countries in Africa.

- The Regulatory Department tasked to monitor the movement of Scheduled Agricultural Products continued to issue import and transit permits to traders engaged in the business of importing and transiting agricultural products.

- The inspectorate department carried out 349 inspections at the various border entry points to ensure compliance and quality control on all imported scheduled agricultural products.

Financial Situation

- NAMBoard made a surplus of E1.06m compared E540,868 last quarter.

- Turnover generated from collection of levies, sale of scheduled agricultural products and permits amounted to E3.33m compared to E3.26m.

- Total expenditure incurred amounted to E3.76m compared to E4.37m last quarter.

Outlook

- NAMBoard intends to stimulate local production through involvement of organized groupings/schemes and private farmers and to continue employing cross cutting initiatives across the organization focusing mainly on revenue generating initiatives.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Sales	4,087,381	4,028,396	2,177,480	1,801,573
Cost of Sales	2,742,580	2,756,363	1,852,386	1,514,517
Gross profit	1,344,801	1,272,033	507,212	287,056
Income from levies	3,156,083	3,257,112	4,344,710	3,785,645
Other Income	316,936	384,974	370,713	469,626
Expenditure	3,761,296	4,373,254	4,686,096	3,049,279
Operating Profit	**1,056,524**	**540,866**	**536,539**	**1,493,0048**
Fixed Assets	6,297,281	6,514,236	6,669,406	6,806,091
Investments	9,163,673	9,024,913	10,375,458	10,689,201
Current Assets	5,536,606	4,359,743	2,522,387	3,056,906
Current Liabilities	2,543,301	2,534,875	2,019,150	791,767
Net Current Assets	2,993,305	1,824,868	503,237	2,265,139
Total Employment of Capital	**18,454,259**	**17,364,017**	**17,548,101**	**19,760,431**
Retained Earnings	15,697,898	14,375,174	14,384,832	16,453,633
Revaluation Reserves	1,480,364	1,480,364	1,480,364	1,480,364
Long term loans	1,275,997	1,508,479	1,682,906	1,826,434
Total Capital Employed	**18,454,259**	**17,364,017**	**17,548,101**	**19,760,431**

PEU Comments

There was a major increase in the board's performance for the quarter as it attained a profit of E1.06m compared to E540,866 last quarter. This had been a result of a major decrease in the Board's expenditure in the quarter.

The supply of local production is still a challenge thus leading to the Board importing from South Africa. Capacity building to our local farmers remains critical to ensure good quality production and also increased volumes. The 47% increase in the number of farmers who signed production contracts is applauded and will go a long way in meeting the Boards demand in terms of quantity and quality of the production.

SWAZILAND WATER AND AGRICULTURAL DEVELOPMENT ENTERPRISE (SWADE)

Parent Ministry: Ministry of Agriculture

SWADE reported as follows for the quarter,

Operational Review

- The current government cash-flow problems are affecting project implementation. As a result, projects cannot be finished on time. Some of the projects affected are the completion of the community potable water supply schemes. For this reason, SWADE is carting water to 157 resettled homesteads and spending a lot of money which could be saved if the construction of the water schemes was done on time.

- The cost of current projects is also escalating as contractors are charging interest on late payments. This will impact negatively on the viability of farm businesses and eventually impact on the currently dwindling resources from government.

- The impact of the construction of communal washing bays and cattle drinking troughs is that both the in-field and secondary infrastructure is damaged by community members who continue to use the canals to meet their daily requirements.

- The lack of legislation governing the registration of community trusts and the absence of a land policy hinders the successful registration of community trusts in the communities currently being developed.

- At the end of the financial year, African Development Bank funding comes to an end and there will be shortage of funds for potable water infrastructure. There is a need for counterpart funding from the Government of Swaziland. With the shortage in funding, some of the communities will not be able to access clean drinking water and sanitation, yet they do not have any clean drinking water within their vicinity. This will further delay the completion of the project as all the communities expect clean drinking water.

- Inadequate irrigation engineering and design capacity within SWADE and in Swaziland will continue to affect progress on the development of other crops.

- A consultant has been appointed to review the current salary structure, organization structure, job grading and job descriptions of all staff. Currently, the remuneration of staff is inconsistent due to PEU Circular No.3 which has meant that there is need for the harmonisation of salaries for both senior and junior staff of the organization.

- Under the Komati Downstream Development, 4121 hectares of sugarcane fields have been developed out of 6000ha and this covers about 69% development.

- Plough out and replanting was carried out at Nhlanguyavuka Famers Association (FA) for 17ha and at Mafucula Farmers Association for 20 ha.

- Farm extensions/expansion was done at Sivukile FA for 2ha and Intamakuphila FA for 5.5ha.

- Land preparation and irrigation system installation was completed at Hlambane (84ha) and commissioning has been done. Planting is commencing on the second week of October.

- Land preparation and irrigation system installation was completed at Vukutimele (54ha). Commissioning of the system is pending. Planting is commencing on the second week of October.

- Land preparation and irrigation system installation was completed at Ndinda (59ha). The scheme is being tested. Planting is commencing on the second week of October.

- Irrigation system installation was completed at Singeni (47ha) FA. Line ridging is to be completed by the end of the first week of October. Testing and commissioning will be carried out in the second week of October as well as planting.

- Planting at Mabhudvu (22ha) and Sinqobanjalo (13ha) FAs has been delayed due to lack of funds.

- A total of 440ha has been developed into other crops to date. Almost an equal share of the area (47% and 43%) is taken up by homestead gardens and sugarcane FAs that are diversifying.

- Fencing of Manzimnyama has been completed and a new and bigger transformer was installed. An irrigation system for infield was installed and was being tested in preparation for commissioning in the second week of October.

- 6.680 tonnes of tomatoes have been produced from Manzimnyama tunnels and sold to NAMBoard.

- Farm inputs have been procured and testing of the irrigation system has begun in preparation for planting at Manzimnyama.

- 2.5ha were planted to gooseberries and five tones of gooseberries produced were sold to Sdemane market. The farmers have also started a pilot project on jam making using Grade B gooseberries.

- 27.5ha were planted to baby corn and 21.63 tonnes were produced and sold to Sdemane.

- 150ha were planted to maize, 630 tonnes were produced and sold as green mealies while 210 tonnes were sold as dried maize from Mpofu and Malibeni home gardens.

- 210,000 vegetable seedlings were produced from Komati Farmer Produce Federation (KFPF) and Mafucula nurseries.

- SWADE conducted a Farmer's Day where 19 individual farmers, 16 FAs and 26 exhibitors participated. Famers brought different crops ranging from vegetables, field crops, livestock products and livestock to be sold. The occasion was graced by the presence of the Honourable Minister of Agriculture and Cooperatives.

- In the 2011 plan, 8 projects of fish farming have been planned, 2 fish ponds were constructed and stocked bringing the total of fish ponds constructed to date to 6. 30 porkers were produced and are ready for selling bringing the total of produced porkers to date to 75 porkers.

- 50 indigenous chickens were produced bringing the number of indigenous chickens produced and sold to date to 400 indigenous chickens. All these produce is sold to local markets.

- There are 3,317 homesteads with clean drinking water in the KDDP. This translates to 23,219 people with access to clean drinking water and reflects a 73% achievement of the project target. Homesteads with sanitation facilities totalled 3,528 homesteads and this translates to 24,696 people with access to sanitation facilities. This reflects an 85% achievement of the project target.

- The construction of the Njakeni Potable Water Scheme was at 60%. Upon completion, the scheme will benefit 187 homesteads translating to about 1,309 people who will benefit from the scheme.

- Construction of the Tertiary Distribution System, Phase 1B, was completed.

- The Chiefdom Plan for the Shongwe Chiefdom was completed.

- Three remaining Chiefdom Development Plans (CDPs) namely Mphumakudze, Gamedze 1 and Lesibovu will now be developed under the LUSIP Global Environment Facility (GEF) project which has already commenced. These had been planned to be developed under LUSIP Phase 1.

- Chiefdom Development planning in the LUSIP Phase II is progressing well. Chiefdom planning is part of the feasibility studies for the development of LUSIP Phase II. Matsenjwa CDP was successfully launched.

- The LUSIP Phase II feasibility and environmental studies have commenced.

- A total of 684ha have been developed (land prepared, irrigation system installed) bringing the total hectares developed under sugar cane to 2,125ha.

- A total of 311ha (34,880 tonnes) of sugar cane was harvested. The average sucrose content is 13%, which is at par with the current industry standards.

- Business plans covering a total of 52ha have been submitted to Standard Bank Swaziland for financing.

- A further 28.8ha have been prepared and ready to be commissioned and handed over to the farmers for the development of commercial home gardens.

- Construction of a potable water supply scheme to supply 606 homesteads at Madlenya community is now complete.

- Construction of the Shongwe Chiefdom potable water scheme, to benefit 254 homesteads is at 44%, and is progressing well.

- The final designs for the construction of the Ngcamphalala potable water supply scheme have been re-submitted to the Department of Water Affairs' rural water supply branch for final approval.

- 150 Ventilated Improved Pit (VIP) latrines were constructed against a plan of 237 units. This brings the total number of VIP units constructed with the assistance of SWADE to 1,457 since the start of the project. These are constructed in the Madlenya, Shongwe and Ngcamphalala Chiefdoms. It is expected that all 2,600 households in the project area will have access to proper sanitation facilities by the end of the project.

Financial Situation

- The operating income amounted to E29,044.

- Expenditure amounted to E2.4m.

- Contractors were not paid on time. The major creditors was (E21.32m) for LUSIP, other accruals was (E7.38m) and contractors retentions was E6.38m.

- Gross revenue per annum of E157m is being generated from the Project Development Area (PDA) and out of it E113m is generated from sugarcane only.

- The government cash flow problems also affected the LUSIP and KDDP projects. At LUSIP the late release of funds by government led to some contractors stopping work and there was late payment of certificates for work done. At KDDP, operational costs were paid through the government subvention yet the operation costs and staff costs should be paid under the project. This has led to cash-flow challenges at the head office.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept 30**	**June 30**	**March 31**	**Dec 31**
Income and Subvention	2,433,646	3,278,594	4,781,328	4,694,416
Expenditure	2,404,602	3,250,872	4,781,328	4,676,810
Operating Income	**29,044**	**27,722**	**18,159**	**17,606**
Balance Sheet				
Fixed Assets	5,625,835	6,523,405	5,609,002	5,408,989
Capital Projects expenditure	54,495,886	11,957,400	250,014,584	215,516,514
Current Assets	30,246,966	37,601,565	24,043,661	53,340,928
Current Liabilities	15,117,386	14,383,133	5,104,441	6,490,527
Net Current Assets/Liabilities	15,129,580	23,218,432	18,939,220	46,850,401
Total Employment of Capital	**75,251,301**	**41,699,237**	**274,562,804**	**267,775,904**
Share Capital	2	2	2	2
Government Grant	63,076,099	29,525,357	241,654,346	238,386,319
EU Grant	-	-	7,991,068	7,991,068
IFAD Grant	4,821,670	4,821,670	6,386,253	3,760,169
BADEA Grant	-	-	-	-
EIB Grant	-	-	-	-
ADB	-	-	10,502,553	9,627,921
DBSA Grant	-	-	-	-
Retained Income	7,353,530	7,352,208	8,028,584	8,010,425
ICDF Grant	-	-	-	-
Total Capital Employed	**75,251,299**	**41,699,235**	**274,562,804**	**267,775,904**

PEU Comments

SWADE is doing a remarkable job in improving the livelihood of people residing in the Project Development Area. It is noted that the number of people having access to clean drinking water is increasing meaning that the economic and social lives of people in Swaziland is improving. It is noted, however, that at the end of the financial year, African Development Bank funding comes to an end and there will be shortage of funds for potable water infrastructure. With the shortage in funding, some of the communities will not be able to access clean drinking water and sanitation. SWADE needs to identify alternative sources of funding for this project as it has contributed immensely to the development of the Project Development Areas and livelihood of a number of farmers in this area. SWADE should also table a proposal to the Government of Swaziland for counterpart funding.

It is also noted that the public enterprise is also complimenting a number of the initiatives by the various public enterprises such as SWSC, SEDCO, and FINCORP and, as such, synergies could be identified on how these enterprises can work hand in glove to fulfil the economic mandate of improving the Swazi economy and contributing effectively to the Gross Domestic Product. SWADE currently has inadequate irrigation engineering and design capacity which will continue to affect progress on the development of other crops and yet these could be co-opted from the other enterprises or other linkages outside Swaziland to ensure that there is continuity in the operations of SWADE.

ROYAL SWAZI NATIONAL AIRWAYS CORPORATION (RSNAC)

Parent Ministry: Ministry of Public Works and Transport

The RSNAC reported as follows for the quarter,

Operational Review

- The second quarter of the financial year has been the most challenging with revenues dropping sharply from last quarter (from E616, 367 last quarter to E13, 449 this quarter). The main reason for the drop in revenue was caused by the decision by SAA to cut off the ticketing module due to failure to meet the SAA payment obligations.

- The reporting period has been characterised by a weak performance in the industry owing to the on-going financial challenges experienced by the public and the private sector, the result of which has seen travelling being reduced to a bare minimum. This has continued to challenge the organization to reduce reliance on Government and increase market share in other ways including the private sector and attracting new clients who previously used other modes of travel and transportation.

- This quarter as depicted by the low revenue, even though the expenditure was also reduced, that was not enough to offset the loss. Whilst the Corporation had anticipated a loss for the period based on a number of factors including reduced customer base, the key contributor was the loss of the commission earned from SAA as a result of the discontinued ticket sales arrangement.

Financial Situation

- The quarter ending 30th September 2011 has been challenging. In actual fact, there were losses forecast for the period as the financial crisis in Government was already evident during the planning phase. However, the loss was far greater than anticipated especially in the area of SAA commissions sales expected, where the budgeted income from them was E751, 165, and only E13, 449 was collected reflecting a difference of over 90%.

- During the same period, the actual amount collected from fuel sales exceeded the projected figures, where budget reflected E222, 327, the actual revenue from fuel sales was E262, 505 reflecting a positive difference of 18%. Other income brought in E383, 138, brining total income for the quarter to E659, 092, which was against an anticipated budget income of E1.18m.

- Total expenditure for the period was E1.18m against a projected expenditure of E1.42m, reflecting savings of 16.9%. The significant savings were made in areas of staff costs, local travel and accommodation.

Outlook

- The Government contract with RSNAC is coming to an end on December 30th 2011. The uncertainty of not knowing if RSNAC will be awarded the tender is a cause for concern for the Corporation.

Financial Statements

Income Statement	2011 Sept. 30	2011 June 30	2011 March 31	2010 Dec 31
Income	659,092	1,297,267	752,547	845,296
Expenditure	1,185,323	1,290,695	1,637,743	1,933,825
Operating Profit	**-526,231**	**6,571**	**-885,195**	**-1,088,529**
Balance Sheet				
Fixed Assets	478,705	478,705	478,705	478,705
Investments	0	0	0	0
Inventory	0	0	2,702,653	622,200
Current Assets	49,049,217	59,660,145	53,807,224	65,764,595
Current Liabilities	6,872,169	16,956,866	13,813,169	23,922,083
Net Current Assets	42,177,048	42,703,279	39,994,055	41,842,512
Total Employment of Capital	**42,655,754**	**43,181,986**	**43,175,414**	**42,943,418**
Long Term Loan	100,466,998	100,466,998	100,466,998	100,466,998
Retained Income	-59,311,244	-58,785,012	-58,791,584	-59,023,581
Share Capital	1,500,000	1,500,000	1,500,000	1,500,000
Total Capital Employed	**42655754**	**43,181,986**	**43,175,414**	**42,943,417**

PEU Comments

The current ratio remains strong at 713:1compared to last quarter which was at 3.51:1, but can easily be seen that it is living off its accumulated current assets. The current assets drop from E59.66m last quarter to E49.04m this quarter. The RSNAC is in trouble with the loss of the sales commission arrangement with South African Airways, and this coupled with the end of the Government's sales contract ending in December, the picture looks very gloomy for the viability of the RSNAC. It can also be noted that it has been making operating losses throughout the three other quarters except for last quarter. This poses serious threats to the future operations of the RSNAC with Government also having the current financial crisis. There is still a serious glaring need to have a strong management structure in place that would have a substantive Chief Executive Officer and a Chief Financial Officer, if this entity is to continue to operate effectively.

The current state of the RSNAC inactivity and lack of leadership cannot be sustained for very long. A decision has to be made soon so that the Corporation could be turned-around through key leadership who would in turn develop a strategic plan that will curb the losses and make the entity profitable again.

SWAZILAND RAILWAYS (SR)

Parent Ministry: Ministry of Public Works & Transport

SR reported as follows for the quarter,

Operational Review

- A total of 1.213m tonnes of cargo was transported in the 2nd quarter ended 30th September 2011. Performance was below budget by (57,478) tonnes or -5%. Revenue earned amounted to E37.607 million was also below budget by (E3.076m) or by -7%.

- 38,304 tonnes of imports traffic were transported compared to a budget of figure of 52,582 tonnes which is below budget by (14,278) tonnes or -27%. Revenue earned amounted to E5.57m compared to budgeted revenue of E6.182m, which is below budget by –E0.612 or-10%. This performance, which is below budget, is attributed to low volumes of all the commodities this quarter under review.

- Road has gained more market share on fuel due to the decision of the Oil Companies who appear more in favour of road than rail. Cement has been affected by the stagnation or complete stoppage of big construction projects funded by the Government, also the railways continued to have faulty equipment (tank wagons) which resulted in blocked product, the client not able to discharge his product.

- 106,400 tonnes of exports traffic were transported this quarter compared to a budget of 114,374 tonnes, below budget by (7,974) tonnes or -7%. Revenue earned reached E5.486m when compared to a budget figure of E9.007m, down by (E0.448) million or -5%. Sugar and containers were above budget but coal and canned fruits were below budget. The timber logs traffic which was railed in the past three quarters was 100% stopped.

- The container business was adversely affected by the clamp down by the Swaziland Revenue Authority (SRA) which insisted on importers to comply with the law and ensure honest declarations reflecting the true value of imported goods and pay the due sales tax and duties. Imported second hand cars were affected the most yet they had become a major contributor to SR revenue. It appears that the second hand cars business will remain suppressed as the SRA continues to enforce compliance with the law.

- 1,068,628 tonnes of transit traffic were transported this quarter compared to 1,103,854 budgeted tonnages, below by (32,226) tonnes or -3%. Revenue earned amounted to E23.030m against a budgeted amount of E25.04m, below budget by (E2.016) m or -8%. Rock phosphate performed above budget by 9% or 45,501 tonnes, copper by 5,430 tonnes or 107% and vermiculite ore by 12% or 2,209 tonnes. Other transit revenue streams underperformed compared to the budget.

- The biggest setback in achieving higher tonnage in transit traffic was the closure of the line from 13th to 23 September 2011 for major maintenance purposes on TFR and SR. During the period the line closed magnetite was diverted to Maputo Port. The closure of the line extended beyond the 23rd September as initially planned due to the reconstruction of a railway bridge damaged last year situated along the Hoedspruit and Phalaborwa.

- As a result of the line closure SR lost E 5.5m in revenue, however, the closure of the line could not be avoided because major repairs were long overdue and it had become very unsafe to continue operating on this line.

- There were no passenger trains this quarter. These trains appear occasionally depending on the tourists' interest in tourist attractions in Swaziland. Tourists are also affected by the world economic recession and the strong Rand against the US Dollars did not help.

- There were no major accidents this quarter as a result train service was not disrupted in any way. Vigilance on the management of fatigue continued in order to reduce accident risk due to the human factor. Maintenance of the track continued in order to ensure that its condition does not contribute to accidents.

Financial situation

- The entity recorded a surplus of E8.93m compared to E4.87m last quarter. The positive performance was mainly attributed higher than budget transit revenue and low operating expenses because of vigorous monitoring and control of hired wagons and locomotives. Other revenue streams were all below budget. Fixed costs at E34.98 m were also below budget of E35.91m by E0.929m or 2.59%.

- Expenditure for the quarter at E27.3m compared to E34.99m last quarter. Cost containment continued to underpin the entity's survival.

Outlook

- 1,253,560 tonnes of cargo is expected to be railed in the 3rd quarter of 2011/12 Financial Year and expected to yield E38.06m in revenue. The new fleet of class 39 & 43 locomotives is projected to haul in excess of a million tonnes again in the next quarter.

Financial Statements

Income Statement	2011 Sept. 30	2011 June 30	2011 March 31	2010 Dec 31
Turnover	36,219,000	39,854,000	36,581,000	35,451,000
Expenditure	27,286,000	34,986,000	27,916,000	36,283,000
Profit/Loss	**8,933,000**	**4,868,000**	**8,665,000**	**-832,000**
Balance Sheet				
Fixed Assets	253,979,000	257,250,000	253,550,000	246,067,000
Investments	11,736,000	11,736,000	11,736,000	11,736,000
Current Assets	62,993,000	60,328,000	53,588,000	55,234,000
Current Liabilities	56,730,000	65,388,000	54,113,000	55,257,000
Net Current Assets	6,263,000	-5,060,000	-525,000	-23,000
Employment of Capital	**271,978,000**	**263,926,000**	**264,761,000**	**257,780,000**
Equity	61,049,000	61,049,000	61,049,000	61,049,000
Reserves	133,100,000	133,100,000	131,848,000	131,848,000
Retained Earnings	77,532,000	68,599,000	69,825,000	61,160,000
Long term loans	297,000	1,178,000	2,039,000	3,723,000
Total Capital Employed	**271,978,000**	**263,926,000**	**264,761,000**	**257,780,000**

PEU Comments

The SR made a profit of E8.93m this quarter compared to a profit of E4.87m last quarter. The current ratio remains positive at 1.11:1 this quarter compared to 0.92:1 last quarter. There were no accidents in the quarter, and the entity is encouraged to keep the measures that they adopted to avoid more accidents. The gearing ratio (interest bearing debt/equity) was 0.1% i.e. (297,000/271.97m) this quarter compared to 1.8% last year at the same time, due to further servicing of SR debt/loans.

The SR should continue with its vigilance on cost containment and accident prevention measures.

SWAZILAND CIVIL AVIATION AUTHORITY (SWACAA)

Parent Ministry: Ministry of Public Works and Transport

The SWACAA reported as follows for the quarter,

Operational review

- In order to improve its revenue base SWACAA has been involved in a process to review all aeronautical charges which includes airport charges, aircraft parking fees, landing fees, apron fees etc. These charges were last reviewed by Government in 2002 and are below market rates charged by similar airports in the SADC region. Fees to be levied by SWACAA as a regulator were also formulated following the coming into effect of the operating regulations. This will allow SWACAA to realize revenue on aircraft registration and certification, penalties, personnel licensing and certification. SWACAA will be soliciting Government approval to implement these new charges.

- A consultant was hired to assist set and establish commercial rental fees for floor space occupied by tenants at Matsapha. This includes offices, hangars, shops and advertising space.

- **Licensing of Sikhuphe International Airport -** The consultant dealing with the design of the Swaziland airspace, instrument procedures and licensing of the new airport continued with that assignment. The actual date for the completion and opening of Sikhuphe airport is still uncertain, however, there are indications that the new airport may be opened mid next year.

- **Safety Oversight Audit -** In 2007 Swaziland underwent an ICAO Safety Oversight Audit (SOA/QMSF-007/28/2B) from 17-24 July 2007.The country performed dismally on the said audit. The Authority has embarked on the task of implementing corrective action in light of the findings of the 2007 ICAO Audit. The approach which SWACAA adopted in implementing the corrective action plan was to follow the building blocks of the Critical Elements of the Safety Oversight including the components of the State Safety Program and at the same time addressing the deficiencies identified at Matsapha.

- **ICAO MISSION VISIT -** During the quarter an ICAO Mission visited the country to assess the extent of progress the country has made since the 2007 Audit. The African Regional ICAO office conducted this visit. The ICAO mission presented SWACAA with ICAO Protocol Questions of how each of the findings has been dealt with. SWACAA responded to the protocol questions and outlined all the milestones that has been achieved over the past eighteen months in existence.

- Marketing of the airport during the quarter was carried out on three fronts i.e. locally, regionally and internationally.

- **Locally -** An in-house thirty page SWACAA magazine was launched during the quarter. The purpose of the magazine was to unpack the air transport business to all industry stakeholders. The air transport business can be a catalyst for economic growth in the areas of leisure travel in the tourism sector, business travel thus stimulate Foreign Direct Investment as well as agro business.

- The International trade fair in Manzini was used as a face to face exhibition event to stakeholders. During the period SWACAA affiliated to the Regional Tourism of South Africa (RETOSA) which has presented an opportunity for the country to access the European Union tourism market.

- **Regionally -** The Durban Tourism Indaba which was held in May 2011 led to SWACAA to be admitted as a stake holder on RETOSA. This forum gave rise to a historic regional tour package known as East 3 Route covering Kwazulu Natal, Swaziland, and Mozambique. Sikhuphe will be recognized as an anchor of this overseas marketed product. The success of this product will certainly increase travel statistics to and from the country.

- **Internationally -** SWACAA attended Routes World in Berlin Germany and in this event Sikhuphe International airport was marketed and was placed in the agendas of many international airlines.

Financial Situation

- Overall revenue collected at Matsapha airport totalled E653, 891 during the quarter, this amount included E300, 839 in respect of airport taxes and E238, 696 on account of landing fees and E85, 940 from rental income. An amount of E11.2 million was received as subvention during the quarter. Total expenditure for the second quarter amounted to E9.8m and was E8.8m last quarter.

Outlook

- The completion and subsequent commissioning of the new airport is still uncertain, however, indications are that the airport is likely to be operational by mid 2012.

- **Licensing of Sikhuphe International Airport -** The project to prepare for the licensing of the new airport is proceeding.

- **Transfer of all former DCA staff to SWACAA -** A Memorandum of Agreement has been concluded between Government and organised labour on the transfer of the staff to the parastatal and the date of transfer has been indicated as with effect from 1st December 2011.

- **Transfer of former DCA assets to SWACAA -** The ministry of Natural Resources and Energy Valuer has not yet completed the valuation of the assets relating to immovable assets.

- CTA has completed the valuation of all motor vehicles. Upon completion of the valuation process of all the assets an MOU between Government and SWACAA will be entered into prior to the transfer of the assets.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept. 30**	**June 30**	**March 31**	**Dec 31**
Income/Subvention	10,580,346	9,787,119	9,179,662	8,898,491
Expenditure	9,870,286	8,267,013	8,870,795	8,818,206
Operating Profit/Loss	**710,060**	**1,520,106**	**308,867**	**80,285**
Balance Sheet				
Fixed Assets	13,272,176	11,122,616	16,018,834	11,078,974
Investments		0	0	0
Current Assets	2,896,940	2,813,946	2,637,208	9,816,656
Current Liabilities	703,722	408,012	32,919	0
Net Current Assets	2,193,218	2,405,934	2,604,289	9,816,656
Employment of Capital	**15,465,394**	**13,528,550**	**18,623,123**	**20,895,630**
Contributed Surplus	4,362,666	2,132,499	17,697,606	20,602,063
Retained Income	11,102,727	11,396,051	925,517	293,567
Capital Employed	**15,465,394**	**13,528,550**	**18,623,122**	**20,895,630**

PEU Comments

The fact that construction of Sikhuphe International Airport is nearing completion and SWACAA is already preparing for the licensing of the airport, operation is expected in the near future. The intensive training within the organization is encouraged so that when operations begin, everyone will be ready in all the various disciplines. The development of a strategic plan at this early juncture augurs well for the organization, because all the employees will have a single focussed sense of purpose.

On the financial front, we note that there was an operational surplus of E710, 060 compared to E1.52m in the last quarter. SWACCA has its own internally generated income of E653,891 through airport taxes, landing fees and rentals, interest and other income. It is noted that there was a current ratio of 4.1:1 and was 6.8:1 last quarter.

SWAZILAND NATIONAL PROVIDENT FUND (SNPF

Parent Ministry: Ministry of Labor and Social Security

SNPF reported as follows for the quarter,

Operational Review

- The Fund continued to monitor investment performance and will accordingly adjust the interest rate applied to members' funds each year to be in line with the financial performance.

- The financial economic situation continued to be fragile and had been mired by fear of the contagious impact of the expending sovereign debt problems experienced in the European Union and recently the United States of America. This is evident in the global equity volatility. The South African Markets were not spared from the volatility of the global markets and as such the JSE All Share Index was trading at levels of 4 years ago (2007) and were undervalued at 12.7 times earnings of the last 12 months.

- The audit for the financial year ended 30June 2011 was completed and the annual financial statements were approved by the Board.

- The Fund continued with its corporate social responsibility program by building a house in the Shiselweni Region, Kakholwane and the house was handed over to the owner. This corporate social responsibility program the Fund undertakes is in line with the SNPF Order Number 23 of 1974, which allows the Fund to support Old Aged People and Disabled People.

- The Fund engaged labour formations and employer organizations with a view of updating them on the progress of the conversion and obtaining their support on the format of the conversion. The two groups welcomed the developments and expressed support of the conversion.

- The legal expert who is assisting the Fund with legislation drafting is about to complete the legal drafting of the social security law that will govern the proposed Social Security Pension Scheme.

- Parliament passed the government Gazette authorizing the Fund to provide Funeral Cover to all its qualifying members. The payment had started and nine claims had been already paid. The funeral benefits are insured hence there is no cash-flow impact on the Fund when members claim.

- Manzini Parkade - The Board approved Roots Construction to carry out the building project which is expected to start in the next quarter.

- Benefits paid to members amounted E13.39m compared to E13.77m last quarter.

- Contributions received from employers amounted to E34.7m compared to E32.56m last quarter. Penalties received during the quarter amounted to E126,923 compared to E176,000 last quarter.

Financial Situation

- There was an operating surplus of E5.2m before members' interest of E23.95m compared to a profit of E27.78m before members' interest of E21.44m.

- Total income was E19.34m compared to E20.87m last quarter. The budget for the quarter was E56.78m.

- Total expenditure amounted to E14.18m compared to E13.2m last quarter. This was against a budget of E15.24m.

- Net loss was E18.75m compared to a loss of E13.7m last quarter. The budget for the quarter was E13.11m.

Outlook
The Fund is on the process of converting from Provident Fund to a Pension Scheme. Projects on the pipeline are the Manzini and Mbabane Parkades which will provide more parking spaces for Dlanubeka and Estel House buildings.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Income	19,375,075	20,878,591	41,170,717	48,182,276
Expenditure	14,183,168	13,170,975	13,385,781	15,596,662
Operating profit	**5,191,907**	**7,707,616**	**27,784,936**	**35,585,614**
Member's Interest	23,944,712	21,442,287	21,442,330	21,187,343
Net profit/Loss	**-18,752,805**	**-13,734,671**	**6,342,606**	**11,398,271**
Balance Sheet				
Fixed Assets	70,031,908	69,304,315	81,173,254	73,963,236
Investments Properties	279,217,607	266,713,351	266,008,946	263,987,816
Investments	1,370,974,753	1,340,376,521	1,318,256,108	1,291,608,879
Loans and advances	27,647,257	31,214,743	29,076,399	28,440,372
Current Assets	8,789,603	18,083,881	10,586,525	13,913,642
Current Liabilities	12,107,939	13,149,064	12,207,312	10,714,980
Net Current Assets	-3,318,336	4,934,817	-1,620,787	3,198,662
Total Employment of Capital	**1,744,553,189**	**1,712,543,747**	**1,692,893,920**	**1,661,198,965**
Non-Distributable Reserve	44,598,600	44,598,600	44,598,600	44,598,600
Contributed & members' int.	1,599,395,098	1,519,427,146	1,478,399,049	1,450,073,229
Reserves	10,544,853	10,404,617	10,030,547	10,541,099
Accumulated Surplus/Deficit	90,014,638	138,113,384	159,865,725	155,986,037
Total Capital Employed	**1,744,553,189**	**1,712,543,747**	**1,692,893,920**	**1,661,198,965**

PEU Comments
SNPF made a net loss of E18.8m after payment of the members' interest compared a loss of E13.7m last quarter. The decline in the profits is attributed to the decline in investment income because of the fragile financial economic conditions. The global equity volatility continued and Southern African equity markets were not spared from the volatility of the global markets.

The Fund's conversion into pension scheme is much awaited as it will go a long way in ensuring that an improved package is given to pensioners. The Fund continues to comply with the Registrar of Insurance and Retirement Funds requirements on local investment.

SWAZI BANK (SDSB)

Parent Ministry: Ministry of Finance

SDSB reported as follows for the quarter,

Operational Review

- Interest income amounted E31.84m after increasing by E2.06m. That was in line with the E46.83m increase in net loan book.

- Interest expense amounted to E12.28m. That was the same as the previous quarter and E1.01m below budget. The savings were largely as a result of effective pricing of wholesale deposits despite increased competition in the market.

- Fees and commissions amounted to E18.51m. Transactional activity had been adversely impacted by the current economic situation which had resulted in reduced transactional activity particularly on business accounts.

- Investment income for the quarter amounted to E5.26m. This income was generated from surplus funds invested in various interest bearing instruments.

- Other income amounted to E297,000 and was E58,000 above prior quarter and comprised of rental income and profit on disposal of assets.

- Profit amounted to E9.56m compared to E10.64m the previous quarter. This was 84.248% of the target for the quarter. The variance was largely due to adverse fees and commissions and interest income. This was mainly reduced transactional activity as a result of the country's economic and liquidity position. This had mainly impacted on the business sector.

- The balance sheet has increased marginally during the quarter and significant quarter activity included – increase in loans and advances of E46.8m offset by a reduction in surplus funds (to fund the increased loan book) and a reduction in customer deposits and long-term borrowings.

- The current liquidity situation in the country had not been anticipated. That had an effect on transactional activity particularly on the business space where most customers were reliant on government support through the procurement process.

- Staff costs were E21.16m and they included provisions for annual cost of living adjustments and job evaluation.

- Operating costs amounted to E11.60m and were E379,000 above prior quarter. The increase was largely set up and operating costs for the two new branches, a provision for recurring operating expenditure to ensure minimal timing differences.

- The total balance sheet was E1.74b and was E3.38m above prior quarter. Major activity for the quarter was an E8.3m reduction in long term borrowings, E5.28m decrease in customer deposits and E39.8m decrease in surplus funds.

- Long term liabilities were E191.67m and had reduced by E8.33m and were within target. Interest and capital repayments had been made in line with the agreed terms and conditions.

- Customer deposits at E978.47m decreased marginally by E5.26m and this was due to normal customer transactions. Cash and short term funds at E398.61m had decreased by E39.85m to fund the E46.8m increase in loan book. The surplus funds included the Government bonds, treasury bills and fixed and call deposits placed in interest earning instruments.

- Net loans and advances were E1.25b and had increase by E46.84m. That was mainly new loans advanced to the local business community. Healthy repayments were received on personal loans and that reduced the bank's credit exposure to the personal sector.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Interest Income	31,837,000	29,777,000	28,552,000	31,744,000
Interest Expenses	12,283,000	12,282,000	12,122,000	14,340,000
Net Interest Income	**19,554,000**	**17,495,000**	**16,430,000**	**17,404,000**
Provisions	**-**	**-**	**-**	**5,250,000**
Net Int. Income after Prov.	**19,554,000**	**17,495,000**	**16,430,000**	**12,154,000**
Non Interest Income	24,058,000	26,673,000	24,726,000	25,595,000
Operating Income	**43,613,000**	**44,168,000**	**41,156,000**	**37,749,000**
Operating costs	34,767,000	34,301,000	26,259,000	28,722,000
Operating Profit	**8,845,000**	**9,867,000**	**14,896,000**	**9,027,000**
Provisions write Back/CR	-	-	-	-
Recoveries	**713,000**	**774,000**	**1,049,000**	**159,000**
Total Profit	**9,558,000**	**10,641,000**	**15,945,000**	**9,186,000**

Balance Sheet				
Liquid Assets	107,970,000	181,925	57,549	110,391
Loans & Advances	1,246,051,000	1,199,213,000	1,134,336,000	1,196,544,000
Other Current Assets/Debtors	7,829,000	13,366,000	2,827,000	4,894,000
Investments	290,643,000	256,540,000	418,618,000	322,100,000
Equity Shares Metropolitan	9,022,000	9,022,000	8,962,000	8,962,000
Fixed Assets	86,797,000	84,870,000	56,176,000	57,258,000
Total Employment of Capital	**1,748,312,000**	**1,744,935,000**	**1,678,468,000**	**1,700,148,000**
Share Capital	54,800,000	54,800,000	54,800,000	54,800,000
Accumulated Surplus/Deficit	139,294,000	137,792,000	99,481,000	98,742,000
Shareholder's Loan	135,000,000	135,000,000	135,000,000	135,000,000
Deposits	978,466,000	983,748,000	934,064,000	966,288,000
Long term Liabilities	191,667,000	200,000,000	212,500,000	220,833,000
Other Liabilities	172,718,000	165,285,000	167,521,000	164,589,000
Reserves	56,167,000	57,668,000	31,075,000	31,814,000
Profit & Loss for the year	20,199,000	10,641,000	44,027,000	28,082,000
Total Capital Employed	**1,748,312,000**	**1,744,935,000**	**1,678,468,000**	**1,700,148,000**

*The Financial statement has been re-stated since December 2010.

PEU Comments

SDSB profits decreased from E10.6m to E9.6m this quarter. Loans and advances amounted to E1.25b compared to E1.19b the previous quarter. The total balance sheet for the Bank amounted to E1.75b compared to E1.74b the previous quarter. The Bank was able to attract E978m deposits this quarter compared to E983m last quarter.

SWAZILAND DEVELOPMENT FINANCE CORPORATION (FINCORP)

Parent Ministry: Ministry of Finance

FINCORP reported as follows for the quarter,

Operational Review

- The company was exploring means of extending the offering of the new product targeted towards grassroots empowerment to most parts of the country. Outreach means and market potential were under consideration. This product is offered at prime less two percent per annum as presented to the finance committee of Parliament.

- FINCORP concluded a valuation of the Subsidiary Company, First Finance Company as one of the frequent requirements when one needs to raise funds with international financiers.

- The ADB-KDDP project disbursements were closed during the reporting period. A final disbursement of E7.2m was received from the project to finance non-sugar cane farmers under the KDDP area.

Financial Situation

- Interest on loans was E12.89m compared to E14.10m realised the previous quarter. Budget for the quarter was E14.25m, resulting in an adverse variance of 9%. This was attributable to existing adverse economic conditions in the country.

- Fees, charges and other non-interest income amounted to E6.91m against a budget of E4.51m resulting in a positive variance of 53%.

- Total interest on borrowings amounted to E6.21m compared to E5.33m the previous quarter. Budget for the quarter was E5.43m, resulting in a negative variance of 14%. This was a result of the funding of E7.2m received from African Development Bank (ADB).

- In consideration of the existing adverse economic conditions in the country, a provision of E3.3m was made compared to a budget of E2.5m.

- Salaries and wages amounted to E2.62m compared to E4.12m the previous quarter. Budget for the quarter stood at E4.55m, resulting in a favourable variance of 42%. Major reasons for the low cost were that the company was still expecting the appointment of the Managing Director. Costs associated with this post were budgeted for.

- Other operating expenses amounted to E3.13m compared to E2.35m the previous quarter. Budget for the quarter was E3.89m, therefore resulting in a positive variance of 19%. This was an indication of proper cost containment.

Outlook

- The company had just concluded a valuation of the Subsidiary Company, First Finance Company as one of the frequent requirements when one needs to raise funds with international financiers. FINCORP is hopeful that this will largely assist in opening up fundraising discussions with prospective investors.

- FINCORP was still expecting that disbursement of a USD$10m loan from ICDF of Taiwan will be facilitated by the Ministry of Finance during the next quarter. The loan was approved against a government guarantee, and some capital injection to the company from Government. The Ministry of Finance is expected to facilitate the issuance of the guarantee.

- KPMG is expected to undertake a review of one of the cycles as per the company's risk assessment.

- FINCORP further plan to continue with the on-lending operations.

- Harvesting for Sugar Cane farmers is expected to continue as the harvesting season is in its peak, which will result in increased cash inflows.

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 Mar 31	2010 Dec 31
Income	19,801,304	20,168,024	27,519,761	18,576,779
Expenditure	13,324,143	13,159,090	19,049,818	11,344,602
Operating Income	6,477,161	7,008,934	8,469,943	7,232,177
Prov. for bad debts/Finance ch	3,299,051	3,817,162	12,483,973	3,218,745
Net Income	**3,178,110**	**3,191,772**	**-4,014,030**	**4,013,432**
Balance Sheet				
Fixed Assets	6,658,171	6,832,023	12,166,555	11,860,269
Investments	1,522,500	1,522,500	1,522,500	1,522,500
Current Assets	442,113,414	441,755,715	418,002,089	360,133,703
Current Liabilities	57,400,278	68,316,597	37,628,593	38,532,184
Net Current Assets	384,713,136	373,439,118	380,373,496	321,601,519
Employment of Capital	**392,893,807**	**381,793,641**	**394,062,551**	**334,984,288**
Distributable Reserves	40,375,625	36,475,460	35,399,217	39,920,419
Non-Distributable Reserve	141,055,216	141,055,216	140,023,877	90,023,877
Long Term Loan	211,462,965	204,262,965	218,639,457	205,039,991
Total Capital Employed	**392,893,806**	**381,793,641**	**394,062,551**	**334,984,287**

Key Financial indicators:

Ratio description	**Q 2**	**Q 1**	**Q 4**	**Q 3**
ROCE (EBIT/Capital Employed)	0.01	0.01	-0.01	0.02
Return on Total Assets (EBIT/Total Assets)	0.01	0.01	-0.01	0.01
Debt/Equity Ratio (long-term loans/ Equity)	53.8%	54%	55%	61%
Current ratio (current assets/ Current Liabilities)	7.7:1	6.5:1	11:1	9.3:1
Provisions	E3,299,051	E3,817,162	E12,483,973	E3,218,745

PEU Comments

A surplus of E3.18m was realised compared to a surplus of E3.19m realised the previous quarter reflecting a minor decrease of less than 1%. Budget for the quarter was E1.63m resulting in a favourable variance of 94%. FINCORP continued to contain its expenses as they were 32% below budget and improved by 11% when compared to the previous quarter. Worth noting in the variance for expenses is that staff costs were 42% below budget. This was mainly due to the appointment of the Managing Director and staff trainings that did not take place yet they were budgeted for.

Due to the prevailing economic conditions, a decrease in interest received from loans was noted when compared to the previous quarter and the budget, therefore FINCORP must place all risk management tools in place to try and minimize poor performance of the loans.

The Corporation liquidity position improved from 6.5:1 the previous quarter to 7.7:1 this reporting period. This was due to the increase in cash inflows due to the funding of E2.8m received from Norsad.

SINCEPHETELO MOTOR VEHICLE ACCIDENT FUND (SMVA)

Parent Ministry: Ministry of Finance

SMVA Fund reported as follows for the quarter,

Operational Review

- The last of the Road Safety Awareness Campaigns in the main centres is scheduled to take place in Siteki on the 12th November, 2011. A third rally was staged in Nhlangano. There is a noticeable interest in attendance in these rallies and much support is gained from the regional and municipal authorities.

- The SMVA Fund has continued to facilitate the public driver's workshops which also attracted much interest and the attendance is increasing. Much effort will now be focused on the media, both print and electronic and in this regard, together with other stakeholders, SMVA Fund is engaging the media with a view to maximise publicity of the campaigns and give much road safety education.

- The Amendment Bill has passed through both Houses of Parliament, essentially in the form in which it was proposed. It now awaits royal assent and thereafter, published as an Act. The financial stability of SMVA Fund and its success in discharging its mandate largely depends on the implementation of the new Act.

- Proposals have been invited from architects for an expression of interest on the designs for the building project of the SMVA Fund offices. A short list for the preferred architects is currently being worked on.

Financial Situation

- SMVA Fund experienced an operating deficit of E38.2m (June 2011: E4.9m). The deficit (after investment income) amounted to E33.94m. The deficit is a result of valuation of the undertakings liability at year end (31 March, 2011) for the first time. The valuation report revealed that the undertakings liability had been understated by E48.12m. The SMVA Fund's financial statements have since been adjusted by this contingent liability which significantly increased the provision for incurred claims in the Statement of Comprehensive Income.

- Total revenue which includes fuel levy, interest on investments, and rent receivable increased by 8% from E17.44m to E18.8m. The main contributing factor is a fair value gains of E414,580 in unit trusts investments which reversed fair value losses of E338,624 in the previous quarter to fair value gains of E75,956.

- Claims expenses amounted to E6.26m compared with E8.09m in the previous quarter, a decrease of 23%. The number of claims settled also decreased from 133 to 129.

- Operating expenses decreased from E6.12m to E4.94m which is a 19% decrease resulting from the fact that the figure for the previous quarter included a reinsurance premium of E2.44m which is payable at the beginning of each half of the year.

- SMVA Fund's assets exceeded its liabilities by E172.692m.

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 March 31	2010 Dec 31
Income (Fuel Levy)	18,548,910	17,564,563	17,243,627	19,728,891
Other operating income	177,361	213,770	228,977	6,793,360
Fair value gains/(losses)	75,956	(338,624)	535,489	1,624,511
Expenditure	56,999,010	12,538,711	8,967,167	9,059,110
Investment Income - net	4,261,946	4,020,115		
Net Profit/ Loss	**-33,934,837**	**8,921,113**	**9,040,926**	**19,087,652**
Balance Sheet				
Fixed Assets	10,058,913	10,185,976	5,411,533	5,578,354
Investments	35,839,525	35,839,540	35,349,638	20,350,038
Current Assets	398,255,555	383,836,949	378,487,189	383,634,120
Current Liabilities	271,461,918	223,229,393	230,532,209	234,606,371
Net Current Assets	126,793,637	160,607,556	147,954,980	149,027,749
Employment of Capital	**172,692,075**	**206,633,072**	**188,716,151**	**174,956,141**
Accumulated (Deficit)Surplus	172,692,075	206,633,072	188,716,151	174,956,141
Total Capital Employed	**172,692,075**	**206,633,072**	**188,716,151**	**174,956,141**

PEU Comments

It is noted that the SMVA Fund has become very proactive by adopting preventative measures of road accidents as evidenced by the Road Safety Awareness Campaigns that are being undertaken by the public enterprise.

The accumulated surplus of the SMVA Fund decreased by 9.5% when compared to the previous quarter.

Registered claims (reported cases) increased by 32% from 151 to 200 and settled claims decreased by 3% from 133 to 129. Claims paid decreased by 23% compared to a decrease of 21.3% reported last quarter. The deduction in the payouts has resulted in an increase in the current liabilities figure by 21% as fewer claimants were paid. An increase in the settlement rate is advantageous as it means that more claimants are paid out their dues resulting in a further decrease in the outstanding claims liability figure. Nevertheless, it also means less interest earned by SMVA Fund on its investment as funds will be withdrawn to pay outstanding claims.

It is noted that there was a very slight reduction in outstanding claims by 0.2%. With the increase in current liabilities namely outstanding claims and other current liabilities, the current liabilities of the SMVA Fund need to be reduced significantly by increasing the payout of claims so that road accident victims receive their claims in a shorter turn-around time through streamlined business processes.

SWAZILAND REVENUE AUTHORITY (SRA)

Parent Ministry: Ministry of Finance

The SRA reported as follows for the quarter,

Operational review

- **Revenue Mobilisation and Performance -** For the Second Quarter of FY 2011/12, the SRA felt some strain in revenue collections. From the first quarter revenue over performance, the second quarter exhibited some challenges in achieving the revenue targets. In the first quarter, revenue targets were exceeded by about 1.5%. However, in the Second Quarter revenue collections underperformed by 7% compared to budget target. Revenue collections were E1, 052 billion against a target of about E1, 127 billion.

- July and September outperformed the targets by 4% and 6% respectively. The month of August, on the other hand, represented the worst revenue collection month in the reporting quarter, indicating an under collection by 32%. During the Second Quarter, the SRA observed some strain on the domestic economy. There was an observed decline of imports since April 2011. Such decline was fed through the remittance of sales tax at the borders and consequently through sales tax from statements. The repressed state of trade performance ultimately undermines the SRA's attempts to meeting revenue targets.

- Another matter that negatively affects the SRA's efforts in revenue mobilization is the non-performance of the debt book. Due to the repressed state of the economy, there is an observed decrease in tax remittance by the taxpayers. Debt arrears that are less than 12 months old are not effectively serviced by the taxpayers. These stood at E413m in the quarter under review. The SRA is, working very closely with the taxpayers to minimize this problem. It, however, does not help that a bulk of the companies that account for this debt are suppliers to Government, which is currently struggling to meet its payment obligations.

- **Strategic Plan** - In the Quarter under review SRA commenced a process of reviewing the Strategic Plan. An independent consultancy service provider, Interdependence and Transformation in Southern Africa (ITISA), was procured to guide the review and repackaging of the Strategic Plan. The review will facilitate linking of the strategic objectives to long-term targets, annual budgets and performance reviews and incorporate strategic objectives into resource allocation processes.

- **Integrated Revenue Administration System** - The SRA has made significant progress in the procurement of the Integrated Revenue Administration System (IRAS), which is pivotal in its bid to improve revenue administration and most importantly for the introduction of VAT. Bidders responded to the "Request for Proposals". These bids were evaluated by a team consisting of SRA's departmental representatives. The evaluation process was anchored by external team of consultants from Harewelle Consultancy who were procured through the Middle Income Country grant from the African Development Bank. This team brought with it extensive knowledge in the procurement of tax systems and contract negotiations. Two bidders were short-listed and ultimately produced their Best and Final Offers to the Management Tender Committee. The formal appointment of the preferred bidder has been approved by the Board and is currently awaiting SCOPE approval of the IRAS program.

- **Tax Identification Number** - The development of the Tax Identification Number (TIN) progressed well in the second quarter. This is a unique seven digit, auto-generated number that shall be used by SRA to identify taxpayers across all the tax types. The TIN Registration Form has been developed and branded and is ready for use. Taxpayers shall only quote the TIN when doing official business with the SRA, enabling a single view of the taxpayer. Taxpayers will be educated on the importance of TIN registration before they are registered. It is expected that TIN registration will be launched in January to target VAT taxpayers.

- **SRA Network** - The roll-out of SRA network in major offices, especially around Mbabane, has been done successfully. This brings the following benefits, amongst others; access to the SRA domain, corporate email, SRA intranet, access to project sites, divisional and team sites. This enables information sharing and collaboration. The second phase will involve connecting outstations such as border posts, to the SRA network. Negotiations are on-going with Government Computer Services regarding connectivity options.

- **Automated System for Customs Data** - The roll-out of the Automated System for Customs Data (ASYCUDA ++) has been completed at all the commercial sites and five (5) of the non-commercial sites. The focus was the implementation of declaration and payments module to improve collections and reporting as well as accuracy in the application of customs procedures. All Station Managers as well as part of the staff at border posts have been successfully trained on ASYCUDA++.

- **Integrated Financial Management System** - The tender process for the integrated financial management system has been concluded and a vendor has been selected. Contracts have to be concluded and implementation will commence soon thereafter. The system is expected to improve efficiency once implemented in particular as it relates to the operations of the remote offices. It is also expected to support the IRAS on the bank reconciliations functionality that will be provided. The business continues to use Pastel in the interim.

- **Integrated Payroll and Human Resources System** - To be able to manage human capital as part of the organization's strategic business process, SRA commenced a process of acquiring an Integrated Payroll and Human Resources System to support leave management, training and development, recruitment, performance management, knowledge management and payroll. The technical bid evaluation has been completed and a preferred bidder identified. The Management Tender Committee (MTC) approved the scope and phased implementation of acquiring the system. Final approval is awaited from the SRA Finance and Tender Committee of the Governing Board early in the next quarter.

- **Bills and Memoranda of Understanding** - The SRA is currently working on two new critical pieces of legislation, namely Tax Amnesty and Revenue Courts Bills. These have already been drafted and are pending finalisation after approval by the Executive Committee (EXCO) and other relevant stakeholders. To date, none of the proposed money Bills have been approved by Parliament. The bills in question include the following:

    a) VAT Bill;
    b) Sales Tax Amendment Bill;
    c) Income Tax Amendment Bill;
    d) Customs & Excise Amendment Bill.

- Memoranda of Understanding (MOUs) were drafted with the following agencies as a means to facilitate and enhance relationships:

    a) Central Statistics Office;

b) Central Bank of Swaziland;
c) South African Revenue Services (Co-operation Agreement);
d) Zimbabwe Revenue Services (Co-operation Agreement).

- **Court Cases** - Progress on court cases, including those running from the First Quarter, was halted due to the current boycott of court sessions by lawyers. A total of nineteen (19) court cases are still pending. Only one case has been concluded from the Sales Tax Department where an amount of E228, 000 was received. The nineteen (19) cases comprise fifteen (15) cases from Sales Tax, two (2) cases related to Customs and two (2) on Income Taxes.

- **Launch of the Income Tax Returns Publicity Campaign** - The Commissioner General officially launched the Income Tax Returns Publicity Campaign, where various stakeholders were addressed. This campaign has seen the publication of adverts in all two mainstream print media (The Times of Swaziland and The Swazi Observer) as well as *Vuka Ngwane*, The Nation Magazine and Business Sunday. A total of sixty five (65) radio slots (SBIS) and thirty (30) television (STBC) slots were purchased to run the adverts until 31 October 2011. An internal event for the launch of the Income Tax Returns filing season was undertaken and the event was attended by the Senior Managers from all SRA Departments. All SRA staff members required by law to file returns were implored to lead by example and file their Income Tax returns.

- **Promotion of Income Tax Campaign** - The publicity campaign was also promoted through existing media fora which are as follows: three appearances on STBC, four (4) interviews on SBIS (SiSwati Channel) and two (2) interviews with SBIS (English Channel). Five (5) newspaper articles including a four page article were published by the mainstream newspapers.

- **Taxpayer Engagement Workshops** - A total of five (5) engagement workshops were held with the different categories of taxpayers; Small and Medium Enterprises under Swaziland Commercial Amadoda, Federation of the Swazi Business Community (FESBC), Swaziland Law Society and courier and freight agencies.

- **Participation in 2011 Swaziland International Trade Fair** - The SRA lined up with other organisations at the Swaziland International Trade Fair 2011 at the Mavuso Exhibition and Trade Centre to promote the mandate of the organisation and provide answers to clients on questions related to all the tax types.

- **Coordination of concerns of clients** - Various complaints, queries and compliments were and continue to be received by SRA through a dedicated e-mail address (info@sra.org.sz). These are forwarded to different departments and divisions internally for effective feedback to clients. An average of fifteen (15) queries and an average of five (5) complaints are received weekly. A few compliments are also received.

- **Intranet Development** - Working with the Information, Technology and Communications Division, the PR Unit commenced a process of developing an SRA intranet, which is meant to enhance the sharing of information internally. Though the process is at preliminary stages, the intranet has been set as a default page for all staff members on the SRA network when accessing the internet.

- **Launch of SRA Radio Programme** - The SRA started its weekly radio talk shows on SBIS on 11August 2011. To kick-start the programmes, the Commissioner General featured to introduce the SRA to the public and further clarify general questions raised by listeners. A total of eight (8) programmes had been produced and aired by the end of September 2011. These mainly covered income tax related issues in line with the Income Tax Returns Campaign.

- **Training** - SRA recruited a total of twenty one (21) new staff in the period under review. These include; nineteen (19) Assistant Customs Personnel, one (1) HR Training Officer and one (1) Personal Secretary. Various training workshops for staff were also done in the various departments and divisions. These include; Sales Tax processes and procedures; Income Tax (various topics covered), Induction courses for new staff and training on VAT/ Sales Tax.

- **Offices** - Alternative office space was secured at Ning Group Office Park in order to relocate two Divisions, namely Human Resources and Internal Affairs. Relocation to the new offices is planned for the first week of the Third Quarter. These offices will also house the IRAS Implementation Project Team. It still remains a challenge that the SRA offices are scattered all over Mbabane. The SRA is still pursuing the occupation to the Public Service Pension Fund (PSPF) building, which will house all the Head Quarters departments. The date of beneficial occupation to this building is planned for the 1st November 2012 after a long delay associated with contractual disagreements between the parties (project owner and contractor). In the meantime SRA is engaging the Property Managers – Liberty Properties on a monthly basis to get the progress in terms of the construction of the building.

- **Transfer of Assets** - The Memorandum of Agreement (MOA) between Government of Swaziland and SRA covers the transfer of assets from government to the SRA. The assets to be transferred to the SRA were identified and the valuation of the assets was commissioned in two parts:

  a) Immovable property- The Ministry of Natural Resources and Energy carried out the valuation and the total value of the assets was found to be at E73,249,900
  b) Movable assets- The SRA assigned a private company to do the valuations on furniture and equipment. The report is expected to be submitted at the beginning of the Third Quarter. Insurance values for the motor vehicles taken over from government were finally established and these have been used as the take-over values for updating the SRA records.

  The office of the Government Conveyancer has started working on the processes of transferring the assets.

Financial Situation

- Total grant income received to end of the quarter was E147.6m. This amount includes E2.45m in respect of the vehicles that were taken over from Government. For the Quarter to 30 September 2011, grant income for the current year of E145m was due from Government. Of this amount only E68.2m was received leaving a balance of E72.8m in under-funding for the year to date.

- Operational expenditure for the quarter totalled E42.7million which was E16.5million below the approved budget allocation of E59.2million and 7% above expenditure for the First Quarter of the Financial Year. Key expenditure items for the period were staff costs (including pension and gratuity) at E31.3million (73% of total costs), building costs at E2.8million accounting for 7% of total costs and professional fees (E1.5million) at 4% of total costs.

Outlook

- The Balanced Scorecard (BSC) tool was used to ascertain gaps in the existing Strategic Plan and further translate the Mission and Vision Statements into a comprehensive set of strategic objectives and performance measures that can be quantified as well as measured, monitored and evaluated. The exercise is expected to be finalised in the beginning of the third quarter after the final Strategic Plan is reviewed and approved by the Board. Recruitment is expected to continue until the SRA reaches its full staff complement of 556 as indicated by the establishment.

Financial Statements

Income Statement	2011 Sept. 30	2011 June 30	2011 March 31
Income	466,430	387,348	1,724,428
Other	0	12,657	31,200
Expenditure	42,727,993	40,073,966	48,314,556
Operating Profit/Loss Before Subvention	-42,261,563	**-39,673,961**	**-46,558,928**
Subvention	68,200,000	46,182,000	77,000,000
Operating Profit/Loss	**25,938,437**	**6,508,039**	**30,441,072**
Balance Sheet			
Fixed Assets	7,960,718	5,944,025	4,849,696
Investments			0
Current Assets	18,957,104	45,515,487	40,866,851
Current Liabilities	6,066,446	3,744,965	9,088,611
Net Current Assets	12,890,658	41,770,522	31,778,240
Employment of Capital	**20,851,376**	**47,714,547**	**36,627,936**
Contributed Surplus	-44,846,750	-44,846,750	2,003,999
Long Term Liabilities	0	9,053,259	4,182,865
Retained Income	65,698,124	83,508,038	30,441,072
Capital Employed	**20,851,376**	**47,714,547**	**36,627,936**

PEU Comments

The SRA had an operational profit of E25.9m after subvention this quarter compared to E30.4m last quarter. The SRA received E68.2m as subvention leaving a balance of E72.8m, which had been promised but had not been received due to the financial crisis Government is facing. The SRA has a healthy current ratio at 3.12:1 for the quarter under review and was 12.1:1 last quarter. The lack of full subvention means that certain programmes are not undertaken. The introduction of the various management systems is encouraged to facilitate better monitoring.

SWAZILAND ELECTRICITY COMPANY (SEC)

Parent Ministry: Ministry of Natural Resources and Energy

SEB reported as follows for the quarter,

Operational Review

- Generation costs stood at E7.5m compared to E5.3m the previous quarter. The significant increase in costs was a result of the late capitalization of completed projects resulting in depreciation charges that were supposed to be accounted for in the previous quarter being charged in the current quarter.

- Power procurement costs amounted to E141m compared to E105.4m last quarter. The increase in power purchases is due to a further significant increase in import costs in the quarter.

- Total transmission costs were E23m compared to E20m last quarter.

- Distribution costs decreased by 11% to E34m compared to E39m the previous quarter. The decrease was due to the fact that maintenance costs were much higher for the first quarter than the period under review. The second quarter is dominated by the winter season with no lightning strikes affecting the network.

- Net Fixed Assets increased from E1.105b to E1.135b due to increase in capital expenditure especially major projects like substations as well as new connections. The actual implementation rate of capital projects as at 30 September was stated at 39%, which is below the expected rate of 50%.

- The company's investment in MOTRACO was valued at E149.6m compared to E126.6m last quarter making an increase of E23m (being the share of profit due to SEC).

- Intangible Asset – Ubombo Sugar Limited USL – This asset was stated at E150m last quarter and had since been amortized down to E145m.

- System Losses were stated at 16% compared to 19.31% last quarter. The budget for system losses for the quarter was 13.9%. It is envisaged that the completion of the prepayment project would yield positive results regarding system losses in the financial year 2012 / 2013.

- Coal Fired Thermal Power Station – The status of the project had not changed since the previous quarter. There are still delays in obtaining the exploration license which has a negative effect on the timeliness for this project.

- Manzini Regional Office Construction – This project is still in progress and was 81% complete. Total cost as at 30th September 2011 was E15.7m. The building is now at the finishing stage especially the part of the works that is covered under the main contract by DuVan. The plan is to have covered substantial ground prior to the annual builders' break which normally begins mid-December.

- Rural Electrification projects – There had been no progress at all on Rural Development Fund projects, these projects remain suspended pending receipt of payment from Swaziland Government.

- Prepayment Metering Project – This project is 99% complete and had almost reached its final completion as originally anticipated. There are outstanding conversions of customers that were not available when the routine conversion exercise was done and their conversion is currently a challenge due to the same reason.

Financial Situation

- Net profit was E46.9m compared to E44.6m last quarter

- Sales revenue amounted to E252.3m compared to E242.3m last quarter. The E10m increase is attributed to the 8% increase in sales tariffs as approved by the Regulator, SERA which was effected in June 2011 and the effect of this increase was realized over the full 3 months of the second quarter against one month worth increase realized in the first quarter.

- Administration costs amounted to E30.7m compared to E25.8m last quarter. The year to date costs amounted to E56.6m against a year to budget of E62.8m, resulting in a positive variance of E6.2m.

- Total cash at bank and on deposit stood at E139m compared to E165m last quarter. This amount includes a total of E46.6m reported separately under non-current assets as other assets including Rural Electrification and Counterpart Funds at bank. The decrease in cash holding resulted from a payment made to Swaziland Revenue Authority in respect of taxation due of E30m, as well as creditors.

- Inventories decreased to E62m from E66m last quarter. The E4m decrease in stock holding was a result of intensified stock management controls.

- Electricity debtors stood at E208m compared to E174m last quarter. The increase is attributable to the non-payment of Government accounts.

- SEC's short term liabilities stood at E233m compared to E249m last quarter. The timely payment of creditors remains a priority to SEC to ensure a healthy business relationship.

Outlook

- The company looks forward to upgrading of the main information system (Ellipse System) to a version that would optimize value through the envisaged timely, accurate and systematic processing of data to provide usable information for better decision making. The project is running concurrently with the implementation of an Asset Management System

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 Mar 31	2010 Dec 31
Sales revenue	252,252,478	242,328,755	221,070,714	237,096,673
Other Income	21,220,661	16,323,419	67,471,192	24,083,549
Total Trading Income	**273,473,139**	**258,652,174**	**288,541,906**	**261,180,222**
Power Purchases	141,107,741	105,445,917	57,220,438	72,446,749
Generation Costs	7,533,793	5,294,725	8,126,642	5,376,136
Transmission Costs	23,344,422	20,010,787	25,486,926	17,098,798
Tot'l PP+GC+TC	171,985,956	130,751,429	90,834,006	**94,921,683**
Gross Profit	101,487,183	127,900,745	197,707,900	**166,258,539**
Distribution Costs	34,700,697	39,097,812	49,447,728	36,028,688
Administration Expenses	30,737,555	25,895,984	48,952,054	29,009,296
Interest paid and payable	5,083,107	4,947,700	13,865,633	3,283,191
Foreign Exchange Losses	-3,077,877	-2,312,757	21,486,400	-4,451,753

Share of Motraco Profits	23,055,483			
Income Tax	10,246,038	15,670,722	4,418,370	26,621,170
Net profit/Deficit	**46,853,147**	**44,601,285**	**59,538,715**	**75,767,946**
Balance Sheet				
Fixed Assets	1,135,792,988	1,105,216,122	1,089,132,323	1,048,062,047
Counterpart Fund at bank	-	-	-	15,073,137
Rural Electrification Fund	-	-	-	13,878,581
Investment in Joint Venture	149,691,578	126,636,095	137,727,295	125,835,585
Derivative Financial Instrument	39,882,459	27,796,489	26,238,488	21,895,517
Probec Fund at bank	-	-	-	196,883
Other Assets	46,456,890	46,049,565	45,682,979	
Intang asset– Ubombo PPA	145,000,000	150,000,000	40,000,000	
Pension Retirement Asset	3,611,532	3,611,532	3,611,532	1,887,369
Current Assets	364,003,364	405,380,673	487,982,226	482,339,061
Current Liabilities	233,095,534	249,458,784	254,640,812	246,382,624
Net Current Assets	130,907,830	155,921,889	233,341,414	235,956,437
Employment of Capital	**1,651,343,277**	**1,615,231,693**	**1,575,734,030**	**1,462,785,555**
Government Investments				
Share Capital	433,493,841	433,493,841	433,493,841	433,493,841
Deferred Grant income	106,969,791	109,788,001	109,788,768	54,539,585
Other deferred income	46,456,890	46,049,565	45,1682,979	61,099,665
Foreign Exchange reserve	5,317,015	5,317,015	5,317,015	2,361,455
Derivative Financial Instruments	5,738,659	4,485,279	4,549,080	5,604,204
Retained income	518,765,647	528,349,704	325,703,422	330,185,611
Current year's income	91,454,431	44,601,285	202,646,290	134,925,771
Embedded Derivative Liability	12,953,369	12,953,369	18,359,768	13,878,581
Counterpart Fund	-	-	-	15,073,137
Probec Fund	-	-	-	196,883
Loans	284,538,511	284,538,511	284,538,511	298,026,355
Deferred Tax Liability	145,655,123	145,655,123	145,655,123	113,400,467
Total Capital Employed	**1,651,343,277**	**1,615,231,693**	**1,575,734,030**	**1,462,785,555**

PEU Comments

SEC's profit for the quarter was E46.9m compared to E44.6m last quarter. The increase in the profits resulted from an increase in other income received by the company compared to the previous quarter. During the quarter we had seen an increase in the electricity sourced from the Ubombo Sugar Limited. The increase in the electricity sourced locally will mitigate the hard hitting impact of the ever increasing import costs from Eskom.

The company should continue supporting its major capital projects of thermal power station as it will decrease the amount of electricity sourced from ESKOM. The prepayment metering project is almost complete and it will help yield positive results regarding system losses for the next financial year. System losses currently stood at 16% and the annual target is 13.9%. The non receipt of payment from the Swaziland Government had resulted to a stand still to all Rural Development Fund Projects. There is hope that may be in the next financial year, the government's financial position will be enhanced thus enabling her to start making due payments to the organization.

SWAZILAND WATER SERVICES CORPORATION (SWSC)

Parent Ministry: Ministry of Housing and Urban Development

SWSC reported as follows for the quarter,

Operational Review

- A total of 1,322 samples were collected. This represents a 91.9% success rate. The samples collected include raw water (12.5%), treated water (12.8%) and distribution (74.7%). The Quality Assurance Unit conducted 63,456 tests. Tests conducted included bacterial (Total coliform, *Escherichia coli*, Faecal streptococci), nutrients (sulphate, nitrate, phosphate, chloride, etc.), cations (calcium, sodium, lead, magnesium, etc.), pH, turbidity, electrical conductivity, total suspended solids, alkalinity, etc.

- Table 1 below shows the potable water turbidity compliance against the WHO Guideline (5 NTU).

Period	Treated water			Distribution water		
	No. samples	Chem % compliance	Micro % compliance	No. samples	Chem % compliance	Micro % compliance
July 2011	54	77.4	88.7	292	90.1	95.9
August 2011	54	70	85.2	305	88.4	96.4
September 2011	52	84.5	87.7	308	94.5	96.6
Average	**53**	**77.3**	**87.2**	**302**	**91.0**	96.3
April – June 2011	**52**	**66.9**	**84.2**	**300**	**86.4**	95.8
January – March 2011	**61**	**69.1**	**83.8**	**348**	**78.3**	**92.9**

- The SWSC treatment plants realized an improvement on the treated water quality (phys-chem) which shows that efforts have been made towards improving efficiencies in SWSC's plants. Based on the 5NTU Guideline, SWSC's waterworks performed relatively well with a compliance rate of 77.3% compared to the 66.9% in the previous quarter. This represents an improvement of 10.6%.

- The average microbiology compliance of the waterworks stood at 87.2% for treated water and 96.3% for distributed water.

- A total of 64 plant audits were conducted across all SWSC's potable water plants. The objective of conducting the audits is to ascertain the efficiency of the plants' treatment processes.

- Twelve reservoirs were cleansed. These are: Engabezweni, Sithobela 1 and 2 (Central), Hlatsi, Hlutsi Police and Clinic (South West), Mananga, Lavumisa, Bhamubhamu Old and New, Lubuli (Eastern), Sidvwashini 1 (North West).

- A total of 253 wastewater samples were collected and analysed, resulting in 3,542 tests being conducted in the process. The tests range from microbiological to physico-chemical parameters, which are used to evaluate the efficiency of the wastewater treatment plants and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams. The key parameters used to determine effluent compliance are biological oxygen demand (BOD), chemical oxygen demand (COD), dissolved oxygen (DO), pH, electrical conductivity (EC), total dissolved & suspended solids (TDS and TSS), ammonia, residual chlorine and total coliform.

- A total of 357 samples were collected. The number of tests conducted were 1,428 and the average percentage compliance (COD samples less than 500mg/L) for the billed companies stood at 44.3% (June 2011: 38.1%).

PROJECTS: PROGRESS REPORTING

PROJECT	STATUS/COMMENT
New Sewer Treatment Plant for Matsapha Industrial Town	**Purpose** Local funds for the construction of a new sewer treatment plant for Matsapha Industrial Town. **Progress Achieved** The Civil and Mechanical and Structural works contracts are ongoing. The Electrical contract has been tendered out but the award will be suspended until the fiscal challenges experienced by the Government improve. **Challenges** The outfall sewer line is located on private properties. Negotiations for the servitude of the outfall sewer line are still ongoing with the property owners. Property owners have indicated that compensation and evaluation are ongoing. The project is currently under suspension due to un-honoured interim payment certificates. Both the Civil and Mechanical Contractors have effected suspension.
Nhlangano Water Supply and Sewer Treatment	**Purpose** Local funds for the construction of the water treatment plant and new sewer treatment plant for Nhlangano Town. **Progress Achieved** Designs of both the water and wastewater treatment plants have been completed. The water treatment plant contractor was awarded and the project is now under construction. The sewerage treatment plant tender adjudication has been concluded but award of tender has also been suspended subject to Government's financial position improving. The bulk of the expenditure is due to the construction of the water treatment plant and consultancy fees for both water and wastewater. **Challenges** The project implementation has been retarded due to delayed payments of interim statements submitted by the Contractor.
PROJECT	**STATUS/COMMENT**
Lomahasha/Siteki Water Supply.	**Purpose** Local funds for the design and implementation of the Lomahasha water supply scheme. **Progress Achieved** Tender adjudication for the procurement of the consultants for the Lomahasha water supply is complete. Lukhula to Malindza pipeline has been completed and tested The construction for the Lukhula to Siteki pipeline is now complete and is undergoing testing in preparation for commissioning. **Challenges** Although the Consultants to offer professional services for the Simunye-Lomahasha pipeline were sourced, appointment has however been stalled due to the current fiscal impasse.

- The under-listed are problems and challenges facing SWSC. These problems/challenges have an impact on the operations of SWSC and its ability to extend adequate services to its customers:

  - ***Economic downturn and Government's fiscal position:*** The current fiscal impasse is hitting hard on SWSC in terms of project implementation and cashflow position. The work in progress of certain projects has been stalled due to non-payment of contractors. Government's failure to honour utility debt obligations has adversely affected SWSC's working capital and cash-flow position.

- ❖ ***Lack of raw water storage:*** The development of raw water storages (such as dams) at strategic places is critical to ensure long term sustainability of water supply and the mitigation of the effects of climate changes.

- ❖ ***Lack of independent economic regulation:*** The non-independent regulation of the water tariff by Government makes it difficult to charge a cost recovery tariff that would support financial, economic and social goals.

- ❖ ***Inadequate capital budget:*** The development of water infrastructure requires huge capital outlays over time and inadequate budgets tend to undermine progress in implementing projects aimed at increasing water and sanitation access.

- ❖ ***Rural urban migration and industrialisation:*** The rate of increase in urban population and industrialisation is not matched by a corresponding increase in water infrastructure development.

- ❖ ***Acquisition of land for the development of water and sewer infrastructure*:** The acquisition of suitable land for locating water and sewer infrastructure is a difficult process with cost implications. This often results in delayed implementation of projects.

- ❖ ***Aging infrastructure:*** The pipe network is old and often bursts. Replacing or overhauling the overall pipe network can be very costly. Pipes are replaced as and when they leak or burst.

Financial Situation

- An operating loss of E908,278 (profit of E4.4m in the previous quarter) was realised. This is due to provisions for taxation and doubtful debts being raised.

- Total revenue amounted to E50.53m (E51.98m in quarter ending June 2011).

- Total expenses amounted to E51.44m (E47.55m in the previous quarter). Net profit amounted to E948,645.

- There has been a 4.44% negative variance in the overall sales compared to budget. This is due to a decline in consumption levels mainly of non-residential customers. Trade effluent and basic charges were above budget.

- Total water connections stood at 37,882 (37,426 in June 2011). Total sewer connections were 9,433 (9,359 in June 2011).

- Trade debtors (gross) stood at E68.3m of which E20m are Government debtors. The increase in Government debtors is due to the prevailing fiscal challenges.

Outlook

- Government's fiscal challenges continues to have a ripple effect on SWSC in terms of the implementation of water and sanitation projects (due to contractors not receiving payment on time for work done) and cash-flow due to billed amounts not settled on time. This will continue to affect the Corporation's ability to implement projects aimed at increasing access to water and sewer services. The Fiscal Adjustment Road Map (FAR) will hopefully restore fiscal sustainability and reduce the Government deficit to the desired level in the short to medium term.

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 March 31	2010 Dec 31
Turnover	50,533,539	51,984,330	48,291,006	48,028,734
Operating Expenses	51,441,816	47,548,282	57,091,822	44,152,779
Operating Profit/(Loss)	**(908,278)**	**4,436,048**	**(8,800,816)**	**3,875,955**
Other Income	1,856,923	1,268,521	17,155,760	2,357,475
Net Income	**948,645**	**5,704,569**	**8,354,944**	**6,233,430**
Balance Sheet				
Fixed Assets	784,756,426	740,129,614	760,582,769	697,593,290
Current Assets	137,935,883	148,546,885	138,557,847	156,976,299
Current Liabilities	60,708,033	61,743,074	102,236,752	47,401,280
Net Current Assets	77,227,850	86,803,811	36,321,095	109,575,019
Total Employment of Capital	**861,984,276**	**826,933,425**	**796,903,864**	**807,168,309**
Share Capital	30,222,580	30,222,580	30,222,580	30,222,580
Retained Income	190,795,246	189,846,601	188,855,463	180,666,848
Capital Grant	603,704,058	571,712,467	541,694,133	552,887,356
Long-term Loans	37,262,391	35,151,778	36,131,687	43,391,526
Total Capital Employed	**861,984,275**	**826,933,426**	**796,903,863**	**807,168,310**

PEU Comments

SWSC faces a challenge in terms of project implementation and cash-flow position. The work in progress of certain projects has been stalled due to non-payment of contractors. Government's failure to honour utility debt obligations has also adversely affected SWSC's working capital and cash-flow position. One solution to this problem could be the timely approval of water tariffs by establishing an independent economic regulator for water. In addition, the consideration of other sources of revenue to counteract the limited financial resources is welcome so as not to depend entirely on connections and collections.

SWAZILAND POSTS AND TELECOMMUNICATIONS CORPORATION (SPTC)

Parent Ministry: Ministry of Information, Communications & Technology

SPTC reported as follows for the quarter,

Operational Review

- The legal dispute with Swazi MTN has negatively impacted the roll out of the components of the Next Generation Network (NGN). Swazi MTN Limited and its respective shareholders, namely: MTN International (Pty) Ltd, MTN Holdings (Pty) Ltd and the Swazi Empowerment Limited have since lodged their claim against SPTC with the Geneva based Secretariat of the International Court of Arbitration.

- The relief sought against SPTC in the pending arbitration claim is two (2) fold;

    i. Payment of damages in a sum of E17,21m (seventeen million, two hundred and eighteen thousand Emalangeni, five hundred and seventy two Emalangeni) plus an additional sum of E4.0m, which is computed monthly from June 2011 up to the date of the Arbitrator's award.

    ii. A final interdict ordering SPTC to terminate its NGN Network for as long as it is a shareholder in Swazi MTN or as long as the Joint Venture Agreement subsists

- SPTC has since filled its statement of defence with the Secretariat. Professional opinion given to SPTC on its defence is that as long as SPTC is a party to the Joint Venture Agreement or a shareholder, there is very little defence to the claim to interdict the NGN Network, not unless the Network can be "configured" in a manner which will not result in competition with the business of Swazi MTN.

- An independent Arbitrator to preside over the hearing to be held in Mbabane has been identified and he is a retired judge of the Supreme Court of South Africa, who is well experienced in both Arbitration proceedings and telecommunications matters.

- We have not as yet received official confirmation from the Secretariat on the actual hearing dates for the Arbitration; however preliminary indicators are that the matter will be heard in January 2012.

- The key highlights for the quarter include the following:
    1) Acquisition of two streams of circuits (2 x STM-1) for the purpose of accessing high capacity international bandwidth. This capacity is accessed from the Maputo landing station (provided by SEACOM) and is carried through the SDH transmission backbone to Mbabane.
    2) The continued non-commercialization of the "ONE" product as was authorized to operate according to the zones.
    3) **Fibre to the Cabinet[1] (FTTC) -** The rollout of the FTTC project covering areas in the Mbabane, Ezulwini, Matsapha and Manzini began during period under report and is scheduled for completion by end of December 2011. The project is aimed at improving the delivery of broadband services to areas located at the edge of the suburban boundaries.

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1. Extending optic fibre to the community for purposes of improving the internet service.

- **Backbone Upgrade & Cross-border Links -** The Swaziland – Mozambique link is now carrying traffic, both voice and data, following the commissioning of the link. Equipment has been purchased for the other two links, namely:

  - Manzini – Big Bend going to Lavumisa Border Post.
  - Mankayane – Nhlangano going through Mahamba Border post.

  The equipment for the two routes is yet to be delivered.

- **Rollout of Wireless Base Stations (Voice oriented) -** Installation of base station equipment for the Lavumisa site was completed and the site was provisionally accepted pending rectification of snags. Also completed was installation of hardware equipment for kaLanga, Bhalekane, Gege, Maphungwane, Sigaba, Siphocosini and Buhleni. What was outstanding are the In-station Tests, Provisional Acceptance Tests and User Acceptance Tests, which are to be performed before the equipment can be handed over to SPTC.

- **Telephone Installations -** A total of **955** new installation work orders were issued from the Tele-centres countrywide; **776** new lines were completed against a target of **900** lines during the period under review. There were 1**79** work-orders that were carried forward to the next reporting period.

- The rate of installation of new landlines has remained below the target for quite some time; this is likely to be the situation even during the next reporting period considering that:

  a) There is no significant construction and commissioning new landline networks, due to the ongoing migration of the older technologies to the new platform.

  a) There is a new product in the Corporation (fixed phone) that has diverted quite significantly the interest of the customer, which however could be viewed as a positive turn-around for the Company since revenue generation would improve.

- **Speed of Connection for New Lines -** An average performance of 81.5% was achieved against a set speed of connection target of 100% for completed new installations on business customer's lines within 5 working days, this could be attributed to shortage of material that include the drop-wires whose delivery was delayed by over a month. An average performance of 75.7% was achieved against the set target of 100% on residential lines within 5 working.

- **Transmission Systems -** There were a few network outages that were experienced during the reporting period and these were caused by Optical Fibre breakdowns in different areas. The national transmission systems experienced a total outage of 33.25 hours on the optic fibre routes, representing a systems availability of 99.93%. There were no outages on the national microwave links.

- The sub-regional links experienced some outages when the Ntondozi microwave link had some system fault. The sub-regional microwave links had a systems availability of 99.92% while the sub-regional links did not experience any outages.

- **Earth Station -** The Earth station performance was 99.98% as compared to 99.2% of the previous quarter. This shows a slight improvement of 0.78% in performance during the quarter under review. The reason the station performed so well this quarter was because of the emphasis put on the scheduled routine maintenance procedures, which were followed to the latter.

- **New Product (Computer Bundles) -** The Corporation has partnered with Nedbank to introduce broadband packages bundled with laptops in the market. The Corporation has also partnered with SwaziBank to provide the fixedfone service to the Bank's customers. Both these partnerships are now ready to be launched in the market.

- **Phutfumani Couriers and Freight -** Phutfumani Couriers has been sponsoring monthly golf tournaments with the aim of placing Phutfumani Couriers and Freight as the leading brand in the courier business and lure new businesses into using her services. During the period under review Phutfumani golf tournaments took place in the following Golf Clubs:-Mbabane, Manzini, Simunye and Mananga

- **King's Cup -** The Kings Cup Golf Tournament was played in September 2011. This event attracted golfers from all around the country and also golfers from neighbouring countries. SPTC saw the opportunity to showcase her services during this prestigious royal event by sponsoring it for E200, 000.

- There were nine (9) terminations of permanent employees resulting from retirements (4), dismissal (1) and resignations (4). There were ninety two (92) recruitments this quarter; forty (40) were permanent recruitments and fifty three (53) were temporary recruitments.

- Three hundred and eighty one **(381)** employees were trained in this quarter as opposed to **150** employees who were trained in the last quarter. This translates to a total of **1,380 student-days** (man-days) compared to **650** student days in the last quarter.

Financial Situation

- Revenue for the quarter amounted to E138.68m compared to E128.64m achieved in the previous quarter ending June 2011, which shows an increase of 8%. The increase in revenue is mainly a result of the launch of the fixed-fone product which has enabled customers to call using our network. The internet revenue has also increased as a result of the high demand for the data cards which offer high speed internet, and the introduction of the wireless broadband packages. Transit calls also contributed positively to the increased revenue during the quarter under review.

- Cost of sales are higher than in the previous quarter by 6% from E30.66m in June 2011 to E39.03m in September 2011. The increased costs are a result of the materials for the fixed-fone campaign, however there is a compensating element on the revenues.

- Operational costs for the quarter ending September 2011 amounted to E109.904 million compared to E76.30m achieved in June 2011, resulting in a 44% increase. The increase is a result of the cost of upgrading the internet bandwidth in order to provide faster internet services and also the cost of advertising and promotion of the new fixed-fone product.

Outlook

For the next quarter, and extending to the rest of the financial year, the key focus areas will include:

- Providing an effective communications solution with internet connectivity to the Swaziland College of Technology (SCOT), the other institutions of higher learning and the national libraries.
- Attending to the Swaziland Government Computer Services in terms of their network requirements.
- Continuation of the installation of both wireless and fixed terminals under the NGN program.
- Introduction of a small scale program for E-Health.
- Completing the installation and commissioning of the remaining wireless base stations.
- Completing the installation and commissioning of the Fibre to the Cabinet project.

- Starting the installation of the access equipment (UA5000) to the exchange sites in preparation for the migration of all services from the legacy systems to the NGN network.

Financial Statements

Income Statement	2011 Sept. 30	2011 June 30	2011 March 31	2010 Dec. 31
Income	101,423,000	144,759,000	92,998,000	175,271,000
Expenditure	125,338,000	94,674,000	136,725,000	133,570,000
Profit	**-23,915,000**	**50,085,000**	**-43,727,000**	**41,701,000**
Balance Sheet				
Fixed Assets	595,941,771	594,555,271	598,381,637	580,414,819
Investments	75,482,818	128,835,419	92,847,855	116,537,206
Current Assets	244,091,419	196,101,845	178,721,248	193,895,980
Current Liabilities	75,176,512	59,110,844	57,073,234	45,384,710
Net Current Assets/Liabilities	168,914,907	136,991,001	121,648,014	148,511,270
Employment of Capital	**840,339,496**	**860,381,691**	**812,877,506**	**845,463,295**
Distributable Reserves	704,470,828	728,358,383	678,274,506	722,000,314
Grants	4,506,446	4,875,173	4,563,661	5,190,207
Long-term loans	142,813	404,673	423,024	981,341
Provisions	131,219,409	126,743,462	129,616,315	117,291,433
Capital Employed	**840,339,496**	**860,381,691**	**812,877,506**	**845,463,295**

PEU Comments

There was a net loss of E23.88m compared to profit of E50.08m in June 2011, resulting in 148% decrease. The decrease in profit is a result of the increase in operational costs, and also the fact that no dividends from MTN were received during the quarter under review. The stoppage of 'ONE' has a negative impact on the Corporation's performance.

SPTC's current ratio actually deteriorated slightly from 3.32 last quarter to 3.25 in the quarter under review. Its gearing ratio (Interest bearing debt/Equity) improved from 0.001 last quarter to 0.00, indicating the company's servicing its loan with STD Bank from an outstanding balance of E404, 673 last quarter to E142, 813 this quarter. Return on assets i.e. (net income/ total assets) also deteriorated slightly from 0.06 the last quarter to 0.03 in the current quarter. Staff costs decreased slightly relative to Total Expenditure from 0.32 the last quarter to 0.28 this quarter.

Finance charges/Income shows a 231% decrease from E1.26m June 2011 to negative E1.65m in September 2011. There was a decrease in interest earned from deposits as a result of payments for capital commitments.

There has been no significant change in depreciation when comparing the current quarter to the previous quarter. In September 2011 the depreciation was E17.05m compared to E17.10m in June 2011.

The period under review saw a decrease in investments from E128.8million (June 2011) to E75.5 million (September 2011). The decrease is a result of payments for capital commitments as the revenues from operations are shrinking.

The Corporation has one loan from Standard Bank Swaziland amounting to E3.50m relating to the vehicle lease arrangements and attracts a floating rate of Prime less 1.65 per annum.

The cash flow position as at end of September 2011 was at E104.8 million compared to E144.4 million in the quarter ending June 2011. The decrease is a result of the fact that no dividends were received during the quarter under review.

SWAZILAND INVESTMENT PROMOTION AUTHORITY (SIPA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SIPA reported as follows for the quarter,

Operational Review

- The global activity had weakened and become more uneven and the consumer and investor confidence fell sharply in the period under review.

- The Authority participated in the Swaziland International Trade Fair and the theme was "Focusing on Productivity to contribute to Economic Recovery". The Trade Fair attracted both domestic and foreign institutions to showcase their products and services.

- The liquidity constraints necessitated the suspension of critical externally-oriented investment missions and scaling down on soft expenditure. The Authority had been receiving interests from investors to set up shop in the country but internal and external factors contributed to non-fruition of some of these investments. Internally these factors included unavailability of service factory shells in the country and lack of readily available farms for agricultural projects in particular.

- The committed Foreign Direct Investment amounted to E93m and it is expected to create 3,000 new jobs. 74 jobs were created under the linkage programme in the manufacturing, retail and textile sectors.

- The Authority continued to advocate for improved investment regime through the Principal Secretaries (PSs) by presenting the Investor Road Map. SIPA together with the PSs were of the view that implementers of the Investor Road Map recommendations should take ownership on implementation. External partners had also shown interest in providing technical and financial support to the implementation of the road map.

- Several companies considered reinvesting and expanding their production locally. These companies were seeking the intervention of government for tax concessions to bolster their profit margins in the near future and the government would benefit through tax contributions from these companies.

- The Rhodes Fruit Group – commonly known as Swazi canners is expanding its operations through product development and packaging through relocating its jam production facilities to Swaziland. The new line includes the change of canning packages to plastic bowls that have attracted new markets for these products in the United States of America. The new products are tomato paste, grapefruits and fruit salad. The expansion had created new employment of 375 people.

- Montigny Group of Companies- It opened a new saw mill plant at SAPPI premises in Bhunya, investing E10m in the operation. The company started to operate in May 2011 and had employed 300 people. The company is still seeking the Development Approval Order which shall assist the new operation for growth into its full capacity.

- Taitex company - a subsidiary of Texray spinning mill closed down and 110 jobs were affected.

- Class-Kleen (Pty) Limited – This company wants to relocate from South Africa to Swaziland It is interested in manufacturing powdered soap under the brand name "Classi- Kleen" for both local and export markets.

- Daviscott – A Durban textile and clothing manufacturing company interested in investing in Swaziland and the company had since been allocated a factory in Siphofaneni. It intends to commerce its operations in the next quarter.

- The water challenge in one of the factories in Nhlangano had dragged on for too long. The problem is quality and the price. The quality is compromised by the state of the treatment plant that is not functioning properly. The quantity does not currently satisfy the demand of the factories. The matter was still being addressed by all parties concerned.

- SIPA continued to engage utility providers concerning the unreliability of utility providing companies. There was also a feeling from the investors that the tariffs charged on utilities are not competitive. The SEC had indicated its difficulty to lower rates because of the costs incurred when importing power from South Africa. The Authority engaged some businesses to submit a consolidated schedule of their power usage to determine their contribution to the SEC in buying power. This would assist these companies and SIPA to negotiate a special rate for their industry.

Financial report

- The amount released to the income statement for the quarter amounted to E2.83m same as last quarter.

- Interest earned from interest bearing and investment accounts amounted to E1,193 compared to E2,663 last quarter.

- Total expenditure for the quarter amounted to E2.3m compared to E2.21m last quarter. Budget for the quarter was E2.38m reflecting a positive variance of E173,500.

- There was a surplus of E11,693 compared to E80,326 last quarter.

Outlook

- The authority will investigate opportunities for vertical integration and promote linkages between domestic investors and Foreign Investors where such partnership will be mutually beneficial.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Subvention	2,283,699	2,283,699	3,374,668	1,700,220
Other income	34,443	2,663	14,292	8,989
Total income & subvention	**2,318,142**	**2,286,362**	**3,388,960**	**1,709,209**
Expenditure	2,306,449	2,206,036	2,180,828	2,307,044
Surplus/Deficit	**11,693**	**80,326**	**1,208,132**	**-598,097**
Balance Sheet				
Fixed Assets	401,683	431,321	465,171	452,219
Outstanding Grants				
Investment				
Current Assets	2,724,673	1,790,340	2,198,928	826,759
Current Liabilities	1,320,491	627,619	1,206,071	733,922
Net Current Assets/Liabilities	1,404,182	1,162,721	992,857	92,837
Employment of Capital	**1,805,865**	**1,594,042**	**1,458,028**	**545,056**
Government Grant	-	-	-	768,774

Reserves	-	-	-	-
Surplus/Deficit	**1,805,865**	**1,594,042**	1,458,028	-223,718
Total Capital Employed	**1,805,865**	**1,594,042**	**1,458,028**	**545,056**

PEU comments

A surplus of E11,693 was incurred compared to a surplus of E80,326 last quarter. Due to the economic crisis faced by the country, luring foreign investment will be a major challenge for the country. Therefore the authority should be robust and study in executing its mandate of attracting, encouraging and facilitating local and foreign investment.

The issue of utilities is still a challenge with some factories around the country. Some of the factories complain about the very high costs of these utilities. It is therefore important for the Authority to address these issues with all the parties concerned and these may be a threat to our investors.

The closure of some companies continues to be a threat to the country's economy as it will result in an increased level of unemployment.

SMALL ENTERPRISE DEVELOPMENT COMPANY (SEDCO)

Parent Ministry: Ministry of Commerce, Industry and Trade

SEDCO reported as follows for the quarter,

Operational review

- 7 business plans (10 previous quarter) were compiled. These businesses have a potential of creating 48 jobs, if granted funding by the financial institutions.

- The following table shows the number of SMMEs who were granted funding by financial institutions.

Name of Business	Business Type	Financing Organization	Loan Amount requested	Potential Jobs to be Created
KaMgadlela Supermarket	Grocery Shop	Fincorp	E50 000	3
GM Distributors	Chemicals retail	Standard Bank	E115 000	5
Mahhusha Investments	Clothes retail	Nedbank	E60 000	3
Lomahasha Engulubeni Grocery	Grocery Shop	Standard Bank	E25 000	3
Total			**250 000**	**14**

- A total of 10 businesses (2 previous quarter) entered into a contract for drafting of financial statements and 9 were assisted on compilation of tax returns.

- SEDCO assisted 41 (76 previous quarter) entities with registration of their companies as well as facilitating the processing of 20 (16 the previous quarter) forms for entities. These registered entities have a potential of creating 82 jobs.

- A total of 375 people (92 previous quarter) visited SEDCO on different business related matters.

- 2,725 (1,473 previous quarter) brochures and posters of "Start Your Own Business" and "Expand Your Existing Business" were distributed at Mhlatane High School, Mavuso Trade Centre, Mpofu (Mhlangatane Inkhundla), Bulandzeni (Ndzingeni Inkhundla), Entrepreneur of the Year (EYA) Roadshows as well as at Kukhanyeni and Shiselweni 2 Tinkhundla Centres.

- Road shows were conducted in the four regions of Swaziland to sensitize SMMEs to participate in the EYA 2011 competition. A total of 9 organizations have sponsored the EYA event so far. These are SIDC, SNPF, Standard Bank, FNB, Metropolitan, Macmillan, Swaziland Beverages, African Alliance and Swazi Observer. SEDCO is still looking for more sponsors.

- SEDCO conducted a road show at Shiselweni 2 Inkhundla. The road show was aimed at promoting the "One Household One Product" campaign. Key stakeholders in SMME development that were represented included Swaziland Standards Authority, Swaziland Dairy Board, Ministry of Tinkhundla, Administration and Development, and representatives from financial institutions. Members of Parliament who participated in this road show were from Shiselweni 2, Nkilongo, Nhlambeni and Nkwene. There were over 500 people who attended the road show.

- SEDCO continued with the "One Household One Product" campaign aimed at revitalising rural economies by encouraging individual households to produce commercial products in response to market demand within and outside their communities.

- The implementation of the "One Household One Product" program is on-going at the following Tinkhundla Centres Nkwene, Mtsambama, Sandleni, Zombodze, Khubuta, Maseyisini, and Shiselweni 1. A group of 25 aspiring entrepreneurs were trained on honey production, 32 were trained on soil testing and fruit tree farming, and four Tinkhundla Centers (Gege, Motshane, Lugongolweni and Manzini South) were sponsored with machinery to support business development at the grass root level.

- SEDCO made presentations to 200 students from Mhlatane High School. The students were encouraged to start businesses while at school. Teachers were also requested to allow students to run micro businesses at their schools.

- 386 (248 previous quarter) aspiring entrepreneurs were trained on different business management related courses (25 on honey production, 32 on fruit tree farming and 329 on business management).

- SEDCO facilitated participation of eleven Swazi crafters in the Botswana SMME Fair 2011. The crafters were exhibiting their products during this event. E70,000 was received as sales from the Fair by SMMEs from Swaziland.

- SEDCO is aggressively promoting handcraft and the aim is to enter the global market. The following activities were undertaken:
    - SEDCO Pavilion at the Mavuso Exhibition and Trade Centre was allocated to Swazi crafters to showcase their products during the Swaziland International Trade Fair (SITF);
    - Five Tinkhundla Centers were allocated stalls to showcase their handcraft. These are Motshane, Gege, Siteki, Manzini South as well as Ndzingeni;
    - SEDCO facilitated a Flea Market for SMMEs during the SMME Day held at SITF;
    - Swazi Craft catalogues were distributed to potential clientele during the 2011 SITF;
    - A software compatible with Nedbank South Africa's banking system has been loaded to the craft e-shop to facilitate e-commerce; and
    - Negotiations with Nedbank for a Credit Card Facility are at an advanced stage.

- A Cabinet Paper on "Buy Swazi" has been finalised and forwarded to the line ministry for presentation to Cabinet.

- A Memorandum of Understanding between SEDCO and Nedbank Swaziland which seeks to address access to finance for SMMEs has been drafted and forwarded to Nedbank for endorsement.

- SEDCO and SIPA made a presentation to Shiselweni Region Honey Producers based at Mbangweni (Shiselweni 2 Inkhundla) and kaKholwane. The presentation was aimed at: creating awareness on honey production business in the region; motivating those already in honey production business to grow their businesses. The over 200 people who attended the presentation made requests for training on honey production; review of selling price per kilo from E19.50 to E26; SIPA to assist in soliciting international markets; and foresters to help accommodate hives at forests. A follow up on the training was made through an Agricultural Honey Specialist to train them on Business Awareness on Honey production. A group of 25 aspiring honey producers were trained.

- World Vision International invited SEDCO to present during the closing ceremony where certificates were awarded to 80 youth of Kukhanyeni Inkhundla who were trained by World Vision on Entrepreneurship. The presentations were held at Kukhanyeni Primary School. The platform enabled SEDCO to market her services.

- SEDCO was invited by Bulandzeni Trust Fund Committee to present on services provided by the company. The presentation was made to 25 people who intended to form a cooperative. An official from the Ministry of Commerce, Industry and Trade was also invited to present on the formation of cooperatives in Swaziland.

- SEDCO participated in the farmers' day organized by SWADE at Mpofu Playground. A lot of organizations exhibited their brands and products which included Banks, farmers' organizations, and business development service providers such as SIPA and SEDCO. 300 people visited our desk for enquiries on company registration, training and market issues. The purpose of this day was to exhibit products made by farmers and processors.

- SEDCO has developed an online shop for handcraft (http:// Shop.sedco.biz). The Swazi Craft online account is underway, thus, the account will be operational during the third quarter of the 2011/2012 financial period.

- SEDCO met a company from India called Matrix Global Private Ltd with a view of creating a link that will see SMMEs sourcing machinery that will suit their businesses. This company also provides technical needs assessment and training on technical skills.

Financial Situation

- A surplus of E1.98m (deficit of E1.1m previous quarter) was made against a quarterly budget of a loss of E120,500. This is due to deliberate delays on activities due to financial constraints.

- SEDCO's revenue was E4.76m (E1.68m previous quarter). Government has not released the subvention due to SEDCO.

- The total operating expenditure made up of personnel costs and administrative costs amounted to E2.78m (E2.78m previous quarter) compared to a budget of E3.44m.

- Personnel expenses amounted to E1.32m (E1.39m previous quarter) against a budget of E1.85m. The favourable variance of 28% is attributable to vacant posts not yet filled. Administrative expenses amounted to E1.46m (E1.39m previous quarter) compared to a budget of E1.59m. There is a favourable variance of 8%.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept 30**	**June 30**	**March 31**	**Dec 31**
Income	926,232	915,728	894,806	858,935
Expenditure	2,778,005	2,778,695	2,848,664	2,986,316
Operating Profit/Loss	-1,851,773	-1,862,967	-1,953,858	-2,127,381
Subvention	3,832,615	2,299,545	2,555,075	2,555,075
Surplus/Loss after subvention	**1,980,842**	**436,578**	**601,217**	**427,694**
Balance Sheet				
Fixed Assets	44,832,763	48,855,596	17,121,471	17,184,938
Investments	10,782,630	10,664,797	10,548,815	10,432,802
Current Assets	5,343,230	4,886,341	4,881,543	4,289,915
Current Liabilities	2,788,320	2,780,249	2,601,794	2,558,838
Net Current Assets	2,554,910	573,070	2,279,749	1,731,077
Employment of Capital	**58,170,303**	**66,626,485**	**29,950,035**	**29,348,817**
Share Capital	2,401	2,401	2,401	2,401
Retained Income	16,770,740	16,322,920	16,507,470	15,906,252
Fixed Asset Revaluation Reserve	28,978,015	41,269,115	9,408,115	9,408,115
Deferred Tax	12,419,149	4,032,049	4,032,049	4,032,049

Total Capital Employed	**58,170,305**	**66,626,485**	**29,950,035**	**29,348,817**

PEU Comments

The income generated by SEDCO remains relatively stagnant with slight increases from one quarter to another. The same applies to expenditure. Income only increased by 1% compared to the previous quarter. This means that SEDCO is not really rocking the boat but is very cautious in its income generation and spending. Unfortunately, times are changing and there is need for more aggressive measures to be taken by the enterprise to generate more revenue.

The Liquidity ratio stood at 10:1. The public enterprises liquidity ratio (including investments) was at 30.17:1 meaning that SEDCO is highly liquid and a number of initiatives can be undertaken by the parastatal that could generate income that will compliment the developmental and facilitation role that SEDCO under takes. Its dependence on government would then be reduced as self sustaining initiatives are undertaken.

The Rent Debtors Collection Ratio was 14.40 days compared to 10.25 days meaning that SEDCO is becoming lax in its collection of rentals. Debtors as of last quarter stood at E73,732 and have increased to E102,676 this quarter, a 39% increase. This means that there are many tenants that are in arrears in terms of their rent payments and SEDCO should closely follow these up before they become bad debts.

Conciliation, Mediation & Arbitration Commission (CMAC)
Parent Ministry: Ministry of Labour and Social Security

CMAC reported as follows for the quarter,

Operational Review

- To accomplish its mandate of providing an effective, speedy, accessible and fair dispute resolution and prevention services which is necessary to ensure labour peace and economic growth, CMAC received and attended to 331 cases and 712 enquiries compared to 290 cases and 777 enquiries the previous quarter, respectively.

- The Commission's performance for the quarter is outlined below.

Key Performance areas	Targets	January to March 2011	April to June 2011	July to September 2011	Comments on target and previous quarter
Handled cases	-	436	290	331	14% increase
Enquiries	-		777	712	8% decrease
Screened out cases	-	145	63	34	Decreased by 49%
Processing rate	95%	62%	86%	79%	16% off target & decreased by 7%
Settlement rate	60%	34%	43%	47%	13% off target & increased by 4%
Pending cases	2%	40%	45%	19%	17% below target and improved by 26%
Arbitration duration	45 days	86 days	53 days	61 days	16 days off target and increased by 8 days
Average conciliation duration	21 days	17 days	18 days	26 days	5 days off target and increased by 8 days
Arbitration referrals	28 cases	23 cases	16 cases	18 cases	10 cases above target and increased by 2 cases
Release of arbitration awards	21 days	38 days	32 days	24 days	3 days off target and declined by 8 days
Default judgments received	6 cases	2 cases	6 cases	4 cases	2 cases above target and decreased by 2 cases
Service of invitations	95%	99%	100%	100%	5% above target and maintained the same status

- This quarter's performance improved on some areas when compared to the previous quarter. Processed cases shot up to 331 from 290; the settlement rate was on the rise with the quarter recording 47% compared to 43% the previous quarter. Arbitration referrals escalated to 18 cases and the release of arbitration awards improved by 8 days when compared to the previous quarter. Service of invitations recorded a 100%.

- 24 arbitration cases remained active at the close of the quarter, with 18 new referrals, 5 overdue awards and 15 awards issued.

- In the dispute distribution by Employment Sector, the retail sector continued to dominate accounting for 29% of all the processed cases, reflecting a 2% increase from the previous quarter. Security followed at 12%, transport 9%, textile at 6%, Government at 6%, Agriculture at 6%, hotel and catering at 5%, parastatals (5%), construction at 5%, manufacturing at 3%, Education at 3%, NGOs and Associations at 3%, and Domestic at 3% accounting for over half of the overall cases accepted into the Commissions mainstream processes.

- In the dispute distribution by category, unfair dismissal continued to take the lead with 60% indicating a 3% decline from the previous quarter (63%). Unfair terms and conditions were again on second position at 12%. Disputes over unpaid wages increased by 3%, disputes over terminal benefits decreased by 3% and other disputes increased by 2%. Less activity was seen in unpaid leave, retrenchments, collective agreements, unlawful suspension, overtime and unfair discrimination.

- The quarter reflected a wave of industrial unrest under the other activities category. Unprotected strikes increased to five (5) from one (1) recorded the previous quarter, picketing increased to two (2) from zero (0) and protests increased to seven (7) from (0) zero. This can be attributed to the economic recession that is not only affecting the country but is also felt worldwide.

- The process of updating CMAC asset register was complete. The outstanding offices of Manzini and the Head office were fully covered.

- In relation to the CMAC website, a total of 7617 visits were recorded compared to 6526 the previous quarter reflecting a 16.7% increase. Pages accessed and new visits to the website recorded a slight increase when compared to the previous quarter.

- A management decision has been made to post Arbitration awards onto the website. The process will commence in the next quarter and will be an ongoing process. This basically means that now the general public will have access to the awards.

- The Commission procured four (4) new arbitration Law Reports this reporting period.

- One resignation was received during the reporting period bringing the attrition rate to 3% compared to 0% the previous quarter.

Financial Situation

- A deficit of E941,360 was recorded compared to a deficit of E1.77m the previous quarter. This was a result of the E2.36m outstanding subvention from Government.

- Total expenditure incurred amounted to E2.62m compared to E2.63m the previous quarter. Budget for the quarter was E2.59m resulting in an adverse variance of 1%.

Outlook

- A management decision has been made to post Arbitration awards onto the website. The process will commence in the next quarter and will be an ongoing process.

- Submission of a European Union proposal for E1m funding for training SMEs on Alternative Dispute Resolution.

- Finalisation of Commercial Services Business Plan.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Income and Subvention	1,675,028	851,742	2,466,129	2,451,186
Expenditure	2,616,388	2,620,182	2,438,725	2,604,011
Surplus/Deficit	**-941,360**	**-1,768,440**	**27,404**	**-152,825**
Balance Sheet				
Fixed Assets	2,446,074	2,446,074	2,446,074	2,523,794
Investments	3,256,900	4,013,082	6,448,469	6,080,590
Current Assets	475,598	837,849	373,738	530,054
Current Liabilities	489,106	723,240	711,833	594,165
Net Current Assets/Liabilities	-13,508	114,609	-338,095	-64,111
Employment of Capital	**5,689,466**	**6,573,765**	**8,556,448**	**8,540,273**
Share Capital				
Government Subvention/other Grants	2,119,499	2,119,499	2,119,499	2,119,499
Retained Income	3,523,163	4,395,324	6,365,426	6,338,024
Long Term Loan	46,805	58,943	71,522	82,750
Total Capital Employed-	**5,689,466**	**6,573,766**	**8,556,447**	**8,540,273**

PEU Comments

It is noted that the Commission handled 331 cases compared to 290 cases the previous quarter indicating an increase of 14%. This is an indication that there is a wave of industrial unrest in the country which has a negative impact on the economy.

Although an improvement was noted in the settlement rate, pending cases and release of arbitration awards, the Commission did not perform well when compared to the key performance areas as the performance was below target, save for the arbitration referrals, default judgements and service invitations.

The Commission received E56,750 from tariffs compared to a budget of E20,000 resulting in a favourable variance of 42%. This was mainly due to increased demand of trainings offered by the Commission during the period under review. The Commission took an initiative to cut down on its costs by suspending some of their activities such as staff training, purchasing of new assets such as computers/laptops, engagement of consultants for professional fees and preferential cell phone arrangements for senior staff.

Due to the delayed subvention, the Commission continued to deplete its reserves in order to finance its operations. The Commissions investments have decreased by 18% when compared to the previous quarter.

CMAC must continue to provide services mandated by their establishment act and work for the improvement of their performance in terms of meeting their target areas.

SWAZILAND STANDARDS AUTHORITY (SWASA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SWASA reported as follows for the quarter,

Operational Review

- The engagement and the immediate assumption of duty by the substantive Chief Financial Officer brought the much needed financial expertise and a full time report on the matters of finance. Compared to the last financial year, this gave order to the finance office and implied a close eye on the cash-flow of the enterprise.

- The core departments continued with their work, with Technical Committees (TC) sitting and the auditors engaging in capacity building and the drafting of operational procedures for their departments.

- The TC members have had to go without their sitting allowances as funds were not sufficient to pay all of them. By the end of this quarter, the standards were ready to be reviewed by the Swazi public for the purpose of making input by way of comments and questions.

- Capacity building workshops and meetings have also continued and most of these have been fully sponsored. The only commitment that SWASA had here was the transit allowance which in itself was beginning to pose a challenge. These international meetings come at an ad hoc rate, which makes it difficult to plan for yet it is critical to attend them for the enterprise to stay relevant.

- SWASA is thankful to Standards Australia and SIDA who hosted a SWASA staff members for more than 4 weeks to impart some knowledge to them.

- The challenges concerned with the non-market related compensation packages at SWASA continue to persist. The solution to these challenges seems to be moving further away due to the current financial crises with the funding agency. To make matters worse, SWASA still does not generate sufficient income to cover these gaps. The Council of SWASA still feels the need to engage this issue on a much higher level as it has the potential to be explosive. However, operations continue and have been made much leaner in order to fit within the funds available. The meetings of the oversight body have been reduced to once a quarter even though this may be a problem when there is a dire need for financial matters to be discussed. The existence of the Finance sub-committee of Council, however, relieves the need to convene a full Council meeting and management gets to be advised on time.

- All SWASA committees established in terms of the SWASA policies are fully functional. The committees are the Human Resources Committee (HRD), Safety Health and Environment Committee (SHE), Ethics Committee and the Wellness Committee. These committees were established to assist the Corporate Affairs Office in the implementation of SWASA policies. So far the SHE committee has been the busiest since its scope of operation is improving work place safety.

- The formation of the SWASA Staff Association progressed. Office bearers were identified and by the end of the quarter the association was ready to hold an initial meeting with management. This Association will be the best tool to ensure that SWASA management and staff cooperates and communicate smoothly and will make clear the areas that the pending Human Resources Manager will have to address. Amongst these will be to work with the staff Human Resources Development Committee to highlight the staff capacity gaps that exist within the SWASA staff structure. The overall capacity gap scoping exercise is still pending finalisation as the Corporate Affairs office started it two quarters ago.

- The core business of SWASA, in the way of standards development continued unabated. The process of the development of standards has had to be reviewed in light of the financial challenges. The TC members have indicated that they do need to be given travelling allowance. This particularly applies to the Consumer Association which does not have the resources to reach the meeting venues should SWASA fail to provide the transport allowance. Representation has been from both the private and the public sector, even though it is beginning to wane in the latter due to the national position. Even though this is the case, it is encouraging to SWASA to see that the zeal of the nation to standardise the country is still very high.

- Since the setting of the national standards has become an on-going process, SWASA have had standardisation projects that are at the committee stage, some just coming out of public review in readiness for approval and others ready to go into public review. The sectors that these standards will be used include food and agriculture, health, chemicals and textiles, information technology, water and banking. The pleasing factor is that some will be used in the regulatory domain. When the regulations of Swaziland start to refer to standards that have been interrogated and adopted by the Swazi citizens, it may be safely assumed that the people of Swaziland have started taking the future of the country in to their own hands and are now responsible for the sustainability of the economy.

- The Technical department has managed a decent degree of activity as 14 walk-in clients were entertained by the information centre. These were people that have issues that need to be addressed with the application of standards and they were in need of advice and access to standards that would address their businesses. SWASA was able to assist these clients drawing from the relationships that are held with organisations that are involved in standardisation, mostly outside Swaziland.

- Sixty (60) notifications were received from the World Trade Organisation (WTO). These were disseminated to relevant stakeholders in the private sector whose businesses would be well warned if they were aware of the standards demands of global trading partners. Still pending and hopefully to be achieved in the next quarter, is the education of these stakeholders on the meaning and the use of the WTO notifications.

- The Technical department is kept in the loop of the international developments in the field of standardisation, as it received 68 standards from the International Organisation for Standardisation (ISO). Less than 10% of these standards were relevant to Swaziland. This may be the case but for a small country, it is quite impressive to find that even a single standard has an impact on the country. It may just happen that the standard is the sole economic lifeline of the country and if it is deliberated at ISO without the input of the people of Swaziland, may be detrimental. SWASA therefore finds it very important to keep a watchful eye on the standards that come out of ISO. It also enables the authority to advise national stakeholders on the new technological developments in their business sectors. As is the norm in the business, the ownership of the standards that are developed at ISO has implications of the distribution of intellectual property which has to be paid for. This is how the department sold 12 standards to stakeholders who either wanted to use them for implementation or training. Additional resource materials from ISO also came in the form of 4 ISO Focus magazines which are a valuable source of standardisation inspiration, especially for the standards-writing officers.

- The Training unit of the Technical department added more standards trainers on the Swazi economy. The continuation of the European Commission supported Competitiveness and Trade Support Program saw the qualification of 50 people in the Food and Agriculture sector in both Global Good Agricultural Practice (GGAP) and GAP. As the facilitator of these train-the-trainer sessions, SWASA benefitted by training some of the SWASA staff along with the national candidates. These become very resourceful to the Training unit whenever SWASA is called upon to offer enlightenment to national stakeholders. The SWASA course on ISO 9001:2008 was offered to one company and the reviews received were positive in that all the participants felt that the training was worth being recommended to other people.

- Much as the work of the Technical department seems to be progressing smoothly save for some shortages of IT tools for the editing and publication of the standards projects that are being produced. On the actual texts of the standards, the one problem that is encountered is the shortage of national legal texts that sufficiently complement the object that the standards set out to achieve and this is a matter that will be addressed with the National Technical Regulations Liaison Committee (NTRLC).

- In line with the developmental objectives of the Quality Assurance department, the certification auditors have therefore, been engaged in the development of the new product certification policies and procedures. This has been a more intricate process as products are wide and varied and may come either as bulk and once off or out of a continuous manufacturing process. Unlike the management systems certification process that was presented to the Council for approval in the preceding quarters, this development process has not had the benefit of an ISO sponsored national workshop. The manager for this department however attended an African regional workshop at which the principles of product certification were discussed. This knowledge was passed onto the certification auditors in an internal working session, hence the draft policies and procedures of this certification system have been realised.

- The certification auditors had to refer to a number of ISO and IEC guide and standards that have be developed through and are the responsibility of ISO/CASCO, the conformity assessment committee at ISO. The titles of these documents indicate the various aspects that the certification auditors to be skilled at and according to which they have to execute the certification process on a client. These are: ISO/IEC Guide 67:2004, *Conformity assessment – Fundamentals of product certification;* ISO/IEC Guide 28:2004, *Conformity assessment – Guidance on a third-party certification system for products;* ISO/IEC Guide 53:2005, *Conformity assessment – Guidance on the use of an organization's quality management system in product certification;* ISO/IEC 17030:2003, *Conformity assessment. General requirements for marks of conformity;* ISO/IEC Guide 65:1996, *General Requirements for Assessment and Accreditation of Bodies Operating Product Certification System.*One of the guides is still under development into a full standard and this only goes to emphasise the gravity of the procedure that leads to the issuance of a third party assurance certificate.

- The laboratory and testing function at SWASA received many requests and enquiries for testing, which ranged from highly technical electronic goods, to health products and as is normal in all African countries, concerns for the safety of food. Since the function of addressing consumer issues has an element of marketing, the information that came with the consumer issues was used to do some marketing above board. The consumer issues seem not to be declining and this shows two things; that the Swazi people are now aware of their rights to quality and that the opening of the Swazi economy with globalisation is bringing more new suppliers on the local market, some of which are standards defaulters. This compels a natural cooperation between the officer responsible for Testing and Laboratory Services and that for the Consumer and Public Interest Unit (CPIU).

- Added to this was the marketing function which was hosted in the CPIU due to the absence of the substantive marketing officer. The marketing function benefited from the information that was obtained through the Testing and Laboratory Services and the Consumer and Public Interest Unit. These were used to generate articles in the weekly newspapers with the whole aim of creating awareness and promoting responsible supply and consumption.

- As the Quality Assurance department was working, more gaps for relationships with other national entities were identified. The relationship would be seen as important due to the benefits that would arise from the relationships that the entity has externally and also because of their national standing as some government recognised authority. In addition to the institute that specialises in research in indigenous medicinal plants, based at the University of Swaziland; SWASA had to formalise a relationship with the Licensing Department of the Ministry of Commerce, Industry and Trade. The aim of this relationship is to ease the approach of suppliers that pollute the Swazi market with sub-standard commodities; as well as those that supply faulty goods and renege on their part of the obligation in the service contract.

- Work with the Swaziland Revenue Authority continues and the net is getting tighter on the rooting out of irresponsible and unethical suppliers. The synergy amongst national authorities is not only forced onto SWASA by the financial crisis but also by the realisation that enforcement of the rules of commerce lies more in coordination than fragmentation. Coordination has also been taken externally as SWASA successfully refuted claims that there was a substandard product of Tanzanian origin that was circulating in the country. The Tanzania Bureau of Standards lauded this show of good regulatory cooperation shown by SWASA. This has prompted collaboration amongst more national standards bodies in the SADC region.

- The manager of the Quality Assurance department was seconded to spend four weeks in Sweden to take part in a course titled “Quality Infrastructure Development in Support of World Trade”. As the slogan for this year’s World Standards Day goes, “International Standards, creating confidence globally”, it was imperative to permit the manager to undertake this training in preparation for the certification process. It is important for a person in that position to understand the forces that are at play on the international market when it come to the exchange of good in trade based on the validity of the results of certification. This requires the understanding of how the various fundamental parts of the national quality infrastructure fit together in supporting a lucrative national or international trade.

- By the end of the quarter, the function of industrial metrology was still awaiting a response from a project proposal that was submitted to UNIDO. As with all multi-economy projects, it was anticipated that the response and the beginning of this project would not be overnight. At national level SWASA still needs to hold second round discussions with the other national stakeholders that have to contribute to the implementation of the project. This is especially so because SWASA is the entity that does not have the laboratory infrastructure but only has the international recognition as the national custodian of these matters as well as the national responsibility. This is the only plus that SWASA has to leverage in order to benefit the delivery of these services to the nation as mandated by the founding Act.

- The challenges of the Quality Assurance department are firstly based on the non-ownership of testing facilities which requires that the testing function be outsourced to laboratories whose accreditation may not be authentic. The initial financial investment by government would have been the best solution as this is a highly lucrative business, which is why the continued absence of these services in Swaziland is a status quo that benefits the international forerunners, much to the disadvantage of the Swazi market and the local industry.

Financial Situation

- SWASA has a book surplus of E226, 376 due to delayed activities since funds are not readily and timely released, and some of these activities will only be undertaken when the funds are released by Government.

- Expenses totalled E1.76m

Outlook

- The best way forward for SWASA now is to intensify the offering of the standards-based training. In the sphere of standards-based training, the tough economic times of Swaziland have proven to be a blessing as some of the groups trained have confessed that they would not have used SWASA if it had not been for the shortage of funds. Fortunately, they also found that the quality of training that SWASA offers is worth paying for. This then justifies SWASA's engagement in this activity even though reluctantly.

Financial Statements

Income Statement	**2011 Sept 30**	**2011 June 30**	**2011 March 31**	**2010 Dec 31**
Income (Subvention)	1,935,000	1,935,000	1,700,220	1,700,220
Other Income	75,717	69,740	-	1,589
Expenditure	1,784,341	1,756,670	1,655,800	1,638,040
Surplus/Loss after subvention	**226,376**	**248,070**	**44, 420**	**63,769**

Balance Sheet				
Fixed Assets	1,377,940	1,434,991	1,616,237	1,550,616
Current Assets	2,228,840	1,507,497	261,985	353,626
Current Liabilities	1,942,876	1,532,730	421,221	304,643
Net Current Assets	285,964	-25,233	-159,236	48,983
Employment of Capital	**1,663,904**	**1,409,758**	**1,457,001**	**1,599,599**
Retained Income	1,663,904	1,409,758	1,457,001	1,599,599
Total Capital Employed	**1,663,904**	**1,409,758**	**1,457,001**	**1,599,599**

PEU Comments

The current ratio has improved when compared to last quarter as it now stands at 1.15:1. This means that the public enterprise is fairly liquid. Current liabilities were high at the end of the quarter at E1.94m which means that SWASA could pay some of her creditors with the available cash. Nevertheless, the enterprise is considered not to have good short-term financial strength as the ratio fluctuates from one quarter to another. Some expenses are not settled in order to remain with operating cash flow until the receipt of the next subvention.

SWAZILAND COMPETITION COMMISSION

Parent Ministry: Ministry of Commerce, Industry and Trade

The SCC reported as follows for the quarter,

Operational Review

- In order to meet its operations, the Commission was initially allocated a budget, of E1.7 Million falling way too short of what would be required for its operations. This necessitated negotiation with PEU and the Ministry of Finance which saw an additional offer of E2 million being availed resulting in the final budget being E3.7 million.

- The Commission has applied for Technical Assistance for two experts, for a 12-18 month period, for the Mergers and Acquisitions Department, as well as the Enforcements and Cartels department.

- During the quarter, officers from the Commission participated in the 2011 International Competition Network (ICN) Cartels workshop that was hosted by the European Commission and was held in Brussels, Belgium. The workshop was essentially a symposium where competition agencies, non-governmental advisors and lawyers specialising in competition law from over 43 different states shared experiences and also got to learn from the experiences of those countries whose competition authorities are now well established. Countries who had just established their competition authorities (like Swaziland), were given special sessions on how to develop their Corporate Leniency Policies as well as how and when settlement agreements should be used as alternative resolution to Cartel conduct.

- Officers from the Competition Commission attended the National Workshop of the COMESA/SADC/EAC on the Harmonisation of 3rd Party Motor Vehicle Insurance Schemes during the quarter, with officers from the SADC Secretariat, the SADC's consultant, representatives of insurance companies, transport associations (freight and passengers), the Registrar of Insurance, the Motor Vehicle Accident Fund, The Royal Swaziland Police, and various Government departments. The objective of the workshop was to educate and gather the views of affected parties on the introduction of the Yellow Card scheme for 3rd Party Motor Vehicle Insurance. The Commission continues to participate in a series of meetings that are on-going where the process of harmonisation continues to be discussed.

- The Commission also participated in the 5th Annual Competition Commission in Johannesburg, South Africa where issues affecting regional competition agencies were presented and discussed. The leading(well established)Competition agencies in the region such as South Africa, Zambia, Kenya etc. gave accounts on the development of competition law and policy within their countries whilst also highlighting lessons that can be learnt by newly established Competition agencies.

- During the quarter, the Commission participated in the Roundtable on SADC Regional Competition Policy in Gaborone, Botswana where the co-ordination of COMESA, SADC and EAC was deliberated upon under the rubric of the COMESA/SADC/EAC Tripartite Agreement. In attendance were officers from the SADC countries, consultants, UNCTAD and the competition authorities of all SADC countries or the responsible government ministry in countries that have yet to establish a competition authority. The request was made and accepted for greater co-operation and technical assistance especially from those member-states with well-established competition authorities towards those with younger competition authorities. The Commission looks forward to attending further discussions on the applied harmonisation of competition law and policy amongst SADC member states.

- On mergers, as pointed out by the Competition Act 2007, a Merger means "the Acquisition of a controlling interest in:

- Any trade involved in the production and distribution of any goods or services; or
- An asset which is or may be utilised for or in connection with the production or distribution of any commodity."

- In following its internal and external merger guidelines with the purpose of fulfilling its mandate, of authorising Mergers and Acquisitions the Commission is pleased to report that it has successfully approved five (4) Mergers, these are:

  i. ***Acquisition of Cashbuild (Swaziland) (Pty) Limited by Cashbuild Management Services (Pty) Limited -*** Cashbuild Management Services purchased SWAKI Investment Corporation's 50% share in Cashbuild Swaziland, resulting in Cashbuild Management Services owning 100% of Cashbuild Swaziland.

  ii. ***Acquisition of Fortis Enterprises t/a Langa Brick Limited by K. Sprague and L.A.M Sprague -*** The transaction was a joint acquisition of 83% share in Langa Brick by individuals K. Sprague and L.A.M Sprague, resulting in Langa Brick being 100% owned by Swazi Citizens.

  iii. ***Acquisition of EASIWIN Lotteries (Pty) Limited by Vukani Gaming Corporation (Pty) Limited -*** Vukani Gaming corporation entered the Swaziland slot machine gaming industry through an acquisition of 80% of Easiwin Lotteries, which was previous to the transaction 100% owned by Swazi Citizens. This was a small merger which did not attract any notification fees.

  iv. ***Acquisition of Sinkhwa SemaSwati Limited t/a Mr. Bread Swaziland and Swaziland United Bakeries (Pty) Limited by Premier Group (Pty) Limited*** - The Commission authorised a merger in 2009 between Mr Bread and SUB; Premier Group Limited sought to enter the Swazi bread market by purchasing shares from the merged firms SUB and Mr Bread. Premier Group will be a major shareholder, holding 61.8% shares in the company, Premier Swazi Bakery, incorporated for the purposes of this transaction. The balances of the shares, 38.2%, are held by Swazi citizens.

- Enforcements and Cartels Department - As enumerated in section 11 of the Competition Act 2007, "The Commission shall monitor, regulate and prevent acts or behaviours which are likely to adversely affect competition in the country."

- The objectives of the Enforcements and Cartels Department are:

  a) To curb competition-distorting business practices, that may cause substantial loss of economic efficiency and consumer welfare.

- To this end, the Commission has received information and complaints about alleged anti-competitive activities in the Medical Aid Schemes sector and is currently conducting its investigations.

Financial situation

- There was a net surplus of E2.06m after having received a subvention of E2.4m. Own revenue derived from fees and other income amounted to E1.31m and other income of E2, 330.

- Expenditure for the quarter stood at E1.68m, indicating increases in their wage bill of E303, 680 due to recruitment of staff.

Outlook

- The main challenge that the Commission has been faced with is financial constraints as a result of the Government's Fiscal position. The revenue accrued however, from the earlier mentioned mergers has assisted the Commission in meeting some of its obligations. It should be pointed out that irrespective of the revenue, it is imperative that a more substantive Government subvention in the coming financial year be availed in order to ensure the survival of the Commission.

Financial Statements

	2011	2011	2011	2010
Income Statement	**Sept. 30**	**June 30**	**March 31**	**Dec 31**
Subvention	2,427,500	2,000,000	1,425,000	1,425,000
Other Income/fees	1,313,694	1,393,810	1,553,224	879,801
Expenditure	1,680,622	582,632	2,210,037	1,268,445
Operating Profit/Loss	**2,060,572**	**2,811,178**	**768,187**	**1,036,356**
Balance Sheet				
Fixed Assets	858,315	660,734	674,501	699,749
Investments				0
Current Assets	4,063,859	5,132,409	2,560,291	2,566,839
Current Liabilities	21,384	75,896	268,723	0
Net Current Assets	4,042,475	5,056,513	2,291,568	2,566,839
Employment of Capital	**4,900,790**	**5,717,287**	**2,966,069**	**3,266,588**
Capital and Reserves	2,840,218	2,906,069	2,230,224	2,230,224
Retained Income	2,060,572	2,811,178	735,845	1,036,356
Capital Employed	**4,900,790**	**5,717,247**	**2,966,069**	**3,266,588**

PEU Comments

Although the SCC is a young and teething organization, it has been able to generate E1.31m in fees this quarter and E1.39m last quarter. There was some recruitment of staff in the quarter, but the SCC has not yet had a full staff complement. It had an operating surplus of E2.06m compared to E2.81m last quarter. We urge the SCC to recruit a substantive CEO for the organization as required. It has a healthy current ratio at 190:1 and was 67.62:1 last quarter.

UNIVERSITY OF SWAZILAND (UNISWA)

Parent Ministry: Ministry of Education and Training

UNISWA reported as follows for the quarter,

Operational Review

- This quarter marked the beginning of the 2011/2012 academic year. The commencement of lectures was delayed by three weeks due to financial difficulties faced by the Institution and the delayed disbursements of tuition fees for students sponsored by Government.

- The Government of Swaziland did not sponsor all accepted students as per the norm. In view of that fact, the University introduced the payment of tuition fees per semester for the self sponsored students, and the registration of these students was extended to allow them to source funds.

- There was a class boycott by students that lasted only two days but did not cause the University to close down.

Capital Projects

- Academic Precinct Development at Uniswa – Kwaluseni – The delivery of equipment donated by Swaziland Electricity Company (SEC) was completed and there will be an official handover of the equipment.

- Expansion of Teaching and Office Space at Uniswa - Luyengo – Work on the ceiling was completed and the consultant was working on the final account of the project.

- Kuwait Sports Emporium at Uniswa– Kwaluseni - The contractor was working on the swimming pool finishes and was expected to be complete during the last week of October 2011. Final completion and handover of the project was expected to be before the end of December 2011.

- National Crop Production Centre – Luyengo – The contractor was working on the finishes of the building and the project was about 97% complete. The consultants have reduced their input and participation because of non payment.

- Rehabilitation of Infrastructure and Equipment at UNISWA – The rehabilitation of the Library roof was suspended for four (4) weeks due to non payment. After being paid, the contractor resumed work. The late payments are likely to result in work delays and cost escalations.

Financial Situation

- A surplus of E3.01m was realised compared to a deficit of E36m recorded the previous quarter.

- Total revenue for the quarter amounted to E81.23m compare to E48.32m the previous quarter. Budget for the quarter was E82.05m resulting in an unfavourable variance of E826,636.

- Total operational expenditure amounted to E78.22m compare to E84.33m the previous quarter. The budget for the quarter was E82.05m resulting in a favourable variance of E3.84m. This was due to salaries and emoluments and other expenses performing below budget.

Outlook

- Official handover of furniture donated by Swaziland Electricity Company (SEC) for the Academic Precinct Development at UNISWA.

- The future development plans of the University have been disturbed by the financial challenges faced by the country. As a result, the University will re-assess its financial position and map out some short and medium term survival strategies.

- The ongoing projects will be funded as much as possible in order to bring the work to completion. However, the approach shall be to defer huge projects if there are no resources for those projects.

Financial Statements

Income Statement	**2011 Sept 30**	**2011 June 30**	**2011 Mar 31**	**2010 Dec 31**
Income	38,448,692	4,987,802	19,414,990	56,458,984
Expenditure	78,215,498	84,329,306	88,172,395	86,551,663
Operating Profit/Loss	**-39,766,806**	**-79,341,504**	**-68,757,405**	**-30,092,679**
Subvention	42,777,672	43,336,932	60,396,277	85,396,277
Surplus/Loss after subvention	**3,010,866**	**-36,004,572**	**-8,361,128**	**55,303,598**

Balance Sheet				
Fixed Assets	160,722,225	156,183,378	133,727,331	133,326,422
Investments	13,124,239	13,046,278	8,058,025	7,800,105
Current Assets	86,254,109	58,387,602	66,541,674	150,680,597
Current Liabilities	98,091,241	102,916,550	109,604,397	158,241,548
Net Current Assets	-11,837,132	-44,528,948	-43,062,723	-7,560,951
Employment of Capital	**162,009,332**	**124,700,708**	**98,722,633**	**133,565,576**
Non Distributable Reserves	84,545,677	84,545,677	46,645,928	46,645,928
Distributable Reserves	10,554,982	-21,886,584	7,714,337	44,693,391
Other Funds	47,818,373	42,951,315	5,126,913	3,310,814
Long Term Liabilities	19,090,300	19,090,300	39,235,443	38,915,443
Total Capital Employed	**162,009,332**	**124,700,708**	**98,722,621**	**133,565,576**

PEU Comments

Compared to a deficit of E36m realised the previous quarter, the Institution recorded a surplus of E3.01m this reporting period. This was mainly due to the increase in other income which comprises of tuition and residential fees, as it was the beginning of the academic year. This also resulted in the increase the cash and cash equivalent account by 45% when compared to budget.

It is noted that the University couldn't open on time due to financial difficulties faced by the Institution and the delayed disbursements of tuition fees by Government for students sponsored by her. If Government's fiscal position remains the same, it is evident that UNISWA will continue to face financial problems. It is imperative that the institution must be proactive and find activities that will earn income so they don't fully relay on Government subvention.

All capital projects were almost complete although they were experiencing financial difficulties due to delayed payments which affected the progress and delivery of the capital projects.

SEBENTA NATIONAL INSTITUTE (SEBENTA)

Parent Ministry: Ministry of Education and Training

Sebenta reported as follows for the quarter,

Operational Review

Statistics Quarterly Report for the End of September 2011.

Table (a)

Details	Classes		Facil.		Learners		Females		Males		Females 10-18		Males 10-18	
Regions	S	E	S	E	S	E	S	E	S	E	S	E	S	E
Mbabane	22	25	18	17	263	284	123	117	102	99	16	11	22	13
Piggs Peak	2	9	2	4	16	68	15	13	1	25	0	14	0	25
Manzini	9	11	9	10	102	118	64	68	14	27	38	13	10	13
Sidvokodvo	12	11	11	9	127	145	104	132	18	6	2	2	3	5
Hlutie	13	13	13	13	209	136	174	114	18	8	12	9	5	5
Nhlangano	4	2	4	2	66	26	43	22	2	1	10	3	11	7
Siteki	24	17	24	17	371	261	284	201	20	36	37	13	31	11
Big Bend	18	13	18	13	285	193	210	144	25	39	24	8	26	2
Mankayane	9	10	8	9	104	103	63	59	17	35	12	2	12	7
Sub-Total	113	111	107	94	1543	1334	1080	870	217	276	151	75	120	88
Grand-Total	224		201		2877		1950		493		226		208	

Comment:

The table above shows that the total number of learners has gone down by 17% as compared with the last quarter of June 2011. This also shows that the number of classes declined from 253 to 224. Whilst some classes have completed and others due for graduation, some were halted as a result of absenteeism. Absenteeism in Sebenta classes is highly attributed to lack of food. This was expressed by the learners during the recent census. The above table (a) shows all classes including the skill or NUPE classes.

Table (b).

Details	NUPE		Skills programme					
Regions	Class	Learners	Sewing		Carpentry		Building	
Mbabane	21	95	3	40	1	10	1	8
Piggs-Peak	2	9	-0-	-0-	-0-	-0-	-0-	-0-
Manzini	3	35	-0-	-0-	-0-	-0-	-0-	-0-
Sidvokodvo	-0-	-0-	3	30	-0-	-0-	-0-	-0-
Hlutie	-0-	-0-	2	18	1	4	-0-	-0-
Nhlangano	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Siteki	2	21	3	53	-0-	-0-	-0-	-0-
Big Bend	-0-	-0-	1	14	1	6	-0-	-0-
Mankayane	1	16	-0-	-0-	-0-	-0-	-0-	-0-
Total	29	176	12	155	3	20	1	8

Comment:

Table (b) shows NUPE and the skills classes. The NUPE classes in the Mbabane region were on hold just for one month due to the fact that the facilitator left the organization to pursue her studies. However, this has been solved because she has been replaced and everything is now back to normal. The above table (b) indicate that the NUPE learners are only 6.1% of the total learners that are attending the Sebenta adult programme.

Graduation/ Certificate presentations

Table (c)

Region	Programme	Number of graduates
Mbabane	Basic English Post Basic English	3 2
Siteki	SiSwati	15
Sidvokodvo	SiSwati	10

Comments:
Table (c) shows regions that have held certificate ceremonies.

- The exercise on the completion of informal schools construction is progressing well and E2, 998 has been spent towards the project during this quarter.

- During the quarter under review NUPE and life skills classes have been found to be operating fairly well. The aim of this project is to ensure that all orphaned and vulnerable children have access to basic literacy, life skills and Non-formal Upper Primary Education (NUPE).

- **Academic Provision -** The Institute provides basic and post basic literacy education to orphaned and vulnerable children, youth and adults throughout the Kingdom. This basic plus post basic education has expanded to accommodate the provision of Non formal Primary Education to over aged children and young adults for Grade Seven equivalent exam.

- **Universal Primary Education -** In partnering with the Ministry of Education and Training in the provision of Free Primary Education, Sebenta has achieved the following:
  a) Identified the number of over aged children in the country;
  b) Identified schools and facilitators that will offer the Non-formal Primary Education (NPE) programme; and
  c) Trained 14 facilitators for the provision of Non-formal Primary Education (NPE) to over-aged children in formal schools.

- The Institute attended a workshop for the presentation of the Study on the Youth and Adult Education situation in Swaziland. It was held at Esibayeni Lodge on the 29th September, 2011.

- The Institute also attended three Bible Society meetings where discussions were carried out concerning collaboration and drawing of a memorandum of understanding between the two organizations.

- A three days workshop organized by the Swaziland National Campaign for Education for All (SWANCEFA) at Thokoza Church Centre in Mbabane was attended. The major activity was the drawing of a strategic plan for the organization.

- **Strengthening the monitoring and evaluation of Sebenta National Institute -** A Census on children aged 10-18 years attending Sebenta classes has been made and the data collection exercise has been finalized. Currently it is at the report writing stage. This exercise is funded by UNICEF.

- **World literacy day** - Every year the International Literacy Day falls in this quarter, it is celebrated on the 8th of September. This year's Theme was Literacy for Peace. The Institute translated the Director General's Message Irina Bokova from English to SiSwati and a radio programme was produced for this day. The speech was sent to electronic and print media.

- During this quarter three community meetings where presentations on the Skills programs offered by Sebenta were held and as a result three sewing classes were opened at Nceka, KaMswati and Mvuma.

- **Review and Alignment of the Curriculum -** The review and alignment of the non formal curriculum with formal primary curriculum is progressing well. A meeting was held between the Sebenta Curriculum Team and the Review and Aligning Consultants. At this meeting both parties looked at the document which had terms of reference for the aligning exercise. E49, 987 has been paid to the consultant during the quarter ending September 2011 as per the memorandum of Agreement (MOA) which requires an initial payment at signing of the agreement. This project is fully sponsored by UNICEF.

- **Wellness Programme -** The wellness programme is still in progress even though no expenditure was incurred towards this activity during the quarter ending September 2011. The Institute participated in the Peer Education Training which was held at Caritas Education Centre from 5 to 8 July, 2011. The Institute also participated in the Peer Educators' Training as well as Administrators' workshop hosted by SWABICHA.

- **Income Generation for Sebenta National Institute -** As means of improving sustainability, the Institute has the following income generation projects:
  a) Catering and Accommodation - This department still continues to generate income through renting out the facilities and cooking lunch for staff and the public. The department further provides catering services for workshops held within the institute. E15,930 has been generated from catering;
  b) Print shop - The Printing Department as a supporting unit is used to print and publish Literacy Materials and other office print-works necessary for running the Institute. In addition to this, the print shop extends its services to the external market. An income of E28,775 has been generated from print works;
  c) Registration and Tuition - E7, 420 has been generated from registration and tuition.

Financial Situation

- Sebenta generated own income of E110, 447 this quarter and E745, 334 was by way of subvention and a grant from UNICEF of E192, 677. As shown by the financial statement, the subvention received is less than the operational expenses. This resulted to a deficit of E611, 721.

- Total expenses amounted to E1.66m compared to E1.58m in the previous quarter as shown by the income statement. The increase can be justified by the payment of Audit fees and the part payment of the consultant for curriculum review. These transactions have a major effect on the difference.

Outlook

- With the introduction of the Free Primary Education in the country, the Ministry of Education is partnering with Sebenta to support the NUPE Programme for over-aged children. Sebenta has begun the roll-out of the programme in its second year with its teething problems.

Financial Statements

Income Statement	2011 Sept. 30	2011 June 30	2011 March 31	2010 Dec 31
Revenue	110,447	142,696	204,695	89,708
Expenditure	1,660,179	1,583,146	1,830,624	1,673,282
Operating profit (Loss)	-1,549,732	-1,440,450	-1,625,929	-1,583,574
Grants/Donations	192,677	0	0	0
Subvention	745,334	755,306	1,118,000	1,118,000
Surplus/Loss after Subvention	**-611,721**	**-685,146**	**-507,929**	**-465,574**
Balance Sheet				
Fixed Assets	2,279,818	2,311,846	2,346,388	2,356,469
Investments				
Current Assets	1,298,729	1,867,826	2,589,794	2,986,474
Current Liabilities	2,054,190	2,040,596	2,727,957	2,626,790
Net Current Assets	-755,461	-172,770	-138,163	359,684
Employment of Capital	**1,524,357**	**2,139,076**	**2,208,225**	**2,716,153**
Accumulated Surplus	-61,281	-61,281	-45,255	462,674
Grant Finance	95,545	710,264	763,387	763,387
Revaluation Reserve	1,490,093	1,490,093	1,490,093	1,490,093
Capital Employed	**1,524,357**	**2,139,076**	**2,208,225**	**2,716,153**

PEU Comments

Sebenta's current ratio (current assets/current liabilities) is not very strong at 0.63:1 and was 0.91:1 last quarter, indicating that there could have been some liquidity problems compared to last quarter at which it was also below unity. A ratio of 2:1 and above is more preferred. The subventions are very important to Sebenta as it can be noted that they have huge operating losses at E1.54m for the quarter and E1.44m last quarter. The development of a strategic plan by the organization is applauded as it will give direction to the many problems it faces both operationally and financially.

The Institution is assisting Government in the Free Primary Education roll-out in catering for the over–aged students through NUPE, from which they can then be integrated into the normal school system after having reached the required levels. This is praiseworthy for the nation's developmental effort.

PIGGS' PEAK HOTEL AND CASINO (PPHC)

Parent Ministry: Ministry of Tourism and Environmental Affairs

PPHC reported as follows for the quarter,

Operational Review

- The company had two tenants (Orion Hotels and Casino Enterprises).

- Due to the status of the Hotel the company has been forced to renovate the Hotel building to a competitive status. The Hotel building has been worn out and not gradable and needed major renovations from roofing, sewer tanks and water treatment that would cost about E57m.

- The entity was at a stage of identifying external auditors.

Financial Situation

- There was a decrease in operating surplus from E466,525 last quarter to E398,720 this quarter.

- Rent owed by Orion Hotels increased from E857,435.52 reported last quarter to E1,500,512.16 which is now seven months arrears. The furniture account stood at E210,039.84 accumulating the 13% on every monthly balance. The performance rental owed amounted to E349,231.40

- Total expenses amounted to E808,949 compared to E651,790 the previous quarter. This was an increase of E157,159 from previous quarter.

- The Board and staff members went for a strategic plan formulation workshop.

- There were no cash-flow difficulties experienced during the quarter even though rentals were still not coming from Orion.

- The entity owed management fees to Public Enterprises Loan Guarantee Fund and this would be calculated once the audited accounts are completed as from 2005.

- The entity was also owing Customs and Excise to the Swaziland Revenue Authority amounting to E221,593.

Outlook

- The proposed strategic plan by consultant was due for approval by the board.

- A SCOPE paper was prepared to request for the renovation of the Hotel. Financial assistance will be required for this exercise.

- A human resources policy to regulate and asses board and staff performance was to be formulated by end of next quarter.

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 Mar 31	2010 Dec 31
Rent received:	900,307	900,307	900,307	845,743
Interest received	287,637	216,501	222,907	218,662
Sundry Income	20,750	1,506	-	-
Total Income	**1,208,694**	**1,118,314**	**1,123,214**	**1,064,405**
Expenses	809,974	651,790	194,961	226,449
Net Profit/ (Loss)	**398,720**	**466,524**	**928,253**	**837,956**
Balance Sheet				
Fixed Assets:				
Land & Buildings	17,633,613	18,042,534	36,000,000	36,000,000
Computer Equip.	5,577	6,604	35,681	35,681
Office Equipment	2,231	3,187	5,980	5,980
Operating Equipment	243,690	249,939	333,135	333,135
Furniture & Fittings	295,330	302,567	403,297	403,297
Other non-current	871,389	893,733	1,300,765	1,300,765
Investments	12,125,408	11,963,896	11,801,673	11,638,040
Deferred Tax Asset	962,650	962,650	962,650	962,650
Current Assets				
Accounts Receivable	2,102,838	1,377,672	342,365	562,700
Cash and Cash Equivalents	9,120,178	9,119,721	8,878,305	7,872,812
Other	-	-	11,240	11,240
Total	**11,223,016**	**10,497,394**	**8,446,752**	**8,446,752**
Current Liabilities				
GST Provision	221,593	221,593	221,593	221,593
Taxation payable	-	-	16,056	16,055
Suspense Account	1,796	1,798	1,798	1,798
Total	**223,389**	**223,389**	**239,446**	**239,446**
Net Assets/Liabilities	**10,999,627**	**10,274,005**	**8,207,306**	**8,207,306**
Vat/ Tax Control	-	-	96,068	96,068
Total Assets	**43,362,906**	**42,699,114**	**59,963,824**	**59,035,571**
Share Capital	2	2	2	2
Accumulated Income	10,642,187	10,201,784	23,782,623	23,782,623
Net Profit for year	-	-	3,683,872	2,755,618
Non- Current Liabilities				
Long-term Loan	175,391	175,391	175,391	175,391
Other Long-term Liabilities				
Revaluation Reserve	32,321,937	32,321,937	32,321,937	32,321,937
Total Equity & Liabilities	**43,362,906**	**42,699,114**	**59,963,824**	**59,035,571**

PEU Comments

It is noted that the Board had started legal proceedings against Orion for breach of the rental agreement with Piggs' Peak Hotel by virtue of not having paid rent from April 2011 citing cash flow problems.

The Board is expected to come up with a strategic plan for the Hotel. In the plan it is hoped that they will include a program of renovating the Hotel on time. They will also need to come up with ways of improving the facility.

Government needs to decide on the future of the Hotel in as far as ownership is concerned particularly because it seems it will cost over E57m to renovate the Hotel whose total assets amount to E43.3m. It may be worth considering selling the Hotel in the spirit of the privatisation policy.

SWAZILAND TOURISM AUTHORITY (STA)

Parent Ministry: Ministry of Tourism and Environmental Affairs

STA reported as follows for the quarter,

Operational Review

- In the midst of slower global economic activities and poor travel sentiments, visitor arrivals to Swaziland declined by 1.7%. Overall, Africa (-0.5%), Australia (-3.7%) and Europe (-21.3%) registered declines, while visitor arrivals from Americas and Middle East regions recorded positive results. The top five tourism visitor generating markets were Republic of South Africa, Mozambique, Zimbabwe, United States of America and United Kingdom. These markets accounted for 91.2% of total international visitor arrivals.

- The Netherlands replaced Tanzania as part of Swaziland's top 10 source markets for visitor arrivals. Within the top 10 markets Zambia (-4.8%), Portugal (-7.7%), Germany (-18.5%) and France (-31.8) registered declines with the latter two reflecting double digit declines. However, recovery in visitor arrivals was observed from markets such as Mozambique (2.9%), Brazil (42.8%) and Switzerland (5.7%).

- Outbound travel from the Kingdom increased significantly, revealing that Swazis took 36,412 more outbound trips during the quarter when compared to the same period last year.

- There were very modest increases in the number of arrivals from the Americas. With the exception of Canada (-10.5%) key markets in the region such as USA (1.0%) and Brazil (42.8%) improved their ranking with impressive visitor volumes. Throughout the period, the region displayed resilience, and in particular USA which is currently undergoing a financial crisis. Although July began on a slower note with 1.8% growth over the same period in 2010, it culminated to an impressive 4.2% in September.

- Despite remarkable performances in arrival figures from Belgium (26.6%), Italy (1.4%), Netherlands (6.6%), Norway (4.0%) and Switzerland (11.4%) in July and Italy (29.2%), Portugal (1.6%) and Switzerland (9.0%) in September, overall European visitor numbers registered a decline of 21.3%. The top five visitor generators were United Kingdom (4,377), the Netherlands (2,677), Germany (2,183), France (2,033) and Portugal (2,677).

- Visitor arrivals from the Africa Region declined to record 304,405. The marginal decline in arrivals (-0.5%) was due to lower visitor arrivals from South Africa (-1.4%), Zambia (-4.8%) and Malawi (-10.2%). Mozambique was one of the African markets that achieved positive growth in visitor arrivals accounting for a total of 57,536 visitor arrivals.

- Although performance of the Middle East began on a low note, the month of August registered extraordinary arrival figures with a growth of 167.8% when compared to the same period in 2010. Key markets in the region remained unchanged with Iran (11.4%), Israel (240.0%) and Saudi Arabia (8.0%). Emerging markets such as United Arab Emirates (-87.6%) and Kuwait (-74.3%) failed to impress this quarter when compared to performance noted the previous quarter.

- Arrivals from the Australasia region reflected a decline of 3.7% compared to a good growth of 29.9% the previous quarter. The start of the quarter saw impressive arrivals from the region with China, India and Australia topping the charts. However, in August a slump was recorded from most markets ultimately resulting in the overall decline in figures. Stronger arrivals from China (68.5%), the Philippines (80.4%) and South Korea (123.1%) helped to cushion the downward pressure on arrivals from -7.8% in August to -3.7% in September.

- To meet the objectives of attracting more tourists into the country, increasing expenditure per visitor, reducing seasonality, spreading tourism geographically and improving the brand of the destination, STA undertook a number of activities, which included reaching an agreement with GEO Associates to modify the welcometoswaziland.com website having been given a go ahead by the Marketing Committee. Work on the website was in progress.

- STA hosted a production company from South Africa, Goaty Media for three (3) days to document the Reed Dance. Footage of the Reed Dance will be broadcast on Africa Magic which is part of the DSTV package. Whilst in the country, the company visited a number of other attractions like Maguga, Mantenga Cultural Village, Ngwenya Glass and Interpretation Centre and the Nkhaba Road side markets.

- STA also hosted ten (10) tour operators from South Africa. Some were working with Swaziland for the first time whilst others were interested in enhancing their already existing Swaziland packages. These tour operators were also in Swaziland during the Reed dance period. They were however taken to several other tourist attraction places. The companies represented during the educational tour are as follows Phomolo Travel-2, Africa Escape-3, South African Motorcycle Association (SAMA)-4 and Reizen-1. It can be noted that SAMA has already increased the number of days in Swaziland in their packages and is expected to start selling these packages in January 2012.

- The Swaziland Tourism Authority had the opportunity to exhibit and disseminate information in a number of shows and they are as follows:

  Regionally

  - The Getaway Show – The Getaway Show was held at the Coca Cola Dome, Northgate, Gauteng from the 2nd – 4th September 2011. This is Africa's leading travel and outdoor show. STA attended the show along with Big Game Parks who agreed to pay part of the costs of participating in the show. Brochures distributed during the show included Swaziland Discovery (400 copies), Community Tourism Brochures (150 copies) and other brochures such as those for Big Game Parks. STA had the pleasure of meeting with several media players as well as tour operators who showed some interest in Swaziland. Many of them were interested in the cultural aspect of Swaziland.

  Locally

  1. The Authority exhibited at the Swaziland International Trade Fair. Due to the size of the stand, the industry was not invited to exhibit along side the STA as with previous SITF shows, however, industry was invited to bring their brochures to STA offices should they wish to have presence at the show.

  2. The STA also set up an information point at the Reed Dance where information on the Reed Dance and generic information on Swaziland Tourism products was distributed. Several tourists visited the stand and were pleased with the set-up and the information provided.

  3. STA had a stand at the Southern African Inter Municipality Sports Association (SAIMSA) dinner. This dinner was hosted for the Inter Municipality games that were hosted in the country from the 24th of September 2011. Countries that participated in the games were South Africa, Zimbabwe, Zambia and Namibia. STA also arranged for a tour guide to tell the visitors the story of Swaziland. Generic brochures on Swaziland were distributed.

- The Authority purchased two touch screen i-point information units. STA will upload information on tourist's attraction in Swaziland into the system as well as all tourism related amenities. These two units will be installed at Ngwenya Boarder and the Gables Shopping Mall. The i-points in Swaziland are directly linked to 130 units in different parts of South Africa. This in essence means that information on the destination will be readily available for accessing at strategic places both in Swaziland and in South Africa at all times.

- The STA also responded to information enquiries through the head office and the tourist information offices and distributed the following amount of brochures:
  - Swaziland Discover - 3, 981 copies
  - Explorer Maps - 500 copies
  - Community Tourism Brochures - 950 copies
  - What's Happening - 5, 000 copies
  - Destination Audio Visuals - 32 copies

- STA also distributed 82 maps of Swaziland at different petrol stations around the country. These maps were meant to assist them in giving directions to tourists who may be too far from an information office. This is a culmination of a workshop that was hosted for petrol attendants and other tourism frontline officers.

- Two new community tourism based projects have been approved for funding, these are Msunduza and Siphocosini. There hasn't been any implementation due to the current financial position in the country.

- The office has continued to visit the existing seven projects to monitor progress. The Mahamba Gorge was doing relatively well considering the increasing numbers of visitors to the destination. The Board have a good plan for further developing the destination; however the biggest constraint was funding to cater for the development. Of paramount is the connection of electricity to the establishment as this could bring along a number of improvements. The Board of trustees has applied for funding from the Regional Development Fund and they were yet to receive a response. Another application was made through the Rural Electrification Scheme, unfortunately the application was denied due to the fact that Mahamba Gorge is a registered business entity therefore they could not benefit from this scheme because it was designed for residential development.

- The Nsangwini Rock Art project continued to do well. The community will be electing new board of trustees as the term of the current board was due. The only challenge they had was to fully service their visitors as they lack clean drinking water.

- A meeting was held with the inner council of Velezizweni Community regarding the status of the accommodation facility at Khelekhele. They expressed full support towards the project and explained that they were ill-advised by their board of trustees. They promised to hold elections where a new board of trustees will be elected.

- The community elected new board members for the Lonhlupheko Handicraft Market as an effort to ensure that the project is operational. The new board invited community members to occupy the six stalls. These are occupied by two community members per stall.

- Sibebe Hiking Trails was engaged with the African Evangelical Church to review the Lease Agreement and agree on a better way forward. The revenue received by the community from the facility is from those visitors who are taken on a trail without going through the gate house as it is officially closed as per the church advice.

- The registration of accommodation establishments has progressed slowly than in the previous year. Currently, less than 60% of the establishments have registered when compare to the same period the previous year. From a total of 130 accommodation establishments that have been reminded of the exercise, only 68 accommodation establishments to date have been registered. The office will continue reminding the industry of the registration requirements. Once the revised regulation for the Registration of Accommodation establishments has been completed, the STA will have powers to penalize non-complying establishments thus the number of registered establishments is expected to increase.

Financial Situation

- A surplus of E278,027 was incurred compared to a deficit of E1.06m realised the previous quarter. Total revenue received amounted to E2.54m against a budget of E3.79m. The revenue comprised of Government subvention (E2.51m) and other income (E33, 123).

- Total expenditure incurred amounted to E2.26m against a budget of E3.79m resulting in a positive variance of E278, 028. The savings were a result of a budget of E173, 928 for salaries that was not utilised due to three vacancies as a result of some resignations that will be filled in the next quarter after having finalised the recruitment process for this positions this quarter and scaling down on almost all the budgets to accommodate the cash flow challenges resulting from the present fiscal problems facing the country.

Outlook

- STA will continue to market Swaziland as a preferred tourist destination. The office will continue reminding the industry of the registration requirements. Once the revised regulation for the Registration of Accommodation establishments has been completed, the STA will have powers to penalize non-complying establishments thus the number of registered establishments is expected to increase.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Income	33,123	98,262	76,442	15,540
Expenditure	2,260,596	2,408,819	2,863,651	2,677,898
Net profit / (Loss)	-2,227,473	-2,310,557	-2,787,209	-2,662,358
Subvention	2,505,500	1,252,750	3,667,250	3,667,250
Surplus/Loss after subvention	**278,027**	**-1,057,807**	**880,041**	**1,004,892**
Balance Sheet				
Fixed Assets	1,009,175	1,007,792	997,879	1,175,614
Current Assets	1,053,634	1,461,300	2,792,793	1,876,160
Current Liabilities	283,936	768,247	300,277	441,420
Net Current Assets	769,698	693,053	2,492,516	1,434,740
Employment of Capital	**1,778,873**	**1,700,845**	**3,490,395**	**2,610,354**
Reserves	1,500,845	2,758,652	2,610,354	1,605,462
Deferred grants	-	-	-	-
Surplus/Loss	278,028	-1,057,807	880,041	1,004,892
Image Building Funds	-	-	-	-

Total Capital Employed	**1,778,873**	**1,700,845**	**3,490,395**	**2,610,354**

PEU Comments
A surplus of E278, 027 was realised compared to a deficit of E1.06m the previous quarter. This was mainly due to the subvention they received when compared to the previous quarter.

The non existence of the regulation for the Accommodation Establishments proved to be a hindrance in the execution of the Authority's objective of ensuring that all accommodation establishments are registered as 60% of the reminded accommodation establishments had registered so far. Speeding up the completion of the Accommodation Establishment Regulation will be of great benefit not only to the customers, but the Industry as a whole.

In terms of their mandate, STA has continued to market the destination through a number of initiatives amongst which include the dissemination of information locally and internationally. STA must continue to market the destination as a preferred destination.

It is noted that some of the community projects were progressing well but were faced with some challenges that needed financial assistance. STA must consider resource mobilization to try and assist the community projects so they can be self sustainable.

SWAZILAND NATIONAL TRUST COMMISSION (SNTC)

Parent Ministry: Ministry of Tourism & Environmental Affairs

SNTC reported as follows for the quarter,

Operational Review

- Visitor numbers were 144% higher than the previous quarter due to an increase in the number of schools visiting the cultural village, the National Museum, King Sobhuza Memorial Park and Mlawula Nature Reserve.

- Below is a table that shows visitor numbers in the various SNTC tourism attractions:

	Current Quarter ended Sept 2011	Previous Quarter ended June 2011	Absolute Variance from Previous Quarter	Variance (%) from Previous Quarter	Quarter ended Sept 2010	Absolute Variance from Quarter ended Sept 2010	Variance (%) from quarter ended Sept 2010
Mantenga	7,364	4,288	3,076	72%	6,608	756	11%
Malolotja	1,622	1,618	4	0.25%	5,144	-3,522	-68%
Mlawula	1,336	774	562	73%	1,231	105	9%
Museum	12,842	4,719	8,123	172%	3,329	9,513	286%
KSMP	8,192	1,466	6,726	459%	8,684	-492	-6%
Total	**31,356**	**12,865**	**18,491**	**144%**	**24,996**	**6,360**	**25%**

- Compared to the same period last year, there has been an increase in visitor numbers by 25% mainly due to a significant increase in the National Museum visitors by 9,513. The National Museum has attracted a lot of schools and international tourists following its rehabilitation.

- The Department of Nature Conservation continues with the pursuits for proclaiming more protection-worthy areas in order to increase the number and size of protected areas in Swaziland in line with regional and international targets, in particular the Programme of Work on Protected Areas (POWPA) under the auspices of the Convention on Biological Diversity and the World Conservation Union recommendations.

- Parallel to this initiative, a draft SNTC Bill has been submitted to Parliament with the aim of creating additional categories of protected areas, among other objectives. A workshop for Parliamentarians to present international conventions that require ratification/accession has also been concluded. This includes the Ramsar Convention on Wetlands, the Africa-Eurasian Waterfowl Agreement and the Convention of Migratory Species.

- The SNTC was part of the Swaziland National Capacity Assessment workshop for the Assessment of SADC Capacity to Implement Environment, Sustainable Development and Education policy. The Department of Nature Conservation also assisted the Ministry of Tourism and Environmental Affairs in developing a project proposal to Support the Implementation of Integrated Fire Management to FAO. This is aimed at helping Swaziland deal with the problem of uncontrolled fires which are increasingly impacting negatively on communities, environment, national economy and development objectives.

- The need to mine within protected areas gained momentum with the near completion of an environmental impact assessment of the re-mining of the Ngwenya Iron Ore mine dumps, an area within Malolotja Nature Reserve. The SNTC participated in the process and submitted comments on possible direct and indirect impacts and policy implications both now and in the future.

- The office of the Director of Nature Conservation, in conjunction with Senior Wardens of the respective parks, hosted the Times of Swaziland who visited the parks. The objective of the visit was to provide an opinion and sensitize the public on the realities of poaching in the country specifically the SNTC Nature Reserves.

- The ecological research section continued with ecological monitoring by undertaking monitoring activities concentrating on its main objectives for the winter season. These activities included biodiversity monitoring, ecosystem management, biodiversity research, and biodiversity planning. Climate data records have been compiled for both Malolotja and Mlawula.

- The monitoring programme of alien plants was undertaken in all PA's. The water quantity and quality at the beginning of the winter season were also assessed. The Department of Water Affairs of the Ministry of Natural Resources and Energy assisted with the compilation of water quality parameters, for all the SNTC reserves. Notably the flow volumes declined in all PAs and the quality was very poor in Mlawula. The parameters used include Chemical Oxygen Demand (COD) and Turbidity, where it was noted that they fall above the acceptable levels. The high level of COD may be toxic to aquatic life and other water users. However, there is not enough data to establish the source of pollution and it is anticipated that an in-depth analysis will be undertaken accordingly.

- The trend in the precipitation quantity is that of notably highest quantities in the Malolotja and least in Mlawula. A total of 55.9mm of rain fall was received in Mlawula, which is a 12.5% decrease when compared with same quarter the previous year. The total rainfall recorded in Malolotja was 147.1 mm. In conjunction with All Out Projects, the section is also implementing a project to improve Mlawula game estimates by setting up plot transects that will be monitored for a period of about 10 years.

- Due to the onset of the dry season, all the parks had markedly decreased plant vigour. In Mlawula, the quarter experienced warm and dry weather, with temperatures gradually increasing at rates slightly higher than that of the same time the previous year. Temperatures recorded ranged from a minimum of 1˚C to a maximum 38.5˚C. In Malolotja, the quarter was dominated by clear sky with few days of clouds and mist with better rainfall when comparing with the previous year. An increase in temperatures from the previous year was also observed with minimum increasing by 1.3 ºC to 1.5 ºC; the maximum temperature increased by 3.0 ºC to 33 ºC and rainfall increased by 71.9 mm to 75.4 mm. In Mantenga Nature Reserve, the quarter was also characterized by warm and wetter weather conditions.

- As the fire season ended, firebreaks and block burns attracted a lot of antelopes towards the end of the quarter as the veld turned green. Woody plants were seen shooting new leaves as the quarter grew older. Mortalities were observed in Malolotja where a zebra was found dead as a result of infestation of the digestive system. The remains of two Blesboks were discovered in different areas.

- The Ministry of Agriculture, through the Department of Veterinary Services, hosted two workshops on Wildlife Epidemiology for SNTC staff. The objectives of the workshops were to strengthen cooperation between protected area management and veterinary services. Discussed during the workshop were diseases prevalent in Swaziland which maybe likely to occur in the conservation areas including Foot and Mouth Diseases, Rabies, Bovine brucellosis and others which may affect humans as well (zoonotic). The techniques and procedures for observation and sampling for the different diseases were also discussed.

- A total of 69 Blesboks were culled, consisting of 59 males and 10 females.

- The Mlawula Nature Reserve, in conjunction with All-Out Africa, is undertaking long term monitoring and research of the wildlife communities and the biological processes in the Siphiso valley in order to fully understand the dynamics of the population. Consequently, line transects and night-vision cameras have been set up to study the wildlife populations.

- As in the preceding quarter, the SNTC parks, in particular Mlawula and Malolotja, continue to be under consistent pressure from illegal activities as observed from the number of poaching incidents and increasing evidence indicating the presence of poachers within the parks.

- In Mlawula, a total of 104 patrols were conducted through which a number of observations were made ranging from wire snares, dog spoors, gun shots and game carcasses. Sadly, some of the illegal activities are committed by culprits from across the Swaziland border in Goba, Mozambique. The SNTC Board of Commissioners have met the community and agreed on the boundaries for the park and areas to be fenced near the boundaries.

- In Malolotja, a total of 111 patrols were consisting of 37 general patrols, 11 fence patrols, 12 observation points and 50 night patrols. Evidence of illegal activities continue to be observed as manifested by confrontations with poachers, gunshots, abandoned game carcasses, arson wildfire incidents, illegal collection of soapstone, footprints and illegal trespassing, including the continued cattle rustling from Swaziland to South Africa.

- In Mantenga, a total of 62 patrols were conducted and these included three night patrols. A few isolated signs of poaching were identified within the reserve including an attempt to burn the park by unknown people but through the quick response of park rangers the attempt was foiled.

- The Environmental Education Programme (NEEP) continued with its mandate to provide environmental education and public awareness to school groups and the public. Officers from the section participated on a number of national events that were aimed at promoting public participation on sustainable development and environmental management.

- The NEEP facilitated training for development of the Education for Sustainable Development (ESD) training manual for the UNISWA Green Team, the final publication of which will be funded by the MESA Chair. The NEEP also hosted a teacher who was on attachment during the school holidays. The NEEP was also part of the Swaziland International Trade Fair (SITF) 2011 SNTC Team of exhibitors. The NEEP has continued to assist the Lobamba Conservation Club on new projects such as donga reclamation at Esitjeni.

- A total of 13 programmes were recorded and aired whilst one was done live on radio during the SITF. The aired programmes addressed local and global environmental issues, that is tourism and environment at Shewula, the break of wild fires on mountains, how to avoid fire around homes, how Swazis have lived with their environment, the launch of Temvelo Awards Competition, primates, SNTC in tourism, conservation and culture, community outreach to initiate mushroom farming, baPhalali and the environment including natural disasters and wild fires, scouts and the environment and why celebrate Ozone Day. The FNB donated a number of trees to the Esitjeni centre and were planted by staff members of FNB, LCC, NEEP, and community members. The NEEP also participated in the MTN 21 Days Yello Care campaign aimed at improving the state of the environment in a number of communities.

- The Mlawula Environmental Education Centre (EEC) was visited by a total of 22 groups, comprising of 361 adults and 482 children. The quarter was spent attending to groups utilizing the centre for numerous social gatherings, workshops, church conferences and environmental education tours, which increased during this quarter. Environmental topics ranging from Nature

Conservation, Water Conservation, Waste Management and Tree and Animal Identification were taught throughout the quarter. The Malolotja EEC centre was visited by 36 groups, predominantly school groups totaling 1971 visitors. Few groups came for different activities such as private workshops, church services while most came purely for environmental education.

- The SNTC, through NEEP, is currently hosting a UNISWA Lecturer (Mr. Mandla Mlipha) from Geography, Environmental Science and Planning Department of the University of Swaziland who is on sabbatical leave. He is assisting in formulating a strategic plan for the NEEP which will also incorporate the COP.

- The Trilateral Commission held a meeting on the 28th September, 2011. Key issues discussed included: the SADC TFCA programme being rejected by a few countries due to flouting of procedure for introducing the programme in the SADC Region especially lack of consultation; the need to shift focus from development of structures to improving occupancy rates in the existing structures in the LTFCA; proclamation of the Maputo Special Reserve as a legal conservation area; boundless SA marketing TFCA routes into smaller manageable packages building from the Kingsley Holgate Expedition.

- A total of 23 permits were issued for sustainable harvesting of natural resources within Mantenga Nature Reserve. These included 16 permits for harvesting fire-wood in the gum forest, 1 for *lukhasi*, 1 for waterfall access and 5 for gum poles. The Lobamba Environmental Club continued to receive assistance from the Mantenga Nature Reserve in executing environmental activities around Lobamba area, including a clean-up campaign.

- To promote sustainable utilization, 63 permits were issued to local communities neighbouring Malolotja Nature Reserve to obtain *Festuca species (Lucungwa)*. In addition, 28 permits were issued to neighbouring communities for harvesting alien plants mainly wattle (*Acacia mearns*ii) or Gum poles (*Eucalyptu*s sp), collecting firewood and for fetching water.

- A total of 218 permits were issued for access to utilize the resources from Mlawula Nature Reserve and for various purposes such as fishing, drive livestock, transits, checking tsetse fly traps, and working at Siweni (Swaziland Railways, Ministry of Natural Resources and RSSC).

- The SNTC Senior Management also continued consultations with the Mhlumeni Community and the office of the Surveyor General and the Regional Administrator in trying to resolve the issue of illegal settlements within SNTC property. In addition, through the TFCA Programme, the SNTC attended a site inspection with the Mhlumeni Community Committee on the 25 August 2011 with a view of installing a hammer-mill and two boreholes.

- The Education section has been conducting outreach programmes and attending to schools coming to the museum for the IGCSE programmes. The total number of schools which were attended by the museum was ninety. Seventy schools visited the museum and were treated to a guided tour.

- Museum teachers were also invited to two schools to present during culture days where they covered topics such as lijadvu, umuti, umcwasho, kuhlehla, imvunulo, umtsimba, incwala, kubutseka, bayeni, kwetfula and umngcwabo. Six schools visited the museum for learning cultural heritage selected topics.

- The Education section has researched on the maidens' attire worn during the reed dance at the umphakatsi of Luyengo, including activities related to their departure. They also guided visitors at the mini museum during the reed dance, set up at Ludzidzini.

- The Exhibition officer worked on the children's corner proposal by holding meetings with the museum team. They identified local artists where the museum can purchase the toys as listed on the proposal. A design for the exhibition floor plan for the kid's corner was completed. The themes include arts, crafts, toys and games, folklore and storytelling.

- The Exhibition officer worked on the permanent exhibition correcting the captions and repairing the cattle byre.

- He also participated in preparing and mounting the exhibition at the SITF. The theme of the year's exhibition was" Focusing on productivity to Contribute in Economic Recovery".

- The Librarian has assisted researchers from schools, colleges and university on various topics of research. They needed information ranging from surnames and praise names, history of Swaziland and Swazi customs.

- The Librarian was invited to a two-day workshop organized by the National Archives entitled "Disaster Management". The objective of the workshop was to share ideas on how to manage disastrous situations such as fire or stormy weathers in the library.

- The Photographer took pictures of an exhibition mounted by Bob Forrester for Austin Hleta's artworks and catalogue. The exhibition was launched at the Museum.

- He documented traditional attires variations at Ludzidzini during this year's reed dance. The reed dance special documentation included capturing of young maidens formal departure from Luyengo umphakatsi to attend the reed dance festival at Ludzidzini.

- The photographer participated in delivering tokens of appreciation to the imiphakatsi which were involved during the research of traditional marriage system in Swaziland: Ka Ndwandwa, Ka Gija and kuMalindza.

- The museum has a collection of about 3000 objects. 30 objects have been electronically documented. The total number of objects documented since the beginning of the project is now 142. The documentation covers each object's brief description, its source and its photograph. The photograph highlights the objects' outstanding value.

- The technician has worked on obtaining a loan of books and artifacts from the National Curriculum Centre. These books included the Zulu educational schools' literature books and coins used in Swaziland in the olden times. These were collected from individuals and from the Central Bank of Swaziland. The above loaned objects were used in interpreting the ICOM's theme for this year: 'Museums and Memory,' which is displayed in honour of the International Museum Day.

- Museum Attendants, Gabsile Shabangu and Celiwe Dlamini attended the Swedish African Museum Programme (SAMP) Network Management Course which was held on 28 August – 3 September in Philippines. The objective of the workshop was to familiarize the officers on SAMP tools such as the 4x2 monitoring system and how to develop a project using Log Frame system. They were also tutored on SAMP's objectives.

- The Museum Senior Education Officer attended a workshop on 1970 Convention of Means of Prohibiting, Controlling and Preventing Illicit traffic of Cultural Objects. The objective of the workshop was to present the current status of the 1970 convention, to declare relations of the law enforcement agents and to find a way forward on means of ratifying the 1970 convention and other cultural heritage conventions.

- The Director of Cultural Heritage led a delegation to Ntfonjeni and Malindza Umphakatsi to present appreciation gifts for the completion of the project on traditional marriage. Each constituency was presented with a large wooden bowl and the DVDs of the material collected in the field.

- The museum team attended a meeting for the Ntfonjeni footprint site committee with the purposes of preparing a consultative community meeting. The meeting discussed stakeholders' involvement in the project, in particular, the number of chiefdoms that will partake in the project.

- The museum staff participated in the launch of Austin Hleta's pottery and catalogue of his artwork which took place in the local artists' exhibition hall in July. This activity was officially launched by the Chief Executive Officer of SNTC, Mr. Titus Dlamini. The French Alliance supported the exhibition's launch.

- On the 24th August 2011 the Ambassador of the Republic of Equatorial Guinea and his delegation toured the Memorial Park. They were taken on a guided tour by Tourist Guide Clement Maziya.

- On the 7th September 2011 delegates of the Common Market for Eastern and Southern Africa (COMESA) toured the Memorial Park. The delegation consisted of Committees on Transport and Communication, Information Technology and Energy and Senior Officials from departments and organizations responsible for these sectors. They were taken on a guided tour by Tourist Guide Clement Maziya.

- Capital projects approved for this financial year are summarized in the table below:

Description	**Allocation**	**Expenditure**	**Balance**
	E	**E**	**E**
Rehabilitation of National Museum SNTC HQ & KSMP (Project No. R237/99) **Phase 2**	4,600,000	460,306	4,139,694
Rehabilitation of Mantenga Nature Reserve (Project No. R231/99) **Phase 3**	6,220,000	268,084	5,951,916
Total	**10,820,000**	**728,390**	**10,091,610**

- **Rehabilitation of National Museum SNTC Head Quarters and KSMP Phase 2 -** The Rehabilitation of the National Museum, SNTC Head Quarters and KSMP Phase 2 comprise the construction of SNTC Head Quarters. The architect and quantity surveyor have been engaged for this project (Hall Stacey and Lang Mitchell respectively). Designs have been completed and were approved by the Board. However, the project has been suspended pending discussions by the Board.

- **Rehabilitation of Mantenga – Phase 3 -** The works on the Rehabilitation of Mantenga – Phase 3 comprise an upgrade to the restaurant and kitchen facilities, an upgrade to the carpark surface, an upgrade to the water system, upgrade of the road and finally landscaping around the chalets and the upgrading of pathways. This phase has commenced and the expected completion date is June 2012.

- The new Human Resource Policies have been approved by SCOPE. They came into effect in September 1, 2011.

- The SNTC Board was appointed as of July 2011. The Board and the Management participated in the Corporate Governance workshop held on 28 – 30 July 2011 at Magadzavane Mountain Camp. Samkho Consultants were chosen to do the Corporate Governance.

- In an effort to build capacity, the Senior Ecologist and the Mantenga Senior Warden attended a two-weeks training course on Species Monitoring and Conservation: Large Carnivores, Ungulates, and Grassland Vegetation in Botswana.

- KSMP Exhibition Officer attended a Management Network Course (Part II) facilitated by the Swedish African Museum Programme (SAMP). The course was on Monitoring, Evaluation and Reporting in SAMP Projects, International teamwork and Communication, Museum benefit of Intercontinental engagements. It was held at Museo Sang Bata Sa Negros, Philippines.

- The SNTC Workplace Wellness Committee participated in an induction Training Course conducted by the Public Sector HIV/AIDS Coordinating Committee (PSHACC). This was an initial training to introduce the Committee to the extent of the responsibilities inherent in the wellness portfolio. The committee was able to draw out a plan of action on the treatment, prevention, mitigation factors, support and care and costing of plan

- The Industrial Relations climate remained calm at SNTC. An initiative was undertaken to hold consultative meetings with the SNTC social partners on issues bordering on Human Resource Policies and Procedures, and staff welfare.

Financial Situation

- SNTC reported a deficit of E19,362 against a surplus of E84,287 in the previous quarter.

- Internal sources represent accommodation and gate takings from SNTC's Parks and the Museums. This quarter shows an increase compared to previous quarter by E16,831 (7%) due to an increase in visitor numbers. Compared to budget, there is a negative variance of E651,864 (72%). This negative variance is due to the fact that Magadzavane Tourism Complex is not yet fully functional yet the budget was prepared under the assumption that the complex will be fully functional. However, the complex will be fully operational before the end of November as the Board has already approved the operational strategy for the complex. An advert for a Hospitality Manager was placed in the newspapers and a good response has been received from potential candidates.

- Interest income decreased compared to the previous quarter by E69,887 (27%) because the SNTC had not received subvention from the Swaziland Government for five months. As a result, the SNTC was using committed funds whilst awaiting receipt of the subvention. This reduced the cash balances with financial institutions resulting in reduced interest received. Compared to budget, there is a positive performance of E184,699 compared to an expectation of E56,250. This positive variance of E128,449 (228%) is due to the fact that it was anticipated that the funds for the capital projects would have been fully paid by now and that the SNTC Act would have been approved so the funds for restructuring and commercialization would have been utilized. This resulted in more funds being maintained with the financial institutions which yield a much higher interest than budgeted for.

- Revenue from internal sources is E1.05m which represents 17% performance. This revenue line is supposed to be at least 50% or more for the Commission to achieve the targeted revenue by the end of the financial year. This is not an impressive performance considering that the Commission is in the process of restructuring and commercializing. Once all the capital projects have been fully completed and operational, this income line is expected to increase.

Outlook

- The objectives for the third quarter are the review of the JVP Agreements, design of monthly reporting templates on statistics of income generation; development of a detailed, annualized educational plan for implementation; setting up of periodic exhibitions to draw target audiences on specific issues on culture such as family association activities and cultural norms that are disintegrating, completion of Phase III of Mantenga (Chalets, restaurant, dance arena and walkways)

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 March 31	2010 Dec 31
Operating Income	435,653	488,709	352,894	402,130
Other Income	154,770	64,211	265,397	473,659
Expenditure	4,742,394	4,601,242	4,903,187	4,903,613
Operating Deficit	**-4,151,971**	**-4,048,322**	**-4,284,896**	**-4,027,824**
Subvention	4,132,609	4,132,609	4,285,446	4,285,446
Surplus after Subvention	**-19,362**	**84,287**	**550**	**257,622**

Balance Sheet				
Fixed Assets	267,199,982	267,567,047	102,203,824	101,815,181
Investments	-	-	-	-
Current Assets	22,231,784	23,018,356	23,831,181	18,090,555
Current Liabilities	9,826,309	9,722,221	10,976,242	10,628,448
Net Current Assets	12,405,475	13,296,135	12,854,939	7,462,107
Total Employment of Capital	**279,605,457**	**280,863,182**	**115,058,763**	**109,277,288**
Contributed Surplus	-	-	-	-
Capital Reserves	281,951,227	280,778,895	115,023,007	109,612,770
Retained Income	-2,345,770	84,287	35,756	-335,482
Total Capital Employed	**279,605,457**	**280,863,182**	**115,058,763**	**109,277,288**

PEU Comments

Revenue from internal sources increased by 7% compared to the previous quarter due to an increase in visitor numbers. Compared to budget, there was a negative variance of 72% (67% last quarter). This means that the variance has increased and that SNTC may not achieve its target at all come the end of the financial year. Reasons sited are that the Magadzavane Tourism Complex is not yet fully functional. As far as the Public Enterprises Unit is concerned, nothing is stopping this complex from being fully functional, even the SNTC Amendment Bill. Funds for operationalising this complex were released and that it was completed a long time ago. The forgone costs of delay in operationalising this facility are, unfortunately, very high. It is anticipated that this complex would be operational by the end of next quarter.

It is of concern that the capital project on the Rehabilitation of National Museum SNTC Head Quarters and KSMP Phase 2 has been suspended as this project was approved by all government structures and funds released to SNTC. Should the SNTC feel that this project is no longer of benefit to them, Government would appreciate to have the funds revert back to its coffers and have them redistributed to where they are most needed.

A review of the Joint Venture partnerships is long overdue. SNTC has a huge potential of generating its own revenue especially given the huge capital investment that has been undertaken by government in SNTC's parks. It is sad to note that, even this far, SNTC is still failing to meet its targets.

Miscellaneous revenue had a negative variance of 88% which, according to SNTC, was because the budget was prepared under the assumption that the lease agreements would have been amended such that the rental from the Mantenga Cultural Village is a percentage of revenue rather than fixed at E10,000 a month. One of the milestones in SNTC's strategic plan is to have this arrangement normalised as soon as possible given the fact that there has been a lot of capital improvements done on the structures of the village which have resulted in, among others, an increase in the number of beds. Again it does not take the Act to have this issue normalised. SNTC need to negotiate a better rental fee from the partners. It takes for SNTC to calculate and effect a breakeven financial structure that would benefit the Commission until such time the SNTC Amendment Bill is passed.

SWAZILAND ENVIRONMENTAL AUTHORITY (SEA)

Parent Ministry: Ministry of Tourism & Environmental Affairs

The SEA reported as follows for the quarter,

Operational Review

- In this quarter, Swaziland joined the world in commemoration in the International Day for the Preservation of the Ozone Layer which is usually celebrated on the 16th September. The theme for this year was "HCFCs phase out a unique opportunity". The event was held at Ngwenya boarder post on the 21st of September 2011 and was graced by the presence of the Honourable Minister of Tourism and Environmental Affairs, and six portfolio Members of Parliament from both houses of senate and assembly. Other invited guests were from other government ministries, private sector and civic society organisations.

- Two training workshops for refrigeration technicians on good refrigeration practices were held on the 22 – 26 August and 29 – 23 September where 53 and 63 technicians were trained respectively.

- In this quarter through the Public Awareness and Participation Platform (PAPP) for Bio-safety issues, the Authority appeared in the popular **Face the Nation Programme on Swazi TV.** The SEA team consisting of the Legal Counsel, Bio-safety Officer, and Information Officer were interviewed live on issues of Biotechnology and Bio-safety. The Main focus was on the Bio-safety Bill, currently being debated in parliament. The one hour interactive programme also gave an opportunity to members of the public to pose questions to the SEA team on air. Among major concerns voiced by the public was the issue of potential loss of indigenous seeds if GM seeds are introduced into the country without due precaution. Others were concerned that these GM products were already finding its way into the country through the porous borders with neighbouring countries.

- **Biodiversity Conservation Participatory Development (BCPD) -** The implementation of the project at Mvembili is still awaiting the approval of the Land Management Board (LMB). Several meetings have been held with the LMB to find ways of fast tracking the approval process. It has since emerged that SEA has to assist the community to draft the lease agreement and forward it to the AG's office for approval prior to receiving the king's consent. The Legal counsel in consultation with the AG's office is working on this issue. However the SEA is continuing to provide technical advice to the Mvembili people in eradicating Alien Invasive Plants (AIPs) in the project site and surrounding areas.

- Provision of technical assistance on the BCPD funded projects at Mlawula Nature Reserve continued. The AIPs eradication exercise is still in progress with about 7 hectares of land having been cleared of the weeds in the past 3 months. The nursery project on the other hand is still not complete. The challenge on this project has been the lack of water in the project area, but means are being made to have a permanent provision of water on site.

- With the current economic situation in the country progress in implementing the Nkalashane AIPs Eradication exercise has been very slow with the lack of basic working equipment in the farm.

- **Lusip project Community Development Plans:** The SEA has been invited by SWADE as a stakeholder in Community Development, especially with regard to issues of environmental management to partake in the formulation of the Matsenjwa Community Development Plan. The plan was successfully developed and launched and is ready for implementation with technical assistance expected from the relevant stakeholders, including SEA.

- **Waste Management Plans for Local Authorities -** Local authorities have been advised to prepare and submit to SEA for approval, long-term plans for the management of waste in their areas of jurisdiction as required by Waste Regulation 2000. The local authorities are required to submit their plans for review not later than 31st December 2011. In the mean time, they are required to report their monthly solid waste streams and quantities. So far only the Ezulwini Town Board has started to submit the monthly information. There is a challenge in getting the required information from the small towns such as Hlatikhulu, Mankayane, Vuvulane, Ngwenya and Lavumisa. There are no designated offices or officials for waste management. Issues relating to waste are dealt with by personnel from the Ministry of Housing and Urban Development as well as the Ministry of Health.

- **Waste Management (Pilot Project Equipment) -** The Minister for Tourism and Environmental Affairs officially handed over waste management equipment at Buhleni on the 21st July 2011. The equipment consisted of a tractor and a waste disposal site. Buhleni is one of the pilot projects for waste management in none urban areas.

- **National Environment Fund -** Two regional workshops for Bucopho and development committees were carried out in this quarter. These were for the Manzini and Hhohho regions .The workshops focused on general environmental issues at community level and tried to find possible ways of trying to minimise those issues. Furthermore, the emphasis was on other possible sources of funding for environment projects, the environment fund being one of them.

- In total there were 210 people that were trained and capacitated on environmental issues. There were 140 people from the Manzini region and 70 people from the Hhohho region. Workshops for the other two regions would be done in the next quarter.

- To date the Environment fund has funded the following Community projects:

  1) **Lobamba waste management project -** This project is aimed at improving the environment around Lobamba Inkhundla through ensuring and developing an effective sustainable waste management practice. A tractor with a tipper trailer together with 5 skips was purchased for the community under the management of Lobamba conservation club (LCC). The five skips were later handed over by the Minister after the official hand over of the tractor; this was because of the delay in the arrival of the skips.

  2) **Ngonini donga rehabilitation project -** The primary aim of the project is to rehabilitate the Donga at Ngonini. Fencing of the Donga has now been completed. However, following a site survey it was agreed that stone bunds at the head of the donga should be set up and soil bunds along the side of the donga. This is meant to reduce the erosive power of run offs from the mountain. Furthermore, gabion cages have been purchased and gabion construction inside the donga has begun.

  3) **Luve wetland and donga rehabilitation project -** This is one project that is being implemented by the community through an NGO called Citizen Empowerment. The entire fencing of the wetland and the degraded area has been completed 100%, however, it should be noted that the size of the wetland has been increased significantly with the financial injection from MTN Swaziland, to the tune of E30, 000.The extension is brought about by the recommendation of the fund officer that the whole wetland should be protected not just placing emphasis on the degraded area as it was initially planned. It is envisaged that tree planting will commence shortly since we are already in the summer season.

4) **Lawuba wetlands protection -** This is one project that begun this quarter. Its aim is to protect wetlands that are around six hectares. The fencing of the first phase is 90% complete. It is envisaged that at the end of the 4th quarter the project should be completed. Moreover, the construction of cattle troughs and a car washing bay is set to begin soon with the assistance of a neighbouring construction company. Again in order to attract an economic value to the projects once fencing is completed fruit trees would be planted along the fence. Moreover, the wetlands are infested by alien and invasive species it is hoped that once fencing is completed these species would be removed and the spongy effect of the wetland would be monitored. Furthermore, this project is part of the ministerial targets of protecting wetlands. Moreover, a water pond has been dug out on the wetland in order to access water for livestock drinking troughs and domestic water.

5) **Sigwe wetlands protection -** This is one of the most successfully implemented projects. Its aim was to fence the wetland just below the Mbulungwane Mountains .The wetland was fenced and flora has developed around the wetland thus enhancing the ecosystem. Moreover, women in the community have started harvesting the grasses for handcraft. The Authority is planning to undertake training workshops of the community on the sustainability of the project.

Financial Situation

- Revenue from subvention for the quarter that was received totalled E2, 24m, instead of E3, 37m as per the approved budget. Other income stood at E 81,098 with a total revenue of E 2,24m for the quarter. Other income consists of revenue from licences of E 4,500; environmental assessment review fees of E 22,500; sale of resource material of E600, MTN partnered with SEA on Temvelo Award to a tune of E10,000 and tree planting to a tune of E15,000 plus Interest received from Call Account of E 28,498.

- Total expenses for the quarter amounted to E2.50m, which is below the budgeted expenditure for the quarter by E13, 666. Last quarter expenses were also at E2.50m, at almost the same level.

Outlook

- The Authority faces a challenge in the issue of office space which is becoming a very critical issue, and needs urgent attention.

- The Authority is experiencing cash flow problems due to the financial crisis the Government is facing. This reporting period, the Authority received subvention for only 2 months (June and July). The late receipt of the subventions is causing cash flow problems in the Authority and is posing a big threat in carrying out certain legal obligations.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept. 30**	**June 30**	**March 31**	**Dec 31**
Revenue	81,098	13,115	137,388	145,806
Expenditure	2,508,011	2,504,000	2,501,127	2,612,256
Operating profit (Loss)	**-2,426,913**	**-2,490,885**	**-2,363,739**	**-2,466,450**
Grants/Donations	0			
Subvention	2,244,992	2,244,992	2,278,140	2,278,140
Surplus/Loss after Subvention	**-181,921**	**-245,893**	**-85,599**	**-188,310**

Balance Sheet

Fixed Assets	2,487,167	2,761,374	1,456,175	1,637,591
Investments		0	0	0
Current Assets	5,456,403	5,801,700	7,767,225	8,953,960
Current Liabilities	787,005	986,070	117,542	0
Net Current Assets	4,669,398	4,815,630	7,649,683	8,953,960
Total Employment of Capital	**7,156,566**	**7,577,004**	**9,105,858**	**10,591,551**
Accumulated Surplus	0	0	0	0
Grant Finance	**7,156,566**	7,577,004	9,105,858	10,591,551
Reserves				
Total Capital Employed	**7,156,566**	**7,577,004**	**9,105,858**	**10,591,551**

PEU Comments

The SEA has a very healthy current ratio at 6.93:1 compared to 5.8:1 last quarter. This entity spends prudently within budget and is strictly within the subvention, with insignificant revenue generation of its own at E81, 098 this quarter compared to E13, 115 last quarter. The delayed subventions are hampering operations for the organization due to its overwhelming dependency on Government at about 97%. There was however, a loss of **–E181, 921** during the quarter and a higher loss of **-E245, 893** last quarter.

The fiscal problems that are facing Government with regard to shortage of funds have resulted in delayed subventions to most of the public enterprises. This has impacted negatively on the operations of the SEA, a situation we are all praying could be rectified as soon as possible.

SWAZILAND TELEVISION AUTHORITY (STVA)

Parent Ministry: Ministry of Information, Communications, and Technology

STVA reported as follows for the quarter,

Operational Review

- The recruitment process to fill the posts left vacant by the Senior Signal Transmission Engineer, Director of Live Events and the Chief Executive officer is in progress.

- The South African market has declined by 37% while the local market performance decreased by 1.7%.

- STVA is currently in a financial crisis and urgently needs a Finance Director with vast experience who will be able to make decisions in the best interest of the institution.

- The Legal office attended to the drafting of a Memorandum of Agreement for the securing of content during the staging of the 22 July Festival. Management had endorsed the decision for the Production department to cover the event for purposes of securing content in exchange for airtime which would be afforded to Emporium Holdings, the organizers of the event, to promote the 22 July Festival.

- The Legal office also attended to a variety of matters relating to the progress on the implementation of the 2008 forensic audit recommendations by the Parliamentary Public Accounts Committee.

- The Office also attended to the review of a Programmes Licence Agreement intended to be concluded between STVA and Kohinoor Promotions, a South African based company which deals in the supply of television content.

- 1st drafts of the Technical standards, Programming Policy, Programming Committee Operational Procedures, Advertising Code, Operational Guide for Swazi TV News, and Advertising Code were conducted for internal regulation.

- The delays in enacting the National Legislation on Broadcasting and Communication imparts negatively on the draft process in that the drafted policies will have to be revised to uphold the dictates of the new law.

- The economic meltdown has caused a reduction in advertising spending by corporate clients. Nevertheless, STVA's Marketing department embarked on a presentation drive in Johannesburg. This drive saw one major retailer, Clicks, responding to this drive and advertising rates and demographics were sent.

- New clients came on board in STVA's local marketing drive. Some of these include Swaziland Revenue Authority, Swazi Oxygen, Swaziland Building Society and SWAGGA.

- The terms of engagement of sales representatives were submitted to the recruitment committee who will, after reviewing, recommend to management any changes that may be made on the current contract.

- Negotiations with the premier league of Swaziland are at an advanced stage. Games to be screened were selected and costed. A presentation will be made to MTN regarding the sponsorship of the games selected. SPTC sponsored the opening and closing games of the SPTC cup. Renewal of the new look KFC clock and spot sponsorship was secured for a period of 12 months.

- Swazi TV has embarked on an agreement with Sherwood International, a company that is involved in the exportation of indigenous agriculture products to overseas markets. The company is setting up shop in Swaziland and is keen to teach Swazi farmers to grow the agri-products required by the market they export to. The pilot project was submitted to Sherwood and a response is still being awaited from the sponsors.

- The lack of fresh and relevant content is reducing the saleability of the Swazi TV brand, thus, reducing the advertising.

- Star activities included taking TV licence raids to the sugar belt region after having been focused to the Hhohho region; signing of the Memorandum of Agreement between Swazi Post and Swazi TV whereby Swazi Post became a licence collection agent for Swazi TV; repairs to faulty rental and privately owned audio visual equipment; engagement of fifteen temporal new TV licence raiders to carry out surveys in the sugar belt region; sensitizing TV owners on the payment of licenses; and issuing court summonses to those who do not comply with the TV Act of 1983. Twenty nine (29) TV licence evaders were served with court summonses.

- Other activities included visiting Post Offices for the purpose of training the staff on how to collect TV license fees; taking part in the Trade Fair and successfully engaging the Police force authorities on the issue of TV licence payment by their officers.

- The “On a lighter Note” programme has entered its second season and now features influential people regardless of their sex. Currently, there is no sponsor for the show and as a result it is becoming more difficult to secure venues and people to interview.

- The English Premier League is sponsored by Castle and the station has had to buy license rights to the value of USD5,000 as this sponsorship is not for broadcast rights. The tournament kicked off mid August and continues to be broadcast on STVA.

- The sports team secured sponsorship for the SPTC fixed phone competition and this event kicked off on September 24. Only 2 games will be shown live on Swazi TV, the opening match and the final.

- The Production department joined Umlilo Music Production in the double launch of the Makhelwane program and Mduduzi Nezinceku Zamagawugawu CD. The department captured content for programs such as Gospel Impact and Siyakudvumisa.

- Due to the inability of the institution to pay the subscription fee, CNN has agreed to a lower rate payable as soon as possible. In terms of international content, only content received via CFI was accessed and a number of other international news was inaccessible, particularly from the CNN platform.

- The programmes produced by the News department are Face the Nation, All in 30 Minutes and Kusile Breakfast show which were all produced and aired successfully.

- The News department covered the Umhlanga 2011 event successfully. The event’s main day was broadcasted live. This event was in two folds as per norm as their Majesties proceeded to the Shiselweni region to attend the Shiselweni Umhlanga.

- Mr. Bread hosted a dinner in honour of his Majesty’s 25th Silver Jubilee at Lozitha Palace. This event was covered successfully. The News department produced a documentary which highlighted his Majesty's achievements in these 25 years.

- The King's Golf Cup tournament was also covered successfully and aired on the news and on the program "From the Palace".

- The Smart Partnership was covered successfully and the opening and closing ceremonies were broadcast live as well as the production and presentation of the following; Shigii, Siyakudvumisa and From the Palace.

- His Majesty, King Mswati III and Her Majesty, the Queen Mother attended two trips: Her Majesty went to Mauritius while His Majesty went to Angola to the SADC Summit. Both trips were covered successfully.

- The Engineering department was heavily involved in the transmission of the SPTC "ONE" soccer games.

- The Mbabala transmitter was installed by engineers after it went to Italy for major repairs. A UPS was also installed by engineers at Mbabala to cater for power cuts.

- The Regional and main Smart partnership dialogues were recorded and transmitted live through the SPTC fiber line by the engineering team.

- Umhlanga was transmitted live through the SPTC fiber cable.

Outlook

- There is need to develop the following policies: Archives policy, Local Programmes Procurement Policy and Website Publishing Policy. These policies will include operational procedures.

- There are plans to engage the Limkokwing University of Creative Technology for prospective co-existence with regards to training for STVA personnel.

- There is a need to rehabilitate the Mnyokane and Siteki transmitter huts which are in a bad state.

- To minimize the maintenance cost of standby generators which is estimated at E50,000 per annum, there is need to train one technician and an engineer in generator maintenance in South Africa.

Financial Situation

- A loss of E2.49m was realised.

- Total revenue amounted to E1.8m and the grant received from government amounted to E4m. The total revenue is made of advertising income from local and foreign markets, revenue from the STAR department for licence collection, TV rentals, repairs, and lastly, from cash sales of appliance and DVDs sales.

- Revenue decreased when compared to last quarter. Advertising revenue amounted to E1.34m which is 12% lower than the E1.52 that was raised last quarter. The amount raised is far below the budgeted amount of E4.2m.

- A total of E414,598 was collected from TV licenses. This reflects an increase of about 29% when compared to the E32,823 that was collected in the previous quarter. There was an increase of 29% in licence fee revenue. This was a result of the raids that are ongoing. The raiders are now in the

Lubombo region. The amount is however still below budget.

- Total operational expenditure amounted to E8.85m compared to E9.08m the previous quarter, a 2.6% decrease. The positive variance was caused by the decrease in the insurance account. Last quarter the policies of the station's assets fell due while this quarter, only premiums for cars were paid as they are paid monthly.

- Equipment amounting to E61,219 was bought. The items bought were a laptop for the Chief Engineer after the one he had been using a number of years pecked up, a server for the accounts department and a sound mixer for the studio.

- The station had difficulty honouring its commitments because only E4.01m was received as subvention from government instead of E6.01m.

- The inability by the Marketing department to meet its target sales has also led to cash-flow difficulties. It had been budgeted that the station would raise E15m in the current year. The total advertising revenue raised so far, halfway through the year, is E2.85m.

- Licence fee revenue is below what had been projected. By the end of this quarter the station should have raised E1.5m, however only E734,821 has been raised.

- There were also challenges in paying monthly salaries. The overdraft facility at Nedbank had to be increased to E5m.

- The shortage of funds also led to inability to remit some moneys deducted from payroll e.g. PAYE. Currently, the station is eight months in arrears with PAYE.

- Salaries amounted to E6.14m.

- Advertising revenue decreased when compared to last quarter. Advertising revenue amounted E1.34m which is 12% lower than the E1.52m that was raised last quarter. The amount raised is also far below the budgeted amount of E4.2m.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept 30**	**June 30**	**March 31**	**Dec 31**
Income	5,809,223	1,886,544	2,359,317	1,716,735
Expenditure	8,846,468	9,078,460	8,315,459	8,899,736
Net profit / (Loss)	-3,037,245	-7,191,916	-5,956,142	-7,183,001
Subvention	-	2,004,336	6,013,839	6,013,839
	-3,037,245	-5,187,580	**57,697**	**-1,169,162**
Grant -Realized	544,986	544,986	544,986	544,986
Surplus/Loss after subvention	**-2,492,259**	**-4,642,249**	**602,683**	**-624,176**
Balance Sheet				
Fixed Assets	16,942,029	14,410,368	14,946,800	15,685,439
Current Assets	7,961,785	7,952,520	6,963,935	4,657,041
Current Liabilities	16,919,098	13,735,309	4,873,284	3,132,508
Net Current Assets	-8,957,313	-5,782,789	2,090,651	1,524,533
Employment of Capital	**7,984,716**	**8,627,579**	**17,037,451**	**17,209,972**

Share Capital	950,000	950,000	950,000	950,000
Reserves	5,270,684	314,556	314,556	314,556
Capital Grant	7,629,800	8,174,786	8,719,771	9,264,757
Lease creditor	1,102,211	1,203,698	1,215,910	1,446,130
Accumulated Loss/Profit	-6,967,980	-2,015,461	5,837,213	5,234,530
Total Capital Employed	**7,984,715**	**8,627,579**	**17,037,450**	**17,209,973**

PEU Comment

There is a notable increase in revenue by 208% when compared to the previous quarter. This is a result of increases in collections for TV licenses by 29%. Nevertheless, this amount is still below budget meaning that the Marketing department is continuously failing to meet its target or may have set targets that were not measurable, realistic, and attainable, as evidenced by the fact that it had been budgeted that the station would raise E15m in the current year. The total advertising revenue raised so far, halfway through the year, was only E2.85m. Licence fee revenue was below what had been projected as by the end of the quarter the station should have raised E1.5m, however only E734,821 has been raised. The failure to meet targets is a cause for concern and the station needs to take some drastic steps to correct this situation. The complete restructuring of the organisation must be undertaken and a turnaround strategy be implemented as soon as possible, particularly given government's current fiscal position whereby even paying monthly salaries for the STVA has become a very big challenge.

SWAZILAND NATIONAL HOUSING BOARD (SNHB)

Parent Ministry: Ministry of Housing and Urban Development

The SNHB reported as follows for the quarter,

Operational Review

- The Woodlands Extension I Housing project is the housing component of the first phase of the development over the entirety of a Portion of Portion 3 of Farm 188 and will comprise the construction and sale of housing on the 133 residential plots. Construction of the 'Demo House' (a type 'D' unit) was completed on Plot No. 152 measuring 1060m^2. Final designs for the nine (9) house types were complete and four (4) house construction contractors have been appointed and a site handover meeting with the appointed contractors was held. Each house construction contract is a package of seven (7) for a performance period of a hundred and twenty (120) calendar days. The construction of the houses commenced on Monday 11th July 2011 as scheduled. Forty one (41) plots, out of a total of 133 plots, have been sold including seven (7) vacant plots.

- Swaziland National Housing Board has been charged by the Ministry of Housing and Urban Development with the development of Nkhanini Township in Nhlangano. The township is now fully developed with about 440 serviceable plots ranging from 367m^2 to 1410m^2. Infrastructure services such as roads, electricity, sewer, and water were in place and construction was financed by the Ministry of Housing and Urban Development. The approval of infrastructure services has been obtained and the Human Settlements Authority has granted Swaziland National Housing Board with approval for the township. Application for a township register with the Deeds Registry Office was in progress. SNHB was processing about 228 expressions of interest from the public.

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- SNHB purchased land within the Ezulwini Urban Area for development and sale of 28 high costs plots. The SNHB Board of Directors has approved the recommended contractor and EIA consultant. The civil works contractor was handed site and the construction work was in progress for a project duration of 180 calendar days. The expected finish date for the infrastructure services construction was 30 December 2011. Several issues has delayed progress on the site including high voltage SEC power line traversing the site, encroaching neighbouring boundaries, and other hidden activities by previous owners. Physical progress stood at about 70%.

- Woodlands Extension II, which is the remainder of the aforesaid Portion of Portion 3 of Farm 188, has been subjected to an overall land use plan that embraces commercial and housing uses and passive open space. The overall planning has been completed and a broad budget has been developed. Human Settlements Authority (HAS) has approved the development in principle. Submissions for the Engineering Consultancy (Design and Supervision) have been received and a recommendation has been made and awaiting the Board's approval. This project was at the pre-design phase and is earmarked to commence the next financial Year 2012/2013.

- A concept has been developed for the Woodlands Commercial Centre for a mixed-use development located on the Mbangweni and Thembelihle link road. This is supported by the market research study that was commissioned to assess the feasibility of the development. The overall planning concept was completed and an urban framework was developed. The broad order of magnitude of the overall project has been established. A concept drawing of the proposed commercial centre (supermarket, line shops and service station) has been prepared and the presentation to Mbabane City Council was outstanding. A search for potential tenants of the supermarket and petrol service station was ongoing.

- A broad planning exercise has been conducted at Matsapha Estates that deals with a variety of issues including landscaping, security, access routes, decoration and the planned development of a centrally placed commercial centre. The initial Architects report was received and commented upon internally. The consultancy included the proposed re-development of the existing Matsapha warehouse. The revised architect's report and drawings were received and were under review. This project was on hold due to financial constraints.

- The proposed new headquarters building in Mbabane will be a mixed development including office and commercial space for rent as well as accommodation for SNHB. Building Design Group was notified of their appointment as Architects for the project. An initial design development process was drafted and an initial meeting with the architects was held. A brief on the operations of SNHB was presented to the architects to enhance the design. The architects were given a period of three (3) months to come up with the draft report and design. This project was on hold due to financial constraints.

- The Civil Service Housing Project entails the planning and construction of a variety of housing for various Ministries and Departments. A budget of E3.2 Billion has been arrived at. The broad budget was increased to make allowance for possible growth requirements in the various services, and to accommodate Health, Education and Defence. However the potential recurrent resources available may not match the budgeted expenditure which would result in a much reduced capital profile. A design and review process for the generic house types has been drafted and a quotation for this was awaited. Contractual documentation for the Architect and Quantity Surveyor was prepared and was awaiting Board's approval. The design and review for the generic house types and construction materials was ongoing. A preliminary project program has also been prepared for a four stage approach. SNHB is awaiting Governments instruction regarding this project.

- Hostel (also known as Ghetto) is one of SNHB's oldest properties and has reached the end of its useful life, to the point where conditions for the tenants are injurious to health. Opposite this site are housing units owned by Mbabane City Council but managed by SNHB that are equally dilapidated. Both of these plots need to be re-developed in such a way that usage is maximised without prejudicing the comfort of potential tenants. A selected bid process for Architectural services along the lines of that organised for the Matsapha and Ngwenya projects has been drafted. A shortlist of Architects needs to be drawn up. The project is currently on hold due to financial constraints.

- A total of 40 plots have been sold at Woodlands valued at E6.77m. 34 plots have been registered to date valued at E5.55m. There were 33 houses sold valued at E22.86m. 25% commencement deposit of the building price has been collected for 24 houses amounting to E4.12m. The total value of the sold properties was E29.63m.

- Project sales for the first phase began on the 10th of August 2011 wherein 228 plots were offered for sale under the Nhlangano Township Extension 9 project. To date 215 Deeds of Sale were duly completed and signed by the prospective buyers. No sale has been realised for the project pending the finalization of the General Plan. However, 4 properties have been paid in full and only one guarantee issued in favour of SNHB.

- Project sales for the first phase began on the 24th of August 2011 wherein 27 plots were offered for sale under the Thembelisha Township Extension 9 project. To date 10 Deeds of Sale have been duly completed and signed by the prospective buyers. No payment or sales have been made to date.

- A total of E154, 546 has been realised as property sales of the low Cost Projects (Sidwashini, Zakhele Ext.2 & 3, Siteki, Mathendele and Msunduza Ext. 4 Townships). No sales were realised under the Msunduza Township 99 year leases due to the indefinite suspension following a directive from the Ministry of Housing and Urban Development. There were no project sales realised for Siteki and Mathendele Townships.

Financial Review

- The results of operations reflected an overall loss of E1.38m compared to a budgeted profit of E1.07m. This was due to the delays in the construction of Woodlands Township houses and consequently the recognition of the sale in respect of those houses.

- Property sales amounted to E1.33m against a budget of E14.43m reflecting a negative variance of 60.77%. The budget assumed a sale of 10 Woodlands plots per month plus the completion of 15 houses during the quarter. Woodlands recorded 7 plot sales, Manzini Two Sticks 3 and Sidwashini 3.

- Gross rental income amounted to E4.84m against a budget of E5.46m.

- Interest receivable totalled E181,626 against a budget of E180,000 reflecting a negative variance of 0.9%.

- Total gross expenditure on property development amounted to E 5.73m against a budget of E14.34m. This was due to timing differences in Woodlands Township house construction i.e. house construction commenced later than budgeted period. There were also timing differences in the Thembelisha infrastructure development.

- Total net rental debtors amounted to (E435,625) compared to (E306,677) the previous quarter. Total gross debtors amounted to E406,638 compared to E500,844 the previous quarter. The difference of (E842,263) between the gross and net rental debtors was due to prepayments by some tenants.

Financial Statements

	2011 Sept 30	**2011 June 31**	**2011 Mar 31**	**2010 Dec 31**
Income Statement				
Sales	-765,335	154,762	-656,583	-347,022
Rental	3,177,312	3,043,822	13,790,115	2,757,756
Other	523	2,731	28,220	-
Sale of assets	-	-	-	-
Interest	181,626	143,749	114,131	152,240
Total Income	**2,594,126**	**3,345,064**	**13,275,883**	**2,562,974**
Cost of sales	-	-	-	-
Gross Profit (Loss)	2,594,126	3,345,064	13,275,883	2,562,974
Overhead expenses	3,978,131	4,054,914	3,794,855	4,245,612
Profit/(Loss)	**-1,384,005**	**-709,850**	**9,481,028**	**-1,682,638**
Balance Sheet				
Fixed Assets	194,300,119	194,482,695	194,680,265	181,514,212
Investments	61,600	61,600	61,600	61,600
Deferred taxation	38,639,735	38,639,735	36,492,782	36,492,782
Deferred Grant Income	-	24,800,000	42,170,000	-

Current Assets	103,681,116	98,140,652	99,041,938	53,875,655
Current Liabilities	23,353,095	17,423,588	15,831,175	18,911,564
Net Current Assets	80,328,021	80,717,064	83,210,763	34,964,091
Total Employment of Capital	**236,050,005**	**211,821,624**	**199,289,846**	**180,047,121**
Capital – Government of Swd	10,800,000	10,800,000	10,800,000	10,800,000
Non-Distributable Reserves	31,648,123	31,648,123	14,451,215	12,265,457
Retained Income-Prior year	99,034,480	99,034,480	93,727,391	93,727,391
Retained Income-Current year	-2,141,177	-749,093	7,487,329	-1,989,194
Long-term liability	96,708,580	71,088,115	72,823,912	65,243,466
Total Capital Employed	**236,050,006**	**211,821,625**	**199,289,847**	**180,047,120**

Key Financial Indicators

Ratio	**Formula**	**2nd Quarter**	**1st Quarter**
Current Ratio	Current assets/current liabilities	4.4:1	5.6:1
Acid Test Ratio	Current assets-inventory/current liabilities	0.6:1	0.69:1
Gearing Ratio/leverage	Total debt/ Total debt + Equity	53%	52%

PEU Comments

A deficit of E1.38m was realised compared to a deficit of E709, 750 the previous quarter reflecting a decrease of 95%. The Board's budget for the quarter was a surplus of E1.07m, therefore resulting in an adverse variance of 229%. This was mainly due to the delays in the construction of Woodlands Township houses and consequently the recognition of the sale in respect of those houses.

The Board has a number of initiatives that could help increase the Boards cash inflows; unfortunately it is not able to implement them due to financial constraints. It is noted that management has developed a short-term strategy to address the existing cash-flow and profitability challenges facing the organisation.

It is noted that one of the Board's oldest properties has reached its useful life, to the point where conditions of the property are injurious to the tenant's health. The Board need to re-develop these properties, but due to financial constraints, the project is currently on hold. Continuous stalling of the project could pose more danger to the tenants.

The Board's liquidity position continues to decline when compared to the previous quarter. A further decline was noted this quarter from 5.6:1 the previous quarter to 4.4:1 this reporting period reflecting a decline of 21%. Although the current ratio reflects that the Board is in a position to pay its current obligations, it is noted that most of the Boards current liabilities are not highly liquid as the acid test ratio stood at 0.6:1 indicating that liquid current assets can not pay off current liabilities.

GOOD SHEPHERD HOSPITAL

Parent Ministry: Ministry of Health

GSH reported as follows for the quarter,

Operational review

- The main aims and objectives of the hospital is to promote the concept of healing and wholeness in a Christian spirit as a state of physical, mental and spiritual well being as provided in the constitution of the World health Organization. The Hospital provides medical, para-medical education and related health services in the Lubombo Region.

Clinical Performance Report

Activity	Sept 2011 Quarter
GOOD SHEPHERD ACTIVITY	
OPD Visits	10,664
Admissions	2,103
Deliveries	748
Average length of stay/Days	8
Occupancy rate	16%
Death rate	7%
Minor surgeries	345
Major surgeries	466
CLINICAL ACTIVITY	
Number of patients seen	28,443
Main OPD	10,664
Children's OPD	1,396
Home Based Care	1,208
Epilepsy	732
PMTCT	835
HIV Test	658
ART initiation	398
ARV refills	6,808
ENT	673
EYE	1,322
Physiotherapy	356
Radiology	3,682
Laboratory	15,286
Social Welfare	15
Theatre	551
Diabetic clinic	1,100
Mortuary Services	153

- The Home based Care Team continued to provide care and support to surrounding communities, covering people with terminal and chronic illness at their homesteads. The services offered ranges from treatment, prevention and impact mitigation with psychosocial support.

- Treatment and compliance is still very poor with some clients due to poverty and hunger. Some have been found to have stopped taking medication for days until they were supplemented with food packs that last only for a few days.

- Clay Pots continued to provide food packs to the destitute starving clients. With such interventions, tremendous improvements on treatment and adherence with speed recovery had been observed. A total of 546 food packs had been distributed by Clay Pots.

- Lomabhodla Care Centre in collaboration with Micro projects had completed a classroom for a care point at Maphungwane. The construction of the classroom started in 2006.

- Some of the communities ran out of water following drying up of boreholes. This had increased water borne diseases since clients travel about 15km to get water from the dirty dams and demand for treatment is increasing.

Financial Situation

- A deficit of E6.09m was incurred compared to a deficit of E861,809 last quarter.

- Total income amounted to E10.5m compared to E11.21m last quarter.

- The drug expenditure was E914,311 compared to E1.28m last quarter

- Total expenditure was E16.6m compared to E11.2m last quarter.

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 Mar 31	2010 Dec 31
Subvention	9,113,920	9,113,920	10,491,557	10,491,557
Other income	1,416,025	1,231,156	1,140,646	1,232,562
Total income & subvention	**10,529,945**	**10,345,076**	**11,632,204**	**11,724,119**
Expenditure	16,620,446	11,206,885	11,214,482	11,932,845
Surplus/Deficit	**-6,090,500**	**-861,809**	**417,721**	**-208,725**
Fixed Assets	37,398,655	39,409,218	38,826,471	38,819,541
Current Assets	3,185,821	2,610,124	4,421,710	3,716,917
Current Liabilities	33,197,770	23,029,349	20,950,290	19,758,466
Net Current Assets	-30,011,949	-20,419,225	-16,528,580	-16,041,549
Total Employment of Capital	**7,386,706**	**18,989,993**	**22,297,891**	**22,777,992**
Capital Reserve	13,542,173	20,305,673	20,305,673	20,305,673
Retained Earnings	-16,491,789	-11,652,072	-8,344,175	-7,864,074
Profit for the year	-	-	-	-
Revaluation Reserves	10,336,393	10,336,393	10,336,393	10,336,393
Total Capital Employed	**7,386,777**	**18,989,993**	**22,297,891**	**22,777,992**

PEU Comments

The hospital incurred a deficit of E6.09m compared to a deficit of E861,809 last quarter. The high increase was due to the continuous delay of subvention from the government. The hospital had continued to operate on an overdraft facility which tends to be very expensive for the organization.

The organization is undergoing very tough financial challenges and this had resulted to drugs and medical supplies suspending their credit facilities due to non payment by the hospital.

The hospital continued providing medical and related health services in the Lubombo region. It is also worth mentioning that treatment adherence and compliance with the clients continued to be a challenge due to poverty and hunger. We also commend Clay Pots for its support in providing food packs to the destitute starving clients.

The hospital continues not to remit PAYE deducted from employees to the Income Tax/ Swaziland Revenue Authority (SRA) and the accruals continue to increase and it will be very difficult for the hospital to clear this amount with SRA. Remitting to SRA on a monthly basis is very important as it is a legal requirement.

Swaziland Nazarene Health Institutions

Parent Ministry: Health

SNHI reported as follows for the quarter:

Operational

- Swaziland Nazarene Health Institutions comprises of three different institutions; the Raleigh Fitkin Memorial (RFM) Hospital, 17 Nazarene Community Clinics; and the Nazarene College of Nursing (NCN).
- RFM Hospital and NCN are both located in Manzini. The 17 Nazarene Community Clinics are located throughout Swaziland.
- The main objective of the institution is to provide quality health care services and to ensure that curative, promotive and rehabilitative health care services are provided in a cost effective manner.

Raleigh Fitkin Memorial (RFM) Hospital

Overview of Operations

Activity	Sept 2011	June 2011	March 2011	Dec 2010
RFMH ACTIVITY				
Patients seen	57,161	57,402	54,047	57,431
Medications issued	172,463	162,664	148,956	148,736
Admissions	3,561	3,565	3,561	3,321
Average length of stay/Days	4	4	5	5
Occupancy rate	56%	61%	54%	57%
Death rate	6%	7%	9%	8%
Number of babies delivered		2,521	2,205	1,904
Minor surgeries	432	1,140	1,031	951
Major surgeries	632	503	422	606
Number of patients initiated on ART	621	588	695	845
Total number of patients receiving ART	8,055	7,434	7,177	20,913
CLINICS ACTIVITY				
Number of patients seen		26,372	47,073	42,384
Antenatal care	1,847	2,172	2,011	1,839
Cases of family planning	4,470	5,232	3,980	4,182
Emergency deliveries	5	1	5	0
Child welfare	8,485	8,399	8,060	8,660
Male Circumcision	-	-	0	0

HIV Test	2,149	-	-	-
ART initiation	152	26	128	107
ARV refills	2,832	2,443	2,351	1,338

- On the 30th September the ICU/Renal unit at the RFM Hospital was officially opened by His Majesty King Mswati 111 in an event held at the Mavuso Trade centre where the King expressed his pleasure in opening the units, which is another step towards achieving the first world status for our country. The unit is a superlative of nine bed capacity, divided in two sections, seven beds in the main unit and two isolation rooms. All the beds and rooms are fully equipped with state of the art beds and equipment capable of providing various ranges of care to patients of all age groups from a young baby to an adult.

- MTN Swaziland also donated two fully equipped ambulances worth E1.2 million to the RFM Hospital which will assist in transporting very critical patients to the ICU and from the ICU to other hospitals

- RFM employees underwent stress management training from July to September 2011. Almost 45% of the employees from both the clinics and the hospital were trained on stress management. The training included self care, burnout, depression, and financial stress management and stress reduction techniques. The trainings were facilitated by Ms. Promise Dlamini who is a Psychologist based in the Manzini region from the psychological care and support department of the Swaziland National AIDS Programme under the Ministry of Health.

- Clinical staff were trained on acute abdomen pain & disability and further updated on the current Swaziland HIV Incidence Measurement Survey (SHIMS). The facilitators for these sessions were Dr. Motuma, Ms. Patricia Daya, a physiotherapist in private practice and Mr Phakamile Ndlangamandla from the International Centre for AIDS care and treatment programs (ICAP).

- In recognition of heart awareness which is commemorated every September a session on “cutting down on fat for a healthy heart” was facilitated by Ms Phindile Makhanya, a dietician from FEDICS Food catering services.

- Orientation of new staff was conducted this quarter which included four medical doctors, maintenance personnel and nurses from the hospital and the community clinics.

- Two Doctors left the institution to explore new opportunities. These are Dr. Kunene and Dr. Maria.

- The Shewula and Bhekinkhosi clinics are sites for the nurse led ART initiation pilot project. This is an initiative by the National ART program aimed at ensuring delivery of quality comprehensive HIV and AIDS services closer to the people. One nurse from each of the above clinics had been trained in addition to those that were trained early in the year.

- All clinics were engaged in quality improvement projects to improve quality of services. Regular monthly meetings are conducted at facility level and quarterly meetings are held at regional level where all clinics meet at the RFM Hospital to present on their projects for the purposes of assisting one another. The clinics convened at the College of nursing for a quality improvement experience sharing meeting.

- The Piggs Peak clinic is engaged in the health awards assessment activity which is conducted by the National Quality Assurance Program. A baseline assessment was done on the 8th September 2011 and a final one is due after an interval four weeks from the baseline.

- Free treatment was provided at Mliba clinic by partners from the Bethany First Church (USA) where a total of 86 clients were seen.

- Shewula, Siteki and Sitsatsaweni clinics received material from the Ministry of Health (Environmental Health) to build combustion pits for proper waste disposal. The material comprises of cement blocks, fence and gates. The RFM maintenance department will soon be engaged in building the structures.

- Nurses from all the Manzini clinics attended a one day retreat. This is an activity aimed at promoting team work. It is also an opportunity for nurses to distress. Financial support for this event was provided by ICAP.

- The community health services held a meeting on PMTCT issues. This is a forum where all Nazarene clinics meet to share experiences and give a progress report on PMTCT activities and also learn from one another. All clinics reported to be providing comprehensive quality services and overall average testing rate for new antenatal mothers stands at 99%. All clinics are not implementing the new PMTCT guidelines.

- The student nurses at the College of Nursing wrote their exams and they have closed for the semester. Classes will resume again within the quarter.

Financial

- Total income for the quarter amounted to E25.4m compared to E24.56m. This figure comprised of Government subvention of E21.68m, revenue collection amounting to E1.58m and Drugs and medical supplies amounting to E2.15m.

- Total expenditure for the quarter amounted to E28.37m compared to E26.32m last quarter.

- Deficit for the quarter amounted to E2.97m compared to E1.76m last quarter. This was mainly as a result of accrued income tax.

Outlook

The organization wants to secure additional land for expansion of physical facilities and develop policies, procedures and regulations. The Institution also looks forward to acquiring and maintaining world class teaching resources for all college programmes. The Nazarene College of Nursing is at the transition phase of becoming a Faculty of Health Sciences.

Financial Statements

	2011	**2011**	**2011**	**2010**
Income Statement	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**
Income	25,405,454	24,555,865	25,624,574	23,391,589
Expenditure	28,374,929	26,316,154	28,874,444	26,675,301
Surplus/Deficit	**-2,969,475**	**-1,760,289**	**-3,249,870**	**-3,283,712**
Balance Sheet				
Buildings, Fixt. & Fitt	147,963,411	145,139,873	140,413,623	140,413,623
Furniture & Equipment	40,304,383	24,304,383	24,142,516	24,142,516
Motor Vehicles	2,430,000	1,230,000	1,230,000	1,230,000
Current Assets	19,757,115	9,501,790	6,786,209	8,524,412

Current Liabilities	38,815,454	30,096,158	21,044,439	19,671,818
Net Current Assets/Liabilities	-19,058,339	-20,594,368	-14,258,230	-11,147,406
Employment of Capital	**171,639,455**	**150,079,888**	**151,527,909**	**154,638,733**

Capital Grants	190,697,794	170,674,256	165,786,139	165,786,139
Long-term loans	-	-	-	-
Reserves	7,931,575	6,935,361	4,619,983	4,507,786
Accumulated Surplus/Deficit	-26,989,914	-27,529,729	-18,878,213	-15,655,192
Provisions	-	-	-	-
Capital Employed	**171,639,455**	**150,079,888**	**151,527,909**	**154,638,733**

PEU Comment

The Hospital made a loss of E2.97m compared to a loss of E1.76m last quarter. The organization is fully depended on government for subvention thus the cash flow problem challenges faced by the government has a negative impact to the hospital as well.

During the quarter under review the Hospital recorded a total of 57,161outpatients compared to 57,402 outpatients attended last quarter. The total number of new patients initiated on the ART increased to 621 compared to 588 the last quarter. It is important for the government through its relevant stakeholders to continue with its programmes on the pandemic to minimise the number of new infections.

The hospital's ICU/Renal unit was officially opened and had started operating. We commend the support given to the hospital for the construction of these units and it will be now the second hospital in the country to have an ICU/Renal unit in the country. It will also ease the Mbabane Hospital as some of the patients will be attend at the RFM Hospital.

The hospital continues not to remit PAYE deducted from employees to the Income Tax/ Swaziland Revenue Authority (SRA) and the accruals continue to increase and it will be very difficult for the hospital to clear this amount with SRA. Remitting to SRA on a monthly basis is very important as it is a legal requirement.

SWAZILAND YOUTH ENTERPRISE FUND

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

Swaziland Youth Enterprise Fund reported as follows for the quarter,

Operational Review

- The Youth Enterprise Fund is an empowerment fund for young people between the ages of 18 & 35 aimed at contributing to the reduction of youth unemployment through the provision of business capital for qualifying individuals, companies and associates.

- The Minister of Sports, Culture and Youth Affairs, the Principal Secretary and the Under Secretary joined the Youth Enterprise Fund in touring Funded Projects under the Nkhaba Inkhundla. Five projects were visited and they were found to be working and had paid almost half of their loans.

- The Youth Enterprise Fund signed a Memorandum of Understanding with Imbita Women's Finance Trust for a 2 year term for the management of the fund. The signing of the contract was necessitated by the fact that the contract signed during the past phase had expired in May 2011. The renewed contract will expire in May 2013.

- The Youth Enterprise Fund joined the rest of the Ministry of Sports, Culture and Youth Affairs Departments and Councils in the exhibition at the International Trade Fair 2011 at Mavuso Trade Centre. The effort put by the Ministry in the exhibitions at the Trade Fair contributed to winning the third prize under Government category.

- The Board of Directors of the Youth Enterprise Fund approved phase ll loans totalling up to 166 amounting to E2 000 000.00 out of the 1,215 applications that were submitted.

- The Board approved the training of the phase ll beneficiaries by Imbita. Out of the 166 successful participants, 132 required training as it is a pre-requisite for receiving the loan.

Financial Situation

- Total Income received amounted to E985,045 compared to E431,660 received the previous quarter. This comprised of the Government Grant (E953,945) and interest received from the call account (E31,098).

- Total expenditure incurred amounted to E985,045 compared to E431,660 incurred the previous quarter. Operating expenses were financed through the Government Grant and interest income earned from the call account the fund has with Standard Bank Swaziland.

Outlook

- Organising a graduation ceremony for the successful applicants where the Right Honourable Prime Minister will be the Guest Speaker. The graduation ceremony will also be used as an advocacy event.
- Launching of the Youth Enterprise Fund Strategic Plan which will play the role of a resource mobilization strategy.
- Development of a Youth Enterprise Fund Annual Plan.

- Plan for the opening of phase lll.

Financial Statements

Income Statement	2011 Sept 30	2011 June 30	2011 Mar 31	2010 Dec 31
Income and Subvention	985,045	431,660	472,460	421,785
Expenditure	985,045	431,660	472,460	421,785
Surplus/Deficit	**-**	**-**	**-**	**-**
Balance Sheet				
Fixed Assets	7,320,731	6,211,297	6,255,799	6,310,230
Investments	-	-	-	-
Current Assets	2,906,325	4,879,620	5,239,512	5,803,845
Current Liabilities	27,882	219,255	23,086	-
Net Current Assets/Liabilities	2,878,443	4,660,365	5,216,426	5,803,230
Employment of Capital	**10,199,174**	**10,871,662**	**11,472,225**	**12,114,075**
Share Capital				
Deferred Income	10,199,174	10,871,661	11,472,224	12,114,075
Long Term Loan	-	-	-	-
Total Capital Employed	**10,199,174**	**10,871,661**	**11,472,224**	**12,114,075**

PEU Comments

It is noted that the Youth Enterprise Fund continued to fulfil its mandate of Empowering the Youth through the provision of seed capital as the fund approved 166 loans amounting to E2m. The Youth Enterprise Fund is a revolving fund therefore in order to finance other new projects, the Fund Office must make sure that businesses pay back their loans instead of looking on to Government to always provide funding for the disbursements. The Fund has to work together with other organisations that deal with youth development issue and train the beneficiaries to make sure that the businesses are a going concern.

It is also noted that the Youth Enterprise Fund has taken it upon themselves to visit the funded projects instead of fully relying on the reports submitted by the intermediary.

SWAZILAND NATIONAL COUNCIL OF ARTS AND CULTURE

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

SNACAC reported as follows for the quarter,

Operational Review

- The Council convened a series of workshops and seminars with the assistance of the Embassy of the United States of America. A paper titled The Swazi Artist- A Partner in the Economy was developed from the submissions by the artists in the workshops. During the workshop the artists recommended among other issues the integration of art and culture into schools; tertiary education for arts and culture; annual festivals and exhibitions; taxation and regulation of arts and culture industry and the establishment of Arts and Culture Forums.

- The Council was currently working on the implementation of the recommendations and further engaging the relevant stakeholders for the realization of the same. The council is convinced that the Arts and Culture industry has a potential to significantly contribute to the kingdom's economy.

- The Council attended the National Smart Partnership Dialogue held at the Mavuso Exhibition Centre. During the dialogue, the Council took lead on the Culture Link and it was highlighted that this sector could play a huge role in the economic transformation of the kingdom.

- Miss Cultural Heritage Contest 2011 – The Council ensured the staging of the Miss Cultural Heritage contest 2011 edition. An exclusive license was granted to Wel C Communications to host the national pageant. From the regional eliminations the contestants were equipped with various life skills and traditional knowledge by resource persons from the various educational and cultural institutions. Bonsile Dlamini was crowned Miss Cultural Heritage 2011 at an event held at Timbali Lodge.

- Miss Deaf Contest 2011 – The Council facilitated for the staging of the National Miss Deaf Contest. Ms Nokuthula Mbatha was granted a one year exclusive license to organize and stage the 2011 Contest. The contest managed to secure a number of sponsors and support from the business community and non-government organization. Nosipho Zwane was crowned Miss Deaf 2011 at an event held at the Royal Convention Centre.

- Distribution of Tindlamu – To instil the Swazi pride in the young people, especially the maidens, the Ministry of Sport, Culture and Youth Affairs through the Council made available tindlamu which were distributed during the Umhlanga Ceremony at the Ludzidzini Royal Residence and Embangweni Royal Residence respectively. The distribution took place during the traditional event. A total of 4560 imigaco and 5550 tindlamu were distributed to 185 chiefdoms respectively. At Shiselweni a total of 4244imigaco and 4252 tindlamu were distributed to 76 chiefdoms. After the event, the imvunulo was collected to His Majesty's Correctional Service where it is stored.

- The Council encouraged all role models and celebrities to participate in all cultural activities. This had seen beauty pageant contestants from Miss Cultural Heritage, Miss Teen, Miss Deaf and Miss Swaziland finalists to join the maiden's regiments during the cutting of the reed and dancing at the main day of ceremony. Knowledge of the Swazi Culture would help the eventually winners when representing the kingdom on international contests and would be able to portray a good image of the Swazi Culture, hence contributing to the boost of the tourism industry.

- In pursuant of our mandate to develop and promote arts and culture in the kingdom, the Council secured a platform to also exhibit the performing arts to the public attending the International Trade Fair. The Council envisage an increase in the participation of local artists to the national events, especially the trade fair among others.

- In a bid to strengthen the knowledge of Swazi tradition, customs and beliefs, the Council was engaged in community training exercises where cultural groups were trained and equipped on various cultural dances and song.

- A cultural day was celebrated at Nkwene Inkhundla and the Council availed cultural resource persons to conduct training of the various regiments within the constituency. The culture day was graced by the presence of HRH Prince Sicalo, HRH Prince Lonkhokhelo, Honourable Minister Hlobsile, Shiselweni Regional Administrator, Member of Parliament and many others.

- Imimemo – the Council through Imigidvo Yesintfu KaNgwane continued to revitalize local Imimemo and participate in the Imimemo activities in a number of chiefdoms located in the Mpumalanga Province, Republic of South Africa. These activities had provided opportunity of growth for commercial performances, where traditional dance groups are booked for performances in various venues in South Africa.

- Tibhimbi – the Council provided assistance during the preparations for installations of chiefs in various chiefdoms. The assistance with the traditional regalia for regiments was provided during the installation of chiefs from Sigombeni and Mbhilaneni.

Financial report

- The amount received from government as subvention amounted to E428,400 compared to E214,200 received in the last quarter.

- Total expenditure for the quarter amounted to E621,167 compared to E2.25m last quarter. Budget for the quarter was E675,000.

- There was a deficit of E192,767 compared to a deficit of E32,366 last quarter.

Financial Statements

Income Statement	**2011 Sept 30**	**2011 June 30**
Subvention	428,400	214,200
Other income	-	2,000,000
Total income & subvention	**428,400**	**2,214,200**
Expenditure	621,167	2,246,566
Surplus/Deficit	**-192,767**	**-32,366**

PEU comments

The Council is a non profit making organization and depends fully on government subvention. During the quarter the Council attained a deficit of E192,767 compared to a deficit of E32,366 last quarter. SNCAC is an umbrella body for arts and culture in the country, promoting Swazi talents locally and internationally. We really appreciate the work done by the Council throughout the country by encouraging all Swazis to participate in all cultural activities for the pride of the country and also its engagement in the community training exercises where cultural groups were trained and equipped on various cultural dances and song.

The Swazi culture had gained interests from international partners as we usually have quite a number of tourists during cultural celebrations in the country in the likes of Umhlanga Reed dance, Incwala ceremony and others.

SWAZILAND NATIONAL SPORTS COUNCIL (SNSC)

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

Swaziland National Sports Council reported as follows for the quarter,

Operational Review

- The Chief Executive Officer represented the Council at the Bi – annual meeting held at Willow Park in Johannesburg where a number of items were on the agenda including the 10 years anniversary of the "Kicking – Aids – Out Workshop. The Council was represented by the Chairman and the CEO at the 10th All Africa Games in Maputo. Council made a contribution of E150,000 to "Team Swaziland".

- On sports development – the final draft allocation criteria for membership funds was presented to associations on the 29th July 2011 at the Olympafrica Centre. The meeting was well attended with only 6 associations out of 30 not attending.

- The Asidlale program is a youth program that is currently run in all 4 regions in Swaziland. The prevailing fiscal challenges have limited the activities to only weekly integrated sporting and life skills activities. The capacity building and program sustainability initiatives were temporarily kept on hold until the anticipated funding from Australian Sport Outreach Program (ASOP) is received. ADOP had pledged to fund the program for the period between October 2011 and March 2012.

- The delivery of the Asidlale menu weekly activities went well. The participation figures were comparatively similar to those of the previous quarter and that reflected stability of the program. In Malkerns it would seem that the program is in competition with the Schools Rugby program called "SKRUM", and as a result the participation was very low.

- There were no site visits mainly because the official ending of the program in June and the consequent resignation of the National Coordinator and later the in disposal of the Development Officer.

- The relocation of the Council offices also compounded this situation in terms of tightening the schedule of officers. This situation will improve in the next quarter.

- There were no formal Shukuma Swaziland activities; however there were logistical preparations that included the establishment of regional sport committees. The Shukuma activities were to commerce in the following quarter to circumvent cash-flow challenges.

- The Council proposed and received a sponsorship of E200,000 from Swazi Post to host a tournament for people living with disabilities. The tournament and sponsorship was launched at the Mavuso Sports Centre.

- There were no activities implemented under the Gender Equity Program. The program had no budgetary provision however the Council made an effort to secure sponsorship for this program from First National Bank.

- In order to align its activities with the action plan of the zone which culminated from the Maputo Technical Working Group revelation and recommendations, the Council hosted a series of working sessions to align its coaching and officiating framework with those of the zone. The Council further needed to prepare its input for contribution towards the development of the zonal administration framework and also conduct mapping of at least one code, using the already completed zonal frameworks. These were requirements of the zone.

- Associations that participated in international events included angling, athletics, boxing, judo, SUCSA, taekwondo, and volleyball. Special tribute to the Swaziland All Africa Games team that performed exceptionally well.

- Under membership compliance – the routine round up reminders to membership to comply with submission of the yearly operational plans and budgets for the year was done. The suspension of funding for non-compliant members remained the only instrument to enforce compliance. The compliance rate stood at 86%. Developmental consultations were targeted for non-compliant members.

- Orientation sessions held during the quarter involved 3 associations namely; rifle, cycling and boxing. The sessions entailed the presentation of Council expectations from associations, development of key performance areas, development policies and compliance matters.

- Council hosted the annual general meeting at the Olympiafrica Centre. The meeting was attended by 28 out of 30 associations. Council management finalized crafting of the draft communication and sponsorship policy. The policies will govern the communication process of Council and also specify how sponsorships are to be handled by Council.

- Suppliers and partners for a newsletter were being engaged to assist in producing and funding this project so that it comes to fruition in the next quarter.

- Council identified various companies and organizations to partner with for the funding of the National Sports Awards. Council branded the new offices with signs at Print Park to enable membership and the public to locate them easily.

- Council was given space by the Athletics Association to put banners at the Standard Bank half marathon that was held in September. Council was branded during the Waps Aerobathon Fitness Factor that was held at the Mavuso Trade Centre. Council also branded the Sibebe Council team by providing t-shirts and hats.

- Council participated in the annual International Trade Fair that was held at the Mavuso Trade Centre. The Ministry successfully negotiated for an allocation of a specific day during the Trade Fair which was Umhlanga Day on the 29th September. During the day Council staged an aerobics session in the morning for members of the public. The Swaziland Martial Arts Federation, Swaziland Taekwondo Association, National Netball Association of Swaziland and Swaziland National Darts Association also took part.

Financial Situation

- A deficit of E1.34m after subvention was realised this quarter compared to a deficit of E504,664 the previous quarter.

- Total expenditure incurred amounted to E3.15m compared to E1.11m the previous quarter.

Outlook

- On the sports policy review, it is envisaged that after the submissions made by the different sport bodies the completion of the policy will be made possibly.

- The establishment of Regional Sports Committees is an initiative driven by the Ministry in collaboration with Council. The aim is to decentralize sport to all Tinkhundla Centres. The Ministry has already invited all Members of Parliament to appoint these committees and a meeting with the Ministry of Tinkhundla was held to ensure this initiative goes ahead.

Financial Statements

	2011	2011
Income Statement	**Sept 30**	**June 30**
Investment Income	11,058	9,993
Interest Received	2,728	-
Expenditure	3,151,866	1,113,907
Operating profit/loss	**-3,138,080**	**-1,103,914**
Subvention	1,797,750	599,250
Surplus/Loss after subvention	**-1,340,330**	**-504,664**
Balance Sheet		
Fixed Assets	1,454,141	794,740
Investments	-	-
Current Assets	1,761,531	2,337,152
Total Assets	**3,215,672**	**3,131,892**
Retained Income/Loss	3,688,809	2,982,723
Net profit/Loss	-1,340,330	-504,664
Long-term loans	87,341	-
Designated funds (borrowings)	555,727	559,342
Current Liabilities	224,124	94,491
Total Equity & Liabilities	**3,215,672**	**3,131,892**

PEU Comments

Council is able to negotiate for funding from other entities to fund some of its activities. It is imperative that the sponsorships received from these entities is accounted for accordingly. It is noted that some of the programs Council is carrying out have suffered some drawback during the quarter because of a lack of funding. Council should be strategic in implanting some of its activities especially during this crucial period where there is not enough funding coming from Government. Some of the initiatives by Council may find themselves loosing out because of lack of funding.

Council must be very strong on its members in terms of monitoring their financial performance and reporting to Council on the required dates. Stronger punitive measures should be taken against membership for not report their financial performance to Council. The reporting rate of 86% by members needs to be improved.

The financial performance of Council is not good. There is a need to come up with a way of controlling their expenditure otherwise they will soon run out of funds particularly because even Government does not have enough money for subvention.

SWAZILAND NATIONAL YOUTH COUNCIL (SNYC)

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

Swaziland National Youth Council reported as follows for the quarter,

Operational Review

- To strengthen the Tinkhundla structure, the office visited Kwaluseni, Nkilongo, Somntongo, Matsanjeni North and Sigwe Inkhundla. The main objective of the exercise was to assist all youth associations at Tinkhundla level to function properly and work hand in hand with stakeholders at all levels. During the visits, the office had meetings with Tinkhundla secretaries, Constituency Headmen and stakeholders that operate at Inkhundla level.

- The office did an inspection of some of the Youth centres in the country which included Hosea, Mafutseni, Lubulini and Siphofaneni. This exercise involved having meetings with the Tinkhundla secretaries to deliberate on challenges faced by the Youth Centres. The challenges discussed included that of Hosea centre which is far away from the Inkhudla centre therefore becoming a problem for the Inkhundla staff to monitor, Mafutseni Youth Centre had some of the donated items missing and at Siphofaneni Youth Centre, a murder case happened inside the centre. The only Youth Centre that was discovered to be well maintained and kept safe was the Lubulini Youth Centre. Most of these centres are not utilised for their main purpose, equipment has been broken and electricity was still not connected.

- The International Youth Day was celebrated in September 21, 2011 at Mpolonjeni Inkhundla. This day is celebrated in recognition of all young people around the world for the role they are playing economically, socially and politically. This years theme was "The role of a young person in decision making at all levels". The guest speaker for the day was the Honourable Minister Hlobsile Ndlovu. The event was attended by all youth chairpersons from the Lubombo region as well as stakeholders.

- Part of the Council's mandate is to build capacity among the youth in the country and also to facilitate a good working environment with the different stakeholders working with the youth at grassroots level. The office facilitated a workshop for the Shiselweni I Inkhundla peer educators. The workshop was funded by World Vision. Twelve peer educators were trained on life skills and project management. This training was targeted at assisting the youth in fighting HIV/AIDS pandemic and to also help in giving the youth life-time skills in community project planning and leadership.

- The HIV& AIDS department was able to attend workshops and conferences targeted at building capacity and ensuring participation in national agendas.

- Youth Radio Programmes continued without any disturbances. A number of programmes were aired and the topics covered included under age clubbing, sexual relations between under aged group, how to prevent being dressed provocative but fashionable enough, how to survive the rape ordeal, family planning, Youth Enterprise Fund and what young people should know about protecting their environment.

- The Council attended a Gender and HIV/AIDS mainstreaming workshop in South Africa. The workshop was sponsored by United Nations Population Fund (UNFPA) in collaboration with the South African Youth Movement with the purpose to encourage the formation of the African Youth and Adolescent Population and Development Network (AfriYan) Chapter in countries that have not established them yet, including Swaziland. The objective of the AfriYan is to unite all youth serving and youth led organizations to form a forum that will advance the course of youth development.

- SNYC participated in the 2011 Swaziland International Trade Fair. The theme of the year was "Nurturing Young Talent for Economic Recovery".

- The Council attended a workshop on redefining the Role of the Civil Society coalition and Parliament in Sexual Reproductive Health and Rights (SRHR) Advocacy around the Mozambique Plan of Action (MPOA) and Campaign on Accelerated Reduction of Maternal Mortality in Africa (CARMMA). The objective of the workshop was to enhance civil society capacity to implement continental and regional Sexual Reproductive Health (SRH) policy frameworks including the Maputo Plan of Action, CARMMA and SADC SRH strategy, mapping out roles and responsibilities of the civil society and parliamentarians in accelerating SRH implementation both nationally and regionally, developing advocacy guidelines and plan of action for SRH response, and to complement government efforts at national level.

- A Lusweti Delta Message development workshop was facilitated by the Council on the 30th September 2011. The workshop was on research findings on Sexual Reproductive Health (SRH) interventions dissemination forum, where NGO's and schools pupils were engaged to come up with messages that will talk to the access of Adolescent Sexual Reproductive Health and Rights serves at schools. Youth Friendly service provision was also a topic deliberated by both pupils and Youth Serving Organisations.

Outlook

- Expansion of the HIV/AIDS in-school programme to 55 schools over the next three (3) years is expected to resume in the second quarter of 2012.

Financial Situation

- A surplus of E80,236 was realised this quarter compared to a deficit of E54,129 realised the previous quarter. Budget for the quarter was a surplus of E42, 000 resulting in a favourable variance of E38,236.

- Total expenditure incurred amounted to E374,537 compared to E335, 363 the previous quarter. Budget for the quarter was E650,000 resulting in an adverse variance of E275,463.

Financial Statements

	2011	**2011**	**2010**
Income Statement	**Sept 30**	**Mar 31**	**Dec 31**
Income and Subvention	454,773	768,460	755,023
Expenditure	374,537	795,194	967,535
Surplus/Deficit	**80,236**	**26,734**	**-212,512**
Balance Sheet			
Fixed Assets	287,741	313,420	315,557
Investments	-	-	-
Current Assets	34,600	34,600	34,600
Current Liabilities	357,642	409,426	425,500
Net Current Assets/Liabilities	-323,042	-374,826	-390,900
Employment of Capital	**-35,301**	**-61,406**	**-75,343**

Share Capital			
Retained Income	-80,777	-61,406	-75,344
Long Term Loan	45,475	-	-
Total Capital Employed	**-35,302**	**-61,406**	**-75,344**

PEU Comments

The Council recorded a surplus of E80,236 this reporting period compared to a budget of E42,000. This was mainly due to the Councils expenses being below budget by 42%, which was a good sign of cost containment. Although expenses were below budget, they were also above last quarter and worth noting was motor vehicle expenses which increased by 97% when compared to previous quarter.

It is noted that the Youth Centres are not utilised for their purpose and some of the materials donated for the centres have been stolen. Government resources were used to finance this project that has now become a white elephant. SNYC must revive the centres and re-visit their work plan if the initial work plan concerning this project is not workable.

APPENDIX 1 - TABLE OF REPORTING COMPLIANCE

ENTERPRISE	QTR 31/12/10	QTR 31/03/11	QTR 30/06/11	QTR 30/09/2011	ANNUAL 2010/11
1. Swaziland Dairy Board	X	X	X	X	X
2. National Maize Corporation	X	X	X	X	X
3. Swaziland Cotton Board	X	X	X	X	X
4. National Agricultural Marketing Board	X	X	X	X	X
5. Royal Swazi National Airways Corp	X	X	X	X	
6. Swaziland Railway	X	X	X	X	
7. Central Transport Administration					
8. Swaziland National Provident Fund	X	X	X	X	X
9. Swaziland Development & Savings Bank	X	X	X	X	X
10. Swaziland Electricity Company	X		X	X	X
11. Swaziland Posts & Telecommunications Corporation	X		X	X	X
12. Water Services Corporation	X	X	X	X	X
13. National Industrial Development Corporation*					
14. Small Enterprises Development Company	X	X	X	X	X
15. Commercial Board*					
16. Swaziland Development Finance Corporation	X	X	X	X	X
17. University of Swaziland	X	X	X	X	X
18. Sebenta National Institute	X	X	X	X	X
19. Piggs Peak Hotel	X	X	X	X	
20. Swaziland Television Authority	X	X	X	X	X
21. National Housing Board	X	X	X	X	X

22. Swaziland National Trust Commission	X	X	X	X	X
23. Swaziland Tourism Authority	X	X	X	X	X
24. Swaziland Tourism Development Company*					
25. Swaziland Investment Promotion Authority	X	X	X	X	X
26. Motor Vehicle Accident Fund	X	X	X	X	X
27. Swaziland Water and Agricultural Development Enterprise	X	X	X	X	X
28. Commission for Mediation, Arbitration and Conciliation	X	X	X	X	X
29. National Emergency Response Committee on HIV/AIDS	X	X	X		X
30. Swaziland Environment Authority	X	X	X	X	X
31. Swaziland Standards Authority	X	X	X	X	X
32. Swaziland Revenue Authority		X	X	X	X
33. Swaziland Competition Commission	X		X	X	X
34. Swaziland Nazarene Health Institutions	X	X	X	X	X
35. Siteki Good Sheppard Hospital	X	X	X	X	X
36. Swaziland Civil Aviation Authority	X	X	X	X	
37. Swaziland National Sports Council			X	X	X
38. Swaziland National Youth Council	X	X		X	X
39. Swaziland Youth Enterprise Fund	X	X	X	X	
40. Swaziland Council of Arts and Culture			X	X	X

X – Submitted

* - Dormant

THE PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME QUARTERLY REPORT FOR THE PERIOD ENDED 30th SEPTEMBER, 2011

1. GENERAL

As at the quarter ending 30th September, 2011, there were no changes to the fund. There were no new loans approved and disbursed.

As at 30th September 2011 we have only one loan in place, that has been given to Fincorp amounting to E20 Million Emalangeni and one guarantee amount to E1,625.00 issue on behalf of the Swaziland Cotton board. There are no other loans and guarantees issued.

We continue to encourage usage of the fund, for the parastatals to get full benefit from the fund. To assist all the Public Enterprises to grow, the Public Enterprise Unit and Standard Bank embarked on a marketing promotion of the fund by visiting the Public Enterprises to fully explain how the fund operates, understand the challenges of each enterprise and their reasons for not using the fund as well as to explain the benefits of using the fund. To date the scheme has had participation from three (3) banks with 6 guarantees having been issued. Only 4 Public Enterprises, Swaziland National Housing Board, Swaziland Television Authority, National Maize Corporation and the Swaziland cotton board having benefited from the scheme since inception.

The Public Enterprise Unit as well as Standard Bank as the administrators would like to see all the parastatals making use of the fund and benefiting from it, especially in the current economic downturn being experienced.

We will continue to market the fund and encourage the enterprises to make use of the fund. A brochure on the fund, purposes, how to make use of the fund as well as the rules and procedures of the fund will be given to all the parastatals. To-date 14 Public Enterprise have been visited.

2. FINANCIAL

To-date contributions by the Government of Swaziland remains unchanged at E5.0 million while contributions from participating Public Enterprises plus Government contribution amounts to E142,469,543.25(One Hundred and Forty Two Million, Four Hundred and Sixty Nine Thousand, Five Hundred and Forty Thee Emalangeni and Twenty Five cents only) as at the end of September, 2011.

The increase was mainly attributed to receiving contributions from the Public Enterprises, interest earnings from funds held on call account and interest on a loan advanced to the Swaziland Development Finance Corporation (FINCORP). Please refer to the contributions Table on Page 4 and the Balance Sheet and Income Statement for the quarter ending 30th September 2011 (attached) showing the financial performance of the Fund.

3. TECHNICAL REBATE 20% POOL FUND

As at 30th September 2011, as required by the Government Gazette of January 18, 1995 that 20% of the contributions from each public enterprise be used for training for all the public enterprise, a total sum of E28,493,908.65(Twenty Eight Million, Four Hundred and Ninety Three Thousand, Nine Hundred and Eight Emalangeni and Sixty Five Cents only) representing the 20% from all the Public Enterprises contributions has been transferred to the Technical Rebate Fund account.

This Fund is the responsibility of the Ministry of Finance and the Public Enterprise Unit and is for the purposes of training of the public enterprises. For The quarter ending 30th September, 2011 drawings amounted to E270,105.00 (Two hundred and Seventy Thousand One Hundred and Five Emalangeni). Total drawing up to the period ending 31st December, 2010 amount to E2,552,343.50(Two Million, Five Hundred and Fifty Two Thousand Three Hundred Forty Three Emalangeni and Fifty Cents Only) had been drawn by the Ministry of Finance Public Enterprise Unit. Please see Table below (on Page 4) and Balance Sheet and Income Statement for the quarter ending 30th September, 2011 (attached).

4. LATEST DEVELOPMENTS ON PELG FUND

There is currently only one guarantee and one loan that is in existence from the Public Enterprise Loan Fund. The guarantee has been issued to the Swazi Bank for an on behalf a project for the Swaziland Cotton Board. The guarantee was issued for a period of 12 months and will expire on the 28th of June 2011. The loan in existence was issued to Fincorp. Fincorp previously had a loan from the fund, the loan was repaid in full and E20 million was redrawn. The loan was redrawn in March 2011.

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BREAKDOWN OF P.E.S' CONTRIBUTIONS SINCE JULY 1993 TO 30th September, 2011

		30 June' 2011	30 Sept' 2011	CHANGE
		E	E	E
01	Swd Dairy Board	2,360,813.32	2,386,186.03	25,372.71
02	Swd Cotton board	136 053.19	139,140.69	3,087.50
03	S.N.P.F	7,125,762.59	7,125,762.59	0
04	Swd Railways	10,939,243.29	11,175,954.54	236,711.25
05	Nat. Maize Corp	5,878,342.13	5,878,342.13	0
06	UNISWA	8,435,988.14	8,435,988.14	
07	S.E.B.	37,630,314.04	39,163,780.76	1,533,466.72
08	Trade Fair	4,506.00	4,506.00	-
09	Housing Board	1,387,976.84	1,387,976.84	0
10	SRIC	348,280.22	348,280.22	-
11	SEDCO	321,630.17	321,630.17	0
12	TV Authority	892,711.51	892,711.51	0
13	Water Services Corp.	9,532,723.93	9,836,847.76	304,123.83
14	National Airways	458,534.55	458,534.55	-
15	Post & Telecomms	33,494,688.59	34,508,377.34	1,013,688.75
16	Trust Commission	450,740.93	450,740.93	
17	Pigg's Peak Hotel	361,027.00	361,027.00	-
18	Namboard	1,595,720.54	1,640,192.72	44,472.18
19	Sebenta	112,675.34	112,675.34	0
20	SDSB	8,519,198.36	9,264,885.86	745,687.50
21	FINCORP	1,939,604.72	1,939,604.72	0
22	M.V.A. Fund	4,451,334.66	4,646,629.01	195,294.35
23	SIPA	153,734.04	153,734.04	0
24	SWADE	220,038.04	220,038.04	0
25	Swd Tourism Authority	154,347.18	154,347.18	0
26	HIV/AIDS EMERG. FUND	1,001,160.56	1,001,160.56	0
27	C.M.A.C.	188,473.97	209 963.86	21,489.89
28	Swd Standards Authority	61,936.32	76,624.60	14,688.28
29	Swd Environmental Authority	150,392.00	173,900.12	23,508.12
	Sub-totals	**138,307,952.17**	**142,469,543.25**	**4,161,591.08**
	Transfer to Rebate account	(27,661,590.43)	(28,493,908.65)	**(832,318.22)**
	Add: Govt Contribution	5,000,000.00	5,000,000.00	-
	Balance	**115,646,361.74**	**118,975,634.60**	**3,329,272.86**

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Income Statement for the quarter ended 30th September 2011

INCOME	**2011** E
Interest on Bank Account	-
Interest on Treasury Bills	-
Interest on Call account	712 218.41
Interest on Fincorp Investment	680 273.97
	1 392 492.38
EXPENDITURE	
Payments	270 105.00
Surplus for the quarter	1 392 492.38
Retained Surplus/(Deficit)	27 940 721.49
Accumulated Surplus/(Deficit)	29,603,318.87

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Balance sheet as at 30th September 2011

Capital Employed	**2011**
Capital	5 000 000.00
Contributions from Public Enterprises	137 469 543.25
	142,469,543.25
Transfer to Public Enterprise Unit Technical Rebate Fund	28,493,908.65
	113,975,634.60
Accumulated Surplus/(Deficit)	29,603,317.87
	143 578 952.47

Employment of capital	
Current Assets	
Current Account	314 150.05
Call Account	63 264 802.42
Investments at other banks	60 000 000.00
Loan to Fincorp	20 000 000.00
	143 578 952.47
Current Liabilities	
Provision for Audit Fees	20 000.00
	143 558 952.47
Memorandum of Account	
Guarantees Issued	
Counterpart of Guarantees Issued	**1 625 000.00**