MINISTRY OF FINANCE

PUBLIC ENTERPRISES UNIT

QUARTERLY REPORT

For the Three Months Ended

December 31, 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, CULTURE 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 AND SOCIAL WELFARE
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, CULTURE AND YOUTH AFFAIRS
Arts and Culture		
39. Swaziland National Council of Arts and Culture	**SNCAC**	SPORTS, CULTURE AND YOUTH AFFAIRS
Youth Affairs		
40. Swaziland National Youth Council	**SNYC**	SPORTS, CULTURE 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 October - December 2011, which is the 3rd 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. One (1) enterprise did not submit its report on time for the quarter as stated on page nine (9) 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 eleven (11) times this quarter and they made the following approvals:

- Renewal of the Swaziland Tourism Authority Chief Executive Officer's Contract;

- Appointment of new members of the Board of the Directors of Swaziland Posts and Communications Corporation;

- Appointment of Board members of the Swaziland Electricity Company;

- Appointment and term of office for members of the Swaziland National Council of Arts and Culture Board;

- Proposed Integrated Revenue Administration System Programme for SRA;

- Request to SCOPE for implementation of Cost of Living Adjustment above PEU "Major"

- Swaziland Water Services Corporation Annual Report for the year ended 31st March 2011;

- Request for Authority to extend the term of office of the Board of Directors for Swaziland Television Authority;

- Appointment of Board members for the Swaziland Electricity Company;

- Extension of term for Swaziland Railways Board members;

- Request for extension of contract for Swaziland Dairy Board Chief Executive Officer;

- Expiry and renewal of the contract of the Chief Financial Officer for Swazi Bank;

- Salary increase fro the Swaziland Railways main staff and management;

- Appointment of a Board member for the Swaziland Standards Authority Council;

- Request for appointment of a new Chairman of the Board of Directors for the National Maize Corporation;

- Request for Swaziland Posts and Telecommunications to keep Regulator License Fees pending the establishment of an independent Regulator;

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 but were nearing finalization 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. There case was set to the international court for arbitration. The arbitrator was to look at the issues and discuss with the parties before issuing an award.

Pigg's Peak Hotel (PPH)

11. The Board took legal action against Orion Hotels and Inns for not paying rental for the

establishment and Orion Hotels and Inns decided to terminate the lease agreement they signed with Pigg's Peak Hotel and Casino. The matter was taken to court. This means that the Board and the Ministry will need to decide on the future operations of the Hotel in terms of the future operator. The Casino operator continued to operate it.

Swaziland Television Authority (STVA)

12. Following the review of the salaries for STVA some 24 months ago the entity has still not reviewed the organizational structure. The proposal to review the structure was supposed to be finished 33 months ago. The board and Ministry are urged to finalize this very vital undertaking.

Swaziland Water Services Corporation (SWSC)

13. This is the 118th 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 101 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 were being run by private operators on a lease basis. However the Mantenga operator had started to have financial problems and was not paying the required rental charge to SNTC. 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. 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.

Royal Swazi National Airways Corporation (RSNAC)

15. A new Board was appointed 26 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. In the process of the Implementation of the report the Board took legal action against the Acting CEO and the matter was taken to court while the CEO was suspended.

General

Management Development - Individual

16. 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 thirteen (13) individuals that went for training and they were from Swazibank (2), University of Swaziland (11)

Management Development – Group Training

17. There was no group training during the quarter.

Corporate Governance

18. There was no training on Corporate Governance this quarter.

The Swaziland Public Enterprises Association (SPEA)

19. 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

20. 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.

21. 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

22. 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.

23. 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

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 Dairy Development Services Department is responsible for the provision of support training and advisory services to milk producers. Services to farmers include resource assessment for starting dairy farmers, sitting and construction of dairy structures, forage production and conservation, perennial and winter pasture establishment and management, procurement of dairy cattle locally and from the Republic of South Africa, production of round bales of hay, artificial insemination coupled with heat detection, dairy cattle feeds and feeding, clean milk production and proper handling, calf rearing, record keeping, dairy herd health and its application, milk marketing, general farm management, formation of farmers groups; coordination of activities for farmer groups and management of communal milk collection centres and business plan preparation.

- 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. 67 dairy cows/heifers were bred using the A.I. method and amongst the total, 13 were synchronized in all the four regions of the country.

- Technical advices and dairy husbandry practical services were offered to dairy farmers during specific farm visits to address their farm problems, and motivate and equip them with certain skills required to improve the performance of their dairy farms. A total of 210 farm visits were carried out covering all the regions of the country.

- One (1) day time workshop on dairy cattle was carried out in the Manzini region with a total attendance of fourteen (14). In addition, thirty five (35) technical meetings were held in the four regions of the country with a total attendance of 484.

- During the quarter 37 farmers (11 dairy goats and 26 dairy cattle) were trained. Subjects covered for the dairy cattle and goats courses include requirements and preparations for starting a dairy enterprise, fodder production, dairy cattle feeding, breeding and selection, disease prevention and control in dairy cattle, clean milk production, milk collection and storage, business plan preparation for a dairy enterprise, business management of a dairy enterprise, and legal issues and their implications.

- A total of 41 dairy cattle were imported into the country for thirty four (34) dairy farmers (32 new and 2 expanding their dairy units). Other dairy cattle purchased before the FMD outbreak will be collected and transported into the country in the next quarter.

- Five milking machines have been collected from the supplier. Many 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 and income per cow, short time milking period etc.

- There were ten (10) business plans developed for dairy farmers in this reporting period. There was one (1) large scale, two (2) medium scale and seven (7) small scale farmers. Five (5) were from Manzini, four (4) from Lubombo and one (1) from the Shiselweni region. All these plans were still with financers to consider extending loans.

- The Entandweni milk collection centre at Hlane Inkhundla under Malindza Chiefdom had not started receiving milk from farmers due to poor grazing areas, as the place has not received good rains. Cows have started calving, but due to poor pastures, their conditions are poor to produce reasonable amount of milk.

- There is another Milk Collection Centre (MCC) starting up at Gwayimane under Hlane Inkhundla. Construction of the structure was expected to start and be completed in the next reporting period. The centre was expected to start operating before the end of the next quarter.

- The construction of the MCC at Khuphuka was almost complete. Membership remained at 21. The MCC had not started receiving milk from farmers due to the prevailing poor grazing areas.

- Swaziland Dairy Board, working in collaboration with the Ministry of Agriculture officers, Veterinary Assistants and Dairy Extension officers is promoting the milking of indigenous cattle throughout the country.

- 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 six (6) 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. This take over has improved the likelihood or recoverability of outstanding amounts by the tenants as the latter have the ability to continue as a going concern.

    - 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 E2.65m compared to E1.33m the previous quarter. Budget for the quarter was E608, 532 resulting in a positive variance of E2.05m.

- Total revenue collected this quarter amounted to E7.13m compared to E5.27m collected the previous quarter. The budget for the quarter was E4.57m, reflecting a positive variance of E2.57m.

- Total expenditure amounted to E4.48m compared to E3.94m the previous quarter. Budget for the quarter was E3.96m.

Outlook

- The dairy goat and cattle courses for both aspiring and existing dairy farmers will start in mid January 2012.

- The Board was working on ensuring that the remaining 46 cows which were purchased in the last quarter but were not collected are fetched and transported into the country in the next quarter.

- Swaziland Dairy Board is working on a draft Memorandum of Understanding (MoU) with the Ministry of Agriculture for the rehabilitation, operating and commercialization of Gege Dairy farm. It is expected that the MoU will be signed in the next quarter.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Turnover	7,134,053	5,268,416	3,428,218	3,734,613
Expenditure	4,480,133	3,938,658	3,008,455	3,285,417
Net Profit	**2,653,920**	**1,329,758**	**419,763**	**449,196**
Balance Sheet				
Fixed Assets	5,190,170	13,889,753	14,026,383	14,026,383
Investments	12,381,865	4,155,953	4,191,701	4,191,701
Current Assets	18,060,530	15,944,248	13,100,656	12,895,546
Current Liabilities	4,963,858	5,592,705	4,031,620	4,044,247
Net Current Assets	13,096,672	10,351,543	9,069,036	8,851,299
Total Employment of Capital	**30,668,707**	**28,397,249**	**27,287,120**	**27,069,383**
Retained Income	17,912,511	15,258,591	13,928,833	13,509,100
Dairy Development Fund	7,609,553	7,363,525	7,057,307	7,057,307
Office Block	4,984,623	5,613,112	6,152,460	6,340,957
Medium Term Lease Obligation	162,021	162,021	148,521	162,021
Total Capital Employed	**30,668,708**	**28,397,249**	**27,287,121**	**27,069,385**

PEU Comments

An increase of 35% was noted in the revenue collected this quarter when compared to the previous quarter. This led to the increase of net profit by 99.58%. Budget for the quarter was E4.57m therefore resulting in a positive variance of 56%.

Swaziland Dairy Board has continued to fulfil its mandate of developing and protecting the local dairy industry. This has been done through the provision of training (day time), extension and regulatory services. More farmers are getting into dairy farming as dairy cattle for 34 farmers was imported into the country for 32 new and 2 expanding their units. Swaziland Dairy Board must advocate for the improvement of services offered by processors to farmers' in order to increase milk production and at the same time avoid farm gate sales.

The Board continued to establish milk collection centres, however the existing indigenous milk collection centres were not performing well. Although cows had started calving, due to poor pastures, their conditions were poor to produce reasonable amounts of milk. Establishment of milk collection centres in order to increase milk production in the country is not enough as long as we still depend in natural resources, taking into consideration climate change. Swaziland Dairy Board must look for other initiatives of trying to increase milk production in Swaziland or develop the existing ones.

A major decrease on fixed assets and a major increase on the investment were noted. This was mainly due to a change in the accounting of the rented property. Property rented out is now recorded under investment instead of fixed assets.

NATIONAL MAIZE CORPORATION (NMC)

Parent Ministry: Ministry of Agriculture

NMC reported as follows for the quarter,

Operational Review

- Despite the challenges of price increases from the neighbouring countries from which the NMC sources its maize in order to cover for the deficit of the national food demand, the Corporation was able to keep the maize stock at an acceptable level.

- The third quarter marks the end of the marketing season. It is the time when less maize is received from local farmers and more maize is imported. Hence, 320 metric tonnes of maize was received from local farmers and a total of 4,089 metric tonnes of imported maize was received.

- Depicted hereunder is maize sold.

Maize Sales (tonnes)

	October	November	December	Total
Bulk maize	2,079.210	2,470.490	1,230.200	5,779.90
70kg bags	446.390	335.230	194.810	976.430
50kg bags	1,013.050	861,550	358.310	2,232.91
25kg bags	5.960	4.950	3.750	14.66
Total	**3,544.610**	**3,672.220**	**1,787.07**	**9,003.90**

- NMC has been selling Japanese Food Aid Project Maize (KR2009) on behalf of the Swaziland Government. The sale of the donated maize started in June, 2011 and completed in November, 2011 which means NMC only traded for one month, the month of December, 2011.

- Following the upsurge of maize prices in the region, the selling price of maize was adjusted from E2,340 per metric tonne to E3,375 per metric tonne. The price increase was with effect from 11 November, 2011.

- On the other hand, the price of rice continues to fluctuate in line with the acquisition price of any new parcel taking into consideration its high volatility.

Financial Situation

- A loss of E1.21m was recorded compared to a loss of E865,204 reported in the previous quarter. The increase in the loss was as a result of the escalating price of imported maize, whilst, at the same time, NMC must offer the maize at an affordable cost to the nation.

- Maize sales amounted to E25.11m compared to E15.19m attained during the previous quarter, representing a 45% increase.

- Operating expenses amounted to E2.6m compared to E2.92m incurred in the previous quarter which represents an 11% decline.

- The income for Sihlobo rice was E1.7m, which represents about 102% increase from last quarter. This shows that the rice division is performing reasonably well. The profit for Sihlobo rice was E32,667.

- Operating expenses incurred amounted to E283,976 compared to E174,112 incurred in the previous quarter.

Outlook

- NMC is in the process of formulating a strategic plan for the next coming three years, 2012-2015, which will be effected from April, 2012.

- NMC is still awaiting government's response on the implementation of a new organisational structure. This move will see many changes in the human resources of the company to fit its operational requirements.

Financial Statements

	2011 Dec 31	2011 Sept 30	2011 June 30	2011 March 31
Total Income	26,812,317	16,030,353	9,585,171	17,901,950
Total Expenditure	28,024,846	16,895,557	10,864,009	15,866,158
Operating Surplus/Loss	**-1,212,529**	**-865,204**	**-1,278,838**	**2,035,792**

Balance Sheet				
Non Current Assets	10,815,543	10,969,595	10,774,175	10,774,175
Current Assets	46,145,075	41,215,252	22,824,174	22,824,174
Current Liabilities	33,170,192	35,879,660	25,769,074	24,056,809
Net Current Assets	12,974,883	5,335,592	-2,944,900	-1,232,635
Total Employment of Capital	**23,790,426**	**16,305,187**	**7,829,275**	**9,541,540**
Share Capital	2,405,000	2,405,000	2,405,000	2,405,000
Grant : Plot 542 -land & Silos	6,399,305	6,414,818	6,438,088	6,469,115
: Maize Govt Grant	7,500,000	7,500,000	7,500,000	7,500,000
Revaluation Reserve	1,039,300	1,039,300	-	-
Retained Income	6,445,821	-1,053,931	-6,797,480	-6,832,575
Total Capital Employed	**23,790,426**	**16,305,187**	**9,545,608**	**9,541,540**

PEU Comments

The operational expenses for the Rice Division remain very high. Out of an income of E1.7m, the net profit for Sihlobo rice was only E32,667. It is necessary that synergies be identified within the organisation for effective and efficient utilisation of human and financial capital through the sharing of resources. NMC now has sufficient experience in the grain industry which can be transferred to the Rice Division. In so doing, there can be a reduction of overheads. Synergies may be obtained by sharing assets between the maize and rice business units if economies of scale or scope can be obtained. It is also essential that an evaluation of the rice project be undertaken in order to establish whether it is a viable and worthwhile project.

NMC realised a loss of E1.21m compared to a loss of E865,204 reported in the previous quarter. The enterprise has recorded losses over the last three quarters of the year. The sale of the donated maize started in June, 2011 and as noted in the financial statements, that was the time when the public enterprise started incurring losses. The losses have continued since. From the quarter ended June, 2012, the losses have averaged E1.12m. This means that the compensation given by the Government for the sale of the Japanese Food Aid Project Maize (KR2009) on behalf of the Swaziland Government has been inadequate to ensure that the operational costs cover the benefits of holding the maize. In the one month that NMC was trading, the month of December, 2011, it was realised that the price of imported maize had escalated. As a result more losses were incurred. NMC has a challenge brought about by the insufficient production of maize locally such that the enterprise is forced to source maize from outside the country. Souring the maize at high volumes can benefit the enterprise through economies of scale leading to a reduction in costs.

SWAZILAND COTTON BOARD (SCB)

Parent Ministry: Ministry of Agriculture

The SCB reported as follows for the quarter,

Operational review

- The period marks the beginning of the new season, which however made a late start due to lack of early rains. Loan applications for crop finance were being appraised and inputs such as planting seed and pre-emergence herbicides were distributed. Farmer training workshops were also conducted. Marketing of both lint and Fuzzy Seed was also continuing.

- Negotiations for the use of the Buseleni Farm under irrigation were proceeding well, but the feasibility of the project faces challenges as the irrigation infrastructure on the farm has been found to be in bad state, and might need a lot of repair and replacement to be reconditioned.

- Advertisements for the position of Operations Manager were posted in the local media and responses were received. Interviews were conducted in early January 2012.

- Due to the state of financial crisis the SCB grant still has E675, 000 still outstanding from Government before the end of the financial year.

- Problems facing the industry are basically weather related, which result in overall poor performance across the board. Farmers cannot produce up to their full potential resulting in less cotton reaching the ginnery. Low through-put at the ginnery results in poor financial performance. Cotton prices are also not very lucrative, and low yields cannot be compensated by the price.

Financial Situation

- Gross income for the quarter was E2.9m compared to E6.8m in the previous quarter. The decrease is due to reduced sales as stocks of product go down. Net profit was down to E1.4m from E4.1m in the previous quarter. Ginnery proceeds were the main activity in revenue generation.

- Total expenses for the quarter amounted to E1.2m down from E2.7m last quarter, indicating a 56% decrease due to reduced activity after the end of the ginning season.

Outlook

- Projections made for the upcoming season were indicating a lot of interest amongst farmers, however, their spirits were dampened by lack of rains during October and November 2011, and it is now in doubt if they will witness the anticipated increase in production.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept. 30**	**June 30**	**March 31**
Income	2,966,022	6,940,765	3,224,921	333,514
Expenditure	1,216,426	2,746,586	9,915,573	1,172,579
Operating Profit/Loss	**1,749,596**	**4,194,179**	**-6,467,451**	**-839,065**
Balance Sheet				
Fixed Assets	2,284,573	2,272,288	2,062,288	2,446,369
Investments			0	(94,631)
Current Assets	9,248,032	7,460,509	3,804,455	9,123,978
Current Liabilities	269,160	295,285	273,228	659,078
Net Current Assets	8,978,872	1,187,281	3,531,227	8,464,900
Employment of Capital	**11,263,446**	**9,459,570**	**5,593,515**	**10,816,638**

Contributed Surplus	10,542,482	10,467,482	10,392,482	9,917,474
Retained Income	720,964	-1,007,912	-4,798,967	899,164
Capital Employed	**11,263,446**	**9,459,570**	**5,593,515**	**10,816,638**

PEU Comments

The Cotton Board continued to enjoy a very healthy current ratio at 34.3:1 during the quarter compared to a lower ratio at 25.3:1 for last quarter. This is explained by the fact that there was a increase in current assets from E7.4m to E9.2m 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 E1.74m compared to a profit of E4.14m profit last quarter and a huge loss of E6.46m in the quarter of June 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 negotiations on the use of the Buseleni farm with Government concluded, so as to increase cotton production through the irrigation facilities available at the farm. 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

- The heavy rains and hailstorm in the northern part of the country destroyed farmers' produce especially tomatoes, cabbages, baby marrows, green beans and bananas. Due to these heavy rains planting programs were not fully followed by the farmers.

- A total of 127 farm visits were carried out through the Market Extension Services. During the visits, the following activities were conducted: advising farmers on pest control, record keeping, proper application of farm inputs and their handling, organizing the collection of farm produce and visiting new farmers' sites for the purpose of advising them on the possibility of growing vegetables.

- Eight meetings were held, where issues concerning; planting programs for conventional vegetables and setting up production sites to be in line with global GAP were discussed. Furthermore, demonstrations on the use of small seed drills for planting crops like carrots and beetroots were conducted. A central meeting was held with tomato producers in which issues of quality and varieties were discussed. This led to another session with baby vegetable growers and discussed challenges associated with the production, quality and marketing of these products.

- There were six school visits, from both primary and secondary schools. These were part of their educational tours seeking information on how to produce vegetables for the market. They also had interest in the production and packaging of baby vegetables.

- The board realized an increase in the production of bananas, cabbages, tomatoes and beetroots, hence there were periods when tomatoes and beetroots imported from outside the country were suspended.

- A wide range of baby vegetables was produced in the demonstration plots but baby corn was not produced due to the weather conditions.

- There were 6 radio programmes produced. The objectives of the programs on the radio were; to promote the information of a farmers' union using different commodity groups; to give tips on preparing for National Vegetable Competition (NAVECO); to provide information on the successes of vegetable growers in the whole country; to provide technical practical skills for producing Irish skills; to increase the volume of quality produce from the local producers in the summer season and to promote soil analysis.

- The National Market realized an increase in the inflow of local produce compared to the previous quarter. Encabeni sourced all cabbages, tomatoes, carrots and beetroots within the country. Onions were almost produced adequately especially towards the end of the reporting period. There was a fair supply of locally grown potatoes. The majority of farmers that signed contracts were able to supply the market, except for the quality. The supply of baby vegetables to Encabeni was steady in the period. Produce received include baby corn, cauliflower, broccoli, baby marrow, patty pans, baby gem, green cabbages, mangetout peas, sugar snap peas and green beans. Most of the products were supplied to external markets and the price was favourable.

- Due to the prevailing economic conditions more Swazi people are showing an interest in vegetable production and NAMBoard had to be positioned to find markets for the local produce.

- The Regulatory Department is tasked to monitor the movement of scheduled agricultural products through the country's borders. In order to achieve this task, the department issued import and transit permits to traders engaged in the business of importing and transiting agricultural products, and then monitor the in and outflow of these products.

- The inspectorate department carried out three hundred and thirty one (331) inspections of scheduled agricultural products at the various border entry points to ensure compliance and quality control on all imported scheduled agricultural products.

- The board participated in the National Maize Competition and National Vegetable Competition prize presentations where a chance to showcase the different products offering was afforded as well as participated in an open day that was organized by SWADE.

- The Johannesburg Fresh Produce Market was the major supplier of fruits and vegetables. As the reporting period fell in the spring, there had been a general increase in some root commodities at the beginning of the period with an eventual decline in latter phases. Apples and pears were very scarce.

- A majority of farmers treat Encabeni Fresh Produce Market as buyer of all field produce regardless of the provision of the contracts regarding quality. This development had seen farmers bringing sub standard produce to the market with reference to contracts. The lack of quality local produce which is the main trading focus for the market continues to be a challenge.

Financial Situation

- NAMBoard made a surplus of E299,930 compared to E1.06m last quarter.

- Turnover generated from collection of levies, sale of scheduled agricultural products and permits amounted to E4.42m compared to E3.33m.

- Total expenditure incurred amounted to E4.12m compared to E3.76m 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**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Sales	3,029,061	4,087,381	4,028,396	2,177,480
Cost of Sales	2,202,546	2,742,580	2,756,363	1,852,386
Gross profit	248,851	1,344,801	1,272,033	507,212
Income from levies	3,255,565	3,156,083	3,257,112	4,344,710
Other Income	342,822	316,936	384,974	370,713
Expenditure	4,124,973	3,761,296	4,373,254	4,686,096
Operating Profit	**299,930**	**1,056,524**	**540,866**	**536,539**
Fixed Assets	6,275,072	6,297,281	6,514,236	6,669,406
Investments	9,301,197	9,163,673	9,024,913	10,375,458
Current Assets	5,595,132	5,536,606	4,359,743	2,522,387
Current Liabilities	2,906,506	2,543,301	2,534,875	2,019,150

Net Current Assets	2,688,626	2,993,305	1,824,868	503,237
Total Employment of Capital	**18,264,895**	**18,454,259**	**17,364,017**	**17,548,101**
Retained Earnings	15,637,296	15,697,898	14,375,174	14,384,832
Revaluation Reserves	1,480,364	1,480,364	1,480,364	1,480,364
Long term loans	1,147,236	1,275,997	1,508,479	1,682,906
Total Capital Employed	**18,264,895**	**18,454,259**	**17,364,017**	**17,548,101**

PEU Comments

There was a major decrease in the board's performance for the quarter as it attained a profit of E299,930 compared to E1.06m last quarter. This was due to a major decrease in the profit from the Encabeni Market. The gross profit attained was E248,851 compared to E1.34m last quarter. There had also been an increase in NAMBoard's total expenditure to E4.12m compared to E3.8m last quarter.

We commend the job done by the board in pursuing its developmental mandate. The board is reaching out to farmers and schools in proving them with information on how to produce vegetables for the market. Capacity building to our local farmers remains critical to ensure good quality production and also increased volumes.

SWAZILAND WATER AND AGRICULTURAL DEVELOPMENT ENTERPRISE (SWADE)

Parent Ministry: Ministry of Agriculture

SWADE reported as follows for the quarter,

Operational Review

- There were challenges of exodus of human resources especially at management level but despite that, SWADE survived and supported the projects on the ground. SWADE also ensured that operations at project level were run efficiently and effectively in spite of the financial challenges in the country.

- SWADE is currently undertaking two major projects, namely the Komati Downstream Development Project (KDDP), and the Lower Usuthu Smallholder Irrigation Project (LUSIP). The report highlights some of the project achievements.

- The progress report for KDDP was so impressive despite having no funds released for this project. SWADE ensured that all activities on the ground were completed without any disturbances.

- By the end of December 2011, the KDDP project had used over E11m to complete outstanding works. Although the project has come to a close, government has committed to ensure a sustainability plan for farmers. The SWADE team would ensure that farmers are assisted at all costs by being on ground until the farmers are empowered and able to do business without SWADE facilitation.

- An area of about 4,900ha out of the total 6,000ha to be developed in the KDDP has been developed to both sugar cane and other crops.

- 248ha have been developed and planted in 2012 in four FAs namely Hlambane (86.4ha), Vukutimele (54.2ha), Ndinda (59.8ha), Singeni (47.5ha) and Calamuva. These areas have been approved to be tendered for under the European Union and development would commence in 2012. The Project Development Area (PDA) farmers have committed to participate in fair trade.

- The average yield for KDDP farmers was 103.1 tons cane per hectare (TCH), 14.29% sucrose and 50.3 Burn Harvest to Crush Delay (BHTCD) for the whole 2011 season. The average yield for the Mhlume Mill was 103.5 tch and 14.41% sucrose.

- SWADE has reviewed the strategic plans for Phakama Mafucula, Ayandza Emadvodza, Intamakuphila Farmers Associations (FAs) and Lusisana Farmers Association. Strategic plan development was at 75% for Nhlanguyavuka, 20% at Bambanani Maliba and 0% at Mangweni Tingonini. The main challenge has been the unavailability of shareholders at Bambanani and social issues at Mangweni Tingonini FAs.

- Induction trainings were done for Nhlanguyavuka, Ayandza and Phakama Mafucula FAs but not for Mpofu Multipurpose Co-operative as new Board of Directors had not been elected. Induction trainings were conducted for new Board of Directors for Hlambana, Singeni, Ndinda and Vukutimele FAs.

- A total of 490ha 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.

- Planting of baby corn (5ha) and maize (1ha) in a demo plot was done after testing of the irrigation system. Pump installation and irrigation testing was conducted at Mandletfu Abuyile.

- A total of 3,317 homesteads are now having clean drinking water in the KDDP. This translates to 23,219 people with access to clean drinking water and this reflects 73% achievement of the project target. Homesteads with sanitation facilities total 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 99%. The defect liability period had commenced in January, 2012. Upon completion, the scheme would benefit 187 homesteads translating to about 1,309 people who will benefit from the scheme.

- Alongside the agricultural and social support, farmers are assisted with financial management. There were 26 farmer businesses financial records that have been developed and are audited annually.

- Further, with the operation of the Swaziland Revenue Authority, the farmer's accounts are consolidated and submitted to SRA on a yearly basis for tax returns purposes. This includes returns for individual directors whose number has escalated to over 2,500 people. The introduction of Value Added Tax (VAT) in April, 2012 will require a monthly reconciliation of all VAT due. The team will be responsible to ensure that records are available.

- The FAs have shared a dividend of about E11m in 2011 among its members. This money has helped to improve the economic activity in the project area.

- The Water Management Unit was established in June, 2011 to take over from Coyne et Bellier. Five components were identified to manage the Lubovane and Golome dams and these are i) policy and stakeholder integration, water management systems; (ii) dam safety, operations and maintenance; and (iii) camp maintenance.

- With regards to policy and stakeholder integration, the LUSIP Pricing Policy was developed. It has been approved by the National Water Authority and now needs to be gazetted.

- The National Water Authority (NWA) is working towards mandating SWADE to collect funds from the LUSIP water users.

- An Expression of interest for the Lubovane Dam inspection has been released in the local media. This exercise is in accordance with the World Commission on Large Dams and will be executed every two years by approved dam engineers.

- Water rights were issued to seven schemes through the Department of Water Affairs for KaMamba amounting to 1,226,858m^{3}.

- Capacity building and facilitation of 8 Water Users Associations (WUA) continued. Formation of new WUAs was planned for 2012 in tandem with the LUSIP development programme.

- Under the auspices of systems; water was supplied to all LUSIP schemes and hydro-mechanical components were maintained according to the operation and maintenance manuals as per the INCOMAPUTO agreement, the Water Act and SADC protocol on shared water courses.

- Under operations and maintenance; all canals, intake weir and sand traps were cleaned periodically according to the operation and maintenance manuals. More work was done such as grass cutting and cleaning drains so that run-off does not end up overtopping the canal. Currently, there are 22 operation and maintenance staff who help with all maintenance activities.

- Other work done includes the maintenance of the LUSIP Dam site residence. Activities included cleaning, landscaping, trash and waste management and painting of houses.

- A total of 1,281ha of sugarcane have been developed in 2011 bringing the total hectorage developed to-date in the PDA to 2,231 hectares. The development consisted of land preparation and installation of irrigation systems. Over 1,875ha was planted. A total of 830ha of sugarcane planted in the year 2010 have been harvested which translates to 94,552.3 tonnes. The average sucrose content was 13%. The yield levels were higher than the industry levels averaging 120tch.

- Focus was also on the development of other enterprises and business plans which covered a total of 90ha. The business plans were submitted to Standard Bank for financing and were conditionally approved. This development covers one scheme which will grow cassava and commercial vegetable gardens. To date a total of 129ha have been developed and commissioned and 27ha planted with food security crops including maize and sweet potatoes.

- One potable water supply scheme was completed that gave 606 homesteads at Madlenya community access to clean water. The scheme was subsequently handed over to the community to be supervised by the Department of Water Affairs. The occasion was graced by the Honourable Minister of Agriculture and Minister of Natural Resources and Energy.

- The construction of the Shongwe Chiefdom potable water scheme, to benefit 254 homesteads is at 93% complete, and is progressing well. The final designs for the construction of the Ngcamphalala potable water supply scheme have been approved by the Department of Water Affairs' rural water supply branch. Construction is expected to commence in May, 2012.

- A total of 450 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 1,757 since the start of the project. These are at the Madlenya, Shongwe & Ngcamphalala Chiefdoms. It is expected that all 2,600 households in the project area will have access to proper sanitation facilities at the end of the project.

- A few sections under the Mamba kingdom that are within the project have launched their Chiefdom Development Plan in June by the Honourable Minister of Agriculture. The Chiefdom Plan for the Shongwe chiefdom was completed at end July 2011, however due to internal challenges it has not been officially launched. The three remaining Chiefdom Development Plans (CDP) namely:- Mphumakudze, Gamedze 1 and Lesibovu are now being developed under the LUSIP GEF project. Work on these CDPs commenced in January, 2012.

- 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. The Matsenjwa CDP was successfully launched in September 2011 by the Honourable Minister of Agriculture. The LUSIP Phase II feasibility and environmental studies which commenced in September 2011 are progressing well currently at 50% towards completion. It is anticipated that the consultants will finish the feasibility studies in September 2012. The studies will culminate in a donor conference to source finance for the development of the infrastructure to support the development area under Phase II.

- The Lower Usuthu Smallholder Irrigation – Global Environment Facility (LUSIP-GEF) Project is a national initiative aimed at addressing climate change, conserving biodiversity, and improving the food security of Swazi communities through promoting sustainable land management (SLM) practices. In its first four years beginning in 2011, the project will be working with rural communities neighbouring the LUSIP Project Development Area (PDA). The Project aims to restore degraded land, mitigate against the loss of biodiversity, and provide communities with a steady food supply through catalysing development of a range of alternative livelihood opportunities.

- A process of engaging a consultant for the promotion of Sustainable Land Management Approach at National Level is currently on-going. This exercise is being carried out in collaboration with the Ministry of Natural Resources and Energy, through the Surveyor General's office, the Land Management Task Force and the Ministry of Agriculture.

- Terms of Reference for a consultancy to undertake capacity building for project staff and other extension workers on the sustainable use of land resources have been developed, and a call for proposals issued to qualified consulting firms through local print media. Project introductory meetings are currently being held with all the project beneficiaries in the various communities including Traditional Authorities.

- A preliminary exercise to map available options for alternative livelihoods within the framework of SLM that are applicable in the LUSIP-GEF project area is currently being carried out. The findings of the report will inform interventions developed in the livestock, environmental management and sustainable agriculture aspects of the project.

- Setting up of a project management office, with adequate equipment and support services at the LUSIP dam site offices has been completed, and the project team officially occupied the offices on 19th December, 2011. A number of project planning meetings were held with various stakeholders identified as key in the implementation of the LUSIP-GEF project. These include the MoA, NGOs, MTEA. Confirmation of project boundaries and the establishment of project baselines has commenced with the award of a contract to a local consultant.

- The key problem encountered was related to the financial cash flow of government. The cash flow challenges directly affected the payment, retention and engagement of contractors for land development and potable water schemes. The slow payment has accumulated interest charges and site re-establishment costs. In addition, some contractors had to be stopped midway through the construction period and this led to penalties being imposed on SWADE.

- A major challenge caused by lack of funds in Government was the non-completion of the community potable water supply scheme at Shongwe. As a result, SWADE had to supply water to 157 resettled homesteads by contracting suppliers, leading to SWADE spending a lot of money which could have been saved if the construction of the water schemes had been done on time. Moreover, the delay in the construction of communal washing bays and cattle drinking troughs along the canal has impacted both the in-field and secondary infrastructure as community members continue to use the canals to meet their daily water requirements thus damaging them.

- The escalation of costs for on-site contractors was also another challenge. Contractors were charging interest on late payments and down time and the delay in the delivery of the irrigation schemes to farmers impacted negatively on the viability of farm businesses.

- Due to the financial cash flow challenges, there was a slow process of releasing funds to support farmer groups by the Development Financial Institutions, as there was no government counterpart funding. This affected KDDP farms, in particular Mabhudvu and SinqobaNjalo Farmers Association. As a result the projects were delayed.

- Finance institutions' reluctance to finance other crops is expected to continue due to lack of guaranteed markets for other crops.

- Worth noting is that the European Union grant funding comes to an end this year for sugar cane crops. There will be a need for the Government to seek or extend support to new farms for the construction of the head works, without which the farms will not be viable.

- At the end of the year the African Development Bank (AfDB) funding also comes to an end at KDDP and there will be shortage of funds for potable water infrastructure. There is a need for counterpart funding from the Government to finish off all the remaining schemes to ensure that the poverty alleviation mandate of people having access to clean water and sanitation is fulfilled. Due to lack of funds to finance the project, some of the communities will not be able to have access to clean drinking water and sanitation. This will further delay the completion of the project as all the communities expect clean drinking water.

- Gross revenue per annum of E157m has been generated from the Project Development Area (PDA). E121m was generated from sugarcane. Dividends shared by farmers amounted to E11m.

Financial Situation

- SWADE had a deficit of E2.02m.

- Government managed to release the third quarter subvention of over E2m which resulted to E6.06m released since the beginning of the financial year.

- The operational budget approved by government for the financial year was E8.68m yet the total budget required for operations was E10.7m. By December, 2011 the operational expenditure was E8.06m which means that there is a requirement for supplementary funding to finance recurrent expenditure.

- The financial year 2011-12 was characterized by a cash flow challenge, which compounded the challenges that SWADE faced as an organization. However, it is worth noting that despite the difficult year, SWADE operations did not come to a halt even though there were occasional challenges faced with regards to the late payment of contractors.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**March 31**
Income and Subvention	403,180	2,433,646	3,278,594	4,781,328
Expenditure	2,403,608	2,404,602	3,250,872	4,781,328
Operating Income/ loss	**2,000,428**	**29,044**	**27,722**	**18,159**
Balance Sheet				
Fixed Assets	5,625,835	5,625,835	6,523,405	5,609,002
Capital Projects expenditure	85,908,438	54,495,886	11,957,400	250,014,584
Current Assets	18,024,920	30,246,966	37,601,565	24,043,661
Current Liabilities	15,117,386	15,117,386	14,383,133	5,104,441
Net Current Assets/Liabilities	2,907,534	15,129,580	23,218,432	18,939,220
Total Employment of Capital	**94,441,807**	**75,251,301**	**41,699,237**	**274,562,804**
Share Capital	2	2	2	2
Government Grant	75,088,140	63,076,099	29,525,357	241,654,346
EU Grant	-	-	-	7,991,068
IFAD Grant	12,006,688	4,821,670	4,821,670	6,386,253
BADEA Grant	-	-	-	-

EIB Grant	-	-	-	-
ADB	-	-	-	10,502,553
DBSA Grant	-	-	-	-
Retained Income	7,346,977	7,353,530	7,352,208	8,028,584
ICDF Grant	-	-	-	-
Total Capital Employed	**94,441,805**	**75,251,299**	**41,699,235**	**274,562,804**

PEU Comments

SWADE is not trading and therefore depends entirely on the subvention from government and other external partners for funding. With the European Union grant funding coming to an end and the African Development Bank (AfDB) funding also coming to an end in December, 2011 at KDDP, there will be shortage of funds for potable water infrastructure as well as lack of funding for sugar cane crops. There will be a need for counterpart funding from the Government to extend support to new farms for the construction of the head works, without which the farms will not be viable. With the shortage of funds, the poverty alleviation mandate may not be fulfilled. In the interim, the enterprise will be faced with serious cash-flow problems especially in the coming quarter whereby the enterprise will have exhausted its budget allocation for the current financial year. SWADE is already looking for supplementary funding for its recurrent expenditure.

SWADE needs to identify alternative sources of funding for its projects as the organisation has contributed immensely to the development of the Project Development Areas and livelihood of a number of farmers in this area. Identifying strategic and development partnerships can be an alternative given government's limited resources.

ROYAL SWAZI NATIONAL AIRWAYS CORPORATION (RSNAC)

Parent Ministry: Ministry of Public Works and Transport

The RSNAC reported as follows for the quarter,

Operational Review

- At the start of the financial year, there was no anticipation of changes from the norm of being a General Sales Agent (GSA) for South African Airways. As reported in the last quarter, SAA gave RSNAC notice of termination on 31st December 2011. As a result, RSNAC has converted from a GSA to a travel agent and therefore require its own reservations and ticketing systems. RSNAC has since entered into an agreement with Amadeus Reservations System and later the Amadeus Ticketing System. The costs related to Amadeus Systems will be reported in the next quarter.

- As much as Royal Swazi National Airways Corporation appreciates business from government however, they continue to experience delays in payment going over 90 days. The challenge is that this will continue to, at the earliest, the end of this financial year but might continue until there is a change in the economic situation that is prevailing in the country.

- Historically this period in the industry, is generally a low season. Coupled with that the trading environment is unfavourable and decisions have been made to cut business travel both in government and private sectors. As such the expectations are that the volumes of ticket sales will decline in the short to medium term resulting in revenues not growing to desirable levels. .

Financial Situation

- The quarter ending 31 December 2011 did not perform according to expectations due to the loss of commissions on ticket sales. In actual fact, there were losses forecast for the period as the challenges in Government were already evident during the planning period. However the loss was far greater than anticipated, where the budgeted income from commissions was E494, 118, and nothing was collected reflecting a difference of 100%. During the same period, the actual amount collected from fuel sales exceeded the projected figures, where the budget reflected revenues of E252, 327, the actual revenue is E260, 439 a positive difference of 3%. Other income for the quarter is E513, 648, bringing the total income for the period to E774, 086, which is against an anticipated / budgeted income of E952, 808 reflecting a negative difference in revenue of 23%.

- The total expenditure for the period is E1.22m against a projected expenditure of E1.83m reflecting a savings of 33%. The savings were made mainly in the areas of consulting fees and printing and stationery.

- **Profitability -** Whilst the Corporation had anticipated a loss for the period based on a number of factors including reduced customer base, the expected loss for the period was estimated at E882, 766, the actual loss for the period is E453, 279, signifying a loss which is 49% less than anticipated. The key contributor to the loss is the reduced revenue from commission earned as a result of discontinued ticket sales arrangement.

Outlook

- In the last quarter it was reported that there were areas that would be explored to enhance the performance, and these are:

    - Negotiations with SAA to reinstate ticketing arrangement were not successful;

- Internal processes and strategies to grow customer base and enhance efficiency has proved to be a challenge, however the intention still stands; and

- RSNAC is optimistic that with the arrangement with Amadeus Reservations and Ticketing Systems, the future is hopeful and may therefore be able to weather the challenges presently facing the Corporation. As soon as the ticketing module is installed, RSNAC will be able to earn commissions.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept. 30**	**June 30**	**March 31**
Income	774,086	659,092	1,297,267	752,547
Expenditure	1,227,365	1,185,323	1,290,695	1,637,743
Operating Profit	**-453,279**	**-526,231**	**6,571**	**-885,195**
Balance Sheet				
Fixed Assets	478,706	478,705	478,705	478,705
Investments	0	0	0	0
Inventory	0	0	0	2,702,653
Current Assets	48,641,259	49,049,217	59,660,145	53,807,224
Current Liabilities	6,917,489	6,872,169	16,956,866	13,813,169
Net Current Assets	41,723,770	42,177,048	42,703,279	39,994,055
Total Employment of Capital	**42,202,476**	**42,655,754**	**43,181,986**	**43,175,414**
Long Term Loan	100,466,998	100,466,998	100,466,998	100,466,998
Retained Income	-59,764,523	-59,311,244	-58,785,012	-58,791,584
Share Capital	1,500,000	1,500,000	1,500,000	1,500,000
Total Capital Employed	**42,202,476**	**42,655,754**	**43,181,986**	**43,175,414**

PEU Comments

The current ratio remains strong at 7.03:1compared to last quarter where it was at 7.13:1, but can easily be seen that it is living off its accumulated current assets. The current assets drop from E59.66m June quarter to E49.04m last quarter and now down to E48.64m 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 the June 2011 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 recruitment of the 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 1.22m tonnes of cargo was transported in the 3rd quarter ended 31st December 2011. Performance was below budget by (26,830) tonnes or -2.1%. Revenue earned amounted to E33.94m against a budget of E37.39m, (E3.45m) below or by -9.23%.

- 34, 796 tonnes of import traffic were transported compared to a budget figure of 39, 686 tonnes, which was below budget by (4, 890) tonnes or -12%. Revenue earned amounted to E3.78m compared to budgeted revenue of E5.91m, which was below budget by –E2.12m or -36%. This performance, which was below budget, was attributed to low volumes of fuel. Cement and Wheat on the other hand outperformed the budget.

- 70,190 tonnes of export traffic were transported this quarter compared to a budget of 81,840 tonnes, which was below budget by (11,650) tonnes or -14%. Revenue earned reached E6.35m when compared to a budget figure of E6.02m, up by E0.32m or 5%. All commodities save for coal underperformed the budget.

- Included in the imports/exports traffic was the ICD (Dry Port) revenue which amounted to E1.30m compared to a budget estimate of E1.52m, down by E0.22m -14.5%.

- The container business (Dry Port) 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.

- 1,226,730 tonnes were transported this quarter compared to 1,122,537 budgeted tonnages, down by -9,445 tonnes or -0.8%. Revenue earned amounted to E23.80m against a budgeted amount of E25.45m, below budget by (E1.64m) or -6%. Rock phosphate performed above budget by 11% or 53,908 tonnes and sulphur by 26,712 tonnes or 100%. Other transit revenue streams underperformed compared to the budget.

- There were no major train accidents this quarter save for a road truck which fell onto the rail track causing train delays of up to 12hrs.

- ***On Board Computer (OBC)*** – This OBC train monitoring system commenced in the previous quarter and was temporarily put in abeyance whilst Transnet was sorting out its administration issues. The cost to date is E848, 254.

- The economic difficulty in the country is impacting negatively on Swaziland Railway property management. A number of tenants are failing to pay their rent on time, and rent arrears are on the increase. Most of these cases have already been reported to the company's attorneys for litigation.

- ***VIP Trolley*** **-** SR has invested E682, 862 on a rehabilitation of a Trolley to assist in the track inspection.

- There was an increase of E6.17m in terms of payroll costs this quarter. This is so because in the month of December 2011, the following payments were made; the first ever Incentive Bonus equivalent to E1.28m, the 13th Cheque payment of E2.76m and a cost of living adjustment of E2.12m**.**

- The SR Board approved a 45% of a month's basic pay to all employees as an incentive pay owing to the positive business performance of SR during the 2010/11 financial year. In this year SR realised E21m being profit before tax and E16m as profit after tax.

Financial situation

- For the third quarter ended 31st December 2011 under review, Swaziland Railway recorded a deficit of –E4.26m compared to a budgeted surplus of E4.51m or -194% less than budget. The negative performance was mainly attributed to higher labour costs in December 2011, wherein the incentive bonus, cost of living adjustment and the 13th cheque payments were made. Further, traffic moved in the quarter was all below budget save for rock phosphate, copper, sulphur, wheat, cement and containers exports. Total operating expenses at E40.75m were in excess of the budget of E35.91m by E5.16m or -13.47%.

- Expenditure for the quarter at E40.76m million was above budget of E35.916m by E4.839m or 13.5%. Cost containment continued to underpin the entity's survival.

- The Statement of Financial Position showed a gearing ratio (Interest Bearing Debt/Shareholders' Equity ratio) of 1.5% this year compared to 3.18% last year. That is E3.90m/E267.41m compared to E8.13m/E256.11m last year. E4.23m was spent on the repayments of loans over the year. Cash resources were adequate to cover both operational and capital expenditures.

Outlook

- 1,253,457 tonnes of cargo is expected to be railed in the 4th quarter ending 31st March 2012 and expected to yield E33.27m 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

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept. 30**	**June 30**	**March 31**
Turnover	36,491,000	36,219,000	39,854,000	36,581,000
Expenditure	40,755,000	27,286,000	34,986,000	27,916,000
Profit/Loss	**-4,264,000**	**8,933,000**	**4,868,000**	**8,665,000**
Balance Sheet				
Fixed Assets	253,353,000	253,979,000	257,250,000	253,550,000
Investments	11,736,000	11,736,000	11,736,000	11,736,000
Current Assets	63,909,000	62,993,000	60,328,000	53,588,000
Current Liabilities	57,679,000	56,730,000	65,388,000	54,113,000

Net Current Assets	6,230,000	6,263,000	-5,060,000	-525,000
Employment of Capital	**271,319,000**	**271,978,000**	**263,926,000**	**264,761,000**
Equity	61,049,000	61,049,000	61,049,000	61,049,000
Reserves	133,100,000	133,100,000	133,100,000	131,848,000
Retained Earnings	73,267,000	77,532,000	68,599,000	69,825,000
Long term loans	3,903,000	297,000	1,178,000	2,039,000
Total Capital Employed	**271,319,000**	**271,978,000**	**263,926,000**	**264,761,000**

PEU Comments

The SR made a loss of –E4.26m this quarter compared to a profit of E8.93m last quarter. There was a huge surge in expenditure from E27.28m last quarter to E40.75m this quarter explained by SR as being mainly due to incentive allowances payments and the 13th Cheque in December 2011, which caused the loss in the quarter under review. The current ratio remains positive at 1.10:1 this quarter compared to 1.11:1 last quarter, indicating a thin margin on liquidity. There were no serious 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 1.5% i.e. (E3,90m/E267.41m) this quarter compared to 1.8% last year at the same time.

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

- SWACAA has developed new airport tariffs to be applied at Matsapha International Airport as well as at Sikhuphe International Airport soon to be commissioned. The new rates are in respect of passenger service charges, landing fees, apron charges and customer user terminal charges. The new tariffs are in line with airport charges levied by sister airports in the region. SWACAA has further put in place new regulatory fees to be charged by the regulatory office in its implementation of the Operating Regulations. The regulatory fees cover aircraft registration, personnel licensing and certification as well as penalties. Both the airport charges as well as the regulatory fees attempt a cost recovery principle in its application.

- On Training – E1.3m for staff training was used in an endeavor to meet ICAO standards. The following courses were attended by staff in the various disciplines approach procedures, Aviation Security Management course, Aviation National Inspector's course, Management of Aviation Quality and Services course, Search and Rescue training. The total number of employees who were trained during the quarter was 48.

- Staff Travel – E700,000 was on account of training in order to meet ICAO compliance.

- Repairs and Maintenance – E400,000 was in respect of repairs and maintenance including the automatic sliding door at the departure terminal at Matsapha airport and fixing of broken water pipes between the operations building and the fire station.

- Insurance premiums- E400,000 was utilized to settle the Airport Owners Liability premium for Matsapha airport.

- Capital expenditure undertaken during the quarter**:**

    - Licensing of Sikhuphe International Airport -An amount of E791, 876 was incurred in respect of the licensing of Sikhuphe International airport. This was the last payment to the consultant working on the first phase of licensing of Skhuphe International Airport.
    - Screening machine - A Raspiscan X – RAY 628XR Screening Machine was purchased for Mtsapha airport for E675, 000 to improve aviation security at the airport.
    - Voice Logger - A Voice Logger was also purchased for E307, 791 to improve communication between the Control Tower and the Fire Station.
    - Air Traffic Engineering Equipment – A down payment of E436, 000 was made to procure a Voice Communication System for Matsapha, the total cost of the system will be E1.4 million. The equipment is expected to be delivered in April 2012.

- **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 and the first phase of the Licensing part of Sikhuphe is expected to be complete in the next few months. 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 towards end of 2012.

- In November 2011 the country was visited by an ICAO AVSEC MISSION and the following was the objectives of the visit:

    - Coordinate, facilitate and provide direct assistance to Swaziland as appropriate.

- Foster capacity building and promote development of AVSEC programmes.
  - Assist the State to remedy the AVSEC deficiencies identified through the USAP process.
  - Develop partnerships with industry and willing partners to support efforts aimed at resolving deficiencies.

- SWACAA attended a marketing symposium in Sandton South Africa in December 2011.SWACAA had been invited to talk about airport developments, expansions and opportunities presented by them in Southern Africa. The opportunity to market Sikhuphe was largely utilised.

- The World Travel Market was also used during the quarter to leverage SWACAA to the European travel stakeholders in November 2011 in London. This was done through the RETOSA (Regional Tourism OF Southern Africa)

- New legislation for Aerodromes Safety Oversight was introduced to local operators. This exercise included visits to the following Aerodromes i.e. Nhlangano Airstrip, Big Bend Airstrip as well as Tabankulu Airstrip. SWACAA continued to review Technical Guidance Documents to regulate safety oversight and have also received additional circulars from CASOA.

- The following partnerships were entered into with various countries in the region as well as abroad:

  - MOU between RSA and Swaziland;
  - MOU between Ethiopia and Swaziland as well as BASA;
  - MOU between Zambia and Swaziland;
  - MOU between Rwanda and Swaziland as well as BASA;
  - MOU between UAE and Swaziland as well as BASA;
  - Engaged Namibia, Tanzania, Uganda and Botswana to review existing BASA; and
  - Established a working relationship with the department of transport in RSA.

- **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.

- Former DCA staff payroll - Government has to assist in funding the payroll for the former DCA staff that will be joining SWACAA in January 2012 as they were not included in SWACAA budget for 2011/12.

Financial Situation

- SWACAA collected a total of E720, 500 at Matsapha airport. Airport taxes amounted to E392, 777 and landing fees were E105, 475 and rent received was E112, 935. An amount of E6.6 million was received as subvention during the third quarter.

- Overall expenditure for the third quarter was E10.0m and E9.8m last quarter. E4.0m was in respect of salaries, staff complement stood at 113 as at the end of the quarter this being the regulatory office as well as staff at Matsapha airport but excluding the former DCA staff.

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.

- Government's cash flow - crisis has adversely affected SWACAA's operations. Since the start of the financial year SWACAA had only received E17.8m out of an annual subvention of E40.0m and no capital allocation were released for the past three quarters of the year.

- The shortage of cash at SWACAA will have serious implications for the operational readiness of the opening of Sikhuphe when it is eventually completed. There is massive training that needs to be done in order to develop technical competent staff that meets ICAO standards. There is therefore a need to recruit and train these personnel as they are not readily available in the country. The training institutions are also available outside the country and they are costly as they involve foreign exchange and extensive travelling.

Financial Statements

	2011	2011	2011	2011
Income Statement	**Dec. 31**	**Sept. 30**	**June 30**	**March 31**
Income/Subvention	11,217,315	10,580,346	9,787,119	9,179,662
Expenditure	10,096,407	9,870,286	8,267,013	8,870,795
Operating Profit/Loss	**1,120,908**	**710,060**	**1,520,106**	**308,867**
Balance Sheet				
Fixed Assets	17,038,604	13,272,176	11,122,616	16,018,834
Investments			0	0
Current Assets	-2,110,631	2,896,940	2,813,946	2,637,208
Current Liabilities	1,398,261	703,722	408,012	32,919
Net Current Assets	-712,370	2,193,218	2,405,934	2,604,289
Employment of Capital	**16,326,234**	**15,465,394**	**13,528,550**	**18,623,123**
Contributed Surplus	5,103,198	4,362,666	2,132,499	17,697,606
Retained Income	11,223,036	11,102,727	11,396,051	925,517
Capital Employed	**16,326,234**	**15,465,394**	**13,528,550**	**18,623,122**

PEU Comments

The fact that construction of Sikhuphe International Airport is nearing completion sometime in 2012, and that SWACAA has already almost completed the first phase of licensing 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 E1.2m and was E710, 060 in the last quarter. SWACCA has its own internally generated income of E756,748 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. The current Government financial crisis has affected SWACAA as can be seen in the negative current assets registered in the quarter of –E2.1m as a result of bridge financing by the Banks for lack of sufficient Government subvention.

SWAZILAND NATIONAL PROVIDENT FUND (SNPF

Parent Ministry: Ministry of Labour and Social Security

SNPF reported as follows for the quarter,

Operational Review

- The Fund delivered favourable results compared to the previous quarter because of favourable results in the stock markets where the fund had invested.

- A Government Gazette authorizing the Fund to provide Funeral Cover to all its qualifying members was authorised by Parliament.

- Members' statements were printed and distributed, which means that all employers who are registered with the Fund received their statements.

- The unqualified audited annual financial statements were finalized..

- Manzini Parkade – The Fund had started the construction of a seven story building in Manzini. The main contractor is Roots Construction. The anticipated completion date of the project is June 2013.

- ILO continued with the legal drafting on the conversion of the Fund's actuaries and is expected to issue a draft frame immediately after receiving the actuarial report.

- Benefits paid to members amounted to E11.64m compared to E13.39m paid last quarter. The decline in claims was because the Fund closed for the festive in December.

- Contributions received from employers amounted to E32.48m compared to E34.7m last quarter. Penalties received during the quarter amounted to E74,362 compared to E126,923 last quarter.

Financial Situation

- There was an operating surplus of E50.40m before member's interest of E24.54m compared to E6.5m before members' interest of E23.95m.

- Total income was E66.8m compared to E19.34m last quarter. The budget for the quarter was E56.78m.

- Total expenditure amounted to E16.4m compared to E14.18m last quarter. This was against a budget of E16.74m.

- Net surplus was E25.9m compared to a loss of E18.75m last quarter. The budget for the quarter was E11.61m.

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

Income Statement	2011 Dec 31	2011 Sept 30	2011 June 30	2010 Mar 31
Income	66,811,999	19,375,075	20,878,591	41,170,717
Expenditure	16,415,030	14,183,168	13,170,975	13,385,781
Operating profit	**50,396,969**	**5,191,907**	**7,707,616**	**27,784,936**
Member's Interest	24,542,533	23,944,712	21,442,287	21,442,330
Net profit/Loss	**25,854,436**	**-18,752,805**	**-13,734,671**	**6,342,606**

Balance Sheet				
Fixed Assets	70,871,624	70,031,908	69,304,315	81,173,254
Investments Properties	292,335,023	279,217,607	266,713,351	266,008,946
Investments	1,427,744,028	1,370,974,753	1,340,376,521	1,318,256,108
Loans and advances	23,609,495	27,647,257	31,214,743	29,076,399
Current Assets	16,851,381	8,789,603	18,083,881	10,586,525
Current Liabilities	15,055,486	12,107,939	13,149,064	12,207,312
Net Current Assets	1,795,895	-3,318,336	4,934,817	-1,620,787
Total Employment of Capital	**1,816,356,065**	**1,744,553,189**	**1,712,543,747**	**1,692,893,920**
Non-Distributable Reserve	44,598,600	44,598,600	44,598,600	44,598,600
Contributed & members' int.	1,646,080,309	1,599,395,098	1,519,427,146	1,478,399,049
Reserves	10,523,636	10,544,853	10,404,617	10,030,547
Accumulated Surplus/Deficit	115,153,519	90,014,638	138,113,384	159,865,725
Total Capital Employed	**1,816,356,065**	**1,744,553,189**	**1,712,543,747**	**1,692,893,920**

PEU Comments

SNPF made a surplus of E25.9m after payment of the members' interest compared to a loss of E18.8m last quarter. The increase in surplus was mainly attributable to the Bull Run in the Johannesburg stock exchange, where equities returned better than in the prior quarter. 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

- Results for the quarter reflected an E10.372m profit, which was satisfactory given the economic challenges that had prevailed in the Swazi economy. The profits had increased by E814,000 compared to the previous quarter and were E1.19m higher than the same period last year. The growth was driven largely by favourable net interest income and non-interest revenue.

- Interest income was E32.920m. This was after an increase of E1.083m which was in line with the E22.39m increase in the net loan book.

- Interest expense was E12.218m and was in line with the previous quarter at E1.39m below budget. The savings were largely a result of effective pricing of wholesale deposits despite increased competition in the market.

- Fees and commissions were E20.68m. Though higher than prior quarter and same as last year, there has been a slow down in transactional activity in both the business and personal sector. This had been a result of the general slow-down in the entire Swazi economy as there had been a lot of uncertainty around payment of civil servant salaries and the delayed payments to some of the Government creditors.

- Investment income was E4.94m. This income was generated from surplus funds invested in various interest bearing instruments. This was in line with the lower surplus funds during the quarter as funds were utilized to finance new loans.

- Other income was E577,000 and was E279,000 above prior quarter and comprised rental income and profit on disposal of assets.

- The balance sheet was E1,755bln and was E6.76m above prior quarter. Major activities for the quarter were a E12.5m reduction in long-term borrowings, being normal payment obligations in line with lenders' agreements, a E13.67m increase in customer deposits and E16.42m decrease in surplus funds. The decrease in surplus funds had funded the E22.39m net increase in loans and advances.

- Staff costs were E21.28m. These included provisions for annual cost of living adjustments and job evaluation pending finalization of negotiations and the ultimate approval by Government. The Bank continued with its head count rationalization exercise whilst ensuring that this does impact positively on the operations.

- Operating costs were E13.32m and were E1.72m above prior quarter. The increase was largely legal costs and other operational expenditure which had been necessitated by the Bank's expansion program.

- Long-term liabilities were E179.17m and had reduced by E12.5m and were in line with the budget.

- Customer deposits at E992.14m had slightly increased due to normal customer transactions. No significant deposits had been lost during the quarter and maturing deposits had been rolled over.

- Cash and short term funds at E382.18m had decreased by E16.42m to fund the E22.39m increase in the 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 E1.27m and had increased by a net amount of E22.39m. This was mainly new loans advanced to the local business community and individuals. Healthy repayments had been received on personal loans and that reduced the Bank's credit exposure to the personal sector.

Financial Statements

Income Statement	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**	**2011 Mar 31**
Interest Income	32,920,000	31,837,000	29,777,000	28,552,000
Interest Expenses	12,218,000	12,283,000	12,282,000	12,122,000
Net Interest Income	**20,702,000**	**19,554,000**	**17,495,000**	**16,430,000**
Provisions	**-**	**-**	**-**	**-**
Net Int. Income after Prov.	**17,702,000**	**19,554,000**	**17,495,000**	**16,430,000**
Non Interest Income	26,200,000	24,058,000	26,673,000	24,726,000
Operating Income	**46,902,000**	**43,613,000**	**44,168,000**	**41,156,000**
Operating costs	37,608,000	34,767,000	34,301,000	26,259,000
Operating Profit	**9,294,000**	**8,845,000**	**9,867,000**	**14,896,000**
Provisions write Back/CR	-	-	-	-
Recoveries	1,078	713,000	774,000	1,049,000
Total Profit	**10,372,000**	**9,558,000**	**10,641,000**	**15,945,000**

Balance Sheet				
Liquid Assets	105,834,000	107,970,000	181,925	57,549
Loans & Advances	1,268,446,000	1,246,051,000	1,199,213,000	1,134,336,000
Other Current Assets/Debtors	7,130,000	7,829,000	13,366,000	2,827,000
Investments	276,353,000	290,643,000	256,540,000	418,618,000
Equity Shares Metropolitan	9,022,000	9,022,000	9,022,000	8,962,000
Fixed Assets	88,288,000	86,797,000	84,870,000	56,176,000
Total Employment of Capital	**1,755,072,000**	**1,748,312,000**	**1,744,935,000**	**1,678,468,000**
Share Capital	54,800,000	54,800,000	54,800,000	54,800,000
Accumulated Surplus/Deficit	139,293,000	139,295,000	137,792,000	99,481,000
Shareholder's Loan	135,000,000	135,000,000	135,000,000	135,000,000
Deposits	992,138,000	978,466,000	983,748,000	934,064,000
Long term Liabilities	179,167,000	191,667,000	200,000,000	212,500,000
Other Liabilities	167,936,000	172,718,000	165,285,000	167,521,000
Reserves	56,167,000	56,167,000	57,668,000	31,075,000
Profit & Loss for the year	30,571,000	20,199,000	10,641,000	44,027,000
Total Capital Employed	**1,755,072,000**	**1,748,312,000**	**1,744,935,000**	**1,678,468,000**

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

PEU Comments

SDSB profits increased from E9.6m to E10.3m this quarter. Loans and advances amounted to E1.27b compared to E1.25b the previous quarter. The total balance sheet for the Bank amounted to E1.76b compared to E1.75b the previous quarter. The Bank was able to attract E992m deposits this quarter compared to E978m last quarter.

SWAZILAND DEVELOPMENT FINANCE CORPORATION (FINCORP)

Parent Ministry: Ministry of Finance

FINCORP reported as follows for the quarter,

Operational Review

- The subsidiary, First Finance Company has been experiencing a huge influx of clients who require financial services. This has created a need to increase accessibility to the clients. One way of doing this is to open a branch in Manzini which will absorb some of the influx at the subsidiary. The company is currently looking for some office space in Manzini where these operations may be located.

- The organisation invited bids from local and international consulting companies to facilitate the formulation of the Cooperation's strategic plan for April 2012 to March 2017. Genesis Analytics from the Republic of South Africa was awarded the tender and the process has commenced.

- The Ministry of Finance successfully facilitated the approval of the Government Guarantee for the USD$10 million loan facility from the International Cooperation and Development Fund (ICDF) of Taiwan. FINCORP is hoping the signing of all the relevant paperwork will be finalised as soon as possible for ICDF to release the first disbursement of funds.

- Interneuron provided the subsidiary First Finance Company with a loan funding of E73m. These funds were received in October 2011. These funds will be used to meet the demand usually faced by FINCORP at the beginning of the year to around March.

- The Board of Directors appointed a General Manager for FINCORP to fill a position that has been vacant for more than a year. They also appointed a Manager Business Credit to fill the position that was vacated by the appointed General Manager.

- The company also recruited one staff member to replace an employee that resigned at the end of the previous quarter.

- Two staff members resigned during the quarter under review. Replacements for these employees will be recruited at the beginning of the fourth quarter.

Financial Situation

- Interest on loans was E13.46m compared to E12.89m realised the previous quarter. Budget for the quarter was E14.25m, resulting in an adverse variance of 6%.

- Fees, charges and other non-interest income amounted to E7.19m against a budget of E4.51m resulting in a positive variance of 60%.

- Total interest on borrowings amounted to E5.30m compared to E6.21m the previous quarter. Budget for the quarter was E5.43m, resulting in a positive variance of 2%.

- In consideration of the existing adverse economic conditions in the country, a provision of E3.38m was made compared to a budget of E2.50m. This was due to the growth in the portfolio size.

- Salaries and wages amounted to E5.00m compared to E2.62m the previous quarter. Budget for the quarter was E4.55m, resulting in an adverse variance of 10%. This was attributable to the recruitment of the General Manager and one staff member.

- Other operating expenses amounted to E5.73m compared to E3.13m the previous quarter. Budget for the quarter was E3.89m, therefore resulting in an adverse variance of 47%. This was mainly attributable to Audit fees, consultancy fees, motor vehicle expenses as well as printing and stationery.

Outlook

- The company will be conducting interviews to fill three (3) vacant positions. One of these positions has been created by promotions in the Agriculture Department. The other two will be to replace two employees who left the Company during the reporting period.
- KPMG is expected to undertake a review of one of the cycles as per the company's risk assessment.
- PricewaterhouseCoopers will start their review of the company's Management Information System as part of their statutory Audit for the year ending March 31, 2012.
- The Company will commence and conclude the formulation of the new strategic plan.
- The subsidiary company will launch a new loan product called "Invoice Discounting".
- FINCORP further plan to continue with the on-lending operations.

Financial Statements

Income Statement	2011 Dec 31	2011 Sept 30	2011 June 30	2011 Mar 31
Income	20,650,206	19,801,304	20,168,024	27,519,761
Expenditure	16,403,579	13,324,143	13,159,090	19,049,818
Operating Income	4,246,627	6,477,161	7,008,934	8,469,943
Prov. for bad debts/Finance ch	3,375,079	3,299,051	3,817,162	12,483,973
Net Income	**871,548**	**3,178,110**	**3,191,772**	**-4,014,030**
Balance Sheet				
Fixed Assets	7,110,358	6,658,171	6,832,023	12,166,555
Investments	1,522,500	1,522,500	1,522,500	1,522,500
Current Assets	505,363,600	442,113,414	441,755,715	418,002,089
Current Liabilities	59,543,209	57,400,278	68,316,597	37,628,593
Net Current Assets	445,820,391	384,713,136	373,439,118	380,373,496
Employment of Capital	**454,453,247**	**392,893,807**	**381,793,641**	**394,062,551**
Distributable Reserves	34,005,745	40,375,625	36,475,460	35,399,217
Non-Distributable Reserve	148,612,370	141,055,216	141,055,216	140,023,877
Long Term Loan	271,835,134	211,462,965	204,262,965	218,639,457
Total Capital Employed	**454,453,249**	**392,893,806**	**381,793,641**	**394,062,551**

Key Financial indicators:

Ratio description	Q3	Q 2	Q 1	Q 4
ROCE (EBIT/Capital Employed)	0.002	0.01	0.01	-0.01
Return on Total Assets (EBIT/Total Assets)	0.002	0.01	0.01	-0.01
Debt/Equity Ratio (long-term loans/ Equity)	59.8%	53.8%	54%	55%

Current ratio (current assets/ Current Liabilities)	8.5:1	7.7:1	6.5:1	11:1
Provisions	3,375,079	E3,299,051	E3,817,162	E12,483,973

PEU Comments

A major decrease of 72% in net profit was noted this quarter when compared to the previous quarter. Budget for the quarter was E1.63m resulting in an adverse variance of 47%. This was mainly due to provisions, general overheads and staff costs performing above budget.

To absorb some of the huge influx experienced at the subsidiary Company First Finance, the company is currently looking for office space in Manzini. FINCORP must consider further decentralising their services to other regions of the country. However, they must take all precautionary measures to ensure that clients pay back the loans advanced to them.

First Finance received a loan of E73m from interneuron which increased the company's loan portfolio by 9%. This also increased the level of debt when compared to the previous quarter. The debt to equity ratio increased to 59.8% compared to 53.8% the previous quarter. Above that, Government has approved the loan guarantee for USD$10m from the International Cooperation and Development Fund (ICDF) of Taiwan. This will further increase the Cooperation's loan portfolio.

The Corporation liquidity position continued to improve when compared to the previous quarter. The current ratio increased to 8.5:1 as opposed to 7.7:1 the previous quarter, this was due to the increase in cash inflows as well as the funding of E73m received from Interneuron.

SINCEPHETELO MOTOR VEHICLE ACCIDENT FUND (SMVA)

Parent Ministry: Ministry of Finance

SMVA Fund reported as follows for the quarter,

Operational Review

- The Road Safety Awareness Campaigns conducted with the Road Safety Stakeholders Alliance are beginning to have positive results. Observations are that there has been a noticeable decline in road accidents overall in the last year and more significantly over the Christmas period.

- SMVA Fund is working towards the formulation of a National Road Safety Strategy that will influence the National Road Safety Policy in the country.

- The Amendment Bill has been passed and published as an Act and is ready for commencement on a date yet to be identified. Top priority in the preparations for smooth implementation will be extensive public education on the new amendments that will be conducted in every available and suitable forum, which will include wide coverage in both electronic and print media.

Financial Situation

- SMVA Fund experienced an operating surplus of E1.64m (September 2011: E38.2m). The net surplus (after investment income) amounted to E5.86m. The deficit in the previous quarter was a result of valuation of the undertakings liability at year end (31 March, 2011) for the first time.

- Operating expenses increased from E4.94m to E6.65m which is a 34.6% increase, resulting from the fact that the figure for the current quarter includes reinsurance premium of E2.44m.

- SMVA Fund's assets exceeded its liabilities by E178.549m.

Outlook

- A Corporate Governance workshop will be conducted for Board members and management in the coming quarter.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**March 31**
Income (Fuel Levy)	18,414,849	18,548,910	17,564,563	17,243,627
Other operating income	1,280,769	177,361	213,770	228,977
Fair value gains/(losses)	2,353,807	75,956	(338,624)	535,489
Expenditure	20,410,435	56,999,010	12,538,711	8,967,167
Investment Income - net	4,218,347	4,261,946	4,020,115	0
Net Profit/ Loss	**5,857,337**	**-33,934,837**	**8,921,113**	**9,040,926**
Balance Sheet				
Fixed Assets	10,098,991	10,058,913	10,185,976	5,411,533
Investments	45,839,525	35,839,525	35,839,540	35,349,638
Current Assets	401,771,792	398,255,555	383,836,949	378,487,189
Current Liabilities	279,160,896	271,461,918	223,229,393	230,532,209
Net Current Assets	122,610,896	126,793,637	160,607,556	147,954,980
Employment of Capital	**178,549,412**	**172,692,075**	**206,633,072**	**188,716,151**
Accumulated (Deficit)Surplus	178,549,412	172,692,075	206,633,072	188,716,151
Total Capital Employed	**178,549,412**	**172,692,075**	**206,633,072**	**188,716,151**

PEU Comments

The accumulated surplus of the SMVA Fund increased by 3.4% from E172.692m in the previous quarter to E178.549m this quarter. On the other hand, current liabilities increased by 2.84%, which was mainly attributable to an increase in outstanding claims from E159.352m in the previous quarter to E166.4m. As stated in the previous quarter, the outstanding claims figure needs to be reduced significantly as a reduction implies a reduction in the liabilities of the SMVA Fund. Some of these claims go as far back as 1994. With the noticeable decline in road accidents overall in the last year and more significantly over the Christmas period, claims lodged are expected to be on the decrease.

It is also noted that there was a significant increase in the claims paid by 76.1% which is commendable. An increase in the payout of claims is strongly encouraged as well as the increase in the settlement rate. Even though settled claims decreased by 16% from 129 in the previous quarter to 109, the real value of the payout was high (from E6.2m last quarter to E11.02m this quarter. The operating expenses increased in line with the claims paid by 34%.

Registered claims (reported cases) decreased by 16% from 200 to 168. 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. This initiative is commended as it will go a long way in curbing road accidents in the country and will serve as a cost containment measure for the institution.

SWAZILAND REVENUE AUTHORITY (SRA)

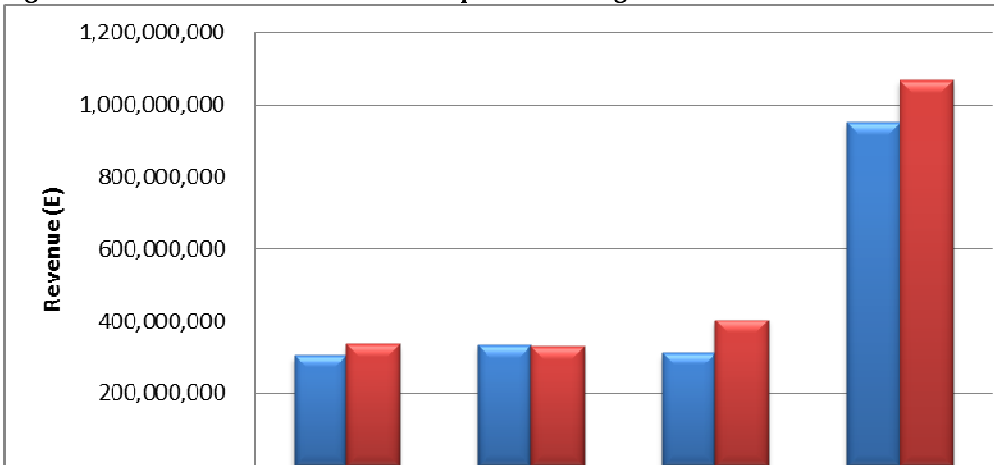
Parent Ministry: Ministry of Finance

The SRA reported as follows for the quarter,

Operational review

- The challenges of a non-performing debt stock and defaulting tax payers, coupled with economic hardships that have been observed in the last half of the year, have continued to dampen the revenue mobilisation efforts of the SRA during the quarter under review. Despite these challenges, several debt recovery strategies and revenue mobilisation initiatives assisted revenue collections for the quarter to recover from the 7% under-performance observed in the second quarter to achieve a 12.35% above target collection in the third quarter, raising hope for meeting the annual revenue targets.

Figure 1: Total Revenue Collections for quarter ending 31 December 2011.



	October	November	December	Quarter
Target	305,865,873	333,944,670	311,630,692	951,441,235
Actual	335,715,230	329,033,927	404,226,564	1,068,975,721

Source: SRA Revenue Collection Reports.

- As shown by figure1 above, from a targeted E 951.44m for the third quarter E 1.068 billion was collected for the quarter, representing an above target collection by 10.99%. The quarter commenced with a satisfactory performance of 9.76% above target in October. A slight underperformance of 1.47% was observed in November which was however compensated for by the October beyond target collection combined with the impressive 29.71% above target performance achieved in December. The overall collections, in particular Sales Tax, are expected to improve with the mobilisation initiatives including the approval of the amendments to the Sales Tax Act.

- The repackaging of the Strategic Plan which commenced in the second quarter was finalized in November 2011 and is awaiting approval by the Governing Board. The exercise also included development of Business Plans by individual departments and divisions. This process enhanced participatory discussions from SRA Senior Management, which allowed maximum involvement and effective contributions. However, the SRA is undergoing a restructuring process, which means that the Business Plans will be reviewed to align with the newly approved function based structure.

- The VAT Act 2011 was passed by both houses of Parliament and received Royal ascent in October 2011. This enabled preparations for VAT implementation to be intensified. SRA is on course to meet the scheduled date of 01 April 2012. During the Quarter under review the VAT implementation team carried out VAT awareness engagements with key stakeholders in conjunction with the Federation of Swaziland Employers and Chamber of Commerce (FSE&CC) and other business representative bodies. This exercise is on-going, with a number of entities identified and scheduled for engagement. A full VAT publicity campaign will be launched on 01 February 2012.

- Preparations towards the registration of taxpayers for the new VAT system and a new Taxpayer Identification Number (TIN) system have commenced. Registration and other VAT staff has been identified and trained. A central registration office is being set up in Manzini where taxpayer registration enquiries will be handled. A VAT helpdesk will also be set up there while taxpayers in Mbabane will still be assisted from the helpdesk at the Muir Towers office. Other SRA offices will be utilized for the distribution and collection of application forms.

- The exercise of receiving and processing Tax Returns has been successful, measured in terms of the number of returns that were received at the end of 31 October and 30 November 2011. A total of 12,594 forms were received in the period October to December 2011 compared to 2,713 forms received in similar period the previous year. An influx of taxpayers was observed during this period as they enquired and requested for the returns. Though the process of assessing the returns is still in progress, the compliance rate on the same is much higher when compared with the previous outturn of taxpayers in the previous tax years.

- Modernization of tax administration is underpinned by, among other things, a robust IT system. Significant progress has been made towards the implementation of the Integrated Revenue Administration System (IRAS). A contract has been signed with Data Torque (company based in New Zealand) tasked with the responsibility of supplying and implementing IRAS for SRA. The contract award entails supporting the system for the first 5 years up to 2017. Data Torque has implemented these IT systems in a number of revenue administrations around the South Pacific region.

- Other milestones covered in the IRAS project include the following:
    a) The establishment of the project office;
    b) Office accommodation for project work;
    c) Identification of project management team;
    d) Identification of roles to be played by user community in the project;
    e) Approval of Detailed System Design Specification (DSDS);
    f) Processing of orders for servers.

- Development of the Taxpayer Identification Number (TIN) Registration Form has been completed. The TIN shall be the only number that will be allocated to a taxpayer and shall be used on any official documents relating to the taxpayer and associated tax obligations. TIN will allow the administration of all tax types to be carried out in a cost effective manner under the 360 degrees view of a single taxpayer. The TIN registration form can now be accessed via the SRA Website by any taxpayer who wants to apply for registration.

- The roll-out of SRA ICT network in major offices, in the Manzini - Mbabane corridor and some distant sites, has been done successfully. A Microsoft-based converged communication tool (MICROSOFT LYNC) has been rolled out on all SRA-networked sites. This allows access to corporate email with presence alert, direct document sharing and collaboration, chat and phone functionality linked to email. This will facilitate a reduction of communication costs. Consultations are still on-going with Government Computer Services regarding connectivity options for outposts such as the borders.

- Following the completion of the roll-out of the Automated System for Customs Data (ASYCUDA ++) at all the commercial sites and five of the non-commercial sites, the focus was on minimising leakages by comparing data with trade partners. The development is on-going to align the systems to permit data exchange for reconciliation purposes.

- ACCTECH, a South African based vendor, has been approved as the supplier for the Integrated Finance Management System (IFMS). The project kicked-off Phase 1 in December 2011. In this phase all core modules will be installed and the envisaged completion date is February 2012. Phase 2 of the project will include the installation of workflow which will enable users at their workstations to place purchase requisitions on line. This will greatly improve management of assets and streamline procurement procedures.

- The process of procuring the Integrated Payroll and Human Resources System (IPHRS) is currently on-hold due to limited resources. The aim of the project is to acquire a system to support leave management, training and development, recruitment, performance management, knowledge management and payroll.

- The Legal Division working with other Divisions of the SRA formulated contracts in the following service areas:
    a) Implementation of IRAS Project;
    b) Deed of sale for purchase of property;
    c) Retirement Fund Administration;
    d) Consultancy services for strategic plan;
    e) Vehicle fleet management;
    f) Cleaning services;
    g) Lease agreements for various properties.

- The under-listed legislations were approved by the Parliament in the reporting period:
    a) The Sales Tax (Amendment) Act, 2011: Act was published in the Government Gazette and commenced on 01 December 2011;
    b) The Income Tax (Amendment) Act, 2011: Act was published in the Government Gazette and is to commence on 01 July 2012;
    c) The Customs and Excise (Amendment) Act, 2011: Act was published in the Government Gazette and will commence on 01 January 2012;
    d) The Value Added Tax Act, 2011: Act was published in the Government Gazette and is to commence on 01April 2012.

- The following Bills were forwarded to the Ministry of Finance for consideration and subsequent approval by Cabinet:
    a) The Alcohol and Tobacco Levy Bill (Sin Tax Bill).
    b) The Revenue Tribunal Bill.

- Six (6) court cases were finalised and the files closed during the reporting period. This constitutes three (3) cases on Sales Tax, two (2) cases on Customs matters and one (1) case on Income Tax. A total of fifteen (15) cases are still pending, partly due to the close of business by a majority of law companies in December. There was one (1) Appeal case handled, whose outcome has not been determined as yet.

- A total target of thirteen (13) live radio talk shows were done during the period. The first 2 months of the quarter focused mainly on Income Tax Returns, considering the extension of the deadline for submission of Income Tax Returns to 30 November 2011. With the commencement of the Sales Tax Amendment Act on 01 December 2011 (especially domestic Sales Tax), the radio programmes focused on new Sales Taxable services for the last week of November through to the second week of December. The last week of December focused on a review of progress made since the start of the radio programme in August.

- A mini-campaign was launched to communicate key messages on the implications of the Sales Tax Amendment Act of 2011. A public notice was also published highlighting the changes on the legislation and introducing the reverse charge mechanism. Several articles were also published in relation to the amendment campaign.

- A publicity drive for the project on foreign registered vehicles project was implemented by the SRA Customs Department. Radio interviews, one radio talk show and television show were held to publicise this project, aimed at encouraging taxpayers to comply with legislation requiring vehicle owners to pay Sales Tax on imported vehicles and encourage them to also register these vehicles locally.

- A total of sixteen (16) Tax payer engagements were conducted focusing on Income Tax, Sales Tax and VAT. Six (6) workshops with a major focus on Income Tax were held; two (2) workshops on the Sales Tax Amendments and eight (8) workshops on VAT. The Income Tax workshops focused mainly on SMEs and churches; the VAT workshops were more of a key stakeholders' engagement with leaders of Financial Institutions, Accountants; FSE&CC-sectors. The Sales Tax workshops focussed on providers of new sales taxable services.

- Only one (1) type of brochure was developed on the Sales Tax Amendment Act and a total of 5,000 brochures were printed and distributed in the reporting period. A total of five (5) public notices were published. These focused on the extension of Income Tax Returns; Foreign Registered Vehicles; Sales Tax Amendment Act; Modes of Payment and Suspension of Sales Tax Register (STR) Accounts.

- SRA recruited a total of six (6) new staff in the period under review. This is made up of two (2) people in Internal Audit, two (2) in Human Resources, one (1) in Finance and one (1) in Revenue Treasury. Various training workshops for staff were held in the various departments and divisions. Trainings covered include; E-Learning, Managing Discipline in the Workplace, Risk Management and PMS Training. The Risk Management workshop for Customs Officers was conducted locally and attended by sixteen (16) Customs Officers, with facilitation by IMF experts. One external attachment was attended at ZIMRA by one (1) officer.

- The SRA has adopted a dual fleet management approach; where some vehicles will be leased out and others maintained directly internally. EQSTRA Fleet Management was identified as an ideal partner to provide a Full Maintenance Lease of vehicles to SRA commencing January 2012 for a contract of 36 months.

- A total of twenty seven (27) vehicles were transferred from Government to SRA. Eleven (11) of these vehicles were disposed of as they were un-roadworthy. An action sale of these vehicles generated an amount of E583, 500.

- Liberty Properties (Property Managers on behalf of Public Service Pension Fund (PSPF) has advised SRA that the proposed SRA Head Office building that is being constructed will now be available on 01 March 2013 due to unforeseen site conditions. SRA is working on the revised lease offer, including how to safeguard interest of the SRA in the continued shifting of the occupation date. Additional office space needs to be acquired for VAT registration and basic training to cater for this project which will commence on 01April 2012.

Financial Situation

- Total grant income/subvention received to end of the quarter was E201.6m. This amount includes E2.45m in respect of the vehicles that were taken over from Government and excludes assets from Government departments currently used by the SRA.

- For the quarter to 31 December 2011, grant income of E54m was received from Government compared to only E22m in the second quarter. Total under funding to the tune of E95.31m was reported at the end of the quarter.

- Operational expenditure for the quarter totalled E40.7m and was E42.7m last quarter, which was E18.45m below the approved budget allocation of E59.2m and 5% below expenditure for the second quarter of the financial year.

- Key expenditure items for the period were staff costs (including pension and gratuity) at E30.8m (75% of total costs), building costs at E3.4m accounting for 8% of total costs and professional fees (E1.8m) at 4% of total costs.

Outlook

- bWise Africa Consultant was appointed through United Nations Development Programme (UNDP) funding as a service provider for the document management system. A preliminary report and proposal was submitted to SRA in October 2011. The report identified five (5) phases, namely: Phase 1 - Project initiation and solution conceptualisation; Phase 2 - Define stage; Phase 3 - Design (Detailed technical design of the proposed solution); Phase 4 - Development (Develop, install and configure the solution); Phase 5 - Implementation (Implement the solution, go live and training). The final draft proposal was adopted by SRA for implementation. The subsequent phase of the project (implementation) has not yet started due to lack of funding with costs estimated at E14 million.

- Challenges on cash flow are still continuing as the government subvention has not been kept in line with the budget. Compared to the second quarter receipts from Government, there was an improvement as E54m was received from Government to support the expenditure of more than E40m in the quarter. However, capital projects have been delayed due to the instability of the cash inflow.

- The following activities have to be undertaken:
    - Restructure SRA according to functional structure.
    - Pursue approval of repackaged SRA Strategic Plan by Governing Board. Realign SRA Business Plans in line with proposed functional structure.
    - Continue with VAT publicity drive, including registration of qualifying taxpayers. Launch a full VAT publicity campaign on 01 February 2012.
    - Implement Integrated Financial Management System.

Financial Statements

Income Statement	2011 Dec. 31	2011 Sept. 30	2011 June 30	2011 March 31
Income	393,295	466,430	387,348	1,724,428
Other	27,400	0	12,657	31,200
Expenditure	40,771,303	42,727,993	40,073,966	48,314,556
Operating Profit/Loss Before Subvention	**-40,350,608**	**-42,261,563**	**-39,673,961**	**-46,558,928**
Subvention	54,000,000	68,200,000	46,182,000	77,000,000
Operating Profit/Loss	**13,649,392**	**25,938,437**	**6,508,039**	**30,441,072**
Balance Sheet				
Fixed Assets	10,049,035	7,960,718	5,944,025	4,849,696
Investments				0
Current Assets	36,186,152	18,957,104	45,515,487	40,866,851
Current Liabilities	8,180,053	6,066,446	3,744,965	9,088,611
Net Current Assets	28,006,099	12,890,658	41,770,522	31,778,240
Employment of Capital	**38,055,134**	**20,851,376**	**47,714,547**	**36,627,936**
Contributed Surplus	-44,846,750	-44,846,750	-44,846,750	2,003,999
Long Term Liabilities	3,865,357	0	9,053,259	4,182,865
Retained Income	79,036,527	65,698,124	83,508,038	30,441,072
Capital Employed	**38,055,134**	**20,851,376**	**47,714,547**	**36,627,936**

PEU Comments

The SRA had an operational profit of E13.64m this quarter compared to E25.9m last quarter. The SRA received E54.0m as subvention leaving a balance of E95.31m, 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 4.41:1 for the quarter under review and was 3.12:1 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. The SRA performed above target at E1.06 Billion compared to the target of E950.4m.

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 E5.8m compared to E7.5m the previous quarter. Expenditure for this quarter was normal compared to the previous quarter. This decrease was due to the fact that the second quarter figures were negatively impacted by an unavoidable need to use up diesel deposits in Engen tanks which had to be removed as a result of changing SEC fuel from Engen to Galp. Year to date costs amounted to E18.6m against a comparable budget of E24m resulting in a positive variance of E5.4m.

- Power procurement costs amounted to E102.7m compared to E141m.The third quarter was a standard season compared to the high season quarter ended 30 September thus resulting to the significant decrease in power procurement.

- Total transmission costs decreased to E20m from E23m recorded in the previous quarter due to high maintenance costs incurred during the second quarter, as well as the capitalization of completed projects which had a significant impact to depreciation figures. The third quarter expenditure was normal. The second quarter increase in costs resulted in the year to date being unfavourable at E7.6m.

- Distribution costs increased by 26% to E43.7m compared to E34m the previous quarter. The increase was due to high maintenance costs incurred during the period under review and the period being a high storm season. The second quarter was dominated by the winter season with no lightning strikes that could have affected the network.

- Net Fixed Assets increased from E1.135b to E1.183b due to increase in capital expenditure especially major projects like substations as well as new connections.

- The company's investment in MOTRACO was valued at E151.5m compared to E149.6m last quarter making an increase of E1.9m, being an adjustment in the share of profit due to SEC.

- Intangible Asset – Ubombo Sugar Limited USL – This asset was amortised to E142.5m compared to E145m last quarter.

- System Losses were stated at 14.78% compared to 17.01% last quarter. Year to date figures were stated at 15.67% as at end of the third quarter (16% as at the end of the second quarter). The annual target is 13.9%. This reflects a slight reduction, it is still envisaged that the ultimate completion of the prepayment project and successful implementation of revenue protection strategies would yield positive results regarding system losses by the end of the current financial year 2011/2012. Another project targeted to reduce technical losses had since been identified. This project is a power factor correction initiative aimed at improving the performance of the distribution network resulting in a decrease in energy waste, hence reducing the demand for available energy. Its implementation is budgeted to take place in the coming financial year 2012 / 2013.

- Rural Substation Projects – As a result of the growing medium voltage network funded under the Rural Electrification programme, the network had become wide and its load increased, necessitating that substations be considered to support the growth. The network had become unreliable and electricity supply requirements were difficult to maintain. SEC had motivated for the construction of two rural substations, namely Nkhaba and Siphofaneni substations as part of the rural electrification project. The Nkhaba substation construction had since been mobilized, and a sod cutting ceremony had been performed. The contractor is expected to commence the construction of the substation early January 2012.

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

- SCADA Project – This project was started in March 2011 with Power-Tech IST. Project objectives were to automate the technical operations of the SEC network to improve asset management, resulting in reduced operational costs. This system shall provide a platform for a number of systems to be incorporated and therefore increase efficiency at SEC. Systems such as fault report, equipment reports, crew dispatch, operating permits, system open points will now all be on line.

- 400kV Integration phase II stage 2 – There had been need to strengthen the power supply network in order to improve the reliability and stability of supply in the country. A strategic decision was therefore made to construct two substations, namely Mayiwane and Lawuba, to meet that primary objective.

- Mayiwane Substation – The construction of the station is 99.9% complete and it was commissioned on the 13th December 2011. The 0.1% accounts for the snag list submitted to the contractor for rectification, and it is envisaged that it will be fully attended by the next quarter. The cost for the project as at 31st December was E35.9m.

- Lawuba/ Mbulungwane Substation – The contractor had started casting the foundation for equipment. The substation civil works is scheduled for completion at the end of March disregarding inclement weather. The substation will be ready for commissioning in April 2012. The project is now 25% complete, reflecting an actual expenditure of E1.4m. The budget for this project is E30m. The construction of the transmission line is 90% complete against 92% planned for completion. The delay had been due to changes in the blasting regulations in Swaziland.

- Manzini Regional Office Construction – This project is still in progress and was 94% complete. Total cost to 31st December 2011 was E15.7m. Total costs to completion was initially projected at E20m. The building is now at the finishing stage especially the part of the works that is covered under the main contract by Du-Van.

- Prepayment Metering Project – This project is 99% complete and efforts to reach 100% completion are still underway.

Financial Situation

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

- Sales revenue amounted to E231.5m compared to E252.3m last quarter. The E20.8m decrease is attributed to the fact that the third quarter was a standard season compared to high season quarter ended 30 September 2011.

- Administration costs amounted to E25.7m compared to E30.7m last quarter. The second quarter figures were increased by additional depreciation on assets capitalized during that quarter, sales tax payments on imported supplies, as well as amortization of Ubombo PPA prepayment which would be reallocated to be part of cost of power purchases. The year to date costs amounted to E82.4m against a year to date budget of E94.3m, resulting in an increased positive variance of E11.9m.

- Total cash at bank and on deposit stood at E122.7m compared E139m last quarter. This amount includes a total of E40.6m 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 Public Service Pension Fund amounting to E18m in respect of interest and capital portion loan of due to the Fund; a couple of payments made to Swaziland Government in respect of provisional company tax totalling E8.7m as well an amount of E9.5m declared dividends; and other numerous creditors' payments made on a monthly basis.

- Inventories decreased to E60m from E62m last quarter. The E2m decrease in stock holding was a result of adhering to more stringent stock management controls.

- Electricity debtors stood at E195.5m compared to E208m last quarter. The decrease is attributable to increased collections from major industrial debtors.

- The company's short term liabilities stood at E207m compared to E233m last quarter. The timely payment of creditors remains a priority to SEC to ensure a healthy business relationship; hence the further decrease in payables. The reduction was further characterized by a general reduction in leave liability.

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

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Sales revenue	231,544,149	252,252,478	242,328,755	221,070,714
Other Income	19,553,650	21,220,661	16,323,419	67,471,192
Total Trading Income	**251,097,799**	**273,473,139**	**258,652,174**	**288,541,906**
Power Purchases	102,748,749	141,107,741	105,445,917	57,220,438
Generation Costs	5,778,181	7,533,793	5,294,725	8,126,642
Transmission Costs	20,768,451	23,344,422	20,010,787	25,486,926
Tot'l PP+GC+TC	129,295,381	171,985,956	130,751,429	90,834,006
Gross Profit	121,802,418	101,487,183	127,900,745	197,707,900
Distribution Costs	43,730,952	34,700,697	39,097,812	49,447,728
Administration Expenses	25,737,746	30,737,555	25,895,984	48,952,054
Interest paid and payable	4,601,095	5,083,107	4,947,700	13,865,633
Foreign Exchange Losses	-4,923,903	-3,077,877	-2,312,757	21,486,400
Share of Motraco Profits	1,847,504	23,055,483		
Income Tax	18,769,972	10,246,038	15,670,722	4,418,370
Net profit/Deficit	**35,734,060**	**46,853,147**	**44,601,285**	**59,538,715**
Balance Sheet				
Fixed Assets	1,183,423,856	1,135,792,988	1,105,216,122	1,089,132,323
Investment in Joint Venture	151,539,083	149,691,578	126,636,095	137,727,295
Derivative Financial Instrument	35,842,409	39,882,459	27,796,489	26,238,488
Probec Fund at bank	-	-	-	-
Other Assets	40,600,850	46,456,890	46,049,565	45,682,979
Intang asset– Ubombo PPA	142,500,000	145,000,000	150,000,000	40,000,000

Pension Retirement Asset	3,611,532	3,611,532	3,611,532	3,611,532
Current Assets	338,810,690	364,003,364	405,380,673	487,982,226
Current Liabilities	207,256,850	233,095,534	249,458,784	254,640,812
Net Current Assets	131,553,840	130,907,830	155,921,889	233,341,414
Employment of Capital	**1,689,071,570**	**1,651,343,277**	**1,615,231,693**	**1,575,734,030**
Government Investments				
Share Capital	433,493,841	433,493,841	433,493,841	433,493,841
Deferred Grant income	115,159,941	106,969,791	109,788,001	109,788,768
Other deferred income	40,600,850	46,456,890	46,049,565	45,1682,979
Foreign Exchange reserve	5,317,015	5,317,015	5,317,015	5,317,015
Derivative Financial Instruments	5,399,783	5,738,659	4,485,279	4,549,080
Retained income	518,764,647	518,765,647	528,349,704	325,703,422
Current year's income	127,188,491	91,454,431	44,601,285	202,646,290
Embedded Derivative Liability	12,953,369	12,953,369	12,953,369	18,359,768
Loans	284,538,511	284,538,511	284,538,511	284,538,511
Deferred Tax Liability	145,655,123	145,655,123	145,655,123	145,655,123
Total Capital Employed	**1,689,071,570**	**1,651,343,277**	**1,615,231,693**	**1,575,734,030**

PEU Comments

SEC's profit for the quarter was E35.7m compared to E46.9m. The decrease in the profits resulted from a decrease in the sales revenue as the third quarter was a standard season compared to the previous high season quarter. Although the sales for the quarter had decreased, the year to date sales stand at E726m against a budget of E675m.

The company had seen a need to strengthen the power supply network in order to improve the reliability and stability of supply in the country. A strategic decision was therefore taken to construct two substations to meet the primary objective. This is a very good decision by SEC as it will reduce imports and also reduce the high costs of importing power. Worth noting also is the fact that SEC is now looking at coal fired thermal power and also sourcing from Ubombo Sugar Limited. This will strengthen the local power supply as the thermal would continue producing power when the hydro has less capacity resulting from low dam levels.

The voltage network and its load had increased thus necessitating that substations be considered to support the growth. The network had become unreliable and electricity supply requirements were difficult to maintain. The company had motivated the construction of two rural substations, namely Nkhaba and Siphofaneni as part of the rural electrification projects. The construction of these substations would strengthen the power supply to the specific areas. The proximity to electricity supply source coming from shortened distribution lines would provide stability to the network by improving related voltage levels which would be of benefit to customers and around the areas.

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 1,026 samples were collected. This represents a 77.5% success rate. The samples collected include raw water (12.9%), treated water (13.1%) and distribution (74%). 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.

- The table 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
December 2011	35	83.3	90	191	92.9	91.1
November 2011	59	78.0	89.8	338	89.6	91.7
October 2011	40	94.6	92.5	231	98.6	96.1
Average	**45**	**85.3**	**90.8**	**253**	**93.7**	**93.0**
July – September 2011	**53**	**77.3**	**87.2**	**302**	**91.0**	96.3
April – June 2011	**52**	**66.9**	**84.2**	**300**	**86.4**	95.8

- 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 85.3% compared to the 77.3% in the previous quarter. This represents an improvement of 10%.

- The average microbiology compliance of waterworks stood at 90.8% for treated water and 93% for distributed water.

- A total of 50 plant audits were conducted across all SWSC's potable water plants. The objective of conducting the audits was to ascertain the efficiency of the plants' treatment processes.

- Three reservoirs were cleansed. These are: Sithobela 1 and 2 (Central) and Mankayane.

- A total of 207 wastewater samples were collected and analysed, resulting in 3,105 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. It is worth noting that according to the new WPCR 2010 which has been in effect from May 2010, SWSC is obligated to submit monthly data on effluent compliance.

- 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 & TSS), ammonia, residual chlorine and total coliform.

- A total of 50 samples were collected (against a target of 60) on river water monitoring. The number of tests conducted were 700, resulting in a sample compliance of 83%.

- A total of 262 samples were collected on trade effluent. The number of tests conducted were 1,048 and the average percentage compliance (COD samples less than 500mg/L) for the billed companies stood at 66.2%.

- **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 project is currently under suspension due to unhonoured interim payment certificates. Both the Civil and Mechanical Contractors have effected suspension. **Challenges** 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.
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 Contractor is currently off site and no works are in progress. This has been caused by the delayed payments of interim statements submitted by the Contractor.
Lomahasha/Siteki Water Supply.	**Purpose** Local funds for the design and implementation of the Lomahasha water supply scheme. **Progress Achieved** Consultant appointed in 2011 and feasibility reports and Preliminary design expected in February 2012. The construction for the Lukhula to Siteki pipeline is now complete and is operational. **Challenges** Although the Consultants to offer professional services for the Simunye-Lomahasha pipeline were sourced, appointment was stalled due to the current fiscal impasse. Delayed payments led to the late completion of the Lukhula to Siteki pipeline.

- 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 climate and Government's fiscal position:*** The prevailing economic climate and the Government fiscal impasse continues to affect the Corporation in terms of project implementation and working capital.

  - ***Population growth and urbanisation:*** This challenge puts more pressure on water supply sources and results in increased demand for quality water. It also increases the demand for proper sanitation. Population growth and urbanisation remains a key challenge to SWSC in that urban population growth occurs in communities that are poor and settlements that are informal and unplanned resulting in serving such communities being an expensive and difficult task.

❖ ***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.

❖ ***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

- Total revenue amounted to E52.17m (E50.5m the quarter ending September 2011). An operating loss of E4.13m (loss of E908,278m in the previous quarter) was realized. This was due to electricity accruals raised this quarter. Total expenses amounted to E56.30m (E51m in the previous quarter). Net loss amounted E2m.

- Overall sa1es were almost within budget with a negative variance of 1.29%. Effluent charges and basic charges were above budget.

- Total water connections stood at 38,381 (37,882 as at September 2011).

- Trade debtors (Gross) stood at E68m of which E24.8m are Government debtors. The increase in Government debtors is due to the prevailing fiscal challenges.

Outlook

- Safe water and improved sanitation improves health and support sustainable development by getting people out of poverty. Naturally, as population and industrial activity grows, potable water demand increases and the availability of fresh water per person inevitably declines. There is also a strong need to upgrade water infrastructure to increase supply capacity to match the ever increasing demand imposed by population, industrial and urbanization dynamics. It is appreciated that the sustenance of reliable water supply requires huge investments in water infrastructure, of which the lack of raw water storage still remains one of the major challenges for the Corporation. The construction of raw water storage dams at strategic places can greatly enhance the sustainability of water supply in the medium to long term. Water losses in the supply system still remain a challenge, though the Corporation is addressing some of the causal factors within its control. The Government still has a challenge of securing funding to implement the Lomahasha component of the scheme. With the anticipated improvement of Government's fiscal position, completion of the Nhlangano water supply project is planned for the fiscal year 2012/13.

Financial Statements

Income Statement	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**	**2011 March 31**
Turnover	52,173,279	50,533,539	51,984,330	48,291,006
Operating Expenses	56,303,907	51,441,816	47,548,282	57,091,822
Operating Profit/(Loss)	**(4,130,628)**	**(908,278)**	**4,436,048**	**(8,800,816)**
Other Income	2,135,806	1,856,923	1,268,521	17,155,760
Net Income	**-1,994,822**	**948,645**	**5,704,569**	**8,354,944**
Balance Sheet				
Fixed Assets	813,805,203	784,756,426	740,129,614	760,582,769
Current Assets	139,643,392	137,935,883	148,546,885	138,557,847
Current Liabilities	65,280,177	60,708,033	61,743,074	102,236,752
Net Current Assets	74,363,215	77,227,850	86,803,811	36,321,095
Total Employment of Capital	**888,168,418**	**861,984,276**	**826,933,425**	**796,903,864**
Share Capital	30,222,580	30,222,580	30,222,580	30,222,580
Retained Income	188,800,424	190,795,246	189,846,601	188,855,463
Capital Grant	629,017,940	603,704,058	571,712,467	541,694,133
Long-term Loans	40,127,473	37,262,391	35,151,778	36,131,687
Total Capital Employed	**888,168,417**	**861,984,275**	**826,933,426**	**796,903,863**

PEU Comments

SWSC realised a net loss of E2m compared to a profit of E948,645 reported in the previous quarter. The revenue for the institution continues to fluctuate from one quarter to the other. A key contributor is the variation in expenses and other income. The performance report of the New Business Unit of the SWSC is also requested in order to assess the positioning of the Unit.

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 pending arbitral process between Swazi MTN Ltd, MTN International (PTY) LTD, Swazi empowerment Ltd and SPTC is supervised by the International Court of Arbitration (ICA). One of the procedural requirements of the arbitral process is that the ICA fixes an advance payment on costs that is equally borne by the parties to the arbitration. The advance on costs is intended to cover the estimated fees and expenses of the arbitration, as well as the administrative expenses of the ICA. The advance costs are based on a scale determined largely as a percentage of the amount in dispute. The ICA has notified the parties concerned of the advance costs, which it has set at an amount of US $ 128,000.00 (one hundred and twenty eight thousand US Dollars). The amount is equally borne by the Claimants (Swazi MTN, MTN International and Swazi Empowerment) and the Respondent (SPTC).

- As a single respondent, the advance costs inevitably impacted heavily on SPTC, which has since paid the ICA its proportion of the advance costs in a sum of US $ 64,000.00 (sixty four thousand US Dollars). The Claimants on the other hand have enjoyed the latitude of having the remaining balance of the advance costs spread out amongst them.

- The actual arbitral hearing is expected to commence during either the months of February or March 2012 and in that regard SPTC is still awaiting official notification of the actual hearing dates from the ICA.

- Progress on providing an effective communications solution with internet connectivity to the higher institutions of learning in Swaziland is as shown below:

    - All three campuses of the university of Swaziland, i.e. Kwaluseni, Luyengo and Mbabane are 100% complete;
    - Limkokwing university is 100% complete;
    - Swaziland college of Technology (SCOT) is 90% complete. Final tests are ongoing;
    - Swaziland college of Theology is 50% complete, i.e. Fibre has been pulled. Outstanding is the installation of end terminals and tests.
    - Surveys have been carried out for William Pitcher College, Manzini Nazarene College, Voctim, Good Shepherd and Nhlangano Teacher Training College.

- SPTC were attending to the Swaziland Government Computer Services in terms of their network requirements. A presentation has been prepared by Network Development on the proposed solution for Swaziland Government Computer Services (SGCS). This has to be presented to SGCS for their endorsement, after which it will be rolled out.

- Forty-four (44) sites in Mbabane, Ezulwini, Matsapha and Manzini are earmarked for fixed network solutions. Construction of plinths (slabs) has been completed in all 44 sites. Power connection to sites is 60% complete. Wiring of sites is 40% complete. Equipment installation is 50% complete. This project will tentatively be completed by the end of the current financial year, and is aimed at improving the delivery of broadband services to areas located at the edge of the suburban boundaries.

- The Fixedfone soccer tournament was initiated as another avenue to push sales of the Fixedfones through the buy one get one free (BOGOF) promotion, The tournament was held for a period of four months namely; September, October, November and December 2011. During selected matches the Corporation sold fixedfones to members of the public to drive stadium attendance.

- In a bid to remain responsive to customer needs the Corporation revamped its ADSL packages by increasing the capped volume for each package, introduced packages with higher speeds for business and introduced packages with uncapped volume for both business and residential customers. To create awareness for the new packages print adverts, flyers and billboards were developed and flighted in most media outlets.

- As part of the Charity Cups mandate of giving back to communities, the Corporation built a house for an elderly woman who lived in an extremely dilapidated house, where she was in constant danger of being attacked. The Corporation completed the construction of the house and held an event to officially handover the key. The event was attended by members of the Endzingeni constituency, the Minister of Foreign Affairs, and selected members of cabinet, and SPTC management and staff.

- SPTC has introduced the 'Un-limited package' on landlines. The service was initially introduced as a Fixedfone service and in response to customer needs the Corporation took a decision to extend it to the landlines. This service allows customers to call 60 unique SPTC numbers for the duration of a month.

- Phutfumani couriers and Freight offered a variety of services such as courier, freight, warehousing and clearing. Phutfumani took up the stance to sponsor golf in the following five different golf clubs Mananga, Mbabane, Manzini, Usutu and Simunye. This sponsorship provides high profile exposure of Phutfumani as a brand and it intensifies brand awareness. All the golf tournaments were advertised in both Times of Swaziland and The Observer.

- The Corporation through SwaziPost sponsored the physically disable (SASPED) through sports. The Corporation collaborated with Swaziland Sports Council and the DPMs office on hosting these games. SASPED sponsorship amount was E200, 000. The main objective of the sponsorship was to demonstrate that the SPTC cares and is non-discriminatory. This also helped position SPTC to be viewed as a true corporate citizen and a national brand.

- The stamp promotion which the Corporation runs jointly with Mister Bread and Times of Swaziland started on the 1st December 2011. This time around the entry form required E2, 95 stamps. This promotion has proved to be one way to meet targets and surpass monthly sales target by a big margin. Road shows and draws were held every fortnight. Prizes for every draw were as follows: 1st prize: E20, 000, 2nd prize: E7, 000, 3rd prize: E2, 500, 4th - 41st prizes: E500.

- **Data Services:** A total of 37 ISDN work orders were issued through telecentres, of these 32 work orders were connected compared to a target 42 per quarter**.** Telecentres issued 59 works orders and 47 were completed compared to a target of 102 quarterly. This performance indicates that the lease line product competes directly with ADSL broadband.

- **PABX Services:** 13 new PABX systems were installed against a target of 18 per quarter. In comparison to the 2nd quarter the decline in performance is 23 new PABX systems.

- **Public Payphones:** during the reporting period, a total of 43 coin operated payphones and a total of 7 card phones were installed. The installed base is 1,492 coin payphones and 245 card phones. The average performance achieved during the quarter is 89.5% against a target of 90% and the average fault rate was 2.1 against a target of 0.6.

- **Earth Station -**The Earth station performance was 99.80% as compared to 99.97% during the 2nd quarter. This shows a decline of 0.17% in performance from that of the previous quarter. The reason the station performed badly this quarter was because of bad weather (strong winds) which shifted the terrestrial microwave antenna (which carries the USA traffic) out of its correct position at Ezulwini E/S. And this problem lasted for more than 13 hours. Otherwise, the UK and Internet traffic routes recorded a 100% performance.

- **Telephone Installations -** During the reporting period, 446 work orders for new fixed line connections were issued from Telecentre outlets nationally. A total of 379 new fixed lines connections were completed against a target of 900 fixed lines per month. A total of 97 work-orders were carried forward to the fourth quarter. The observed decline in performance may be attributed to the following:

  - Focus is geared towards the on-going migration of the legacy network to NGN.

  - The majority of customers prefer the recently launched fixedfone product compared to landlines. The Sales and marketing promotions at the Trade fair and fixedfone cup have proved to be a good recipe to attract the clientele.

- **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 days.

- **Fault Rate -** On average, the performance on business customers was **0.17** compared to 0.5 national target. The performance for residential lines was **0.35** compared to a national target of 0.6. This performance was good for both segments considering that the reporting period falls under the wet season.

- **Bulk-mailers** are continually finding cheaper means of communicating with their customers. These are mainly the South African based furniture and clothing chain stores which used to send magazines with monthly statements. They have now decreased the frequency of sending magazines, thus reducing the bulk of consignments by a huge margin. Others are also exploring other means of reaching the final customer by sending mail through their local branches. Mail sent in this manner still has to be posted through SwaziPost but because it now becomes classified as local mail, it is charged the local tariff, which is 67% lower than that charged on international mail.

- **Money Transfer System -** South African Post Office (SAPO) proposed a formal meeting with SwaziPost to assist us in obtaining a money transfer system which will be interoperable within the SADC region, in line with the 2008 UPU Nairobi strategy. The money transfer system was endorsed by Southern Africa Postal Operators Association (SAPOA) as one of four major projects to be implemented by member countries. SAPO is now assisting those countries falling behind in execution and have already rolled out the same system in Lesotho Post.

- One hundred and forty two **(142)** employees were trained in this quarter as opposed to **381** employees who were trained in the last quarter. This translates to a total of **874 student-days** (man-days) compared to **1,380** student days in the last quarter.

Financial Situation

- Revenue for the quarter amounted to E136.78m compared to E138.68m achieved in the previous quarter ending September 2011, which shows a decrease of 1%. The slight decrease in revenue is mainly a result of the decline in the cellular revenue outgoing. The trend shows that fewer customers make calls from mobile to fixed. Most customers prefer calling from fixed to mobile. The international calls outgoing also show a slight decrease due to the decline of the rate at which customers call international numbers because of the economic situation. This is compensated by the increase of the internet revenue 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 are also increasing continuously in the quarter under review.

- Cost of sales are lower than in the previous quarter by 18% from E39.03m in September 2011 to E32.16m in December 2011. The decrease in costs is due to that the fixedfone campaign has ended which demanded a lot of material.

- Operational costs for the quarter ending December 2011 amounted to E78.33m compared to E109.90m achieved in September 2011, resulting in a 29% decrease. The decrease is a result of the completion of upgrading the internet bandwidth in order to provide faster internet services and also the cost of advertising and promotion of the new fixedfone product has slowed down since customers are now fully aware of the fixedfone.

- Finance charges/Income shows a 15% increase from a negative E1.651 million in September 2011 to E0.839 million in December 2011. There was more interest earned from deposits as a result of fewer payments for capital commitments.

- There was a profit of E47.292 million compared to a loss of E23.88 million in September 2011, resulting in a 298% increase. The profit in the quarter under review is a result of the MTN dividends received

Outlook

- For the next quarter of the financial year, the key focus areas will include:

    - Completing the provisioning of an effective communications solution with internet connectivity to the rest of the institutions of higher learning and the national libraries in the country.
    - Attending to the Swaziland Government Computer Services in terms of their network requirements. After SGCS has accepted our proposed solution, there shall be a go ahead with the implementation.
    - Continuation of the upgrade of the CDMA network in terms of capacity and data (EVDO) for all 84 sites countrywide.
    - Upgrade of the WIMAX network in terms of :
        - Upgrading antennas;
        - Coverage area;
        - Quality of service (QoS);
        - Eliminating end of life risk;
        - Increasing base stations from 10 to 15;
    - Continuation of the introduction of a small scale program for E-Health to cover other Health institutions, specifically Dr Mill’s clinics.
    - Completing the installation and commissioning of the five remaining wireless base stations, i.e. Mantambe, Ngololweni, Bethlehem, Nkondwane and Nkambeni.
    - Using fibre, where possible, instead of radio for backhauling, i.e. transmission. We have twelve (12) such sites under the CDMA project.
    - 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 Dec. 31	2011 Sept. 30	2011 June 30	2011 March 31
Income	175,717,000	101,423,000	144,759,000	92,998,000
Expenditure	128,425,000	125,338,000	94,674,000	136,725,000
Profit	**47,292,000**	**-23,915,000**	**50,085,000**	**-43,727,000**
Balance Sheet				
Fixed Assets	590,948,782	595,941,771	594,555,271	598,381,637
Investments	45,998,162	75,482,818	128,835,419	92,847,855
Current Assets	278,547,974	244,091,419	196,101,845	178,721,248
Current Liabilities	25,902,817	75,176,512	59,110,844	57,073,234
Net Current Assets/Liabilities	252,645,157	168,914,907	136,991,001	121,648,014
Employment of Capital	**889,592,101**	**840,339,496**	**860,381,691**	**812,877,506**
Distributable Reserves	751,763,262	704,470,828	728,358,383	678,274,506
Grants	4,137,719	4,506,446	4,875,173	4,563,661
Long-term loans	92,711	142,813	404,673	423,024
Provisions	133,598,509	131,219,409	126,743,462	129,616,315
Capital Employed	**889,592,101**	**840,339,496**	**860,381,691**	**812,877,506**

PEU Comments

SPTC's current ratio improved from 3.25 last quarter to 10.75 this quarter, with the return on assets (net income/total assets) moving from 0.03 last quarter to 0.08 this quarter. The gearing ratio (debt/equity) remained insignificant at 0.01, because the loan balance from STD Bank being low at E92, 711.

The Corporation's assets decreased from E595.9m in the quarter ending September 2011 to E590.9m in the quarter ending December 2011.

The period under review saw a decrease in investments from E75.4m (September 2011) to E45.9m (December 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 E3.5m relating to the vehicle lease arrangements and attracts a floating rate of Prime less 1.65 per annum, and has been serviced to a balance of E92, 700 outstanding.

There was an increase in current assets from E244.0m in September 2011 to E278.5m in December 2011. The increase is in inventory as a result of stocks for the fixed fones. Accounts receivables also increased as a result of challenges in collection of outstanding revenues. Current liabilities decreased during the quarter from E75.1m in September 2011 to E25.9m in December mainly due to the decrease in accounts payable.

SWAZILAND INVESTMENT PROMOTION AUTHORITY (SIPA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SIPA reported as follows for the quarter,

Operational Review

- Government's financial position continued to put pressure on SIPA's activities in promoting investments. Amid insufficient resources to carry out the mandate, the Authority ensured that available limited resources are optimally allocated to meet essential budget expenditure.

- There was a common trend of challenges faced by most large companies in the country and these included; high cost of utilities and transport, unavailability of raw materials, cross boarder challenges, sporadic occurrences of court suspension and case backlog, volatility of the Rand, loss of orders and suspension of sale of industrial land and further uncompetitive incentive package compared to regional counterparts.

- Swazi Fruit Canners - This company had been operating below capacity due to loss of land to grow pineapples and to expand production. This resulted to scaling down of operation in Malkerns. The leased land which is within the proximity of the factory is now being used for growing sugar can and property development by private owners. The company had since downscaled its citrus operation at Tshaneni due to adverse market conditions and had been making losses for the past 5 years which could further affect jobs in Malkerns.

- Tuntex – One of the major customers (Adidas Sports) cancelled the contract with the company due to poor quality and failure to deliver on the agreed time. This resulted in the company retrenching about 480 employees and only retaining about 120 employees.

- Texray Group – The Group discontinued its spinning mill operation due to escalation of the cotton prices in the world market. The cotton produced in the country is not sufficient to meet the demand for the users being Spitex Swaziland and Texray Group. The company might further scale its operations due to decline in orders from overseas markets. The company is exporting almost 90% to the USA markets and selling less than 10% in the region.

- Spintex Swaziland – This Company might reduce its operations as a result of high operation costs and unavailability of its raw material, mainly cotton.

- There are several investments and trade related challenges that are encountered by the Authority. These included cross border challenges particularly the non-tariff barriers (such as the issuance of the Duty Credit Certificate Scheme, DCCS) which is not recognized by the Swaziland Revenue Authority.

- The Authority commenced the operationalization of the flexible one stop shop facility and three companies had been registered by SIPA using the facility. These are Boletus Swaziland (harvesting, processing and exporting wild mushrooms), Bankserve Africa (cheque clearing system and other financial support services) and Takasimba Holdings which focuses on Agriculture.

- The Authority continued to maintain a pro-active approach to the investor aftercare programme which encompasses troubleshooting and discussions on expansion programmes and as well as ensuring that investors comply with regulations.

- An investor profiling report was finalized and ready for use. The report indicated areas for informing the Authority's aftercare programme as well as the linkage programme. The information is already available to the Investor Facilitation and Aftercare Department from which to identify points of intervention and the domestic department will benefit on the report. The initiative shall be done on regular intervals to keep updated database for companies and it is expected that more companies will participate in the coming years.

- Ten work permits applications were supported by the Authority and four had since been granted whilst six were still pending. All six visa applications applied during the period were granted.

Financial Situation

- The subvention for the Authority is four months in arrears, however, released to the income statement for the quarter amounted to E 2.83m same as last quarter.

- Interest earned from interest bearing and investment accounts remained E1,193.

- Total expenditure for the quarter amounted to E1.74m compared to E2.3m last quarter. Budget for the quarter was E2.34m.

- There was a surplus of E580,848 compared to E11,693 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	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Subvention	2,283,699	2,283,699	2,283,699	3,374,668
Other income	33,250	34,443	2,663	14,292
Total income & subvention	**2,318,142**	**2,318,142**	**2,286,362**	**3,388,960**
Expenditure	1,737,294	2,306,449	2,206,036	2,180,828
Surplus/Deficit	**580,848**	**11,693**	**80,326**	**1,208,132**
Balance Sheet				
Fixed Assets	407,547	401,683	431,321	465,171
Outstanding Grants				
Investment				
Current Assets	3,274,499	2,724,673	1,790,340	2,198,928
Current Liabilities	1,226,151	1,320,491	627,619	1,206,071
Net Current Assets/Liabilities	2,048,348	1,404,182	1,162,721	992,857
Employment of Capital	**2,455,895**	**1,805,865**	**1,594,042**	**1,458,028**
Government Grant	-	-	-	-
Reserves	-	-	-	-
Surplus/Deficit	**2,455,895**	**1,805,865**	**1,594,042**	1,458,028
Total Capital Employed	**2,455,895**	**1,805,865**	**1,594,042**	**1,458,028**

PEU comments

The Authority is faced by financial challenges since the Government had not been releasing its monthly subvention for the past four months. The government's financial position continued to put pressure on the Authority's activities in promoting investments. 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.

There is a common trend of challenges faced by most large companies in the country and they include; high cost of utilities and transport, unavailability of raw materials, cross border challenges, sporadic occurrences of court suspension and case backlog, volatility of the Rand , loss of orders and suspension of sale industrial land and as a result several companies resorted to scale down to control production costs to sustainable levels.

SMALL ENTERPRISE DEVELOPMENT COMPANY (SEDCO)

Parent Ministry: Ministry of Commerce, Industry and Trade

SEDCO reported as follows for the quarter,

Operational review

- 19 business plans (7 previous quarter) were compiled. These businesses have a potential of creating 57 jobs, if granted funding by the financial institutions.

- A total of 9 businesses (10 previous quarter) entered into a contract for drafting of financial statements and 3 (9 previous quarter) were assisted on compilation of tax returns.

- SEDCO assisted 54 (41 previous quarter) entities with registration of their companies as well as facilitating 2 trading licences and processing 17 (20 the previous quarter) forms for entities. These registered entities have a potential of creating 108 jobs.

- A total of 502 people (375 previous quarter) visited SEDCO on different business related matters.

- 340 (2,725 previous quarter) brochures and posters of "Start Your Own Business" and "Expand Your Existing Business" were distributed at Khubutha and Zombodze Emuva Tinkhundla Centres.

- SEDCO successfully held the 2011 Entrepreneur of the Year Awards and the eventual winner was Indlela Yekuphila Restaurant who won a Ford Bakkie worth E158,500.

- SEDCO continued with the "One Household One Product" (OHOP) 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 OHOP program is on-going at the following Tinkhundla Centres: Nkwene, Mtsambama, Sandleni. Zombodze, Khubuta, Maseyisini, and Shiselweni 1. 132 (93 previous quarter) entrepreneurs received continuous monitoring in chicken production. 71 (52 previous quarter) entrepreneurs received continuous monitoring in fruit tree production. 74 (74 previous quarter) entrepreneurs received continuous monitoring in vegetable production

- 30 (386 previous quarter) aspiring entrepreneurs were trained in different business management related courses (14 households on fruit tree management and 16 aspiring SMMEs on entrepreneurship).

- The Cabinet Paper on "Buy Swazi" has been approved by Cabinet.

- On the 13th October, 2011, a conference aimed at promoting the Entrepreneur of the Year Awards (EYA 2011) and linking the entrants of EYA 2011 with sponsors, was held at Sibane Hotel, Ezulwini. Key stakeholders in SMME development attended the conference. Sponsors promoted and exhibited their products crafted for SMME development.

- The Entrepreneur of the Year Awards 2011 Dinner was held on 11 November, 2011 at the Mavuso Trade Centre. The Dinner was attended by over 450 people; that included the Right Honourable Prime Minister, Dr. Sibusiso Barnabas Dlamini, The Honourable Minister Senator Jabulile Mashwama, other Cabinet Ministers, Members of Parliament, Sponsors, SMMEs and SMME supporting institutions. The following were the sponsors of the Entrepreneur of the Year Awards 2011: SIDC, Standard Bank, SEC, FNB, SNPF, Swaziland Beverages, Macmillan Publishers, African Alliance, Metropolitan and The Swazi Observer.

- Twelve (12) Winners of the Entrepreneur of the Year Awards 2011 were eventually selected out of which the overall winner, a restaurant business from Luve was chosen and awarded the grand prize a new Ford delivery van.

- Four (4) SMMEs attended the Mangaung Cultural Festival held in Bloemfontein, South Africa from 1 October, 2011 to 8 October, 2011. One Official from SEDCO accompanied the SMMEs to this fair. The Crafters were exhibiting their products during this event. E5,600 was received as sales from the Festival by SMMEs from Swaziland.

- SEDCO has developed an online shop for Handcraft (http:// Shop.sedco.biz). The Swazi Craft online account is underway.

- SEDCO met NEDBANK Swaziland to establish a linkage that would benefit SMMEs to access credit from the Bank. A Memorandum of Understanding was drafted and forwarded to Nedbank.

- SEDCO met the Micro Finance Unit in the Ministry of Finance with a view of creating a link that will see the Unit capacitating SMMEs as well as assisting SMMEs access funding.

- The Global Entrepreneurship Week began from 14 November, 2011 to the 20 November, 2011. During this period countries around the globe are encouraged to promote entrepreneurship. SEDCO participated during the launch of the event by the Honourable Minister of Commerce, Industry and Trade Senator Jabulile Mashwama on the 14th November, 2011 at the University of Swaziland – Kwaluseni. The Minister emphasized the importance of starting businesses and vigorously improving them as they lead to economic development. Students in Free Enterprise (SIFE) Kwaluseni and Junior Achievement (JA) Swaziland also presented during the launch.

- SEDCO hosted a meeting of Partners in Entrepreneurship Development. The Partners were addressed by the Principal Commercial Officer in the Ministry of Commerce, Industry and Trade on two bills that have been passed as Acts. The Operating Hours Act and Trading Licences (Amendment) Act were discussed. The Operating Hours Act state that businesses can now operate 24 hours. They may also operate during holidays except on the Incwala Day. On the Trading Licences (Amendment) Act the process of obtaining a trading licence has been reduced to three days provided all necessary documents are submitted to the Licensing Officers.

- A motivator from South Africa, Ms. Dudu Msomi, presented on Entrepreneurship and Leadership during the forum. She noted that the two Acts will bring change necessary for the transformation of businesses to greater heights that will in turn create job opportunities and increase the economic activities in the country. She pleaded with Partners to encourage the people of Swaziland to consider starting businesses that will grow from one stage to another.

- Of the 10 businesses assisted to access funding from various financial institutions, 6 were granted and 4 applications are pending. Loan requests amounted to E599,000 of which E391,500 was approved and E207,500 is pending.

- The Training Section has performed below budget by 96%. This is mainly due to the unavailability of corporate sponsors.

Financial Situation

- A surplus of E526,719 (surplus of E1.98m previous quarter) was made against a budgeted loss of E128,173. This is due to deliberate delays on activities due to financial constraints.

- SEDCO's revenue was E3.19m (E4.76m previous quarter).

- The total operating expenditure made up of personnel costs and administrative costs amounted to E2.66m (E2.78m previous quarter) compared to a budget of E3.44m.

- Personnel expenses amounted to E1.36m (E1.321 293 previous quarter) against a budget of E1.85m. The favourable variance of 26% is attributable to vacant posts not yet filled.

- Administrative expenses amounted to E1.3m (E1.46m previous quarter) compared to a budget of E1.6m. Most administrative activities were deferred because of financial constraints, hence, the favourable variance of 19%.

- A provision of E3.83m for subvention not yet received has been made. This covers the months of August, September, October, November and December at E766,518 per month.

Outlook

- A MOU between SEDCO and Nedbank Swaziland which seeks to address access to finance for SMMEs will be signed in the next quarter.

Financial Statements

	2011	2011	2011	2011
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**March 31**
Income	887,678	926,232	915,728	894,806
Expenditure	2,660,504	2,778,005	2,778,695	2,848,664
Operating Profit/Loss	-1,772,826	-1,851,773	-1,862,967	-1,953,858
Subvention	2,299,545	3,832,615	2,299,545	2,555,075
Surplus/Loss after subvention	**526,719**	**1,980,842**	**436,578**	**601,217**
Balance Sheet				
Fixed Assets	44,901,734	44,832,763	48,855,596	17,121,471
Investments	10,900,393	10,782,630	10,664,797	10,548,815
Current Assets	5,650,971	5,343,230	4,886,341	4,881,543
Current Liabilities	2,756,075	2,788,320	2,780,249	2,601,794
Net Current Assets	2,894,896	2,554,910	573,070	2,279,749
Employment of Capital	**58,697,023**	**58,170,303**	**66,626,485**	**29,950,035**
Share Capital	2,401	2,401	2,401	2,401
Retained Income	17,297,458	16,770,740	16,322,920	16,507,470
Fixed Asset Revaluation Reserve	28,978,015	28,978,015	41,269,115	9,408,115
Deferred Tax	12,419,149	12,419,149	4,032,049	4,032,049
Total Capital Employed	**58,697,023**	**58,170,305**	**66,626,485**	**29,950,035**

PEU Comments

SEDCO seems to be taking a careful and guarded approach in terms of its income generation and expenditure patterns. The income generated by SEDCO remains relatively stagnant with slight increases from one quarter to another. Income decreased by 4% compared to an increase of 1% in the previous quarter. A number of strategic initiatives have to be undertaken by the institution as stipulated in the strategic plan to move the organisation forward. The holistic restructuring of the organisation is also still pending.

The liquidity ratio stood at 2.05:1 compared to 10:1 realised in the previous quarter. The public enterprise's liquidity ratio (including investments) is at 6:1 compared 5.78 in the previous quarter and 6 in the quarter ended March, 2011. SEDCO is highly liquid and a number of initiatives should be undertaken by the institution in order to 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 19.31 days compared to 14.40 days reported last quarter and compared to 10.25 in the quarter ended March, 2011. SEDCO needs to improve its rental collection as laxity in collections can result in an increase in bad and doubtful debts for the organisation. The rent debtors figure has increased from E102,676 in the last quarter, to E178,556, a 74% increase. This means that there are many tenants that are in arrears in terms of their rent payments and SEDCO should closely follow them up.

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 287 cases and 340 enquiries compared to 331 cases and 712 enquiries the previous quarter, respectively.

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

Key Performance areas	Targets	April to June 2011	July to September 2011	October to December 2011	Comments on target and previous quarter
Handled cases	-	290	331	287	13.3% decrease
Enquiries	-	777	712	576	19% decrease
Screened out cases	-	63	34	28	Decreased by 18%
Processing rate	95%	86%	79%	78%	17% off target & decreased by 1%
Settlement rate	60%	43%	47%	55%	5% off target & increased by 8%
Pending cases	2%	45%	19%	2.48%	on target and improved by 16.52%
Arbitration duration	45 days	53 days	61 days	99.5 days	55 days off target and increased by 38.5 days
Average conciliation duration	21 days	18 days	26 days	24.5 days	4 days off target and improved by 1 days
Arbitration referrals	28 cases	16 cases	18 cases	14 cases	14 cases above target and improved by 4 cases
Release of arbitration awards	21 days	32 days	24 days	23 days	2 days off target and declined by 1 days
Default judgments received	6 cases	6 cases	4 cases	7 cases	1 case below target and increased by 3 cases
Service of invitations	95%	100%	100%	97.7%	2.7% above target and decreased by 2.3%

- Processed cases were 287 compared to 331 the previous quarter; the settlement rate was on the rise with the quarter recording 55% compared to 47% the previous quarter. Arbitration referrals decreased to 14 cases and the duration for release of awards stood at 23 days. Service of invitations recorded 97.7%.

- 24 arbitration cases remained active at the close of the quarter, with 14 new referrals, 2 overdue awards and 8 awards issued. This indicates significant improvement with a 22.2% increase in new requests, 60% decline in overdue awards and 60% decrease in issued awards.

- In the dispute distribution by Employment Sector, the retail sector continued to dominate accounting for 31% of all processed cases, reflecting a 2% increase from the previous quarter. The highest recording sectors also included security (12%), transport (12%), domestic sector (9%), construction sector (7%), Agricultural sector (5%), parastatals, Education and other Industry took a tie with a 3%, manufacturing, Government and hotel and Catering tied with a 2% showing a major decline when compared to the previous quarter. Motor Engineering and the forestry sectors recorded 1.9% and 0.95% respectively. The business sector showed a major decline in most cases which might be attributable to the economic meltdown faced by the world.

- In the dispute distribution by category, unfair dismissal continued to take the lead with 60.28% indicating a 0.28% increase from the previous quarter (60%). Unpaid wages attained second position at 14.29% and unfair terms and conditions attained the third position with 8.01% indicating a decline of 3.9% this quarter. The fourth position was occupied by constructive dismissal recording 4.18%. In the fifth position there were underpayments and salary negotiations standing at 2.44% showing a massive decline of 9.58% when compared to the previous quarter. Recognition attained sixth position recording a 2.09%, other dispute category recorded 1.74%, terminal benefits stood at 1.39%, retrenchments and overtime at 1.05%, unlawful suspension (0.6%), unpaid leave (0.35%), collective agreements and unfair discrimination recorded a zero (0%) which showed some improvement when compared to the previous quarter.

- There were no unprotected strikes and no picketing. There were 2 pickets and 7 protest actions. These were the major highlights affecting the operations of the commission as part of the protest were by the legal fraternity and hence it contributed a lot in the Commission's performance especially in arbitration and unresolved cases. Another major activity this quarter was the retrenchment of about 33 employees at the Orion Hotel.

- The uploading of awards started with the selection of awards but has been delayed due to technicalities faced in scanning the documents into PDF files. However the Commission was working very hard to make this project finalized in the next quarter.

- In relation to the CMAC website, a total of 5754 visits were recorded compared to 7617 visits the previous quarter. New visits to the website recorded a slight increase from 1764 last quarter to 1833 this quarter.

- The Commission was still researching on the best comprehensive system that can be used for the electronic management of the library. A few options have been suggested and were still being tested. Currently a manual system is being used to manage book circulation in the library.

- Performance evaluations for all management members were conducted during the period under review.

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

Financial Situation

- A deficit of E1.56m was recorded compared to a deficit of E941,360 recorded the previous quarter. This was a result of the E2.36m outstanding subvention from Government.

- Total expenditure incurred amounted to E2.40m compared to E2.62m the previous quarter. Budget for the quarter was E2.72m resulting in a favourable variance of 12%.

Outlook

- Submission of European Union proposal for E1m funding for training SME's on Alternative Dispute Resolution. Finalisation of the Case Management System.

- Finalisation of Commercial Services Business Plan.

- The uploading of cases to SWAZILII.

- Finalization of the uploading of awards.

Financial Statements

	2011	2011	2011	2011
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Income and Subvention	835,179	1,675,028	851,742	2,466,129
Expenditure	2,397,853	2,616,388	2,620,182	2,438,725
Surplus/Deficit	**-1,562,674**	**-941,360**	**-1,768,440**	**27,404**
Balance Sheet				
Fixed Assets	1,991,463	2,446,074	2,446,074	2,446,074
Investments	2,893,286	3,256,900	4,013,082	6,448,469
Current Assets	-831,135	475,598	837,849	373,738
Current Liabilities	318,289	489,106	723,240	711,833
Net Current Assets/Liabilities	-1,149,424	-13,508	114,609	-338,095
Employment of Capital	**3,735,325**	**5,689,466**	**6,573,765**	**8,556,448**
Share Capital				
Government Subvention/other Grants	2,119,499	2,119,499	2,119,499	2,119,499
Retained Income	1,581,432	3,523,163	4,395,324	6,365,426
Long Term Loan	34,394	46,805	58,943	71,522
Total Capital Employed-	**3,735,325**	**5,689,466**	**6,573,766**	**8,556,447**

PEU Comments

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 almost all the key performance areas 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. Marketing the Commission could be another initiative the Commission could use to increase demand for their training therefore resulting in more income earned by the Commission. 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 provide effective, speedy, accessible and fair dispute resolutions as per their mandate and work to improve their performance in terms of meeting the target areas.

SWAZILAND STANDARDS AUTHORITY (SWASA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SWASA reported as follows for the quarter,

Operational Review

- The pressure was on for the release of the third batch of national standards. The Council had to be convened to approve the standards most of which were of key importance to the Ministries of Natural Resources and Energy and that of Health and Social Welfare. The realisation of the harmony that is introduced by standards in the work of the government Ministries has increased and this will prove valuable in the regulatory domain.

- With the pressure for SWASA to generate an income, it does look promising when more national stakeholders, especially in the public domain realise the need to regulate based on standards. The standards-based training that is offered by SWASA will be on higher demand due to the need for people to comply. Add to this, the control of second-hand imported motor vehicles and the certification services will enable SWASA to support some of its functions.

- As the year 2012 was predestined to be the year for the final development of SWASA's functions, the certification scheme was approved by the Council. Discussions with an accredited certification body, Mauritius Standards Bureau, ensued to support the SWASA certification scheme. As this was to have cost implications, a proposal was submitted to the German Metrology Institute, to financially support the relationship between the SWASA and the standards body of Mauritius as they offer certification services to Swazi companies.

- SWASA continued to liaise with old and emerging stakeholders both locally and internationally. This was done either by delivering a standards awareness seminar, participating in a workshop or writing an informative article about the required subject. It has gained SWASA a lot of mileage and has continued to prove to more stakeholders how important standards are and how they infer a positive appeal to any business.

- The Consumer and Public Interest Unit of SWASA is another office that has gained popularity with the public. It goes to show that Swaziland needs a Consumer Protection Act. The newspaper articles that come out in the Swazi News every Saturday has caused more of the public to come to the SWASA offices to find out how they can be assisted with standards.

- World Standards Day was held on 14th of October, 2011 for the first time in the existence of SWASA. It was celebrated with more pomp and ceremony. The attendance from industry was impressive, especially the two presentations from Conco and Eswatini Kitchen, as well as the presence of senior government officials.

- SWASA depends on the competence of the human resources to efficiently deliver on her mandate. As the organisation is preparing to launch the certification scheme, the Quality Assurance Manager was supported to attend a four-week Quality Infrastructure for Trade Course that was offered and sponsored by the Government of Sweden. This was a four-week intensive course that saw the manager instituting a national change project upon his return. The change project concerned drafting the Action Plan for the recently launched National Regulatory and Quality Policy (NRQP). This will be a great contribution to the SWASA line Ministry.

- The Auditor for food standards attended an advanced two-week course on the WTO SPS Agreement. The Swaziland market is currently dealing with the problem of unlabelled foods placed on the Swazi market by unscrupulous vendors, hence, the need for the skill of how to handle such matters. The other auditors attended the Legal Requirements Course for the Occupational Health and Safety Standard and that for the Environmental Management System Standard. The amount of competence that has been bestowed on the SWASA staff collectively makes SWASA a highly formidable body in the execution of its mandate.

- The Standards Development Unit went through the public review of 34 standards. Previously, the standards would be deposited at public libraries in order to allow people to access them, read and submit comments to SWASA. This posed a lot of logistical problems as it required that SWASA send some staff members to man the standards desk. This year a number of methods were used to facilitate the access of the public to the standards. The standards were loaded onto the SWASA website; articles were published in the newspaper; and a radio program was done. The attendants of World Standards Day were also given the opportunity to comment on the standards but this did not constitute formal comments as it was in passing.

- The SWASA Information Centre continued to receive notifications and standards from the WTO and ISO, respectively. Some of the standards and the notifications were not of relevance in Swaziland and, therefore, were not auctioned. Those standards that were relevant to Swaziland were put in a special file from which future work items have to be selected. These concerned female condoms, camping tents, tobacco and tobacco products as well as the colour-fastness of textiles. The notifications that were of interest to stakeholders in industry were sent to them.

- The Training Unit facilitated only two training sessions in the HACCP Food Safety Management standard and the Environmental Management System Standard. This function is gaining popularity with the Swazi companies and it is because of the quality of the lessons and the spin-offs at the place of work. The Unit received 15 inquiries about the training, but these were never carried through to realisation of a training session. The deterrent could have been the course fee which SWASA is confident is affordable at the Swaziland rates. The training still needs vigorous marketing and advocacy in order to convince people that the fees paid are meagre compared to the benefits accrued with the knowledge of standards and their implementation.

- The Quality Assurance Department made great strides which were marked by the approval of the certification policies and procedures. The two certification schemes namely the Product Certification Scheme and the Management System Certification Scheme had some points of convergence that need to be identified so as not to confuse the two. It was necessary to draw the certification route under each scheme and compile two separate manuals, one for each scheme. The major challenge here was with the pricing of the services. A preliminary survey of other certification bodies in the region revealed that their billing was not itemised but all the costs were charged as part of the man-day for an auditor. This was the approach that SWASA had to take. After the Technical Sub-Committee of the Council of SWASA had the opportunity to interrogate the process, an external expert from the South African Bureau of Standards, Mr. Iain Muir was hired to interrogate the system from an external perspective.

- The Laboratory Services Unit facilitated the Proficiency Testing Scheme which was entered by 12 laboratories. The sample under study was effluent water from industry. By the end of the quarter the results had been compiled, analysed and compared. This activity is aimed at finding out the analytical proficiency amongst the laboratories of Swaziland. The long term aim is to identify the laboratories that are more proficient so that they may be resource entities to the weaker laboratories. The laboratories association also intend to compile a national database of reagents, skills and analytical equipment. This will reduce the duplication of reagent purchases and reduce the dumping of expired chemicals on the Swazi environment.

- Consumer issues continued to flood the unit of the Consumer Liaison Officer. These ranged from food items, to furniture, electronics and motor-vehicles. It becomes evident that the Swazi market is flooded with sub-standard goods or is experiencing a certain market failure for some reason or another. SWASA needs to step up her actions in collaboration with government regulators to suppress this phenomenon. This problem has even reached the high levels of business where it was realised that one major national hospital, the Raleigh Fitkin Memorial hospital received substandard catering equipment from a supplier. Upon inspection by SWASA, the conclusion was to scrap the equipment and recommend replacement.

- Over the past four years, the growth of SWASA has been slowed down by the budget caps that have always been applied on the requested budget. There is pressure from the Planning and Budgeting Committee (PBC) for SWASA to generate an income. The nature of the work of SWASA is such that it is not a profitable business as it has an aspect of being a "for the good of the nation service".

- There is commitment from the German government to support the certification business of SWASA in 2012 and this promises to bring an income into the Authority. The certification services will be offered in collaboration with the standards body of Mauritius whose costs will be cushioned by the German government.

- SWASA offers standards-based training which would assist public enterprises run in a harmonised and accountable manner. Three of the courses that can be recommended are the ISO 14 000, Environmental Management System Standard Course, the ISO 9001, Quality Management System Standard Course and the SZNS BSI 18001, Occupational Health and Safety Standard Course. This is another way that SWASA can contribute to the improvement of the overall bottom-line of the country.

- With the dedicated CFO in place, the follow ups and the canvassing for the release of the government subvention was on time and creditors were closely monitored. As part of his orientation into the standard business, the CFO was sent for a one week attachment at the Namibian Standards Institute where an enrichment of the SWASA policies and procedures was gained.

Financial Situation

- SWASA has a book surplus of E235,031 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 E1.72m

Outlook

- Overall, in 2012, SWASA has a bright outlook as it is the year of vigorous marketing and implementation of all income generation activities. The investment in a Marketing officer that is intended for the coming quarter spells a more aggressive approach towards actual and potential clients.

- 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 Dec 31**	**2011 Sept 30**	**2011 June 30**	**2011 March 31**
Income (Subvention)	1,935,000	1,935,000	1,935,000	1,700,220
Other Income	22,331	75,717	69,740	-
Expenditure	1,722,300	1,784,341	1,756,670	1,655,800
Surplus/Loss after subvention	**235,031**	**226,376**	**248,070**	**44, 420**
Balance Sheet				
Fixed Assets	1,339,932	1,377,940	1,434,991	1,616,237
Current Assets	1,299,489	2,228,840	1,507,497	261,985
Current Liabilities	1,004,122	1,942,876	1,532,730	421,221
Net Current Assets	295,367	285,964	-25,233	-159,236
Employment of Capital	**1,635,299**	**1,663,904**	**1,409,758**	**1,457,001**
Retained Income	**1,635,299**	1,663,904	1,409,758	1,457,001
Total Capital Employed	**1,635,299**	**1,663,904**	**1,409,758**	**1,457,001**

PEU Comments

The current ratio improved further when compared to the previous quarter (1.15:1) as it now stands at 1.29:1. This means that the liquidity position of the parastatal has improved slightly over the last two quarters. Current liabilities remained on the high side even though there was a decrease of 94% when compared to the last quarter. SWASA has been able to pay off some of her liabilities through the improved liquidity position of the enterprise.

There was need for SWASA to become more prudent to keep within the budget and go slow on the expansion of operations. Much as this will thwart the ambitions as stated in the corporate strategic plan of SWASA, at least the enterprise will be operating within the available human and financial resources.

The standards-based training that SWASA is offering is a good initiative that will generate some income for the public enterprise. Public enterprises are encouraged to attend this training so that they have a better appreciation of standards and the benefits they can bring for their organisations. It should be noted though that the benefits of instilling standards on any economy do not automatically translate to monetary terms but are felt at the macroeconomic level. Thus, there is a ripple effect that affects the entire economy in the medium to long term.

SWAZILAND COMPETITION COMMISSION

Parent Ministry: Ministry of Commerce, Industry and Trade

The SCC reported as follows for the quarter,

Operational Review

- Staff Complement - The Commission is yet to engage the services of a Chief Executive Officer. In the interim however, in order to ensure the operationalization of the Commission, the Chief Executive Officer has been appointed on an acting basis. Even though the Commission is still far from having its full staff complement, recruitment and engagement of key positions have been completed. These are:

  a) 2 Managers;
     i. Manager Enforcements and Cartels;
     ii. Manager Mergers and Acquisitions;
  b) 2 Junior Officers; Junior Investigator and Junior Analyst;
  c) Accountant;
  d) Secretary;
  e) Receptionist;
  f) Driver; and
  g) Cleaner.

- During the quarter the Commission began the process of recruiting a Chief Economist to establish and manage the Research Department. The Commission expects that the department will be up and running once the officer assumes the position in the final quarter of the year.

- Institutional Development - The Commission has applied for Technical Assistance to undertake a study in the Poultry industry from UNCTAD's Africa Competition Programme (AFRICOMP).

- During the quarter, the Commission participated in a workshop on the Implementation of a Regional Competition Regulatory Framework in the Common Market for Eastern and Southern Africa (COMESA) December 12-13 2011, in Lusaka Zambia.

- Mergers and Acquisitions Department - As pointed out by the Competition Act 2007, a Merger means the Acquisition of a controlling interest in:

  i. Any trade involved in the production and distribution of any goods or services; or
  ii. 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 three (3) Mergers were successfully approved this quarter, these are:

  i. Acquisition of Bomvu Lakeside Investments (Proprietary) Limited by Embassy House (Proprietary) Limited.
  This was a transaction in which Embassy House acquired 10% of the equity in Bomvu Lakeside and as a result held 51% of the shareholding in Bomvu Lakeside.

  ii. ***Acquisition of SwaziCan Citrus (Pty) Limited by Royal Swaziland Sugar Corporation Limited***
  The transaction was an acquisition of the entire issued share capital of SwaziCan Citrus from the existing shareholders Swazi fruit Canners and Fertade. The transaction was an

acquisition of interest in land for purposes of expanding RSSC's sugar cane plantations.

iii. ***Acquisition of AfriSam Consortium Limited by the Government Employees Pension Fund (GEPF)***
The transaction was a conversion of GEPF's 20% preference shares in AfriSam Consortium to ordinary shares. The result of which was that GEPF held in excess of 99% of the ordinary shares in AfriSam Consortium.

- 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, this may cause substantial loss of economic efficiency and unfair 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.

- The Commission also mediated in 4 Consumer Welfare cases and began preliminary investigations in the Advertising/Media Industry as well as in the supply of Agricultural products.

Financial Situation

- In the beginning of the financial year (2011/12), the Commission was to be allocated a budget of E4.5million but an error occurred in the preparation of the annual estimates which saw an allocation 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 to rectify this error resulting in the final budget being E3.7 million. It should be noted that this amount is still way below the required budget by the Commission**.**

- There was a net surplus of E1.89m after having received a subvention of E2.57m. Own revenue derived from fees amounted to E1.90m and other income of E32, 364.

- Expenditure for the quarter stood at E2.61m this quarter compared to E582, 632 last quarter, indicating increases in their wage bill 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**	**2011**
Income Statement	**Dec. 31**	**Sept. 30**	**June 30**	**March 31**
Subvention	2,570,000	2,427,500	2,000,000	1,425,000
Other Income/fees	1,939,729	1,313,694	1,393,810	1,553,224
Expenditure	2,613,029	1,680,622	582,632	2,210,037
Operating Profit/Loss	**1,896,700**	**2,060,572**	**2,811,178**	**768,187**

Balance Sheet

Fixed Assets	881,527	858,315	660,734	674,501
Investments				
Current Assets	3,855,391	4,063,859	5,132,409	2,560,291
Current Liabilities	0	21,384	75,896	268,723
Net Current Assets	3,855,391	4,042,475	5,056,513	2,291,568
Employment of Capital	**4,736,918**	**4,900,790**	**5,717,287**	**2,966,069**
Capital and Reserves	2,840,218	2,840,218	2,906,069	2,230,224
Retained Income	1,896,700	2,060,572	2,811,178	735,845
Capital Employed	**4,736,918**	**4,900,790**	**5,717,247**	**2,966,069**

PEU Comments

Although the SCC is a young and teething organization, it has been able to generate E1.93m in fees this quarter and E1.31m 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 E1.89m compared to E2.06m last quarter. We urge the SCC to recruit a substantive CEO for the organization as required. It has a healthy current ratio as there were no current liabilities in the quarter and was 190:1 last quarter.

UNIVERSITY OF SWAZILAND (UNISWA)

Parent Ministry: Ministry of Education and Training

UNISWA reported as follows for the quarter,

Operational Review

- The University carried out its operations as expected, however there were minor class boycotts by students because of scholarship- related issues they wished to be settled between themselves and their sponsors.

- The University's financial position forced the Senate to postpone the start of lectures in the first semester by about two (2) weeks. Appropriate adjustments were made on the schedule of activities to make up for lost time.

Capital Projects

- Academic Precinct Development at Uniswa – Kwaluseni – An official handover of the equipment donated by Swaziland Electricity Company (SEC) was done in October 2011.

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

- Kuwait Sports Emporium at Uniswa– Kwaluseni - The project has achieved practical completion. Commissioning and handover of the swimming pool was done in November 2011. The handing over of the entire project was scheduled for December 2011, however due to communication breakdown this will be done in the early months of 2012 after the contractors' holidays. After handover, the project will be under a maintenance warranty for a period of six (6) months, where the contractor will be responsible for correcting any faults in the building.

- National Crop Production Centre – Luyengo – The contractor was working on the finishes of the building and the project was about 98% complete. The consultants have reduced their input and participation because of non payment.

- Rehabilitation of Infrastructure and Equipment at UNISWA – The chromadek roof covering at the Library was complete. Outstanding work included aluminium cladding and louvers, painting of columns, trusses, and purlins. Progress has been greatly affected by late or inability to pay the contractor. Work has been suspended until payment is made.

- There was little activity regarding the procurement of new information resources due to the financial constraints experienced by the University. The library continued to receive book suggestions from the lecturers even though not all of these books have been ordered because of the unfriendly economic climate. This situation has an adverse effect on the teaching and learning, the main core business of the University. The books which the Library managed to order amounted to E156,542 and a bulk of them has been received.

- The Library made payment of E211,995 for the renewal of journal subscriptions which include EBSCO, Sabinet Online (SABICAT) and Blackwell's Standing Order.

- First semester exams were successfully written in December 2011. For the first time, some of the examinations were taken in the Sports Emporium which has a capacity of 400 candidates.

Financial Situation

- A surplus of E16.33m was realised compared to E3.01m recorded the previous quarter.

- Total revenue for the quarter amounted to E99.07m compared to E81.23m the previous quarter. Budget for the quarter was E82.05m resulting in a favourable variance of E17.02m.

- Total operational expenditure amounted to E82.74m compared to E78.22m the previous quarter. The budget for the quarter was E82.05m resulting in an adverse variance of E689,298. This was due to administrative and other expenses performing above budget.

Outlook

- The future development plans of the University are captured in the strategic plan (2010-2015). However, most of these had to be suspended due to lack of funds. Progress in short term shall be made in areas that do not require funding.

Financial Statements

Income Statement	2011 Dec 31	2011 Sept 30	2011 June 30	2011 Mar 31
Income	25,664,056	38,448,692	4,987,802	19,414,990
Expenditure	82,742,298	78,215,498	84,329,306	88,172,395
Operating Profit/Loss	**-57,078,242**	**-39,766,806**	**-79,341,504**	**-68,757,405**
Subvention	73,409,502	42,777,672	43,336,932	60,396,277
Surplus/Loss after subvention	**16,331,260**	**3,010,866**	**-36,004,572**	**-8,361,128**
Balance Sheet				
Fixed Assets	164,104,306	160,722,225	156,183,378	133,727,331
Investments	13,187,230	13,124,239	13,046,278	8,058,025
Current Assets	70,179,874	86,254,109	58,387,602	66,541,674
Current Liabilities	103,547,849	98,091,241	102,916,550	109,604,397
Net Current Assets	-33,367,975	-11,837,132	-44,528,948	-43,062,723
Employment of Capital	**143,923,561**	**162,009,332**	**124,700,708**	**98,722,633**
Non Distributable Reserves	84,545,677	84,545,677	84,545,677	46,645,928
Distributable Reserves	-6,275,761	10,554,982	-21,886,584	7,714,337
Other Funds	46,563,345	47,818,373	42,951,315	5,126,913
Long Term Liabilities	19,090,300	19,090,300	19,090,300	39,235,443
Total Capital Employed	**143,923,561**	**162,009,332**	**124,700,708**	**98,722,621**

PEU Comment

The Institution was able to attain a surplus of E16.3m this quarter compared to E3.01m the previous quarter. This was mainly due to the arrear subvention received from Government. UNISWA highly depends on Government subvention for their operations as other income received accounts for only 30% of the Institutions budgeted expenditure.

It is noted that the University is failing to procure new information resources due to financial constraints. This will compromise the level of education offered by the University therefore resulting in it producing substandard qualifications for their graduates. Resource mobilization could be an option the Institution can use to get resources for the procurement of new information and daily operations to maintain and also improve the level of education offered by the Institution.

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.

The Institution must provide quality education for the citizens of Swaziland and the whole World.

SEBENTA NATIONAL INSTITUTE (SEBENTA)

Parent Ministry: Ministry of Education and Training

Sebenta reported as follows for the quarter,

Operational Review

The Statistics quarterly report for the quarter ending December 2011.

Table 1:

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	20	24	15	15	222	238	112	137	51	54	24	19	35	27
Piggs Peak	2	5	2	2	22	36	21	7	0	4	0	10	0	15
Manzini	11	15	11	15	189	173	103	91	52	73	22	2	12	7
Sidvokodvo	12	11	11	11	144	139	123	124	19	6	1	4	1	5
Hlutie	13	13	13	13	190	136	131	116	15	5	11	10	6	5
Nhlangano	6	4	5	4	90	52	28	34	43	5	10	6	9	7
Siteki	26	20	26	20	280	225	224	201	28	9	20	15	18	8
Big Bend	18	12	18	12	272	171	154	129	42	38	22	2	25	2
Mankayane	7	8	5	6	80	102	23	72	13	10	12	12	20	8
Sub-Total	115	112	106	98	1489	1272	919	911	270	249	122	80	126	84
Grand-Total	227		204		2761		1830		519		202		210	

- The above Table (1) indicates that most classes had completed and were waiting to have their certificate ceremonies. They were therefore, looking forward to the year 2012 for the new classes to be opened. However, certificate ceremonies will be undertaken as usual until all have been issued.

Table (2):

Details	NUPE		Sewing		Knitting		Carpentry.		Building	
Regions	Classes	Learners	Classes	Learners	Classes	Learn	Classes	Learners	Classes	Learners
Mbabane	8	45	4	50	-0-	-0-	1	10	1	8
Piggs-Peak	2	12	1	10	-0-	-0-	-0-	-0-	-0-	-0-
Manzini	3	47	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sidvokodvo	-0-	-0-	2	31	-0-	-0-	-0-	-0-	-0-	-0-
Hlutie	-0-	-0-	3	23	1	10	-0-	-0-	-0-	-0-
Siteki	2	35	2	43	-0-	-0-	1	13	-0-	-0-
Big Bend	-0-	-0-	1	10	-0-	-0-	1	7	-0-	-0-
Mankayane	3	35	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Totals	18	160	11	145	1	10	3	30	1	8

- Table (2) shows the NUPE programme and the skills programme in the Sebenta regions. It can be noted that the total number of learners attending the NUPE programme are 5.9% of the total number of learners in the Sebenta literacy classes. Again it can be also noted that those learners that are doing the skills programme are only 2.8% of the total learners of Sebenta learners. This may reflect that most Sebenta learners are content with the basic ability to read and write.

Achievements:

Table (3):

Details	SiSwati	English programme		Skills programme		
Regions		Basic	Post	Sewing	Carpentry	Building
Mbabane	2	2	3	15	10	8

Manzini	13	-0-	-0-	5	-0-	-0-
Siteki	56	36	-0-	5	20	-0-
Big-Bend	13	21	-0-	-0-	-0-	-0-
Totals	84	59	3	25	30	8

- This quarter of December, there were only four regions that had their certificate presentation ceremonies as shown by Table (3). All certificate presentations conducted in the regions and at Sebenta Headquarters were provided with coverage:
    - Presentation held at Big Bend High School on the 3rd November, 2011. The guest speaker was the Managing Director of Big Bend Distillers.
    - Certificate presentation held at Phuzumoya on 11th November, 2011. The guest speaker was Honorable Member of Parliament, Gundwane Gamedze.
    - Certificate ceremony which was held at Gegebini on the 25th November, 2011. The Guest Speaker was the Minister for Education and Training.
    - The Literacy and Skills graduation was held at Sebenta National Institute Headquarters on the 16th December, 2011. The Guest speaker was Minister for Tinkhundla Administration and Development.

- The 2011-2014 Strategic Plan developed towards the end of March this year has since been approved by the Board. Copies have been distributed to the Board as well as senior staff members and employee representative.

- Consultants reviewing and aligning the Non-Formal with Formal Primary School Curriculum continued with the exercise. They also convened a meeting with facilitators and the Institute's curriculum development team.

- The reviewed and approved Sebenta National Institute Policies include; Finance, Personnel, Pricing and Capitalization. The personnel policy has been distributed among departmental heads as well as the employee representative.

- Non-Formal Education (NFE) Sites: The formulation of a working committee to pursue the construction of non-formal learning schools has been stalled for a while until the employment of the Head of Field Operations. The schools shall be constructed at, Mafucula and Mahlabatsini (Mandlangempisi) in the Siteki Region; Luntsantsama in the Mbabane Region; Gege in the Mankayane Region; Maseyisini in the Nhlangano Region. The committee shall be guided by the Terms of Reference (TOR) which are listed below:
    - Work with Regional Officers (ROs) to identify areas;
    - Coordinate the construction of classes in donated areas;
    - Conduct / hold meetings with Community Leaders /members;
    - Prepare and document Memorandums Of Understanding (MOUs) with the community leadership;
    - Mapping of centres;
    - Fundraise for the development of centres; and
    - Identify viable activities / projects to be undertaken in these centres
    - Produce quarterly reports.

- Schools where Non-Formal Primary Education (NPE) Facilitators would be drawn were identified. These are; Nhlambeni Nazarene Primary, Bhunya Primary, Sokhonjiwe Primary, Sibovu Primary, Mhlangatane Primary, Mbandzamane Primary, Musi Primary, Gilgal Primary, Sinceni Primary, Madlangempisi Nazarene Primary, Makhonza Primary, Malibeni Primary, EKutfunyweni Primary, Mangweni High, and Manzini Practicing Primary. The Facilitators from these schools shall undergo an initial training in the 2nd week of January 2012.

- In partnering with the Ministry of Education and Training in the provision of Free Primary Education, Sebenta has achieved the following:

  a) The second group of schools with NPE facilitators were identified; and
  b) Letters were sent to Head teachers requesting their support so that they can allow teachers to attend the In-service training workshop which will be held in January 2012.

- 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).

- Sebenta collaborated with the following institutions:

  - The Institute exchanged information with Masters Students from the University of Swaziland-Luyengo campus that had a special interest in Sebenta's activities and programs on the 16th November 2011.
  - Met with National Children Coordinating Unit (NCCU) Director and Coordinator to discuss on how we can partner in the provision of education to out of school learners between 10 and 18 years.
  - The Institute also attended the Peace Corps presentations which were held at Thokoza Church Centre on the 23rd November, 2011.
  - Attended a gender meeting to finalize the Gender Action Plan. The Meeting was held at the Royal Villas on the 29th November, 2011.
  - Schools where NPE Facilitators can be drawn were identified and letters were written to Head teachers requesting for their support so that they can allow teachers to attend the initial training workshop in January 2012. A training programme was also produced.

- The review and alignment of the non formal curriculum with formal primary curriculum is progressing well. A consultative meeting between Sebenta staff and facilitators was held on the 17 November 2011. This project is fully sponsored by UNICEF.

- 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. E10, 765 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. E63, 688 has been generated from print works. This reflects an improvement compared to the last quarter.
  c) Registration and Tuition: E7, 032 has been generated from registration and tuition.

Financial Situation

- Sebenta generated its own income of E113, 109 this quarter and E1.07m was by way of subvention.

As shown by the financial statement, the subvention and other income received is less than the operational expenses. This resulted to a deficit of E350, 159.

- Total expenses amounted to E1, 51m compared to E1, 66m in the previous quarter as shown by the income statement. The decrease can be justified by the fact that they operated half the month in December 2011 due to office closure.

Outlook

- The financial status faced by the country has led to the Institution's review of its operations downwards. It is hoped that funding will go back to its former levels.

Financial Statements

	2011	2011	2011	2011
Income Statement	**Dec 31**	**Sept. 30**	**June 30**	**March 31**
Revenue	113,109	110,447	142,696	204,695
Expenditure	1,548,585	1,660,179	1,583,146	1,830,624
Operating profit (Loss)	-1,435,476	-1,549,732	-1,440,450	-1,625,929
Grants/Donations	13,129	192,677	0	0
Subvention	1,072,188	745,334	755,306	1,118,000
Surplus/Loss after Subvention	**-350,159**	**-611,721**	**-685,146**	**-507,929**
Balance Sheet				
Fixed Assets	2,245,563	2,279,818	2,311,846	2,346,388
Investments				
Current Assets	871,707	1,298,729	1,867,826	2,589,794
Current Liabilities	2,015,407	2,054,190	2,040,596	2,727,957
Net Current Assets	-1,143,700	-755,461	-172,770	-138,163
Employment of Capital	**1,101,863**	**1,524,357**	**2,139,076**	**2,208,225**
Accumulated Surplus	-732,207	-61,281	-61,281	-45,255
Grant Finance	694,137	710,264	763,387	763,387
Revaluation Reserve	1,490,093	1,490,093	1,490,093	1,490,093
Capital Employed	**1,101,863**	**2,139,076**	**2,208,225**	**2,716,153**

PEU Comments

Sebenta's current ratio (current assets/current liabilities) is not healthy at 0.43:1 and was 0.63:1 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 E1.43m for the quarter and E1.54m 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 matter of non-payment of rental by Orion was referred to the company's attorneys.
- A holistic renovation of the Hotel was estimated at above E50m. The Board decided to carry the renovation in phases due to the shortage of funds.

Financial Situation

- There was a decrease in operating surplus from E398,720 last quarter to E355,814 this quarter partly because no monthly rental were received from Orion.
- Rent amounting to E85,743.55 was received from Casino Enterprises.
- Rent owing from Orion Hotels has accumulated to E2,165,024.69 from March 2011 to December 2011.
- Total expenses amounted to E800,069 compared to E809,972 the previous quarter.
- Other major operating expenses included the annual insurance renewal premium for the Hotel which is E8,463.33 per month.
- The monthly rental charge to Orion is now E235,794.77 and for Casino Enterprises it is E94,317.91.
- Directors fees paid amounted to E30,004. Special tasks were assigned to selected Board members and two extra ordinary meetings were held to find a way forward after Orion Hotel decided to terminate her contract.
- The entity was still owing the Swaziland Revenue Authority E221,593.

Outlook

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

Financial Statements

	2011	2011	2011	2011
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Rent received:	930,318	900,307	900,307	900,307
Interest received	225,565	287,637	216,501	222,907
Sundry Income	-	20,750	1,506	-
Total Income	**1,155,883**	**1,208,694**	**1,118,314**	**1,123,214**
Expenses	800,069	809,974	651,790	194,961
Net Profit/ (Loss)	**355,814**	**398,720**	**466,524**	**928,253**

Balance Sheet

Fixed Assets:

Land & Buildings	17,192,773	17,633,613	18,042,534	36,000,000
Computer Equip.	5,112	5,577	6,604	35,681
Office Equipment	2,180	2,231	3,187	5,980
Operating Equipment	238,362	243,690	249,939	333,135
Furniture & Fittings	288,570	295,330	302,567	403,297
Other non-current	852,182	871,389	893,733	1,300,765
Investments	21,117,297	12,125,408	11,963,896	11,801,673
Deferred Tax Asset	962,650	962,650	962,650	962,650
Current Assets				
Accounts Receivable	3,585,788	2,102,838	1,377,672	342,365
Cash and Cash Equivalents	282,514	9,120,178	9,119,721	8,878,305
Other	-	-	-	11,240
Total	**3,868,302**	**11,223,016**	**10,497,394**	**8,446,752**
Current Liabilities				
GST Provision	221,593	221,593	221,593	221,593
Taxation payable	-	-	-	16,056
Accruals	9,164	-	-	-
Suspense Account	1,796	1,796	1,798	1,798
Total	**232,553**	**223,389**	**223,389**	**239,446**
Net Assets/Liabilities	**3,635,749**	**10,999,627**	**10,274,005**	**8,207,306**
Vat/ Tax Control	-	-	-	96,068
Total Assets	**44,294,875**	**43,362,906**	**42,699,114**	**59,963,824**
Share Capital	2	2	2	2
Accumulated Income	11,797,547	10,642,187	10,201,784	23,782,623
Net Profit for year	-	-	-	3,683,872
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	**44,294,875**	**43,362,906**	**42,699,114**	**59,963,824**

PEU Comments

The Board needs to ensure that Orion pays the amounts they are owing. This is particularly so because they have decided to terminate the contract they had with Piggs Peak and Casino.

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

- Global recessionary conditions continued to hinder the performance of key sectors of Swaziland tourism, as international visitor arrivals fell by 0.8% over similar months in 2010. A total of 353,463 was registered with South Africa taking the lead in terms of arrivals (241,772) followed by Mozambique (65,994) while Zimbabwe recorded 7,348. United Kingdom topped arrivals from consumers within European markets with 3,879 followed by Germany 3,586 and the Netherlands 3,058. From the American markets, USA led with 3,287 while Canada followed with 642.

- Although an overall decline was registered, growth was noted in some key visitor generating markets within Africa and the Euro zone. Mozambique recorded an increase of 8.5%, while Malawi (10.4%) and Tanzania (5.7%) also performed well. For the first time in 2011 growth was registered in arrivals from Germany (15.3%) and Netherlands (16.9%).

- In the month of October visitor arrivals grew by 3.3% to 114,272 making it the fourth highest month in 2011 in terms of visitor numbers. Sustained growth of arrivals from the African and Asian markets resulted in arrivals from the two regions recording growth of 1.3% and 13.2% respectively when compared to the same period in 2010. Arrivals from the Republic of South Africa reached 80,645 while Botswana (8.4%), Tanzania (8.9%), India (5.4%) and Taiwan (9.7%) recorded growth during the month. Impressive performances were also noted from Netherlands (33.9%) and Switzerland (8.8%).

- A total of 98,008 international arrivals were recorded in November 2011, down by 6.2% when compared to the same period in 2010. In spite of the overall decline, the Middle East and Europe regions registered strong growth with double digit growth noted from key markets such as Belgium (26.7%), Germany (56.2%), Italy (19.2%) and Netherlands (30.8%). Swaziland's fifth largest source of arrivals, USA recorded a decline of 8.9% when compared to the 26.9% recorded in October. Further to that, it was displeasing to note that South Africa registered a decline of 11.6% from 69,880 to 61,767 arrivals which ultimately resulted in the overall decline of total arrivals during the month of November.

- The month of December remained the highpoint for international visitor arrivals to Swaziland with 141,183, a figure equivalent to December 2010 arrivals. South Africa continued to lead in terms of arrivals with 99,360 followed by Mozambique (26,830) while Zimbabwe took third position at 3,135. United Kingdom topped overseas markets with 1,256 followed by United States of America 1,039 and Germany with 737.

- Resilient performance was observed within African markets. Arrivals from the region grew by 0.6% to 325,283, with some markets such as Malawi (10.4%) and Nigeria (17.1%) recording double digit growth. Pleasant performances were also noted from Mozambique (8.5%) and Tanzania (5.7%). During the month of October South Africa registered a good growth (11.7%) but plunged in the following two months, significantly resulting in an overall decline of 1.0% when compare to similar months in 2010.

- The Middle East region also registered positive numbers. This was a result of the favourable weather condition within Southern Africa which accentuated travel propensity. In October, arrivals from some markets within the region made great jumps with Israel recording 28.8%. November was also a good month as arrivals registered a growth of 8.8% over the same period in 2010. Iran and Israel remained stars with 105.3% and 72.1% respectively.

- Within long-haul markets, there was milder growth for some markets in terms of arrivals owing to the continued unstable economic conditions, which have dampened consumer's confidence. Arrivals from Germany and the Netherlands measured an increase of 15.3% and 16.9% respectively. However, United Kingdom (-25.9%), France (-48.6%), Italy (-10.6%) and Portugal (-0.9%) remained less than figures recorded the same period in 2010.

- In North America, arrivals from the United States of America fell by 12.4% from 3,751 in 2010 to 3,287 in 2011. With the exception of December (6.7%), arrivals plunged in the earlier two months of the quarter. The poor performance was an indication of the ongoing economic distress faced by the major outbound market. On a brighter note, performance within some South American markets was more positive. A star performing market within this region was emerging market Brazil recording 29.4% when compared to the same period in 2010.

- Emerging market India performed favourably during the reporting period recording a growth of 6.3%. Taiwan, a normally reasonable performer in terms of arrivals within the Asian market fell by 16.1%.

- The Swaziland Tourism Authority has continued with its pursuit of marketing activities with a view to advance its mandate to raise the profile of Swaziland as a premier destination to visit, keep the destination top of mind of would be visitors, encourage visitation to Swaziland and within Swaziland and make Swaziland one of top of mind destination for both interregional and international visitors.

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

  Regionally

  The Kingdom of Swaziland through STA, participated in a joint regional marketing initiative which included KwaZulu Natal Tourism (KZN) and the Mozambique Tourism Board (INATUR). The objective of this initiative was to get the three regions; Swaziland, South Africa and Mozambique to promote intraregional travel and International visitation to specific areas within each of the three regions. The initiative took off with a launch of a promotional campaign which was branded the East3Route on the 26th September 2011 in Sandton Convention Centre in Johannesburg.

  A follow-up programme wherein industry players from the three regions were organised to test the tourism product offering from the three regions took place on the 24th -27th October 2011. The Ministry of Tourism and Environmental Affairs officials, STA officials and industry delegates from the Swaziland Tourism led by the Hon. Minister joined their colleagues from KZN tourism and Mozambique tourism in St Lucia where the East3Route was launched yet again. All delegates from the three countries toured products from St Lucia Wetlands and the newly established route in what was a start to the navigation of the route from KZN to Mozambique's Pontodoro, through to Hlane in Swaziland. The tone for the route experiment was set in St Lucia hence a similar programme followed in Mozambique and Swaziland. Apart from experiencing the countries different products, presentations on investment opportunities were made.

  Swaziland Tourism took part at the World Trade Market (WTM) to show case tourism product offerings in the country. The objective for participating at WTM was to ensure that Swaziland is not overtaken and subsequently excluded from wholesalers, tour operators and Travel agencies planning cycles of selling destinations, overtaken by competition as a destination worthy of consideration for visit and for profiling the Kingdom along with other destinations as places of visit.

During the WTM show, the organisation also had appointments with several trade personnel, from media, such as the National Geographic which wanted to get some views on the accessibility of the destination, tour operators which wanted to enlist Swaziland in their itineraries hence wanted guidance on things to do whilst in Swaziland. Some of the appointments were arranged by the Authority's UK representatives, Geo Associates and had to be honoured along with them. The main thrust of all these meetings was the promotion of the Kingdom of Swaziland as a must visit destination. A number of deals were made, from promise of support to firm agreements to support destination Swaziland by various tour operators. The three regional partners in the East3Route launched the initiative to tour operators who were already doing business to Southern Africa.

The Swaziland Tourism Authority was invited by the office of the Member of Executive Committee (MEC) to exhibit at the Ushaka Marine during the same time as the COP 17 meeting which took place in Durban. STA partnered with Swaziland National Trust Commission to market the country during this event. The STA marketing manager, Chief Executive Officer of SNTC and his Board chairman accompanied the Acting Minister to a preview meeting of the East3Route campaign that had to decide on the way forward. The MEC for KZN gave a preview of the East3Route and made mention of the fact that the initiative was intended to give effect to the Lubombo Development Spatial Initiative (LSDI) and was going to be the annual event that the KZN counterparts are willing to finance for the next three (3) years before discussions are held on the way forward. The meeting further agreed that the East3Route programme for 2012 was going to start in Swaziland and proceed in reverse cycle to last years, ending in KZN's St Lucia Wetlands.

Locally

STA also participated in two local events for purposes of promoting domestic tourism and helping participants in the events have an enriched experience through distribution of relevant information and interpretation of these events.

1. The Authority pitched a stand to promote visitation of other tourism spaces within the kingdom by the locals during the fun fare held from the 28th – 30th October 2011. The organisation distributed information on available local attraction and facilities that are available for use by the locals.

2. The STA also had a stand at Ludzidzini for Incwala that they manned in conjunction with the SNTC from the build up of the festival up to its climax on the main day of the 15th December 2011. The aim of participating in this event was to promote understanding especially among visiting tourists what Incwala is about, which will in turn yield the country a positive word of mouth born of enhanced understanding of the event.

- STA continued to monitor existing community projects. Ngwempisi hiking trails has improved since the re-opening of Khelekhele horse trails, the number of people visiting the destination has relatively increased. Improvements made to the destination included renovation of accommodation establishments, clearing of destination area, electing a new board of trustees and buying new sleeping sponges. The destination promises to continue growing as the board was considering opening a face book account in order to enhance the marketing of the destination. The board of trustees has identified a critical component with regards to community participation in both the projects. They have requested training of the larger community on their role towards the destination. The board also identified that the community has mixed feelings with regards to the management of the destination thus it is critical for Tourism Authority to consider re-training the community.

- The Board of Trustees was exploring the possibility of getting funding from the Regional Development Fund, however, they were turned down as it was explained that the fund has been suspended due to the ailing financial crisis in the country. The board is now exploring getting financial assistance from banks so to improve their facility and increase the sleeping capacity in the lodge. The need to beef up security at the establishment continued to grow considering that in the month of November 2011 the establishment was robbed at gun point a sum of E2, 900.00 and the matter was reported to the police.

- Mahamba Gorge has also set an example to all other accommodation establishments as they are the first community tourism establishment to be registered with Swaziland Revenue Authority. This is an indication of how community projects could help revive the economy through paying taxes.

- The Maguga View Point establishment has drawn interest from ordinary members of the public who are willing to rent the coffee shop at the site. The prospective tenant is contemplating to have the community supply them with traditional food to be sold to visitors and also have them as employees.

- A total of 40 establishments have not been registered with the Swaziland Tourism Authority as per the regulations. Non complying establishments should be penalised by STA unfortunately that could not be enforced because it was not provided for in the regulations. This has since been incorporated in the revised regulations and will soon be taking legal action against those who have still not complied.

Financial Situation

- A surplus of E1.23m was incurred this quarter compared to a surplus of E278,027 realised the previous quarter.

- Total revenue received amounted to E3.77m against a budget of E3.76m resulting in a positive variance of E1,877. The revenue comprised of Government subvention (E3.76m) and other income (E8, 377).

- Total expenditure incurred amounted to E2.54m against a budget of E3.76m resulting in a positive variance of E1.23m. The savings were a result of a budget of E214, 794 for salaries that was not utilised due to three vacancies not yet filled and scaling down on almost all the budgets to accommodate the ongoing cash flow challenges resulting in E194, 041 from administration costs and E819,134 from marketing costs not utilised.

Outlook

- STA will continue to market Swaziland as a preferred tourist destination.

- A meeting of technocrats that is to be held in February 2012 to deliberate on the possibilities of incorporating the Marula festival into the East3Route concept and to post ideas of sourcing sponsorships for the events of the initiative for the future.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Income	8,377	33,123	98,262	76,442
Expenditure	2,536,782	2,260,596	2,408,819	2,863,651
Net profit / (Loss)	-2,528,405	-2,227,473	-2,310,557	-2,787,209
Subvention	3,758,250	2,505,500	1,252,750	3,667,250
Surplus/Loss after subvention	**1,229,845**	**278,027**	**-1,057,807**	**880,041**
Balance Sheet				
Fixed Assets	1,034,430	1,009,175	1,007,792	997,879

Current Assets	1,914,888	1,053,634	1,461,300	2,792,793
Current Liabilities	340,600	283,936	768,247	300,277
Net Current Assets	1,574,288	769,698	693,053	2,492,516
Employment of Capital	**2,608,718**	**1,778,873**	**1,700,845**	**3,490,395**
Reserves	1,378,873	1,500,845	2,758,652	2,610,354
Deferred grants	-	-	-	-
Surplus/Loss	1,229,845	278,028	-1,057,807	880,041
Image Building Funds	-	-	-	-
Total Capital Employed	**2,608,718**	**1,778,873**	**1,700,845**	**3,490,395**

PEU Comments

Swaziland Tourism Authority highly depends on Government subvention for its operations. This quarter a surplus of E1.23m was realised compared to a surplus of E278, 027 the previous quarter. This was mainly due to an increase in the subvention received when compared to the previous quarter.

STA continued to market the country as a preferred destination locally and regionally. No international marketing was done during the period under review. A major increase in visitor numbers was noted when compared to the previous quarter, from 332,064 to 353,463 visitors this reporting period. Countries in Africa that recorded high visitor numbers were South Africa, Mozambique and Zimbabwe. The European markets showed a milder growth whilst the American markets fell by 12.4%. This was mainly due to the continued unstable conditions, which have dampened consumer's confidence which are the external forces. Internally, Swaziland Tourism Authority, through working with relevant stakeholders must make sure that the destination is conducive for visitors, this includes signage, traffic offences etc.

It is noted that the Regulation for Accommodation Establishments has been revised to incorporate penalising non complying accommodation establishments. Adherence to the regulation will help increase the Authority's other sources of income and relieve Government the burden of fully funding the Authority.

SWAZILAND NATIONAL TRUST COMMISSION (SNTC)

Parent Ministry: Ministry of Tourism & Environmental Affairs

SNTC reported as follows for the quarter,

Operational Review

- There has been a decrease in visitor numbers by 50% due to a decrease in the number of visitors visiting SNTC nature reserves and museums compared to the previous quarter. The decline in the number of visitors is due to the fact that schools are normally busy with exams. This is the quarter when Standard 5's, Form 3's and Form 5's close earlier than the other school terms.

- Compared to this period last year, visitor numbers have increased by 37%. The increase is credited to vigorous marketing of SNTC establishments during the festive season which was done by the Marketing department that was established during this quarter. Below is a table showing visitor numbers.

	Current Quarter ended Dec 2011	Previous Quarter ended Sept 2011	Absolute Variance from Previous Quarter	Variance (%) from Previous Quarter	Quarter ended Dec 2010	Absolute Variance from Quarter ended Dec	Variance (%) from quarter ended Dec
Mantenga	1 692	7 364	-5 672	-77%	2 475	-783	-32%
Malolotja	5 200	1 622	3 578	220%	3 770	1 430	37%
Mlawula	1 687	1 336	351	26%	1 348	339	25%
Museum	3 773	12 842	-9 069	-71%	1 259	2 514	20%
KSP	3 747	8 192	-4 445	-54%	2 827	920	33%
Total	**16 099**	**31 356**	**-15 257**	**-48%**	**11 679**	**4 420**	**37%**

- The SNTC continues to implement its Strategic Plan as envisaged. A lot of the activities undertaken are reported in the departmental operational reports. Some of the key activities undertaken include the following key areas;
  a. Conservation
     - Support and partaking in activities aimed at increasing the protected area network.
     - Developing strategic relationships with regional and international organizations.
  b. Cultural and Environmental Education
     - Development of environmental and cultural education plans.
  c. Organization Development
     - The SNTC Amendment Bill was submitted and tabled in Parliament and the Parliament portfolio committee
     - The tendering process for construction of the SNTC HQ has been completed.
     - Effective and efficient resource utilization
     - Improvement of internal operations and management
     - Acceleration of infrastructure development and completion of capital projects
  d. Income Generation & Sustainability
     - Continued lobbied, advocating and facilitation for the domestication of the following conventions:
       - Ramsar Convention on Wetlands.
       - Convention on Migratory Species (CMS).
       - African Eurasian Migratory Waterfowl Agreement (AEWA)
       - Safeguarding of Intangible Heritable.
       - Prevention of illicit trafficking of cultural objects
       - Promotion of Diversity of Cultural Expressions

  - Review and optimizations of commercialization strategy(originally aimed to be achieved through Joint Venture Partnerships)

e. Human Resource
  - Confirmed personnel for middle management positions and recruited two key positions as indicated in the HR report.

f. Marketing
  - The recruitment of a Business Development Manager and Marketing and Public Relations Officer to strengthen the SNTC Marketing Unit and assist with SNTC Commercialization.

- The Department of Nature Conservation continued with its pursuits through assisting in ensuring that the draft SNTC Amendment Bill goes through Parliament with the aim of creating additional categories of protected areas.

- The Department continued to assist in national efforts through participation in national fora. Subsequently, the Biodiversity Programme Implementation Committee (BPIC) held a meeting at the Swaziland Environment Authority with a purpose of reviewing the Terms of Reference (ToR) for BPIC consultancies on the convention on biological diversity theme on access and benefit sharing and the revision of Swaziland's National Biodiversity Strategy and Action Plan (NBSAP).

- The Directorate also took part in the GEF (Global Environment Fund) Project Implementation Forum Swaziland. The aim of the meeting was to review the final draft document for funding under the Biodiversity focal area under the title "Swaziland Protected Landscapes Programme". This project's objective will also assist in expanding the protected area network.

- The Department of Nature Conservation participated in the United Nations Convention on Biological Diversity's Seventh meeting of the Ad Hoc Open-ended Working Group on Article 8(j) and Related Provisions (WG8J 7) and the Fifteenth meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA 15) from the 31st October 2011 to 11th November 2011 in Montreal, Canada.

- The CEO attended the 10th Meeting of the Conference of Parties to the Convention on Migratory Species of Wild Animals (CMS) from 20 -25 November, 2011 in Bergen, Norway. Prior to that, the CEO attended the African Regional Preparatory and Negotiation Workshop in preparation for the 10th COP meeting of the CMS held in Uganda from the 26th – 28th October, 2011.

- The SNTC, through the CEO, also represented Swaziland at the 14th International Conference of National Trusts held in Victoria, Canada from the 12th to 15th October, 2011, the objective of which were to discuss, among national trusts from around the world, new strategies for conservation in a changing world.

- The Directorate and the office of the CEO also formed part of the Swaziland delegation attending the United Nations Framework Convention on Climate Change's 17th Conference of the Parties in Durban, South Africa from 29th November to 9th December, 2011.

- 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.

- The priority species, Bald ibis *(Geronticuscalvus*), was successfully monitored (Malolotja and Mantenga) in all the known breeding sites/ locations, except the Mahamba breeding site. A total of 100 birds, 49 nesting sites and 27 chicks were spotted during the process. The blue swallow was also monitored through an ongoing survey although only a small number of known breeding locations have been surveyed; Malolotja and Picnic site area. An unquantifiable number of birds were seen in flight and this is attributable to low survey effort.

- The trend in the amount of rainfall is that of notably highest quantities in the Malolotja and least in Mlawula whilst temperatures indicate to the contrary for both parks.

- As a continuing trend in protected areas and in the country and region in general, 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. Nevertheless, the SNTC continues to increase its law enforcement efforts through continuous strategic patrols and other means.

- In Mlawula, a total of 107 patrols were conducted through which a number of observations were made ranging from wire snares, dog spoors, gun shots, and game carcasses. The Mlawula law Enforcement team successfully completed a one day training workshop with Simunye Police.

- In Malolotja, a total of 160 patrols were conducted consisting of general patrols, fence patrols and night patrols. Evidence of illegal activities continues to be observed as manifested by confrontations with poachers, gunshots, abandoned game carcasses, arson wildfire incidents, illegal digging of soapstone, footprints and illegal trespassing, including the continued cattle rustling from Swaziland to South Africa.

- In Mantenga, a total of 38 patrols were conducted and these included three night patrols and strengthened gate guarding. No signs of poaching were identified.

- 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 an Education for Sustainable Development training manual for the UNISWA Green Team, the final publication of which will be funded by the Mainstreaming of Environment and Sustainability in African Universities (MESA) Chair. The NEEP also hosted a teacher who was on attachment during the school holidays.

- 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 27 groups, predominantly school groups.

- A bilateral task team field meeting in Songimvelo was held where the special task team was investigating the possibility of 4x4 routes in the Trans-Frontier Conversation Areas (TFCA). Other activities conducted include organising and attending the Songimvelo-Malolotja TFCA Task Team Meeting held at Songimvelo Nature Reserve on 5 October, 2011; attending a short course on Human Wildlife Conflict Resolution held on the 10 October, 2011 at the Southern African Wildlife College; attending the All Out - SNTC Meeting held on the 28 October, 2011 at the KSMP; attending a Biodiversity Programmes Implementation Committee (BPIC) Retreat on the 14 October, 2011 at Magadzavane Camp and a follow up meeting on 3 November, 2011; organising and attending a joint inspection of the 4x4 possible route with Songimvelo and Malolotja Task Team Members held on the 10 November 2011 at Malolotja Nature Reserve; organising and attending with NEEP officials a presentation on Food and Trees for Africa held on 22 November, 2011 and; attending a meeting of the Regional Agricultural and Environment Initiatives Network (RAEIN)-Africa Mid Term Evaluation Report Back held on the 14 December, 2011 at the SEA with the RAEIN Africa Regional Secretariat.

- To promote sustainable utilization and benefit sharing with local communities, a total of 53 permits were issued for sustainable harvesting of natural resources within the park. These included; 20 permits for harvesting fire-wood, 25 permits for Lukhasi, 2 permits for water at the waterfalls, and 6 permits 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.

- A total of 31 permits were issued to local communities neighbouring Malolotja Nature Reserve to obtain *Festuca sp*. In addition, 24 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. The park assisted in a fundraising campaign for the Ligcabhole Nkhaba Association by contributing a Blesbok meat which was prepared as refreshment during their campaign. The park is also assisting Mlondozi Fruit Trees association in setting up an orchard. The park assisted in the Hawane High school project by providing fence poles, firewood for the sod cutting function in which the park also participated and offered the butchery facility for cutting all their meat for the sod cutting ceremony. Through the assistance of Malolotja, the Swazi Frontier donated clothing for children and elders to Malanti and Hlalakahle communities who are also hosts to the annual bicycle race.

- A total of 218 permits were issued for access to utilization of 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).

- A consultative meeting with the Mambane community members who are involved in the Lubombo TFCA project was held. Additionally, through the TFCA programme, a final inspection of the Mambane Coffee Shop with MTEA and STA Officials with the Project Manager (ManyatsiNhleko Quantity Suveyors) was conducted. A preliminary admission interview for a community volunteer for the TFCA component in Mambane for SAWC selection was conducted.

- In addition, the NEEP attended to Gamula Community on invitation to address them on environmental issues. The SNTC, through the NEEP, also attended a scoping meeting at Ndzevane (Gamula Community) on invitation by SWADE.

- The SNTC assisted the Lobamba Conservation Club in initiating a wetland protection project as a flagship project for Miss Cultural Heritage. The NEEP officers also attended the official handover of fencing and donga rehabilitation material to Sihlangwini (Sithobela) Community by the Minister of Tourism and Environmental Affairs.

- The Education Section attended to 31 schools visiting the museum and assisted them with guided tours for IGCSE programmes and presentations on various cultural heritage topics.

- The Photographer took pictures of the following activities;
  - He documented traditional attires variations at Ludzidzini during this year's Incwala ceremony.
  - He assisted in recording museum objects with the museum technician.
  - He photographed the traditional healers' initiation ceremony which was carried out in the evening and early hours of the morning in Dvokolwako.

- This season is when the objects in the museums are affected by high temperatures. Special care needs to be taken to treat all the objects. Objects which need special attention are skin and leather objects such as women's aprons, skins skirts, leather anklets, and shields. Mechanical treatment was applied by brushing and dusting using vacuum cleaning. The affected collection were put into a fumigation tank where naphthalene marbles and doom forger has been heated. The objects were then brushed and stored in their shelves. Other objects treated were wooden collections and other wooden artwork which had symptoms of small insects eating the objects. The affected objects were fumigated.

- The museum team is currently undertaking a research programme on traditional healers' initiation. The purpose of the research is to document a series of practices performed from the time the trainee starts the initiation up to the time they finish it. The first two visits were for discussing logistics of the project. Areas which have been covered so far include the veiling ritual, hide and seek feature, and river ritual. Other topics which have been documented are inzunzu, the fourth spirit which lives in some people and sometimes needs recognition. The project started in October and is ongoing. The documentation is in a form of written material, moving pictures, still pictures and voice records.

- The museum undertook a research on songs sung during Incwala ceremony. The songs were captured at Ludzidzini Royal Residence during Little Incwala and at Ngabezweni during the departure of boys to fetch Lusekwane.

- The National Monuments Officer attended a meeting at Gamula, Big Bend hosted by SWADE. The intention was to address the community on heritage issues to consider before the proposed dam construction in the area. The focal point was the importance of preserving and conserving our heritage, be they of natural or cultural significance also be they of local, national or world significance.

- The Monuments officer submitted a project proposal on the documentation of rock art sites in Swaziland to the United States of American Embassy. The project proposal will assist SNTC in documentation of damaged sites that need urgent attention. The sites include the Mlilwane Rock Site that is damaged by tourist activities as it is used as a camp site, Sandlane Rock Site B, damaged by red paint by unknown people and Nkhomeni Rock Site that is damaged by head boys.

- The Education section, in collaboration with King Sobhuza 11 Park, submitted a project proposal on identifying and inventorying forms of Intangible Cultural Heritage in Swaziland to the American Embassy. The Fund will assist the SNTC to undertake research on traditional songs for all the cultural festivals, oral traditions and expressions such as surnames for people living in Swaziland, and rituals performed during death and in funerals of the royal family, chiefs and ordinary citizens of the country.

- The recruitment of the Business Development and Commercial Manager (Hospitality Manager) was completed. The Manager was previously employed by Orion Hotel Pigg's Peak and Casino as a General Manager for 5 years.

- The recruitment of the Public Relations and Marketing Officer was completed. She was previously employed by Royal Swazi Spar Holdings as Public Relations and Entertainment Officer.

- The acting Human Resource Manager was confirmed for the position of Human Resource Officer. She had been acting in this position since 2006.

- The SNTC management recognized employees who completed more than ten years continuous service. The employees received long-service certificates in acknowledgement for their hard work and contributing towards the achievement of a more broadly representative, service delivery organisation.

- The Senior Accountant completed the Degree in Bachelor of Commerce with the University of Monash in South Africa, with majors in Management and Marketing.

- The SNTC staff joined The Swazi Nation, The Health Community and International Community in commemorating the Worlds AIDS Day, which was held at Police College in Matsapha and collected pamphlets. The theme for the celebrations was, “"GETTING TO ZERO". “ZERO NEW INFECTIONS”. “ZERO DISCRIMINATION”. “ZERO AIDS RELATED DEATHS“. During the celebrations, posters promoting wellness issues (HIV/AIDS campaign, circumcision campaigns, breast cancer, diabetes and many others) were issued to participants who took part in the walk and sporting activities which were organized by the Ministry of Health. The SNTC set up exhibitions in all its centres to create awareness to both employees and visitors. Education material and condoms were distributed to the public.

- The Malolotja Nature Reserve staff were engaged in the following wellness programme activities for the organization to reap the benefits of workplace health promotion at the work place:
  - They contribute E5.00 per person per month towards a chronic illness Food Bank. The Food Bank provides nutritionally balanced food hampers and liquid supplements to employees suffering from chronic illnesses, who have run short of funds to provide food and transport to go to hospital.
  - The Malolotja Rangers grow vegetables at their compound to encourage healthier eating. The surplus is sold to other staff members and members of the community and the funds are used to purchase seedlings.

- The new human resources policies were effected and had financial implications such as hardship allowance, housing allowance, car allowance and medical aid.

- 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**

- **<u>Rehabilitation of National Museum, SNTC Head Quarters and KSMP Phase 2</u>**

  The Rehabilitation of the National Museum, SNTC Head Quarters and KSMP Phase 2 comprises of 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. The tendering process has been finalized based on the recommendations of the consultants.

- **<u>Rehabilitation of Mantenga – Phase 3</u>**

  The works on the Rehabilitation of Mantenga – Phase 3 comprise of an upgrade of the restaurant and kitchen facilities, an upgrade of the car park surface, an upgrade of the water system and finally landscaping around the chalets and the upgrading of pathways. The phase 3 project is awaiting directive from Cabinet, otherwise the funds would have been invested. The construction of the pathways and the upgrade of the water system have been completed. The road within the Mantenga

Nature Reserve, which is part of the activities to be done in phase 3, has been rehabilitated and re-gravelled

Financial Situation

- There was a deficit of E1.17m compared to a deficit of E19,362 in the previous quarter.

- Administrative expenses comprise of travelling expenses, sitting allowances and vehicle maintenance expenses. Administrative expenses show a negative variance of E292,595 (54%) against budget and adverse variance of E480,478 (135%) compared to previous quarter.

- Internal sources represent accommodation and gate takings from SNTC's Parks and the Museums. This quarter shows a slight decrease compared to previous quarter by E17,890 (4%). A negative variance of E669,754 (74%) was realized compared to the budget due to the fact that the budget was prepared under the assumption that Magadzavane complex will be fully functional. The operational strategy for the complex has been approved and the Hospitality manager joined the organization in December, 2011. The complex is now operational and it is expected to generate more revenue for the organization.

Financial Statements

Income Statement	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**	**2011 March 31**
Operating Income	429,369	435,653	488,709	352,894
Other Income	129,644	154,770	64,211	265,397
Expenditure	5,861,926	4,742,394	4,601,242	4,903,187
Operating Deficit	**-5,302,913**	**-4,151,971**	**-4,048,322**	**-4,284,896**
Subvention	4,132,610	4,132,609	4,132,609	4,285,446
Surplus after Subvention	**-1,170,303**	**-19,362**	**84,287**	**550**

Balance Sheet

Fixed Assets	264,339,307	267,199,982	267,567,047	102,203,824
Investments	-	-	-	-
Current Assets	23,126,269	22,231,784	23,018,356	23,831,181
Current Liabilities	10,522,354	9,826,309	9,722,221	10,976,242
Net Current Assets	12,603,915	12,405,475	13,296,135	12,854,939
Total Employment of Capital	**276,943,222**	**279,605,457**	**280,863,182**	**115,058,763**
Contributed Surplus	-	-	-	-
Capital Reserves	281,951,227	281,951,227	280,778,895	115,023,007
Retained Income	-5,008,005	-2,345,770	84,287	35,756
Total Capital Employed	**276,943,222**	**279,605,457**	**280,863,182**	**115,058,763**

PEU Comments

Revenue from internal sources shows a negative variance of 74% against the budgeted figure of E902,818. Compared to the last two quarters this item has been on the increase (67% in the quarter ended March; 72% in the quarter ended June and the variance now stands at 74%. SNTC is unlikely to meet its target by the end of the financial year. The year to date performance represents 35% performance and yet this revenue line is supposed to be at least 75% or more for the Commission to achieve the targeted revenue by the end of the financial year. With the continuous increase in operational expenses such as administrative expenses without a matching increase in revenue generation, there is a foreseen looming cash-flow problem unless drastic steps are taken for cost containment and revenue generation. Financial expenses also increased by 86% compared to 65% in the previous quarter. There is need to manage this situation before it gets out of hand by ensuring that the variances are at a sustainable level for the organisation. Expenditure items that had high variances over the last two quarters were external travel, bonuses, other allowances, fuel, Commissioners sitting allowances, Commissioners travelling allowances, and consultancy fees. This is an unfortunate occurrence as the negative variances are over 100% which means that the means for cost containment within this organisation are ineffective and not monitored by the people that are expected to.

The operational strategies for the income generating business units must be closely monitored to ensure that the targets set out in these plans are met. With the continuous fiscal challenges that government is currently facing, a survival strategy for the organisation is imperative by effectively implementing the turnaround strategies for the business units, where applicable.

On another note, it is noted that SNTC is doing a commendable job with its human resources in terms of the initiatives undertaken for the welfare of the staff. The wellness programme initiatives are admirable.

SWAZILAND ENVIRONMENT AUTHORITY (SEA)

Parent Ministry: Ministry of Tourism and Environmental Affairs

The SEA reported as follows for the quarter,

Operational Review

- The Temvelo awards ceremony for secondary and high schools was held at the Devine Healing Ministries Auditorium on Friday 4th of November in Manzini. The theme for the event was "**Young People In Action**". Since the launch of the awards process by the Minister of Tourism and Environmental Affairs in March 2011, about 50 secondary and high schools across all the regions have participated and implemented a range of more than 150 projects in their schools or their respective neighbouring communities.

- The awards ceremony was attended by about 250 teachers and pupils representing the 50 schools that participated. The event was officially opened by the Minister of Tourism and Environmental Affairs. The Minister of Education and Training represented by the Director of Education, a representative from the Manzini Regional Office, a representative from the Manzini Regional Administration office and a representative from the Municipality Council of Manzini were also in attendance.

- The Biosafety bill was passed by the house of Assemble after a lengthy debate. It was tabled in the house of Senate and the first reading was conducted during which the house referred the bill to the portfolio committee to come up with a recommendation on the bill. A consultative workshop was held on 17th of November 2011, in parliament to update members of the Senate portfolio committee on Biotechnology, Bio safety framework and the Bio safety bill.

- A total of 42 of extension personnel and inspectors were trained at eSibayeni lodge with the intention of improving their understanding of Biotechnology and Bio safety.

- **Progress of Special Projects -** Under this item the Authority is implementing three capital projects under the auspices of the Ministry of Tourism and Environmental Affairs. Capital funds are under the Ministry's budget. Below is a progress report on each project:

  a) **Biodiversity Conservation Participatory Development (BCPD) -** Two regional workshops were held in September and were reported on the last quarter. More regional workshops (Lubombo and Shiselweni) were planned for November, however both failed to materialize and postponed to the January 2012. The major challenge was the early commencement of the Incwala activities as regional secretaries advised against holding such workshops at this time of the year.

  b) **Waste Management - Development of a Waste Management System in non-urban areas -** Three of the five identified waste control areas have been capacitated with equipment to transport waste to approved disposal facilities. These are Buhleni, Kwaluseni and Lobamba. Of the three; Buhleni and Siphofaneni waste disposal facilities have been constructed to completion. The Buhleni facility is operational while the Siphofaneni facility has not been in use due to pending handover of the facility to the community. The SEA office is engaging the communities in an endeavour to speed up the administrative requirements and operation and maintenance requirements prior to the official handover of the project. For Siphofaneni, each property and its tenants have been identified and a formal communiqué will be sent to the property owners wherein they will be invited into a meeting to set forth the monthly levies and penalty levies for offenders. Next in line to receive equipment and facility handover is Siphofaneni scheduled to be completed by February 2012. By June 2012 Lomahasha and Mpaka waste disposal facilities will be constructed to completion and ready for use.

c) **National Environment Fund -** To date the Environment fund has funded the following Community projects:

1. **Lobamba waste management project -** In the last quarter the project was heavily affected by the Incwala cultural ceremony. The tractor and some of the skips were used to collect waste from Ludzidzini Royal residence during the ceremony at almost no cost other than that Tibiyo provided fuel for the tractor. This is one major challenge as government institutions continue to cite the prevailing economic crisis when it comes to payment for environmental services rendered by Lobamba conservation club.

2. **Ngonini donga rehabilitation project -** Following the successful completion fencing of the Donga, construction of gabion cages has begun, however the process has been too slow because the community members are busy with farming activities and the Incwala ceremony which occupied most of their time.

3. **Luve wetland and donga rehabilitation project -** Fencing of this project was completed last quarter. What is currently being done is the construction of gabions. The wetland has fully rejuvenated; the water retention capacity of the wetland has improved. There has also been improvement on the biodiversity found in the wetland coupled by beautiful scenery.

4. **Lawuba wetlands protection -** This project begun in the previous quarter and the fencing of the wetland has now been completed. A water pond has been dug with the financial assistance of the proponent. The main aim is to ensure supply of water for cattle troughs and a stand pipe which shall be used for domestic water. It is envisaged that construction of the cattle troughs shall begin soon with the assistance of Technical officers from the Ministry of Agriculture.

5. **Sihlangwini Donga rehabilitation -** Sihlangwini Donga rehabilitation is the only on-going project approved by BOT in 2011. Its aim is to assist the community to rehabilitate the severely degraded area by using physical and biological means to control the erosion process. Fencing material was purchased and handed over by the Minister to the Esihlangwini community. The community started the construction of gabion cages quite some time ago and they are continuing with it with the assistance of an NGO called Conserve Swaziland.

Financial Situation

- Revenue from subvention for the quarter that was received totalled E2. 24m, instead of E3. 36m as per the budget request. Other income stood at E 80,253 with a total revenue of E 2.32m for the quarter. Other income consists of revenue from licences of E 10,000; environmental assessment review fees of E 26,000; sale of resource material of E1, 045, Harvey World partnered with SEA on Temvelo Award to a tune of E500 and UNESCO contributed E3, 000 plus Interest received from Call Account of E 39,708.

- Total expenses for the quarter amounted to E2.60m which is below the budgeted expenditure for the quarter by E141, 473. The expenses were E2.50m last quarter.

Outlook

- 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 (August and September). 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

Income Statement	2011 Dec 31	2011 Sept. 30	2011 June 30	2011 March 31
Revenue	80,253	81,098	13,115	137,388
Expenditure	2,609,660	2,508,011	2,504,000	2,501,127
Operating profit (Loss)	**-2,529,407**	**-2,426,913**	**-2,490,885**	**-2,363,739**
Grants/Donations		0		
Subvention	2,244,992	2,244,992	2,244,992	2,278,140
Surplus/Loss after Subvention	**-284,415**	**-181,921**	**-245,893**	**-85,599**
Balance Sheet				
Fixed Assets	2,328,948	2,487,167	2,761,374	1,456,175
Investments	0	0	0	0
Current Assets	5,164,791	5,456,403	5,801,700	7,767,225
Current Liabilities	792,001	787,005	986,070	117,542
Net Current Assets	4,372,790	4,669,398	4,815,630	7,649,683
Total Employment of Capital	**6,701,738**	**7,156,566**	**7,577,004**	**9,105,858**
Accumulated Surplus	0	0	0	0
Grant Finance	**6,701,738**	**7,156,566**	7,577,004	9,105,858
Reserves				
Total Capital Employed	**6,701,738**	**7,156,566**	**7,577,004**	**9,105,858**

PEU Comments

The SEA has a very healthy current ratio at 6.51:1 compared to 6.93:1 last quarter. This entity spends prudently within budget and is strictly within the subvention, with insignificant revenue generation of its own at E80, 253 this quarter compared to E81, 098 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 –E248, 415 during the quarter compared to –E181, 921 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 Chief Executive Officer of STVA was appointed and assumed office on the 1st November, 2011. The recruitment process to fill the vacant positions of the Senior Signal Transmission Engineer and Director of Live Events was in progress.

- The Legal office reviewed three contracts on the procurement of foreign content by the Programmes Department. The contracts were for the procurement of the Miss World Beauty Contest with Zeal Entertainment, Cable News Network with Turner Corporations, and Heartlines for eight short love stories with enlightening messages on the HIV pandemic. Heartlines was offering the content for free and the Authority only had to pay for the dubbing costs at $600.

- The Legal office also attended to the issuance of legal advice on a variety of matters relating to administrative issues which have a potential to mushroom into legal disputes.

- Programme procurement improved the programme schedule of local and international content with the purchase of programmes worth E43,500.

- The Marketing department embarked on various campaigns such as the Christmas, back to school, and door to door campaigns.

- MTN Swaziland has sponsored selected games of the Premier League Soccer.

- The Buhle Betfu program finished its 7th season and started featuring beauty pageants in the search for Miss Swaziland and Miss Deaf 2011/12.

- The "On a lighter Note" program completed the 2nd season which featured more influential people from all walks of life. The program was able to secure venue sponsorship from Mavuso Sports Café, Swazi Candles and MacMillan. The last two sponsors catered for gifts handed to the guests during the show.

- After extensive planning, the Tihlabani Awards were postponed to 2012. The date is yet to be announced.

- The Programme department covered the 1st Annual Journalism and Mass Communications (JMC) Awards and produced a 1 hour special program which was broadcast during the festive season.

- The STORM festival crossover event was covered on the 31st of December, 2011 for the purpose of producing a special program on Swazi Musical talent.

- The SPTC fixed phone cup final was broadcast live on Swazi TV after signing a deal with the main sponsor.

- The Programme department successfully produced a Christmas carols special program for broadcast on Christmas Eve and on Christmas day.

- The Kusile Breakfast Show was awarded the best produced programme in the JMC Awards, 2011.

- The Cultural Unit carried out a number of activities which included the state visit of the Princess of Thailand (who was a guest of Her Majesty), Police Day, UNISWA graduation, Philani Maswati charity organization event, official opening of Salgaocar mining company, closing service at Lozitha Palace and Incwala ceremony.

- The Incwala Ceremony was successfully covered by the Unit. It started on 25 November, 2011 and ended on 26 December, 2011. Most of the ceremony was covered by equipment for news gathering (ENG) and news clips were produced for each day. The Outside Broadcast (OB) van was used for Kusha Kwe Lukhuni which was aired on "From the Palace" on 16 December, 2011.

- Two cars were used to cover Incwala. One car was dedicated to Indlovukazi at Ludzidzini, while the other, followed His Majesty around the country. The event ended after weeding of royal fields and later, kucitfwa kwe libutfo by His Majesty. His Majesty's Speech was aired on Monday 26 December 2011.

- For the first time, the Police Day event was covered live with the OB van. The main aim was to raise funds through the selling of DVD's to the passing out police officers. The production cost was E38,149.

- The UNISWA Graduation was also broadcast live for the first time. The live coverage was aimed at boosting local content and selling DVD's to the graduates. The event was successfully covered costing the station E38,149 in production cost.

- Indlovukazi Mhlekazi was invited to attend 100 years of independence of the Taiwanese people. The trip was successfully covered.

- His Majesty King Mswati III attended the COMESA summit in Malawi where he handed over the Chairmanship to Malawi.

Financial Situation

- Total revenue amounted to E2.4m and the grant received from government amounted to E6.01m. 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 appliances and DVD sales.

- Advertising revenue increased when compared to last quarter as it amounted to E2.02m which is 51% more than the E1.34m that was raised last quarter. The amount raised is far below the budgeted amount of E4.2m. Both South African and local markets showed improvement when compared to the last quarter. The local market increased by 36% while the South African market increased by over 100%.

- There was a decrease of 17% in licence fee revenue. The difference in the actual against the budget is as a result of the prevailing fiscal crisis and the fact that it was hoped that there would be production and broadcasting of programmes for various government ministries to raise more revenue.

- Total operational expenditure amounted to E8.52m compared to E8.81m the previous quarter, a 3% decrease. The positive variance was caused by the shortage of funds which has led management to be cautious on expenditure.

- There were cash flow difficulties as the station had difficulty honouring its commitments. Although E6m was received from government, STVA could not settle most debts because the amount of E6m received already had a deficit of the same amount. The year-to-date amount received from government as per STVA's budget allocation by end of this quarter was E12.03m instead of E18.04m.

- The inability by the Marketing department to meet its target sales has also led to cash-flow difficulties. It had been budgeted that STVA would raise E15m in the current year. The total advertising revenue raised by the end of the quarter under review was E4.87m.

- Licence fee revenue as well is below what had been projected. By the end of this quarter, the station should have raised E2.5m, however only E1.08m had been raised.

- Most creditors could not be paid as a result of the shortage of funds.

- There were also challenges in paying monthly salaries. STVA is still dependant on overdrafts for salary payments.

- The shortage of funds also led to the inability to remit the moneys deducted from the payroll e.g. PAYE. Currently, the station is ten months in arrears with PAYE and four months behind on other payroll deduction remittances. STVA's payroll debt currently stands at E6.51m.

- Local advertising income increased by E384,005 when compared to the previous period. The South African market also improved by E301,788. The local market performed well as it exceeded the forecast of E1.2m while the South African market's performance was very poor in relation to the budgeted amount of E3m.

- A total of E342,419 was collected in TV license fees. This reflects a decrease of over 17% when compared to the E414, 598 that was collected.

Outlook

- STVA will be increasing the quota of local content with the introduction of 4 new programs by the end of the 1st quarter of 2012 (quarter ended June, 2012). These range from musical programs to hard hitting investigative content.

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

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

Financial Statements

Income Statement	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**	**2011 March 31**
Income	2,405,995	5,809,223	1,886,544	2,359,317
Expenditure	8,851,397	8,846,468	9,078,460	8,315,459
Net profit / (Loss)	-6,115,402	-3,037,245	-7,191,916	-5,956,142
Subvention	6,014,238	-	2,004,336	6,013,839
	-101,164	-3,037,245	-5,187,580	**57,697**
Grant -Realized	544,986	544,986	544,986	544,986
Surplus/Loss after subvention	**-443,822**	**-2,492,259**	**-4,642,249**	**602,683**

Balance Sheet

Fixed Assets	16,355,743	16,942,029	14,410,368	14,946,800
Current Assets	8,020,536	7,961,785	7,952,520	6,963,935
Current Liabilities	16,612,699	16,919,098	13,735,309	4,873,284
Net Current Assets	-8,592,163	-8,957,313	-5,782,789	2,090,651
Employment of Capital	**7,763,580**	**7,984,716**	**8,627,579**	**17,037,451**
Share Capital	950,000	950,000	950,000	950,000
Reserves	5,270,684	5,270,684	314,556	314,556
Capital Grant	7,084,814	7,629,800	8,174,786	8,719,771
Lease creditor	950,237	1,102,211	1,203,698	1,215,910
Accumulated Loss/Profit	-6,492,157	-6,967,980	-2,015,461	5,837,213
Total Capital Employed	**7,763,580**	**7,984,715**	**8,627,579**	**17,037,450**

PEU Comment

STVA's operating deficit increased by 100%. The deficit amounted to E6.12m compared to E3.04m recorded last quarter. The year to date operating deficit before finance charges amounted to E7,87m. Revenue collected amounted to E2.41m compared to E5.81m received last quarter, resulting in a decline of 141%. The year to date revenue totalled E18.12m against a budget of E31.56m resulting in a shortfall of 74% as of this quarter. STVA has consistently failed to meet its targets with regards sales and license fee collection which has lead to cash-flow problems for the institution. 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. It is noted that even as the institution is undertaking restructuring of its operations, it has not done much to relieve itself of the high administrative costs.

The turnaround and transformation strategy for STVA is very crucial and the Board and management have to put this strategy in place as soon as possible. Otherwise, the organisation will not be able to progress in its current status, and the station will deteriorate further if such decisions are delayed. The PEU is available, when necessary, to assist with the drafting and implementation of the turnaround strategy.

The station continues to be plagued with cash-flow problems, thus, the need for revenue diversification and identification of other sustainable measures for funding the institution. The high dependence of the institution on the government subvention has proved to be costly for the organisation as it has seriously affected the smooth operations of the enterprise.

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 as scheduled. Forty nine (49) 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 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 Environmental Impact Assessment (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 29 February 2012. Several issues had delayed progress on the site including high voltage Swaziland Electricity Company (SEC) power line traversing the site, encroaching neighbouring boundaries, and other hidden activities by previous owners. Physical progress stood at about 90%.

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

- A concept had 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 had 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 and the project was earmarked to commence during the 2012/2013 financial year.

- A broad planning exercise had 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 was 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 49 plots have been sold to date at Woodlands Township. There were nine (9) plots sold during the quarter ending December 31, 2011 valued at E1.61m making the total value of plots sold to E8.40m. These customers did not select the house package therefore no houses were sold during the quarter. In total, 33 houses were sold valued at E22.86m. During the quarter only six (6) plots were registered valued at E1.14m. The total value of the sold properties stood at E31.30m.

- The sales process began on the 10th of August 2011 and to date 297 plots have been offered for sale under the Nhlangano Township Extension 9 project. To date 249 Deeds of Sale have been duly completed and signed by the prospective buyers. Upon approval of the General Plan, the Township Register was opened at the deeds office on the 6th of December 2011. Project sales picked up this quarter and recorded a 10% increase of the total project offering with sales amounting to E4.10m. Only 14 properties were registered during the month of December valued at E1.36m.

- The sales process for the Thembelisha Township Extension 9 began on the 24th of August 2011 wherein 27 plots were offered for sale. To date 13 Deeds of Sale have been duly completed and signed by the prospective buyers. Outstanding signatures were for 9 Deeds of Sale. Five (5) prospective buyers withdrew their intension to buy from this project. No payments or sales have been made to date.

Financial Situation

- The results of operations reflected an overall surplus of E317, 969 compared to a budgeted profit of E104, 223 resulting in a positive variance of 205%. 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 E5.82m against a budget of E5.36m reflecting a positive variance of E8.46%. 9 plots were sold at Woodlands and 44 were sold at Nkhanini Township.

- Gross rental income amounted to E4.83m against a budget of E4.78m.

- Interest receivable totalled E193,478 against a budget of E180,000 reflecting a positive variance of 7.49%.

- Total gross expenditure on property development amounted to E 9.73m against a budget of E9.99m.

- Total net rental debtors amounted to E487,015 compared to E435,625 the previous quarter. Total gross debtors amounted to E408,239 compared to E406,638 the previous quarter. The difference of E895,254 between the gross and net rental debtors was due to prepayments by some tenants.

Financial Statements

	2011 Dec 31	**2011 Sept 30**	**2011 June 31**	**2011 Mar 31**
Income Statement				
Sales	284,164	-765,335	154,762	-656,583
Rental	3,237,667	3,177,312	3,043,822	13,790,115
Other	11,170	523	2,731	28,220
Sale of assets	551,000	-	-	-
Interest	193,478	181,626	143,749	114,131
Total Income	**4,277,479**	**2,594,126**	**3,345,064**	**13,275,883**
Cost of sales	-	-	-	-
Gross Profit (Loss)	4,277,479	2,594,126	3,345,064	13,275,883
Overhead expenses	3,959,510	3,978,131	4,054,914	3,794,855
Profit/(Loss)	**317,969**	**-1,384,005**	**-709,850**	**9,481,028**
Balance Sheet				
Fixed Assets	193,322,398	194,300,119	194,482,695	194,680,265
Investments	61,600	61,600	61,600	61,600
Deferred taxation	38,639,735	38,639,735	38,639,735	36,492,782
Deferred Grant Income	-	-	24,800,000	42,170,000
Current Assets	111,324,864	103,681,116	98,140,652	99,041,938
Current Liabilities	25,954,883	23,353,095	17,423,588	15,831,175
Net Current Assets	85,369,981	80,328,021	80,717,064	83,210,763
Total Employment of Capital	**240,114,244**	**236,050,005**	**211,821,624**	**199,289,846**
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	31,648,123	14,451,215
Retained Income-Prior year	99,034,480	99,034,480	99,034,480	93,727,391
Retained Income-Current year	-1,823,208	-2,141,177	-749,093	7,487,329
Long-term liability	100,454,849	96,708,580	71,088,115	72,823,912
Total Capital Employed	**240,114,244**	**236,050,006**	**211,821,625**	**199,289,847**

Key Financial Indicators

Ratio	**Formula**	**3rd Quarter**	**2nd Quarter**
Current Ratio	Current assets/current liabilities	4.3:1	4.4:1
Acid Test Ratio	Current assets-inventory/current liabilities	0.67:1	0.6:1
Gearing Ratio/leverage	Total debt/ Total debt + Equity	54%	53%

PEU Comments

Swaziland National Housing Board achieved a surplus of E317, 696 compared to a budgeted figure of E104, 223 therefore resulting in a favourable variance of 205%. This was mainly due to property sales, rental income and interest receivable performing above budget. Plot sales were realised at Woodlands and Nkhanini Townships. This has seen the sales department recording a surplus of E284, 164 this quarter compared to a deficit of E765,335 the previous quarter.

The Board's projects continued to be suspended due to financial challenges. This included the Woodlands Extension II, Woodlands Commercial Centre, Matsapha/ Mobeni Estate, Swaziland National Housing Board Head office and the rehabilitation of the Hostel "Ghetto". Its high time Government intervene and rescue the parastatal before it closes shop, as it is obvious that Swaziland National Housing Board is no longer able to sustain itself therefore not being in a good position to fulfil its mandate of providing affordable housing for the Swazi Nation. Recapitalizing the Public Enterprise will greatly assist in enhancing the PE achieve its goals and objectives.

It is noted that the Board has developed a short term strategy to address the existing cash-flow and profitability challenges faced by the organisation. It is anticipated that this will resuscitate and put the Board in a better financial position.

NATIONAL RESPONSE COUNCIL ON HIV/AIDS (NERCHA)

Parent Ministry: Prime Minister's Office

NERCHA reported as follows for the quarter,

Operational review

- The council continued to strengthen HIV and AIDS programming, institutional arrangements and partnerships, organizational capacity development and strengthening, decentralization, strategic and action planning, monitoring and evaluation, policy development, mainstreaming and advocacy and mapping of HIV and AIDS interventions.

- The World Aids Day campaign was launched on the 24th November 2011 by the Minister of Health with partners under the global theme (Getting to Zero). The theme was adapted for Swaziland under 3 target areas as; Zero New HIV Infections, Zero discrimination and Zero AIDS Related Deaths. Despite the financial challenges; HIV implementers, Partners and communities continued to support the annual event and the Ministry of Tinkhundla continued to support regional commemorations.

- In keeping with the international practice, the national commemoration was held on the 1st December 2011 at the Matsapha Police College. Speakers included the Government, SWANNEPHA, chairperson of the UN Theme Group on HIV and the US Ambassador.

- Development of National Plan of Action - The council continued to facilitate the process through consultations with HIV implementers and partners. HIV implementers had submitted their 2012 plans for consolidation. The process was done in consultation with Technical Working Groups.

- Cancellation of Global Fund Call for Round 11 Proposals and introduction of Transitional Funding Mechanism – The proposal development was stopped following cancellation of the Round 11 Call by the Global Fund Board. Instead, the Global Fund had introduced a Transitional Funding Mechanism (TFM) which is an emergency pipeline funding to provide support to on-going life saving programmes that may be adversely affected in the event of a gap in funding. Swaziland qualifies to submit under this limited funding mechanism. The Council facilitated and coordinated the process of developing the TFM proposal in collaboration with the Proposal Development team of the Country Coordinating Mechanism (CCM). Partners had shown their commitment to support the country in the preparation of the proposal.

- The National HIV Prevention Working Group and other HIV Prevention Sub-thematic areas Technical Working Group continued to meet regularly to provide guidance on prevention programmes.

- Stigma and Discrimination Strategy – SWANNEPHA was the lead partner in the development of this strategy. Consultative meetings were held with partners in view of the importance of this strategy. Swaziland is joining hands with the international community to eradicate stigma and discrimination related to HIV and AIDS.

- The World Bank assisted the country to finalise the Quality of Impact Mitigation Services Survey (QIMS) report. The report writing process was led by the Central Statistics Office.

- PANOS Southern Africa, an international Non Governmental Organization obtained funding from SADC to conduct media sensitization and strengthen media involvement in prevention response. The Council participated in the media training which was centred on helping the media identify their role in advancing HIV prevention. Attendees were trained on conducting gender assessment and furnished with gender integration tools.

- Gender links facilitated media training on reporting and covering Gender Based Violence (GBV) and HIV and AIDS as part of the media centres of excellence for gender in the media project. The aim was to equip journalists with skills to report a diversity of issues from a gender perspective.

- PEPFAR hosted a Gender and HIV and AIDS training to provide skills in HIV programmers to integrate issues of gender into existing HIV and AIDS programmes.

- A delegation from Namibia consisting of Constituency AIDS Coordinating Committee visited Swaziland. The aim was to improve the capacity of the delegates in managing the response at constituency level, to share knowledge and promising practices from Swaziland and equip the delegation with skills to effectively lead HIV coordination activities.

Financial Situation

- Disbursements received were as follows: Swaziland Government E11.9m, Global Fund E48.5m, Young Heroes E525,666 , UNDP E360,433 and ICAP E1.42m.

- The coordinating expenses amounted to E6.03m. Total projects expenditure was E25m. Main activities affected include procurement of food for the Neighbourhood Care Points (NCPs), procurement of food in schools, health products and trainings.

- Interest amounting to E286,690 was received against E259,052 last quarter.

Outlook

- The Council will continue to facilitate and coordinate Transitional Funding Mechanism Proposal to Global Fund and develop an acceleration plan for the HIV/AIDS grant funded by the Global Fund.

Financial Statements

	2011	2011	2011	2011
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Income	542,689	410,111	277,330	4,068,836
Expenditure	6,033,802	5,707,738	6,177,594	6,887,348
Net profit / (Loss)	**-5,491,113**	**-5,297,627**	**-5,900,264**	**-2,818,512**
Programmed Expenditure				
Prevention	795,813	1,458,242	511,845	4,197,951
Care and Support	3,906,110	5,800,202	1,640,865	10,746,136
Treatment	14,598,465	5,440,204	6,209,754	17,887,874
Supportive Environment	590,610	503,491	403,471	631,625
Monitoring and Evaluation	1,150,566	1,280,319	1,135,773	1,841,982
Malaria	1,127,278	1,073,671	2,368,615	2,251,509
Tuberculosis	1,773,646	2,018,972	1,490,294	2,067,876
Coordination Administration	193,884	2,689,003	185,869	425,478
Young Heroes	131,257	532,620	478,835	961,015
Health System Strengthening	3,878,429	4,075,532	5,251,370	3,622,648
National Aids Conference	-	-	-	67,369
Information Centre	251,960	289,172	259,702	326,178
Regional Coordination	579,279	641,507	908,794	-
Total Prog Expenditure	28,977,297	25,802,935	20,845,187	45,813,413

Net expenses	34,468,410	31,100,562	26,745,451	48,631,925
Realized Grant Income	**34,468,410**	**31,100,562**	**26,745,451**	**48,631,925**
Overall Net Profit	**0**	**0**	**0**	**0**
Balance Sheet				
Fixed Assets	21,320,118	21,526,817	21,447,167	20,022,985
Current Assets	128,456,744	52,668,167	82,101,413	115,053,941
Current liabilities	32,563,143	44,202,940	58,972,320	55,268,770
Net Current Assets	95,893,601	8,465,227	23,129,093	59,785,171
Employment of Capital	**117,213,719**	**29,992,044**	**44,576,260**	**79,808,156**
Grants + Deferred income	209,528,142	87,838,058	71,321,711	339,227,078
Realized Grant	-92,314,422	-57,846,014	-26,745,451	-259,418,922
Total Capital Employed	**117,213,719**	**29,992,044**	**44,576,260**	**79,808,156**

PEU Comments

NERCHA provides leadership in the coordination and facilitation of the national multi-sectoral emergency response to HIV and AIDS, by creating an environment that supports effective service delivery to the people of Swaziland. The Council also had some delays in receiving subvention from government thus leading to some of the activities not carried out on time.

The Council is also responsible for the management of grants received from the Global Fund to fight AIDS, Tuberculosis and Malaria. With the changes and negative reports on the use and management of the Global Fund grants in recipient countries, NERCHA had improved its effectiveness and efficiency in managing these resources. The step taken by the council in improving efficiency in the management of the Global Funds is much commendable as it will enable continuous support from the Global Fund for the fight against the diseases like HIV/ AIDS, TB and Malaria.

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 emphasises the promotion of health and self care in the region, with relevant services in the clinics and hospitals.

Hospital Performance Report

Activity	Dec 2011 Quarter	Sept 2011 Quarter
GOOD SHEPHERD ACTIVITY		
OPD Visits	10,896	10,664
Admissions	2,034	2,103
Deliveries	709	748
Average length of stay/Days	6	8
Occupancy rate	33%	21%
Death rate	6.5%	6.7%
Minor surgeries	350	345
Major surgeries	380	466
CLINICAL ACTIVITY		
Number of patients seen	27,010	28,443
Main OPD	10,896	10,664
Children's OPD	1,176	1,396
Home Based Care	1,349	1,208
Epilepsy	678	732
PMTCT	756	835
HIV Test	821	658
ART initiation	503	398
ARV refills	7,689	6,808
ENT	591	673
EYE	1,313	1,322
Physiotherapy	405	356
Radiology	3,876	3,682
Laboratory	14,645	15,286
Social Welfare	46	15
Theatre	583	551
Diabetic clinic	993	1,100
Mortuary Services	158	153

- The hospital worked hand in hand with the Ministry of Health and collaborated with various stakeholders in trying to address Millennium Development Goals (MDGs) to reduce child mortality, improve maternal health and combat HIV/AIDS, Malaria and other diseases.

- The hospital had improved its services by having a functional client tracking system had been put to place. This system tracks clients in TB, PMTCT, ART and epilepsy.

- There had been a high staff turnover in the hospital, nurses leaving for greener pastures and 18 nurses were recruited for the replacement. The nursing training wing had upgraded its' curriculum which allows students to spend quality time in class thus shifting their tasks to the orderlies' cadre. There is then a need to increase the number of orderlies to catch up with the work.

- A total of 26 employees attended various workshops as capacity building.

- The children's ward was repainted and a TV and a DVD player were installed in the isolation room.

- The Nursing College is entirely dependent on the Hospital's income for its daily expenses. The hospital however, recently submitted through the Ministry of Health, a proposal to transfer the Nursing College to the Ministry of Education and Training for funding.

- Drugs and Medical supplies expenditure decreased drastically when compared to the last quarter because the hospital started procuring only basic or standard drugs due to lack of finances. The hospital is also compromising the quality of service provided to patients. It is located in a highly impoverished and hard hit by HIV/AIDS scourge and most of the clients require a lot more than the basic drugs for their ill health, which unfortunately cannot be afforded by the institution currently.

Financial Situation

- A surplus of E6.48m was realised compared to a deficit of E6.09m last quarter.

- Total income amounted to E19.65m compared to E10.5m last quarter.

- The drug expenditure was E373,399 compared to E914,311 last quarter

- Total expenditure was E13.17m compared to E16.6m last quarter.

Financial Statements

Income Statement	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**	**2011 Mar 31**
Subvention	18,227,844	9,113,920	9,113,920	10,491,557
Other income	1,426,939	1,416,025	1,231,156	1,140,646
Total income & subvention	**19,654,683**	**10,529,945**	**10,345,076**	**11,632,204**
Expenditure	13,174,594	16,620,446	11,206,885	11,214,482
Surplus/Deficit	**6,480,088**	**-6,090,500**	**-861,809**	**417,721**
Fixed Assets	37,398,655	37,398,655	39,409,218	38,826,471
Current Assets	2,708,146	3,185,821	2,610,124	4,421,710
Current Liabilities	29,968,170	33,197,770	23,029,349	20,950,290
Net Current Assets	-27,260,024	-30,011,949	-20,419,225	-16,528,580
Total Employment of Capital	**10,138,631**	**7,386,706**	**18,989,993**	**22,297,891**
Capital Reserve	13,542,173	13,542,173	20,305,673	20,305,673
Retained Earnings	-13,739,935	-16,491,789	-11,652,072	-8,344,175
Profit for the year	-	-	-	-

Revaluation Reserves	10,336,393	10,336,393	10,336,393	10,336,393
Total Capital Employed	**10,138,631**	**7,386,777**	**18,989,993**	**22,297,891**

PEU Comments

The hospital attained a surplus of E6.48m compared to a deficit of E6.09m last quarter. The increase was a result of late subvention that was accounted for in the quarter of December instead of September quarter. The delay in the release of government subvention continues and as a result salary payments had to be delayed for some days after the actual pay date. We hope that the beginning of the next financial year will come as a relief to the institution when the subvention is released quarterly to the enterprises.

The hospital continued providing medical, paramedical, education and related health services in the Lubombo region. The Lubombo region is one of the most poorest and hard hit by the HIV/AIDS scourge in the country and thus the importance of government's intervention to ensure smooth running in the operations of the hospital.

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	Dec 2011 Quarter	Sept 2011 Quarter	June 2011 Quarter	March 2011 Quarter
RFMH ACTIVITY				
Patients seen	59,153	57,161	57,402	54,047
Medications issued	180,608	172,463	162,664	148,956
Admissions	3,281	3,561	3,565	3,561
Average length of stay/Days	4	4	4	5
Occupancy rate	56%	56%	61%	54%
Death rate	6.9%	6%	7%	9%
Number of babies delivered	1,995	2,204	2,521	2,205
Minor surgeries	1,232	432	1,140	1,031
Major surgeries	395	632	503	422
Number of patients initiated on ART	486	621	588	695
Total number of patients receiving ART	7,668	8,055	7,434	7,177
CLINICS ACTIVITY				
Number of patients seen	25,485	24,560	26,372	47,073
Antenatal care	2,022	1,847	2,172	2,011
Cases of family planning	4,464	4,470	5,232	3,980
Emergency deliveries	0	5	1	5
Child welfare	9,362	8,485	8,399	8,060
Male Circumcision	-	-	-	0

HIV Test	2,883	2,149	-	-
ART initiation	103	152	26	128
ARV refills	3,068	2,832	2,443	2,351

- A hand washing campaign organised by the hospital infection prevention control department was officially opened. The ceremony was honoured by representatives from Ministry of Health, regional IPC coordinators and the hospital management. Patients in the various departments were capacitated on the importance of hand washing as a means to prevent infection.

- The ICU and the Renal units became effectively operational from the 10th October 2011 and admitted its first patient on the 14th October 2011. The admission of patients in these units is limited to the number of staff as it currently admits 3 to 4 patients and the number is expected to increase when more personnel is recruited.

- The Hospital participated in two Family Health Days, one held at Zakhele sports ground and the other at Luyengo Campus.

- The RFM Hospital had been working hard to improve the standard of care at the hospital. The hospital team was able to be named the best performing hospital in Swaziland after a number of assessments by the National Quality Assurance Group. The institutions continued to strive to provide the best quality health services to the people of the kingdom of Swaziland.

- Two waste pits had been constructed at the Sitsatsaweni, Siteki and Shewula clinics, for the disposal of medical and none medical waste generated at the clinic. The project was initiated by the environmental health department under the Ministry of Health. The Ministry donated building material such as bricks, cement bags and fencing material to control access to the pits. The Environmental Health Department also conducted a one day training on waste management.

- The Nazarene Compassionate Ministry Representative held a meeting at the Ngculwini clinic to introduce the community expect client. The main objective for this program was to provide linkages between the clinic and the community. The expect client will work hand in hand with teachers, pastors, Rural Health Motivators and Bucopho of the area. The role of the community expect client includes the implementation of a family focused care by encouraging patients on family HIV testing, counselling and follow up care. Twenty five Rural Health Motivators were to be selected from the Gundvwini and Ngculwini area to work together with the expect client. The aim of this project was to reduce the number of clients that default on medication and strengthen the quality of life of the patients living with HIV.

- Three clinics received awards from the RFM Hospital at the end of the year for excelling in certain categories. The Bhekinkhosi clinic received an award for having conducted many quality improvement projects, the Ndvwabangeni clinic received an award for having treated the highest number of patients and the Ngculwini clinic was awarded for having successfully piloted an outreach program.

- Nurses in the clinics attended several trainings which included infant and young child feeding, early infant diagnosis of HIV, supportive supervision (clinic supervisors) and the Reaching Every District (RED) strategy nurse led ART initiations.

- The Faculty of Health Sciences (FHS) under the auspices of Southern African Nazarene University (SANU) continued to offer two programmes, which are a Diploma in General nursing science and Midwifery Nursing Science.
- The General Nursing Science programme is a three year programme with level 1, 2 and 3. Midwifery is a post graduate nursing science certificate programme making it a level 4 course.

Financial Situation

- Total income for the quarter amounted to E13.7m compared to E25.4m. The figure comprised of E10m from government allocated for the ICU operations, revenue collection amounting to E1.52m and drugs and Medical supplies amounting to E2.19m.
- Total expenditure for the quarter amounted to E28.91m compared to E28.37m last quarter.
- Deficit for the quarter amounted to E15.19m compared to E2.97m compared last quarter. This was mainly as a result of E21.68m subvention not released by government to the institution.

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	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Income	13,714,259	25,405,454	24,555,865	25,624,574
Expenditure	28,908,299	28,374,929	26,316,154	28,874,444
Surplus/Deficit	**-15,194,040**	**-2,969,475**	**-1,760,289**	**-3,249,870**
Balance Sheet				
Buildings, Fixt. & Fitt	145,139,873	147,963,411	145,139,873	140,413,623
Furniture & Equipment	24,304,383	40,304,383	24,304,383	24,142,516
Motor Vehicles	1,230,000	2,430,000	1,230,000	1,230,000
Current Assets	9,501,790	19,757,115	9,501,790	6,786,209
Current Liabilities	30,096,158	38,815,454	30,096,158	21,044,439
Net Current Assets/Liabilities	-20,594,368	-19,058,339	-20,594,368	-14,258,230
Employment of Capital	**150,079,888**	**171,639,455**	**150,079,888**	**151,527,909**
Capital Grants	170,674,256	190,697,794	170,674,256	165,786,139
Long-term loans	-	-	-	-
Reserves	6,935,361	7,931,575	6,935,361	4,619,983
Accumulated Surplus/Deficit	-27,529,729	-26,989,914	-27,529,729	-18,878,213
Provisions	-	-	-	-
Capital Employed	**150,079,888**	**171,639,455**	**150,079,888**	**151,527,909**

PEU Comments

The Hospital made a loss of E15.2m compared to a loss of E2.97m 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. At the end of the quarter, the hospital had not received a subvention for two months from government thus resulting in the huge deficit at the end of the quarter.

In an effort to improve health service delivery in the country the ICU and Renal units became effectively operational during the quarter but the admission of patients in these units is limited due to the number of staff. The hospital had worked hard to improve the standard of care and continued to strive to provide quality health services to the people of the kingdom of Swaziland. The operations of the ICU and Renal units will see an increased number of people visiting the hospital for their services. The government through its financial support will play a critical role in ensuring that these units are operating effectively and efficiently in providing services to the public.

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 seed capital for qualifying individuals, companies and associates.

- The Youth Enterprise Fund through its intermediary, Imbita Women's Finance Trust continued to disburse loans to successful applicants. Loan disbursements to 134 businesses amounted to E1.20m.

- Three (3) loans were fully settled during the period under review, increasing the number of settled loans to fifteen.

- The Youth Enterprise Fund conducted field visits to selected funded businesses in all the regions of the country.

- The Fund honoured invitations from stakeholders for meetings where they requested clarity on the YEF's mandate. Invitations received were from Swaziland National High School Leavers Association, SNYC monitoring and evaluation Network, Nkwene Inkhundla and Lomahasha Inkhundla. Presentations were made to all these stakeholders and constituencies and the feedback received was positive. The major concern raised was on the loan application waiting period, which was perceived to be too long. The Youth Fund was requested to review the application process. Stakeholders were informed that the Board has adopted a strategic plan which will address their concern.

- The Board nominated two (2) candidates to attend the Commonwealth Youth Programme review meeting that was held at Swakopmund in Namibia from the 4th to 9th December 2011. Countries represented in the meeting were Swaziland, Lesotho, Mozambique, Namibia, Zambia, Malawi, Nigeria and Cameroon. The primary purpose of the meeting was to holistically review the Commonwealth Youth Credit Initiative (CYCI) framework.

- The Youth Enterprise Fund has developed an annual plan which has been extracted from the Strategic Plan document. The main aim was to share the plan with potential funders for possible financial and technical assistance towards its implementation.

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 has been with Standard Bank Swaziland.

Outlook

- Distribution of annual plan to potential funders.

- Development of a quarterly plan from the annual plan and implement it.

- Rolling out of phase III.

Financial Statements

Income Statement	2011 Dec 31	2011 Sept 30	2011 June 30	2011 Mar 31
Income and Subvention	538,642	985,045	431,660	472,460
Expenditure	538,642	985,045	431,660	472,460
Surplus/Deficit	**-**	**-**	**-**	**-**
Balance Sheet				
Fixed Assets	7,904,419	7,320,731	6,211,297	6,255,799
Investments	-	-	-	-
Current Assets	2,402,961	2,906,325	4,879,620	5,239,512
Current Liabilities	7,563	27,882	219,255	23,086
Net Current Assets/Liabilities	2,395,398	2,878,443	4,660,365	5,216,426
Employment of Capital	**10,299,817**	**10,199,174**	**10,871,662**	**11,472,225**
Share Capital				
Deferred Income	10,299,817	10,199,174	10,871,661	11,472,224
Long Term Loan	-	-	-	-
Total Capital Employed	**10,299,817**	**10,199,174**	**10,871,661**	**11,472,224**

PEU Comments

The Fund in its mandate to Empowering the Youth approved 134 loans amounting to E1.20m.

It is noted that close to half of the Funds expenses (46%) is money paid to Imbita Women's Trust Fund for the administration of the Youth Enterprise Fund. The Ministry of Sports, Culture and Youth Affairs must consider reviewing the establishment act of the Fund which stipulates that there must be an intermediary. This function can be done in-house and save the organisation a lot of money. Moreover, there seems to be a duplication of responsibilities as the Fund is also seen to be doing site visits which are also done by the Intermediary. This means the Fund has the capacity to do this duty in-house instead of engaging the Intermediary.

SWAZILAND NATIONAL COUNCIL OF ARTS AND CULTURE

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

SNCAC reported as follows for the quarter,

Operational Review

- The Council managed, organized, facilitated, supported and encouraged a number of activities by their affiliates.

- SNCAC participated in the UNESCO Diversity Convention aimed at bringing together civil society and government in realizing the aims of the convention on the promotion of diversity of cultural expressions. UNESCO convention represented a key international policy instrument aimed at both protecting and growing local cultural and creative industries, with a particular emphasis on the developing world.

- In development and growth of the arts and culture sector, the Council continued to nurture the growth of the national arts and culture associations representing the existing arts and culture codes in the kingdom. SNCAC availed technical and administrative support to these organizations that have become agents for arts and culture development.

- The Council continued to monitor the Associations' activities and availed grants to assist, undertake promotional and development projects. Administrative grants were availed to assist the associations to effectively carry out their administrative activities. The associations had become so-called arts agents to implement the National Arts and Culture Policy.

- In a move aimed at decentralizing arts and culture activities, the council embarked on Regional Arts and culture Initiative, where arts groups and individuals were supported and further assisted to stage up to standard arts activities in the region. The purpose was to introduce arts and culture to the regions and further unearth new talents in these secluded areas and places across the kingdom.

- The Council and Swaziland Beauty Pageant Association helped youth groups from around Mayiwane Inkhundla to stage the beautiful Miss Mayiwane Beauty Contest. The officers facilitated the training of the organizers on how to stage the event, and how to work with beauty contestants as outlined in the Swaziland Beauty Pageant Framework. The event was staged and the eventual winner was chosen.

- SNCAC and Swaziland Beauty Pageant Association joined hands with the individuals from around Piggs Peak Inkhundla to put together the classy Miss Piggs Peak. The crusade by SNCAC and the Beauty Pageant Association was to help put together regional structures for easy coordination of the implementation of the Arts and Culture Policy.

- The Council collaborated with Lobamba Inkhundla to organize the Lobamba Charity Walk from Bethany, Mvutshini to Lobamba Inkhundla. The walk was joined by the beauty queens to raise money to assist feed the orphans from around the Inkhundla Neighbourhoods Care Points.

- The crowning of Mr Swaziland, Mr Linda Dlamini being the most handsome person took place at the Esibayeni lodge. He was chose among two other finalists. Mr Swaziland and the two other finalists participated in the Lusekwane and Incwala ceremony respectively.

- Swaziland National Choral Music Association - The old Mutual National Choir Festival 2011 eliminations for Swaziland were held on 9th October at Esibayeni Lodge. The choirs representing Swaziland this year were Virtuoso Chorus and Mbabane Methodist Choir.

- Kwaluseni Inkhundla Cultural Day – The Council engaged in community-based initiatives aimed at developing the arts at grassroots level. This Inkhundla hosted its cultural day which was graced by the Prime Minister. The day saw many cultural activities taking place, where various cultural dances were performed.

- The Nation Crossing Over to 2012 – The Association of Swaziland Christian Artists hosted the National Cross over to 2012 at the Mavuso Sports Ground on the 31st December 2011 and the main VIP was the Deputy Prime Minister. The event saw a line up of over 40 local and international gospel groups who participated in the event.

Financial report

- The amount received from government as subvention remained at E428,400 similar to the last quarter. The actual budget was E642,600.

- Total expenditure for the quarter amounted to E430,188 compared to E621,167 last quarter. Budget for the quarter was E675,000.

- There was a deficit of E1,788 compared to a deficit of E192,767 last quarter.

Financial Statements

Income Statement	2011 Dec 31	2011 Sept 30	2011 June 30
Subvention	428,400	428,400	214,200
Other income	-	-	2,000,000
Total income & subvention	**428,400**	**428,400**	**2,214,200**
Expenditure	430,188	621,167	2,246,566
Surplus/Deficit	**-1,788**	**-192,767**	**-32,366**

PEU comments

The Council in a non profit making organization and depends fully on government subvention. During the quarter the Council incurred a deficit of E1,788 compared to a deficit of E192,767 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 a number of tourists during cultural celebrations in the country in the likes of Umhlanga Reed dance, Incwala ceremony and others. The Council had availed technical and administrative support in a number of cultural activities taking place around the country.

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

- A SCSA Zone VI Executive Committee meeting was held in Zambia where the Chairman and CEO attended. Issues discussed included policy matters, transformation of SCSA Zone VI, 2012 elections, Zone VI finances, the Zone VI Office, 2010 SCSA Zone VI Youth games – Swaziland etc.

- The semi-annual General meeting was held in December at the Olympafrica Centre. Twenty six associations attended. Boxing, Gymnastics, School Sports and NAPSSA failed to attend. A follow up will be made to those associations on why they did not attend.

- SOCGA hosted the Olympic Solidarity Strategic Planning Leadership Workshop under the auspices of the Olympic Solidarity in October. Counties represented were Botswana, Lesotho, Zambia. Zimbabwe, South Africa, and Swaziland. The Council was represented by the CEO.

- Botswana, Lesotho and Swaziland officials comprising of Directors, Chairpersons and CEO met in Zambia during the SCSA Zone VI Executive Committee meeting and agreed to collaborate and share information and resources for developing sport in the three countries. The first consultation meeting was held in December where possible measures that could be undertaken by the 3 countries to collaborate in the spirit of sharing ideas, resources and learning from one another were discussed.

- The ASIDLALE program activities were not executed optimally because of the fiscal challenges and non-receipt of the grant from the Australian Sport Commission and also from the Commonwealth Games Canada. The sports festivals and capacity building activities for the program were suspended, only the integrated weekly sporting and positive living fun games continued. Most participants at most centres come from the 11 – 15 and 16 – 20 age groups. There were few participants in the 6 -10 age group yet it is the most critical group in sport development as it is when the children are introduced into foundation sport skills and techniques.

- There were no Shukuma Swaziland initiatives during the quarter. This was because of the cash flow problems and delays in logistical preparations that included the establishment of regional sports committees.

- The Swazi Posts/ Sports Council disability sports tournament finals were held at the Mavuso Sports Exhibition centre. The tournament included football, netball and athletics. The event was a great success and was graced by the Hon. Minister.

- The netball mapping exercise was held at the Council offices in November. This was a one day consultation with the netball executive and directors of coaching and umpiring. It entailed determining the association status quo regards their administration and standards. The Zone provided an instrument to undertake this task.

- The 2 Technical Working Group members for Swaziland attended their meeting in Lesotho. In these meetings member countries present progress reports on activities delivered half yearly or at times quarterly. The zonal activities on the table for implementation are the mapping of associations, piloting of federations curricular and the development of the administration framework.

- Seven of the 30 registered associations competed internationally during the quarter. These were angling, athletics, badminton, dance, football, taekwondo, and weightlifting. The senior national team Sihlangu continued to perform below expectations. Investment in grassroots development remains one of the possible solutions to address this problem.

- There were 29 associations that submitted their calendars of events and 27 submitted their operational plans. This was quite impressive as it indicated what the associations will do during the course of the year.

- Fourteen and twelve of the associations submitted their 1st and 2nd quarter reports respectively. This was very unsatisfactory. The report shows that Basketball, Billiards, Boxing, Cricket, Darts, Equestrian, Gymnastics and Swaziland University and colleges association were the worst culprits in compliance issues.

- The office facilitated the hosting of the Annual General meeting at the Olmpafrica Centre . The meeting was well attended by member association.

- Press releases and announcements were issued with the Sports Day for People with Disabilities taking centre stage. These releases and announcements go a long way in sensitising the public about Council activities because these are usually informative on Council and its member's events.

- Brochures for disability Sport were produced. This also targeted the Sports Day for People with Disabilities which was held during the quarter under review.

- Council was part of the Shukuma Aerobathon event because it embraces Council concept of Shukuma Swaziland. The event attracted a lot of people from various walks of life in Swaziland and Council branded this event that was held at Mavuso Trade Centre.

Financial Situation

- There was an overall deficit of E1.37m after subvention this quarter compared to a deficit of E1.34 the previous quarter. The deficit was mainly due to non receipt of the subvention for four months.

- Total expenditure incurred amounted to E3.38m compared to E3.15m the previous quarter.

Outlook

- The core Shukuma Swaziland activity for the year will be athletics and will commence in the next quarter, should resources be available.

- Council was hopeful that the National Sports Awards event will take place in the June quarter. Various partners were still being approached and some had shown great interest in the event.

Financial Statements

	2011	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**
Investment Income	13,080	11,058	9,993
Interest Received	6,521	2,728	-
Expenditure	4,377,402	3,151,866	1,113,907
Operating profit/loss	**-4,357,801**	**-3,138,080**	**-1,103,914**
Subvention	2,996,250	1,797,750	599,250
Surplus/Loss after subvention	**-1,361,551**	**-1,340,330**	**-504,664**
Balance Sheet			
Fixed Assets	1,139,975	1,454,141	794,740
Investments	-	-	-

Current Assets	1,559,603	1,761,531	2,337,152
Total Assets	**2,699,578**	**3,215,672**	**3,131,892**
Retained Income/Loss	3,376,909	3,688,809	2,982,723
Net profit/Loss	-1,361,551	-1,340,330	-504,664
Long-term loans	68,033	87,341	-
Designated funds (borrowings)	454,900	555,727	559,342
Current Liabilities	161,287	224,124	94,491
Total Equity & Liabilities	**2,699,578**	**3,215,672**	**3,131,892**

PEU Comments
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 reporting their financial performance to Council.

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. Other social partners should be approached with a view to fund some of the activities of Council.

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

- The third quarter was slow on programme activities, resulting from the low level of financial resources available to the Council. Focus was maintained on those activities which had financial backing from UNFPA and those that are self-sponsored by youth groups.

- Youth forums were held in the Hhohho and Lubombo regions. The Hhohho forum was held at Lobamba Youth Centre and the school for the deaf was used for the Lubombo Region. The primary objective for the forums was to popularize the National Youth Policy and to present an opportunity to the youth to raise critical issues and engage the Council and the Ministry.

- Other issues raised by the youth during the regional youth forums included the scarcity of condoms in rural areas, drug abuse in urban areas, lack of jobs for the youth, the need to have Agriculture taught at all schools in Swaziland, the need for the introduction of gender based programmes at schools, the need for environmental programmes to be taught at communities, HIV prevalence among the youth, scholarships and free education, the need for syllabus review, support groups for the youth, the need to create sports centres and issues of climate change and water harvesting. All these issues were noted to be considered in future when the council is programming and strategizing.

- The office of the CEO and the Head of Development and Projects took a tour of some of the youth centres around the country. Centres inspected included Siphofaneni, Lubuli, Hosea and Nhlangano.

- The Food and Agricultural Organisation (FAO) sponsored the Lobamba and Ludzeludze Tinkhundla Youth with farming equipment. Twenty five (25) young people came together to start a poultry farming project and they were the main beneficiaries of the FAO sponsorship.

- The Mayiwane Inkhundla Youth Association, in collaboration with local stakeholders held a beauty pageant at Mayiwane Inkhundla. The main objective of this event was to show case youth talents and also to empower the girl child. Only 12 girls were chosen to partake in the competition and the event was attended by local Member of Parliament, Indvuna YeNkhundla and the members of the youth development consortium (COSAD, Arts and Culture, Ayichakaze Intfombi and PSI). This event was attended by close to 200 young people of the area.

- The Motshane Youth Association together with the Nkoyoyo chiefdom organised a sports day for the youth of the area which took place on the 10th December 2011 at ka-Tintsaki sports ground. The main aim of the day was to sensitise the youth about sports disciplines and to also promote the concept of healthy living. Activities of the day included soccer, athletics, volleyball, netball and tag of war. The event was a huge success and the guest speaker for the day was the Chief Executive Officer of the National Youth Council.

- The youth consortium held two meetings and the objectives of these meetings were to provide feedback on the core indicators that incorporates inputs from Youth Development Committee members, to present the monitoring and evaluation coordination and management systems and get input from the participants, to create a clear understanding on data base collection methods and reporting methods and to collect information for prioritizing the Youth Action plan objectives and activities.

- A number of programmes were aired and topics covered included highlights on challenges faced by young people after completing their higher education, views of men about the empowerment and their role in ensuring that, how a young person deals with living with HIV at a young age, the festive season etc.

Financial Situation

- A deficit of E35,546 was realised this quarter compared to a surplus of E80,236 realised the previous quarter. Budget for the quarter was a surplus of E17, 850 resulting in an adverse variance of E53,394.

- Total expenditure incurred amounted to E503,419 compared to E374,537 the previous quarter. Budget for the quarter was E675,000 resulting in an adverse variance of E171,580.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
Income and Subvention	467,873	454,773	281,234	768,460
Expenditure	503,419	374,537	335,363	795,194
Surplus/Deficit	**-35,546**	**80,236**	**-54,129**	**26,734**
Balance Sheet				
Fixed Assets	274,901	287,741		313,420
Investments	-	-		-
Current Assets	34,600	34,600		34,600
Current Liabilities	434,218	357,642		409,426
Net Current Assets/Liabilities	-399,618	-323,042		-374,826
Employment of Capital	**-124,717**	**-35,301**		**-61,406**
Share Capital				
Retained Income	-170,192	-80,777		-61,406
Long Term Loan	45,475	45,475		-
Total Capital Employed	**-124,717**	**-35,302**		**-61,406**

PEU Comments

The Council recorded a deficit of E35,546 compared to a surplus of E80,236 recorded the previous quarter. Budget for the quarter was E17,850 therefore resulting in an adverse variance of E53,396. This was mainly due to the short fall of E225,000 Government subvention received. As the parastatal highly depends on Government subvention, there was low programme activities due to the shortfall in Government subvention received save for those that have financial backing from NFPA and self sponsored youth groups.

Swaziland National Youth Council continues to struggle financially reflecting a negative return on the investment. Probably it would be wise to treat them as a Government Department under the Ministry as it is also fully subvented by Government. This could result in a major decrease in costs inquired by the Department as opposed to the prevailing situation.

APPENDIX 1 - TABLE OF REPORTING COMPLIANCE

ENTERPRISE	QTR 31/03/11	QTR 30/06/11	QTR 30/09/2011	QTR 31/12/211	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	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	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

X – Submitted

* - Dormant

THE PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME QUARTERLY REPORT FOR THE PERIOD ENDED 31ST DECEMBER, 2011

1. GENERAL

As at the quarter ending 31st December, 2011, there were no movements in the fund in terms of the fact that there were no loans that were approved and disbursed, thus indicating no changes during this quarter.

There is however one loan that has been disbursed through the Swaziland development and Savings Bank and a guarantee issued from the fund for and on behalf of the Swaziland Cotton Board amounting to E1 625 000.00

As at 31st of December, 2011 we have one loan in place, issued from the fund to Fincorp amounting to E20 Million Emalangeni. There are no other loans and guarantees issued. An amount of E50m was invested with the Central bank and E40m with other banks.

The administrator of the fund and the Public Enterprise Unit continued to encourage usage of the fund, for the parastatals to get full benefit from the fund and to assist them to grow. Recently 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. 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 E145,135,739.17(One Hundred and Forty Five Million, One Hundred and Thirty Five Thousand, Seven Hundred and Thirty Nine Emalangeni and Seventeen cents only) as at the end of December, 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 31st December 2011 (attached) showing the financial performance of the Fund.

3. TECHNICAL REBATE 20% POOL FUND

As at 31st December 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 E29,027,147.83(Twenty Nine Million, Twenty Seven Thousand, One Hundred and Forty Seven Emalangeni and Eighty Three 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 31st December, 2011 drawings amounted to E365,205.00 (Three Hundred and Sixty Five Thousand Two Hundred and Five Emalangeni). Total drawing up to the period ending 31st December, 2011 amount to E2,917,548.50(Two Million, Nine Hundred and Seventeen Thousand Five Hundred Forty Eight 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 31st December, 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 and 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.

An amount of E50 million was invested with the Central Bank of Swaziland as a three year bond, at a coupon rate of 8.5% and another E40m was invested with other local banks, First National Bank and Nedbank.

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BREAKDOWN OF P.E.S' CONTRIBUTIONS SINCE JULY 1993 TO 31ST DECEMBER, 2011

		E 30 Sept' 2011	E 31 Dec' 2011	E CHANGE
01	Swd Dairy Board	2,386,186.03	2,386,186.03	0
02	Swd Cotton board	139,140.69	142,228.19	3,087.50
03	S.N.P.F	7,125,762.59	7,125,762.59	0
04	Swd Railways	11,175,954.54	11,412,665.79	236,711.25
05	Nat. Maize Corp	5,878,342.13	6,059,699.88	181,357.75
06	UNISWA	8,435,988.14	8,435,988.14	
07	S.E.B.	39,163,780.76	39,163,780.76	0
08	Trade Fair	4,506.00	4,506.00	0
09	Housing Board	1,387,976.84	1,387,976.84	0
10	SRIC	348,280.22	348,280.22	0
11	SEDCO	321,630.17	345,092.73	23,462.56
12	TV Authority	892,711.51	892,711.51	0
13	Water Services Corp.	9,836,847.76	9,836,847.76	0
14	National Airways	458,534.55	458,534.55	0
15	Post & Telecomms	34,508,377.34	35,522,066.09	1,013,688.75
16	Swd. Nat.Trust Commission	450,740.93	522,038.65	71,297.72
17	Pigg's Peak Hotel	361,027.00	361,027.00	0
18	Namboard	1,640,192.72	1,640,192.72	0
19	Sebenta	112,675.34	112,675.34	0
20	SDSB	9,264,885.86	9,637,729.61	372,843.75
21	FINCORP	1,939,604.72	2,288,024.43	348,419.71
22	M.V.A. Fund	4,646,629.01	4,841,923.36	195,294.35
23	SIPA	153,734.04	153,734.04	0
24	SWADE	220,038.04	263,899.52	43,861.48
25	Swd Tourism Authority	154,347.18	154,347.18	0
26	HIV/AIDS EMERG. FUND	1,001,160.56	1,108,825.53	107,664.97
27	C.M.A.C.	209 963.86	231,453.75	21,489.89
28	Swd Standards Authority	76,624.60	76,624.60	0
29	Swd Environmental Authority	173,900.12	220,916.36	47,016.24
30	Good Shepherd Hospital	0	0	0
31	Swd. Nazarene Health Inst.	0	0	0
	Sub-totals	**142,469,543.25**	**145,135,739.17**	**2,666,195.92**
	Transfer to Rebate account	(28,493,908.65)	(29,027,147.83)	**(533,239.18)**
	Add: Govt Contribution	5,000,000.00	5,000,000.00	-
	Balance	**118,975,634.60**	**121,108,591.34**	**2,132,956.74**

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Income Statement for the quarter ended 31st December 2011

	2011
INCOME	**E**
Interest on Bank Account	-
Interest on Treasury Bills	-
Interest on Call account	334 645.57
Interest on Fincorp Investment	587 671.23
	922 316.80
EXPENDITURE	
Payments	365 205.00
Surplus for the quarter	922 316.80
Retained Surplus/(Deficit)	39 469 739.50
Accumulated Surplus/(Deficit)	40 757 261.30

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Balance sheet as at 31st December 2011

Capital Employed	**2011**
Capital	5 000 000.00
Contributions from Public Enterprises	140,135,739.17
	145,135,739.17
Transfer to Public Enterprise Unit Technical Rebate Fund	29,027,147.83
	116,108,591.34
Accumulated Surplus/(Deficit)	40 757 261.30
	156 865 852.64
Employment of capital	
Current Assets	
Current Account	904 235.27
Call Account	25 961 617.37
Fixed Deposit-Standard Bank	20 000 000.00
Investments at other banks	40 000 000.00
Investment Central Bank	50 000 000.00
Loan to Fincorp	20 000 000.00
	156 865 852.64
Current Liabilities	
Provision for Audit Fees	20 000.00
	156 845 852.64
Memorandum of Account	
Guarantees Issued	
Counterpart of Guarantees Issued	**1 625 000.00**