MINISTRY OF FINANCE

PUBLIC ENTERPRISES UNIT

QUARTERLY REPORT

For the Three Months Ended

March 31, 2012

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 January - March 2012, which is the 4th 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. Five (5) enterprise did not submit its report on time for the quarter as stated on page ten (10) of this report.

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

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

SCOPE Approvals

7. SCOPE was able to meet fourteen (14) times this quarter and they made the following approvals:

- Request to SCOPE for the implementation of Cost of Living Adjustment above PEU "Major" for the Swaziland National Provident Fund;

- Request for extension by 6 months the term of office of members of the Swaziland Cotton Board;

- Request for replacement of two members of the Board of Directors of Swaziland Dairy Baord;

- The appointment of the Board of Commissioners of the Competition Commission;

- Establishment of a Parastatal to engage in sustainable and commercial production in Government farms;

- Appointment of an Acting Chief Executive Officer at SWADE;

- Appointment of Swaziland Television Authority Board of Directors;

- The fixed term employment contract of the Swaziland National Council of Arts and Chief Executive Officer;

- Termination of the Mantenga Cultural Village Lease Agreement between SNTC and LOMCO;

- Operation of the Piggs' Peak Hotel by Piggs' Peak Hotel and Casino;

- Swaziland Water Services Corporation: Appointment of PriceWaterHouseCoopers as external auditors for financial year ending 31st March 2012 and 2013;

- Appointment of an Acting Chief Executive Officer at the National Agricultural Marketing Board;

- Appointment of an Acting Chief Financial Officer at the National Agricultural Marketing Board;

- Once-off payment in compensation for salary increase;

- Renewal of contract of employment for the Chief Financial Officer of the Sincphetelo Motor Vehicle Accidents Fund;

- Salary review – Sincephetelo Motor Accidents Fund;

- Public Enterprises Unit Quarterly Report for June 2011;

- Sincephetelo Motor Vehicle Accidents Fund Financial Statements;

- Renewal of contract for the Director Finance of the Swaziland National Housing Board;

- Request to renew contract of employment for the Swaziland Small Enterprises Development Company;

- Extension of contract of employment for the Chief executive Officer and Chief Financial Officer of the Swaziland National Sports Council;

- Recommendation to appoint a new Council of the Swaziland Standards Authority from March 2012 to February 2015;

- Recommendation for Acting Chief Executive Officer for Swaziland Nazarene Health Institutions;

- Request for extension of term of office for the Board of Swaziland Railways;

- Extension of term of office for the Chief Executive Officer of the Swaziland Railways;

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. All the staff from the former DCA were transferred to SWACCA with effect from 1 January 2012.

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's award was still being awaited.

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. In the meantime Piggs' Peak Hotel and Casino took over the day to day running of the Hotel.

Swaziland Television Authority (STVA)

12. Following the review of the salaries for STVA some 27 months ago the entity has still not reviewed the organizational structure. The proposal to review the structure was supposed to be finished 36 months ago. The board and Ministry are urged to finalize this very vital undertaking.

Swaziland Water Services Corporation (SWSC)

13. This is the 121^{th} 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 104 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.

15. The contract with the operator of Mantenga was terminated due to a breach of the contract

by the operator. Operations of the Business at Mantenga were handed back to SNTC. 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)

16. A new Board was appointed 29 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. The matter was still pending.

General

Management Development - Individual

17. The PEU continued supporting individual training of senior management of Public Enterprises through the training portion of the Loan Guarantee Fund. Under this program enterprises send their senior managers to certain specific courses, but before the courses are attended the PEU has to be consulted. The PEU assesses the course content and its relevance to the operations of that particular enterprise. The enterprises are reimbursed for this training from funds set aside for individual training under the scheme. During the quarter there were no training courses attended.

Management Development – Group Training

18. There was no group training during the quarter.

Corporate Governance

19. Training was undertaken by Sebenta on Corporate Governance this quarter.

The Swaziland Public Enterprises Association (SPEA)

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

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

21. The following Enterprises still did not have substantive appointments for CEOs:
    - Royal Swazi National Airways – Pending Forensic Investigation
    - CTA - Acting
    - SWADE - Acting
    - NAMBAORD - Acting
    - Cotton Board - Acting
    - SCC - Acting

- Youth Fund - Acting

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

    - Royal Swazi National Airways - Vacant
    - Swazi TV - Vacant
    - SPTC - Acting

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

24. Chief Executive Officers not on contract:

- The Swaziland National Provident Fund Chief Executive Officer is still not on contract.

INDIVIDUAL ENTERPRISE REPORTS

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

1. Central Transport Administration
2. Royal Swazi National Airways Corporation
3. Swaziland National Youth Council
4. Swaziland Posts and Telecommunications corporation
5. Swaziland Television Authority

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 imported dairy products and the levy collection is based on a system charging a percentage of the value of the consumer good. During the period under review, the department was involved in the inspection of dairy processing plants, wholesale and retail outlets in both the municipal towns of Manzini and Matsapha. The department was also involved in monitoring imports and exports of dairy products at border posts as well as collecting levy on imports.

- 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 including Gege Government Dairy Farm. The A.I. services include synchronization of oestrus, breeding of cows/heifers and general dairy farm management to improve the dairy herds. 104 dairy cows/heifers were bred using the A.I. method and amongst the total, 27 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 motivate and equip them with certain skills required to improve the performance of their dairy farms including milk marketing and delivery to processing plant. A total of 491 farm visits were carried out covering all the regions of the country.

- Four (4) day time workshops on dairy cattle were carried out in the Shiselweni and Lubombo regions with a total attendance of 56. In addition, thirty five (35) technical meetings were held in the four regions of the country with a total attendance of 273.

- During the quarter under review, 37 farmers were trained, 11 on dairy goats and 26 on dairy cattle. The trainees graduated on March 15, 2012. Subjects covered for the dairy courses included 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 26 dairy cattle were imported into the country for twenty (20) dairy farmers (19 new and 1 expanding their dairy units). However, about 21 dairy cattle belonging to 20 farmers were still not collected from a supplier in Volkrust in the Republic of South Africa. The delay was caused by the foot and mouth disease tests that had not yet been done as per the import requirement which has to be fulfilled before a cloven-hoofed animal is imported into the country. It is expected that the remaining cows will be imported into the country in the next quarter.

- Two (2) farmers submitted applications to purchase two (2) mobile milking machines through Swaziland Dairy Board. These machines will be purchased in the next quarter. The advantages of the milking machines include clean milk production and handling, complete milking resulting in more milk and income per cow, short time milking period etc.

- The Entandweni milk collection centre at Hlane Inkhundla under Malindza Chiefdom started receiving milk from farmers on March 13, 2012. The delay was mainly a result of poor grazing areas due to poor rains received in the area this season. The cows had started calving, but due to poor pastures, their conditions were poor to produce reasonable amount of milk. The total amount of milk received was 1,169 litres valued at E4, 909.80 from 19 farmers.

- The Gwayimane MCC started receiving milk from farmers. It had been planed that the process would start earlier but due to low rains received by the area pasture development was slow even though cows had started calved. The total amount of milk received was 1,944 litres valued at E8, 164.80 from 28 farmers.

- The Board continues to organise other Milk Collection Centres (MCC's) countrywide. In this reporting period, 20 meetings were held in the Hhohho and Lubombo regions in which a number of issues were discussed with farmers on the indigenous cattle dairying project. The total attendance was 401. Meetings will continue in the next quarter.

- The Board resumed the production of hay bales in preparation for winter feeding. A total of 87 hay bales averaging 300kg were produced this reporting period. 41 hay bales were purchased by cattle farmers. Farmers continued to place orders for more bales to feed their animals and to prepare for the winter season.

- The Ministry of Agriculture and Swaziland Dairy Board entered into a partnership agreement through a memorandum of understanding (MoU). The main objectives of the MoU are to establish a management mechanism that will allow efficient and effective commercialisation of the operations of Gege Dairy Farm, commercialize Gege Dairy Farm operations to ease the financial burden and operational constraints, utilise the farm to produce appropriate dairy cattle breeding stock to supply farmers, create an enabling environment for conducting research on dairy cattle breeding, feeding, milk production and related field research and ensure that human resource management, procurement and marketing systems are effective to suit farmer operations.

- The Board submitted a purchase requisition to Swaziland Agricultural Development Programme (SADP) on behalf of farmers for the procurement of 50 dairy cows, procurement of veterinary drugs for the 50 dairy animals, procurement of animal feed for the 50 dairy animals, training of 10 community artificial inseminators to support the 50 dairy animals and the procurement of artificial insemination kits for the four (4) regions in support of the 50 dairy animals to be distributed to all the regions of the country.

- The Board was working with World Vision at Ngudzeni Project facilitating the central pastures and developing a milk collection centre. The Board conducted a resource assessment of the area and it has been found to be suitable for a dairy project. Farmers at Ngudzeni have acquired 8 hectors of land from the local authority, with a possibility of expanding to establish a dairy project which will be owned and run by the group members. The membership currently stands at 16 and has both the youth and adults of both genders from different backgrounds. Construction works had already started and it is projected that the project would be up and running by the third quarter of 2012. It is projected that the project will start with 10 dairy cows.

- The Board is working closely with SWADE-GEF Project in an effort to facilitate the creation of an enabling environment for dairy production. The Board and SWADE-GEF were working on the feasibility to establish central pastures and develop a milk collection centre at LUSIP Area.

- Boards properties;
    - Matsapha flats and Coates Valley house
      The Board continued to manage and carry out the necessary repairs and maintenance on the properties. The Matsapha flats were improved as they were renovated on the outside and inside, fixing everything that needed to be fixed and fitted new kitchen cupboards. Eleven out of twelve flats were occupied during the quarter.

    - Enguleni House
      There were five (5) vacant spaces in the building. 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 is currently 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 E2.30m compared to E2.65m the previous quarter. Budget for the quarter was E141, 865 resulting in a positive variance of E2.16m.

- Total revenue collected this quarter amounted to E6.64m compared to E7.13m collected the previous quarter. The budget for the quarter was E3.90m, reflecting a positive variance of E2.74m.

- Total expenditure amounted to E4.34m compared to E4.48m the previous quarter. Budget for the quarter was E3.76m resulting in an adverse variance of E579, 391.

Outlook

- The Board is working on a plan to conduct trainings on artificial insemination to community representatives.

- The next intensive dairy goats and dairy cattle course for both aspiring and dairy farmers who already own farms will start in April 2012.

- Swaziland Dairy Board is working towards signing the first MoU with financers in the next quarter. This is expected to be the first step towards improving the accessibility to finance by dairy farmers.

Financial Statements

	2012	**2011**	**2011**	**2011**
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Turnover	6,643,016	7,134,053	5,268,416	3,428,218
Expenditure	4,340,755	4,480,133	3,938,658	3,008,455
Net Profit	**2,302,261**	**2,653,920**	**1,329,758**	**419,763**
Balance Sheet				
Fixed Assets	5,143,285	5,190,170	13,889,753	14,026,383
Investments	12,490,748	12,381,865	4,155,953	4,191,701
Current Assets	19,936,941	18,060,530	15,944,248	13,100,656
Current Liabilities	4,821,364	4,963,858	5,592,705	4,031,620
Net Current Assets	15,115,577	13,096,672	10,351,543	9,069,036
Total Employment of Capital	**32,749,610**	**30,668,707**	**28,397,249**	**27,287,120**
Retained Income	20,214,773	17,912,511	15,258,591	13,928,833
Dairy Development Fund	7,774,100	7,609,553	7,363,525	7,057,307
Office Block	4,598,717	4,984,623	5,613,112	6,152,460
Medium Term Lease Obligation	162,021	162,021	162,021	148,521
Total Capital Employed	**32,749,611**	**30,668,708**	**28,397,249**	**27,287,121**

PEU Comments

Net Profit this reporting period was E2.30m compared to E2.65m the previous quarter reflecting a decrease of 13%. Budget for the quarter was E141, 865 therefore reflecting a positive variance of more than a 100%. When compared to the previous quarter, the decrease was mainly due to a major decrease in income collected from artificial insemination and other income. Although there was a decrease in expenditure, there was a major decrease in revenue.

It is noted that Swaziland Dairy Board continued to initiate projects that promote milk production in Swaziland. The Board among other things submitted a requisition to Swaziland Agricultural Development Programme (SADP) for the procurement of 50 dairy cows for farmers and other supporting equipment for this project which will be distributed to all the regions of the country. Swaziland Dairy Board together with the beneficiaries must work towards sustainability of the project and ensure that's it's a going concern, so that more people will benefit in the long-run.

It is noted that the Board entered into a partnership agreement with the Ministry of Agriculture for the use of Gege Government Dairy Farm. It is recommendable what the Board has done as this will add positively to the improvement of the dairy industry in Swaziland.

NATIONAL MAIZE CORPORATION (NMC)

Parent Ministry: Ministry of Agriculture

NMC reported as follows for the quarter,

Operational Review

- Having been out of business for a period of six months, due to the selling of the Japanese maize, NMC reverted to its normal business after the completion of the selling of the maize in the last quarter.

- Noteworthy is the fact that, during the last reporting period, maize prices in neighbouring countries escalated due to the shortage of maize in the region from where NMC sources its maize. The SAFEX prices on white maize continued to rise which resulted to a negative bearing to NMC's cash flow. Despite this challenge, NMC was able to keep the stock at an acceptable level and business progressed smoothly.

- Maize sold amounted to 8,139.27 metric tonnes.

- The fourth quarter is normally the peak of the ploughing season, hence, less maize has been received by NMC. Local maize received amounted to 22.460 metric tonnes

- A total of 7,469.949 metric tonnes of imported maize was received.

- Depicted hereunder is the maize received.

Maize Sales (tonnes)

	January	February	March	Total
Bulk maize	348.940	2,259.430	2,356.420	4,964.79
70kg bags	348.950	713.020	563.640	1,625.61
50kg bags	484.900	633.750	409.400	1,528.05
25kg bags	4.900	9.280	6.640	20.82
Total	**1,187.690**	**3,615.480**	**1,787.07**	**8,139.27**

Rice Sales (tonnes)

	January	February	March	Total
50kg bags	17.600	19.300	13.300	50.200
25kg bags	.880	3.550	1.600	6.030
10kg bags	10.030	21.070	20.960	38.320
5kg bags	3.870	7.120	7.220	18.210
Total	**32.380**	**51.010**	**20.550**	**112.760**

- Although there was maize purchase price instability which drastically affected NMC's cash flow, there were no major cash flow problems experienced by the company.

- The issue of the minimum producer price is still a cause for concern, as it has not yet been addressed. However, despite the maize price volatility, NMC will strive to ensure that the staple food is available to the nation at all times and at affordable costs.

- There was no price adjustment for maize. The selling price remained at E3, 375 per metric tonne. 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

- Total revenue amounted to E29.9m. Sales increased by 11% compared to E26.81m attained in the previous quarter due to the high demand for maize.

- Cost of sales amounted to E23.45m compared to E25.14m for the quarter ended December 2011.

- Operating expenses amounted to E2.62m which is a 9% decrease when compared to the previous quarter which was at E2.89m.

- Maize sales amounted to E28.38m compared to E25.11m attained during the previous quarter representing in a 13% increase. A profit of E3.5m was recorded under the Maize Division compared to a loss of E1.25m that was made in the previous quarter.

- The income for Sihlobo rice was E1.51m which represents about 11% decrease from last quarter which was at E1.7m. The high turnover that was attained in the last quarter was due to the fact that December is a festive month; hence, more volumes were moved.

- The profit for Sihlobo rice is E319, 544. Operating expenses incurred amounted to E198, 744 compared to E283, 976 incurred last quarter.

Outlook

- NMC's strategic plan for the next coming three years 2012-2015 which will be effective from April, 2012 is yet to be finalised by the consultant and subsequently, tabled to the Board for approval.

- The marketing season for 2012 is due to begin in June, 2012 wherein NMC is expected to buy locally produced maize in large quantities.

- Employee representatives have started negotiations for the cost of living adjustment for the financial year 2012/13. The matter is still pending.

- NMC is still awaiting government's response on the implementation of the new organisational structure.

Financial Statements

	2012 March 31	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**
Total Income	29,894,731	26,812,317	16,030,353	9,585,171
Total Expenditure	26,075,799	28,024,846	16,895,557	10,864,009
Operating Surplus/Loss	**3,818,932**	**-1,212,529**	**-865,204**	**-1,278,838**
Balance Sheet				
Non Current Assets	10,784,454	10,815,543	10,969,595	10,774,175
Current Assets	36,250,240	46,145,075	41,215,252	22,824,174
Current Liabilities	21,630,614	33,170,192	35,879,660	25,769,074
Net Current Assets	14,619,626	12,974,883	5,335,592	-2,944,900
Total Employment of Capital	**25,404,080**	**23,790,426**	**16,305,187**	**7,829,275**
Share Capital	2,405,000	2,405,000	2,405,000	2,405,000
Grant : Plot 542 –land & Silos	6,376,035	6,399,305	6,414,818	6,438,088
: Maize Govt Grant	7,500,000	7,500,000	7,500,000	7,500,000
Revaluation Reserve	1,039,300	1,039,300	1,039,300	-

Retained Income	4,655,059	6,445,821	-1,053,931	-6,797,480
Bank Overdraft	3,428,686	-	-	-
Total Capital Employed	**25,404,080**	**23,790,426**	**16,305,187**	**9,545,608**

PEU Comments

As NMC is a trading company, cost of sales remained very high. These amounted to E23.45m and operational expenses for both the Maize and Rice Division stood at E2.6m leaving the organisation with a profit of E3.82m. Cost cutting measures on items such management and office expenses need to be implemented in order to improve the working capital for the company and, thus, reduce financing costs. There is also need for a detailed evaluation of the Rice Project as it has served as a good pilot project for other grains that NMC would want to consider venturing into. The evaluation would help management make an informed decision about the viability of this project and other potential grain projects so that the Maize Division does not end up subsidizing the operational expenses of other Divisions.

In addition, NMC had trade receivables amounting to E11m. Those with over 90 days owed an amount of E1.02m. NMC needs to step up its debtor's collection period in order to improve the average time taken to collect trade debt. This will also help improve the working capital of the company and reduce the bank overdraft that currently stands at E3.43m

It is noted that NMC realised a profit of E3.82m after recording losses over the last three quarters of the year. With the end of the sale of the Japanese maize, it is anticipated that the enterprise will continue to record profits.

SWAZILAND COTTON BOARD (SCB)

Parent Ministry: Ministry of Agriculture

The SCB reported as follows for the quarter,

Operational review

- Activities for the quarter under review involved planting, weeding and spraying. The Board officials were busy with appraising loan applications for purchase of inputs, distribution and general extension work. Preparations for the start of buying the new crop and negotiations for a price for the season were started. A price of E15.30 per kg lint was offered by Spintex, and the Board was still to consider it and respond.

- The Board received interest from some Zimbabwean investors for a joint venture operation in the proposed Buseleni farm. A proper feasibility assessment was to be carried out especially because the Ministry of Agriculture has given the Board the section of the farm that needs a lot of investment to get it to a workable irrigable condition.

- An Operations Manager has been recruited and appointed who started work on 1st March 2012. The incumbent CEO left the Board on 31st March 2012 at the end of his contract. Recruitment of a replacement has already begun. The term of office of all Board members was also coming to an end at the end of March 2012, but a request was made through the line Ministry to for an extension of 6 months to enable a smooth transition for the new CEO, which was granted.

- Problems of cash flow were an unfortunate reality as a sum of E670, 000 as balance from the Government's allocation from last year remains unpaid, raising fears that buying of seed cotton may be disrupted.

- Despite the very difficult season, production is still expected to exceed 2,200 tons of lint. This is still far below the annual demand by Spintex.

Financial Situation

- Gross income for the quarter was E1.6m compared to E2.9m in the previous quarter with the decline explained by the diminishing lint sales as the marketing season comes to an end. Net profit was down to E710, 728 from E4.1m in the previous quarter for the same reason given above. Nearly all the revenues were derived from lint sales.

- Total expenses for the quarter amounted to E890, 533 down from E1.2m last quarter, indicating a decrease due to reduced activity after the end of the ginning season.

Outlook

- The battle to increase productivity remains alive and must be won if the industry is to survive and prosper. The question of the ginnery operating under capacity is worrisome and does not point to a positive development.

Financial Statements

Income Statement	2012 March 31	2011 Dec 31	2011 Sept. 30	2011 June 30
Income	1,601,261	2,966,022	6,940,765	3,224,921
Expenditure	890,533	1,216,426	2,746,586	9,915,573
Operating Profit/Loss	**710,728**	**1,749,596**	**4,194,179**	**-6,467,451**
Balance Sheet				
Fixed Assets	2,285,527	2,284,573	2,272,288	2,062,288
Investments				0
Current Assets	9,956,994	9,248,032	7,460,509	3,804,455
Current Liabilities	267, 585	269,160	295,285	273,228
Net Current Assets	9,689,409	8,978,872	1,187,281	3,531,227
Employment of Capital	**11,974,933**	**11,263,446**	**9,459,570**	**5,593,515**
Contributed Surplus	10,542,482	10,542,482	10,467,482	10,392,482
Retained Income	1,432,451	720,964	-1,007,912	-4,798,967
Capital Employed	**11,974,933**	**11,263,446**	**9,459,570**	**5,593,515**

PEU Comments

The Cotton Board continued to enjoy a very healthy current ratio at 37.2:1 during the quarter compared to a lower ratio at 34.3:1for last quarter, however, all very healthy liquidity. This is explained by the fact that there was a increase in current assets from E9.2m to E9.9m 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 E710, 728 compared to a profit of E1.74m profit last quarter and a huge profit of E4.19m in the quarter of September 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

- A total of 212 visits were carried out targeting contracted farmers, other farmers who want to produce for the National Market, production problem solving, discussing planting programmes, distributing contracts for signing and checking on progress on the planting programmes. There was 150 drop in visits by farmers for information on production of vegetables, programming and signing of contracts. Other farmers came to seek information on the inputs they require for their production and they also visited the demonstration plot.

- 35 meetings were held to encourage more farmers to grow vegetables for the national market, to build an effective and efficient team of vegetable producers, and to promote commodity farmers' formation.

- There were four (2) days training workshops on basic vegetable production, fruit tree management, soil sampling and lime application.

- The Board conducted 10 methods of demonstrations to promote baby and convectional vegetable production and also to empower farmers with technical skills that enable them to produce quality produce for the market. They also demonstrated and set up production sites to be in line with Global GAP.

- 10 result demonstrations were conducted to show the effect of accurate use of fertilizer, the advantages of producing vegetables in summer and the efficient use of water in vegetable production.

- There were 11 radio programmes produced. The objectives of the programs on the radio were; to provide information and tips of preventing pests and diseases on fruits and vegetables and improve on the quality and quantity of locally produced fruits and vegetables, to provide information on how to access funds from Inhlanyelo fund, to educate on irrigation scheduling and to create awareness on the importance of hygiene in the marketing of vegetables and business opportunities that exist to the Swazis.

- There was a challenge of local produce entering the market from the late January and will last till June. The fast moving commodities e.g. potatoes, beetroot, carrots and onions were sourced from South Africa. The only available produce from local growers was cabbages, butternut and some green pepper which was just available but in small quantities.

- The Johannesburg Fresh Market (JFPM) was still the major supplier of fruits and vegetables to Encabeni Market. There had been an increase in prices as a result of lack of supply to the market. The expected increase in crude oil price will have a huge bearing on the cost of buying.

- Contract farming had been well conceived by some farmers in Swaziland. Most of the growers did not adhere to the provisions in the contract that included planting dates and quality consideration.

Financial Situation

- NAMBoard made a surplus of E621, 618 compared to E299, 930 last quarter.

- Turnover generated from collection of levies, sale of scheduled agricultural products and permits amounted toE4.45m compared to E4.42m last quarter.

- Total expenditure incurred amounted to E4.3m compared to E4.12m 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

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Sales	1,860,841	3,029,061	4,087,381	4,028,396
Cost of Sales	1,722,295	2,202,546	2,742,580	2,756,363
Gross profit	138,546	248,851	1,344,801	1,272,033
Income from levies	4,397,952	3,255,565	3,156,083	3,257,112
Other Income	382,411	342,822	316,936	384,974
Expenditure	4,297,291	4,124,973	3,761,296	4,373,254
Operating Profit	**621,618**	**299,930**	**-1,056,524**	**540,866**
Fixed Assets	6,851,807	6,275,072	6,297,281	6,514,236
Investments	9,186,027	9,301,197	9,163,673	9,024,913
Current Assets	5,041,628	5,595,132	5,536,606	4,359,743
Current Liabilities	2,859,224	2,906,506	2,543,301	2,534,875
Net Current Assets	2,182,404	2,688,626	2,993,305	1,824,868
Total Employment of Capital	**18,220,238**	**18,264,895**	**18,454,259**	**17,364,017**
Retained Earnings	15,855,026	15,637,296	15,697,898	14,375,174
Revaluation Reserves	1,480,364	1,480,364	1,480,364	1,480,364
Long term loans	884,848	1,147,236	1,275,997	1,508,479
Total Capital Employed	**18,220,238**	**18,264,895**	**18,454,259**	**17,364,017**

PEU Comments

There was an increase in the board's performance for the quarter as it attained a profit of E621, 618 compared to E299, 930 quarter. This was due to a major increase in the revenue collected from levies which amounted to E4.4m compared to E3.3m the previous quarter. The Encabeni market is a national entity and strives to accommodate most farmers. This had impelled the market to accept sub standard produce from farmers who still expect to receive a good price. The Board must continue with its developmental mandate to ensure high quality production by our local farmers for sale to the market.

Encabeni market relies on income from the statutory department for its survival. The market is therefore considering exploring other business options to ensure that the entity remains profitable stand alone entity. Clients complain about the thin product range within the market and therefore a need for the entity to introduce other products that will make it more marketable and provide a one stop shop for buyers. The implementation of the above proposals will enable the market to be self sustaining and also receive high quality production from our local farmers.

SWAZILAND WATER AND AGRICULTURAL DEVELOPMENT ENTERPRISE (SWADE)

Parent Ministry: Ministry of Agriculture

SWADE reported as follows for the quarter,

Operational Review

- The SWADE Board approved the 2013-2015 strategic plan, which heralds a better focus for SWADE. The strategy has five major components or themes, namely: growth and sustainability of development which focuses on the development of the project areas and new areas to contribute to poverty reduction in the country; development of skilled human capital; enhancing decision making processes at SWADE through appropriate systems and technology; governance theme to create and maintain a stable working environment at SWADE and Finance theme to ensure that SWADE has sufficient financial resources to execute its work.

- SWADE, as Lead Project Agency for Government, ensured that operations at project level were run efficiently and effectively in spite of the financial challenges the country faces. The major challenge at SWADE is still the continued exodus of human resources especially at management level but despite that, SWADE survived and supported the projects on the ground. The absence of a substantive CEO also creates challenges for the organization.

- SWADE is currently undertaking two major projects, namely the Komati Downstream Development Project (KDDP), and the Lower Usuthu Smallholder Irrigation Project (LUSIP).

Project A323 - Komati Downstream Development Project (KDDP) - Diversification Development (Development of other Crops)

- Development of Greenhouse Tunnels - As part of its diversification program, KDDP has ventured into greenhouse tunnels in the project area. Greenhouses bring lots of benefits for farmers. They use the soils that would otherwise not be used for any crop and plants can be grown throughout the year regardless of the season of the year and they offer better quality and improved yields through long shelf life of the produce. Diseases and pests protection is also enhanced due to the controlled growth environment.

- 27 greenhouse tunnels have been constructed, two of which have been planted to tomatoes. Already six markets have been secured and service level agreements have been signed between the markets and the farmers.

- Fencing materials of the open fields totalling 68 hectares (ha) have been ordered to facilitate planting in the next quarter. Planting of other crops has already been done on 9ha at Manzimnyama, 4ha baby corn, 1ha butternut, 3.2ha carrots/ beetroots, 1ha green mealies and 0.2 ha to gooseberries. The open fields' irrigation installation was completely installed and tested for the planting to proceed smoothly.

- A field day attended by 57 farmers was held in the Project Development Area (PDA) as a means of promoting high value maize in the PDA. SEDCO presented on best maize varieties for the project area and the farmers are now eager to venture into maize.

- The livestock enterprises that have been promoted include piggery, rabbits, poultry and goats production. 30 porkers were sold at Mafucula, while 6 farmers were mobilized to produce rabbits for the supply of 100 rabbits every month to the Ministry of Education's vocational schools program. Other farmers were mobilized for the production of 60 goats which will be raised in a feedlot in the project area. This is an innovative way of intensively producing goats in the project area, which will be replicated in the project area. 105 indigenous chickens were sold at Nkambeni area, while 35 are ready for sale at Malibeni. KDDP is facilitating linkages with reliable markets like eDladleni Kitchen to timely purchase the livestock produce.

- SWADE facilitated cane estimates for all the 23 sugar farms in the project. This is a precursor to harvesting since the mill budgets for the cane to be milled during the year are based on the estimates. The indications are that 359,280 tons of cane will be milled from KDDP this year, of which 22% of the cane is to be milled by Mhlume mill. Four harvesting groups have been formed in the project area, an increase by two from last year.

- Farmers continued sharing dividends which total E2.62m. These are mainly targeted to paying school fees for members' children. Farmers have now been trained to release dividends in December and January for Christmas and school fees payments, respectively. In future, the aim is to release the dividends quarterly.

- KDDP resolved a number of conflicts which were mainly attributed to lack of transparency in handling of finances for the business. Some farmer groups were ordered to audit their finances to resolve some of the issues. Some of these issues pose serious instability in the farms such that some of the members were threatening breakaway factions from the main group. The situation will continue being monitored by the KDDP team particularly at Intamakuphila Farmers Association.

- Calamuva Development is amongst the last farmer groups to be developed under sugar cane. It has been engulfed in serious conflicts since KDDP was established due to two chiefs whose followers claim the same piece of land. Tenders under the European Funding (EU tender 4) have been issued and award of contract for bush clearing and irrigation installation will be done in the next quarter. The FA got a sugar quota subject to all members subscribing to Calamuva and the chief of the area approving that the area can be developed.

- SWADE has reviewed strategic plans for Nhlanguyavuka and Buhle besive. For Sivukile and Vuka Sidwashini, their strategic plans will be reviewed next quarter. AGMs were facilitated for Buhle besive and Mangweni Tingonini.

- All 23 FAs annual plans were finalized and approved by the shareholders. The budgets were also facilitated for the farms for the year and will be monitored on a quarterly basis.

- Management accounts for the farms were completed to assist them manage their business better. At the moment it is gratifying that most of the costs are within industry standards and norms. Tax returns dating back to 2008 are being done for the 23 farms to comply with SRA' requirements. Unfortunately, some of the farms shareholders lack important documents like IDs and the companies themselves do not yet have Taxpayers Identity numbers (TINs). Only 40% of the farmers were assisted to have the TINs. The SRA demands have resulted in the KDDP team increasing its staff complement to support the farmers meet the deadlines. Unfortunately, most of the farms are behind in the auditing of their farms, yet audits are also critical in the farms returns to SRA. Next quarter, the project will speed up most of the farm audits. 30% of the farms were able to complete the VAT returns for SRA compliance.

- Farmers have been introduced to fair-trade. As a result all the farms have registered to the fair-trade company. This will generate better returns for the farms when the sugar is sold to markets once the farms are fair-trade certified. Next quarter the farmers will be audited by FLO-Cert for fair-trade compliance. This would be a major milestone for the farmers and the country as well due to higher foreign exchange that would be received by the country.

- Major activities concentrated on finishing up the construction of Njakeni Water scheme. The Njakeni potable water scheme, to benefit 187 homesteads, is at 99% completion and ready to be fully handed over to the community.

- Madlangampisi and Nyakatfo communities were linked to Microproject to finance their potable schemes which could not be financed under SWADE due to lack of funds yet they had been designed.

- KDDP continued to monitor the payments of electricity charges and maintenance costs for all the 9 schemes totalling E51m. Some of the communities are not willing to pay for the pumping costs which pose a challenge to the sustainability of some of the schemes post SWADE in the project area. Monitoring of the water quality was also done and the water has been found to be fit for human consumption except in some areas where sanitation facilities are lacking like at Lonhlalane area.

Project A324 - Lower Usuthu Smallholder Irrigation Project (LUSIP) – Downstream Development

- The IFAD mission visited the project for its normal supervision mission. The mission commended the project for the significant role it had played in uplifting the standard of life for many households in the project area. Of note is that 46% of the targeted beneficiaries are already deriving benefits through participation in the irrigated agriculture, while others, totalling 860 homesteads, are already benefitting from clean drinking water.

- 4 groups successfully registered as legal entities. These are Mangcineni, Khwanyana, Tizulwane, and Buhlebukhona. This takes the total of registered farmer groups to 53. Business plans for Mamba schemes, comprising 5 schemes, were approved by the EU for financing. These will total 474 ha of development.

- Farmers declared dividends to their members. The dividends totalled E3.26m and the figure will increase next year. The re-planting of poorly germinated fields is nearly complete. Ubombo Sugar Limited has assisted Farmers to rectify the poor germination problem experienced in fields planted late last season.

- One community Trust – Ngcamphalala Community trust was also successfully registered. This will help in mobilizing finance for the development of public facilities such as schools, the royal kraal, clinics etc. within the chiefdom.

- One livestock enterprise on home chickens was established.

- Activities on livestock enterprises focused on training farmers in bee keeping. Emphisini Beekeeping Farmers have been trained on beekeeping and they will be doing practical aspects in the month of March. To date, three colonies have been trapped. Setting of bee hives at the demonstration centre has commenced.

- Land for constructing fish ponds has been identified, and assessed in partnership with the MoA fisheries department.

- Trials of the mini hatchery have been delayed by the scarcity of fertile eggs in the PDA.

- 1139kg of baby corn were sold through NAMBOARD. More areas are being targeted to grow other crops like baby corn.

- 706 Ventilated improved Pit (VIP) latrines were constructed. This brings the total number of VIP units constructed with the assistance of SWADE to 1,864 since the start of the project. These were constructed in the Shongwe, Ngcamphalala, Mamba, and Mphumakudze Chiefdoms. It is expected that all 2, 600 households in the project area will have access to proper sanitation facilities by the end of the project.

- Chiefdom Development Planning (CDPs) in the LUSIP Phase II is progressing well. Chiefdom planning is part of the feasibility studies for the development of LUSIP Phase II. The two remaining CDPs are due for launch in the second quarter of 2012/13.

- The LUSIP Phase II Feasibility – Water and Sanitation Studies has been completed and presented to stakeholders for validation. 5000ha of good soils have been confirmed available for development by the feasibility study. Preliminary indications are that the project is feasible. 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.

- Currently, Government cash-flow constraints affected the project implementation. As a result, projects could not be finished on planned time. The delay in payment of certificates due to Contractors, as a result of the current Government cash flow situation, has affected the completion of works by Contractors.

- Another major problem at LUSIP caused by lack of funds in Government was the delay in the construction of communal washing bays and cattle drinking troughs along the canal. The impact is that both the in-field and secondary infrastructure is damaged by community members who continue to use the canals to meet their daily water requirements.

- The escalation of costs for on-site contractors was also another challenge. Contractors were charging interest on late payments and down time.

- 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.

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

Financial Situation

- SWADE realised a deficit of E626, 061 on recurrent expenditure.

- SWADE depends on Government subvention to carry out its daily operations and Government managed to release the fourth quarter subvention of over E2m which brings the total funds released for recurrent expenditure to E8.05m. The total budget allocation for the financial year 2011-12 was E8.68 which means a balance of E629, 793 is still outstanding.

- The approved recurrent expenditure budget of E8.68 was not enough to cover SWADE's operations. Finances required to cover the company's operations totalled E10.7m. Actual Recurrent expenditure amounted to E10.71m resulting in a deficit of E2.66m which has been funded using funds allocated capital projects. This means that some of the planned capital activities could not be implemented.

- Invoices totalling E15.46m for the Komati Downstream Development Project and E44.84m for the Lower Usuthu Smallholder Irrigation Project were submitted to Government for payment but as at 31 March, 2012 these funds had not been transferred to the SWADE Bank accounts. The funds were released on the government system but the actual payment into the SWADE accounts did not occur.

- The cash-flow challenges continued as capital funds had to be used to finance recurrent expenditure. However, it is worth noting that despite the difficult year, SWADE operations did not stop.

Outlook

- The SWADE Board approved the Memorandum of Understanding between SWADE and Ngwane Mills to facilitate having a reliable market for maize and beans production in the project area. This will be signed in the next quarter as SWADE intensifies its diversification program in its project areas to meet food security needs of the country and to diversify from sugar cane.

- Tenders for the construction of the Ngcamphalala potable water supply scheme have been submitted and currently undergoing evaluations. The construction is expected to begin in the second quarter of 2012, following Board approval. The scheme will cover 1,150 homesteads taking the tally of homesteads with clean drinking water to 2010 homesteads.

Financial Statements

	2012	2011	2011	2011
Income Statement	**March 31**	**Dec 31**	**Sept 30**	**June 30**
Income and Subvention	2,024,896	403,180	2,433,646	3,278,594
Expenditure	2,650,957	2,403,608	2,404,602	3,250,872
Operating Income	**-626,061**	**2,000,428**	**29,044**	**27,722**
Balance Sheet				
Fixed Assets	5,294,903	5,625,835	5,625,835	6,523,405
Capital Projects expenditure	99,307,177	85,908,438	54,495,886	11,957,400
Current Assets	13,571,085	18,024,920	30,246,966	37,601,565
Current Liabilities	11,719,963	15,117,386	15,117,386	14,383,133
Net Current Assets/Liabilities	1,851,122	2,907,534	15,129,580	23,218,432
Total Employment of Capital	**106,453,202**	**94,441,807**	**75,251,301**	**41,699,237**
Share Capital	2	2	2	2
Government Grant	87,109,182	75,088,140	63,076,099	29,525,357
EU Grant	-	-	-	-
IFAD Grant	12,006,688	12,006,688	4,821,670	4,821,670
BADEA Grant	-	-	-	-
EIB Grant	-	-	-	-
ADB	-	-	-	-

DBSA Grant	-	-	-	-
Retained Income	7,337,330	7,346,977	7,353,530	7,352,208
ICDF Grant		-	-	-
Total Capital Employed	**106,453,200**	**94,441,805**	**75,251,299**	**41,699,235**

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, funding to finish off all the remaining schemes to ensure that the poverty alleviation mandate of people of having access to clean water and sanitation will not be fulfilled. In the interim, the enterprise is faced with cashflow challenges especially as capital funds had to be used to finance 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. SWADE should also table a proposal to the Government of Swaziland for counterpart funding.

SWAZILAND RAILWAYS (SR)

Parent Ministry: Ministry of Public Works & Transport

SR reported as follows for the quarter,

Operational Review

- A total of 1.16m tonnes of cargo was transported in the 4th quarter ended 31st March 2012. Performance was below budget by (267,003) tonnes or **-**19%**.** Revenue earned amounted to E28.20m against a budget of E33.25m, (E5.04**)**m below or by -15.18**%**.

- 29,683 tonnes were transported compared to a budget of figure of 48,050 tonnes which is below budget by (18, 367) tonnes or -38%. Revenue earned amounted to E3.33m compared to budgeted revenue of E4.81m, which is below budget by –E1.47m or -31**%.** This was attributed to by below budget performances of all the commodities during the quarter under review. The oil companies had allocated more cargo to road in recent months. Discussions between SR's marketing team and the oil companies were held during the quarter to ascertain the reasons for the latter's change in allegiance to road. Preliminary finding are that most are still pro rail but the main issue was the challenges at the refineries in Durban in terms of major repairs and other logistics dynamics. Cement on the other hand was affected by the stagnation or complete stoppage of the big construction projects funded by the Government. Railway wagons were faulty resulting in the product blocking on discharge thus causing unnecessary delays and hire charges to the client.

- 63,001 tonnes of exports were transported this quarter compared to a budget of 61,700 tonnes, above budget by 1,301 tonnes or 2%**.** Revenue earned reached E1.81m when compared to a budget figure of E1.21m, up by E599, 000 or 49%**.** The positive performance was as a result of the new Salgaocar Iron Ore traffic from Mpaka to Maputo in Mozambique. 48,210 tonnes of Iron Ore were moved during March 2012 and E740, 000 as revenue was realised.

- Included in the imports/exports traffic was the ICD revenue which amounted to E898, 668 compared to a budget estimate of E1,19m down by E294, 983 or -24.7%.

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

- 1,068,637 tonnes of transit traffic were transported this quarter compared to 1,318,574 budgeted tonnages, down by -249,937 tonnes or -19%. Revenue earned amounted to E23.05m against a budgeted amount of E27.22m, below budget by (E4.16)m or **-**15%**.** All commodities underperformed against the budget.

- There were no major train accidents this quarter as a result train service was not disrupted. Vigilance on the management of fatigue continued to yield positive results in preventing accidents. Maintenance of the rail track was jacked-up to ensure smooth flow of the traffic.

- ***On Board Computer (OBC)*** – The OBC train monitoring system project has not achieved any milestones this quarter. Transnet, the drivers of the project, was quiet about it. The cost to date is still E848, 254 as reported last quarter. A budget of E1, 95m will be set aside for 2012/2013 to continue with the project.

- ***Bridge repairs -*** SR started a replacement program of the steel materials from its bridges with concrete ones. It is the same problem faced by national road bridges were thieves remove the guide rails over these bridges and sell them to scrap dealers. The cost to date was E295, 000.

- ***Spur Line at Illovo Sugar Mill -*** A consultant was appointed to undertake the feasibility study during the quarter under review. The plan is to have a rail connection between the sugar cane fields and the mill.

- ***Rail connection between Swaziland and Lothair in the west -*** a media launch for the western link connection was carried out in Johannesburg on the 12th January 2012 by The Minister of Public Works and Transport for Swaziland, Mr Michael Ntuthuko Dlamini and the Minister of Public Enterprises in the Republic of South Africa, Mr Gigaba. The two ministers also toured the possible route between the two countries using a helicopter.

- The fillings of positions of Quality Assurance/Risk Manager, ICT Manager and Finance Manager have been concluded. The first two have started working and the Finance Manager starts work on the 2nd Many 2012.

- The positions of Accounts Officer (Payables/Creditors) in the Finance Department and Commercial Clerk in the Operating & Marketing have also been filled.

- Employees are well accommodated in all the SR stations. The sale of some none core assets, residential property in Mbabane has progressed very well. The employees staying in flats have accepted the SR offer to purchase them and some have started paying foe them. This sale is phase two in Mbabane.

- The economic difficulty in the country is impacting negatively 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. Arrears for the period stood at E349 593-60.

- The number of vacant houses stood at 53 units. This figure represents less than 10% of the houses set aside for leasing out to tenants.

- Negotiations for 2012/13 have not commenced. The union has however given management their demand of 8% to 12% cost of living adjustment. The Public Enterprise Unit (PEU) has given zero percent increase for all public enterprises' personnel costs for the coming year.

Financial situation

- For the fourth quarter ended 31st March 2012 under review, Swaziland Railway recorded a deficit of -E7.97m compared to a budgeted surplus of E378, 000 or -2,210**%** less than budget. The negative performance was attributed to all the commodities underperforming against the budget.

- Expenditure for the quarter at E38.30m and E40.75m last quarter was above budget of E35.91m by E2.39m or 6.7**%**. 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 2.21% last year. That is E3.90m/E259.44m compared to E5.70m/E257.88m last year. Cash resources were adequate to cover both operational and capital expenditures.

Outlook

- 1,277,471 tonnes of cargo is expected to be railed in the 1st quarter ending 30th June 2012 and expected to yield E31.72m in revenue. The new fleet of class 43 locomotives is expected to be more reliable with less frequent failures.

- The financial crisis the Swaziland Government is going through will affect Swaziland Railway because it will lower consumer spending and causes reduction in imported goods that would be brought in by rail. The construction industry will also be affected as Government cuts down on capital projects spending. SR will suffer due to reduced importation of cement which is brought in by rail. Also, SRA will squeeze commercial activity as they enforce compliance by the importers, the major aspect being the payment of bonds to secure the release of goods. The mention of de-linking the Lilangeni from the Rand has already caused panic to local investors who have shipped their money to South African Banks for fear of the unknown, but could not wait for disaster to strike.

Financial Statements

	2012	2011	2011	2011
Income Statement	**March 31**	**Dec 31**	**Sept. 30**	**June 30**
Turnover	30,331,000	36,491,000	36,219,000	39,854,000
Expenditure	38,307,000	40,755,000	27,286,000	34,986,000
Profit/Loss	**-7,976,000**	**-4,264,000**	**8,933,000**	**4,868,000**
Balance Sheet				
Fixed Assets	252,460,000	253,353,000	253,979,000	257,250,000
Investments	11,736,000	11,736,000	11,736,000	11,736,000
Current Assets	46,042,000	63,909,000	62,993,000	60,328,000
Current Liabilities	46,894,000	57,679,000	56,730,000	65,388,000
Net Current Assets	-852,000	6,230,000	6,263,000	-5,060,000
Employment of Capital	**263,344,000**	**271,319,000**	**271,978,000**	**263,926,000**
Equity	61,049,000	61,049,000	61,049,000	61,049,000
Reserves	133,100,000	133,100,000	133,100,000	133,100,000

Retained Earnings	65,292,000	73,267,000	77,532,000	68,599,000
Long term loans	3,903,000	3,903,000	297,000	1,178,000
Total Capital Employed	**263,344,000**	**271,319,000**	**271,978,000**	**263,926,000**

PEU Comments

The SR made a loss of –E7.97m this quarter compared to a profit of –E4.26m last quarter. There was a slight decrease in expenditure from E40.75m last quarter to E38.31m this quarter explained by SR as being mainly due to incentive allowances payments and the 13th Cheque in December 2011. The expenditure was E2728m in the September quarter. The current ratio was below unitary at 0.98:1 this quarter compared to 1.1:1 last quarter, indicating some marginal on liquidity problems because there were –E852, 000 net current assets. There has been a further decline in retained earnings from E73.26m to E65.29m this quarter, indicating that the SR is surviving on past earnings. 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 SR should continue with its vigilance on cost containment and accident prevention measures.

<u>SWAZILAND CIVIL AVIATION AUTHORITY (SWACAA)</u>
Parent Ministry: Ministry of Public Works and Transport

The SWACAA reported as follows for the quarter,

Operational review

- **Matsapha Airport Refurbishment -** The painting of the Airfield Pavement Markings is at a tendering stage and the contractor will commence work upon award of the tender.

- SWACAA is in the process to convert part of the maintenance workshop at Matsapha airport into an office park to house the Regulatory Office which is currently housed at office no 24 at Cooper Centre in Mbabane; this will yield savings in rental fees.

- Refurbishment of the Fire Station at Matsapha will also be carried out subject to availability of funds.

- **Aviation Security -** All the necessary national documents (NCASP, NQCP, NCASTP and NATFP) have been developed, approved and awaiting distribution to all stake holders.

- **Safety Oversight -** Certification and licensing of the industry is on-going and industry Surveillance plans are under development.

- **Information Technology -** The Coordination Systems Testing and Site Acceptance Completion Installation and Commission of systems at Sikhuphe are 90%. Training for Sikhuphe systems will commence once the contractor is back on site.

- **Partnerships -** A Bilateral Air Service Agreement was signed between Swaziland and the following countries: South Africa, Ethiopia, Zambia, Rwanda, and United Arab Emirates. Engaged Namibia, Tanzania, Uganda, and Botswana with a view to revive the existing BASA with those countries.

- **Transfer of former DCA assets to SWACAA -** SWACAA and Government signed an MOA for the transfer of all former DCA assets to SWACAA. A DEED of DONATION was signed on behalf of Government for the transfer of all the title deed land in and around the airport.

- **Transfer of all former DCA staff to SWACAA -** Government abolished all positions at former DCA and all staff at DCA were transferred to SWACAA with effect from 1st January 2012.

Financial Situation

- SWACAA made a loss of –E1.5m this quarter compared to a surplus of E1.12m last quarter. Revenue realised by SWACAA at Matsapha airport amounted to E613, 155 made up of E360, 302 airport taxes, E163, 517 rent received and the rest being landing and permit fees.

- Overall expenditure was E10.09m last quarter and for the quarter was E14.3m and major expenditure incurred during the quarter were:

- Personnel costs – E9.8m was spent on wages and salaries including staff benefits. The significant increase was due to the additional staffs of 110 from former DCA who were taken on SWACAA payroll with effect from 1st January 2012.
- An amount of E0.2m was spent on Advertising and Promotion.
- Subscriptions – E0.5m was utilised for subscribing to the International Civil Aviation Organisation (ICAO) where Swaziland is a signatory along other 193 states. ICAO provides technical assistance to Swaziland so that the country can come out of the ICAO black listing.
- Training – E1.4m was utilised for training on core aviation disciplines. The training included the following courses, 8 people were trained in AVSEC supervisory and management course, 2 were trained in ICAO Universal Safety Oversight Audit Programme, and 10 people were trained in other core aviation courses.

- Repairs and maintenance - E0.2m was utilised for repairs and maintenance of the aerodrome infrastructure at Matsapha airport. The maintenance work included the passenger terminal, the VVIP terminal building, as well as rehabilitation of offices at Matsapha airport.

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 – to end 2012.

- 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	**March 31**	**Dec. 31**	**Sept. 30**	**June 30**
Income/Subvention	12,809,301	11,217,315	10,580,346	9,787,119
Expenditure	14,321,547	10,096,407	9,870,286	8,267,013
Operating Profit/Loss	**-1,512,245**	**1,120,908**	**710,060**	**1,520,106**
Balance Sheet				
Fixed Assets	20,647,530	17,038,604	13,272,176	11,122,616
Investments				0
Current Assets	3,011,860	-2,110,631	2,896,940	2,813,946
Current Liabilities	1,383,473	1,398,261	703,722	408,012
Net Current Assets	1,628,387	-712,370	2,193,218	2,405,934
Employment of Capital	**22,275,917**	**16,326,234**	**15,465,394**	**13,528,550**
Contributed Surplus	4,797,616	5,103,198	4,362,666	2,132,499
Retained Income	16,478,301	11,223,036	11,102,727	11,396,051
Capital Employed	**22,275,917**	**16,326,234**	**15,465,394**	**13,528,550**

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 loss of –E1.5m this quarter against a surplus of E1.1m in the last quarter. SWACCA has its own internally generated income of E620, 269 through airport taxes, landing fees and rentals, interest and other income. SWACAA received E12.18m as subvention during the quarter, fulfilling its annual allocation as was budgeted. It is noted that there was a current ratio of 2.17:1 and was 4.1:1 last quarter, indicating some worsening in liquidity in the quarter, however, still safe. It becomes quite apparent that when Sikhuphe International Airport begins to function with more regional and international airlines utilizing the airport, internally generated income will be much greater, as it will have bigger economies of scale through its operations.

SWAZILAND NATIONAL PROVIDENT FUND (SNPF

Parent Ministry: Ministry of Labour and Social Security

SNPF reported as follows for the quarter,

Operational Review

- The conversion of the Fund was progressing well and the date of completion will be by the 31st January 2013.

- The ILO legal drafting experts released the first draft of the National Security Pension Scheme legislation and in next quarter there will be a stakeholder workshop, wherein the stakeholders will have a chance to give input in the legal framework drafting.

- The Manzini Parkade was progressing very well though it was running two weeks behind the initial contractor schedule and the delays were caused by the rains at the beginning of the year. The contractor believed he would make up for the lost time. The contractor had claimed E23.6m which is 24% of total construction cost.

- Benefits paid to members amounted to E33.25m compared to E11.64m paid last quarter. The increase in benefit payout is because a number of our members reached the 50 years, which meant they were eligible to claim under age benefit.

- Contributions received from employers amounted to E32.89m compared to E32.48m last quarter. Penalties received during the quarter amounted to E102, 492 compared to E74, 362 last quarter.

- The Fund's total assets increased by 7% from E1.7b in June 2011 to E1.85b in this quarter. The increase was attributed to the favourable performance of our Fund's various investments inclusive of the Johannesburg Securities Exchange.

Financial Situation

- There was an operating surplus of E39.7m before member's interest of E24.8m compared to a surplus of E50.40m before members' interest of E24.54m last quarter.

- Total income was E53.3m compared to E66.8m last quarter. The budget for the quarter was E56.78m.

- Total expenditure amounted to E13.6m compared to E16.4m last quarter. This was against a budget of E16.74m.

- Net surplus was E14.9m compared to E25.9m of last quarter. The budget for the quarter was E12.2m.

Outlook

The Fund is still continuing the process of converting from Provident Fund to a Pension Scheme. Project on the pipeline is the Mbabane Parkade which will provide more parking spaces for Dlanubeka and House building.

Financial Statements

Income Statement	2012 Mar 31	2011 Dec 31	2011 Sept 30	2010 June 30
Income	53,252,055	66,811,999	19,375,075	20,878,591
Expenditure	13,570,646	16,415,030	14,183,168	13,170,975
Operating profit	**39,681,409**	**50,396,969**	**5,191,907**	**7,707,616**
Member's Interest	24,806,552	24,542,533	23,944,712	21,442,287
Net profit/Loss	**14,874,857**	**25,854,436**	**-18,752,805**	**-13,734,671**

Balance Sheet				
Fixed Assets	71,785,132	70,871,624	70,031,908	69,304,315
Investments Properties	300,610,100	292,335,023	279,217,607	266,713,351
Investments	1,470,695,381	1,427,744,028	1,370,974,753	1,340,376,521
Loans and advances	23,609,495	23,609,495	27,647,257	31,214,743
Current Assets	6,937,578	16,851,381	8,789,603	18,083,881
Current Liabilities	12,510,661	15,055,486	12,107,939	13,149,064
Net Current Assets	-5,573,083	1,795,895	-3,318,336	4,934,817
Total Employment of Capital	**1,861,127,025**	**1,816,356,065**	**1,744,553,189**	**1,712,543,747**
Non-Distributable Reserve	44,598,600	44,598,600	44,598,600	44,598,600
Contributed & members' int.	1,681,211,989	1,646,080,309	1,599,395,098	1,519,427,146
Reserves	10,393,589	10,523,636	10,544,853	10,404,617
Accumulated Surplus/Deficit	124,922,847	115,153,519	90,014,638	138,113,384
Total Capital Employed	**1,861,127,025**	**1,816,356,065**	**1,744,553,189**	**1,712,543,747**

PEU Comments

SNPF made a surplus of E14.9m after payment of the members' interest compared to a surplus of E25.9m last quarter. The increase in surplus was a result of a decrease in total income for the quarter. The Fund continues to comply with the Register 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

- There was an E11.29m profit. Despite the economic challenges that have prevailed in Swaziland, the Bank's performance has not deteriorated. The profit has increased by E924, 000 (8.9%) when compared to the previous quarter.

- Interest income amounted to E32.726m after decreasing by E194, 000 when compared to last quarter and had been impacted by delayed project disbursements of the project pipeline.

- Interest expense amounted to E12.53m. This was in line with prior quarter.

- Fees and commissions were E19.28m. These were mainly transactional and loan origination fees. The fees had been adversely impacted by the slow down in economic activity in the country. This had impacted on both the personal and business sectors.

- Investment income was E4.63m. That was income generated from surplus funds invested in various interest bearing instruments.

- Other income for the quarter was E915, 000 and was largely rental income and profit on disposal of assets.

- Staff costs amounted to E21.22m. The Bank continued with its head count rationalization exercise whilst ensuring that this does not impact on the Bank operations.

- Operational costs were E13.18m and were E144, 000 below prior quarter. The decrease was largely legal costs and other operational expenditure. Cost containment initiatives were on-going.

- The total balance sheet was E1.707 billion and it was E47.32m below the previous quarter mainly due to repayments made on the line of credit from IDC. The total was E8.506m above the same period last year. An E8.506m net growth had been realised despite the reduced business activity.

- Long term liabilities were E170.87m and have reduced by E8.29m during the quarter.

- Customer deposits had decreased by EE52.93m and this was due to normal customer transactions.

- Cash and short term funds were E398.33m. These had been invested in short and long-term investments instruments.

- Net loans and advances were E1.21m and had decreased by a net amount of E63.05m due to settlement of overdrafts.

Financial Statements

Income Statement	**2011 Mar 31**	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**
Interest Income	32,726,000	32,920,000	31,837,000	29,777,000
Interest Expenses	12,529,000	12,218,000	12,283,000	12,282,000
Net Interest Income	**20,196,000**	**20,702,000**	**19,554,000**	**17,495,000**
Provisions	**-**	**-**	**-**	**-**
Net Int. Income after Prov.	**20,196,000**	**17,702,000**	**19,554,000**	**17,495,000**
Non Interest Income	24,820,000	26,200,000	24,058,000	26,673,000
Operating Income	**45,016,000**	**46,902,000**	**43,613,000**	**44,168,000**
Operating costs	33,514,000	37,608,000	34,767,000	34,301,000
Operating Profit	**11,290,000**	**9,294,000**	**8,845,000**	**9,867,000**
Provisions write Back/CR		-	-	-
Recoveries	326,000	1,078	713,000	774,000
Share of Loss from Associate	-534,000			
Total Profit	**11,295,000**	**10,372,000**	**9,558,000**	**10,641,000**

Balance Sheet				
Liquid Assets	98,579,000	105,834,000	107,970,000	181,925
Loans & Advances	1,205,397,000	1,268,446,000	1,246,051,000	1,199,213,000
Other Current Assets/Debtors	4,645,000	7,130,000	7,829,000	13,366,000
Investments	299,747,000	276,353,000	290,643,000	256,540,000
Equity Shares Metropolitan	8,488,000	9,022,000	9,022,000	9,022,000
Fixed Assets	90,893,000	88,288,000	86,797,000	84,870,000
Total Employment of Capital	**1,707,748,000**	**1,755,072,000**	**1,748,312,000**	**1,744,935,000**
Share Capital	54,800,000	54,800,000	54,800,000	54,800,000
Accumulated Surplus/Deficit	138,542,000	139,293,000	139,295,000	137,792,000
Shareholder's Loan/Grant	135,000,000	135,000,000	135,000,000	135,000,000
Deposits	939,213,000	992,138,000	978,466,000	983,748,000
Long term Liabilities	170,869,000	179,167,000	191,667,000	200,000,000
Other Liabilities	171,117,000	167,936,000	172,718,000	165,285,000
Reserves	56,341,000	56,167,000	56,167,000	57,668,000
Profit & Loss for the year	41,866,000	30,571,000	20,199,000	10,641,000
Total Capital Employed	**1,707,748,000**	**1,755,072,000**	**1,748,312,000**	**1,744,935,000**

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

PEU Comments

The Bank was able to make a profit even during the difficult economic conditions prevailing in the country. SDSB profits last quarter to E1.205b this quarter. The total balance sheet for the Bank amounted to E1.71b compared to E1.76b the previous quarter. The Bank was able to attract E939m deposits this quarter compared to E992m 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 was still in the process of setting up a branch in Manzini to cope with the huge influx of clients who require general purpose loans. It is believed that the branch in Manzini will absorb some of the influx at the subsidiary. The company have secured some leased office space in Manzini where these operations will be located. However, the building is currently under construction and will be completed in the last quarter of 2012.

- A new product called Invoice Discounting has been introduced by the subsidiary company, First Finance Company. This product is designed to assist entrepreneurs who have cash flow challenges because of invoices yet to be settled by their debtors. First Finance then advances the client against the expected payment. It is anticipated that this product will gain popularity in the next quarter, and also alleviate the difficulties of delayed payments to SME's which can be largely attributed to subdued domestic economic performance.

- The company concluded its five year strategic plan that covers the period 2012 to 2017. The Strategic Plan was facilitated by Genetics Analytics from South Africa. The new strategic plan has already been communicated to all staff in order to give support to its implementation. The next stage would be to communicate same to all key strategic partners and stakeholders. The formulation of the new strategy was preceded by an extensive consultation with stakeholders, the Board of Directors, clients, staff and other business partners which gives the company full confidence that it is a full representative of the aspirations of all role players.

- Interneuron disbursed the last tranche of E27m to the subsidiary, First Finance Company from the loan facility of E100m. These funds were received in March 2012 and will be used to meet the demand currently experienced by the subsidiary for general purpose loans.

- FINCORP received E3.9m as a last tranche from the E75m loan facility from African Development Bank (ADB) through the Government of Swaziland.

- Two staff members resigned the previous quarter and were replaced during this quarter. One other officer was also recruited to fill the vacancy that was created when structural changes necessitated that an officer be promoted in the agriculture department.

Financial Situation

- Interest on loans was E15.04m compared to E13.46m realised the previous quarter. Budget for the quarter was E14.25m, resulting in a favourable variance of 6%.
- Fees, charges and other non-interest income amounted to E8.13m against a budget of E4.51m resulting in a positive variance of 80%.

- Total interest on borrowings amounted to E9.45m compared to E5.30m the previous quarter. Budget for the quarter was E5.43m, resulting in an adverse variance of 74%.

- In consideration of the existing adverse economic conditions in the country, a provision of E11.91m was made compared to a budget of E2.54m.

- Salaries and wages amounted to E5.86m compared to E5.00m the previous quarter. Budget for the quarter was E4.55m, resulting in an unfavourable variance of 29%. This was attributable to the recruitment of some new staff members for the parent company, FINCORP, and the subsidiary company, First Finance. This was in response to the increased operational requirements and also in replacement of some staff members who resigned during the previous quarter.

- Other operating expenses amounted to E19.20m compared to E5.73m the previous quarter. Budget for the quarter was E3.89m, therefore resulting in an adverse variance of 393%. This was mainly attributable to the advertising, Audit fees, board fees, bad debts written-off, printing and stationery as well as professional fees. Audit fees, bank charges, board fees and allowances, printing and stationary have increased in line with the increased transactions relating to loan disbursements.

Outlook

- Since the approval of the Government Guarantee for the USD $10 million loan facility from the International Cooperation and Development (ICDF) of Taiwan, FINCORP expect the signing of all the relevant paperwork to be finalised during the next quarter for ICDF to release the first disbursement of funds.

- FINCORP anxiously awaits the outcome of the shareholding proposal for Interneuron Swaziland at First Finance as this will go a long way in improving the liquidity base of the organisation and outreach thereof.

- PricewaterhouseCoopers will conclude the Annual Statutory Audit for the year ending 31 March 2012.

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

Financial Statements

	2012	**2011**	**2011**	**2011**
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income	23,169,174	20,650,206	19,801,304	20,168,024
Expenditure	34,672,824	16,403,579	13,324,143	13,159,090
Operating Income	-11,503,650	4,246,627	6,477,161	7,008,934
Prov. for bad debts/Finance ch	11,909,412	3,375,079	3,299,051	3,817,162
Net Income	**405,762**	**871,548**	**3,178,110**	**3,191,772**
Balance Sheet				
Fixed Assets	11,974,020	7,110,356	6,658,171	6,832,023
Investments	1,522,500	1,522,500	1,522,500	1,522,500
Current Assets	527,919,072	505,363,600	442,113,414	441,755,715
Current Liabilities	50,457,963	59,543,209	57,400,278	68,316,597
Net Current Assets	477,461,109	445,820,391	384,713,136	373,439,118
Employment of Capital	**490,957,629**	**454,453,247**	**392,893,807**	**381,793,641**
Distributable Reserves	38,509,770	34,005,745	40,375,625	36,475,460
Non-Distributable Reserve	141,055,216	148,612,370	141,055,216	141,055,216
Long Term Loan	311,392,642	271,835,134	211,462,965	204,262,965
Total Capital Employed	**490,957,628**	**454,453,249**	**392,893,806**	**381,793,641**

Key Financial indicators:

Ratio description	Q4	Q3	Q 2	Q 1
ROCE (EBIT/Capital Employed)	0.001	0.002	0.01	0.01
Return on Total Assets (EBIT/Total Assets)	0.001	0.002	0.01	0.01
Debt/Equity Ratio (long-term loans/ Equity)	63.5%	59.8%	53.8%	54%
Current ratio (current assets/ Current Liabilities)	10.5:1	8.5:1	7.7:1	6.5:1
Provisions	11,909,412	3,375,079	E3,299,051	E3,817,162

PEU Comments

A decrease of 53% was noted in the net profit for the organisation when compared to the previous quarter. Expenses increased by 111% when compared to the previous quarter. This was mainly due to the increase in interest expenses caused by the new funding received from Interneuron and African Development Bank. Increase in general overheads was also noted. This was mainly attributable to advertising, Audit fees, bank charges, board fees and allowances, bad debts written off, printing and stationery as well as professional fees. The increase was in line with the increased transactions relating to loan disbursements.

It is commendable that FINCORP concluded its five years strategic plan which is a road map that will give a picture of what the organisation wants to do, for who and how they are planning to improve their services.

First Finance received the last tranche of E27m from interneuron and FINCORP also received the last tranche of E3.9m from African Development Bank (ADB) 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 63.5% compared to 59.8% 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's liquidity position continued to improve when compared to the previous quarter. The current ratio increased to 10.5 this period from 8.5 the previous quarter. This was mainly due to an increase in current assets as well as a decrease in current liabilities for the Cooperation.

SINCEPHETELO MOTOR VEHICLE ACCIDENT FUND (SMVA)

Parent Ministry: Ministry of Finance

SMVA Fund reported as follows for the quarter,

Operational Review

- The SMVA Fund continues to lead the Road Safety awareness campaign within the Road Safety Stakeholders alliance and has facilitated another Rally in Manzini just before the Easter holidays. The Fund also continues to participate fully in educational campaigns such as public driver's workshop and others which are programmed to take place throughout the year.

- The Stakeholder's Alliance has already identified a consultant who will assist in drawing up the National Road Safety Policy. This consultant is currently being engaged with a view of further consultation on the Policy.

- The Amendment Bill has already commenced effective from the 23rd of December, 2011. Extensive public education on the Bill is already taking place through the media and will be followed by targeted presentations to selected groups/forums such as the police, doctors, Tinkhundla centres, etc.

- SMVA Fund is in the process of drawing up the regulations in preparation for presentation by the Minister of Finance to Parliament.

- SMVA Fund is setting up a satellite office in Manzini which will mainly be for correspondence purposes. The Fund is of the view that this will provide much needed easy access to services to large parts of the country. SMVA Fund will closely monitor the use of this office and possibly widen the service if the need arises, resources permitting.

Financial Situation

- The Fund experienced an operating surplus amounting to E4.14m (December 2011: E1.64m). Surplus (after investment income) amounted to E8.69m.

- Total revenue, which includes fuel levy, interest on investments, and rent receivable, decreased by 17.6% from E22.05m to E18.17m. MVA fuel levy revenue decreased by 11.5% from E18.42m to E16.29m.

- Claim expenses amounted to E3.18m compared with E11.02m in the previous quarter, a decrease of 71.1% attributable to less claims settled. The number of claims settled decreased from 109 to 52, a 52.2% decrease.

- Operating expenses decreased from E6.65m to E4.39m which is a 34.6% decrease resulting from the fact that the figure for the previous quarter includes a reinsurance premium of E2.44m which is payable at the beginning of each half of the year.

Financial Statements

Income Statement	2012 March 31	2011 Dec 31	2011 Sept 30	2011 June 30
Income (Fuel Levy)	16,292,306	18,414,849	18,548,910	17,564,563
Other operating income	389,043	1,280,769	177,361	213,770
Fair value gains/(losses)	1,484,588	2,353,807	75,956	(338,624)
Expenditure	14,028,550	20,410,435	56,999,010	12,538,711
Investment Income - net	4,553,826	4,218,347	4,261,946	4,020,115
Net Profit/ Loss	**8,691,213**	**5,857,337**	**-33,934,837**	**8,921,113**
Balance Sheet				
Fixed Assets	9,975,555	10,098,991	10,058,913	10,185,976
Investments	46,349,895	45,839,525	35,839,525	35,839,540
Current Assets	415,372,497	401,771,792	398,255,555	383,836,949
Current Liabilities	284,457,322	279,160,896	271,461,918	223,229,393
Net Current Assets	130,915,175	122,610,896	126,793,637	160,607,556
Employment of Capital	**187,240,625**	**178,549,412**	**172,692,075**	**206,633,072**
Accumulated (Deficit)Surplus	187,240,625	178,549,412	172,692,075	206,633,072
Total Capital Employed	**187,240,625**	**178,549,412**	**172,692,075**	**206,633,072**

PEU Comments

The accumulated surplus of the SMVA Fund increased by 4.7%, from E178.54m in the previous quarter to E187.24m in the current quarter. On the other hand, current liabilities increased by 1.9% compared to an increase of 2.84% in the previous quarter meaning that the current liabilities of the Fund are on an upward trend from one quarter to the other. The increase in current liabilities is mainly attributable to an increase in outstanding claims from E166.440m in the previous quarter to E172.868m. As stated in the previous quarter, the outstanding claims figure needs to be reduced significantly in order to reduce the liabilities of the SMVA Fund. The outstanding claims need to be paid out as some go as far back as 1994.

Registered claims (reported cases) increased by 19.6% from 168 to 201 while the Fund settled 52% less claims compared to the previous quarter.

SWAZILAND REVENUE AUTHORITY (SRA)

Parent Ministry: Ministry of Finance

The SRA reported as follows for the quarter,

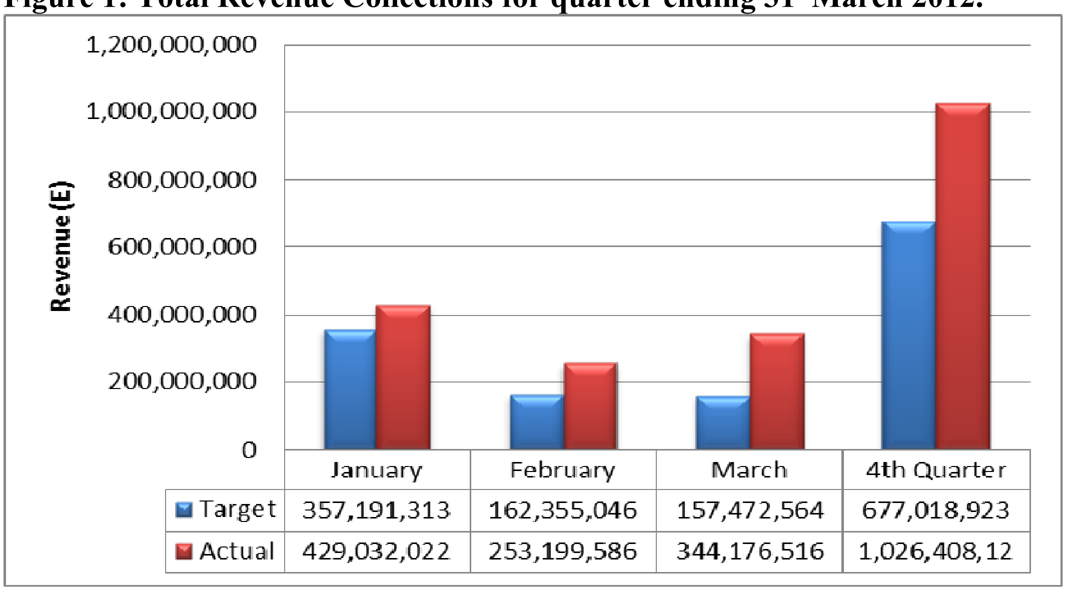
Operational review

- Total grant income received from the 1st quarter to end of the 4th quarter, which marks the end of the financial year was E167.18m, against an appropriation of E290m. This amount excludes E2.45m in respect of the vehicles that were taken over from government and excludes assets from the defunct government departments currently used by the SRA.

- For the 4th quarter, grant income of E45m was received from government compared to E54m received in 3rd quarter. Total under funding to the tune of E123m (excluding vehicles and other assets taken over from government) was reported at the end of the financial.

- The 4th quarter of FY2011/12 reflected a solid and positive performance by the SRA. Amendments to the Sales Tax Act (1983) that came into effect in December 2011 yielded positive changes to revenue collections. The amendments sought to broaden the tax base by bringing into the tax net goods and services (including mobile telephone services) that were not on the taxable schedule of the Act. Revenue performance continued its surging trend, outperforming the revised target, as did the 3rd quarter performance. The 3rd quarter performance was reported at 12.35% above target collection while the 4th quarter period reflects an over performance of about 52%.

Figure 1: Total Revenue Collections for quarter ending 31st March 2012.



Source: SRA Revenue Collection Reports.

- Figure 1 above reflects the 4th quarter revenue collections. The quarter started out with a modest collection of 20% above target in January 2012, rising to 56% over performance in February 2012 and closed with a firm 116% above target performance. Given the quarter revenue target of E677m, the SRA collected about E1.03 billion. A significant portion of the above target revenue can be attributed to provisional tax remittances by companies and amendments to the Sales Tax Act. To some extent, another contributory factor is individual tax payments (PAYE) through end of year bonus payments by employers.

- The Strategic plan was finalised in the quarter under review after review and endorsement by the Governing Board. The Board had recommended highlighting the organization's major risks and ranking them according to their significance. Five major risks were identified and ranked according to their significance to the SRA business as follows: ***inadequate funding; inability to attract and retain competent human capital; declining taxpayer base; lack of disaster recovery plan; and ineffective operational systems and processes***.

- **VAT Implementation and Registration** - The major activity in the organization has been the implementation of VAT, especially in the 4th quarter where visible efforts intensified. The introduction of VAT was preceded by a number of preparatory activities which included amongst others the enactment of the VAT legislation and regulations (which was done between October 2011 and March 2012); a series of public education campaigns on VAT; recruitment and training of staff; development of standard operating procedures; and finalization of forms and standard letters to be used in the implementation of VAT. The VAT Regulations were re-submitted to the Ministry of Finance in February 2012 after comments from stakeholders and a meeting to clarify issues was convened. The regulations were passed by Cabinet on 7th March 2012 and tabled in Parliament on 8th March 2012. This allowed the VAT Act to come into effect on 1st April 2012.

- General VAT awareness workshops were conducted for different sectors in the different regions in partnership with FSE&CC, FESBC, SIA, the financial sector and others. Three (3) technical workshops were conducted for taxpayers that had registered for VAT by mid-March and over 1,600 participants attended. One thousand six hundred and twenty (1,620) taxpayers had been registered, one hundred and eighteen (118) had applied but were pending submission of critical information and one hundred and ninety (190) had applied for voluntary registration. The number of registered taxpayers stood at one thousand nine hundred and twenty eight (1,928) as at 31st March 2012. More workshops are scheduled as more taxpayers continue to register and as VAT is implemented financial year 2012/13.

- **Integrated Finance Management System -** In an effort to ensure simplified and efficient management of financial resources, the SRA has started the implementation of an Integrated Financial Management System (IFMS) based on ACCPAC and ACCTECH software systems. ACCTECH is the company that provides both the ACCPAC core financial modules and the other workflow and asset management modules**.**

- The project has been divided into three (3) phases. Phase one (1) has been completed and this was mainly the ACCPAC core modules which are mainly finance related. The modules include General Ledger (GL), Accounts Payable, Cashbook, Purchase Orders and Requisitions and Inventory Control. Phase two (2) is intended to benefit the whole organization and one of the modules is e-Workflow which is used to place purchase requisitions online instead of manual documents. Phase three (3) has not commenced and the modules to be implemented in this phase include General Ledger Consolidations, Integration with IRAS, e-Workflow Payments and Stock Control, Electronic Funds Transfer (EFT) and Bank Reconciliation Express.

- The ACCTECH Insight (Business Intelligence) facilitates rapid report creation by converting information already set up in ACCTECH accounting system or any other related application into a single data warehousing system. It helps employees in remote offices and different departments manage, distribute and collaborate on data from a single unified source. The reports are deployed over the web to key personnel throughout the organization or can be sent as a Microsoft Excel file that can be reviewed on demand. The planned go live date for this module is 8th May 2012.

- **International Agreements -** Negotiations to enter into a Tax Information Exchange Agreement (TIEA) took place successfully with the Isle of Man. TIEA's are agreements entered into by two countries, which they can use to exchange information on income tax and value added tax, and conclusion of same with various countries will help to facilitate information exchange, that will in turn facilitate successful audits.

- **Legislation -** The following draft legislations were prepared in the period under review:
  1. The Alcohol and Tobacco Levy Bill – whose purpose is to close the gap on revenue from alcohol and tobacco products following the repeal of the Sales Tax Act. This has been approved by Cabinet;
  2. The Graded Tax Repeal Bill – for the repeal of the Graded Tax Act;
  3. The Revenue Appeals Bill – to provide for the establishment of a Tribunal that will deal with appeals on matters arising from legislation administered by the Commissioner General. This has been submitted to the Ministry of Finance; and
  4. The Tax Advisory Committee Bill – this legislation will provide for the establishment of a body that will act in an advisory capacity to the Minister on tax related matters.

- **Court Cases -** Six (6) new cases were handled in the quarter, four (4) under the Customs Department, one (1) labour law and one (1) common law. Nine (9) cases in total were finalized as at 31stMarch 2012, while pending cases have increased from fifteen (15) cases to nineteen (19), including the new cases added in the quarter.

- Major public campaigns were centred around VAT awareness as the new tax was due for roll out on 1stApril 2012. A total of thirty two (32) engagements, focusing mainly on VAT, were conducted. Most of these were focusing on encouraging businesses who qualify for VAT registration. A total of thirteen (13) radio and eight (8) television talk shows were hosted by SBIS and STVA respectively. Thirty (30) television slots were utilised this quarter, which featured as part of the VAT count-down campaign. The SRA website was also updated in the last quarter with updates on VAT information. The facelift of the website is underway and will be launched by end of April 2012.Other public awareness campaigns were undertaken through mounting billboards and producing banners for public accessibility.

- Staff recruitment totalled eleven (11) in the quarter under review, mainly to cater for VAT implementation. A number of staff dismissals were carried out after disciplinary hearings were conducted, which totalled nine (9) from the different departments. As at the end of the quarter, the SRA staff compliment stood at five hundred and sixty (560).

- A total of twenty eight (28) training activities were conducted in the fourth quarter, run within the various departments of the SRA and externally. Intensive training activities were mainly around the VAT awareness and implementation exercises, which not only focused on SRA staff, but also on stakeholders on the whole VAT concept.

- Estates and Administration - A contractor for refurbishment works in Siteki, Pigg's Peak and Manzini offices was appointed and actual work was expected to commence on 16th April 2012. The work is expected to be completed by the 19th July 2012.Office space for Mbabane Regional Office has been secured at Corporate Place, Swazi Plaza Mbabane and will be available for occupation 1st January 2013.

- The engagement of a professional cash security company to transport cash for banking for the bigger commercial borders is near completion and currently at the stage where selected vendors have to make formal presentations before the Management Tender Committee selects the winning vendor.

- Phase two (2) of the Document Management System (DMS) process has commenced. The project consultant from bWise Africa was on site doing consultations with different departments on their various business processes and identifying their needs for data management. The project is a multi-million exercise funded by the United Nations Development Programme (UNDP)and the Republic of China (Taiwan) and is aimed at improving document management in the SRA. It is estimated that the full implementation of the DMS solution at SRA could be achieved over a twelve month period. In total the project entails five (5) phases which will be rolled out consecutively.

Financial Situation

- The SRA had a net loss of E2.5m compared to a profit of E13.6m in the last quarter mainly due to the fact that Government could not provide all the funding/subvention that had been originally allocated, thus causing a shortfall due to financial crisis engulfing the country.

- Total grant income received from the 1st quarter to end of the 4th quarter, which marks the end of the financial year was E167.18m, against an appropriation of E290m. This amount excludes E2.45m in respect of the vehicles that were taken over from government and excludes assets from the defunct government departments currently used by the SRA.

- For the 4th quarter, grant income of E45m was received from government compared to E54m received in 3rd quarter. Total under funding to the tune of E123m (excluding vehicles and other assets taken over from government) was reported at the end of the financial.

- Operational expenditure for the quarter totalled E48m which was E11.3m below the approved budget allocation of E59.2m and 18% above expenditure for the 3rd quarter of the financial year.

- Key expenditure items for the period were staff costs (including pension and gratuity) at E37.2m (79% of total costs), building costs at E3.9m accounting for 8% of total costs and professional fees (E1.8m) at 3.8% of total costs.

Outlook

- Challenges on cash flow continued in the quarter under review as the government subvention was not kept in line with the budget and transfers did not follow the Memorandum of agreement signed with the Ministry of Finance. Of the annual approved budget of E290 million, government only transferred E167 million. This led to delays in undertaking some of the critical capital projects. Also as can be seen from the balance sheet, the accounts payable has shot up to E12 million as compared to the E8 million reported in the previous quarter. However, the forecast was prepared on the assumption that government will be advancing E30 million per month in the first quarter. It is expected that from the 2nd quarter going forward, government subvention will be quarterly, in line with the MoA, to allow for proper planning and completion of the capital projects which are already behind schedule.

Financial Statements

Income Statement	**2012 March 31**	**2011 Dec. 31**	**2011 Sept. 30**	**2011 June 30**
Income	368,374	393,295	466,430	387,348
Other	13,900	27,400	0	12,657
Expenditure	47,968,151	40,771,303	42,727,993	40,073,966
Operating Profit/Loss Before Subvention	**-47,585,877**	**-40,350,608**	**-42,261,563**	**-39,673,961**
Subvention	45,000,000	54,000,000	68,200,000	46,182,000
Operating Profit/Loss	**-2,585,877**	**13,649,392**	**25,938,437**	**6,508,039**
Balance Sheet				
Fixed Assets	20,924,392	10,049,035	7,960,718	5,944,025
Investments				
Current Assets	30,382,134	36,186,152	18,957,104	45,515,487
Current Liabilities	12,038,085	8,180,053	6,066,446	3,744,965
Net Current Assets	18,344,049	28,006,099	12,890,658	41,770,522
Employment of Capital	**39,268,441**	**38,055,134**	**20,851,376**	**47,714,547**
Contributed Surplus/Subv'n.	246,633,650	201,633,650	147,633,650	123,182,000
Long Term Liabilities	7,254,363	3,865,357	0	9,053,259
Retained Income	-214,619,572	-167,443,873	-126,782,274	-84,519,712
Capital Employed	**39,268,441**	**38,055,134**	**20,851,376**	**47,714,547**

PEU Comments

The SRA had an operational deficit of –E2.5m this quarter compared to E13.64m last quarter. The SRA received E54.0m as subvention leaving a balance of E123.0m, 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 2.5:1 for the quarter under review and was 4.4:1 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 E1.02 Billion compared to the target of E667.01m.

The next quarter will see an even better performance taking into consideration the introduction of the VAT coupled with the other measures the SRA has put in place. It is heartening that training of staff is being taken seriously at this early stage of its operations, which augurs well for the future performance of the organization,

In the current quarter E31.4 million was spent on staff costs (excluding gratuity and pension). This is E4.9m higher than the previous quarter mainly due to a special award payment that was made in March 2012.

Gratuity and Pension – In the current quarter E5.8m was spent. This is 5% above the budget for the quarter, mainly due to some minor adjustments done in this line item to correct prior month provisions.

SEB reported as follows for the quarter,

Operational Review

- Generation costs stood at E11.6m compared to E5.8m the previous quarter resulting in an increase by E5.8m. This increase came from an insurance adjustment relating to an annual cover for generation assets which had been misclassified under administration costs, hence a re-allocation was effected during the quarter under review. Year to date costs amounted to E30.2m against a budget of E32.1m resulting in a positive variance of E1.9m.

- Power procurement costs amounted to E114.3m compared to E102.7m last quarter. The last quarter of the year 2011/2012 was characterized by an increased demand for electricity by USL and RSSC after temporarily suspending their own generation due to their scheduled maintenance.

- Total transmission costs increased to E22.2m from E20m recorded in the previous quarter due to additional high maintenance costs incurred during the last quarter. Measures are being put in place to manage costs going forward.

- Distribution costs increased to E46.8m from E43.7m the previous quarter. The increase was due to high maintenance costs incurred during the period under review. Year to date costs amounted to E164.3m against a budget of E158.7m, resulting in an unfavourable variance of E5.6m. The high maintenance costs were characterized by a high rate of transformer failure, overtime costs and high transport repair costs incurred whilst making sure that power was made available to SEC customers.

- Net Fixed Assets increased from E1.183b to E1.229b due to completion of major projects like substations, rural electrification , Manzini Regional building , other normal capital projects and costs attributable to major work in progress such as the SCADA project.

- The company's investment in MOTRACO had a value of E160m compared to E151.5m last quarter making an increase of E8.5m, being an adjustment in the share of profit due to SEC for the three months from October to December 2011.

- Intangible Asset – Ubombo Sugar Limited USL – This asset was stated at E142.5m as at December 2011, and was amortized down to E140m during the quarter.

- System Losses were stated at 16.10% compared to 14.78% last quarter. Year to date figures were stated at 15.47% as at the end of the last quarter (15.67% as at end of the third quarter). The annual target is 13.9%. Another project targeted to reduce technical losses had since been identified. This 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 targeted to take place in the next financial year.

- 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 department was currently replacing the old SCADA system with a new system which will include a distribution management system since the old SCADA had come of age. The project was being implemented in four phases. The first phase was successfully commissioned, mainly involving the replacement of the Old TG 800 system with the new Power on the System. The two control centres i.e. the Distribution Control Centre and the National Centre are currently running on the new systems. The department was currently working on the second phase of the project which will mainly cover the outrage management module. The implementation of the new SCADA system would come with a number advantages compared to the old system since it would also cover the distribution network as well.

- 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 and details of the progress of these projects are as follows.

- Mayiwane Substation – The construction of the station is 100% complete and it was commissioned on the 13th December 2011. All outstanding issues pertinent to the ultimate completion of the project were rectified by the contractor during the quarter under review. The project is one of the major projects whose objective is to strengthen the power supply in the Northern Hhohho region, hence improving the reliability and stability of supply in that region. Its benefits would largely accrue to the existing customers who will enjoy a more reliable supply.

- 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 were initially projected at E20m. The building was at the finishing stage, with only paint works outstanding.

Financial Situation

- Net profit was E41.3m compared to E35.7m last quarter.

- Sales revenue amounted to E248m compared to E231.5m last quarter. The E16.5m increase was a result of increase in demand for electricity by Ubombo Sugar and RSSC following their suspension of their own generation for three months beginning January, hence depending on SEC for their energy requirements.

- Administration costs amounted to E27.5m compared to E25.7m last quarter. The increase was due to a provision for bonus made during the quarter under review. The year to date costs amounted to E111.9m against a budget of E125.6m, resulting in a positive variance of E13.7m

- Total cash at bank and on deposit stood at E119.4m compared to E122.7m last quarter. This amount includes a total of E43.86m (E40.6m previous quarter) 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 in respect of provisional tax; and other numerous creditors' payments made on a monthly basis.

- Inventories decreased slightly to E59.9m compared to E60m. The decrease in stock holding was a result of improved stock management controls.

- Electricity debtors stood at E164.2m compared to E195.8m last quarter. The decrease is attributable to increased collections from major industrial debtors, particularly during the last month of the financial year.

- The company's short term liabilities stood at E183m compared to E207m last quarter. The significant decrease is due to a massive payment of E32m paid to Swaziland Revenue Authority in respect of provisional tax, as well as the timely payment of creditors which remain a priority to SEC, to maintain healthy business relationships.

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

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Sales revenue	248,139,058	231,544,149	252,252,478	242,328,755
Other Income	18,642,247	19,553,650	21,220,661	16,323,419
Total Trading Income	**266,781,305**	**251,097,799**	**273,473,139**	**258,652,174**
Power Purchases	114,357,300	102,748,749	141,107,741	105,445,917
Generation Costs	11,607,273	5,778,181	7,533,793	5,294,725
Transmission Costs	22,183,890	20,768,451	23,344,422	20,010,787
Tot'l PP+GC+TC	148,148,463	129,295,381	171,985,956	130,751,429
Gross Profit	118,632,842	121,802,418	101,487,183	127,900,745
Distribution Costs	46,820,899	43,730,952	34,700,697	39,097,812
Administration Expenses	27,557,871	25,737,746	30,737,555	25,895,984
Interest paid and payable	4,210,285	4,601,095	5,083,107	4,947,700
Foreign Exchange Losses	-1,612,535	-4,923,903	-3,077,877	-2,312,757
Share of Motraco Profits	8,598,636	1,847,504	23,055,483	
Income Tax	8,974,225	18,769,972	10,246,038	15,670,722
Net profit/Deficit	**41,280,733**	**35,734,060**	**46,853,147**	**44,601,285**
Balance Sheet				
Fixed Assets	1,229,945,357	1,183,423,856	1,135,792,988	1,105,216,122
Investment in Joint Venture	160,137,719	151,539,083	149,691,578	126,636,095
Derivative Financial Instrument	31,699,407	35,842,409	39,882,459	27,796,489
Probec Fund at bank		-	-	-
Other Assets	43,801,221	40,600,850	46,456,890	46,049,565
Intang asset– Ubombo PPA	140,000,000	142,500,000	145,000,000	150,000,000
Pension Retirement Asset	3,611,532	3,611,532	3,611,532	3,611,532
Current Assets	299,838,693	338,810,690	364,003,364	405,380,673
Current Liabilities	183,789,711	207,256,850	233,095,534	249,458,784
Net Current Assets	116,048,982	131,553,840	130,907,830	155,921,889
Employment of Capital	**1,725,244,218**	**1,689,071,570**	**1,651,343,277**	**1,615,231,693**
Government Investments				
Share Capital	433,493,841	433,493,841	433,493,841	433,493,841
Deferred Grant income	106,969,791	115,159,941	106,969,791	109,788,001
Other deferred income	43,801,221	40,600,850	46,456,890	46,049,565

Foreign Exchange reserve	5,317,015	5,317,015	5,317,015	5,317,015
Derivative Financial Instruments	5,282,591	5,399,783	5,738,659	4,485,279
Retained income	518,764,647	518,764,647	518,765,647	528,349,704
Current year's income	168,468,109	127,188,491	91,454,431	44,601,285
Embedded Derivative Liability	12,953,369	12,953,369	12,953,369	12,953,369
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	**1,725,244,218**	**1,689,071,570**	**1,651,343,277**	**1,615,231,693**

PEU Comments
SEC's profit for the quarter was E41.3m compared to E35.7m. The increase in the profits is attributed to the revenue earned from selling to Ubombo Sugar Limited and Royal Swaziland Sugar Association during times when their own electricity production was challenged thus depending on SEC for their energy. An accumulated annual amount of E974.2m was recorded as sales revenue against a budget of E900m. The positive variance was a result of the Ubombo Sugar and the RSSC bringing their own generation plants into use later than anticipated thus continuing sourcing power from SEC.

Year to date generation costs were E30.2m against a budget of E32.1m, resulting to a positive variance of E1.9m. The year was generally dry, characterized by minimal rains, resulting in insufficient water dam to facilitate much required local generation production. A positive variance in generation costs does not necessarily translate to a saving especially when there were other factors limiting optimal local production, which culminated to an evident increase in demand for imported electricity resulting in an unfavourable increase in import costs. To improve local production, SEC had started to diversity its power production to coal power thermal supply and also sourcing from Ubombo Sugar Limited. This will increase the amount of power sourced locally thus reducing imported power supply.

SEC continues to support the Rural Electrification Programme in improving its increase voltage network and its load by motivating for the construction of two rural substations, namely Nkhaba and Siphofaneni substations. The network had become unreliable and electricity supply requirements were difficult to maintain. 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 1,071 samples were collected. This represents a 77.5% success rate. The samples collected include raw water (12.9%), treated water (12.7%) and distribution (74.4%). The Quality Assurance Unit conducted 51,408 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
March 2012	50	72.0	94.0	314	85.7	95.2
February 2012	50	65.4	92.9	294	87.1	95.2
January 2012	53	51.9	92.5	314	65.5	93.3
Average	**51**	**63.1**	**93.1**	**307**	**79.4**	**94.6**
October – December 2011	**45**	**85.3**	**90.8**	**253**	**93.7**	**93.0**
July – September 2011	**53**	**77.3**	**87.2**	**302**	**91.0**	96.3

- The average microbiology compliance of the waterworks stood at 93% for treated water and 95% for distributed water.

- A total of 55 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.

- Seven reservoirs were cleansed. These are: Malkerns and Lozitha (Central), Lonhlupheko and Lukhula (Eastern), Hlutsi Police (South West), and Lobamba and Woodlands Sump (North West).

- A total of 308 wastewater samples were collected and analysed, resulting in 4,312 tests being conducted in the process. The tests range from microbiological to physico-chemical parameters, which are used to evaluate the efficiency of the wastewater treatment plants and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams.

- The key parameters used to determine effluent compliance are biological oxygen demand (BOD), chemical oxygen demand (COD), dissolved oxygen (DO), pH, electrical conductivity (EC), total dissolved and suspended solids, ammonia, residual chlorine and total coliform.

- A total of 59 samples were collected (against a target of 60). The number of tests conducted were 532, resulting in a sample compliance of 98%.

- A total of 296 samples were collected. The number of tests conducted was 1,184 and the sampling compliance rate stood at 75%.

3. 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 still under suspension due to unhonoured interim payment certificates. Both the Civil and Mechanical Contractors have still suspended works. However, negotiations with the Contractors to resume works are in progress. **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 but the project has been stalled due to Government's fiscal constraints. However negotiations with the Contractors to continue works are in progress. The sewerage treatment plant tender adjudication was concluded but award of the tender remains suspended subject to Government's financial position improving. **Challenges** The Contractor is still off site and no works are in progress. This is due to 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 submitted in February 2012 for the Lomahasha Water Supply System. The final designs are expected in June 2012. The construction for the Lukhula to Siteki pipeline is now complete and is operational. The Lukhula and Lonhlupheko Booster stations are almost complete with progress at 95%. **Challenges** The appointment of Consultants to offer professional services for the Simunye-Lomahasha pipeline is still pending due to the current fiscal impasse.

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

  - ***Economic downturn:*** The adverse economic conditions affecting the country continue to impact heavily on the operations of the Corporation especially its cashflow position.

- ❖ ***Lack of raw water storage:*** The development of raw water storages (such as dams) at strategic places is critical to ensure long term sustainability of water supply and the mitigation of the effects of climate changes.
- ❖ ***Lack of independent economic regulation:*** The absence of an independent economic regulator makes it difficult to charge a cost recovery tariff that would support financial, economic and social goals.
- ❖ ***Financial constraints:*** The development of water infrastructure requires huge capital outlays over time and inadequate budgets tend to arrest progress in implementing projects aimed at increasing water and sanitation access.
- ❖ ***Rural urban migration and industrialisation:*** The rate of increase in urban population and industrialisation is not matched by a corresponding increase in water infrastructure development.
- ❖ ***Availability of land for the development of water and sewer infrastructure***: The acquisition of suitable land for locating water and sewer infrastructure is a difficult process with cost implications. This often results in delayed implementation of projects.
- ❖ ***Aging infrastructure:*** The pipe network is old and often bursts. Replacing or overhauling the overall pipe network can be very costly. Pipes are replaced as and when they leak or burst. An annual budget is set aside for the rehabilitation of certain portions of the network.
- ❖ ***Increasing costs of production***: The continuous increase in the cost of production inputs (electricity, chemicals and materials and consumables) at a rate above inflation undermines the fixation of a cost reflective tariff in that tariff determination is normally a function of the consumer price index (CPI) which Government uses as a base to set the "major rate".

Financial Situation

- Total revenue amounted to E54m (E52m in the quarter ending December 2011). A profit of E2.9m (operating loss of E4m in the previous quarter) was realized. Total expenses amounted to E51m (E56m in the previous quarter). The variation is due to the provision for doubtful debts of E5.7m posted in the previous quarter.

- There has been a 2.72% favourable variance in the overall sales when compared to budget. Only sewer charges and miscellaneous charges were below budget but these have been offset by the positive variances in water, basic charge and effluent.

- Total water connections stood at 38,923 (38,381 as at December 2011).

- Total debtors (Gross) stood at E69.6m (E64.8m as at December 2011). This figure includes Government debtors of E28m, representing a proportion of 40%.

Outlook

- Achieving sustainable water supply to support socio-economic development requires a participative approach from all stakeholders. The Government of Swaziland subscribes to international targets and Millennium Development Goals (MDGs). It is important to implement measures to help achieve such targets and goals. The Siteki Water Supply Project is an excellent example towards achieving target 10 of the MDGs which is "To halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation". As a country, it should be understood that the achievement of MDGs requires commitment, cooperation and proper planning at national level. Water resources need to be harnessed to address the nation's water needs.

- The changes in climatic conditions are posing a greater challenge in the sustainable supply of water. Sustainable development and the improvement of the quality of life strongly depends on the availability of water resources and water resource management strategies.

- Water is a vital resource in promoting the general welfare of the Swazi nation. Thus, it is important that water management must fit within the framework of national development plans and policies taking cognizance of economic, social and environmental conditions.

Financial Statements

Income Statement	**2012 March 31**	**2011 Dec 31**	**2011 Sept 30**	**2011 June 30**
Turnover	54,290,121	52,173,279	50,533,539	51,984,330
Operating Expenses	51,332,067	56,303,907	51,441,816	47,548,282
Operating Profit/(Loss)	**2,958,053**	**(4,130,628)**	**(908,278)**	**4,436,048**
Other Income	11,669,715	2,135,806	1,856,923	1,268,521
Net Income	**14,627,768**	**-1,994,822**	**948,645**	**5,704,569**
Balance Sheet				
Fixed Assets	839,237,099	813,805,203	784,756,426	740,129,614
Current Assets	139,146,334	139,643,392	137,935,883	148,546,885
Current Liabilities	74,867,541	65,280,177	60,708,033	61,743,074
Net Current Assets	64,278,793	74,363,215	77,227,850	86,803,811
Total Employment of Capital	**903,515,892**	**888,168,418**	**861,984,276**	**826,933,425**
Share Capital	30,222,580	30,222,580	30,222,580	30,222,580
Retained Income	203,428,193	188,800,424	190,795,246	189,846,601
Capital Grant	632,432,436	629,017,940	603,704,058	571,712,467
Long-term Loans	37,432,682	40,127,473	37,262,391	35,151,778
Total Capital Employed	**903,515,891**	**888,168,417**	**861,984,275**	**826,933,426**

PEU Comments

SWSC realised a net profit of E14.63m compared to a loss of E2m realised last quarter. The revenue for the institution continues to fluctuate from one quarter to the other. A major contributor is the variation is expenses and other income.

SWSC trade debtors have increased when compared to the previous quarter by 7%. Of the total proportion of debtors, 40% of the total amount is Government debtors. The Government Ministries and Departments are urged to try to improve the debt position with SWSC by making payments, whenever possible.

The enterprise has raised the issue of the lack of an independent economic regulation as a key challenge for the institution. Given the multifaceted character of the problems of the water sector, the options of regulation are supported in order to achieve a comprehensive restructuring of the sector as the absence of an independent economic regulator makes it difficult to charge a cost recovery tariff that would support financial, economic and social goals.
The enterprise should initiate this process together with the Ministry responsible for Natural Resources. Fortunately, some of the ground work has been levelled by the Privatisation Policy of the Kingdom of Swaziland which makes provision for the establishment of an independent regulator. The role of the independent regulator is to consider tariff proposals whilst taking into account the interest of stakeholders and that of the utility in terms of pricing and quality of service so it directly addresses the concerns of SWSC.

SWAZILAND INVESTMENT PROMOTION AUTHORITY (SIPA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SIPA reported as follows for the quarter,

Operational Review

- The Authority realized increased inward missions for investment inquiries from investors worldwide from sectors including mining, agriculture, energy, infrastructure, manufacturing, ICT and financing. Great efforts were also channelled towards improving the investment climate through coordinating the implementation of the Investor Road Map. A simplified working and reporting structure was developed to ensure clarity of roles and responsibilities by the implementing ministry/agency. The period also marked the commencement of the FDI-SME linkage study driven jointly by SIPA and the World Bank which aimed to improving linkage programme currently driven by the organization. The Authority continued to work with domestic and international stakeholders who needed SIPA's input on their activities as well as those that were requested by SIPA to assist in various areas.

- There were still lingering challenges facing most companies that still remain unresolved and these included cost of utilities and alleged unfair trade practices amongst others. While some companies face challenges, it is worth reporting that some companies are working on expanding their operation which will crease more employment opportunities.

- The Royal Swaziland Sugar Association has an Out-Grower department that supports the growing of sugar cane of 200 small growers or farmers. There is a revolving fund that was set up to finance the scheme and financially supports the sugar cane farmers. The company's future plans are the generation of hydroelectricity for self sufficiency of 20 megawatts. The company expressed concerns regarding disharmony of customs laws and procedures between South Africa Revenue Service and the Swaziland Revenue Authority and the relatively high corporate tax in the country.

- The implementation of the Investor Road Map had taken stage during the period. A series of consultations had been done with stakeholders to have their input and more so to validate the timeleness. A presentation was done to cabinet and comments from all these different forums had been incorporated into the matrix. A presentation was also done to His Majesty King Mswati III with the theme "Swaziland –Africa's New Promise" as a slogan for the launch and further approved the programme.

- Piggs Peak Orion Hotel was faced by cashflow challenges and a task team had been appointed to ensure that the Hotel continues to operate while the government of Swaziland winds up its relationship with Orion Hotel and sign with a new tenant. An interim management team was constituted to operate the hotel.

- Two important events took place which include opening of the 4th session of the 9th parliament by His Majesty King Mswati III and the presentation of the National Budget Speech to parliament on the 3rd and 17th February respectively.

- Eswatini Fish Farming project is stalled by lack of funding and required an initial capital of approximately E3m to cover costs of importing equipment from South Africa and working capital. The project had multiplier effects and will develop the agribusiness such as maize farming, fish food production, and a processing plant for the fishery. The project also looked at diversifying the whole agriculture sector in the country into growing unique fruits and vegetables in the long term.

- Afrisam Swaziland is threatened with closure due to influx of imported cement brands from South Africa and Mozambique. This had substantially reduced their market share in the past five years. The potential of product dumping cannot be overlooked and SIPA with stakeholders intend to undertake an in-depth investigation to ascertain these fears.

- Salgaocar had since been granted the development approval order incentive by Cabinet and the Memorandum of Understanding (MOU) had been approved by Cabinet and awaiting signature of all concerned parties. Vicker Tools MOU was still being considered by the Attorney General.

- Twenty seven work permits applications were supported by SIPA during the period and seventeen had since been granted whilst ten was still pending. All six visa applications applied through SIPA were granted.

Financial report

- The subvention for the Authority is three 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 was E936 compared to E1, 193 last quarter.

- Total expenditure for the quarter amounted to E2.2m compared to E1.74m last quarter. Budget for the quarter was E2.34m.

- There was a surplus of E92, 028 compared to E580, 848 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

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Subvention	2,283,699	2,283,699	2,283,699	2,283,699
Other income	15,436	33,250	34,443	2,663
Total income & subvention	**2,299,135**	**2,318,142**	**2,318,142**	**2,286,362**
Expenditure	2,207,107	1,737,294	2,306,449	2,206,036
Surplus/Deficit	**92,028**	**580,848**	**11,693**	**80,326**
Balance Sheet				
Fixed Assets	501,440	407,547	401,683	431,321
Outstanding Grants				
Investment				
Current Assets	2,856,632	3,274,499	2,724,673	1,790,340
Current Liabilities	1,205,932	1,226,151	1,320,491	627,619
Net Current Assets/Liabilities	1,650,700	2,048,348	1,404,182	1,162,721
Employment of Capital	**2,152,140**	**2,455,895**	**1,805,865**	**1,594,042**

Government Grant	-	-	-	-
Reserves	-	-	-	-
Surplus/Deficit	**2,152,140**	**2,455,895**	**1,805,865**	**1,594,042**
Total Capital Employed	**2,152,140**	**2,455,895**	**1,805,865**	**1,594,042**

PEU comments

The Authority is faced by financial challenges since the Government had not been releasing its monthly subvention for the past three months. The government's financial position continued to delay the implementation of other programs within the Authority. Due to the economic challenges currently faced by the country, luring foreign investors is a major challenge. The authority should be robust in executing its mandate of attracting, encouraging and facilitating local and foreign investment.

The Authority had reported on common trend of challenges being faced by most large companies in the country which 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. We applaud SIPA for its continued support in advocating for these companies to the relevant stakeholders.

SMALL ENTERPRISE DEVELOPMENT COMPANY (SEDCO)

Parent Ministry: Ministry of Commerce, Industry and Trade

SEDCO reported as follows for the quarter,

Operational review

- 18 business plans (19 previous quarter) were compiled. There were only 6 (10 the previous quarter) businesses that were assisted to access funding while the 12 were for business management purposes. The 6 businesses have a potential of creating 18 jobs, if granted funding by the financial institutions.

- A total of 3 businesses (9 previous quarter) entered into a contract for the drafting of financial statements.

- SEDCO assisted 90 (54 previous quarter) entities with registration of their companies as well as facilitating 1 trading licence and processing 40 (17 the previous quarter) forms for entities. These registered entities have a potential of creating 180 jobs.

- A total of 1,209 people (502 previous quarter) visited SEDCO on different business related matters.

- 1,500 (340 previous quarter) brochures and posters of "Start Your Own Business" and "Expand Your Existing Business" were distributed at Lubulini, Nkilongo, Motjane, Buhleni Royal Kraal, Mtsambama, and Mkhiweni Tinkhundla Centres.

- SEDCO participated in the Buhleni Marula Festival to showcase and promote handcraft to the Lutsango Regiment.

- 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.

- SEDCO held 3 road shows at Nkilongo, Motshane and Ntfonjeni to promote OHOP.

- The implementation of the OHOP programme is on-going at the following Tinkhundla Centres: Nkwene, Mtsambama, and Sandleni. Zombodze, Khubuta, Maseyisini, and Shiselweni 1.

- 132 (132 previous quarter) households received continuous monitoring either in the production of chicken, vegetable or fruit trees.

- 216 (30 last quarter) households sponsored by the Micro Finance Unit (MFU) received community development training on different courses such as honey production, fruit tree management, as well as a course on poverty alleviation methods.

- 177 (30 previous quarter) aspiring entrepreneurs were trained on Entrepreneurship, Bookkeeping, Costing and Pricing, Causes of Business Failure and the Importance of Records.

- SEDCO met with three organizations to establish links aimed at collaborating and developing the SMME sector in Swaziland. A Memorandum of Understanding (MoU) with the Micro Finance Unit (MFU) was signed. This has yielded positive results in that the

MFU has sponsored training of households on different skills under the One Household One Product programme. In addition, a date has been set for the signing of a MoU with NEDBANK. A MoU was drafted and approved by both SIDC and SEDCO and is ready for signing.

- SEDCO visited two Tinkhundla Centers to promote her services. The Centers visited were Mkhiweni and Lubulini. At Lubulini, SEDCO was invited by World Vision to motivate people from their communities to change from subsistence farming to commercialization in order to eradicate poverty. At Mkhiweni, SEDCO was invited by Swazi Commercial Amadoda to motivate and sensitize membership about business expansion options.

- SEDCO conducted one focus group meeting at Mtsambama Inkhundla. The purpose of the meeting was to get feedback on the One Household One Product Campaign. The meeting was held on the 21st February, 2012 and a total of 30 people participated.

- SEDCO participated at Buhleni Marula Festival from 18 February to 19 February, 2012. A tent was pitched up to exhibit craft collected from different crafters mainly from Lutsango. About 400 visitors came to the tent. Most of them bought necklaces which were apparently needed for the occasion. The purpose of the craft exhibition was to showcase Swazi craft as well as to promote craft to Lutsango Regiment.

- Nisela Farms Safaris has donated 2.5 hectares of land to SEDCO to build a Craft Centre to help accommodate crafters between Big Bend and Lavumisa.

- SEDCO facilitated a business to business linkage between Kholwane Saphumelela Honey Producers and Moneni Matata Spar for the purpose of getting a market for honey. Matata was receptive to them and they were briefed of acceptable quality standards.

- SEDCO is providing continuous training and mentoring to 132 households on chicken farming as seen in the table below:

OHOP - Chicken Production

	Number of Households			
Constituency	**June 2011**	**Sept 2011**	**Dec 2011**	**March 2012**
Nkwene	39	43	43	43
Mtsambama	16	16	17	17
Sandleni	-	-	38	38
Shiselweni 1	-	34	34	34
Total	**55**	**93**	**132**	**132**

- Continuous training and mentoring is provided to 71 households on fruit tree farming.

OHOP - Tree Production

	Number of Households				**Number of Trees**				
Constituency	**June 2011**	**Sept 2011**	**Dec 2011**	**March 2012**	**June 2011**	**Sept 2011**	**Dec 2011**	**March 2012**	
Nkwene	29	29	34	34	147	147	318	317	
Mtsambama	18	18	25	25	72	71	131	131	
Sandleni	-	-	-	-	-	-	-	-	
Maseyisini	-	5	12	12	-	21	79	79	
Total	**47**	**52**	**71**	**71**	**219**	**239**	**528**	**527**	

- The table below shows the size of area available for vegetable production as well as the participating number of households in each constituency. This is fenced arable land with water.

Vegetable Production Programme

Constituency	Number of households March 2012	Number of Households Dec 2011	Number of Households Sept 2011	Number of Households June 2011		Land in Hectares
Nkwene	28	28	28	23		29
Mtsambama	15	15	15	16		18.5
Shiselweni 1	9	9	9	-		16.5
Zombodze	22	22	22	-		36.6
Total	**74**	**74**	**74**	**39**		**100.3**

Financial Situation

- SEDCO's revenue was E2.99m (E3.19m previous quarter). Government has not released the subvention due to the company.

- The total operating expenditure, made up of personnel costs and administrative costs, amounted to E2.64m (E2.66m previous quarter) compared to a budget of E3.45m. The under expenditure of E802, 000 (23%) was caused by the irregularity and delays in releasing the quarterly subvention by Government.

- Personnel expenses amounted to E1.35m (E1.36m previous quarter) against a budget of E1.85. The favourable variance of 27% is attributable to vacant posts not yet filled.

- Administrative expenses amounted to E1.295m (E1.296m previous quarter) compared to a budget of E1.6m. Expenditure was closely monitored because of late release of the quarterly subvention hence, the favourable variance of 19%.

- A surplus of E345, 864 (surplus of E526, 719 previous quarter) was made against a quarterly budget of a deficit of E131, 480. This is due to deliberate delays in other activities due to financial constraints.

Outlook

- A MoU between SEDCO and Nedbank has been finalised and will be signed in April, 2012.

- The Cabinet Paper on Buy Swazi was approved. Funds permitting, the campaign will be implemented next financial year.

- The Swazi Craft online account is underway and the account will be operational soon.

Financial Statements

Income Statement	2012 March 31	2011 Dec 31	2011 Sept 30	2011 June 30
Income	905,320	887,678	926,232	915,728
Expenditure	2,641,957	2,660,504	2,778,005	2,778,695
Operating Profit/Loss	-1,736,637	-1,772,826	-1,851,773	-1,862,967
Subvention	2,082,501	2,299,545	3,832,615	2,299,545
Surplus/Loss after subvention	**345,864**	**526,719**	**1,980,842**	**436,578**
Balance Sheet				
Fixed Assets	44,823,144	44,901,734	44,832,763	48,855,596
Investments	11,018,829	10,900,393	10,782,630	10,664,797
Current Assets	5,833,338	5,650,971	5,343,230	4,886,341
Current Liabilities	2,632,424	2,756,075	2,788,320	2,780,249
Net Current Assets	3,200,914	2,894,896	2,554,910	573,070
Employment of Capital	**59,042,887**	**58,697,023**	**58,170,303**	**66,626,485**
Share Capital	2,401	2,401	2,401	2,401
Retained Income	17,643,322	17,297,458	16,770,740	16,322,920
Fixed Asset Revaluation Reserve	28,978,015	28,978,015	28,978,015	41,269,115
Deferred Tax	12,419,149	12,419,149	12,419,149	4,032,049
Total Capital Employed	**59,042,887**	**58,697,023**	**58,170,305**	**66,626,485**

PEU Comments

The income generated by SEDCO increased slightly by 2%. 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 2.22 compared to 2.05:1 realised in the previous quarter. The public enterprise's liquidity ratio (including investments) is at 6:40 compared to 6:1 in the previous quarter and 5.78 in the quarter ended September, 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 10.53 days compared to 19.31 days reported last quarter and compared to 14.40 in the quarter ended September, 2011. SEDCO needs to improve its rental collection. Even though there was improvement in rental collection, from an amount of E178, 556 in the previous quarter to E70, 711 in the current quarter, the rent debtors figure should be monitored closely so that it does to escalate to uncollectable levels.

The concerns raised during the presentations on the OHOP product are pertinent and some of these are already being addressed by SEDCO or are within SEDCO's mandate of facilitation and advocacy. These include market access of the products, assistance on training, access to finance, and facilitation of registration of their organizations.

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 290 cases and 1174 enquiries compared to 287 cases and 576 enquiries the previous quarter, respectively.

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

Key Performance areas	**Targets**	**July to September 2011**	**October to December 2011**	**January to march 2012**	**Comments on target and previous quarter**
Handled cases	-	331	287	290	1% increase
Enquiries	-	712	576	1174	104% increase
Screened out cases	-	34	28	21	Decreased by 25%
Processing rate	95%	79%	78%	77%	18% off target & decreased by 1%
Settlement rate	60%	47%	55%	39%	21% off target & declined by 16%
Pending cases	2%	19%	21%	21%	19% off target
Arbitration duration	45 days	61 days	99.5 days	90 days	45 days off target and decreased by 9.5 days
Average conciliation duration	21 days	26 days	24.5 days	17 days	4 days off target and improved by 8 days
Arbitration referrals	28 cases	18 cases	14 cases	37 cases	9 cases below target and increased by 23 cases
Release of arbitration awards	21 days	24 days	23 days	23 days	2 days above target
Default judgments received	6 cases	4 cases	7 cases	8 cases	2 cases below target and increased by 1 case
Service of invitations	95%	100%	97.7%	99%	4% above target and increased by 1%

- Processed cases were 290 compared to 287 the previous quarter. The settlement rate declined by 16% when compared to the previous quarter. Arbitration referrals increased by 23 cases and the duration for release of awards was constant at 23 days. Service of invitations recorded 99% which was 4% above target.

- 46 arbitration cases remained active at the close of the quarter compared to 24 the previous quarter, with 37 new referrals, 2 overdue awards and 12 awards issued. This indicates significant improvement with a 164% increase in new requests. Overdue awards remained constant and 50% improvement was noted on issued awards.

- In the dispute distribution by category, highest referring sectors were unfair dismissal that continued to take the lead with 59%, which is not very different from the previous quarter's 60%. Unpaid wages and unfair terms and conditions of employment attained second position at 9%, which was a 5% decline from the previous quarter. Constructive Dismissals, Terminal Benefits and Other processes occupied third position at 4%. The fourth position occupied by Underpayment at 3%.

- In the dispute distribution by Employment Sector, the retail sector continued to dominate accounting for 29% of all processed cases, reflecting a 2% increase from the previous quarter. The highest recording sectors were Retail at 29%, security 14%, Agriculture and transport both at 7%. Manufacturing, education and government followed at 6% and construction and domestic at 4%.

- The industrial relations climate remained calm. There were two (2) protest actions and unprotected strikes respectively. There were no pickets this reporting period.

- No new books were procured this reporting period. The library has the most recent books and could be utilised at any time by the CMAC staff. The search for an electronic system to manage the library records was still on as the Commission was still testing several softwares which were downloaded from the internet.

- After a profound analysis of the internet performance, it has become evident that there is a need to upgrade the current internet services so to be able to improve especially when it comes to speed. The current service provider, Real Image has been engaged on options which can be explored in trying to address the issue. This process will be ongoing as there are a number of factors which need to be taken into consideration when dealing with the issue of changing internet bandwidth. This will also address the internet issue which is normally faced by the satellite offices especially in Simunye and Siteki.

- Managers finalised and submitted employee's performance evaluations for the period starting 1st July 2011 to 31st December 2011. The overall staff performance showed a slight improvement however areas like the screening of disputes and settlement of disputes at Conciliation stage were still a cause for great concern. New performance Agreements were entered into by the managers and their subordinates for the period starting 1st January 2012 to 31st June 2012.

- One employee was engaged on a full time basis as a Case Management Administrator-Manzini Region and two (2) as attaches for the Head Office and the Hhohho regional office respectively. An orientation process was conducted for the recently recruited employees. This was done to formally welcome and integrate them into the CMAC culture and further prepare them for their new roles and responsibilities within the Commission.

- No resignations were received during the reporting period.

Financial Situation

- A surplus of E3.21m was realised compared to a deficit of E1.56m realised the previous quarter. This was a result of the E3.9m subvention received which was outstanding from previous months.

- Total expenditure incurred amounted to E2.36m compared to E2.40m the previous quarter. Budget for the quarter was E2.72m resulting in a favourable variance of 13.5%.

Outlook

- Performance gaps that were identified will be addressed through proper training and development interventions in order to improve employee performance and behaviour.

- The upgrading of the current website was long overdue. After getting a go ahead from the ED's office and the CFO, the office was finalizing the relevant procurement processes to get the exercise started. It is expected that this will be done by the end of April 2012.

- Establishing income generating projects.

Financial Statements

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income and Subvention	5,562,806	835,179	1,675,028	851,742
Expenditure	2,355,549	2,397,853	2,616,388	2,620,182
Surplus/Deficit	**3,207,257**	**-1,562,674**	**-941,360**	**-1,768,440**
Balance Sheet				
Fixed Assets	1,960,357	1,991,463	2,446,074	2,446,074
Investments	4,734,831	2,893,286	3,256,900	4,013,082
Current Assets	594,105	-831,135	475,598	837,849
Current Liabilities	359,384	318,289	489,106	723,240
Net Current Assets/Liabilities	234,721	-1,149,424	-13,508	114,609
Employment of Capital	**6,929,909**	**3,735,325**	**5,689,466**	**6,573,765**
Share Capital				
Government Subvention/other Grants	2,119,499	2,119,499	2,119,499	2,119,499
Retained Income	4,788,688	1,581,432	3,523,163	4,395,324
Long Term Loan	21,721	34,394	46,805	58,943
Total Capital Employed	**6,929,908**	**3,735,325**	**5,689,466**	**6,573,766**

PEU Comments

A surplus of E3.21m was realised compared to a deficit of E1.56m realised the previous quarter. The increase was mainly due to the Commission receiving Government subvention for other previous months that was pending due to financial problems faced by Government. It is noted that CMAC is proposing establishment of income generating projects. This initiative will ease the financial burden on Government as the parastatal highly depends on Government for its operations. CMAC must make sure that what ever they are planning to do have to be in line with their mandate.

The performance of the Commission continued to show a decline when compared to both the previous quarter and the key performance indicators save for the release of arbitration awards and pending cases that remained constant, the average conciliation duration and the service of invitations was above target. CMAC must provide effective, speedy, accessible and fair dispute resolutions as per their mandate and work hard to improve their performance in terms of achieving the performance target areas.

SWAZILAND STANDARDS AUTHORITY (SWASA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SWASA reported as follows for the quarter,

Operational Review

- It was pleasing to see that the end of the formation stage was indeed in sight with the pending launch of the SWASA certification scheme. This launch marked the final developmental milestone in the maturation of the public enterprise. It would be hoped that from next quarter onwards, the public enterprise would be operating with a more positive and business-like mode that has never been assumed before in the organisation. Now that the whole foundation has been built, it remains for SWASA to introduce value added services that arise from the various departments that have been laid on the ground, either individually or as collaborations between a number of them.

- In addition to previously achieved milestones, the completion of the certification scheme meant that under the integrated model that SWASA is running, the organisation could now develop standards, offer courses on the standards as well as provide certification to the standards. This is not to mention the information centre that is teeming with information of the very standards. The certification scheme being the most lucrative service that SWASA can offer, gives hope that some of the activities of SWASA will be self-sustained. It would, however, take a while before SWASA could be able to carry all her activities. A regional benchmark has shown that even 10 years does not suffice for full self-sufficiency.

- The departure of the 8 members of staff for training in India increased the strain as the demand for the interventions of the SWASA staff at various sectors of the economy increased. This emphasised the need for SWASA to employ more people yet the reality is that the budget would not permit. As the organisation grows, there will be a need to devise a method in which this necessary increase in the SWASA staff has to be funded by other means beyond of the government subvention.

- SWASA continued to recognise the fact that the strength of the technical capacity of the organisation lies with the reinforcement of the technical capacity of the staff. 8 staff members travelled to the Nation Institute for Training in Standardisation which is based in India. Two of them studied a course in Laboratory Testing Efficiency and the other six did the most sought-after International Course on Quality and Standardisation. This also applied to non technical staff such as those in the Director's office. This was based on the premise that the Director will be reliable and efficient in her work if she is surrounded by people that are reliable and efficient

- With the resignation of the Corporate Affairs Officer at the end of last quarter, the Corporate Affairs Unit was not active. The only activity came due to the meetings that were held by the staff committees to deliberate on issues of welfare, safety and social engagements. In the last month of the quarter however, the position was filled and a review of the position's key performance indicators was undertaken. It emerged that this position was highly crucial to the support of the Director's office in terms of operational efficiency and general corporate governance. In the last month of the quarter the new incumbent familiarised with the expectations of the office paying special attention to gaps that had developed in the scope of the support function to the Director's office.

- The arrival of the new Corporate Affairs Officer who has a legal background promises to gradually build the organisation in a guided manner in terms of internal operations and its external image. SWASA being a unique organisation in Swaziland, it becomes challenging to benchmark it with local companies some of which are old and operating without the guidance of standards.

- Management was engaged in all the gap activities like recruiting and policy review. Three positions had to be filled namely Marketing Officer, Corporate Affairs Officer and Quality Assurance Manager. These positions became vacant for reasons of non-competitive remuneration at SWASA and the absence of the Pension Fund which it is hoped will be introduced in the next financial year.

- The staff members continued to be engaged in their staff committee activities which take care of safety, health and wellness issues. The staff arranged workshops for both financial discipline and stress management. These are aimed at assisting the staff to be able to live within their means and to be able to handle stressful situations. The social committee is planning an end of year function at which the staff will be out of the office in a bush environment to appreciate nature and reconnect with each other. The social committee also collected contributions from the staff in order to purchase goods for the less privileged of society.

- Service Level Agreements with various testing facilities in South Africa were drafted for use in securing working relationships with testing facilities that SWASA would use to test local commodities. The two contracts for the certification schemes were perused for legal sufficiency so as to make sure that SWASA was protected as the certification services are rendered.

- As the quarter drew to a close the Corporate Affairs office was preparing for the annual staff appraisal process. Since the reward system of the organisation is limited by the constraints of the human resource budget, the appraisals are done to assess the continued relevance of the position, its effective contribution to the overall mandate of the organisation and to evaluate the professional health of the incumbent in the organisation. It is kept simple and focused on the key performance indicators as outlined based on the job profile. The incumbent is allowed to first assess themselves after which this evaluation is discussed with the immediate supervisor for an agreed rating. This will be used to monitor performance in the subsequent year and to request capacity building needs that can be availed with thin the constraints of the SWASA budget. The fortunate staff is that which is in the technical departments, as their capacity building normally comes subsidised by the International Organisation for Standardisation (ISO) and the World Trade Organisation (WTO).

- Three road shows were attended and these were in; Nkilongo, Motshane, Ntfonjeni and Ntontozi. These were attended by the marketing and the consumer liaison offices. Technical staff members attended some of these events in order to gather information that can be used to enrich the mandate and the activities of the technical departments.

- The Marketing office together with officers from the certifications unit visited some potential certifications clients. Much as most of the clients were keen to be certified they lacked sufficient resources for them to prepare for the certification process. It was also realised that some of the potential clients still needed the intervention of the SWASA standards-based training Unit in order for them to be able to implement the standards in their business.

- The Technoserve Believe, Begin, Become (BBB) initiative that runs a business plan competition presented a remarkable promotional opportunity to SWASA for the need of businesses to be certified. SWASA offered to be part of the lessons that are offered to the business aspirants in order to provide them with first-hand information on how to best entrench one's business into the market. Even though some of the BBB participants had heard about standards, it is only after SWASA had made the presentations to the whole group of 80 that they began to appreciate that no business can survive without the knowledge and application of standards.

- The launch of the SWASA certification scheme fell fully into the Marketing and Communication unit. It was the brightest spark in the operation of this unit. This was more because it was attended by the Honourable Minister of Commerce Industry and Trade, the Principal Secretary of the Ministry and 78 notable industry captains.

- Swaziland Energy Regulation Authority (SERA) workshop at which the Senior Technical Officer for Standards Development and the Marketing Officer made a remarkable presentation about the importance of standards. This had a huge impact on industry as the event was attended by the members of the Federation of Employers and Chamber of Commerce.

- SWASA continued with efforts to be visible on-line by introducing modern social interaction tools. These will ultimately be integrated onto the SWASA website and will make it more appealing to the younger generation. For the traditional SWASA clients, email marketing has continued to be more relevant and useful.

- The filling of the Marketing and Communications position could not have been timelier as the new operational dimension that SWASA will assume in the new financial year, requires not only active but also creative marketing.

- The Technical Department has, since the launch of the certification scheme, been under pressure to be self-sufficient in terms of providing trainers in its standards-based training unit. All along the department has relied on the certifications unit for trainers who now have to focus on the certification applications. As the services of the organisation become more diversified, it becomes necessary for each department to be self-contained and for each staff member to be multi-skilled.

- The Information Centre had become a valuable resource to stakeholders both within and outside SWASA. The books, standards, magazine and DVD material stored here contain information about all sectors of business and therefore are presently under-utilised. There is a plan in the coming quarters to introduce public membership to the SWASA information Centre because unlike other libraries, this one contains unique information that is applicable in a special way. The continued collaboration of this centre with the Marketing Unit promises better rewards for the income-generation capacity of the information centre and other prospective business aspects of SWASA.

- Holding the technical committees for standards development, the information centre and the standards-based training unit, the Technical Department is the one point at SWASA that has the highest external interaction with the public. It is therefore very crucial for the efficiency, reliability and professionalism of the department to be closely monitored and continually improved. In the coming quarters the introduction of the Balanced Score Card and the Internal Quality Management System will require special attention to the processes of the department. The personnel also have to be evaluated for alignment to these objectives.

- Having completed drafting the first ever certification scheme of SWASA in the previous quarter the department was looking forward to the opinion of the external expert that would evaluate the documentation. This was given to be positive with the advice to try the system out on a willing client. Even the capacity of the four SWASA auditors is quite satisfactory. With the proper guidance by an experienced lead auditor the SWASA auditors will be registered by the end of the new financial year.

- The Quality Assurance Department of SWASA presents the perfect opportunity for the enterprise to take part in many of the national initiatives. In this department are the longest serving members of the core business of the organisation. They are more trained and conversant with the standards and quality issues. This quarter the auditor for environmental standards has been attending the meetings of the Swaziland e-Government initiative to present any necessary standards guidance to the whole process. Other entities that have approached the quality assurance department include the Swaziland Posts and Telecoms and the Sugar Milling Weight and Measures Division. In order to advertise the certification scheme the department made presentations at World Vision and at the public forums such as the Tinkhundla Centres.

- A total of eleven (11) consumer complaints were received during the reporting period. Upon receipt of the complaints, SWASA actions on relevant standards related cases and try to find redress by facilitating negotiations between the parties involved. Those cases that get beyond SWASA's jurisdiction are then forwarded to relevant authorities and the complainant advised to take actions as may be deemed fit. The Consumer and Public Interest Committee (CPIC) had one meeting this quarter. One positive outcome of the meeting was the commitment to produce a draft of a Swaziland Consumer Protection Act. The one area in which consumers also have to be protected on the market is in the area of weights and measures. SWASA and the Department of Weights and Measures held a meeting to identify areas of collaboration based on the premise that SWASA has the national mandate to do industrial metrology for the nation. The outcome of the meeting was that the Metrology Act has to be reviewed to include industrial metrology and that a Memorandum of Understanding was to be drafted to underpin the collaboration in capacity building activities and resource sharing.

- The long-pending visit of the National Laboratory Association of Swaziland (NLAS) to the National Laboratory Association of South African (NLA-SA) was finally achieved this quarter. The objectives of the visit was to orient the executive of the NLAS of how to run the affairs of the association and how to run a PT Scheme. The visit was beneficial in that it stimulated some plans out of the NLAS on what their schedule of activities for the year would be. This included the formulation of four databases for laboratory personnel and their skills; a database of all the chemical reagents found in Swaziland laboratories; a database of all the equipment found in all the Swaziland laboratories and a database of the tests that are available in the laboratories in Swaziland. All this information would then be used at a later stage to upgrade the testing capacity of Swaziland laboratories.

- Some players in the agricultural sector, in an endeavour to assist small holder farmers sell their vegetable produce approached SWASA to find out about the process of certification. SWASA has received four certification requests. These were mostly from the food sector and the difficulty they had was lack of comprehension of the prerequisites to certification. This presents work for the training unit of the technical department. The department has seen an interesting mix of requests for testing which includes a food supplement, water samples treated with indigenous equipment, charcoal and various food products. This activity has the disadvantage of high costs and this has discouraged many small businessmen who cannot afford the testing fees. SWASA is looking at how best this can be solved. The route of service level agreements has been explored by the bottom line is that the laboratories are not under the control of SWASA. It would benefit SWASA to be part of and have access to the laboratories of the bio-technology park that is being constructed under the Swaziland ministry of Information, communication and Technology.

Financial Situation

- There was a loss of E136, 229 experienced due to the cut in the subvention by E249, 000, hence, certain activities were undertaken and yet the subvention received was cut due to the budget cuts that were not anticipated.

Outlook

- Training provided to the Marketing Officer on the basics of website management saw the website being updated. In the next quarter, efforts will be made to change the template of the website to make it more appealing. This will also enable the SWASA Information Officer to maintain the website from the SWASA premises instead of this function being outsourced.

- Having recently launched its main income-generation scheme, the Certifications Unit at the end of this quarter, the issue of conflict of interest as defined by ISO comes to the fore. This conflict of interest is premised on the ideology that in the interest of income generation, SWASA will now develop standards that will feed the certification scheme. In countries where there are enough funds to form many institutions, SWASA would at this point shed off the certification wing to become a separate entity with its own governing structure. To avoid the apparent conflict of interest, most African countries would then register a subsidiary company called SWASA Commercial Services and firewall it from the main standards developing core of the business. This is the route that SWASA will pursue in the new financial year. PEU will be approached to explain the concept and it is hoped that guidance on Government policy on such matters will be received.

Financial Statements

	2012	**2011**	**2011**	**2011**
Income Statement	**March 31**	**Dec 31**	**Sept 30**	**June 30**
Income (Subvention)	1,686,000	1,935,000	1,935,000	1,935,000
Other Income	25,131	22,331	75,717	69,740
Expenditure	1,847,360	1,722,300	1,784,341	1,756,670
Surplus/Loss after subvention	**-136,229**	**235,031**	**226,376**	**248,070**
Balance Sheet				
Fixed Assets	1,297,990	1,339,932	1,377,940	1,434,991
Current Assets	1,112,201	1,299,489	2,228,840	1,507,497
Current Liabilities	911,318	1,004,122	1,942,876	1,532,730
Net Current Assets	200,883	295,367	285,964	-25,233
Employment of Capital	**1,498,873**	**1,635,299**	**1,663,904**	**1,409,758**
Retained Income	1,498,873	**1,635,299**	1,663,904	1,409,758
Total Capital Employed	**1,498,873**	**1,635,299**	**1,663,904**	**1,409,758**

PEU Comments

It is noted that, on the whole, the funds allocated to SWASA are being spent as per operational budget and no material exceptions were noted with regards to over-runs which is commendable.

SWAZILAND COMPETITION COMMISSION
Parent Ministry: Ministry of Commerce, Industry and Trade

The SCC reported as follows for the quarter,

Operational Review

- Towards the end of the financial year the second Board of Commissioners was appointed and will serve for a renewable three year period as per regulations of the Commission.

- **Staff Complement** - The Commission is yet to engage the services of a Chief Executive Officer. In the interim a 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:
  b) Chief Economist
  c) 2 Managers;
    1. Manager Enforcement and Cartels
    2. Manager Mergers and Acquisitions;
  d) 2 Junior Officers; Junior Investigator and Junior Analyst;
  e) Accountant
  f) Secretary;
  g) Receptionist;
  h) Driver; and a
  i) Housekeeping

- It is envisaged that the Chief Enforcement and Litigation Counsel will be engaged in the beginning of the next financial year to oversee the enforcement division and advise the Commission on litigation issues.

- **Trainees -** The Commission took on 5 trainees for a period of 1 year. The intention is to develop capacity in Competition Law and Policy. All the trainees are Attorneys who have an LLB and one holds a Masters in Corporate Law. We hope that these trainees will acquire Competition Law and Policy skills which the Commission would like to retain and some will then be candidates for employment in law firms and companies.

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

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

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

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

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

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

- During the year, 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), December2011, in Lusaka Zambia.

- The Federation of Swaziland Employers and Chamber of Commerce hosted a seminar on Competition law and Policy in the kingdom the Seminar which was attended by local attorneys and the business community. This seminar served well as advocacy on the importance of competition law.

- The Chief Economist and the Manager Mergers and Acquisition were attached with the South African Competition Commission for a three month period .This attachment enhanced their capabilities and allowed for the creation of linkages between the two commissions which will assist in collaboration on investigations.

- **Mergers and Acquisitions Department** - As pointed out by the Competition Act 2007, a Merger is "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 eight (8) Mergers were successfully approved this year, these are:

i. ***Acquisition of Cashbuild (Swaziland) (Pty) Limited by Cashbuild Management Services (Pty) Limited.***

- Cashbuild Management Services subscribed for SWAKI Investment Corporation’s 50% shareholding in Cashbuild Swaziland, resulting in Cashbuild Management Services owning 100% of Cashbuild Swaziland.

ii. ***Acquisition of Fortis Enterprises t/a Langa Brick Limited by K. Sprague and L.A.M Sprague.***

- The transaction was a joint acquisition of 83% share in Langa Brick by individuals K. Sprague and L.A.M Sprague, resulting in Langa Brick being 100% owned by Swazi Citizens.

iii. ***Acquisition of EASIWIN Lotteries (Pty) Limited by Vukani Gaming Corporation (Pty) Limited.***

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

iv. ***Acquisition of SinkhwaSemaSwati Limited t/a Mr Bread Swaziland and Swaziland United Bakeries (Pty) Limited by Premier Swazi Bakeries (Pty) Limited.***

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

v. ***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.

vi. ***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 suitable land for purposes of expanding RSSC’s sugar cane plantations.

vii. ***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. This transaction occurred in the Republic of South Africa and notification was done because there is an AfriSam subsidiary in Swaziland.

viii. Acquisition of Global Emerging Markets Forestry Investors (GEMF), Peak Forest Products (Proprietary) Limited III by the ASF holdings Mauritius (MU)

The transaction constitutes an acquisition in terms of which ASF will purchase:

1. All of the issued and outstanding interests of GEMF Investors III, which indirectly and substantially owns 98.5% of the outstanding shares and shareholder loans of Peak Timbers and
2. 60% of the issued and outstanding shares and shareholder loans of Peak Forest.

This transaction did not occur in Swaziland and notification was made because there is a GEMF subsidiary in Swaziland.

- **Enforcement 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 Enforcement and Cartels Department are:
  a) To curb competition-distorting business practices which may cause substantial loss of economic efficiency and consumer welfare

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

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

- **Litigation -** Ngwane Mills appealed a decision passed by the Commission with regards to a merger in the Bakery industry (Mister Bread and Premier Swazi). The court upheld the authorisation/decision made by the Commission. This was the first legal challenge against a Commission decision and it was a positive outcome which boosted the confidence of the institution as it grows.

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 E2.25m after having received a subvention of E2.97m. Own revenue derived from fees and other income amounted to E3.4m.

- Expenditure for the quarter stood at E4.12m this quarter compared to E2.61m last quarter, indicating increases in their wage bill due to recruitment of staff.

Outlook

The main challenge that the Commission is 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 is imperative that a more substantive Government subvention is availed to the Commission in order to ensure that the Commission functions properly.

Financial Statements

Income Statement	2012 March 31	2011 Dec. 31	2011 Sept. 30	2011 June 30
Subvention	2,976,667	2,570,000	2,427,500	2,000,000
Other Income/fees	3,403,752	1,939,729	1,313,694	1,393,810
Expenditure	4,126,876	2,613,029	1,680,622	582,632
Operating Profit/Loss	**2,253,540**	**1,896,700**	**2,060,572**	**2,811,178**
Balance Sheet				
Fixed Assets	1,270,004	881,527	858,315	660,734
Investments				
Current Assets	4,103,601	3,855,391	4,063,859	5,132,409
Current Liabilities	279,844	0	21,384	75,896
Net Current Assets	3,823,757	3,855,391	4,042,475	5,056,513
Employment of Capital	**5,093,761**	**4,736,918**	**4,900,790**	**5,717,287**
Capital and Reserves	2,840,218	2,840,218	2,840,218	2,906,069
Retained Income	2,253,543	1,896,700	2,060,572	2,811,178
Capital Employed	**5,093,761**	**4,736,918**	**4,900,790**	**5,717,247**

PEU Comments

Although the SCC is a young and teething organization, it has been able to generate E3.4m in fees this quarter and E1.93m last quarter. There was some recruitment of staff in the quarter, but the SCC has not yet had a full staff complement. It had an operating surplus of E2.25m compared to E1.89m last quarter. We urge the SCC to recruit a substantive CEO for the organization as required. It has a very healthy current ratio as there were small current liabilities in the quarter and was 13.7:1.

<u>UNIVERSITY OF SWAZILAND (UNISWA)</u>

Parent Ministry: Ministry of Education and Training

UNISWA reported as follows for the quarter,

Operational Review

- Students embarked on several class boycotts over the issues surrounding scholarship. There are students which government acted as surety in order for them to register. To date the tuition fees for these students had not been paid by Government because of the issues surrounding the manners in which they were awarded the scholarship.

- There was no closure of the University this reporting period and it is hoped that the examinations will be written smoothly during the coming quarter.

Capital Projects

- <u>Academic Precinct Development at Uniswa – Kwaluseni</u> – The Engineering Building was officially handed over and will be officially opened by His Majesty; King Mswati III and Chancellor of the University.

- <u>Kuwait Sports Emporium at Uniswa– Kwaluseni</u> - The heavy rains received in February 2012 flooded the squash court in the Sports Emporium and damaged the wooden floor. The consultants and the contractor were repairing the floor and solving the water problem. The project will be officially opened by His Majesty King Mswati III and Chancellor of the University.

- <u>National Crop Production Centre – Luyengo</u> – 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.

- <u>Rehabilitation of Infrastructure and Equipment at UNISWA</u> – The columns and beams supporting the chromadek roof have been painted and the aluminium cladding and louvers remained outstanding. The contractor for the Kwaluseni Library roof rehabilitation has slowed down due to non-payment.

- The prevailing financial situation has created a difficult environment to maintain facilities. This has forced the maintenance department to attend to breakdowns instead of scheduled maintenance. Continued lack of maintenance of certain equipments such as the generator sets in the substation could lead to total breakdown or shutdown of facilities.

- The Library managed to make payments totalling E143, 307 for books that were received during the period under review and E349, 560 to cover subscriptions to periodicals and some databases.

- The first semester results were released timely.

Financial Situation

- A surplus of E18.73m was realised compared to E16.33m the previous quarter.

- Total revenue for the quarter amounted to E106.37m compared to E99.07m the previous quarter. Budget for the quarter was E82.05m resulting in a favourable variance of E24.32m.

- Total operational expenditure amounted to E87.64m compared to E82.74m the previous quarter. The budget for the quarter was E82.05m resulting in an adverse variance of E5.58m. This was due to administrative and other expenses performing above budget.

Outlook

- The official opening of the Academic Precinct Development and the Sport Emporium at UNISWA by His Majesty; King Mswati III and Chancellor of the University of Swaziland on the 13th April 2012.

- On academic programmes, there is a new Master of Science Degree in Animal Science that has been approved for the coming academic year.

- The University is aiming to expand its capital projects through fundraising campaigns via the UNISWA Foundation.

- The much-awaited transfer of Teachers Training Colleges to the University of Swaziland is anticipated to be on the Government agenda soon.

Financial Statements

	2012	**2011**	**2011**	**2011**
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income	45,976,018	25,664,056	38,448,692	4,987,802
Expenditure	87,637,413	82,742,298	78,215,498	84,329,306
Operating Profit/Loss	**-41,661,395**	**-57,078,242**	**-39,766,806**	**-79,341,504**
Subvention	60,396,276	73,409,502	42,777,672	43,336,932
Surplus/Loss after subvention	**18,734,881**	**16,331,260**	**3,010,866**	**-36,004,572**
Balance Sheet				
Fixed Assets	156,409,995	164,104,306	160,722,225	156,183,378
Investments	13,212,168	13,187,230	13,124,239	13,046,278
Current Assets	116,903,524	70,179,874	86,254,109	58,387,602
Current Liabilities	138,303,148	103,547,849	98,091,241	102,916,550
Net Current Assets	-21,399,624	-33,367,975	-11,837,132	-44,528,948
Employment of Capital	**148,222,539**	**143,923,561**	**162,009,332**	**124,700,708**
Non Distributable Reserves	84,545,677	84,545,677	84,545,677	84,545,677
Distributable Reserves	-9,995,985	-6,275,761	10,554,982	-21,886,584
Other Funds	46,474,547	46,563,345	47,818,373	42,951,315
Long Term Liabilities	27,198,300	19,090,300	19,090,300	19,090,300
Total Capital Employed	**148,222,539**	**143,923,561**	**162,009,332**	**124,700,708**

PEU Comment

The Institution made a surplus of E18.73m compared E16.33m the previous quarter and other income increased by 79% when compared to previous quarter. Budget for the quarter was E21.65m therefore posting a positive variance of 112%. This was mainly due to the payment of tuition fees even in the third quarter as opposed to past experiences where Government paid tuition during the Institutions first quarter.

Some capital projects were completed but some showed a minimal progress when compared to the previous quarter. Sited reasons for that include slow down on contractors due to non payment by the Institution. It is noted that UNISWA is planning to do fundraising campaigns for it to expand on its capital projects. This will improve the performance on the capital projects as well as reduce the financial burden on Government.

The Institutions' seems not to be in a position to pay its current liabilities as they are found to be more than the current assets. Although a slight improvement was noted when compared to the previous quarter, from 0.67 to 0.84 this reporting period, but still UNISWA can not pay its current liabilities. A healthy current ratio is 2:1.

The Institution must continue to provide quality education and initiating new programmes that addresses situations faced by the country and prepare for future developments so it can not be seen as being reactive to current situations.

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 period ending 31st March 2012:

Table (a)

Details	Classes		Facil		Learners		Females		Males		Females 10-18		Males 10-18	
Regions	S	E	S	E	S	E	S	E	S	E	S	E	S	E
Mbabane	13	17	12	13	163	259	96	162	66	97	4	19	3	14
Piggs Peak	1	5	1	2	20	27	19	12	0	15	1	4	0	8
Manzini	8	8	8	7	132	111	105	79	27	32	19	4	4	7
Sidvokodvo	7	15	7	12	87	168	65	140	12	28	1	4	2	2
Hlutie	9	5	9	5	138	58	133	51	5	7	16	2	3	4
Nhlangano	2	2	2	2	30	17	9	22	21	8	0	9	0	6
Siteki	14	19	14	16	211	299	188	239	23	60	16	3	8	9
Big Bend	6	10	6	9	79	147	74	104	5	42	4	0	3	2
Mankayane	9	7	8	7	106	74	75	52	31	22	0	4	0	1
Sub-Total	69	88	67	73	966	1160	764	861	190	311	61	49	23	53
Grand-Total	157		140		2126		1625		501		110		76	

- The above table (a) shows the field operations as per the form A`s that are written by the facilitators when conducting their lessons in their respective classes. This quarter, we have seen new classes and new learners that have joined the Sebenta classes. Again, it can be also noted that there were a number of certificate ceremonies that took place in some of the regions. The table (a) shows the young learners who are below the age of eighteen years and above ten years of age.

- New classes during the quarter were as follows: nineteen (19) SiSwati new classes and twenty five (25) new English classes opened. There were one hundred and sixty seven (167) SiSwati learners and there were three hundred and three English learners (303) new learners.

- During this quarter, most regions did their certificates ceremonies as shown by table (b) below.

Table (b): Achievements:

Details	SiSwati	English		SKILS				Total
Regions		Basic	Post	Sewing	Knighting	Carpentry	Building	
Mbabane	25	15	10	30	-0-	-0-	-0-	80
Big-Bend	10	6	-0-	16	-0-	4	-0-	36
Nhlangano	28	-0-	-0-	-0-	-0-	-0-	-0-	28
Hluti	36	-0-	-0-	13	8	4	-0-	61
Siteki								
Total	99	21	10	59	8	8	-0-	**205**

Table {c}: NUPE and Skills current data;

	NUPE		SKILLS							
	Class(C)	Learners(L)	Sewing		Knitting		Carpentry		Building	
			C	L	C	L	C	L	C	L
Mbabane	12	45	4	38	-0-	-0-	1	15	1	4
Piggs-Peak	2	12	1	10	-0-	-0-	-0-	-0-	-0-	-0-
Sidvokodvo	-0-	-0-	2	31	-0-	-0-	-0-	-0-	-0-	-0-
Siteki	2	21	2	37	-0-	-0-	1	13	-0-	-0-
Big-Bend	-0-	-0-	2	20	-0-	-0-	1	8	-0-	-0-
Hluti	-0-	-0-	5	54	1	10	-0-	-0-	-0-	-0-
Mankayane	1	14	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Manzini	3	35	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

- Table {c} above shows the current NUPE and skills classes as distributed in our regions. Due to the publicity that has been done we hope that more of our learners will join this programme so as to help them fight poverty and create employment for other fellow Swazis.

- During the quarter under review Non-formal Upper Primary Education (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).

- In partnering with the Ministry of Education and Training in the provision of Free Primary Education two literacy workshops were held during this quarter and a Skills workshop is ongoing.

  a) The workshop for Volunteer Primary School Teachers was held at Sebenta National Institute from 15 to 20th January, 2012. It was attended by 12 teachers and was a success.
     The workshop was officially opened by the Director of the National Coordination Unit, Mr. Nhlanhla Nhlabatsi who appreciated the Volunteer Primary School Teachers' courage to sacrifice their school holidays and availed themselves to attend the workshop. The aim of the workshop was to equip Volunteer Primary School Teachers on how to facilitate in a non-formal setting.
  b) The Special Education workshop which was held at Sebenta headquarters was a success. It was held from 6th to 9th March, 2012. It was attended by 45 participants including Primary School Teachers, Facilitators from Sebenta Centres and Sebenta Officers. It was opened by the CEO and officially closed by the Under Secretary, Ministry of Education and Training – Ms. Macanjana Motsa. The main aim was to capacitate Volunteer Primary School Teachers and Sebenta Facilitators on how to handle learners with special needs. The workshop was a success.
  c) 14 Sewing Facilitators are undergoing training at CODEC. This training began in March and it will be completed in May 2011.

- The review and alignment of the non formal curriculum with formal primary curriculum is progressing well. The Review and Alignment Validation Workshop was held on the 16th February, 2012, at D.I.V.T. In this workshop the consultants presented the first draft report on their findings. This project is fully sponsored by UNICEF.

- **Collaborations:**

   i. Attended the siSwati Syllabus presentation which was held at the National Curriculum Centre on the 9th February, 2012.
   ii. Presentation on Sebenta Programmes was made at EkuPhumuleni Primary School on the 30th March 2012.
   iii. The Curriculum and Field and the CEO met with UNICEF on the 2nd March concerning the Field Survey for over aged children.
   iv. Senior Curriculum and CEO met with UNICEF regarding the Draft Review and Alignment of the Non-formal Education Curriculum Report and Formal Primary Syllabus which was produced by the consultants.
   v. Technical Group meeting 22 March 2012 where the group was discussing about which organization is suitable for chairing the Technical team for NFE reviewed and aligned curriculum. Two objectives were discussed with the consultancy Team.

- **Strengthening the monitoring and evaluation of Sebenta National Institute -** The report on the Census on children aged 10-18 years attending Sebenta classes has not been finalized. The consultant to compile the report has been identified.

- During this quarter we were able to produce weekly radio programmes which featured encouragement of learners who completed the Post Basic English to join the NUPE classes. They also encouraged Facilitators to take it upon themselves to ensure that learners who completed the Post Basic join the NUPE classes. The Public was also made aware of the programmes offered by the institute.

- **Income Generation for Sebenta National Institute -** As means of improving sustainability, the Institute has the following income generation projects:

   a) Catering and Accommodation - This department still continues to generate income through renting out the facilities and cooking lunch for staff and the public. The department further provides catering services for workshops held within the institute. E33, 460 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. E47, 243 has been generated from print works.
   c) Registration and Tuition - E6, 402 has been generated from registration and tuition.

a. Coverage was provided for all certificate presentations that were held in various regions.
   Coverage was provided for a certificate presentation which was held at Hosea Inkhundla, the Guest Speaker was supposed to be Indvuna yeNkhundla but was represented by Indvuna yeMcuba Majona Simelane.
   i. Provided coverage for the certificate presentation which was held at Sebenta National Institute Headquarters.
   ii. Coverage was provided for Certificate Presentation which was held at kaMfishane on 23rd March 2012.

iii. Coverage was also provided for Certificate Presentation at kaKholwane umPhakatsi on 30th March 2012.

Financial Situation

- Sebenta generated its own income of E89, 307 this quarter and E113, 109 last quarter and E2.49m was by way of subvention. As shown by the financial statement, the subvention and other income received is more than the operational expenses, and this resulted to a surplus of E1.22m.

- Total expenses amounted to E1.36m compared to E1.51m in the previous quarter as shown by the income statement. The decrease can be justified by the fact that our operations had been strained due to lack of funds.

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

	2012	**2011**	**2011**	**2011**
Income Statement	**March 31**	**Dec 31**	**Sept. 30**	**June 30**
Revenue	89,307	113,109	110,447	142,696
Expenditure	1,362,976	1,548,585	1,660,179	1,583,146
Operating profit (Loss)	-1,266,707	-1,435,476	-1,549,732	-1,440,450
Grants/Donations	6,962	13,129	192,677	0
Subvention	2,490,667	1,072,188	745,334	755,306
Surplus/Loss after Subvention	**1,223,960**	**-350,159**	**-611,721**	**-685,146**
Balance Sheet				
Fixed Assets	2,213,725	2,245,563	2,279,818	2,311,846
Investments				
Current Assets	2,178,913	871,707	1,298,729	1,867,826
Current Liabilities	2,056,147	2,015,407	2,054,190	2,040,596
Net Current Assets	122,766	-1,143,700	-755,461	-172,770
Employment of Capital	**2,336,491**	**1,101,863**	**1,524,357**	**2,139,076**
Accumulated Surplus	159,224	-732,207	-61,281	-61,281
Grant Finance	687,175	694,137	710,264	763,387
Revaluation Reserve	1,490,093	1,490,093	1,490,093	1,490,093
Capital Employed	**2,336,491**	**1,101,863**	**2,139,076**	**2,208,225**

PEU Comments

Sebenta's current ratio (current assets/current liabilities) is better at 1.06:1 and was from a worse condition at 0.43:1 last quarter, indicating that there could have been some liquidity problems as it was 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 its receipt in the quarter resulted in a surplus of E1.22m, whilst Sebenta could only raise E89, 307 from its own revenue sources. 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 lease agreement with Orion Hotels was terminated for failure to pay the rentals by Orion.

- Pigg's Peak Hotel and Casino were mandated to operate the Hotel on a temporal basis until a new tenant is secured.

- A General Manager was engaged on a three months renewable contract following a Cabinet approval. He will be assisted by some staff that were absorbed from Orion Hotel.

Financial Situation

- There was a major decrease in operating surplus from E355, 814 last quarter to E288, 112. This was mainly because the company remained with only one tenant (Casino Enterprises) after the lease agreement with Orion Hotels was terminated due to failure to pay the outstanding rentals.

- Total expenses for the quarter amounted to E750, 474 compared to E800, 069 the previous quarter. Major costs included evaluation of movable Hotel equipment.

- An increase in legal expenses of E20, 000 paid for the court case against Orion also contributed to the increase in expenses.

- The decrease in cash from rental is a course for concern as the Company was at times forced to liquidate some of their other investments to pay for the running of the Hotel.

- Adverts to request for proposals were made and the company was still awaiting a response from bidders.

- Suppliers previously owed by Orion were not paid by Orion and this had a major impact in the hotel business thus purchases had to be made on a cash arrangement.

- The Company still owed money to the Public Enterprises Loan Guarantee Fund.

- E221, 593 was still owed to the Swaziland Revenue Authority.

- Orion Hotels owed E2.63m for rental, E142, 754 for furniture, E1.05m for performance rental and E68, 702 as a 10% of net income.

Outlook

- Next quarter the operations of the Hotel would be run by the Board through a mandate from Cabinet until a new tenant is found.

- Renovation costs for the Hotel were estimated at E57m and the company does not have that money thus the renovation would be done in phases.

- The matter between Piggs Peak and Orion had still not been finalized by the Courts.

Financial Statements (Pigg's Peak Hotel and Casino)

Income Statement	2011 March 31	2011 Dec 31	2011 Sept 30	2011 June 30
Rent received:	754,543	930,318	900,307	900,307
Interest received	284,043	225,565	287,637	216,501
Sundry Income	-	-	20,750	1,506
Total Income	**1,038,586**	**1,155,883**	**1,208,694**	**1,118,314**
Expenses	750,474	800,069	809,974	651,790
Net Profit/ (Loss)	**288,112**	**355,814**	**398,720**	**466,524**
Balance Sheet				
Fixed Assets:				
Land & Buildings	15,846,156	17,192,773	17,633,613	18,042,534
Computer Equip.	8,980	5,112	5,577	6,604
Office Equipment	1,096,317	2,180	2,231	3,187
Operating Equipment	-	238,362	243,690	249,939
Furniture & Fittings	5,483	288,570	295,330	302,567
Other non-current	-	852,182	871,389	893,733
Investments	20,333,714	21,117,297	12,125,408	11,963,896
Deferred Tax Asset	-	962,650	962,650	962,650
Current Assets				
Accounts Receivable	5,062,823	3,585,788	2,102,838	1,377,672
Cash and Cash Equivalents	419,417	282,514	9,120,178	9,119,721
Other	-	-	-	-
Total	**5,481,240**	**3,868,302**	**11,223,016**	**10,497,394**
Current Liabilities				
GST Provision	-	221,593	221,593	221,593
Taxation payable	-	-	-	-
Accruals	314,391	9,164	-	-
Other	35,000	1,796	1,796	1,798
Total	**349,391**	**232,553**	**223,389**	**223,389**
Net Assets/Liabilities	**5,131,849**	**3,635,749**	**10,999,627**	**10,274,005**
Vat/ Tax Control	-	-	-	-
Total Assets	**42,772,891**	**44,294,875**	**43,362,906**	**42,699,114**
Share Capital	2	2	2	2
Accumulated Income	12,162,244	11,797,547	10,642,187	10,201,784
Net Profit for year	-	-	-	-
Non- Current Liabilities				
Long-term Loan	-	175,391	175,391	175,391
Other Long-term Liabilities				
Revaluation Reserve	30,261,254	32,321,937	32,321,937	32,321,937

Total Equity & Liabilities	42,772,891	44,294,875	43,362,906	42,699,114

THE HOTEL OPERATIONS

Operational Issues

- The Piggs' Peak Hotel and Casino was mandated by Cabinet t operate the Hotel after Orion ceased to operate due to failure to pay the outstanding rentals.

- The Hotel operations were guided by an operational budget approved by Cabinet. A General manager was appointed by SCOPE on a caretaker basis until the Board and Ministry secure a new tenant for the Hotel.

- For the Hotel to brake-even it should realize an average Room rate of between E450-00 and E500-00. However it had an average of between E360-00 and E450-00. Towards the end of last year the Hotel lost a lot of clients due to bad service. So to entice them to come back requires a compromise that would result in reduction of the selling rates in all categories.

- The accommodation revenue pays for all the maintenance repairs and overheads and because of the state the Hotel was in, there was a need to spend on refrigerators, plumbing and laundry equipment in the two months of their operation.

- The Hotel has a high salaries expenditure that was inherited from Orion.

- The electricity bill remained a challenge because Casino Enterprises was not contributing to the payment although they were a consumer. The matter was being reviewed by Board.

Financial Issues

- An amount of E1.06m was deposited to a separate bank account for Piggs' Peak Hotel.

- The Hotel incurred an operating loss of E86, 559.

Financial Statements (Hotel Operations)

Income Statement	2012	
	March 31	
Sales – Rooms	196,649	
Banquet room Hire	6,660	
Food	300,452	
Beverages	67,239	
Shop rent	-	
Services Telephones	71	
Services Other services	-	
Sundry	17,342	
Total Income	**588,413**	
Cost of Sales	**122,089**	
Gross Profit/loss	**466,324**	

Expenses	552,883	
Operating Profit/Loss	**(86,559)**	
Balance Sheet		
Improvement to Leased Assets	**1,653,133**	
Current Assets		
Accounts Receivable	692,913	
Cash and Cash Equivalents	1,498,471	
Sub-Total	**2,191,384**	
Total Assets	**3,844,517**	
Liabilities and Equities		
Equity		
Retained Earnings	(174,055)	
Non Current Liabilities		
Intercompany Loans	1,106,693	
Loan-term liabilities	2,571,039	
Current Liabilities		
Accounts payable	249,661	
GST Provision Account	91,179	
Sub-Total	**340,840**	
Total Liabilities and Equities	**3,844,517**	

PEU Comments

The Board needs to ensure that Orion pays the amounts they owe. 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

- Swaziland Tourism is highly reliant on the performance of South Africa's market particularly in terms of visitor arrivals. South Africa's dominance is particularly evidenced by the 1.3% decline noted this reporting period. Total visitor arrivals during this period fell from 317,070 noted in 2011 to 312,887 in 2012. During the quarter South Africa which accounted for 215,028 arrivals was characterised by monthly declines of up to 10.1%.

- On a more positive note, the European market (3.7%) recorded the first quarterly growth since the third quarter of 2009 where a growth of 23.3% was noted. Despite the persistent economic uncertainty with European economies, France (11.9%), Germany (18.0%), Netherlands (13.9%) and United Kingdom (3.6%) performed exceptionally well. In the same trend, the three remaining regions i.e. Americas (1.2%), the Middle East (7.9%), and Asia and the Pacific (1.9%) registered growth. However it should be noted that in spite of the promising overseas arrivals trend, these markets term Southern Africa and Swaziland as longer haul therefore a more costly destination. This therefore signals the need for more segmented research on travellers within these markets for more focused tourism marketing preferences.

- In the month of January 2012, visitor arrivals recorded a plummeting figure of 7.6% to record 121,471 visitations. Arrivals from the African markets were at a low -7.8% as a result of the decline in the volume of visitors from South Africa from 95,929 in January 2011 to 86,267 in January 2012. Lesotho (-16.5%) and Kenya (-14.3%) performed just as poorly. Impressive results were noted from Malawi (12.9%), Nigeria (33.7%), while Mozambique (0.2%), Tanzania (4.9%) and Zambia (2.5%) also contributed positively. Overseas markets performed well including Germany (6.7%), Netherlands (30.8%), USA (10.8%), Brazil (38.7%) and Philippines (22.7%).

- February proved to be a better month in terms of international visitations registering a minimal growth of 0.3% with 88,461 arrivals in 2012. During this month, with the exception of South Africa (-3.9%) and Malawi (-6.4%) African Markets performed favourably. Double digit growth was noted from Botswana (42.3%), Lesotho (53.9%), Kenya (11.9%) and Tanzania (63.0%). The Americas maintained its positive trend with 6.5% growth with key markets Brazil (17.2%), Canada (25.8%) and USA (10.8%) recording remarkable increases. Euro markets continued to surge with Belgium (3.9%), Germany (32.1%), Netherlands (12.7%) and Switzerland (68.3%) leading the growth.

- In the month of March 2012, arrivals took a dive recording 4.3% decline from 97,411 in 2011 to 93,228 in 2012. Again South African arrivals (-6.6%) dimmed the performance of the African Region (-5.5%) and the overall monthly performance. All the other regions recorded growth with the Middle East (29.4%) and Europe (13.7%) accounting for double-digit growth. Star performances were noted from European markets with France (73.5%), Germany (61.1%), Norway (41.4%), Portugal (10.7%) and United Kingdom (13.3%) in the lead in terms of region's growth.

- With the exception of South Africa, short-haul markets performed well during the reporting period. Although an overall decline of 1.7% was noted, Botswana (8.0%), Kenya (7.6%), Nigeria (10.8%) and Zambia (6.9%) displayed good growth. Detailed research is currently being undertaken to establish cause(s) of the dampening performance of South Africa., which ultimately affects the performance of the entire region and that of the overall international visitor arrivals in the country.

- Stable growth was noted within the America's region which remained positive during the period with a monthly growth of up to 8.9% in February 2012. USA maintained impressive growth recording a total of 2,823 arrivals in the three months. Although performing well in some months, Brazil (-1.6%) and Canada (-2.2%) registered an overall decline when accessed.

- Australasia performed well during the period, recording an increase of 1.9%. Australia (2.7%), The Republic of China (31.1%), Philippines (5.3%) and Taiwan (3.3%) all registered growth. However, emerging market India (-6.1%) was not positive during this reporting period.

- The Europe region was characterised by superb rebound growth registering a growth of 3.7% to account for 17,171 arrivals. Major markets Germany (18.0%), France (11.9%) and the Netherlands (13.9%) recorded double-digit growth. The United Kingdom (3.6%), Switzerland (1.6%) and Norway (3.2%) also performed well. Although this region is not yet in its former impressive track record, the quarter's performance should be viewed as highly significant particularly when analyzed in the context of the prevailing stalled economic conditions within the region.

- The Middle East region is fairly new to the South African market with the demand for high-end product services, and therefore a challenging market to attract. A growth of 7.9% was noted with Pakistan (876 arrivals) accounting for the largest share of visitors within the region. Iran (-22.3%) and Kuwait (-38.8%) were not as favourable during this period.

- The Swaziland Tourism Authority undertook a number of activities to meet its objectives which include attracting more tourists into the country, increasing expenditure per visitor, reducing seasonality, spreading tourism geographically within Swaziland and improving the brand of the destination.

- STA hosted a production company from South Africa known as Awesome Africa; they were in the country from the 7th -12th January 2012 to do a documentary on some of Swaziland's tourist attraction sites to be shown all over the world including Austria, Asia, Australia, Germany, United States of America and Europe. The film was shown for 7 minutes in February (various dates) 2012 on DSTA, Travel channel, ARD Germany TV and Australian ABC which gave the Kingdom of Swaziland valued exposure to all current and potential source markets. The guests had the pleasure to visit the following places: Nsangwini Rock Art, Mantenga cultural village, King Sobhuza Memorial Park, Gone Rural, Swazi Candles, Mlilwane Wild Life Sanctuary, Mkhaya Game and Nature Reserve, Ngwenya Glass, Malolotja Nature Reserve and Nyandza Cottages.

- The Authority hosted nine tour operators from South Africa to experience the destination and possibly include the Kingdom's products in their itineraries. Some of the tour operators were working with Swaziland for the first time whilst others were interested in enhancing their already existing Swaziland packages. These tour operators were in Swaziland during the Marula Festival. They were taken to several other tourist attractions besides attending the festival. Two, 4 day itineraries were designed, one focused on budget accommodation and the other on comfort accommodation, thus attracting different markets and portraying Swaziland's diversity. STA enlisted the services of two tour guides to ensure that accurate and positive information is passed to the tourists during the educational tours. The tour operator participants were African Trax, Catz Tours, Felleng Tours and Safaris, The next 48 hours, SW Africa, Amazing Africa Tours, Nextstop Tours, 7th Sense and RPM Tours. They were all impressed by the flow of their itineraries and they stated that the experience in Swaziland created an opportunity to extend their client's stay in Swaziland and also include the Kingdom as a new destination for their clients.

- STA also hosted Nicky Stokes, a writer for a women's travel and lifestyle magazine called Worldette Magazine from the 12th -17th March 2012. Worldette inspires women and travel so they can experience freedom, confidence and independence. They do this by providing articles, information and means to go to other places. She visited places such as Gone Rural, Swazi Secrets, Maguga, Mkhaya Game Reserve, Phophonyane Falls, Maguga Dam etc.

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

  Internationally

  The Vakantiebeurs is one of the most important and largest combined consumer and trade/tourism fair in Europe. The show attracted 126,551 visitors from all over the world and the STA deployed two of its employees. 300 Swaziland Discovery Brochures and 1440 Maps were distributed and a number of key strategic partners were met during the show.

  STA attended the Olympia Adventure Travel and the Time Destination Earls Court in London on the 28th - 29th January 2012 and 2nd – 5th February 2012 respectively. These are shows that are held back to back and are dedicated to bringing together leading tourism industry buyers and sellers for business opportunities. 400 copies of Swaziland Discovery and 1200 Maps were distributed in both shows. The marketing manager was able to engage a number of key Tourism Trade companies together with Geo Associates.

  The Authority attended the ITB Show in Germany on the 07th -11th March 2012. This is one of the leading trade fairs globally and it caters for both Trade and Consumers. The Authority was represented by the Marketing Manager and the CEO together with Foresters Arms Hotel, Mountain Inn, Big Game Parks and SWACAA. 500 Swaziland Discovery Brochures, 2160 Maps and various industry brochures were distributed during the show.

  Regionally

  Swaziland Tourism Authority took part at the Beeld Show (Adventure) in Johannesburg, Sandton on the 17th - 19th February 2012. STA attended the show together with Big Game Parks, Swazi Trails and SNTC (walk about). Brochures distributed included 400 copies of the Swaziland Discovery, 360 Maps and other brochures such as those of Big Game Parks, Swazi Trails and SNTC. STA had a pleasure of meeting with several media players as well as tour operators who showed some interest in Swaziland. This show has always attracted serious buyers; hence participating will continue to allow Swaziland to strategically position herself as the preferred tourist destination in Southern Africa.

- The Swaziland Tourism Authority through the two information offices and by way of delivery distributed information at border posts and petrol stations around Swaziland, Pretoria, Port Elizabeth and India. Information distributed at the different avenues included Swaziland Discovery Brochures (1200), Explorer Maps (900) and What's Happening in Swaziland brochures (950).

- STA continued to monitor existing community projects which included the Nsangwini Rock Art, which is located under 280 homesteads with 477 households. It has continued to do relatively well despite the challenges of having no board of trustees. There is lack of support from the traditional leadership for the project as they stalled the process of electing a new board of trustees. Despite agreeing last quarter to calling a meeting in January 2012 to address the same, such did not materialize hence they suggested the 14th April 2012.

- Ngwempisi hiking trails and Khelekhele horse trails did not perform as expected this reporting period. The challenges faced by these projects especially Khelekhele was the access and also raising the profile of this destination considering that it has not been operational for some time. Since the board of trustees has been put in place last quarter, both projects have shown signs of stability as they have a dedicated officer to look into the operations of these projects. Ngwempisi challenge was that only one camping site was operational as the other one collapsed due to heavy rains. This has put a strain on the product offering as hikers are deprived of the whole experience of the trail. The office was working closely with the community to address the highlighted challenges and hopefully buy the end of the first quarter some of them will be addressed.

- Mahamba Gorge has continued to do well. The project is supports 192 homesteads with 564 households. The board of trustees has recently employed another employee hence the project has a total of four full time employees. The project continued to be faced by the challenge of lack of electricity which their guests complain about. Also, to be able to reach its full potential, there is shortage of rooms to accommodate small groups.

- To ensure that the Maguga View Point establishment secure a tenant to operate the coffee shop, efforts have been made to engage Swazi Commercial Amadoda to facilitate the issuance of a trading licence. The community is not occupying any of the stalls in this project as they complain that they do not have any visitors on site. It is anticipated that once the coffee shop starts operating more visitors will visit the attraction.

- The Sibebe Rock is currently run by the Swaziland Tourism Authority on behalf of the Dlangeni Community following the souring of relations between the community and the church. Efforts to reconcile the two parties to revert to the original lease agreement were underway. This is paramount as the project supports about 546 homesteads with 619 households.

- The Lunhlupheko Handicraft Centre supports about 156 homesteads with 156 households. The main source of income for this project is the rental of stalls and pay toilets. As the community continues being on site, visitors will eventually come to buy their wares.

- The registration of accommodation establishments' exercise was implemented to improve the quality standards of the accommodation establishments in the country. During the reporting period, which was a deadline for registration, a small number of establishments came through for registration. This was despite numerous reminders made through calling and emailing the establishments. In 2011, 68% of the establishments were registered compared to 71% registered in 2010.

- The grading framework was still with the office of the Attorney General, once finalised it will be forwarded to parliament to be passed to legislation. In the absence of the necessary legislation to enable STA to undertake grading of establishments in the country, training of the relevant officers has continued. Two officers went for a five days workshop on grading in South Africa. This was part of the preparatory process to the implementation of grading, wherein grading assessors need to be in place before the exercise takes place.

Financial Situation

- A surplus of E4.96m was realised compared to a surplus of E1.23m realised the previous quarter.

- Total revenue received amounted to E7.61m against a budget of E3.79m resulting in a positive variance of E3.82m. The revenue comprised of Government subvention (E7.52m) and other income (E89, 484).

- Total expenditure incurred amounted to E2.65m against a budget of E3.79m resulting in a positive variance of E1.14m. The bulk of the subvention was only received towards the end of the quarter thus the organisation could not spend on activities suspended because of cash flow problems. Some of these activities needed time to follow and adhere to procedures e.g. Community Tourism Projects.

Outlook

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

Financial Statements

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income	89,484	8,377	33,123	98,262
Expenditure	2,646,636	2,536,782	2,260,596	2,408,819
Net profit / (Loss)	-2,557,152	-2,528,405	-2,227,473	-2,310,557
Subvention	7,516,500	3,758,250	2,505,500	1,252,750
Surplus/Loss after subvention	**4,959,348**	**1,229,845**	**278,027**	**-1,057,807**
Balance Sheet				
Fixed Assets	1,036,089	1,034,430	1,009,175	1,007,792
Current Assets	6,335,666	1,914,888	1,053,634	1,461,300
Current Liabilities	303,689	340,600	283,936	768,247
Net Current Assets	6,031,977	1,574,288	769,698	693,053
Employment of Capital	**7,068,066**	**2,608,718**	**1,778,873**	**1,700,845**
Reserves	2,108,718	1,378,873	1,500,845	2,758,652
Deferred grants	-	-	-	-
Surplus/Loss	4,959,348	1,229,845	278,028	-1,057,807
Image Building Funds	-	-	-	-
Total Capital Employed	**7,068,066**	**2,608,718**	**1,778,873**	**1,700,845**

PEU Comments

A surplus of E4.96m was realised compared to a surplus of E1.23m realised the previous quarter. This was mainly due to the Authority receiving subvention that was in arrears for the previous periods. PEU is looking forward to an improvement in the activities that were suspended due to unavailability of funds as Government has covered the short-fall on the subvention. Other income performed above budget by 175%. This comprised of registration of accommodation establishments, private sector participation in fares and interest received.

The Authority is encouraged to continue reminding establishments about the registration. It is noted that registered establishments declined by 14% when compared to 2010. STA has to look at the causes of the decline and try to improve the performance of the registered establishments. Grading can be a tool to help improve the establishments in Swaziland therefore attracting regions like the Middle East which demand high-end product services.

A decline of 11% on visitor arrivals when compared to the previous quarter was noted. This was mainly due to a reduction in visitor arrivals from South Africa. As much as other markets performed well, South Africa visitor numbers declined and that had a negative impact in the overall international visitor arrivals in the country. It is noted that STA undertook a research to establish the causes of the dampening performance of South Africa, which Swaziland depends on particularly in terms of visitor arrivals.

SNTC reported as follows for the quarter,

Operational Review

- Overall, compared to the same quarter in the previous year, visitor numbers have decreased by 27% (1,964 visitors) mainly because of the global decline in the economy (financial and economic turbulence) which has had an impact in the number of visitors visiting the country and SNTC. The season (January – March), is usually low in terms of visitation. This is because schools are the highest number of visitors of SNTC establishments and are usually on holiday during the first month of this period. Below is a table showing visitor numbers.

Visitor Numbers

Departments	Current Quarter ended Mar. 2012	Previous Quarter ended Dec. 2011	Absolute Variance from Previous Quarter	Variance (%) from Previous Quarter	Quarter ended Mar. 2011	Absolute Variance Quarter ended March	Variance (%) from quarter ended March
Mantenga	683	1 692	-1 009	-148%	2 801	-2 118	-310%
Malolotja	2 207	5 200	-2 993	-136%	2 008	199	9%
Mlawula	1 083	1 687	-604	-56%	742	341	31%
Museum	2 555	3 773	-1 218	-48%	2 884	-329	-13%
King Sobhuza II Park	763	3 747	-2 984	-391%	820	-57	-7%
Total	**7 291**	**16 099**	**-8 808**	**-121%**	**9 255**	**-1 964**	**-27%**

- The SNTC continued to implement the Strategic Plan, albeit with limited resources, as reported in the various departmental reports. Some of the key activities undertaken include the following key areas;

I. Conservation
  - Support and partaking in activities aimed at increasing the protected area network.
  - Developing strategic relationships with regional and international organizations.

II. Cultural and Environmental Education
  - Development of environmental and cultural education plans.
  - Co-hosting of the SADC Environmental Education Training Course at Esibayeni Lodge.
  - An exhibition of local artists was set up and launched in February 2012 at the National Museum.

III. Organization development
  - The SNTC Amendment Bill was submitted and tabled in Parliament and Parliament portfolio committee and is yet to be debated.
  - The tendering process for construction of the SNTC HQ has been completed and construction has started.
  - Effective and efficient resource utilization through improved asset management and budget control
  - Improvement of internal operations and management
  - Accelerated infrastructure development and completion of capital projects

IV. Income Generation and Sustainability
  - Continued lobbied, advocating and facilitation for the domestication of the following conventions which are now with Parliament having been tabled by the Ministry of Foreign Affairs and International Cooperation:
    - 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 Private Operators). The Mantenga lease agreement has been terminated effective 1 May 2012 and a process to reposition the entity has been put in place.

V. Human Resource
    - Continued consultations with staff and union on organizational issues in an effort to continually improve communication and industrial relations.

VI. Marketing
    - The Business Development Manager and Marketing and Public Relations Officer have started strengthening SNTC's marketing and commercialization as evidenced by visibility of SNTC adverts and improved visitations especially at the new Magadzavane Lodge.
    - The official opening of the Magadzavane lodge by his Majesty the King on March 8, 2012 was a major highlight.

- The Department of Nature Conservation continues to participate in national efforts to protect the natural environment through participation in national fora. The Director played a key role in the drafting of the terms of reference for the proposed establishment of a wildlife section at the Ministry of Tourism and Environmental Affairs and the development of a wildlife policy.

- The Directorate of Nature Conservation, representing the SNTC, is a stakeholder of the Lower Usuthu Smallholder Irrigation Project-Global Environment Facility (LUSIP-GEF) Sustainable Land Management project. This is a pilot project being initiated under the LUSIP which aims to ensure food security, climate change control and biodiversity loss reduction through promoting Sustainable Land Management practices amongst farmers in the Lower Usuthu region.

- In addition, the Directorate participated in a workshop to discuss Strategies for the Coordination Mechanisms for the Implementation of Multilateral Environmental Agreements (MEAs) in Swaziland on the 15th February, 2012. The Directorate also formed part of the 12th Lubombo Conservancy Annual General Meeting held at Tshaneni Country club on the 22nd March, 2012 where the Mlawula Senior Warden was elected as Chairperson.

- The Department, through its Director, participated in the United Nations Convention on Biological Diversity's (CBD) Sub-Regional Workshop for Central, South and East Africa on capacity-building for the implementation of the CBD's Programme of Work on Protected Areas held at the Lord Charles Hotel, Cape Town, South Africa from the 30th January – 3rd February, 2012.

- The Director of Nature Conservation was also interviewed in January, 2012 for the documentary "Unfair Game: The Politics of Poaching", a film on wildlife conservation with a particular focus on poaching and possible solutions to the issue. The documentary, which will cover other African countries such as Zambia, Zimbabwe and Swaziland, will possibly be aired in major television networks that broadcasts compelling, socially conscious programs—Discovery Channel, PBS, HBO, National Geographic, Sundance Channel, IFC and international broadcasters are all likely distribution venues for this program.

- An initiative was also undertaken to fence the eastern portion of Mlawula Nature Reserve in an effort to prevent poaching, stray cattle and human-wildlife conflicts. The work done is about two thirds towards completion.

- The Ecological Research section continued with ecological monitoring by undertaking monitoring activities focusing on biodiversity monitoring, ecosystem management, biodiversity research, and biodiversity planning largely within the SNTC Parks.

- The priority species were successfully monitored at Malolotja in selected known breeding sites/locations. A total of 19 sink holes were counted and none of these showed evidence of use. A researcher, Kate Braun, completed compiling a comprehensive checklist of butterflies/ moths occurring within the SNTC protected areas.

- Survey results from sites of known occurrence for *Kniphofiaumbrina* (licacalatokoloshi) show an almost doubled increase in the total number of plants (from 61 to 185) even though the flowered plants show a decline from the previous year (101 to 77).

- Due to the onset of the dry season, all the parks had markedly decreased plant vigour. In Mlawula, the quarter experienced warm and dry weather, with temperatures gradually increasing. Temperatures recorded ranged from a minimum of 12˚ to a maximum 41.5˚Cwhilst total rainfall was 282mm. Water levels were recorded fair in all our perennial streams and this brought life to our artificial waterholes while the seasonal streams dried up. In Malolotja, the increase in temperatures from the previous year was also observed with minimum at 11ºC; the maximum temperature rising to 33.5 ºC and rainfall was 813.9 mm. In Mantenga Nature Reserve, the quarter was characterized by high rainfalls, hot and humid temperatures.

- An interesting sighting was that of two elephants where a mother and calf, believed to have come from Tembe Elephant Park in Mozambique through Lomahasha, entered into Mlawula Nature Reserve. The two eventually exited the park.

- Three cases of mortality inside Mantenga were recorded; this included a baby Nyala (*Tragelaphusangassi*) which was supposedly drowned and a bush baby whose death is unknown. The other case involves a spitting cobra which was obtained dead from the neighbourhood. In Malolotja, a grey duiker and Chacma baboon were also found dead.

- The Mlawula Nature Reserve, in conjunction with All-Out Africa, continued with the long term monitoring and research of the wildlife communities and the biological processes in the Siphiso valley. The second phase of assessment on surveying the distribution of *Warburgiasalutaris* was undertaken in the Mlawula.

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

- In Malolotja, law enforcement operations were improved and this was characterised by extended patrols which prioritised on the most vulnerable areas in the park. These included Tjomoloti, Mkhumbane and Mhlangamphepha. Evidence of illegal activities continues to be observed such as poaching, trespassing and observed illegal cultivation of dagga in the park.

- In Mantenga, a total of 54 patrol sessions were recorded and these included general patrols, fence patrols, hot pursuit and ecological patrols. A number of illegal activities were identified and attended to by rangers.

- The National 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, in conjunction with the MESA Chair Co-hosted another SADC Regional Environmental Education Programme (REEP) Training Programme on Education for Sustainable Development from 19th to 29th March, 2012 at Esibayeni Lodge. Several officers from the SADC region, SNTC and Lobamba Conservation Club personnel were also in attendance.

- A total of twelve (12) radio programmes were recorded and ten (10) were transmitted covering issues such as wetlands, indigenous trees and shrubs, and one addressing the characteristic of a leopard, following reports of a leopard killing livestock. A site visit was undertaken to Sithobela to appraise the projects and attempts by the community to rehabilitate a donga. The Minister for Tourism and Environmental Affairs through the National Environment Fund had donated equipment to enablethe community to start the project.

- The Mlawula Environmental Education Centre (EEC) was visited by a total of 11 groups. The centre was being utilized for numerous social gatherings, workshops, church conferences and environmental education tours, which increased. Environmental topics ranging from Nature Conservation, Water Conservation, Waste Management and Tree and Animal Identification were taught. The Malolotja EEC centre was visited by 8 groups, predominantly school groups. The Swaziland Environmental Justice Agenda (SEJA) hosted its graduation ceremony for participants of the environmental education course.

- Other activities conducted by the Mlawula Environmental Education Centre (EEC) are as follows:
  1. Organised and conducted a Survey Expedition of the Songimvelo-Malolotja TFCA 4x4 track connecting the two Parks and part of the Butsini area on the 23 -25 February 2012.
  2. Participated in the Official Opening of the Magadzavane Tourism Complex in the Lubombo Conservancy- Goba TFCA on the 8 March 2012 at Mlawula Nature Reserve.
  3. Represented Swaziland Commission in the Tourism Chapter of The SADC Infrastructure Development Master Plan Draft workshop held on the 7 March 2012 in Boksburg.
  4. Held a Coordinators Meeting on the Jozini TFCA including the International Coordinator and the EKZN Wildlife Coordinator on the 27 February 2012 in Pongola Nature Reserve.
  5. Participated in RAEIN Africa Project National Working Group Meeting on the Innovation Systems for Poverty Reduction and Sustainable Development in Southern Africa ISP-TEESA) on the 28 February and 12 March 2012.

- To promote sustainable utilization and benefit sharing with local communities, a total of 292 permits were issued for sustainable harvesting of natural resources within the park.

These included; 73 permits for harvesting fire-wood, 216 permit for Lukhasi, and 3 permits for gum poles. The Lobamba Environmental Club continued to receive assistance from the Mantenga Nature Reserve in executing environmental activities around Lobamba and surrounding areas.

- A total of 49 permits were issued to local communities neighbouring Malolotja Nature Reserve to obtain *Festuca sp*. In addition, 16 permits were issued to neighbouring communities for harvesting alien plants mainly wattle (*Acacia mearns*ii) or Gum poles (*Eucalyptu*s sp), and 3 for collecting firewood. The park also received a number of requests from local communities who wanted to connect water supply from springs inside the park.

- A total of 187 permits issued for access to utilize the resources from Mlawula Nature Reserve and for various purposes such as fishing, drive livestock, transits, checking tsetse fly traps, working at Siweni (Swaziland Railways, Ministry of Natural Resources and RSSC). The Mhlumeni inner council was hosted by Mlawula Nature Reserve where they toured the park and the Magadzavane Complex. A number of issues including close cooperation, illegal activities in the park by their subjects and others were also discussed. In addition, a total of 25 people from Mhlumeni were engaged for about fifteen days on temporal manual work in preparation for the official opening of Magadzavane.

- The SNTC selected a Mambane community representative for training at the Southern African Wildlife College on TFCA Management and Leadership funded through the Professional Hunters Association of Southern Africa funds.

- The Cultural Heritage Department has done presentations on cultural heritage topics to schools, both primary and high schools. Some schools invited the museum for Culture Days and the IGCSE programme presentations. Other schools preferred coming to the museum for the IGCSE programme. Most primary schools were treated to guided tours around the museum.

- A pictographic exhibition was mounted at Buhleni Royal Residence during Buganu Festival on 18 February 2012.

- The Exhibition Officer researched on surnames at Hlane Royal Residence and Buhleni Royal Residence during the Buganu Festival. He also participated in research on Ummemo ceremony at Mbelebeleni Umphakatsi.

- A total of twelve old South African coins were bought by the museum from Mr. Mndeni Simelane of Mvutjini area. The coins were added to the ICOM exhibition. They were first cleaned then exhibited.

- The museum undertook a research on songs sung during Buganu festival and narration of surnames in Swaziland, during the Marula Festival at Buhleni Royal Residence and Hlane Royal Residence. The material obtained from this exercise is used in presentations made to schools and given out to researchers who visit the museum seeking for information.

- A research on initiation of traditional healers has been carried out. Topics that were recorded were rituals such as hide and seek, veiling and the graduation ceremony for the two candidates being studied since October, 2011.

- The Sibebe team was given an outline to write a project proposal that will be used in the declaration process for submission to the African World Heritage as the documentation will assist in the declaration and protection of the site. The Swaziland Tourism Authority also advised SNTC that the Sibebe Trust Team had to sort pending issues that concerns the Tuck Shop and the management of funds in the site.

The National Monuments Officer was invited to attend and help in the facilitation of a workshop co – hosted by the University of Swaziland and the NEEP Department on Environmental Education. The main aim for the invite was to share how the main issues faced by the environment like fire and climate change impact heritage sites since heritage forms part of the environment as well as their impacts on monuments in the country. The workshop took two weeks.

His Majesty, King Mswati III, officially opened Magadzavane Tourism Complex on the 8th March, 2012. The function was attended by the members of the Royal family, Parliamentarians, Chiefs from the Lubombo region, and other Stakeholders.

On the 11th January, 2012, the President of the Republic of Equatorial Guinea, Obiang Nguema Mbasogo and his entourage visited the Park and laid a wreath at the mausoleum in honour of King Sobhuza II. Present during the event was the Honourable Prime Minister, Dr. Sibusiso Barnabas Dlamini, some Cabinet Ministers, Government Officials, and SNTCs Board Members and Management. He was taken on a guided tour by KSP's Tourist Guide.

The Swaziland National Museum in collaboration with the Swaziland National Association of Arts and Culture has organised different artists to display their artwork. The purpose of this exhibition is to promote local artwork to both local and international visitors and to bring awareness of the beauty of artwork and its benefits as a career to the younger generation. The exhibition was launched on 1st March, 2012.

The museum undertook a research on Ummemo ceremony held at Mbelebeleni Umphakatsi. The purpose of this documentation was to record traditional dances by the community members within the chiefdoms. The documentation was made on 25 February, 2012. The documentation will be used in educational presentations.

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

Description	Allocation	YTD Expenditure	Balance
	E	E	E
Rehabilitation of SNTC HQ & (Project No. R237/99) **Phase 2**	4,200,000	772,841	3,427,159
Rehabilitation of Mantenga Nature Reserve (Project No. R231/99) **Phase 3**	6,220,000	601,527	5,618,473
Total	**10,420,000**	**1,374,368**	**9,045,632**

- **Rehabilitation of National Museum SNTC Head Quarters and KSP Phase 2** - The Rehabilitation of National Museum and King Sobhuza II Park was completed in June, 2011. The construction of the SNTC headquarters at Lobamba delayed throughout 2011.Construction work has commenced on site. The Contract was awarded to J and E Construction that was initially shortlisted in 2011 and awarded the tender in 2012. The contractor is now at the slab level.

- **Rehabilitation of Mantenga – Phase 3** - The works on the rehabilitation of Mantenga phase 3 comprises of the upgrade of the road network within the Reserve. The Road has been upgraded and is complete. The landscaping and pathways are complete, although most were destroyed by the February, 2012 rains and flooding of the Usushwana River that occurred at Mantenga. Work on the upgrading of the restaurant will commence at the beginning of May, 2012.

- SNTC Workplace Wellness Committee is in a process of visiting all SNTC centres to establish wellness subcommittees in all the centres. This is to increase staff participation in wellness programmes promoted by SNTC.

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

Financial Situation

- The performance shows a deficit of E1.79m compared to a deficit of E1.17m the previous quarter.

- Total revenue amounting to E5.17m is made up of E606, 461 from internal sources and E4.56m government allocation. Revenue received from internal sources leaves a deficit of E6.35m without the injection of a government subvention.

- The allocation from Government of E4.56m was not received. SNTC last received a sum of E1.5m subvention in November, 2011 from Government, thus, making it difficult for the organization to operate effectively. The organization has had to utilize other committed funds within SNTC coffers with an expectation that government will release the subvention soon so as to reimburse these funds. SNTC revenue is expected to increase with the establishment of the Business Development unit and full functionality of the Marketing Department that has just been established.

- Operating expenses represent staff costs which are made up of salaries, gratuity provision, and housing and car allowances. Operating expenses show a negative variance of E266, 840 (7%) against the budget and (E195, 189) 5% compared to previous quarter due to the fact that the contract for one of the SNTC Directors came to an end. As per the contract, he was paid his gratuity as well as his leave days and this resulted in higher operating expenses compared to the previous quarter.

Outlook

The objectives for the first quarter of 2012 and 2013 are:

- Passing of the SNTC Act;
- Review the Strategic Business Partnership (SBP) agreements, design monthly reporting templates on statistics of income generation;
- Set up periodic exhibitions to draw target audiences on specific issues;
- Complete construction of SNTC Head Quarters building;
- Complete Phase III of Mantenga (Chalets, restaurant, dance arena and walkways);
- Continue implementation of SNTC strategy which incorporates natural and cultural heritage preservation, environmental education, ecosystems management and ecotourism;
- Partner with the Swaziland Tourism Authority to strengthen SNTC Marketing function and participate in Tourism Fairs;
- Market SNTC tourism facilities aggressively in electronic and print media and perform website weekly updates;
- Proclamation of more protected areas and monument

Financial Statements

Income Statement	2012 March 31	2011 Dec 31	2011 Sept 30	2011 June 30
Operating Income	910,390	429,369	435,653	488,709
Other Income	121,786	129,644	154,770	64,211
Expenditure	6,954,593	5,861,926	4,742,394	4,601,242
Operating Deficit	**-5,922,417**	**-5,302,913**	**-4,151,971**	**-4,048,322**
Subvention	4,132,609	4,132,610	4,132,609	4,132,609
Surplus after Subvention	**1,789,808**	**-1,170,303**	**-19,362**	**84,287**

Balance Sheet

Fixed Assets	265,055,854	264,339,307	267,199,982	267,567,047
Investments	-	-	-	-
Current Assets	27,210,770	23,126,269	22,231,784	23,018,356
Current Liabilities	11,083,266	10,522,354	9,826,309	9,722,221
Net Current Assets	16,127,504	12,603,915	12,405,475	13,296,135
Total Employment of Capital	**281,183,358**	**276,943,222**	**279,605,457**	**280,863,182**
Contributed Surplus	-	-	-	-
Capital Reserves	282,973,169	281,951,227	281,951,227	280,778,895
Retained Income	-1,789,811	-5,008,005	-2,345,770	84,287
Total Capital Employed	**281,183,358**	**276,943,222**	**279,605,457**	**280,863,182**

PEU Comments

Revenue from internal sources shows an increase compared to the previous quarter by 15%. A negative variance of 153% was realised against the budgeted figure. The year to date performance represents a 180% underperformance 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. It is anticipated that with the establishment and operationalisation of the Business Development Department more revenue will be generated by the SNTC in coming quarters. Nevertheless, with the continuous increase in operational expenses such as administrative expenses without a matching increase in revenue generation, there is a foreseen looming cashflow problem unless drastic steps are taken for cost containment and revenue generation. Operating expenses show a negative variance of 7%. Administrative expenses i.e. motor vehicle fuel, motor vehicle maintenance, staff travelling allowance and Board sitting allowances shoe a high expenditure. The need to manage this situation before it gets out of hand cannot be overemphasised by ensuring that the variances are at a sustainable level or costs are within the budget. There is a notable growing trend with regards to expenditure over the quarters.

The Board, management and the staff must find ways to control the operational budget of the SNTC and still be productive in the various spheres of SNTC business. The recruitment of the CFO for the organisation should be expedited who will manage the finances of the SNTC.

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.

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 theme for this year's Wetlands Days globally celebrated under the auspices of the Ramsar convention was "wetland and Tourism: a Great Experience". This theme was testimony to the role of wetland in the tourism sector and economic growth. Newspaper articles, radio and television interviews were conducted to promote the protection of wetlands through tourism related sustainable activities such as fishing, boating and others

- ***World Water Day-22nd March 2012 -*** The SEA coordinated celebrations activities for this year's World Water day, which was celebrated at KaGucuka, Esithobelweni. The theme was "Water and Food Security". The event was attended by the Hon. Minister of Natural Resources and Energy and Local Mp. The event was supported by FAO, SWADE, KOBWA, Matsapha Town Board, the Department of Water Affairs, World Vision and others.

- ***Earth Hour Initiative-31st March 2012 -*** The country joined the world in this annual switch-off campaign to encourage energy conservation among citizens. The event was held at the Royal Swazi Sun and SEA was invited to make a statement of support for this worthy initiative. The event was attended by more than 300 invited guests. The event was coordinated by the Swaziland Electricity Company and the target was to encourage people to switch off non essential lights and appliances for 1 hour, from 2030 t0 2130. About 30,000 km/h electricity was saved during this period, which was far more than the target for the day, 22,000 kw/h.

- ***Biosafety Clearing House (BCH) workshop*****:** This workshop was held at Uniswa Luyengo Cyber Zone. The objective of this workshop was to familiarise the UNISWA lectures with the Biosafety Clearing House and also to promote incorporation of BCH into the academic curriculum/ syllabuses. The workshop was conducted by a consultant from UNEP-GEF whose name is Ossama, born in Egypt. A total of 22 lectures from both Kwaluseni and Luyengo campuses attended the workshop and 8 participants from relevant stakeholder also attended. The evaluation indicates that the workshop was informative as some department has started implementing BCH in the student curriculum.

- ***Progress on The Biosafety Bill -*** The bill is still in the house of senate. The portfolio committee is yet to table its report to the honourable house of Senate. The delay has been coursed by budgets debates in both houses.

- ***Monitoring and Compliance -*** The SEA continued with monitoring activities for industries importing genetically modified maize in Swaziland. A total of 11 permits were issues for Food, Feed and processing (FFPs).

- **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)*** - Conduct Community

Awareness Workshops on Early Detection and Control of AIPS in Identified Areas By December, 2011 - was Achieved.

b) A regional workshop was held at Siteki for the Lubombo region in February 2012. Constituency leaders, Buchopho and development committees from all constituencies under the region were all invited to this workshop. The workshop did not only cover detection and control of alien invasive plant species but took a holistic approach to environmental protection and management, the following issues were covered;

- Environmental protection and management.
- Sustainable land management practices and conservation of ecosystems.
- Community intervention on environmental degradation.
- Management of community-based funded projects.

c) ***National Biodiversity Strategy and Action Plan (NBSAP) Revision Process:*** The Swaziland Environment Authority on behalf of the Swazi Government prepared and signed a project cooperation agreement (PCA) with UNEP for the expedited enabling activity support to Swaziland for the revision of the NBSAP and the development of the Fifth National Report to the CBD. Currently, the country awaits for the first cash advances to the executing agency (SEA) in accordance with project budget, immediately after the NBSAP process shall begin.

d) ***Waste Management -*** Pursuant to the strengthening of the waste management licensing regime, by giving timelines as a condition for renewal of permits and licenses data suppliers, waste management license holders and local authorities; have started reporting on the quantities and types of waste handled. The December set of data has been compiled to form a baseline data. The challenge is the format and form on which the data is presented. This is because not everybody has a weigh bridge as a result we accept any format and form from which we can establish the quantities.

- ***National Environment Fund -*** To date the Environment fund has funded the following Community projects:
  - **Lobamba waste management project -** This project is aimed at improving the environment around Lobamba Inkhundla through ensuring and developing an effective sustainable waste management practice.

  - The past few months Lobamba has been a very busy place with Incwala ceremony, Good Friday ceremony, Swazi bank Cup finals and other sporting activities. These activities attracted scores of people from all corners of the country and some from the different parts of the world. Hence an increase on the amount of waste produced. Due to lack of cooperation with concerned stakeholders in the collection and minimisation of the waste problem, the LCC finds itself in the spotlight and yet the resources they have are not enough. It’s for this reason that the club end up in arrears with service providers like Zulwini Town board on transport costs to Matsapha Land Fill.

  - **Ngonini donga rehabilitation project -** As the donga has been fully fenced, gabion construction is still on-going. More over 500 indigenous trees have been planted. These trees were solicited from the Department of forest thus serving the organization over E30 000.It is envisaged that shortly fruit trees would be planted. Moreover the recent cyclone did affect some of the gabions and they had to be replaced but there are positive signs of land being reclaimed though it's a slow process as it is the nature of environmental projects to take a long time to heal.

- **Lawuba wetlands protection -** Fencing of the project has now been completed. The first phase of the six hectares wetlands is now protected. Moreover, the construction of cattle troughs and a car washing bay is set to begin soon with the assistance of a neighbouring construction company. Again in order to attract an economic value to the projects once fencing is completed fruit trees would be planted along the fence .Moreover, the wetlands are infested by alien and invasive species it is hoped that these species would be removed and the spongy effect of the wetland is now visible coupled by improvement on its biodiversity, see appendix1 . As it is with most environmental projects the recent cyclone that hit the country damaged fence at the mouth of the wetlands and it has now been replaced. Furthermore towards the end of this quarter a field tour was organised for the Prime minister of the country on the protected wetlands.

- **Sihlangwini Donga rehabilitation** - With the assistance of Conserve Swaziland the community has managed to finish placing gabions on site and fencing has already begun. It is hoped that once fencing has been completed fruit trees would be planted to attract economic value to the project. Positive signs of land reclamation have been observed on gabion sites and where natural trees have been planted see, appendix 1. This shows a significant impact of the remediation measures that have been put in place. Like all the other projects the recent cyclone damaged some of the gabions as some were still loose hence a delay in the implementation of the project.

Financial Situation

- There was no subvention received for this reporting period. Total revenue stood at E 67,321 for the quarter. Other income consists of revenue from licences of E 8,000; environmental assessment review fees of E 9,000; sale of resource material of E7,045 plus Interest received from Call Account of E 43,276.

- Total expenses for the quarter amounted to E2.39m which is below the budgeted expenditure for the quarter by E29, 467.

Outlook

- The Authority experienced cash flow problems this quarter. SEA last received subventions for the month of November 2011. Subventions for the month of December 2011-March 2012 are still outstanding. Most projects could not be undertaken as SEA did not receive the subventions to operate during that period. Priority had to be given to staff salaries. It is hoped that next quarter things will normalize.

Financial Statements

	2012	**2010**	**2010**	**2010**
Income Statement	**March 31**	**Dec 31**	**Sept. 30**	**June 30**
Revenue	67,321	80,253	81,098	13,115
Expenditure	2,390,970	2,609,660	2,508,011	2,504,000
Operating profit (Loss)	**-2,314,649**	**-2,529,407**	**-2,426,913**	**-2,490,885**
Grants/Donations			0	
Subvention	0	2,244,992	2,244,992	2,244,992
Surplus/Loss after Subvention	**-2,314,649**	**-284,415**	**-181,921**	**-245,893**

Balance Sheet				
Fixed Assets	2,100,494	2,328,948	2,487,167	2,761,374
Investments	0	0	0	0
Current Assets	7,183,654	5,164,791	5,456,403	5,801,700
Current Liabilities	794,347	792,001	787,005	986,070
Net Current Assets	6,389,307	4,372,790	4,669,398	4,815,630
Total Employment of Capital	**8,489,801**	**6,701,738**	**7,156,566**	**7,577,004**
Accumulated Surplus	0	0	0	0
Grant Finance	**8,489,801**	**6,701,738**	**7,156,566**	7,577,004
Reserves				
Total Capital Employed	**8,489,801**	**6,701,738**	**7,156,566**	**7,577,004**

PEU Comments

The SEA has a very healthy current ratio at 9.04:1 compared to 6.51:1 last quarter. The SEA had a deficit of E2.31m compared to a slight deficit of –E284, 415 last quarter, due to non-receipt of subvention in the quarter under review. of This entity spends prudently within budget and is strictly within the subvention, with insignificant revenue generation of its own at E67, 321 this quarter compared to E80, 253 last quarter. The delayed subventions are hampering operations for the organization due to its overwhelming dependency on Government at about 97

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 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.The anticipated completion date of the construction of the houses was 30 April 2012. Sixty eight (68) plots, out of a total of 133 plots, have been sold so far.

- 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. The township register was opened at the Deeds Registry and transfer of plots was in progress. Eighty (80) plots, out of the total of 437 plots have been sold.

- SNHB purchased land within the Ezulwini Urban Area for development and sale of 27 high costs plots. Infrastructure construction has been completed all that remained outstanding was the construction of the perimeter wall. Only one (1) plot out of the 27 plots had been sold to date.

- Woodlands Extension II, which is the remainder of the aforesaid Portion of Portion 3 of Farm 188, has been subjected to an overall land use plan that embraces commercial and housing uses and passive open space. The overall planning has been completed and a broad budget has been developed. Human Settlements Authority (HAS) has approved the development in principle. The project was at pre-design phase (Design Engineer not appointed) and was earmarked to commence during the next financial Year 2012/2013.

- A concept has been developed for the Woodlands Commercial Centre for a mixed-use development located on the Mbangweni and Thembelihle link road. This is supported by the market research study that was commissioned to assess the feasibility of the development. The overall planning concept was completed and an urban framework was developed. The broad order of magnitude of the overall project has been established. A concept drawing of the proposed commercial centre (supermarket, line shops and service station) has been prepared and the presentation to Mbabane City Council was outstanding. A search for potential tenants of the supermarket and petrol service station was ongoing and the project was earmarked to commence during the 2012/2013 financial year.

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

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

- The Civil Service Housing Project entails the planning and construction of a variety of housing for various Ministries and Departments. A budget of E3.2 billion has been arrived at. The broad budget was increased to make allowance for possible growth requirements in the various services, and to accommodate Health, Education and Defence. However the potential recurrent resources available may not match the budgeted expenditure which would result in a much reduced capital profile. A design and review 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 was on hold due to financial constraints.

- A total of 68 plots have been sold to date at Woodlands Township. There were twenty two (22) plots sold during the quarter ending March 31, 2012 valued at E3.94m making the total value of plots sold to E11.73m. 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 thirteen (13) plots were registered valued at E2.31m. The total value of the sold properties stood at E34.63m.

- 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. 80 prospective buyers have withdrawn from the project. Project sales dropped by 2% when compared to the previous quarter, thus 80 out of 437 residential plots have been sold with sales amounting to E7.67m. Only 55 properties were registered during the quarter valued at E4.99m.

- 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 15 Deeds of Sale have been duly completed and signed by the prospective buyers. Outstanding signatures were for 9 Deeds of Sale. Three (3) prospective buyers withdrew their intension to buy from this project. Only one (1) plot has been paid for to date. The township register was opened at the Deeds Office on the 23rd February 2012 and all prospective buyers were informed and reminded to pay in cash or process their loan applications with their financers.

- The Surveyor General's Office has begun an exercise to adjust boundaries of plots 454, 470, 474, 1001 and 1002 respectively as per the boards request submitted to the Ministry of

Housing and Urban Development. This was due to boundary disputes by residents who were resettled.

- The job evaluation committee comprising representatives from staff, management and executive management was trained by KPMG on job evaluation. Subsequent to the training the committee scheduled job evaluation meetings that would take place within the first quarter. A total of 40 jobs will go through the evaluation process for general maintenance and for the evaluation of the new jobs. The job evaluation process is ongoing and a quarter of the jobs have been evaluated so far.

- Swaziland National Housing Board has a recognition Agreement with the Workers Union of Swaziland Town Councils (WUSTC). This agreement stipulates that the parties have to negotiate and agree on a percentage for salary increments annually. Accordingly the union has submitted a demand for 22% increment across the board. Negotiations on salary increments will commence as soon as the PEU publishes major for the year 2012/2013.

Financial Review

- The results of operations reflected an overall surplus of E12.81m compared to a budgeted profit of E3.80m resulting in a positive variance of 237%. This was due to the property revaluation gain of E14.17m.

- Property sales amounted to E6.9m against a budget of E31.9m reflecting a negative variance of 78.4%. 33 houses were budgeted to be completed by 31st March 2012.

- Rental income amounted to E4.87m against a budget of E4.78m.

- Interest receivable totalled E178, 819 against a budget of E180, 000 reflecting a negative variance of 0.66%.
- Total gross expenditure on property development amounted to E 6.60m against a budget of E16.21m.

- Total gross rental debtors amounted to E192, 834 compared to E487, 015 the previous quarter. Rent collected in March but relating to subsequent periods amounted to (E841, 157) resulting in a net position of (E648, 322) at cut-off.

Financial Statements

	2012 Mar 31	2011 Dec 31	2011 Sept 30	2011 June 31
Income Statement				
Sales	283,333	284,164	-765,335	154,762
Rental	16,930,057	3,237,667	3,177,312	3,043,822
Other	17,500	11,170	523	2,731
Sale of assets	45,029	551,000	-	-
Interest	178,819	193,478	181,626	143,749
Total Income	**17,454,738**	**4,277,479**	**2,594,126**	**3,345,064**
Cost of sales	-	-	-	-
Gross Profit (Loss)	17,454,738	4,277,479	2,594,126	3,345,064
Overhead expenses	4,641,521	3,959,510	3,978,131	4,054,914
Profit/(Loss)	**12,813,217**	**317,969**	**-1,384,005**	**-709,850**

Balance Sheet				
Fixed Assets	207,470,307	193,322,398	194,300,119	194,482,695
Investments	61,600	61,600	61,600	61,600
Deferred taxation	38,639,735	38,639,735	38,639,735	38,639,735
Deferred Grant Income	-	-	-	24,800,000
Current Assets	115,384,362	111,324,864	103,681,116	98,140,652
Current Liabilities	40,938,608	25,954,883	23,353,095	17,423,588
Net Current Assets	74,445,754	85,369,981	80,328,021	80,717,064
Total Employment of Capital	**243,337,926**	**240,114,244**	**236,050,005**	**211,821,624**
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	31,648,123
Retained Income-Prior year	99,034,480	99,034,480	99,034,480	99,034,480
Retained Income-Current year	10,987,192	-1,823,208	-2,141,177	-749,093
Long-term liability	90,868,131	100,454,849	96,708,580	71,088,115
Total Capital Employed	**243,337,926**	**240,114,244**	**236,050,006**	**211,821,625**

Key Financial Indicators

Ratio	**Formula**	**4th Quarter**	**3rd Quarter**
Current Ratio	Current assets/current liabilities	2.8:1	4.3:1
Acid Test Ratio	Current assets-inventory/current liabilities	0.53:1	0.67:1
Gearing/leverage ratio	Total debt/ Total debt + Equity	53%	54%

PEU Comments

Swaziland National Housing Board attained a surplus of E12.81m compared to a surplus of E317, 696 the previous quarter. Budget for the quarter was E3.80m therefore resulting in a favourable variance of 237%. This was mainly due to the revaluation gain of E14.17m realised this quarter. This gain saw the Board recording an increase of 423% on rental income when compared to the previous quarter.

A decline was noted in the ability of the Board to honour its current liabilities. The current ratio decreased to 2.8:1 compared to 4.3:1 the previous quarter. The level of debt for the board showed an improvement of 1%. Although minimal, this is a positive sign of improvement in the Boards balance sheet therefore allowing it to be in a better position to take loans for the commencement or completion of their projects that have been suspended for quiet sometime due to unavailability of funds.

Projects sales were realised this quarter and it is anticipated that with the completion of the Woodlands project, project sales will improve significantly.

NATIONAL RESPONSE COUNCIL ON HIV/AIDS (NERCHA)

Parent Ministry: Prime Minister's Office

NERCHA reported as follows for the quarter,

Operational review

- The implementation of the HIV/AIDS grant was significantly affected by the delay in the disbursement of funds by the Global Fund. The main activities that were affected included the construction of Neighbourhood Care Points (NCPs), Procurement of food for NCPs, Procurement of Home Base Care materials, Procurement of health products, PMTCT activities and trainings.

- The Transitional Funding Mechanism Proposal to Global Fund – Following the cancellation of Round 11 call for proposals by the Global Fund, international community called for review of the strategy to address urgent programmatic gaps in service delivery that would result from the cancellation. The Board of the Global Fund reviewed its decision and announced a highly limited Transitional Funding Mechanism (TFM) that would run for a period of two years and only address continuity of identified critical, on-going and life saving interventions.

- The process of developing the 2012/13 National Plan of Action had been concluded and programmatic gap analysis had been undertaken. The plan was developed using the newly adopted Results Based Management approach (RBM). The plan would be presented to stakeholders for validation. It will be used to guide implementation and reporting by different stakeholders. The benefit of the RBM is in instilling accountability to all involved for results. There is a need to improve capacity building of HIV and AIDS stakeholders in use of the RBM approach.

- The national UNAIDS office supported the country in developing country HIV status progress report. This is done every two years using standard indicators approved by the United Nations Special Assembly. NERCHA was responsible to facilitate and coordinate the consultative development of the national report. The 2012 report showed significant improvements in service delivery. The country's response had shown to be successful in that the prevalence amongst younger age groups is declining; over 80% of people in need of treatment are accessing treatment. Orphans and Vulnerable Children had been reintegrated to school and schools feeding programmes continued to provide support for children in school.

- A process of updating the National Minimum Package (NMP) of services at community level had been initiated. In light of a matured response, HIV response had been clearly defined, the approach is now to ensure sustenance and equitable delivery of programme. The NMP provided mechanism for delivery of services to communities. The Geographic Information System (GIS) at NERCHA would be used to monitor the NMP from data collected through the Swaziland HIV and AIDS Programme based maps to inform decision making. The GIS is highly effective in linking monitoring of service delivery to planning.

- The National Strategic Framework on HIV and AIDS 2009 – 2014 (NSF) was adopted and had been guiding the national multisectoral response on HIV and AIDS. The NSF adopted and used the results based management approach. Clear targets were identified and mid term review reported achievements in a number of the targets whilst in some areas performance was not so good at the same time there were areas where the results needed to be reviewed to align to programme performance.

- The National Prevention Policy had been presented to Cabinet for final approval before it is launched. This policy was developed supported by both national stakeholders and the international community. The launch of the policy will further strengthen the prevention response and ensure that it remains the mainstay of the response. The policy calls on all stakeholders to play a critical role in preventing new infections, positive living, collective and individual responsibility.

- The National HIV Prevention Technical Working Group and other HIV Prevention Sub-thematic areas Technical Working Group met regularly in the quarter to provide guidance on prevention programmes.

- SWANNEPHA is the lead partner in the development of the Stigma and Discrimination Strategy. Consultative meetings had been held with partners in view of the importance of the strategy. Swaziland is joining hands with the international community to eradicate stigma and discriminate related to HIV and AIDS. The strategy will be concluded and launched in the next quarter.

- A training of sub recipient on Global Fund processes with particular focus on reporting was done in collaboration from other partners including UNAIDS, UNDP, Local Funding Agent and the Secretariat of the Country Coordinating Mechanism. This training would contribute to improved service delivery and reporting to the Global Fund on the programme performance.

- A draft gender checklist had been developed and stakeholder validation meetings are planned. This checklist would assist mainstreaming of gender issues in HIV programming to contribute to the country realizing gender equity in its development activities. Gender inequality had been identified as one of the critical drivers of the epidemic in that where there are unequal relations, there is often an avenue for vulnerability of the one party over the other. The checklist will assist in identifying the gender differences and address them through programmes.

- The national coordination framework had been developed and presented to stakeholders. The Framework also addressed strengthening collaboration with CANGO the Umbrella organization of Non Governmental Organization. CANGO would be supported to strengthen the Swaziland HIV and AID Consortium that is responsible to coordinate the non-government sector working within the HIV and AIDS response.

- The financial situation affecting government had adversely impacted HIV service delivery since the beginning of the financial year. HIV programmes had been suspended and cancelled in some instances. Implementation of programmes was very low. Some of the programs that were suspended are: Zero New Infections Campaign; Swaziland Partnership Forum on HIV and AIDS; Regional coordination forums; Regional Prevention dialogues and other prevention activities; Planting of the iNdlunkhulu fields; Support for the KaGogo centre manages; Subvention to coordinating bodies such as SWABCHA, CANGO, SWANNEPHA and suspension of field visits by coordinators.

- The lack of visibility of HIV response was beginning to show negative impact. This could lead to a reversal in the gains achieved in the response to date; in particular, it is the concern on HIV prevention programmes. The prevalence of HIV and AIDS was seen to be stabilizing but in the absence of continued communication this achievement may be reversed and new infections may gain increase. An increase in new infection will have long term adverse effects for the country.

Financial Situation

- Disbursements received were as follows: Global Fund E6.3m, Young Heroes E740, 047, UNDP E24, 309, ICAP E2.6m and WHO E291, 704.
- The coordinating expenses amounted to E8.9m. Total projects expenditure was E25m.
- Interest amounting to E525, 280 was received against E286, 690 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

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income	222,416	542,689	410,111	277,330
Expenditure	8,880,090	6,033,802	5,707,738	6,177,594
Net profit / (Loss)	**-8,657,674**	**-5,491,113**	**-5,297,627**	**-5,900,264**
Programmed Expenditure				
Prevention	2,766,320	795,813	1,458,242	511,845
Care and Support	1,834,387	3,906,110	5,800,202	1,640,865
Treatment	9,111,026	14,598,465	5,440,204	6,209,754
Supportive Environment	568,239	590,610	503,491	403,471
Monitoring and Evaluation	1,145,258	1,150,566	1,280,319	1,135,773
Coordination Administration	618,398	193,884	2,689,003	185,869
National Aids Conference	-	-	-	-
Young Heroes	657,936	131,257	532,620	478,835
Regional Coordination	600,468	579,279	641,507	908,794
Information Centre	275,536	251,960	289,172	259,702
Malaria	1,123,939	1,127,278	1,073,671	2,368,615
Tuberculosis	2,025,044	1,773,646	2,018,972	1,490,294
Health System Strengthening	3,956,068	3,878,429	4,075,532	5,251,370
Total Prog Expenditure	24,682,619	28,977,297	25,802,935	20,845,187
Net expenses	33,340,293	34,468,410	31,100,562	26,745,451
Realized Grant Income	**33,340,293**	**34,468,410**	**31,100,562**	**26,745,451**
Overall Net Profit	**0**	**0**	**0**	**0**
Balance Sheet				
Fixed Assets	21,309,468	21,320,118	21,526,817	21,447,167
Current Assets	102,185,646	128,456,744	52,668,167	82,101,413
Current liabilities	29,702,718	32,563,143	44,202,940	58,972,320
Net Current Assets	72,482,928	95,893,601	8,465,227	23,129,093
Employment of Capital	**93,792,396**	**117,213,719**	**29,992,044**	**44,576,260**
Grants + Deferred income	219,447,112	209,528,142	87,838,058	71,321,711

Realized Grant	-125,654,716	-92,314,422	-57,846,014	-26,745,451
Total Capital Employed	**93,792,396**	**117,213,719**	**29,992,044**	**44,576,260**

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 delay of disbursement of funds by Global Fund and the Swaziland Government continued during the quarter and the Council had experienced major cash flow problems during the year.

The financial challenges affecting government had adversely impacted HIV service delivery since the beginning of the financial year and this is a cause for concern. Some HIV programmes had been suspended and others cancelled and these included among others the Zero New infections Campaign which is critical in stabilizing new infections. It must be noted that an increase in new infection will have long term adverse effects for the country in fighting the spread on HIV and AIDS. There is hope that the financial situation will normalize thus allowing all the necessary programs to fight the spread of all chronic diseases.

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	Mar 2012 Quarter	Dec 2011 Quarter	Sept 2011 Quarter
GOOD SHEPHERD ACTIVITY			
OPD Visits	11,759	10,896	10,664
Admissions	2,251	2,034	2,103
Deliveries	782	709	748
Average length of stay/Days	7	6	8
Occupancy rate	12.9%	33%	21%
Death rate	5%	6.5%	6.7%
Minor surgeries	408	350	345
Major surgeries	463	380	466
CLINICAL ACTIVITY			
Number of patients seen	25,070	27,010	28,443
Main OPD	10,544	10,896	10,664
Children's OPD	1,215	1,176	1,396
Home Based Care	815	1,349	1,208
Epilepsy	673	678	732
PMTCT	827	756	835
VCT	737	821	658
ARV	8,983	7,689	6,808
ENT	274	591	673
EYE	1,303	1,313	1,322
Physiotherapy	304	405	356
Radiology	3,653	3,876	3,682
Laboratory	16,034	14,645	15,286
Social Welfare		46	15
Theatre	659	583	551
Diabetic clinic	107	993	1,100
Mortuary Services	159	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.

- There had been an increase in the number of patients admitted by the hospital compared to the previous quarter and the hospital deaths decreased by 13.5%.

- A total of 29 employees attended different courses including PMTCT guidelines; non-communicable diseases; HTC; waste management; maternal, neonatal and child health; information and electronic records management; integrated management of acute malnutrition, palliative care manual; TB and quality improvement and management.

- The installations of a power supply generator for the eye theatre, a new incinerator and of emergency lights in the hospital corridors were done. The old call-house was renovated to wellness centre.

Financial Situation

- There was a surplus of E832, 060 compared to E6.48m last quarter.

- Total income amounted to E15.2m compared to E19.65m last quarter.

- The drug expenditure was E877, 757 compared to E373, 399 last quarter. This increase was a result of high priced drugs from pharmaceuticals.

- Total expenditure was E14.66m compared to E13.17m last quarter.

Financial Statements

	2012	2011	2011	2011
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Subvention	13,670,883	18,227,844	9,113,920	9,113,920
Other income	1,520,205	1,426,939	1,416,025	1,231,156
Total income & subvention	**15,191,088**	**19,654,683**	**10,529,945**	**10,345,076**
Expenditure	14,659,028	13,174,594	16,620,446	11,206,885
Surplus/Deficit	**832,060**	**6,480,088**	**-6,090,500**	**-861,809**
Fixed Assets	38,247,236	37,398,655	37,398,655	39,409,218
Current Assets	2,394,427	2,708,146	3,185,821	2,610,124
Current Liabilities	32,616,581	29,968,170	33,197,770	23,029,349
Net Current Assets	-30,222,154	-27,260,024	-30,011,949	-20,419,225
Total Employment of Capital	**8,025,082**	**10,138,631**	**7,386,706**	**18,989,993**
Capital Reserve	13,542,173	13,542,173	13,542,173	20,305,673
Accum surplus/deficit	-15,853,484	-13,739,935	-16,491,789	-11,652,072
Revaluation Reserves	10,336,393	10,336,393	10,336,393	10,336,393
Total Capital Employed	**8,025,082**	**10,138,631**	**7,386,777**	**18,989,993**

PEU Comments

The hospital attained a surplus of E832, 060 compared to a surplus of E6.48m last quarter. During the quarter all the monthly subvention from government was received on time thus allowing for proper expenditure of the quarterly allocation.

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. During the quarter, the hospital spent E836, 186 on drugs and medical supplies compared to E373, 399 last quarter. The increase was a result of the high price of drugs procured at the pharmaceuticals rather the supply from the Central Medical Stores. The patients from the region would not afford to buy drugs for themselves thus the importance to have all necessary drugs available in 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	March 2011 Quarter	Dec 2011 Quarter	Sept 2011 Quarter	June 2011 Quarter
RFMH ACTIVITY				
Patients seen	65,366	59,153	57,161	57,402
Medications issued	161,757	180,608	172,463	162,664
Admissions	3,433	3,281	3,561	3,565
Average length of stay/Days	4	4	4	4
Occupancy rate	55%	56%	56%	61%
Death rate	6%	6.9%	6%	7%
Number of babies delivered	2,300	1,995	2,204	2,521
Minor surgeries	435	1,232	432	1,140
Major surgeries	157	395	632	503
Number of patients initiated on ART	296	486	621	588
Total patients on ART	8,036	7,668	8,055	7,434
CLINICS ACTIVITY				
Antenatal care	26,830	25,485	24,560	26,372
Cases of family planning	4,451	4,464	4,470	5,232
Emergency deliveries	0	0	5	1
Child welfare	2,116	9,362	8,485	8,399
Male Circumcision	0	0	0	0
HIV Test	2,899	2,883	2,149	0
ART initiation	214	103	152	26

ARV refills	3,646	3,068	2,832	2,443

- The hospital conducted training on the use of the new incinerator that had been installed. Issues of maintenance, health and safety formed part of the training. The wearing of safety equipment such as masks and full leather gloves, avoiding overloading and machine and not mixing needles and bags was emphasized on the training. Also participating in the training were personnel from the infection prevention control department, bio-med engineering, maintenance and ward aides from the labour and delivery department.

- Six scientific presentations for doctors, nurses and allied health workers were covered and they included; Neurological manifestations and complications for HIV people; Expend programme on immunisation indicators to be met regarding the global eradication of poliomyelitis; Report on International Conference on AIDS & Sexually Transmitted infections in Africa; Presentations on Infective Prevention Control in multi drug resistant tuberculosis, ophthalmology and organophosphate poisoning.

- The South African Nazarene University conducted a three day workshop for fifteen nurse preceptors. Preceptors capacity in guiding and assisting students master nursing practice to become competent nurse professionals was strengthened. Suggestions were raised for consolidating the partnership between the university and the hospital for future student support.

- A total of seventeen new nurse employees from the hospital and clinics were oriented into the institution.

- ICAP trained twenty four nurses representing in and out patient departments on pre-ART care, in preparation for introducing this package in RFM Hospital. ICAP will further provide mentorship and support for pre-ART care services to the facility.

- The Shewula clinic in partnership with World Vision held an HIV and AIDS day on the 16th March 2012. Through this partnership World Vision is supporting the clinic on HIV and AIDS community mobilisation activities in the form of road show, football tournaments and "kudla inhloko". Rural health motivators received in-service training and basic home based care supplies.

- Communities around Siteki received free medical treatment from a team of doctors from Bethany First Church of the Nazarene in USA. Common conditions on the day included respiratory infections, hypertension and musculoskeletal conditions. A total of 235 clients were seen and 35 tooth extractions were done.

- The Bhalekane clinic received a point of care CD4 count portable machine from Clinton Health Access Initiative. This machine was presented by Jeanne Brosman and Jeffry.

- Endzingeni clinic was renovated during the quarter.

- The Nazarene community clinics received equipment from the IMCI Program. The equipment consisted of infants weighing scales and diagnostic kits. The equipment will assist in taking care of children in the clinics.

- The clinic nurses attended several trainings to upgrade their skills. The trainings included infant and young child breastfeeding, nurse led ART initiation, psychosocial support, reaching every district strategy and data quality assurance.

Financial Performance Report

- Total income for the quarter amounted to E125.8m compared to E13.7m. The figure comprised of E22.5m from government, revenue collection amounting to E1.64m and drugs and Medical supplies amounting to E1.66m.

- Total expenditure for the quarter amounted to E29.98m compared to E28.91m last quarter.

- Deficit for the quarter amounted to E4.17m compared to a deficit of E15.19m last quarter. The improvement on the deficit was a result of three months subvention received from government.

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

	2012	**2011**	**2011**	**2011**
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income	22,508,801	13,714,259	25,405,454	24,555,865
Expenditure	29,981,139	28,908,299	28,374,929	26,316,154
Surplus/Deficit	**-4,170,357**	**-15,194,040**	**-2,969,475**	**-1,760,289**
Balance Sheet				
Buildings, Fixt. & Fitt	148,751,175	145,139,873	147,963,411	145,139,873
Furniture & Equipment	40,993,064	24,304,383	40,304,383	24,304,383
Motor Vehicles	2,430,000	1,230,000	2,430,000	1,230,000
Current Assets	6,791,063	9,501,790	19,757,115	9,501,790
Current Liabilities	47,402,215	30,096,158	38,815,454	30,096,158
Net Current Assets/Liabilities	-40,611,152	-20,594,368	-19,058,339	-20,594,368
Employment of Capital	**151,563,087**	**150,079,888**	**171,639,455**	**151,527,909**
Capital Grants	190,846,515	170,674,256	190,697,794	165,786,139
Long-term loans		-	-	-
Reserves	1,865,762	6,935,361	7,931,575	4,619,983
Accumulated Surplus/Deficit	-41,149,190	-27,529,729	-26,989,914	-18,878,213
Provisions		-	-	-
Capital Employed	**151,563,087**	**150,079,888**	**171,639,455**	**151,527,909**

PEU Comments
The Hospital made a loss of E4.17m compared to E15.2m last quarter. The organization is fully dependent on government for subvention and during the quarter, it received the subvention for all the three months thus the improvement on the deficit. The organization is struggling to meet its short term obligations and this is a cause for concern. Over the past quarter the amount of creditors had moved from E30.1m to E47.4m in the quarter of March 2012 which is a clear indication that the organization is highly indebted. The large sum of money is PAYE owed to Swaziland Revenue Authority which is a cause for concern. More than 90% of the subvention goes to personnel costs thus making it difficult to meet other financial obligations within the institution.

The ICU and Renal departments had started operating and we expect an increased number of patients being admitted. We therefore urge the government of Swaziland to continue supporting these newly established services to avoid these structures from becoming a white elephant due to lack of funds to maintain the expensive and high quality equipment.

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 conducted field visits to youth owned businesses, 13 businesses in Lubombo, 23 in Manzini, 16 in Hhohho and 28 in the Shiselweni regions. During these visits there were certain factors characterising good and poor performing businesses that were observed. It was learnt that a number of businesses were doing well. It was therefore recommended that this exercise should continue. Meanwhile the fund will continuously look for ways and means of dealing with the challenges faced by the young entrepreneurs which results in poor performance of their businesses.

- The Fund developed and adopted a strategic planning document, which is a road map to guide its operations for the next three years. An annual plan for April 2012 to March 2013 has been developed from the strategy. In a bid to mobilize financial resources to support the implementation of the plan, the annual plan was distributed to collaborating partners who have the potential to financially or materially support its operational activities. These potential funders include, UNDP, USAID, Tibiyo TakaNgwane, Royal Swaziland Sugar Cooperation, Inyatsi Superfos etc. Follow up measures were continuously done with each one of them.

- The Fund in its endeavour to continue collaborating with partners with similar mandates to that of the Youth Fund, participated in the Swaziland Breweries Youth Empowerment Kick Start Entrepreneurship Program. The Fund is looking forward to be of good service to the young people who received intensive business training from the Kick Start Program but lack business capital to kick start their projects.

- In a bid to strengthen its operations, the Fund adopted three (3) policies, namely the Loan Policy, the re-financing/repeat policy and the staff personal Loans Policy.

- The Fund Enterprise Fund announced the opening of phase III in February 2012. To ensure that lessons learnt from phase I and II are implemented, and that the public was well informed, the Fund reviewed and amended the application form and delivered the forms to all 55 Tinkhundla centres instead of involving the Parliamentarians in the delivery process, a press statement was sent to all media houses and published and talk shows such as the breakfast show on SBIS and Sive Siyatfutfuka hosted by the Ministry of Tinkhundla were utilised.

- The Commonwealth Youth Programme Regional Centre for Africa (CYPRCA) facilitated a one day workshop for the YEF Board of Directors with the aim of keeping them abreast with the commonwealth Youth Programme Credit Schemes initiative in various countries. Topics covered included

- 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.

- Monitoring and follow-up visits were undertaken at Tinkhundla level together with the constituency leaders, focusing on non-performing loans and slow payers. Visited Tinkhundla centres included Ludzeludze, Zombodze Emuva, Ngwempisi, Mtfongwaneni, Manzini North, Mahlangatsha, Maseyisini and Lobamba.

Financial Situation
- Total income received amounted to E297, 679 compared to E538, 642 received the previous quarter. This comprised of the Government Grant (E285, 405) and interest received from the call account (E12, 274).

- Total expenditure incurred amounted to E297, 679 compared to E538, 642 incurred the previous quarter. Operating expenses were financed through the Government Grant and interest income earned from the call account the fund has with Standard Bank Swaziland.

Outlook
- Continue to monitor the YEF funded businesses.

- Awarding of certificates to clients who have settled their loans.

- Resource mobilization.

Financial Statements

	2012	**2011**	**2011**	**2011**
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Income and Subvention	297,679	538,642	985,045	431,660
Expenditure	297,679	538,642	985,045	431,660
Surplus/Deficit	**-**	**-**	**-**	**-**
Balance Sheet				
Fixed Assets	7,879,891	7,904,419	7,320,731	6,211,297
Investments	-	-	-	-
Current Assets	2,350,627	2,402,961	2,906,325	4,879,620
Current Liabilities	269,812	7,563	27,882	219,255
Net Current Assets/Liabilities	2,080,815	2,395,398	2,878,443	4,660,365
Employment of Capital	**9,958,707**	**10,299,817**	**10,199,174**	**10,871,662**
Share Capital				
Deferred Income	9,958,707	10,299,817	10,199,174	10,871,661
Long Term Loan	-	-	-	-
Total Capital Employed	**9,958,707**	**10,299,817**	**10,199,174**	**10,871,661**

PEU Comments
It is noted that the Youth Enterprise Fund continued to collaborate with partners with a similar mandate. This will reduce duplication by the different organisations dealing with young people as well as increase credibility, influence and ability to accomplish its objectives.

To strengthen its operations the Fund adopted three (3) policies among which is the re-financing or repeat policy. This policy does not conform to their mission which states that the Fund facilitates the creation of sustainable employment and empowerment opportunities to the youth through the provision of seed capital and business development services.

The Youth Enterprise Fund must continue to provide its services to the young people of the country. It is noted that in their visits to the funded projects, they were able to identify problems faced by the projects. The Fund has to work hand in hand with the project owners to try and make these projects a success.

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

- In pursuant of the Council's mandate, it continued assisting young people from schools and tertiary institutions to organise and host the Culture Day celebrations. The Council also facilitated the hosting of the Swaziland College of Technology cultural day which was crowned by the hosting for the first time, of the SCOT, Miss Cultural Heritage.

- Launch of National Art Exhibitions – In compliance with the implementation plan for the National Policy of Arts and Culture, the Council had begun a national art exhibition's programme which was being launched at the Swaziland National Museum. These exhibitions shall circulate around the kingdom's four geographic regions and are aimed at celebrating local creative artworks, at the same time create a demand/ market for the local creative industries.

- The Council formulated an "events organizers committee". The committee will ensure that the hosting company has qualified public relations personnel with the ability to market the event through all the media houses and to ensure that the event conform to the minimum laid down requirements for a professionally organised event and lastly the ability to entice sponsors for the event.

- Immimemo – In the preservation and promotion of the Swazi cultural heritage, the Council worked with the traditional leaders, chiefs in communities by hosting Immimemo. The Council provided a team of experts to polish up and train the communities in the dance moves and song combinations prior to the hosting of the Ummemo. The Council also provided the communities with the required dance tassels or uniforms, i.e. Imigaco, Tidvwashi etc. Immimemo had been facilitated in the following places; Gundvwini, Nsingizini, Mbekelweni, Ngwempisi and Lwandle.

- The Council working in collaboration with the National Curriculum Centre seeks to introduce an Arts and Culture syllabus for secondary pupils to be introduced to local schools by 2015. The partners to this programme are; the arts academics, the National Curriculum Centre, Ministry of Education and the Media. The syllabus shall be introduced to secondary schools by 2015 and to the high schools by 2018.

- The Council had established a partnership with Bushfire that would see emerging local artists building a profile through performing at the international festival.

Financial report

- The amount received from government as subvention remained at E428, 400 this quarter.

- Total expenditure for the quarter amounted to E360, 412 compared to E430, 188 last quarter. Budget for the quarter was E675, 000.

- There was a surplus of E67, 988 compared to a deficit of E1, 788 last quarter.

Financial Statements

Income Statement	2012 Mar 31	2011 Dec 31	2011 Sept 30	2011 June 30
Subvention	428,400	428,400	428,400	214,200
Other income	-	-	-	2,000,000
Total income & subvention	**428,400**	**428,400**	**428,400**	**2,214,200**
Expenditure	360,412	430,188	621,167	2,246,566
Surplus/Deficit	**67,988**	**-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 attained a surplus of E67, 988 compared to a deficit of E1, 788 last quarter. The Council is four months behind with its subvention from government who had been experiencing some cash-flow problem. There is hope that the situation will normalise thus allowing the Council to carryout its mandatory duties. 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 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 songs.

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.

The introduction of the Arts and Culture curriculum to school will enable all school pupils to acquire the required skills in arts and also the knowledge of the Swazi culture.

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

- Management conducted a retreat where the operational plans and budget for 2012/13 were completed. Under Sports for Social Change Network (SSCN), the office was represented in a conference held in Boksburg, South Africa. SSCN is a tool for social change. The objective is to connect numerous organisations across 10 countries in Southern Africa namely Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. Currently there are 40 members in 6 countries namely Botswana, Lesotho, Namibia, South Africa, Swaziland and Zimbabwe.

- The Council CEO was elected to serve in the Board of Directors in the conference. The SSCN had already pledged an E700, 000 financial support for Swaziland that would host a national sport for all events in May 2012.The event would be supported by NIKE and Youth Development through Sport (YDF).

- The Board appointed a 7 member Allocations Committee to pilot the disbursement of membership funds using the new allocations criteria. The Committee hosted a meeting for membership at the Olympafrica Centre to assist associations do an audit assessment of themselves. This meeting was followed by a series of working sessions of the Committee wherein each member had to justify their submissions of the self-assessment for validation by the Committee.

- One of the objectives of the Ministry is to establish Regional Sports Committees and Tinkhundla Sports Committees as structures to enable full decentralization and coordination of sport activities countrywide. The Council had collaborated with the Ministry in the establishment and launching of 2 of these namely; Sithobelweni and Timphisini.

- There were few activities under the Shukumani Maswati program because of cash-flow problems at the Council and the low turn-over in establishing the committees through the collaboration with the Ministry. Notwithstanding the aforesaid, two basic aerobics demonstrations were held at Sithobelweni and Timphisini during the launch.

- The Asidlale program assumed a new name of Community Sport because of the termination of the partnership with Commonwealth Games Canada (CGC), Australia Sport Commission (ASOP) and SOCGA. This was to enable identity and ownership of the program by Council in fulfilment of her mission to deliver sport for development initiatives.

- The national community sport activities were not executed at optimal because of the national fiscal problems. The activities were confined to the weekly integrated sporting and positive living fun games. The club coaches maintained a monthly register of participation which provides quantitative data from which participation patterns may be determined.

- The National community Sport program at Maseyisini had partnered with World Vision and SOS. This partnership was driven by the fact that a majority of the children that participate in the program are also involved with SOS and World Vision activities.

- Monthly site visits were conducted at Maseyisini, Siteki, Mhlangatane,and Ekukhanyeni Inkhundla. The meetings were to check on progress on activities, receipt of monthly reports and provision of support to Centre Coordinators.

- A meeting was held at St Josephs between the Council, SAPeD President and the Grantee of the St Josephs mission, on the site for the Swazi Post Legacy construction of a multi – sport court concrete slab for tennis, netball, basketball and volleyball and allocation of office to SASPeD.

- The National Curriculum Centre hosted a meeting of the Physical Education and Sports panel. There were two main issues and these were the development of materials for grade 4, which was complete and was handed over to stakeholders, and the second was that the PES assessment research revealed that there were no schools that were implementing the PES syllabus because of lack of trained personnel. The office of the Senior Inspector was PES was impressed to ensure that the required training and other logistical preparations take place soonest.

- The International participation register showed that the country participated in the different sporting activities namely: Angling, Athletics, and Football. The logistical, administrative and technical preparations were underway for Team Swaziland to participate in the Under 20 SCSA Zone VI Games in Zambia.

- There were 29 of 30 members that submitted their calendar of events. 27 OF 30 members submitted operational plans. 16 of 30 submitted the 1st quarterly reports. 18 of 30 and 26 of 30 submitted the 2nd and 3rd quarterly reports respectively.

- Two orientations were hosted for the Public Servants Association (NPSSA) and Schools Sports Association. That exercise was to welcome new committee members of associations and discus Council expectations from them. Consultations for operational and technical support included meetings with dance, cycling, judo, athletics and golf associations. The most challenging issue was that of policy requirements for participating internationally.

- Press releases and interviews were granted to the media. These covered a wide range of issues including Team Swaziland, Allocations criteria, Regional Sport Committees and general membership issues.

Financial Situation
- There was an overall deficit of E1.86m after subvention this quarter compared to a deficit of E1.37 the previous quarter. The deficit was mainly due to non receipt of the subvention for five months totalling E3m.

- Total expenditure incurred amounted to E6.08m compared to E4.37m the previous quarter.

- Various furniture and fittings were disposed by public auction. Total revenue raised from that was E31,958-00

Outlook
- A project to cover the History of Swaziland participating in the international games was initiated.

- Under resource mobilization the Council approached a reputable company and a proposal was made to raise funds for Team Swaziland that is going t participate in SCSA Zone VI Under 20 Youth Games to be held in Zambia.

Financial Statements

	2011	**2011**	**2011**	**2011**
Income Statement	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**
Investment Income	13,311	13,080	11,058	9,993
Interest Received	7,045	6,521	2,728	-
Expenditure	6,075,713	4,377,402	3,151,866	1,113,907
Operating profit/loss	**-6,055,357**	**-4,357,801**	**-3,138,080**	**-1,103,914**
Subvention	4,194,750	2,996,250	1,797,750	599,250
Surplus/Loss after subvention	**-1,860,607**	**-1,361,551**	**-1,340,330**	**-504,664**
Balance Sheet				
Fixed Assets	1,116,546	1,139,975	1,454,141	794,740
Investments	-	-	-	-
Current Assets	1,354,606	1,559,603	1,761,531	2,337,152
Total Assets	**2,471,152**	**2,699,578**	**3,215,672**	**3,131,892**
Retained Income/Loss	3,376,309	3,376,909	3,688,809	2,982,723
Net profit/Loss	-1860,606	-1,361,551	-1,340,330	-504,664
Long-term loans	30,818	68,033	87,341	-
Designated funds (borrowings)	409,306	454,900	555,727	559,342
Current Liabilities	515,325	161,287	224,124	94,491
Total Equity & Liabilities	**2,471,151**	**2,699,578**	**3,215,672**	**3,131,892**

PEU Comments

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.

Lack of funding is threatening some of the programs of the Council.

More donor funding would be helpful for the Council if possible given the current fiscal problem faced by Government.

APPENDIX 1 - TABLE OF REPORTING COMPLIANCE

ENTERPRISE	QTR 30/06/11	QTR 30/09/2011	QTR 31/12/211	QTR 31/3/2012	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		
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	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
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	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	X
38. Swaziland National Youth Council		X	X		X
39. Swaziland Youth Enterprise Fund	X	X	X	X	
40. Swaziland Council of Arts and Culture	X	X	X	X	X

X – Submitted
* - Dormant

THE PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME QUARTERLY REPORT FOR THE PERIOD ENDED 31ST MARCH, 2012

1. GENERAL

As at the quarter ending 31st March 2012, there continues to be no movement in the fund in terms of being that there were no loans that were approved and disbursed, thus indicating no changes during this quarter.

There is in existence 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 March 2012, we had one loan in place, issued from the fund to Fincorp amounting to E20 Million Emalangeni. This loan was issued in March 2011 for a period of five (5) years at a rate of 6.5% half yearly. There are no other loans and guarantees issued. An amount of E50m was Invested with the Central bank in Treasury bills and E40m with other banks as fixed deposits for a period of one (1) year.

The administrator of the fund (Standard Bank) and the Public Enterprise Unit, continues to encourage usage of the fund, for the parastatals to get full benefit from the fund and to assist them 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.

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 E150 879 249.76(One Hundred and Fifty Million, Eight Hundred and Seventy Nine Thousand, Two Hundred and Forty Nine Emalangeni and Seventy Six cents only) as at the end of March, 2012.

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 March 2012 (attached) showing the financial performance of the Fund.

3. TECHNICAL REBATE 20% POOL FUND

As at 31st March 2012, 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 E30 175 849.95(Thirty Million, One Hundred and Seventy Five Thousand, Eight Hundred and Forty Nine Emalangeni and Ninety Five Cents only) representing the 20% from all the Public Enterprises contributions has been transferred to the Technical Rebate Fund account.

This Fund is the responsibility of the Ministry of Finance and the Public Enterprise Unit and is for the purposes of training of the public enterprises. For The quarter ending 31st March, 2012 drawings amounted to E276 474.00 (Two Hundred and Seventy Sixty Thousand Four Hundred and Seventy Four Emalangeni only). Total drawing up to the period ending 31st March, 2012 amount to E3,282,753.50(Three Million, Two Hundred and Eighty Two Thousand, Seven Hundred Fifty Three Emalangeni and Fifty Cents Only) had been drawn by the Ministry of Finance Public Enterprise Unit. Please see Table below (on Page 4) and Balance Sheet and Income Statement for the quarter ending 31st March, 2012 (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 further period of 12 months and will expire on the 28th of June 2013. 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.

BREAKDOWN OF P.E.S' CONTRIBUTIONS SINCE JULY 1993 TO 31ST DECEMBER, 2011

		E 31 Dec' 2011	E 31 March' 2012	E CHANGE
01	Swd Dairy Board	2,386,186.03	2,436,931.45	50,745.42
02	Swd Cotton board	142,228.19	145,315.69	3,087.50
03	S.N.P.F	7,125,762.59	7,125,762.59	0
04	Swd Railways	11,412,665.79	11,649,377.04	236,711.25
05	Nat. Maize Corp	6,059,699.88	6,322,415.32	262,715.44
06	UNISWA	8,435,988.14	8,435,988.14	
07	S.E.B.	39,163,780.76	42,231,614.20	3,067,833.44
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	345,092.73	413,976.79	68,884.06
12	TV Authority	892,711.51	892,711.51	0
13	Water Services Corp.	9,836,847.76	10,140,971.59	304,123.83
14	National Airways	458,534.55	458,534.55	0
15	Post & Telecomms	35,522,066.09	36,535,754.84	1,013,688.75
16	Swd. Nat.Trust Commission	522,038.65	522,038.65	0
17	Pigg's Peak Hotel	361,027.00	361,027.00	0
18	Namboard	1,640,192.72	1,729,137.08	88,944.36
19	Sebenta	112,675.34	157,765.58	45,090.24
20	SDSB	9,637,729.61	9,637,729.61	0
21	FINCORP	2,288,024.43	2,398,905.43	110,881.00
22	M.V.A. Fund	4,841,923.36	5,037,217.86	195,294.35
23	SIPA	153,734.04	153,734.04	0
24	SWADE	263,899.52	263,899.52	0
25	Swd Tourism Authority	154,347.18	154,347.18	0
26	HIV/AIDS EMERG. FUND	1,108,825.53	1,216,490.50	107,664.97
27	C.M.A.C.	231,453.75	252,943.64	21,489.89
28	Swd Standards Authority	76,624.60	120,689.44	44,064.84
29	Swd Environmental Authority	220,916.36	244,424.48	23,508.12
30	Good Shepherd Hospital	0	98,782.98	98,782.98
31	Swd. Nazarene Health Inst.			0
	Sub-totals	**145,135,739.17**	**150,879,249.76**	5,743,510.59
	Transfer to Rebate account	(29,027,147.83)	(30,175,849.95)	**(1,148,702.12)**
	Add: Govt Contribution	5,000,000.00	5,000,000.00	-
	Balance	**121,108,591.34**	**125,703,399.81**	**4,594,808.47**

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Income Statement for the quarter ended 31st March 2012

INCOME	**2012**
	E
Interest on Bank Account	-
Interest on Treasury Bills	1 416 666.66
Interest on Call account	241 462.50
Interest on Fincorp Investment	648 219.18
	2 306 348.34
EXPENDITURE	
Payments	276 474.00
Surplus for the quarter	2 306 348.34
Retained Surplus/(Deficit)	39 471 885.04
Accumulated Surplus/(Deficit)	42,054,707.38

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Balance sheet as at 31st March 2012

Capital Employed		**2012**
Capital	5 000 000.00	
Contributions from Public Enterprises	145,879,249.76	
	50,879,249.76	
Transfer to Public Enterprise Unit Technical Rebate Fund	30,175,849.95	
	120,703,399.81	
Accumulated Surplus/(Deficit)	42,054,707.38	
	162,758,107.19	

Employment of capital	
Current Assets	
Current Account	627,556.57
Call Account	32,130,550.62
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
	162,758,107.19
Current Liabilities	
Provision for Audit Fees	20 000.00
	162,738,107.19

Memorandum of Account

Guarantees Issued

Counterpart of Guarantees Issued	**1 625 000.00**