

UNIVERSITY OF SWAZILAND
FACULTY OF HUMANITIES
DEPARTMENT OF JOURNALISM AND MASS COMMUNICATION
2017/2018 EXAMINATION QUESTION PAPER: MAIN

TITLE OF PAPER: INTRODUCTION TO DEVELOPMENT COMMUNICATION

COURSE CODE: JMC 240

TIME ALLOWED: 3 HOURS

INSTRUCTIONS:

Answer any THREE (3) questions.

Spelling and grammar will count in grading.

Use your own examples to illustrate your answer(s).

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN
GRANTED BY THE INVIGILATOR**

QUESTION 1 (Compulsory)

In March 2018, the minister of finance delivered his budget speech (attached) in the House of Assembly. Discuss whether or not the contents of the speech are a step in the right direction if the country is to attain the Sustainable Development Goals by 2030.

(20 Marks)

QUESTION 2

Discuss the role of information and communication technologies (ICT) in the following sectors, giving examples to illustrate your answer.

- a) Small Micro and Medium Enterprises (SMMEs)
- b) Health

(20 Marks)

QUESTION 3

Write a critique of whether the *Tinkhundla* philosophy is ideal for bringing about development.

(20 Marks)

QUESTION 4

The National Tuberculosis Control Programme (NTCP) has embarked on a drive to reduce Tuberculosis (TB) prevalence rate in Swaziland. As communication officer for NTCP, develop an advocacy, communication and social mobilisation (ACSM) campaign that will result in behaviour change of the Swazi population resulting in the reduction of TB cases in the country.

(20 Marks)

QUESTION 5

Discuss the role of the media in facilitating development, giving examples to illustrate your answer.

(20 Marks)

QUESTION 6

Discuss the following Sustainable Development Goals (SDGs) suggesting practical approaches that Swaziland would have to undertake to ensure that these are tackled and achieved by 2030.

- a) Climate Action
- b) Peace, Justice and Strong Institutions
- c) Good Health and Well Being
- d) Affordable and Clean Energy

(20 Marks)

BUDGET SPEECH

2018

PRESENTED BY

MARTIN G. DLAMINI

THE MINISTER FOR FINANCE

TO THE

PARLIAMENT

OF

THE KINGDOM OF SWAZILAND

1st MARCH 2018

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I. INTRODUCTION

i) Opening Remarks

1. Mr. Speaker, it is once again my honour to present to the fifth session of the tenth Parliament, the National Budget for 2018/19 Fiscal Year. I am truly delighted that this budget is presented during the most auspicious period for the Kingdom of Eswatini as the Nation looks forward to celebrate the Golden Jubilee - 50 years of independence.
2. Mr. Speaker, as you are aware, this is my last Budget presentation in our term of office as well as the end of the tenth Parliament. As I look back in the last four years, I have come to the conclusion that one must always strive and hasten to do good works and God will make straight your paths. I believe I have given my absolute ability, and I thank God for the graces he has bestowed upon me. In that spirit, I acknowledge with gratitude the achievements that we have made as Government.
3. Mr. Speaker, allow me to convey my deepest gratitude to Their Majesties for bestowing their trust in me to lead the finance portfolio in the last four years. The journey through my term has not been an easy one. The last two budgets have been hard as the country experienced several calamities that eroded substantial progress made over the years. We have seen the devastating effects of drought, we have seen the impacts of financial and economic downturn, and through all these downturns, Their Majesties came out to provide guidance to Government, hence we were able to ride through all of them. ***“Ngaloko, Ngitsi Bayethe Wena Waphathi”*** for your vision and strong leadership.
4. Mr. Speaker, I would also like to thank His Majesty the King for His Insightful Speech from the Throne and the profound spiritual revelation that 2018 is a year of Jubilee. This revelation indeed it's a year that brings divine rest and God's blessings to this Nation in the coming year. The Speech further provided the framework and tone for the 2018/19 national budget.
5. Mr. Speaker, I would also like to thank His Excellency the Right Honorable Prime Minister for his steadfast support. Particularly, the Right Honorable Prime Minister's noteworthy service to the country has contributed significantly through institutional memory of Government that has proved to be a remarkable source of guidance through these difficult

times. To my colleagues, Honorable Ministers, I am aware that we have gone through hardships, especially during our last two years, however, you have also provided me with tremendous support as we steered the country away from disaster. For this, I thank you all.

6. To the esteemed House of Parliament, I would like to recognize the unwavering cooperation I have received since the beginning of my term. I have received great support in passing of several laws, which are crucial to the management of the Government's financial resources. For this, I thank the August House.
7. Mr. Speaker, permit me to echo His Majesty The King's words from the Throne, that as we mark the last session of this Parliament, the year of transition, it is important for us to work together and engage in planning sessions. As highlighted earlier, the country is facing serious fiscal challenges, thus, if left unaddressed, would deprive the country its growth potential and threaten the hard-earned development gains over the years. I am therefore, requesting Parliament's cooperation in the implementation of this Budget, which is aimed at anchoring fiscal prudence. This will restore fiscal and macroeconomic sustainability in the medium term, create fiscal space to support investment and socio-economic spending, as His Majesty The King has pronounced.
8. Mr. Speaker, as Government, we will therefore implement growth enhancing fiscal consolidation measures that will enable us to achieve more with less. To do this, we will need to work collectively in rethinking our national priorities. Indeed, we will do this with the full knowledge and unyielding belief that no matter how great the challenge before us, God is on our side. We shall overcome. As we march forward, we are encouraged by the words from Joshua 1:9;

“Have I not Commanded You? Be strong and courageous. Do not be afraid; Do not be discouraged, for the LORD your God will be with you wherever you go”.

Milestones

9. Mr. Speaker, in spite of the severe fiscal challenges, Government managed to achieve the following milestones during the course of 2017/18: -

- i. Government has successfully concluded two trade agreements; the WTO Trade Facilitation Agreement, and the SADC Protocol on Trade in Services.
- ii. New Tinkhundla Centres have been constructed and completed at Lugongolweni, Mayiwane, Lobamba and Mhlambayatsi and completed installation of Local Area Network (LAN) in 50 Tinkhundla Centres
- iii. Government approved and implemented a total of 101 projects under the Regional Development Fund. Of these, 12 were income generating and 89 were infrastructural projects.
- iv. Government rehabilitated rural water systems whereby 57 boreholes were refurbished and 60 were cleaned for harnessing and constructed 8 dip tanks across the country
- v. Launched the high technology dairy farm at Sidvokodvo, known as Swazi Milk that will produce over 25 million litres of milk a year.
- vi. Completed the feasibility study for Mpakeni and Ethemba Dam.
- vii. Improved maize yield from 33,000 metric tons in 2016 ploughing season to 83,000 metric tons in 2017 ploughing season.
- viii. Government was able to extend electricity coverage to 2,444 households, 8 schools, one clinic and one hammer mill.
- ix. Completed the upgrading of the access road to Phuzumoya Strategic Oil Reserve Facility.

ii) Creating Fiscal Space for Inclusive Growth

10. Mr. Speaker, as I have alluded earlier, the public sector has grown at a much faster pace over the years creating significant dependency in the economy and compromising growth and employment creation. This has led to the large size of government, increased the wage bill significantly, and limited the space for social and infrastructure spending. The model where government is the employer of first choice has to be changed in order to create space for investment spending on critical infrastructure projects, that would encourage private sector activity and job creation.
11. Mr. Speaker, the widening of the budget deficits without adequate financing is exerting pressures on the domestic economy. Government spending continues to outpace its ability to raise enough revenues resulting in cash flow challenges and accumulation of arrears. The

cash flow challenges experienced in 2016/17 continued into 2017/18, and this has negatively affected local businesses. It is therefore, very important that Government restores fiscal sustainability to ensure macroeconomic stability and unlock the country's potential to place growth on a higher growth trajectory.

12. In His Speech from the Throne, His Majesty The King commanded Government to prepare a budget that is based on available resources. Indeed, in this budget we have initiated fiscal consolidation measures in order to reduce the unfinanceable deficits. This would allow us to prudently address fiscal challenges, which are now exerting pressures on the economy and depriving the country from realizing growth dividends. Fiscal consolidation will be re-enforced in the medium term to strategically interrogate all budget items including the wage bill and transfers to public enterprises.

13. Mr. Speaker the role of Government in the economy cannot be emphasized enough. However, Government spending should not come at the expense of economic growth. In recent years, Government has not been able to raise enough revenues to cover the ever-increasing expenditures, which is a clear indication that the current Government model cannot be sustained in the medium-term.

II. RECENT ECONOMIC PERFORMANCE AND OUTLOOK

14. Mr. Speaker, let me now highlight to this August House the economic developments, which affected the domestic economy.

i) International Developments

15. The global economy continued to strengthen in 2017. The IMF estimated that global output increased by 3.7 percent in 2017, up from the 3.2 percent estimate for 2016. All major economies across the world contributed to strong growth, notably, economies in Asia and Europe performed better than initially expected. The 2017 growth for emerging markets and developing countries was 4.7 percent, while advanced economies grew by 2.3 percent.

16. Global output is expected to maintain the upward momentum experienced in the last two years. Global growth is expected to increase by 3.9 percent annually in 2018 and 2019, respectively. It is expected that this would result in a surge in global investment that will particularly benefit large exporting countries. Furthermore, the U.S. tax reforms are expected to temporarily increase growth in the U.S., an effect that will spill-over to its major trading partners.

ii) Regional Developments

17. Sub-Saharan Africa grew at a slower pace when compared to other emerging and developing regions in 2017 with GDP growth estimated at 2.7 percent. However, this growth was stronger than the growth rate of 1.4 percent that the region experienced in 2016. The GDP growth rates varied significantly among countries in the region. Oil exporting countries grew at much lower rates relative to non-oil exporting countries mainly due to low oil prices. As these countries continue to recover, growth in the region overall is expected to continue to pick up into 2018 and 2019, at 3.3 percent and 3.5 percent respectively.

18. The South African economy was affected by structural bottlenecks that constrained growth in 2017. The IMF estimates indicate that South Africa's economy grew by 0.9 percent in 2017 which will be maintained in 2018 and 2019 respectively.

iii) Domestic Developments

Real GDP Growth

19. Mr. Speaker, the domestic economy is projected to have grown by 1.9 percent in 2017 from 1.4 percent in 2016 mainly benefiting from a faster recovery in crop production on both Swazi Nation Land and individual tenure farms. Maize and sugarcane production in particular, returned to pre-drought production levels. As a result, crop production grew by 17.2 percent in 2017. However, the livestock population was significantly reduced due to the drought, leading to low output in 2017.
20. Furthermore, there has been a decline in the construction sector as implementation of various construction projects slowed largely due to the current fiscal challenges. On balance, both the primary and secondary sectors grew by 0.7 percent in 2017. The tertiary sector led output growth in 2017, with a projected growth rate of 2.7 percent driven mainly by the wholesale, retail, and the financial services sub sectors.
21. Economic performance in 2018 is anticipated to be 1.3 percent, followed by an increase to over 2 percent per year in the medium term as the primary and secondary sectors gain from the full recovery of the agriculture sector. The negative risks surrounding the current fiscal challenges will need to be managed effectively to mitigate the impact on growth. In the tertiary sector, growth will be driven by the demand for services to support developments in the primary and secondary sectors.

Inflation

22. Mr. Speaker, inflationary pressures eased in 2017 following a tighter monetary policy stance and recovery in agricultural production. As a result, the country's annual headline consumer inflation recorded an average of 6.2 percent in 2017 compared to 7.8 percent in 2016 mainly due to slowdown in food prices. Food inflation decelerated from a record high of 19 percent in December 2016 to a record low of 2.6 percent in December 2017, and this was due to improved weather conditions for agricultural production. On the transportation side, inflation averaged 3.9 percent in 2017 down from 9.6 percent in 2016, whilst communication recorded 0.4 percent in 2017, from 4.7 percent in 2016 due to competition in the sector following the introduction of another mobile operator.

Balance of Payments

23. Mr. Speaker, preliminary figures indicate that the current account recorded a surplus of E8.6 billion in 2017, however, declining from the E9.5 billion registered in 2016. Our export earnings in 2017 amounted to E24.1 billion, showing a marginal decline of 1.3 percent compared to the E24.4 billion in 2016. The financial account posted a deficit of E7.2 billion in 2017 from a surplus of E8.5 billion in 2016. The deficit in the financial account was due to a net decline in Foreign Direct Investment coupled with net increases in foreign portfolio assets and “other investment” assets.

iv) Financial Sector Developments

Monetary Policy, Interest Rate and Private Sector Credit

24. Mr. Speaker, in the beginning of 2017, the Central Bank of Swaziland implemented a restrictive policy in order to control inflation, particularly food prices, which had surged to double digits towards the end of 2016. Accordingly, the discount rate was raised by 25 basis points from 7.0 percent in December 2016 to 7.25 percent in January 2017. For the remainder of the year, the monetary policy stance remained unchanged while inflationary pressures moderated throughout the year and the Lilangeni exchange rate appreciated.
25. As at December 2017, bank credit extended to the private sector grew by 8.9 percent. This is slower than the 14.2 percent growth in December 2016. The deceleration in the growth rate for 2017 is as a result of the tighter monetary policy stance in the first quarter of the year. Credit to the business sector increased by 6.9 percent year-on-year due to a rise in credit to Mining & Quarrying, Distribution & Tourism, Transport & Communication, Community, Social & Personal Services, as well as Agriculture & Forestry industries. Credit to households grew by a marginal 0.6 percent over the year mainly supported by growth in other less secured loans.

Overview of the Performance of the Banking Sector

26. Mr. Speaker, the domestic banking sector remained sound and stable, whilst meeting the minimum prudential regulatory and statutory requirements and it complied with the provisions of the Financial Institutions Act, 2005. The banking industry is required to meet a minimum Capital Adequacy Ratio of 8 percent, and our banks recorded a ratio of 25.8 percent as at 31 December 2017. On the other hand, all banks complied with the minimum

liquidity requirement of 25 percent for commercial banks and 22 percent for development banks.

27. The banking industry average prudential liquidity ratio, which is a reflection of an institution's ability to meet its maturing obligations as they fall due, was at 27.9 percent as at 31 December 2017. The industry's total deposits stood at E15.4 billion during the same period with net loans at E10.4 billion. Total assets for the same period were at E19.5 billion.

Developments in Financial Sector Regulation

28. Mr. Speaker, one of the important catalyst for investment is readily available financial capital. This Government is working tirelessly to create an enabling environment for capital markets to flourish, in order to make financial resources accessible to all businesses.
29. Mr. Speaker, in order to improve liquidity in the domestic financial market, the Ministry of Finance is in the process of revising the mandatory local investment threshold for large portfolio holders such as Retirement Funds institutions and Insurance companies. In a short while, we will be gazetting an amendment to the Retirement Funds and Insurance Acts Investment Regulations, which will require an increase from the current 30 percent to 50 percent of total funds held by these institutions being invested locally. Furthermore, the amendments will reduce the amount of retirement funds and insurance assets that can be held as cash, in order to encourage retirement funds and insurance companies to invest in the domestic economy.
30. Mr. Speaker, other developments within the financial sector include the automation of the Swaziland Stock Exchange. This move will facilitate electronic trading, which should encourage more listings as well as active trading exchange. The Swaziland Stock Exchange will also have an SME platform that will enable small and medium enterprises to participate in the stock exchange. Swazi businesses will therefore benefit from accessing available financial resources.
31. Mr. Speaker, through the Financial Services Regulatory Authority, we are working towards increasing the daily limit for mobile transactions from the current E4,500 to E25,000. This will enable small and medium enterprises and consumers to do more business using their mobile gadgets which, when used safely, provide user friendly and quick platforms for transacting.

Official Reserves

32. Mr. Speaker, the country's stock of gross official reserves amounted to E7.6 billion at the end of January 2018, reflecting a year-on-year decline by 7.8 percent. This development was mainly due to inadequate Government revenue to cover public expenses. The import cover, however, remained at the same level of 3.8 months recorded during the corresponding period in 2017. Positively, the import cover has consistently remained above the internationally acceptable level of 3 months even though below the SADC convergence criteria to cover 6 months of imports.

Financial Integrity

33. Mr. Speaker, Money Laundering, Terrorism Financing and Proliferation Financing continue to be a threat internationally, Swaziland not being an exception. As part of our commitment to the fight against money laundering and counter financing of terrorism we have established a fully-fledged Financial Intelligence Unit. The Swaziland Financial Intelligence Unit will receive, analyze, and disseminate suspicious transactions to accountable institutions. On the other hand, the Central Bank of Swaziland is preparing to develop risk based supervisory tools. It will also train its staff on the risk based approach. This is aimed at mitigating the risks of money laundering and terrorism financing within the banking sector.
34. Mr. Speaker in order to comply with international standards on anti-money laundering and counter financing of terrorism, the Ministry of Finance has solicited Technical Assistance from the World Bank Group to conduct a National Risk Assessment (NRA). This requires the identification of the risks specific to a country and the allocation of resources to prevent and mitigate these risks.
35. In 2018/19 we are expecting to host the Eastern and Southern African Anti-Money Laundering Group, wherein the country will assume the Chairmanship of this organization. Through the chairmanship position, Swaziland is expected to steer the region towards better compliance of international standards.

Deepening Domestic Financial and Capital Market Development

36. Mr. Speaker, the Government of the Kingdom of Swaziland has made significant strides in developing the domestic capital market, in order to enhance domestic investment. In particular, Government has been issuing both short and long term-securities in the form of Treasury Bills and Bonds in order to stimulate activity in the local market, and to establish the yield curve of the country. Moreover, the aim is to develop the secondary market and price discovery for the various tradable instruments; in the process, a savings culture is being inculcated amongst potential investors including individuals.

37. Mr. Speaker, in order to widen the spectrum for raising capital, such as borrowing from international sources, a country must be rated against certain international best practice standards by reputable rating agencies. A sovereign credit rating give investors insight into the level of risk associated with investing in a particular country, including political risk. It is a pleasure for me to report that the country received its first ever credit rating from Moody's. The country's rating is placed at B2, although with a negative outlook due to the financial and economic pressures we continue to face.

38. The credit rating symbols range from A to C, with A being the best performer and C is the worst. The B2 rating is generally based on our small and slow growing economy although relatively well integrated, diversified and resilient. Mr. Speaker, the rating gives us hope that we are not very far from acceptable levels of credit worthiness. We also know that fiscal consolidation will help us to improve this rating in the short term as these reviews happen once every 6 months.

III. FISCAL PERFORMANCE

i) Revenue Performance

39. Mr. Speaker, in 2017/18 Government revenue and grants are projected to be E16.8 billion which is 26.3 percent of GDP. This figure is made up of E16.4 billion in revenue collections and E426 million in grants. Improvements in SACU receipts from E5.2 billion in 2016/17 to E7.1 billion in 2017/18 contributed to the increase in revenue. Non- SACU revenue for 2017/18 is projected at E9.3 billion which is 9 percent higher than in 2016/2017. Income taxes showed a 9.8 percent increase in collections as the full effects of the salary review adjustments on Pay as You Earn were realized. The realization of the full effects of the increase in the fuel tax rate by 80 cents show a year on year collections increase by 37 percent.

40. It is worth highlighting that the share of SACU receipts to total revenue is declining, at the end of 2017/18 SACU is projected to contribute about 43 percent of the total revenue collections for 2017/18. This is a decline from 49 percent in 2016/2017, whilst tax revenue account for 52 percent and non-tax revenue will account for 5 percent of total revenue collections.

41. Mr. Speaker, the revised estimate for the period 2017/18 is projected to be E16.4 billion which is a 1 percent decline from the initial estimate of E16.5 billion. The decline is due to revenue generating policies that were not fully implemented in 2017/18. The initial estimate had assumed implementation of a levy on alcohol and tobacco, collection of mobile company license fees and review of user fees. However, when compared to the previous year's E13.8 billion collection, projected revenue for 2017/18 indicates a 19 percent increase.

ii) Expenditure

42. Mr. Speaker, on the expenditure side, total Government expenditure for financial year 2017/18 was budgeted at E21.8 billion in April 2017. The revised budget at the end of the year stands at E21.8 billion pending the approval of the Supplementary Budget. This represents 37 percent of GDP, which is 17 percent higher than the outturn in 2016/17.

iii) Arrears

43. Mr. Speaker, the cash flow challenges facing Government have been markedly stretched despite the larger-than-expected SACU receipts in 2017/18. Government arrears are projected to reach ~E3 billion by the end of the 2017/18 financial year. In an effort to clear the arrears, Government introduced two new instruments that were offered to the market in 2016/17 and 2017/18, namely, the infrastructure bond and the supplier's bond. From these instruments, Government was able to raise E830 million, which was utilized to pay some suppliers. However, this amount was not sufficient to clear the stock of arrears.

44. Mr. Speaker, while the issuance of the two instruments have been ear-marked for arrears' clearance, they have subsequently saturated the domestic debt market. As a result, it has been difficult to raise more funding from the rest of Government Papers such as Treasury Bills.

45. Being mindful of the stock of arrears accumulated in the financial year 2017/18 and taking into account the directive from His Majesty's Speech from the Throne that 'Government must budget for resources that are already available instead of resources' we hope to collect, I must make mention that Government has made an effort to create fiscal space only for the most critical expenditure items. This has therefore made it possible to reduce the financing gap to manageable levels. In managing the financing, the gap, Government aims to do the following:

- a. Monitoring and controlling all commitments including those of Ministries that had been previously ring-fenced to avoid unnecessary and wasteful expenditure with the aim to prioritise critical expenditure;
- b. Prioritising payment arrears and aligning them to cash available.
- c. Continue exploring the possibility for other sources of funding including but not limited to utilizing excess balances on Government special accounts.

iv) Overall Balance

Mr. Speaker, the deficit for financial year 2017/18 was budgeted at 8.3 percent of GDP which is higher than the 7.7 percent deficit to GDP ratio for financial year 2016/17. The absolute deficit numbers grew from E4.2 billion to E4.9 billion from 2016/17 to 2017/18. However, the final outturn figures for 2017/18 may reflect a lower deficit due to cash flow

constraints. The deficit has been largely financed through both domestic and external borrowing. Government, however, acknowledges the accumulation of arrears to suppliers and has prioritized the management of these. Government arrears as on February 1st, 2018 stood at E3.1 billion.

v) Public Debt

46. Mr. Speaker, as of December 2017, total debt stock stood at E11.51 billion, which is an equivalent of 19.29 percent of GDP. Of this stock, external debt is at E4.35 billion, whilst domestic is E7.15 billion.
47. During this financial year, Government through Parliament signed loan agreements with different financiers which include among others; EXIM Bank – China, the Kuwait Fund for Development, the Saudi Fund for Development, the Arab Bank for Economic Development (BADEA), the OPEC Fund for International Development (OFID). The loan agreements are for the following approved projects; National Referral Hospital, Five Star Hotel, LUSIP II, Lukhula-Big Bend Road and Lukhula-Siteki Road.
48. Mr. Speaker, on the domestic side, the Ministry listed through the Central Bank, two separate Programmes with the Swaziland Stock Exchange which are the Plain Vanilla Bond Programme (E2 Billion) and an Infrastructure Bond Programme (E2 Billion). Government issued these bonds to raise money needed to meet long term budgetary requirements and to develop the domestic capital market. These provided additional investment avenues for both institutional and individual investors. These securities are also used as a reference point for pricing or benchmarking by both public and private institutions who want to raise funds in the market for capital expansion. The Infrastructure Bond Programme is a new Programme that is targeted at raising funds for capital projects in the domestic market.
49. Mr. Speaker, there is dire need to exercise caution in contracting new debt in the medium term. In this regard, a thorough evaluation of all Government projects must be done before acquiring new debt coupled with adoption of effective management principles and practices in utilizing loan proceeds. Furthermore, we plan to cap the number of large projects per budget cycle in the medium term.

IV. BUDGET STRATEGY FOR 2018/19

i) Fiscal Consolidation

50. Mr. Speaker, significant effort will be required to reduce the wage bill, rationalize spending and prioritize growth enhancing capital spending. If well planned, high-quality public investment could augment private sector initiatives, especially in infrastructure.
51. Mr. Speaker, as indicated earlier, the country is facing significant fiscal challenges. Restoring fiscal sustainability is critical to ensure macroeconomic stability and unlock the country's potential to place growth on a higher trajectory. The Government is therefore looking at adopting a fiscal consolidation, reform and recovery strategy that will address the fiscal challenges and create the needed fiscal space for investment and social spending.
52. One critical element of the consolidation and recovery strategy is to establish the right size of the public sector that would make Government more agile and efficient in delivering public goods and services.
53. Mr. Speaker, the size of the adjustment we need to restore fiscal sustainability is significant as the vulnerabilities have accumulated over time. Therefore, the fiscal consolidation will have to be spread over the medium-term. In this regard, the success of the planned adjustment and recovery strategy will require a combination of revenue, expenditure and structural reform measures. At the same time, the implementation of the newly enacted Public Finance Management Law will be crucial in ensuring efficiency and accountability in the use of public resources.
54. Mr. Speaker, as part of the consolidation strategy and in line with His Majesty The King's Pronouncement, for the 2018/19 Budget, upfront measures have been adopted to make the budget realistic, ease the cash flow challenges and reduce arrears. These include a freeze on hiring across all sectors of the Government, reducing recurrent spending and slowing capital investment.

ii) **Stimulating Resilience to Adversity**

Food Security

55. Mr. Speaker, volatility in climatic conditions continue to hamper our efforts to achieve food security. The challenge posed by natural disasters is enormous: Looking into the future, climate change is predicted to increase the frequency and intensity of storms, floods, as well as droughts. Recently Mr. Speaker, we witnessed devastating hailstorms that destroyed maize fields around the country.
56. Mr. Speaker, the livelihood of our people continues to be Government's priority, with the agriculture sector playing such a large role in the economy. In the livestock industry, we are promoting commercialization of goat farming. A total of 102 pilot farmers have been identified to receive technical support in goat farming with the aim of exporting goat meat in the near future.
57. On the other hand, we are grateful to the Republic of China on Taiwan, for its support in the construction of an Artificial Insemination Centre, for producing breeding material for pig farming. The Centre is now fully operational, and we are happy to report that we have realized significant increases in pig production. Pig farming witnessed positive growth with a 40 percent increase in stock of pigs from the previous financial year.
58. Mr. Speaker, to augment water sources in order to build resilience against future droughts, irrigation development will continue in the 2018/19 financial year. Phase II of the Lower Usuthu Smallholder Irrigation Project is well in progress. Funding from development partners amounting to E714 million was secured in 2017/18 to ensure that this project is completed and achieves its objective. We expect this project to add another 6,000 hectares of irrigable land for sugar cane and other crops.
59. Mr. Speaker, to mitigate the effects of extreme climatic conditions, the Government of Swaziland has made strengthening of the early warning systems of the country a priority. For this programme, we have received assistance from the Italian Government and we are very grateful for this cooperation. With this system we are hoping to be able to detect early signs of extreme weather events that may affect the country, hence we should be able to prepare contingency plans accordingly.
60. Government has allocated an amount of E1.4 billion for the Ministry of Agriculture.

Water and Sanitation

61. Mr. Speaker, access to clean potable water is a basic necessity and a right for all Swazis. In an effort to speed up processes of improving access to potable water, especially in the rural areas, Government has contracted the Swaziland Water Services Corporation to implement the water supply augmentation projects.
62. In January 2018, Government received grant funds from the Southern Africa Development Community (SADC) Water Fund, amounting to E117 million. This grant will finance the Lomahasha Potable Water Supply Project, which will benefit people residing within the Lomahasha and Namaacha area in the Republic of Mozambique. This project is implemented jointly with the Republic of Mozambique under the SADC Regional Integration Programme, and implementation has already begun.
63. Mr. Speaker, we are continuing with our exploration of major dam construction areas. In 2018, we are expecting to complete the feasibility study for the proposed Nondvo Dam project.

Energy

64. Mr. Speaker, significant progress has been made to improve access to energy. Local access to electricity currently stands at 74 percent which is 2 percent above the target set at the beginning of the 2017/18 financial year. The target for 2018/19 is to increase national electricity access to 80 percent with the aim to achieve universal electricity access by 2022. In this regard, Government will commence construction of the 5 Megawatts Lavumisa Solar PV Power Station this year, together with the 12 Megawatts hydro power plant at the Lower Maguduza Power Station. Furthermore, we are conducting a feasibility study for Ngwemphisi Hydro Power Cascading Scheme.
65. Mr. Speaker, through a grant from the African Development Bank, the Ministry of Natural Resources and Energy recently completed a review and analysis of the country's wind and solar energy potential, which was aimed at evaluating the quality of the two sources of energy. Government is currently seeking assistance from various international funders to determine the capacity of wind and solar energy over a longer period.

Government is also planning to engage the Royal Science and Technology Park in order to install a system for electricity generation using wind energy.

Social Transfers

66. Mr. Speaker, Government has the responsibility of providing social protection and security for all vulnerable people in Swaziland. Government will endeavor to provide budget allocations for “*bantfu labadzala*” and vulnerable children. Therefore, with effect from April 1st, 2018 over 86,000 *bogogo nabomkhulu*, will be catered for with a total allocation of E417 million. A portion of this allocation is to cater for new beneficiaries. As His Majesty’s Government we are grateful to the innovation that the Deputy Prime Minister’s Office is applying to the distribution of the grants and we implore the office to continue seeking cost-effective means for this function to accommodate even more recipients.

67. In addition, Government is developing an Integrated Social Protection System with assistance from the European Union and other development partners. This system will ensure sustainability of social protection for all vulnerable groups in the country.

68. Under the Education Fund for Orphaned and Vulnerable Children (OVCs), Government has decided to continue to provide for those children that graduated from Grade VII. E190 million has been allocated for this purpose.

69. Government has allocated an amount of E710 million for the Deputy Prime Minister’s Office.

iii) Human Capital Development

70. Mr. Speaker, investing in human capital is of paramount importance to this Government, in order to achieve higher quality productivity, increased competitiveness, high and sustainable rates of economic growth and ultimately a higher standard of living.

Education

71. Mr Speaker, I would like to emphasise the importance of education in the development agenda of Swaziland. The Leading Indicator of Where You are Going to Be in Twenty Years, Is How Well You are Doing on Your Education System. Mr Speaker, the

Government of Swaziland will therefore continue to prioritise education, as a fundamental pre-condition for human capital development.

72. Mr. Speaker, the Government of Swaziland has been committed to our children through the Free Primary Education Programme, School Feeding Programme, Infrastructure, and grants for Orphaned and Vulnerable Children. Government is committed to ensuring universal and high quality education. In 2017/18, the Ministry of Education hired a total of 3,615 teachers; 2,005 in Primary Schools, and 1,610 Secondary Schools.
73. Mr. Speaker, Swaziland we know that *“Lugotjwa Lusemanti”*. This adage is central to our efforts in order to lay the foundation for a prosperous and productive Swazi population in the future. In 2017/18, we initiated the Pre-Primary Education Curriculum Development, and in the coming financial year, we want to intensify our efforts in order to improve access for all pre-school eligible children. By 2019, Government would have put in place a policy on Early Childhood Care and Education (ECCE), plus a standardized curriculum, in order to provide strategic direction, reduce inequalities, and enhance the quality of education at this level.
74. Mr. Speaker, Government has been able to sustain the Free Primary Education Programme through these trying times. We have been able to scale up the programme in terms of enrolment of eligible pupils. This year, we can report that the total enrolment rate stands at 96 percent against the target of 100 percent. In addition, this year, we achieved a pass rate of 90 percent in Grade VII and this is the highest pass rate in the last 10 years.
75. Mr. Speaker, whilst improving the enrolment rates for primary school going children, Government is aware that relevant education and skills are crucial for transformation of our economy. To this end, Government has developed a curriculum that is competency-based for primary and secondary education. It is now being piloted in schools around the four regions of the country, in preparation for full scale roll-out by 2019.
76. Mr. Speaker, in a bid to provide quality tertiary education that is relevant to the labour market demands, we have developed the Swaziland Qualifications Framework (SQF). Furthermore, the close interaction of the University of Swaziland (UNISWA) and the Royal Science and Technology Park (RSTP) will enable us to produce the necessary human capital to boost innovation and product development. To this end, processes are underway

to put in place cutting edge programmes in information and communication technology at UNISWA.

77. In addition, Government is in a process to strengthen Bachelor of Science (Education) Programme in the Mathematics and Science field. Specifically, we want to produce math and science teachers who will be able to transfer knowledge to pupils and students in these subjects. In the not so distant future, we shall be increasing enrolment in this Programme.
78. Government has allocated an amount of E3.3 billion for the Ministry of Education.

Health

79. Mr. Speaker, to quote Sir Winston Churchill, "***healthy citizens are the greatest asset any country can have***". In this regard, Government will ensure that all citizens of the country have access to improved health care.
80. Over the last few years, important indicators such as life expectancy at birth, infant mortality, incidence of HIV/AIDS have improved. This is an indication that our interventions in the sector have been worthwhile and we thank our development partners for their continued support. However, we must not be complacent as our indicators are not up to the standards we aspire towards.
81. Mr. Speaker you will recall that three years ago, we introduced "Test and Start" in line with WHO guidelines which stipulate that people should be put on Anti-Retroviral Treatment (ART) as soon as they test positive to HIV regardless of viral load. Since the introduction of this approach we now have 198,000 citizens on ART, and this number is expected to reach 216,000 by the end of 2018. Government commits herself to continue supporting this initiative as it is in line with His Majesty's Vision 2022 "making the Kingdom of Eswatini an AIDS-free society".
82. Mr. Speaker, I am happy to report that the three new clinics in Maphalaleni, Lundzi and Ezindwendweni are now complete. In addition, new maternity wings have been constructed in three health centres namely; Nhlngano, Mkhuzweni and Matsanjeni, while a fourth maternity wing, at Dvokolwako, is under construction. Moreover, the Government of Swaziland has provided lifesaving health services such as Intensive Care and dialysis

locally. We are happy that the provision of these services locally will reduce the number of referrals to neighbouring countries.

83. Mr. Speaker, government is allocating an amount of E2 billion to the Ministry of Health to implement priority programmes.

Labour

84. Mr. Speaker the labour subsector plays a major role in driving the domestic economy forward. A highly skilled labour force serves as a pillar to the nation's growth and development. In that regard, Government has developed a National Human Resource Development Policy and Implementation Strategy.

85. Government is working with Persons with Disabilities in order to enhance their opportunities to gain formal employment. During the course of 2017/18, a total of 80 trainees graduated from this programme with different trades.

Census

86. Mr Speaker, Government has published the Population and Housing Census for 2017. The population of Swaziland currently stands at 1.1 million which suggests that our population has grown by close to 0.7 percent annually, since the last census in 2007. The Government of the Kingdom of Swaziland will soon publish the results from the most recent Swaziland Household Income and Expenditure Survey, providing us with an indication of the current poverty patterns and trends in our country. This survey will assist in informing the development of national policies.

iv) Promoting Inclusive Growth and Industrialization for Job Creation

87. Mr. Speaker, while Government's primary objective in this budget has been fiscal consolidation we have attempted to balance our efforts without infringing on our commitments to the promotion of inclusive growth.

Financial Inclusion

88. Mr. Speaker, His Majesty's Government intends to ensure access to affordable, appropriate and quality financial services & products, since this is a key component of inclusive

economic growth. Not long ago, Government led by His Excellency the Right Honorable Prime Minister officially launched the National Financial Inclusion Strategy for Swaziland (NFIS) covering the period 2017 – 2022. This strategy will provide the framework for an effective partnership between policy-makers, financial regulators, and financial institutions as well as the mobile network operators to enhance access to financial services for micro and small and medium businesses, as well as those segments of the Swazi population that have, hitherto, been unable to access financial services.

89. Mr. Speaker, during the course of 2018/19, Government and partners will establish a Centre for Financial Inclusion (CFI), which will coordinate all issues of financial inclusion. This represents Government's commitment to creating an enabling environment, therefore making it easier for Swazis to save, invest, do business and mitigate risks, as well as access appropriate financial products in order to enhance sustainable livelihoods.

90. Mr. Speaker, Government through the Central Bank of Swaziland has launched the Financial Sector Development Implementation Plan (FSDIP). This is a three-year national strategy, that will guide the development of the financial sector. Implementation of this strategy is facilitated with the help of the World Bank with a grant amounting to approximately E5.4 million. This strategy will also promote Government's agenda for financial inclusion.

Tourism

91. Mr. Speaker, Tourism continues to be one of the sectors that have a potential to stimulate economic growth. As such the country has advanced its efforts in ensuring the development of the tourism industry, safeguarding the environment, conserving wildlife and culture. Mr. Speaker, the Ministry's efforts to market the country as a preferred tourist destination has resulted in an increase in tourist figures.

Public Enterprises

92. Mr Speaker, Government is concerned with the ever-increasing numbers of public enterprises. Most of these entities are fully dependent on Government funding and very few are self-sustaining. Therefore, the Government of Swaziland through the Ministry of Finance, has secured technical assistance from the World Bank to conduct a study to

streamline, enhance performance and self-sustenance of these entities. Within the assistance from the World Bank there will be development of policy guidelines for the establishment and management of Public Enterprises.

Information, Communication and Technology

93. Mr. Speaker, the opportunities unveiled by the advancement of Information Technology also present a challenge for Government to not only keep abreast with the constant changes, but put in place policies that address the present scope and also seek to protect the country from cybercrimes going forward. In this regard, in 2017/18 Government began the development of a new Broadcasting and Media Policy in order to harmonize the industry developments with improvements and innovations in the broadcasting and media sector. This policy will therefore guide the diversification of the media industry as it opens up for entry by the private sector.
94. Mr. Speaker, the banking industry and telecommunications companies are partnering in efforts that will make movement of funds easier, in the promotion of financial inclusion. As a country, we will endeavor to mitigate the threats that come with a development of this nature. In this regard, we have started the process of enacting cybersecurity laws to prevent cyber-crime and other related incidents.
95. Government is also continuing to work towards the full operationalization of the Royal Science Parks which will drive cross cutting research and encourage innovation through access and applications of new technologies. I am happy to report to the Honorable House that in 2017/18, the Advanced School of IT housed at the Innovation Park, enrolled its first batch of students; the incubator for IT business start-ups also admitted ten start-up companies; and a Service Agreement with the Swaziland Posts and Telecommunications (SPTC) for the management of the National Call Centre was signed. Moreover, the National Data Centre's infrastructure, which will allow for the effective roll-out of E-Government has been completed.
96. Mr. Speaker, Government is committed to ensuring that the nation benefits from the efficiencies that come with technology for improved service delivery. In this regard, Government has automated the tracking of road transport permit licenses through mobile phone services, implemented fingerprint live scan for the Royal Swaziland Police in the

Shiselweni region, as well as completed developments for the use of Point of Sales (POS) at revenue offices.

Infrastructure

Roads

97. Mr. Speaker, efficient transport systems are the drivers of economic growth and development. The Government of the Kingdom of Swaziland continues to place roads infrastructure as key in moving the economy forward. Over the years, huge investments have been made in connecting the Kingdom, as well as with neighboring states. The onus now is that of keeping these roads in quality, which is why we have allocated E50 million for roads maintenance. Government will continue to explore financing options to invest further on our road infrastructure.
98. Mr. Speaker, Government received a technical assistance from the African Development Bank in 2014 for preparation of the establishment of the Roads Fund and Roads Agency, I am happy to report that extensive work has been done along these lines and the revised Draft Roads Agency and Roads Fund Bill are now ready to be presented to Parliament. Once this Bill has been passed, Government can expect increased service delivery from the Agency which will emanate from the efficient collection of road user fees that will be used for the maintenance of our existing and upcoming roads infrastructure.

Railways

99. Mr. Speaker, the SADC region is promoting regional integration in order to enhance trade among Member States. One of the ways in which the regional integration agenda can be implemented is through providing connectivity between neighboring states, and railways can facilitate connectivity. Railways can play a major role in integrating markets and increasing trade. It is a fact that we trade a lot with our neighboring South Africa, as a result, the two countries saw it appropriate to initiate the Joint Railway Strategic Initiative between Transnet and Swaziland Railways. This venture is expected to create 2,700 jobs related to construction on commencement, and over 300 permanent jobs on completion.

Aviation

100. Mr. Speaker, as a landlocked country, air transport provides an alternative mode of transportation. It could also complement tourism by bringing visitors to the country. Our own state of the art airport, the King Mswati III International Airport (KM III IA) presents an opportunity for growth both in aviation and tourism. It has the capacity to handle sizable volumes of passengers, as well as cargo, hence we have the obligation of utilizing it to its full capacity.

101. In that regard, Government is working on strategies to revive the Royal Swaziland National Airways Corporation (RSNAC), and it will be tasked with the mandate of providing air transportation services of the highest quality and efficiency, that will suit both local and international travelers. We are aware of the costs associated with this endeavor, but we expect the benefits in return to be worth the investment.

v) Private Sector

Private Sector Confidence

102. Mr. Speaker, the country has made great strides in economic development supported by a vibrant private sector that is characterized by both local and foreign economic players. Despite the recent developmental challenges faced by the country, there has been some improvement in both domestic and foreign investment. Public investment in infrastructure and ICT will continue to improve the country's competitiveness and this is expected to contribute to accelerated growth rates in the productive sectors such as manufacturing, mining, retail and services.

103. The Government of the Kingdom of Swaziland is continuing with efforts to create employment through the implementation of the Industrial Development Policy (2015-2022). The development of the Sidvokodvo Industrial Estate of 301 hectares will alleviate the shortage of land for investors and create employment for Swazis. We are projecting that this investment will open up over 84,000 job opportunities when the Industrial Estate is fully operational.

Small and Medium Enterprises

104. Mr. Speaker, The Government of Swaziland is cognizant of the role played by small and medium enterprises (SMMEs) in promoting economic growth. We are also aware that this sector is not growing fast enough. Accordingly, in 2017 the Ministry of Finance conducted a financial scoping survey on SMMEs “The Swaziland SMME National Survey 2017” (FinScope) which sought to provide us with numbers of existing SMMEs in the country. The study revealed that only 10 percent of the adult population owns a business. Therefore, the hindrances to this entrepreneurial spirit among our population need to be analyzed and a system of incentives needs to be formulated to encourage our population to set up new businesses.
105. Mr. Speaker, on the other hand Government is continuing with other initiatives aimed at promoting growth within the SMME sector. For instance, we have reviewed the Small-scale Loan Guarantee Scheme in order to align it with the Graduate Enterprise Programme. This will allow our graduates who want to start businesses access leverage from this Scheme. We have also taken the initiative to re-capitalize and increase the leverage value from 3 to 5 times the value of an investment. Graduates are therefore encouraged to visit the Ministry of Commerce Industry and Trade for advice on how they can benefit from this initiative.
106. Mr. Speaker, Government is cognizant of the existence of many businesses that are not within the formal structures of Government. These businesses have challenges accessing assistance even with finance for investment. In 2014, Government initiated the Informal Sector Fund, however, to only service the Manzini region. This Fund has since been rolled out to the other three regions, and it is now accessible to all.
107. Mr. Speaker, in order to further support the “Informal Sector”, Government has initiated construction of a trade hub within Manzini City. Construction of this hub is expected to commence within the financial year. On completion, the trade hub will accommodate 2,000 traders with storage facilities.

Public Finance Management

108. Mr. Speaker, I would like to take this opportunity to thank this August House for their tireless work and ultimate approval of the PFM Act (2017). I am aware that the PFM Act (2017) has stipulated reporting timelines which must be met, and therefore we are working on several reforms in order to adhere to the Act.
109. During the course of this financial year, the Treasury department initiated the introduction of the Integrated Financial Management Information System (IFMIS). The overall objective of the IFMIS is to strengthen the accounting and budgeting functions within Government. The objective is to implement IFMIS for all Government Ministries by April 2020.
110. The IFMIS will support Government financial management by fully integrating all core budgeting and accounting processes, supporting internal control and providing extensive audit capabilities. IFMIS will improve cash management through the introduction of a Treasury Single account for banking. In addition, cash forecasting, budget appropriation and execution control and managing the receipting and payment processes will be improved.

Elections

111. Mr. Speaker, about the coming elections; His Majesty the King has wisely given us the slogan ***“NGETE NGASALA NASAKHA LIVE”***. Therefore, we are encouraging every Liswati to fully participate in the upcoming National Elections. This year, the country marks 50 years of Independence where the country’s Elections have undergone tremendous transformation, including an increase in the number of Tinkhundla for purposes of fair elections. Elections’ Laws have been established, Civic Voter Education has been intensified and the review of Tinkhundla as per the Constitution has been conducted. The existence of an Elections Commission is also a milestone in ensuring a free and fair Elections.
112. Mr. Speaker, all systems are in place for the 2018 National Elections, and an allocation of E130 million has been provided. The Nation is urged to fully participate in this Nation Building activity; ***“Nami Ngeke Ngisale Ekwakheni Live Letfu”***.

National Security

113. Mr. Speaker, Government will continue to support our security forces as we strive for economic stability and growth in the country. Security is vital in the effort to achieve stability and growth in any nation hence USDF will strengthen our border security and maintain peace in the Kingdom. Correctional Services is making strides in enhancing the security standards to enable an effective Criminal Justice System. In its quest to deliver to the nation the best possible corrections' dispensation, the roll-out of an integrated security system to all centers is underway, this will enhance the administration and operations of the Department.

114. Mr. Speaker, in line with the aspirations of the National Development Strategy and Vision 2022 as well as the Police Corporate Development Strategy (2015 – 2020), the focus will be:

- Strengthening and enhancing crime prevention measures and systems to ensure crime reduction, rapid response, reduction of accidents and effective crime investigation.
- Strengthening State Security and Intelligence Frameworks as well as Public Order Management.

Combating Corruption

115. Mr. Speaker, Government has continued to support the fight against corruption. Of note is the decentralization of the services of the Anti-Corruption Commission to the Manzini region and the office has been in operation since October 2017. Further, to ensure that a majority of the population is reached, a Website for reporting corruption has been launched. A National Corruption Perception Survey 2017 was also finalized and results launched which has informed the country of the need to put in place further mitigation measures.

116. Mr. Speaker during the 2017/18 financial year, the judiciary has made significant progress. We have increased the compliment of Judges, Magistrates, Registrars and support staff within the Judiciary. This is being done to ensure that the increasing workload within the courts and various departments within the judiciary are done efficiently in keeping within its mandate and the judiciary conforms to international standards by having judicial officers with the relevant expertise and experience. In addition, we have seen the

appointment of one of our judges to COMESA, and this will see the country benefitting from international best practices in Law.

117. Mr. Speaker, the need to decentralize the functions of the Judiciary has necessitated the construction of more Courts and offices for the judiciary as a whole. These include the Supreme Court, Industrial Court of Appeal and Buhleni Magistrate court. The construction of more structures will ensure the smooth operations of courts, speedy resolution of cases and easy access to justice for all citizens.

Audit

118. Mr. Speaker, the Office of the Auditor General is mandated to keep abreast with all emerging risks that will impede development and combat bad accounting practices. The Auditor General audited the financial statements of RETOSA, and was also part of the Board of auditors for SADC as per the rotation of Supreme Audit Institutions (SAIs) of Member States. In the current financial year 2017/18, Swaziland, represented by the OAG, has assumed the position of chairmanship in the SADC audits. The office also was selected to audit the financial statements of SACU. All these assignments strengthen international relations between Swaziland and other member states, and also helps to strengthen capacity within the AG's office.
119. Commencement of the EU project which is aimed at enhancing the capacity of OAG to provide independent opinions and reports to parliament on the annual financial statements of public entities, and communicate to those charged with governance any management deficiencies in internal control that the OAG has identified in its audit of those financial statements. This will enable the OAG to offer significant contribution to improving the accountability, reporting, transparency and oversight of public institutions.

V. REVENUE AND EXPENDITURE FOR 2018/19

i) Revenue

120. Mr. Speaker, revenue is expected to increase by two percent in 2018/19 to E16.7 billion excluding grants. The increase is attributed to policies expected to be implemented in 2018/19, which are aimed at reducing reliance on SACU revenue. These include:

- Collection of license fees from mobile companies
- Review of the VAT Act to allow taxation of electricity at the standard rate in order to encourage domestic electricity generation
- Increasing the VAT standard rate from 14% to 15% to align with the new rate announced by the Republic of South Africa and to maintain the 'Sekulula' refund arrangement
- Introduction of a levy on bank revenue
- Amendment of the Income Tax Order
- Review of user fees and fuel tax
- Introduction of an import levy on non-SACU used vehicles

121. Other policy measures include the additional taxation of Alcohol and Tobacco products. More importantly, the taxation of these products is aimed at controlling the consumption of these products. There are also plans to increase the fuel tax rate by 20 cents from the current E3.00 effective 01 April 2018. A number of user fees have not been increased for over a long period, whilst the cost of providing the services has continued to increase. In this sense, we are planning to review these fees in order to raise funding for adequate provision of the various services. The Ministry of Finance has been engaging different line ministries during the course of 2017/18 financial year, encouraging them to investigate possibilities of revision.

ii) Expenditure

122. Mr. Speaker, total expenditure for the financial year 2018/19 is estimated at E21.6 billion. This estimate includes an amount of E2.2 billion which is reserved for public debt payments and other statutory obligations. Appropriated recurrent expenditure is set to grow by 0.3 percent standing at E14.8 billion. I am pleased to announce that Government has been able to deliver on His Majesty's directive from the Throne regarding a realistic budget.

Government has conducted a thorough analysis of our expenditure in order to prioritise only the most pressing concerns. Thus, the total expenditure for this year is E183 million below the budgeted expenditure for 2017/18. This marks a decline of 1% in total expenditure, from 2017/18 to 2018/19. A similar pattern can be observed in capital expenditure which is expected to grow at a rate of 1 percent resulting from a E36 million increase from the previous year. The capital budget allocation is E5.6 billion in 2018/19.

iii) Overall Balance

123. Mr. Speaker, with the support of this August House Government has embarked on medium term fiscal consolidation exercise to rein in the deficit. Government's debt servicing costs have increased exponentially as a consequence of the arrears position. Domestic debt markets have been stretched due to the issuance of multiple bonds which were earmarked for arrear-clearance, namely the infrastructure and supplier's bonds. A fiscal adjustment to the tune of 11% of GDP has been targeted in the medium term, the first step in this exercise has been to curtail Government expenditure where possible and identify additional sources of revenue to increase the scope of our resource envelope.

124. Mr. Speaker, the budget deficit for the financial year 2017/18 is contingent on the passage of newly identified revenue measures. If these proposed measures are passed the budget deficit is projected to stand at 6.7 percent of GDP with financing for 2.4% of GDP pending policy direction. This figure is in line with the SADC Macroeconomic Convergence targets of single-digit deficit levels and, in the medium term, Government intends to lower it further. Failure to pass these revenue measures would lead to a budget deficit of 8 percent of GDP and would imply a 3.8 percent of GDP as a financing gap, which would add E2.4 billion to the ballooning arrears stock.

VI. APPROPRIATION

125. Mr. Speaker, by virtue of the responsibility entrusted to me as the Minister of Finance, I now present to this August House, the Budget Estimates for FY2018/19 *assuming the passage of new revenue policies*;

- i) Revenue and grants: E17,265 million
- ii) Appropriated recurrent expenditure (excluding Statutory): E14,809 million
- iii) Appropriated capital expenditure: E5,616 million
- iv) Total expenditure: E21,596 million
- v) Deficit: E4,330 million

VII. CONCLUSION

126. Mr. Speaker, allow me to reiterate that this Budget, following His Majesty's directive from the Throne, is about restoration of fiscal balance and achieving more with less, whilst addressing socio-economic problems.
127. Mr. Speaker, I hereby submit for your approval the Budget for the Kingdom of Swaziland for the financial year 2018/19. Once again, I would like to take this opportunity to express my sincere gratitude for the support and guidance I have received during this budget preparation cycle. Under the leadership of His Excellency the Right Honourable Prime Minister, my colleagues at Cabinet, and the Finance Committee of Parliament, members of staff from Central Agencies and staff from line ministries have all contributed towards the preparation of this Budget.
128. Mr. Speaker, I also take this opportunity to acknowledge the support we have received from national and International organizations, particularly the European Union, Republic of China on Taiwan, the United Nations family, the World Bank, the International Monetary Fund, African Development Bank, International Fund for Agricultural Development, Export-Import Bank of India, Export Import Bank of China, Southern Africa Development Community (SADC), Japan International Cooperation Agency (JICA), USAID, OPEC Fund for International Development, BADEA, the Kuwait Fund, the Saudi Fund for Development and NGOs.
129. I thank you all.