



SWAZILAND GOVERNMENT GAZETTE EXTRAORDINARY

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SUPPLEMENT TO
THE
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THE CENTRAL BANK OF SWAZILAND (AMENDMENT) BILL, 1986

(Bill No. 7 of 1986)

(To be presented by the Minister for Finance)

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to amend the Central Bank of Swaziland Order, 1974 by giving effect to the recent changes in the Monetary Agreement between the Governments of Lesotho, South Africa and Swaziland so as to make the lilangeni the only legal tender in Swaziland and to enable the Central Bank to determine periodically the external value of the lilangeni and to provide for matters incidental to the foregoing.

The Bill also seeks to repeal the Currency Order, 1974.

D.P. MAKANZA
Attorney-General

A BILL

for

An Act to amend the Central Bank of Swaziland Order, 1974.

ENACTED by the Regent and the Parliament of Swaziland.

Short title.

1. This Act may be cited as the Central Bank of Swaziland (Amendment) Bill, 1986, shall be read as one with the Central Bank Order, 1974 (hereinafter referred to as "the Order") and shall come into operation on 1st July, 1986.

Amendment of section 4.

2. Section 4 of the Order is amended by inserting after paragraph (a) the following paragraph —

"(aa) to issue securities on its own account."

Amendment of section 8.

3. Section 8 of the Order is amended by replacing subsection (2) with the following —

"(2) After the appropriate allocation has been made to general reserve under subsection (1) the remainder of the net profits for the financial year—

- (a) shall be applied to the redemption on behalf of the Government of any securities issued and outstanding under section 6(5) or 35(2);
- (b) may be transferred to any special fund established under section 41 *bis* in such amounts as the board may determine."

Amendment of section 21.

4. Section 21 of the Order is amended by adding the following subsection after subsection (2)—

"(3) the external value of the lilangeni may be determined from time to time in a manner, proposed by the Central Bank and approved by the Minister."

Replacement of section 23.

5. Section 23 of the Order is replaced with the following section—

“Legal tender

23. Only notes and coins which are issued by the Central Bank and which may be exchanged by the Central Bank at full value under section 26 shall be legal tender in Swaziland in the case of—

- (a) notes or gold coins, for the payment of any amount;
- (b) coins, for the payment of any amount not exceeding ten Emalangeni.”

Amendment of section 30.

6. Section 30 of the Order is amended by replacing paragraph (a) with the following—
“(a) the reserve tranche position of Swaziland in the General Resources Account of the International Monetary Fund.”

Amendment of section 37.

7. Section 37 of the Order is amended in subsection (2)—
- (a) in paragraph (a) by replacing the words “123 days” with the words “one hundred and eighty days”;
 - (b) in paragraph (b) by replacing the words “123 days” with the words “one hundred and eighty days”;
 - (c) by inserting after paragraph (b) the following paragraph —
“(bb) purchase and sell in the open market securities issued by the Central Bank”;
 - (d) in paragraph (c) by replacing the words “123 days” with the words “one year”;
 - (e) in paragraph (c) (i) by replacing subparagraph (aa) with the following—
“(aa) instruments referred to in paragraph (a) or (b) or subparagraph (bb).”

Addition of section 41 bis.

8. The Order is amended by inserting after section 41 the following new section —

“Establishment of special funds.

- 41 bis. (1) The Minister may direct the Central Bank to establish a special fund or such number of special funds as may be necessary for the financing of such small businesses or general development as he may determine where after consultation with the Central Bank the Minister is of the opinion that the establishment of such funds is necessary.
- (2) Any fund established under subsection (1) shall consist of amounts—
- (a) appropriated by the Government for purposes of the fund;
 - (b) contributed by any donor;
 - (c) transferred by the Central Bank to the fund under section 8;
 - (d) accruing to the fund from any other source.
- (3) A special fund shall be held in trust and administered by the Central Bank as the sole trustee for facilitating economic development through—

- (a) the making of loans and advances on such terms and conditions as the Central Bank may determine, to such bodies as the Minister may, after consultation with the Central Bank approve;
- (b) the purchase, holding or sale of debentures, bonds and other obligations maturing within eight years from the date of acquisition thereof by the Central Bank and issued by the bodies approved by the Minister under paragraph (a);
- (c) the participation by the Central Bank in programme to guarantee loans made by financial institutions to bodies approved by the Minister under paragraph (a) where the Minister is of the opinion that such bodies should be accorded priority for the economic development of Swaziland."

Repeal.

9. The Currency Order, 1974 is hereby repealed.