SAMSA ANNUAL REPORT
2016 - 2017

SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

ABSOLUTE
BEARING

SAMSA

The nature of business and principal activities: SAMSA was established in terms of the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998), and has the objectives of ensuring safety of life and property at sea, to prevent and combat pollution of the marine environment by ships as well as to promote the Republic's maritime interests.

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transport
Department:
Transport
REPUBLIC OF SOUTH AFRICA

SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

MARITIME SAFETY FOR A SUSTAINABLE FUTURE

SAMSA ANNUAL REPORT

2016 - 2017

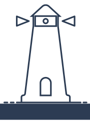
Imagine a FUTURE where nations and peoples CREATE PROSPERITY

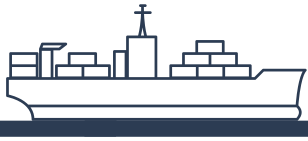
Maritime transport is the backbone of world trade and globalisation. International shipping transports about 90 percent of global trade to people and communities all over the world.

Shipping is the most efficient and cost-effective method of international transportation of goods, providing a dependable, affordable means of facilitating commerce globally.

SAMSA is championing the maritime safety agenda for a maritime economy that will grow over the foreseeable future.

With a sustainable MARITIME TRANSPORT system the FUTURE IS NOW





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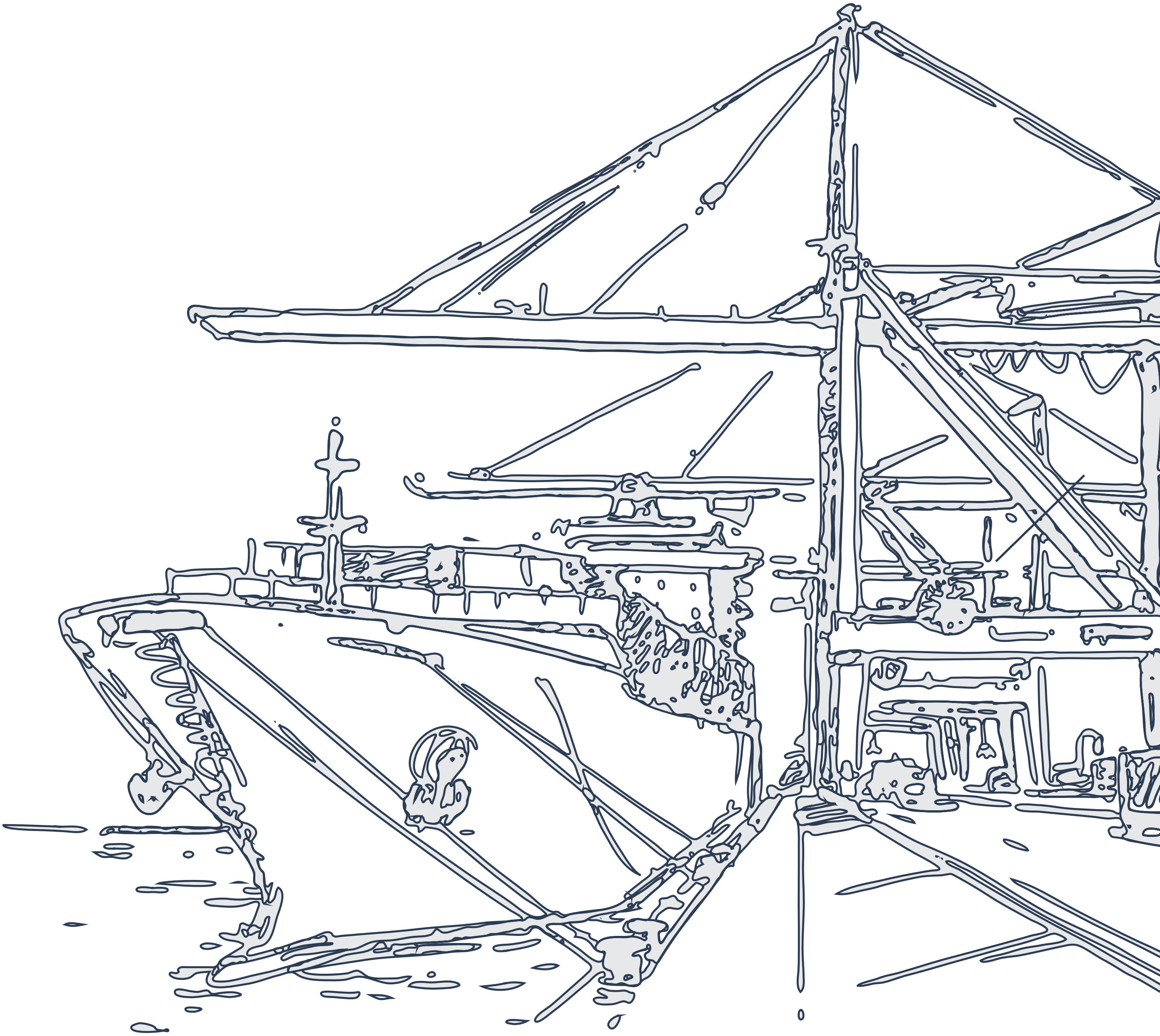
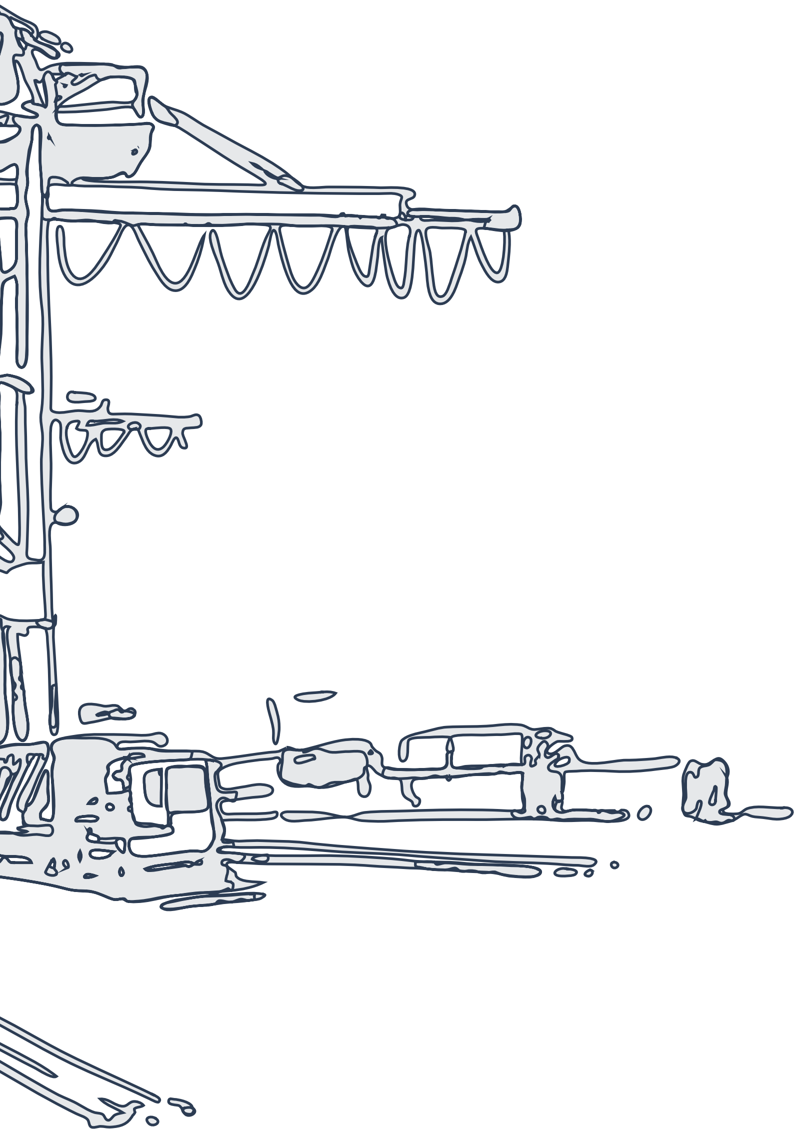




CHAPTER 01

AUTHOR OF MARITIME SAFETY FOR **SUSTAINABILITY**

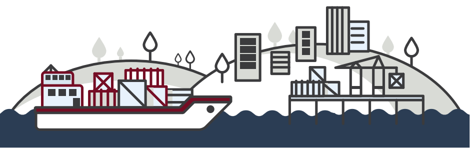
INTRODUCTION

The South African Maritime Safety Authority (SAMSA) is a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA"). SAMSA was established on the 1st of April 1998, following the enactment of the South African Maritime Safety Authority Act No.5 of 1998. The Act provided for the establishment of an authority charged with the responsibility of regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa's maritime interests. It is governed and controlled by a board of directors, appointed by the Minister of Transport in terms of the SAMSA Act 5 of 1998.

OUR VALUES

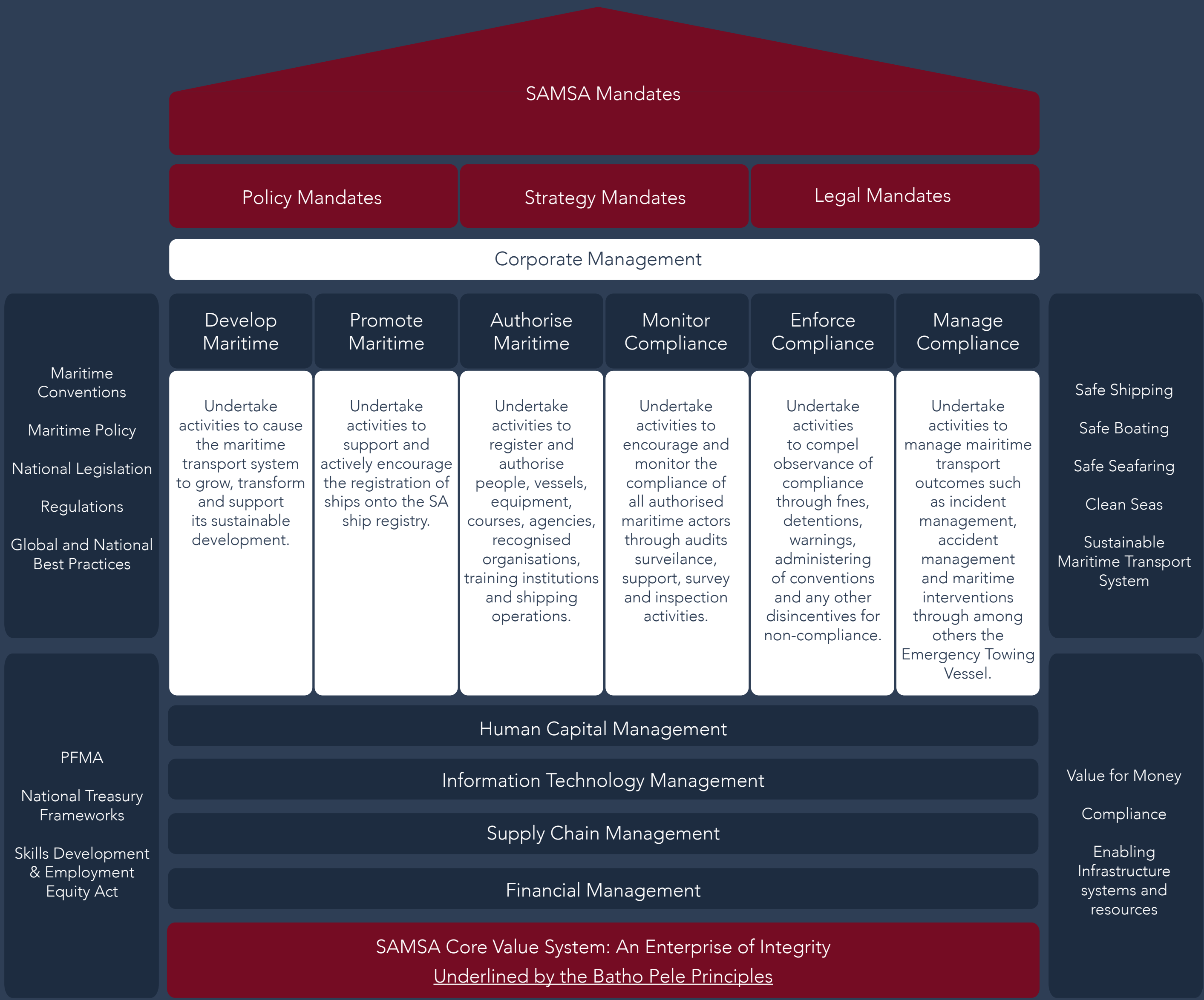
The core philosophy and values that guide and underlie each activity that is undertaken including the the behaviour of both individual and collective employees displayed when creating value for the stakeholders are as follows:

Diversity	Strength in our diversity as a true South African entity.
Enterprise	Forward thinking and innovative in our business solutions.
Teamwork	Recognising the support of others in building the future.
High Performance	Delivering service excellence.
Integrity	Our business conduct and credibility beyond reproach.
Caring	Respect and caring for our employees.
Sustainability	Acting responsibly and ensuring lasting continuance of all our well meant efforts and the environment within which we operate.



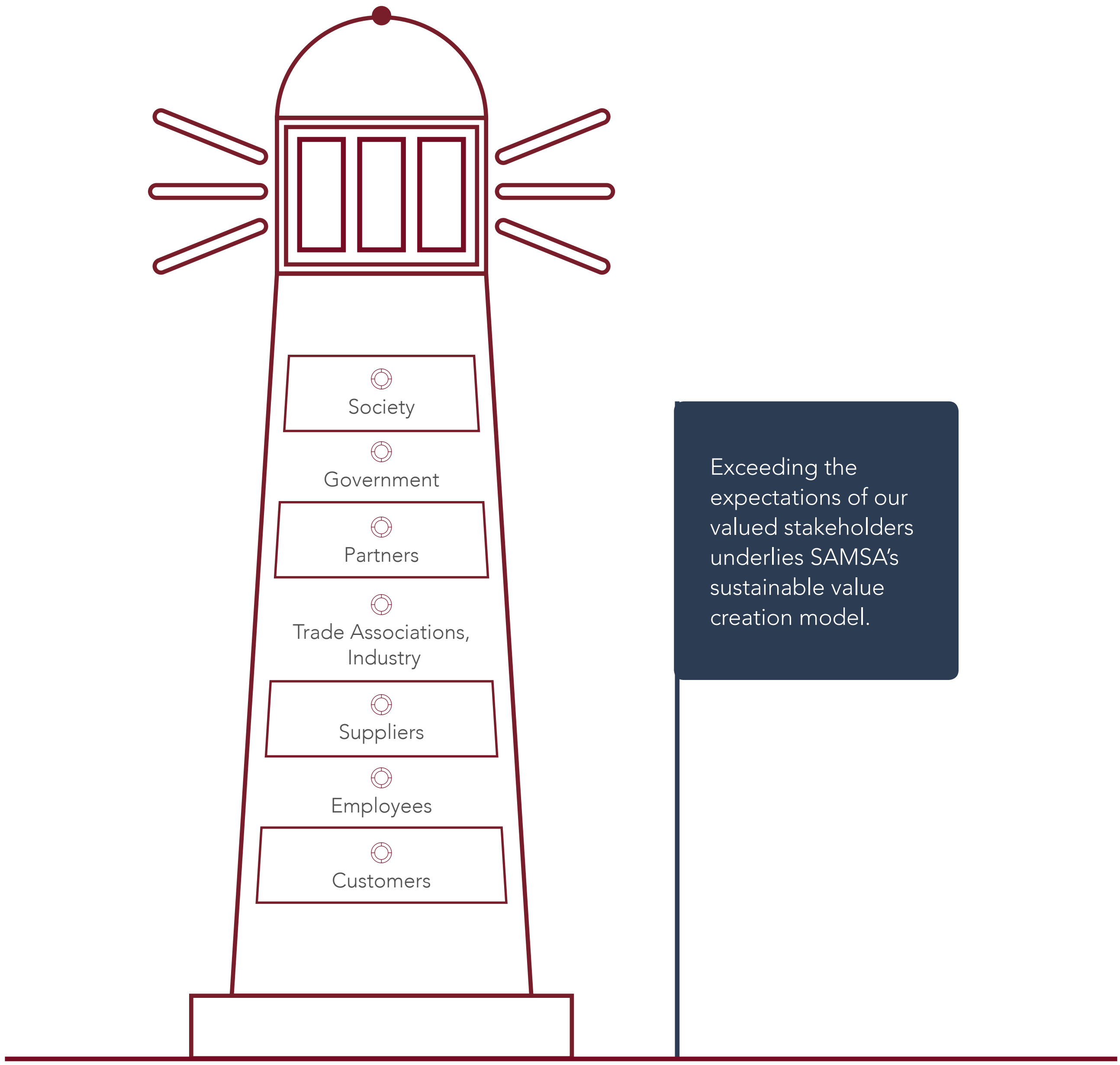
SAMSA
VALUE CHAIN

The SAMSA Value Chain depicts an orchestrated system of core (Primary) and support (Secondary) processes, which various parts of SAMSA performs in order to deliver and exceed stakeholder outcomes in a manner consistent with corporate governance, best practice and mandate requirements. It further demonstrates the value creation system of SAMSA in that it shows in a sequential visualisation of how inputs are transformed through our core processes into products and services in a way which delights our customers and broader stakeholders.



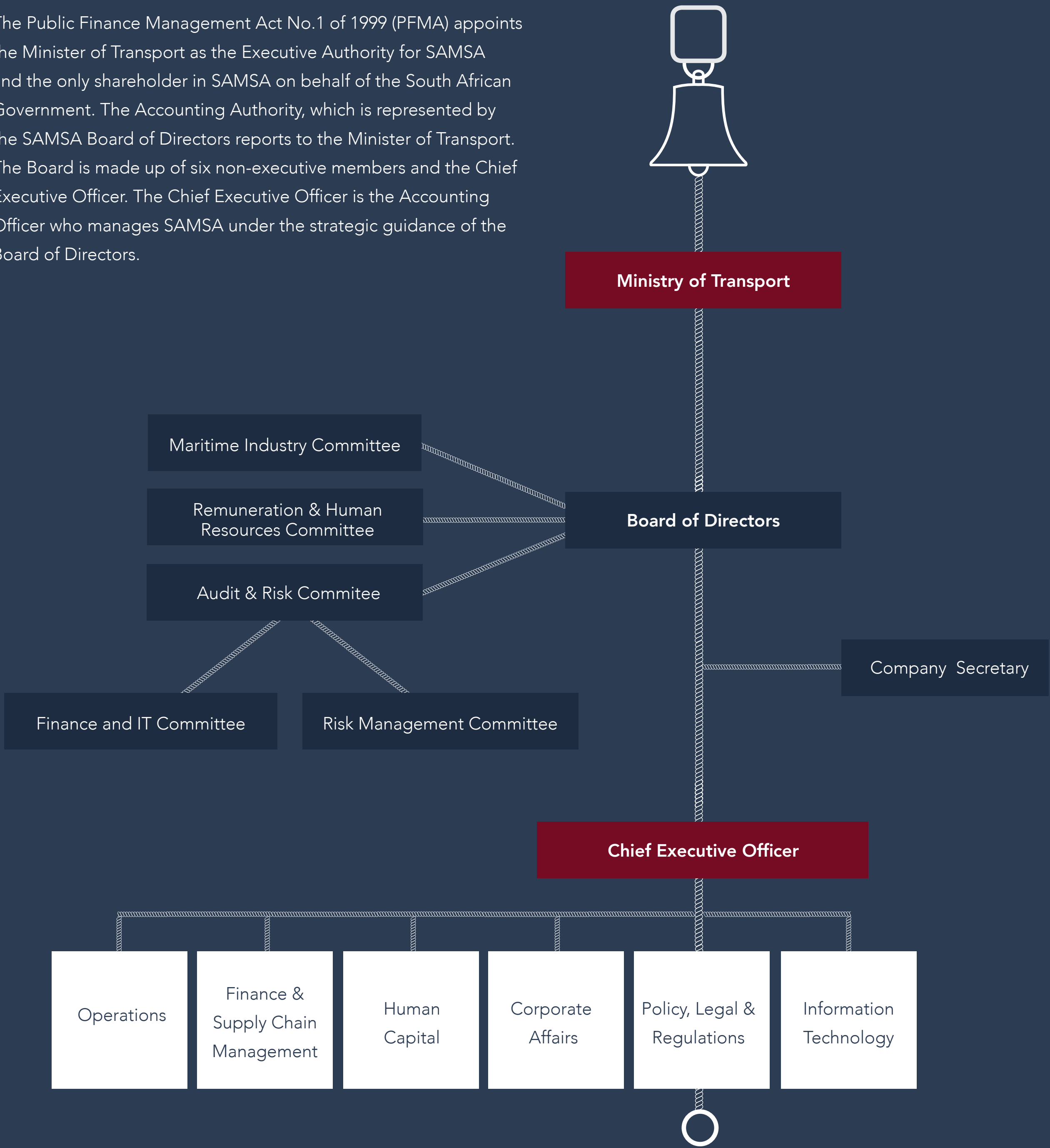
OUR STAKEHOLDERS

The ultimate goal of SAMSA is to maximise the value generated for all its stakeholders. The stakeholders of SAMSA include all the South African people, the shipping industry, partners, trade associations, suppliers, employees, customers, beneficiaries, interested parties and government. who can be affected or may affect the delivery of a safe and sustainable maritime transport system. The aforementioned stakeholders may either be affected or affect the delivery of a safe and sustainable maritime transport system.



OUR ORGANISATION **STRUCTURE**

The Public Finance Management Act No.1 of 1999 (PFMA) appoints the Minister of Transport as the Executive Authority for SAMSA and the only shareholder in SAMSA on behalf of the South African Government. The Accounting Authority, which is represented by the SAMSA Board of Directors reports to the Minister of Transport. The Board is made up of six non-executive members and the Chief Executive Officer. The Chief Executive Officer is the Accounting Officer who manages SAMSA under the strategic guidance of the Board of Directors.



OUR POLICY MANDATES

The National White Paper on Transport Policy, 1996

The establishment of SAMSA was preceded by the development of the White Paper on the National Transport Policy of 1996 (NTP), which formed the basis for the SAMSA Act No 5 of 1998.

The National Transport Policy advanced a vision for South Africa's transport system, which was meant to:

"Provide safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers at improving levels of service and cost in a fashion which supports government strategies for economic and social development whilst being environmentally and economically sustainable".

The NTP recognised the significant role played by the broader transport sector in the social and economic development of the country. It advanced the following strategic objectives for the development of a maritime transport policy:

- To facilitate and enhance the expansion of international trade and tourism in general, and exports in particular
- To ensure that economic decisions are, as far as possible, left to market forces, subject to general competitive principles applicable to all industries, with the view to maximise consumer choice, need satisfaction and job creation
- To promote the development of an efficient and productive South African maritime industry capable of competing on international markets
- To maintain control over maritime services within a well-defined regulatory framework that is flexible enough to cater for changing needs and circumstances and to ensure orderly, safe and reliable maritime transport services
- To promote international relations with other countries and international organisations involved in maritime activities.

The NTP laid the cornerstone for the work of SAMSA and advanced the need for it to execute the following responsibilities:

- To promote the Republic's maritime interests;
- To ensure the safety of life and property at sea;
- To combat pollution of the marine environment by ships.
- To contribute to the release of the full potential of the maritime industry in South Africa and to the modernisation of shipping administration in South Africa;
- To facilitate and enhance the expansion of international trade and tourism in general, and exports in particular;
- To encourage and support South Africa's maritime transport industry in a manner consistent with government's socio economic development policies
- To promote the development of an efficient and productive South African maritime industry capable of competing on international markets;

The NTP defined maritime transport as encompassing all forms of transport by sea, intermodal links and inland ports. It also argued that maritime caters almost entirely for the freight market and operates in an international environment and that it is subject to considerable competition and economic pressure from foreign environmental impacts.

The Department of Transport has targeted the completion of a review of the current National Transport Policy and has targeted to have it approved by March 2018. The transport policy will have a significant impact on the future direction of South Africa's maritime transportation as one of the key modes of transportation in the country.

OUR LEGISLATIVE MANDATES

SAMSA is a public entity which derives its legislative mandate from the objectives entrenched in the South African Maritime Safety Authority Act No. 5 of 1998. It is responsible for executing the following legislative objectives as set out in the act, such as:

- To ensure safety of life and property at sea
- To prevent and combat pollution of the marine environment by ships; and
- To promote the Republic's maritime interests

SAMSA's mandate was expanded in 2007 to include the regulation of small vessel activities operating across South Africa's inland waters through the processes of:

- Developing small vessel operating standards
- Authorising small vessel operations by licencing skippers and operators
- Promoting and creating awareness to ensure small vessel safety
- Monitoring the compliance to small vessels regulations , operators, passengers and skippers operating the vessels in our waters,
- Enforcing compliance to regulations through issuing of admissions of contraventions, detentions, and any other disincentives provide for by law;
- Managing the outcomes of boating activities by conducting incident and accident investigations as well as evaluative studies to continuously improve the safe and competent operation of small vessels in our waters.

In addition, SAMSA is also responsible for monitoring the activities of sea going vessels traversing South African waters, providing maritime search and rescue services and ensuring safe navigation at a distance through our Maritime Rescue and Coordination Centre (MRCC).

SAMSA fulfils the above mandates by executing/ administering following main legislative instruments:

- Merchant Shipping Act, 1951 (Act 57 of 1951)
- Marine Traffic Act, 1981 (Act 2 of 1981)
- Carriage of Goods by Sea Act, 1986(Act 1 of 1986)
- Marine Pollution (Prevention of Pollution from Ships), 1986 (Act 2 of 1986)
- Shipping and Civil Aviation Laws Rationalisation Act, 1994 (Act 28 of 1994)
- Wreck and Salvage Act, 1996 (Act 94 of 1996)
- South African Maritime Safety Authority Levies Act, 1998 (Act 6 of 1998)
- Ship Registration Act, 1998 (Act 58 of 1998)
- Sea Transport Documents Act, 2000 (Act 65 of 2000)
- South African Maritime and Aeronautical Search and Rescue Act, 2002 (Act 44 of 2002)

OUR STRATEGIC MANDATE

The Medium Term Strategic Framework for the period 2014 – 2019

The Medium Term Strategic Framework (MTSF) is a government strategic plan for the 2014-2019 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the 30 year National Development Plan (NDP). The MTSF sets out the targeted outcomes for the medium term and provides a national framework for all government plans at the national, provincial and local government to deliver within their scope of competence. The MTSF highlights government's support for a competitive economy, creation of decent work opportunities and encouragement of investment. This is the first MTSF to be published since the adoption of the NDP, government's long-term strategy. The introduction of a long-term plan brings greater coherence and continuity to the planning system and means that the MTSF now becomes a five-year building block towards the achievement of the vision and goals of the country's long-term plan. The MTSF serves as the comprehensive plan as evidenced by the words of President JG Zuma in the subsequent sentence,

"The Plan has been adopted as a National Plan for the whole country. It is our roadmap for the next 20 years. All the work we do in government is now part of the comprehensive National Development Plan, including all operational plans, be they social, economic or political." President JG Zuma

The MTSF is therefore meant to enable policy coherence, alignment and coordination across government plans as well as ensuring an effective system for allocating government resources to its priority outcome areas. Performance agreements between the President and each Minister will reflect the relevant actions, indicators and targets set out in the MTSF.

The 2014 - 2019 MTSF was released by the Presidency on the 8th of August 2014. It has prioritised two overarching areas, namely Radical Economic Transformation and Improving Service Delivery as the strategic themes and pillars for all of government over the next five years. It identifies 14 priority outcomes, building on the previous MTSF for 2009 – 2014, the New Growth Path (NGP) and the National Development Plan. Its strategic themes are as follows:

Theme 1: Radical economic transformation

Radical economic transformation theme focuses on placing the economy on a qualitatively different path that ensures more rapid, sustainable growth, higher investment, increased employment, reduced inequality and deracialisation of the economy. It is aligned to the New Growth Path, which aims at delivering five million new jobs from 2010 to 2020. This target will require vigorous action to reduce concentration and diversify the economy, while ensuring adequate infrastructure, skills and appropriate regulatory frameworks. It also seeks to promote more rapid private sector investment for higher growth, as the private sector accounts for 80% of production and employment. The NDP indicates that South Africa needs to increase its level of investment to at least 30% of GDP by 2030.

Theme 2: Improving Service Delivery

Improving the capacity of the public service is one of the core issues addressed by the NDP, but it is an issue that relates to all other specific functions. MTSF notes that both the persistence of service delivery backlogs as well as the the quality of service delivery remains uneven across some parts of the country. It suggests that to improve the quality and consistency of service delivery, requires improvements in the performance of the entire public service system. It places a high priority on measures to improve the capacity and developmental commitment of the state over the MTSF period, (2014-2019).

The MTSF elaborates on the electoral priority outcomes of government into broad objectives and a detailed set of specific sub-outcomes specifying the actions required. It further elaborates on the Cabinet Minister accountable for their delivery including the relevant outcome indicators with current baselines and the MTSF targets. A set of core 'impact indicators' have been drawn from the sub-outcomes that will be used to monitor and evaluate performance in each of the relevant areas.

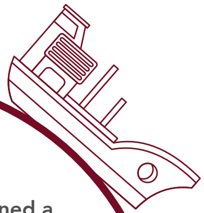
OUR STRATEGIC MANDATE

The 2014-2019 electoral mandate focuses on the following national priorities:

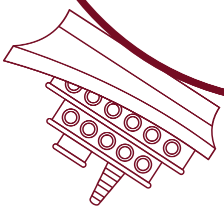
- Radical economic transformation, rapid economic growth and job creation
- Rural development, land and agrarian reform and food security
- Ensuring access to adequate human settlements and quality basic services
- Improving the quality of and expanding access to education and training
- Ensuring quality health care and social security for all citizens
- Fighting corruption and crime
- Contributing to a better Africa and a better world
- Social cohesion and nation building.

The following 14 National Priority Outcomes have been adopted by the Presidency over the 2014 – 2019 MTSF period:

1. Quality basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Comprehensive rural development and land reform.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Creation of a better South Africa that will eventually contribute to a better and safer Africa and World.
12. An efficient, effective and development-oriented public service.
13. An inclusive and responsive social protection system.
14. Nation building and social cohesion.



The Minister of Transport has signed a performance agreement with the President, wherein the Minister has been assigned the responsibility for implementing sub outcome actions/interventions to advance the realisation of the following national outcomes. Based on the service agreement SAMSA as a public entity, that reports to the Department of Transport, has been tasked to prioritise and deliver on the following outcomes in line with the Minister of Transport.



Outcome 4: Decent employment through inclusive economic growth.

Outcome 6: An efficient, competitive and responsive economic infrastructure network.

Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.

Outcome 10: Protect and enhance our environmental assets and natural resources

OUR STRATEGIC MANDATE

The Department of Transport's Strategic Outcome oriented Goals:

In its 2015 - 2020 strategic plan, The Department of Transport seeks to achieve the following Strategic Outcome Oriented Goals, such as:

Strategic Outcome Oriented Goal 1: Efficient and integrated infrastructure network and operations that serve as a catalyst for social and economic development

This serves to develop policies and promulgate Acts that are set to drive investments for the maintenance and strategic expansion of the transport infrastructure network, and support the development of transport asset management systems in rural and provincial authorities. The definitive drive of these interventions is to improve the efficiency, capacity and competitiveness of transport operations in all modes.

Strategic Outcome Oriented Goal 2: A transport sector that is safe and secure

This serves to ensure the implementation of policy interventions and strategies that seek to reduce accidents and incidents in the road, rail, aviation and maritime environment.

Strategic Outcome Oriented Goal 3: Improved rural access, infrastructure and mobility

The DoT aims to increase mobility and rural access by implementing integrated transport services in district municipalities. Learner transport and a Non-Motorised Transport (NMT) services will also be improved in the medium term.

Strategic Outcome Oriented Goal 4: Improved public transport services

Its goal serves to facilitate and promote the development of integrated public transport networks in urban and rural areas through legislation, policies, strategies and regulations.

Strategic Outcome Oriented Goal 5: Increased contribution to job creation

This serves to increase job creation in the transport sector through the implementation of labour-intensive projects; the industry empowerment model; the finalisation and approval of the maritime policy underpinned by industry development; and implementation of the Broad-Based Black Economic Empowerment (B-BBEE)

Strategic Outcome Oriented Goal 6: Increase contribution of transport to environmental protection

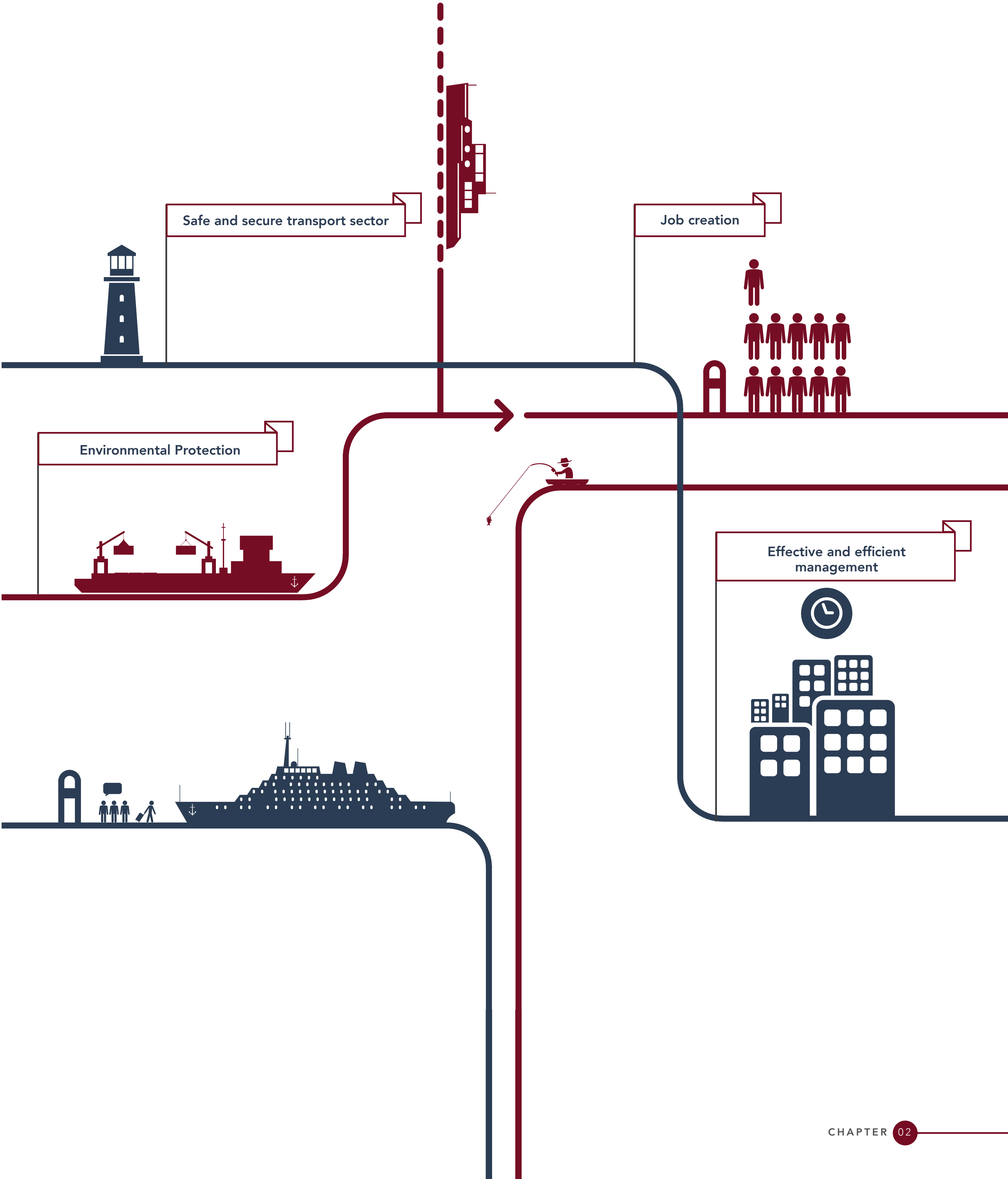
The strategic outcome-orientated goal is to reduce the impact of transport on climate change by reducing greenhouse gas (GHG) emission through the use of more energy efficient modes of freight and passenger transport; and promoting the use of cleaner fuels.

Strategic Outcome Oriented Goal 7: Effective and efficient management and support

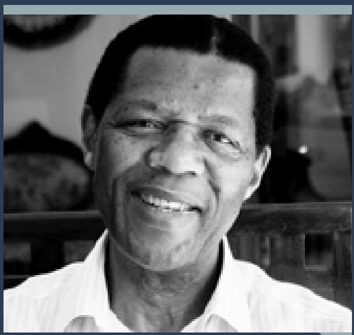
Its goal serves to improve departmental performance by strengthening functions of policy, planning and monitoring; audit, investigations and legal; human resources and financial risk management; communications and knowledge management.

SAMSA shall focus its resources on contributing to the achievement of the following strategic outcome oriented goals:

- Strategic Outcome-oriented Goal 2: A transport sector that is safe and secure
- Strategic Outcome-oriented Goal 5: Increased contribution to job creation
- Strategic Outcome-oriented Goal 6: Increase contribution of transport to environmental protection
- Strategic Outcome-oriented Goal 7: Effective and efficient management and support


Safe and secure transport sector
Job creation
Environmental Protection
Effective and efficient management

BOARD OF DIRECTORS



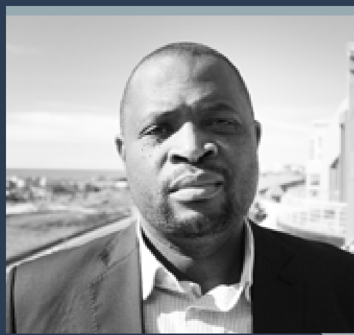
Mr. Mavuso Msimang
Board Chairperson

Ms. Nomsa Cele
Deputy Board Chairperson

Mr. Sobantu Tilayi
Acting Chief Executive Officer
(June 2016 -May 2017)

Mr. Mervyn Burton
Board Member

Ms. Sekabiso Molemane
Board Member



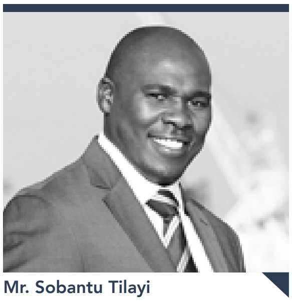
Mr. Mthunzi Madiya
Shareholder Representative on the SAMSA Board

Mr. Frederick Jacobs
Board Member

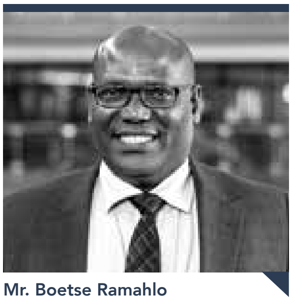
Dr. Michael Hendricks
Board Member

Mr. Moyahabo Raphadu
Company Secretary

EXECUTIVE MANAGEMENT TEAM



Mr. Sobantu Tilayi
Acting Chief Executive Officer
(June 2016 -May 2017)

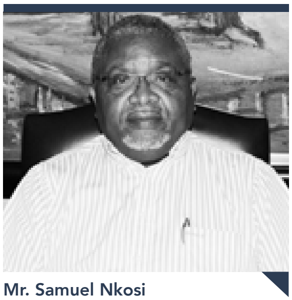


Mr. Boetse Ramahlo
Office of the CEO

Ms. Rebecca Setino
Chief Procurement Officer
(Resigned April 2017)

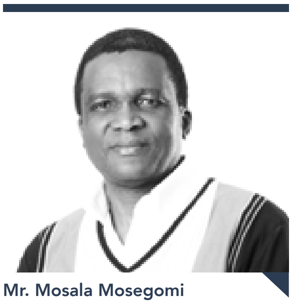
Phumulani Myeni
Chief Financial Officer
(Appointed 1 November)

Captain Nigel Campbell
Centre for Ships

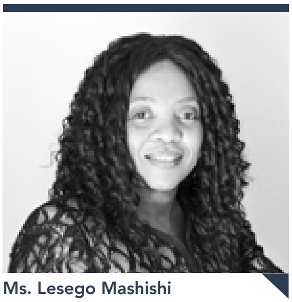


Mr. Samuel Nkosi
Centre for Policy and Regulation
(Resigned 31 October 2016)

Mr. Collins Makhado
Centre for Maritime Industry Development and Strategy

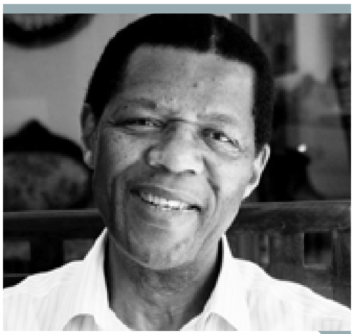


Mr. Mosala Mosegomi
Chief Information Officer



Ms. Lesego Mashishi
Chief Human Capital Officer

Captain Karl Otto
Centre for Sea Watch and Response



CHAIRMAN'S STATEMENT

It is indeed a pleasure to present the Chairperson's statement on behalf of the SAMSA Board and SAMSA, for the Reporting Year ended 31 March 2017 – a year characterised by improving results in the face of global economic uncertainty.

SAMSA continues to play a strategic role through the consistent implementation of its mandate, namely, to ensure safety of life and property at sea; to prevent and combat pollution of the marine environment by ships, and to promote the South African maritime interests. Central to this achievement is a sound corporate governance culture, a capable, resourced and repositioned Authority.

Recently, we revised the Authority's 5-year (2015 – 2020) Strategic Plan to not only reflect on the challenges we face in our environment, but to also articulate the key strategies we intend to employ in order to meet our strategic objectives over the next five years. Consequently, our Annual Performance Plan was adjusted accordingly to ensure alignment with the revised Strategic Plan. During the reporting period, and working with SAMSA management, we instituted and implemented an organisation-wide turn around initiative, centred around three (3) pillars, namely, SAMSA restructuring, implementation of austerity measures and implementation of corrective measures emanating from the audit environment. It is pleasing to report that since the implementation of our turn around initiative, our revenue has turned around from a deficit of R34 325 000 at the end of the 2015/16 financial year, to a surplus of R62 702 000 at the end of the reporting period.

SAMSA continues to be a leading authority in maritime matters locally, regionally and recognised internationally as a key player and champion of the South African maritime interests through our robust engagements in shaping the continental maritime agenda, and indeed contributing to the global maritime agenda.

STRATEGIC RELATIONSHIPS AND STAKEHOLDER ENGAGEMENT

SAMSA continues to place a high value on stakeholder understanding, engagement, support, and customer satisfaction, both of which are amongst the core outcomes of our strategy. To this end, we sought to communicate our strategic plan to our staff, customers and key stakeholders to ensure there is a clear understanding of SAMSA's direction as the goals sought to achieve. In the reporting period, April 2016 to March 2017, numerous interactions and engagements took place with a variety of stakeholders who either represent the political or executive management core of their organisations and formations. The engagements were structured to achieve the formation of new partnerships, consolidation and enhancement of existing relationships. Some of the key engagements that took place were with the Shareholder (Department of Transport), Portfolio Committee on Transport, Provincial and Local governments, various industry formations and individual organisations, SAMSA counterparts regionally and internationally, academia, various media houses, etc.

In support of government's regional integration, we also hosted our counterparts from Namibia, Nigeria and Madagascar on various mutually beneficial projects aimed at knowledge sharing and realising the aspirations of the 2050 Africa Integrated Maritime Strategy. SAMSA continues to be on International Maritime Organisation (IMO's) White List and is an active participant and valuable contributor to the IMO's statutory sessions.

CHALLENGES FACED BY BOARD

The SAMSA Board is fully constituted and is functional. Board and Board Committee meetings were held according to the business cycle and were well attended (refer to Corporate Governance chapter 4 of this report for full details). The critical issues that were deliberated on included the revision of the SAMSA Strategic Plan, SAMSA restructuring including rightsizing of the Executive Committee, matters of corporate governance including enterprise risk management and corporate performance.

The enduring economic uncertainty increases risk for many entities, SAMSA included, and such environment calls on the SAMSA Board to assume closer oversight of a rapidly growing number of risks. The Board therefore has to continuously deal with the following business challenges, such as:

- The development and continuously reviewal of a flexible business model that survives tough economic conditions and ensures the SAMSA stays relevant;
- The development and implement a supporting funding model that not only ensures sustainability of SAMSA, but also allows for the Authority to create value for its customers and key stakeholders;
- Staying abreast of industry specific regulations as laid down by the IMO, particularly domestication of these regulations as they impact directly on the Authority's ability to carry out its day-to-day operations;
- The institutionalisation of good corporate governance practices;
- The assurance of a stable leadership of the entity, including the development of a pipeline for future leaders.

MEDIUM TO LONG-TERM GOALS OF THE ENTITY

The Authority has its sights set on building an exceptional level of internal competence across all administrative and core support services, whose practices and processes enable SAMSA to achieve its core mandate and strategic goals. This will be achieved by undertaking a much more systematic and structured approach to improving the internal resources (human, financial, technology, culture, knowledge, etc.) and capabilities, which include processes, systems, leadership, structures as well as the management approaches of SAMSA.

This goal will also place a significant focus on conducting a comprehensive review of SAMSA's funding model to secure a sustainable funding framework and to ensure that sources of funding are aligned to the demands and obligations it is required to effectively execute. The changes are intended to ensure that the funding of SAMSA is better aligned with government's cost recovery, allocative efficiency and value for money principles and more accurately reflect the core services being provided. The next five years will see SAMSA turn its focus on ensuring that organisational resources, capabilities and capacity are aligned with the requirements of changes in the maritime regulatory environment, and with emerging new requirements in maritime transport, maritime technology information, climate change and maritime pollution in particular.

ACKNOWLEDGEMENTS AND APPRECIATION

It is with a sense of appreciation that the Board would like to acknowledge the following:

- The Minister of Transport, Honourable Ms Dipuo Peters, for providing strategic leadership of the sector and the Authority
- The Deputy Minister of Transport, Honourable Ms Lydia Sindisiwe Chikunga, for her continued guidance and support
- Members of the Portfolio Committee on Transport (PCOT) for their robust and constructive engagements
- SAMSA customers and stakeholders for their continued support
- Colleagues on the Board for participation in Board deliberations and promoting corporate governance
- The Management and Staff of SAMSA for their contribution to the organisation's resilience and performance

I thank you all.

Mavuso Msimang
Board Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present, on behalf of the South African Maritime Safety Authority (SAMSA) management and staff, the Chief Executive Officer's Annual Report for the 2016/17 financial year to the SAMSA Board, doing so in my capacity as the Acting Chief Executive Officer (following the resignation of former Chief Executive Officer, Commander Tsietsi Mokhele in May 2016).

SAMSA continues to fulfil its mandate and legislated objectives which are to ensure the safety of life and property at sea, to prevent and combat pollution of the sea by ships, and promote the Republic's maritime interests. In order to continuously improve our overall corporate performance, we recently reviewed our five-year (2015-2020) Strategic Plan and aligned our Annual Performance Plan (APP) accordingly. The 2016/17 SAMSA annual performance information bares testimony to such improvement, and is evidenced in the recognition by the country, the maritime industry and various stakeholders both locally and abroad. The timing of the review of our Strategic Plan and its implementation was opportune in that it responds to the government agenda of transforming the South African Maritime industry.

Additionally, the implementation and execution of this strategy goes a long way in giving effect to the ANC manifesto of 2014-19, the National Development Plan of 2030 and other policy priorities of government. We make these aspirations fully aware of the fact that the maritime industry continues to be battered by economic headwinds. The world economy, which is directly related to the demand for maritime transport remains subdued along with commodity prices. The prices of the main dry bulk exports (coal and iron ore) has remained very low and with that the freight rates for dry bulk cargoes. This creates a significant difficulty for new ship owners and aspirant ship owners as there is limited revenue to be made in this trade. The oil and gas sector is suffering from a slightly different problem. The persistently low oil prices make it difficult for the investments to be made on exploration initiatives. Most, if not all the exploration activity in the Southern African waters have been suspended, and very little production is taking place. This state of affairs creates a situation where all the offshore exploration and support vessels have limited work, resulting in related jobs cuts.

ORGANISATIONAL DASHBOARD

The SAMSA APP ensures that SAMSA is held accountable for what it does and also informs those who impact or are impacted by our services, including the extent to which the entity delivers on its plans as laid out.

Subsequently, the SAMSA Board put together a business turnaround initiative which the SAMSA management had to implement effectively, with the support of the Board.

- The implementation of Austerity Measures;
- SAMSA Restructuring; and
- The implementation of corrective measures emanating from the audit environment.

The key components that constitute our turnaround initiative include: The implementation of the above mentioned turnaround initiative is already showing positive results. SAMSA, for the first time in a period of five years, posted a surplus of R62 702 000 by March 2017, up from a R34 325 000 deficit in April 2016. This improvement in revenue can be attributed to tariff adjustments, combined with better management of costs following the implementation of cost containment measures.

The Authority also embarked on the rightsizing of the organisation exercise, creating a leaner EXCO - trimmed from 22 to 9 members - thereby increasing decision making processes and effective and efficient execution of our strategy. The number of employees reduced nominally, however they are due to increase gradually, mainly in the technical areas of our business, which is the core of our day-to-day operations. Additionally, we reduced the number of contract employees by converting them into permanent employees, and also phased out all employment contracts that were concluded through labour brokers.

The effective implementation of consequence management measures, increased accountability on the part of management, coupled with a significantly improved financial position, have allowed us to make significant inroads in addressing concerns raised by the Auditor-General in the 2015/16 financial year.

MARITIME INDUSTRY DASHBOARD

SAMSA remains an integral part of the government effort to develop the maritime industry and plays a conspicuous role in raising awareness, supporting some initiatives linked to the entity's strategic objectives, as well as lead the implementation of other initiatives. SAMSA, as an agency of the Department of Transport that is charged with Maritime Sector Regulation and Promotion, is located between the Maritime Industry and the Government, and is therefore concerned with the state of the maritime sector in South Africa. In the Ocean Economy Programme of government (Operation Phakisa) and amongst other responsibilities, SAMSA is charged with promoting and growing the South African Ship Register. During the reporting period, two (MV Lefkas and Greatship Manisha) additional ships came under the South African flag, improving the number of ships flying the SA flag from 4 to 5, (one ship has since de-registered due to commercial reasons).

The Lefkas provides ship-to-ship bunkering services out of the Port Elizabeth port and this service has increased maritime activity in the Algoa Bay as ships sailing from the West to the Far East are now able to refuel in Port Elizabeth en route to their final destination. Additionally, registration of this vessel introduced many economic benefits such as, surveying, offshore services and crew changes, vessel repairs, hotel accommodation, etc. The Greatship Manisha, a Multi-purpose vessel operating out of Mossel Bay port, with a total crew complement of 17, will result in the employment of South African officers and ratings, and offers practical sea-time experience for young South Africans who have completed their theoretical training in Maritime Studies.

The number of seafarers on our Seafarer Register grew from 3185 to 3302, whilst we experienced a decline (from 283 to 117) in 2015/16 – 2016/17 in the number of new seafarers, a situation that can be attributed to lack of funding of the SA Agulhas (the SA Dedicated Training Vessel for cadets).

SKILLS DEVELOPMENT AND EMPLOYMENT CREATION

The SAMSA approach to maritime capacity development and employment creation has always been concentrating on scarce skills development and mobilisation of enabling resources, locally and through international strategic partnerships to address the employment and skills gap, more so skills aimed at achieving real gains in implementing the SAMSA mandate and vision. To close this gap, SAMSA forged a partnership with the International Maritime Organisation's World Maritime University in Sweden, and later with the Vietnam Maritime University. These efforts are aimed at creating a critical pipeline of scarce skills for SAMSA and the maritime industry in general.

Following the graduation of the first and second groups of WMU students, SAMSA has provided employment opportunities for 12 graduates from the two groups, whilst the balance of the graduates has been taken up by industry (locally and abroad). SAMSA continues to support students pursuing maritime studies at South African Maritime High Schools, Vietnam Maritime University and SA Universities of Technology. SAMSA, through the Special Projects Office, has initiated a programme of affording inexperienced officers an opportunity to gain the much needed experience by putting them on a 3 months short term contracts on the government fleet, namely, SA Agulhas 1, Ellen Khuzwayo, Africana and Sarah Baartman.

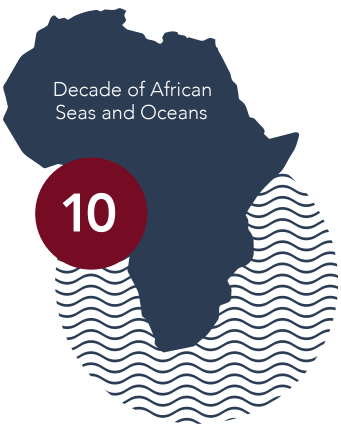
Furthermore, in partnership with all tiers of government (National, Provincial and Local), SAMSA launched and implemented a Maritime Youth Development Programme aimed at providing training and employment opportunities to youth from disadvantaged backgrounds. More than 200 youth from the OR Tambo and Buffalo City Municipality areas have undergone training with the first group placed on cruise ships in 2016/17, and the balance to be place in 2018. The programme aims to place 2000 youth by 2020 and forms part of the OR Tambo Centenary programme of government adopted in January 2017 which will be reported on at the end of 2017/18 financial year.

CHIEF EXECUTIVE OFFICER'S REPORT

REGIONAL RESPONSIBILITIES

On the international front, I am delighted that the African Union Assembly adopted the 2050 Africa Integrated Maritime (AIM) Strategy in 2014. It also retained the 2015 - 2025 decade as the "Decade of African Seas and Oceans", and the date of 25 July as the African Day of Seas and Oceans. We share in these African ideals and aims sought to be achieved by these adoptions and we continue to pursue them as we set out to execute the strategy. SAMSA continues to participate and play a leading role in Continental maritime formations, and also makes meaningful contributions for the advancement of the African maritime agenda at the IMO.

The international program has seen SAMSA being invited and participating in the African Union (AU) programmes such as the development of the Lome Charter, and formed part of official country to country as well as multilateral forum visits, providing the necessary technical support on maritime related discussions. SAMSA hosted its Nigerian and Madagascan counterparts as well as handed over the Chairmanship of the Association of African Maritime Administrations (AAMA) during the organisation's Conference held in Abuja, Nigeria in April 2017. South Africa (SAMSA) continues to be the secretariat of the Association together with Liberia and Mozambique.



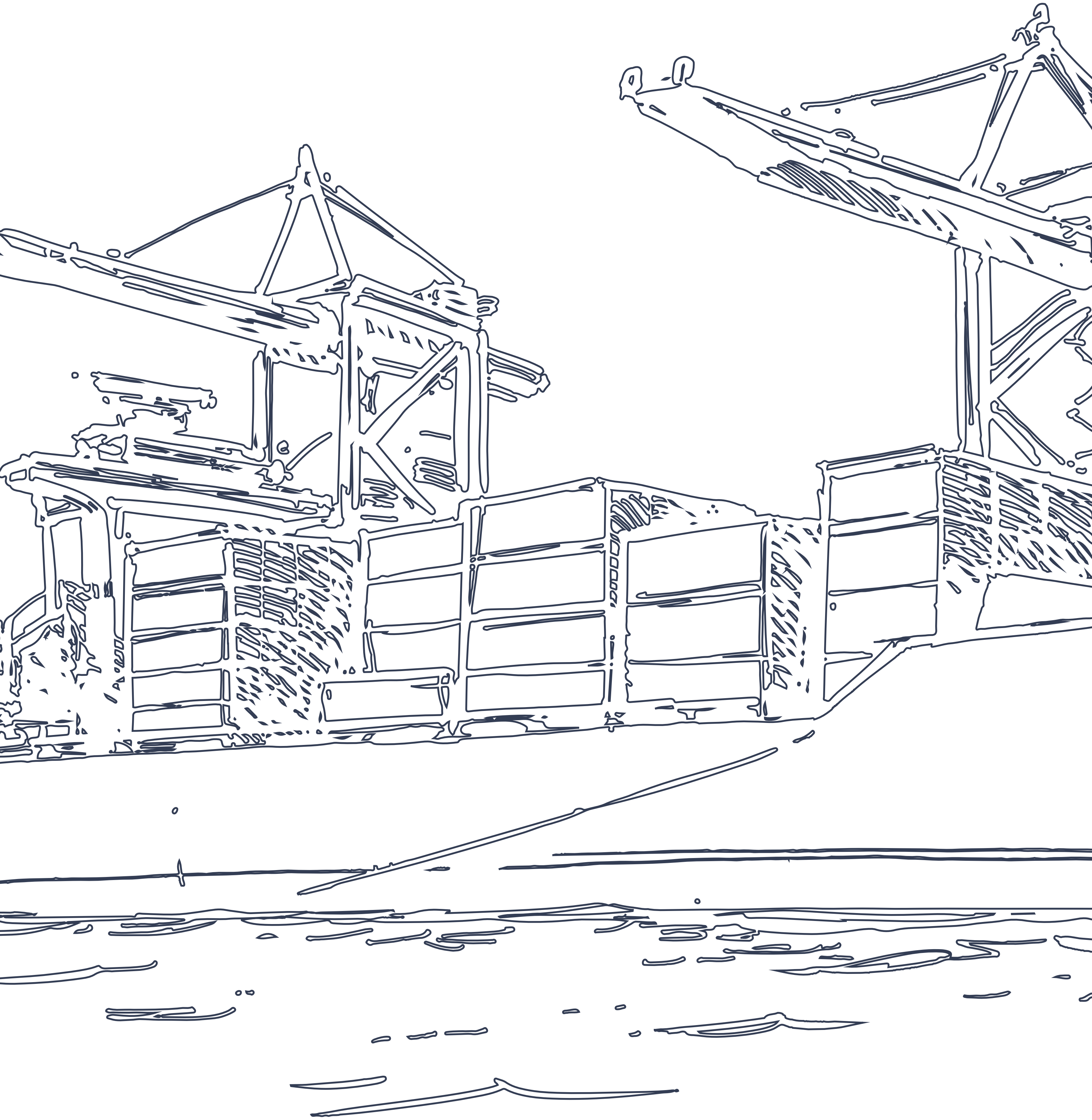
ACKNOWLEDGEMENTS

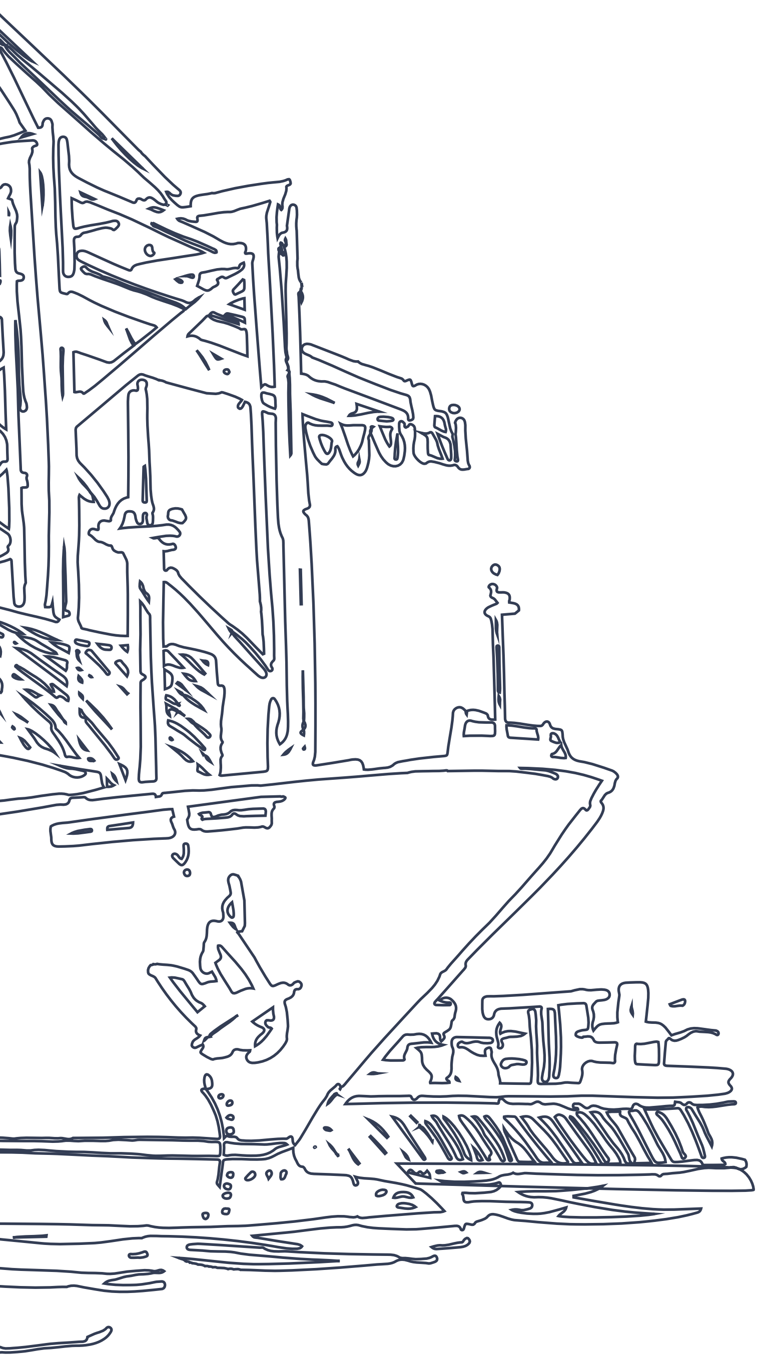
In conclusion, I wish to express my gratitude to management and the entire staff of SAMSA for their continued efforts, dedication and commitment to the maritime agenda of South Africa. I believe that with the full support of the Board, the Shareholder Department and stakeholders and partners, SAMSA would continue to advance the maritime vision of South Africa through the implementation of this strategy, which is set out in great detail in the pages that follow. We kindly request all our stakeholders to continue to support us in this exciting journey.

Sincerely,

Sobantu Tilayi
Acting Chief Executive Officer

Lighthouse IN Langebaan/Vredenburg, Western Cape, South Africa.





CHAPTER

02

MARITIME SAFETY

BUILDERS OF TRUST

OUR STRATEGY

OUR VISION

The Authority championing South Africa's global maritime ambitions.

OUR MISSION

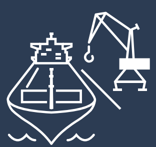
To ensure maritime safety and environmental protection whilst promoting South Africa's maritime interests, developing and positioning the country as an international maritime centre.

STRATEGIC OUTCOME ORIENTATED GOAL 1

A Highly Competent Maritime Safety Authority by 2020

The strategic outcome orientated goal sets its sight on building an exceptional level of internal competence across all administrative and core support services, whose practices and processes enable SAMSA to achieve its core mandate and strategic goals. This will be achieved by undertaking a much more systematic and structured approach to improving the internal resources (human, financial, technology, culture, knowledge, etc.) and capabilities, which include processes, systems, leadership, structures, management approaches, etc. of SAMSA.

This goal will also place a significant focus on conducting a comprehensive review of SAMSA's funding model to secure a sustainable funding framework as well as to ensure that sources of funding are aligned to the demands and obligations it is required to effectively execute. The changes are intended to ensure that the funding of SAMSA is better aligned with government's cost recovery, allocative efficiency and value for money principles and more accurately reflect the core services being provided. In the next five years SAMSA will turn its focus on ensuring that organisational resources, capabilities and capacity are aligned with the requirements of changes in the maritime regulatory environment, and with emerging new requirements in maritime transport, maritime technology information, climate change and maritime pollution in particular.



STRATEGIC OUTCOME ORIENTATED GOAL 2

Excellence in Maritime Service Delivery by 2020

Service delivery excellence is a critical driver for SAMSA's success and a key part of its approach to successfully executing our strategy. It represents the systematic management and continuous improvement of SAMSA business processes, focusing on the effective performance of processes, delivering value for money, efficiency and reliability in order to achieve a superior stakeholder satisfaction influenced by quality products as well as services. The organisational's strategic intent over the MTSF period is to enhance the quality, efficiency, reliability and value for money of the products and services delivered to stakeholders.

OUR STRATEGY

STRATEGIC OUTCOME ORIENTATED GOAL 3

Clean Seas, Safe People and Property in South Africa's Maritime Transport Environment By 2020

It is SAMSA's responsibility to ensure that all partners and stakeholders operating within the South African maritime environment responsibly observe the applicable safety legislation, regulations and practices so as to effectively facilitate a maritime environment that is clean, safe, sustainable and economically viable. Safe maritime environment must promote a safety culture, fostered through the application of global and local safety and security standards and their rigorous enforcement. These global standards should ensure a "level playing field", but the safety culture should go beyond mere regulatory compliance and deliver added value for the broader global maritime transportation system through the promotion of safety.

Vessel operations pose a risk to the marine environment since they can discharge harmful emissions of various substances. Intentional and unintentional discharges of oil, chemical cargo residues, garbage and cleaning agents, anti-fouling paint, exhaust and other air emissions and non-indigenous species from ballast water causes an ongoing adverse impact on life in the world's seas. Marine exhaust emissions have damaging consequences on both the marine and the shore based environment since the health of people in coastal and harbour areas can be negatively affected by the operation of ships. The IMO states that a clean and sustainable maritime transportation system must minimise the environmental impact of shipping and activities of maritime industries. Environmental stewardship should be reflected in the development and implementation of global standards for pollution prevention and protection of the marine environment. The SAMSA goal therefore seeks to ensure that the following factors such as the reduction of the number of people losing their lives, pollution of our waters, air, loss of property and assets from marine related transportation (vessel) activities.

The people that are at risk include seafarers, fishers, stevedores and shipyard workers, skippers and passengers on a vessel at sea and inland. The cargo at risk on board a vessel includes both the goods being conveyed by a vessel as well as the vessel propulsion fuel. Property at risk refers to the vessel and its related equipment and the marine environment (air and sea) at risk from vessel activities at sea. In addition to these risks the South Africa's global trade and supply chain is at risk if there are major disturbances or incidents that negatively impact on the efficient and effective transportation of cargos to its consumption points.

The main aim of this goal is to ensure that a cooperative partnership approach is adopted in the regulation and governance of the maritime sector across the global, regional continental and national spheres of maritime transportation. The collaborative approach becomes evident with multilateral formations, regional communities, bilateral country to country arrangements, public entities, government departments, industry, academia, communities, labour all participate in the formation of integrated policy, strategy and regulations. Such approach will improve governance results since it ensures that all stakeholders are aligned, and that any potential conflicts are identified and addressed amicably and to the benefit of the broader stakeholders.

OUR STRATEGY

STRATEGIC OUTCOME ORIENTATED GOAL 4

A Developing, Transforming and Job Creating Maritime Sector by 2020

The maritime sector is of huge importance to the country as it represents the blue frontier for its growth and development. It offers offshore natural resources, food supply, energy, trade, employment, industry, research, sciences, tourism and recreational activities. It is estimated that 98% (volume) of international trade is transported to market by sea and that this component of trade currently contributes approximately 53% (2011) to the gross domestic product of South Africa. Over the years South Africa's maritime sector has been neglected with inadequate investments being channelled towards the sector, largely due to a lack of knowledge about the country's maritime endowments. Recent studies have confirmed the potential of South Africa's maritime sector, which have led to a renewed focus by government to unlock the economic opportunities that are inherent in the broader oceans economy with the potential for job creation, poverty alleviation and driving sustainable economic growth. Marine transportation is one of the core focus areas over the next five years for SAMSA in contributing towards the achievement of this goal.

STRATEGIC OUTCOME ORIENTATED GOAL 5

A Competent, Supported and Globally Competitive South African Seafarer

This goal will focus on the development and maintenance of an excellent maritime education and training system that is current, flexible and supports industry needs and South Africa's national maritime development aspirations. The purpose of maritime education and training (MET) is to supply manpower for the shipping industry and covers a wide range of training institutions which range from delivering short courses to post graduate studies. SAMSA is the custodian of the entire MET system and is entrusted with the mandate of developing and maintaining a South African system for STCW (Standards of Training Certification and Watch keeping for Seafarers) in line with the international standards set by the IMO. The need to develop a world class system has gained impetus since the launch of government's national oceans economic development programme (Operation Phakisa) with an aim of increasing the capacity of developing skills for 1,200 ratings and 720 officers per year and ensure that all SA flagged vessels in the future are manned by South African Seafarers.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SAMSA GOAL'S ALIGNMENT MATRIX

The SAMSA strategic outcome oriented goals are in alignment with the legislated mandate of the authority, the national priorities and initiatives of government, the department of transport strategic goals as depicted in the table below:

National Government		Oceans Economy (Operation Phakisa)	DoT	SAMSA		
National Priorities			Strategic Goals	SAMSA Mandate	Strategic Goals	Strategic Objectives
1	An efficient, effective and development-oriented public service		Effective and efficient management and support	Batho Pele Principles, PFMA Act, Skills Development Act, SAMSA Act, etc.	A highly competent Maritime Safety Authority by 2020	To improve the level of organisational resources and capabilities from 2016-17 baseline to level 5 by 2020.
	Theme 2: Improved service delivery				Excellence in maritime service delivery by 2020	To improve the quality of SAMSA services and products to our stakeholders from Good (3) to Excellent (5) by 2020.
2	All people in South Africa are and feel safe	Marine Protection and governance Lab	A transport sector that is safe and secure	To ensure safety of life and property at sea	Clean seas, safe people and property in South Africa's maritime transport environment by 2020	To reduce the incidence of reportable marine casualties in South African waters over the years 2015 and 2020
				Administration of inland small vessel regulations		
				The monitoring ships traversing South African waters and ensuring their safe navigation at distance for purposes of securing our country and its territorial interests.		
				Maritime security regulations in line with the ISPS Code		

SAMSA GOAL'S ALIGNMENT MATRIX

The SAMSA strategic outcome oriented goals are in alignment with the legislated mandate of the authority, the national priorities and initiatives of government, the department of transport strategic goals as depicted in the table below:

National Government		Oceans Economy (Operation Phakisa)	DoT	SAMSA		
	National Priorities		Strategic Goals	SAMSA Mandate	Strategic Goals	Strategic Objectives
3	Environmental assets and natural resources that are well protected and continually enhanced	Marine Protection and governance Lab Manufacturing Lab	Increase contribution of transport to environmental protection	To prevent and combat pollution from ships in the marine environment	Clean seas, safe people and property in South Africa's maritime transport environment by 2020	To reduce the incidence of reportable marine casualties in South African waters over the years 2015 and 2020
4	Create a better South Africa and contribute to a better and safer Africa and the World.		A transport sector that is safe and secure	To promote the Republic's Maritime Interests		To strengthen the regulation of South Africa's Maritime transport system from a developing (2) level to a mature status (5) by 2020
5	A skilled and capable workforce to support an inclusive growth path.		Increased contribution to Job Creation		A competent, supported and globally competitive South African seafarer by 2020	To improve the quality of South Africa's Maritime Education and Training (MET) System by 2020
	Theme 1: Radical economic transformation					
6	An efficient, competitive and responsive economic infrastructure network		An efficient, competitive and responsive economic infrastructure network		A developing, transforming and job creating maritime sector by 2020	To increase the number of merchant vessels on the SA Ships Register from zero(0) to ten(10) ships by 2020
7	Decent employment through inclusive growth					

[1] Based on the SAMSA Organisational Capability Maturity Model describes an evolutionary improvement path from an ad hoc state of processes, practices and capabilities (Level1), to developing (Level 2), Defined (Level 3), Managed (Level 4), Optimised (Level 5) and finally Thought leadership (Level 6).

[2] Rating on a Likert Rating Scale of 1 to 5) where <2 =Poor, 2 – 2.9 = Below Expectations, 3-3.99 Good, 4 – 4.49 =Very good and Above 4.5=Excellent)

OUR CORPORATE
PERFORMANCE OVERVIEW

Statement of Responsibility and confirmation of accuracy for the Annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.

Yours faithfully

Sobantu Tilayi **Acting Chief Executive Officer**	**Mavuso Msimang** **Board Chairpersonon**

INTERNAL AUDIT **REPORT**

On the basis of the internal audit work performed, management has taken the necessary corrective actions to address some of the previously reported control deficiencies and some progress has been made towards addressing the remaining ones.

It should also be noted that SAMSA does not have its own internal audit function. The internal audit function is outsourced to firms of auditors on a three year contract basis. The contract with the previous service provider, SizweNtsalubaGobodo, came to an end on 31 September 2016, and due to challenges experienced in Supply Chain Management, the new service provider was only appointed in April 2017.


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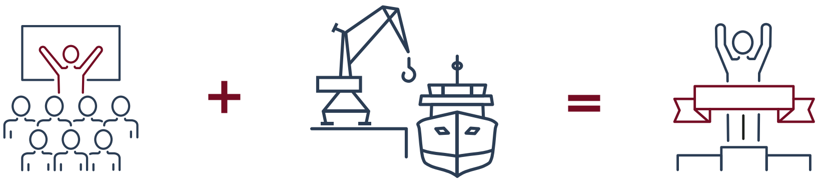
PROGRAMME **ONE**

ORGANISATIONAL CAPABILITY IMPROVEMENT PROGRAMME

The purpose of this programme is to develop adequate and suitable resources, capabilities and core competencies to assist the achievement of the organisational mandate.



The purpose of this programme is to develop adequate and suitable resources, capabilities and core competencies to assist the achievement of the organisational mandate. As part of on-going investment in people, and promoting career development at SAMSA, an emphasis will be made in developing the next generation of leaders focussing on women and youth . The organisation will continue with the recognition and reward programmes to celebrate employee achievements and successes. The organisation will further concentrate on recruiting high calibre staff while continuing with employee retention and well-being programmes. The intention over the next five years is to develop best practice governance and strategic control systems, administrative capability and a financially resourced, staffed and structured SAMSA with the required physical infrastructure to fully execute its mandate.

To this end SAMSA has adapted a Capability Maturity Model (CMM), which is used to support organisational improvement. The capability maturity models are focused on the improvement of organisational processes (SEI 2002). CMM describes an evolutionary improvement path from processes and capabilities such as ad hoc (Level 1), Developing (Level 2), Defined (Level 3), Managed (Level 4), Optimised (Level 5) as well as Thought leadership (Level 6). The levels provide the key practices for activities in selected administrative and support service areas that enhance the resource and process capability in an area of focus.

By focusing on the issues and implementing the common features, the organisation matures. The main point of CMM is the objective evaluation of the "ability to perform" and has been applied to many areas beyond technology and engineering, notably risk management and business process optimisation (Hamel, 2009). A "Maturity Level" means that an organisation, Centre or a unit, when appraised, was found to be achieving the goals required by that level (X).These goals are a combination of specific and generic goals from a specific set of Process and Capability Areas (PCAs). Each "Maturity Level" has a specific set of Process and Capability Areas (PCAs) associated with it, and in turn, within those PAs has a specific set of goals

OVERVIEW PROGRAMME **ONE**

ORGANISATIONAL CAPABILITY IMPROVEMENT PROGRAMME

Human Capital management priorities were based on the two programmes outlined in the SAMSA annual performance plan which are as follows:

- A highly Competent Maritime Safety Authority by 2020
- Service Delivery Excellence

In ensuring that the above programmes are prioritised, Human Capital focused on the following, such as:

- Alignment of Organisational Design to strategic objectives
- Operationalisation of the revised Human Capital policies , processes and procedures
- Roll out of formal Performance Management system
- Leadership Development
- Skills development
- Employee Assistance Wellness Programmes

The benefit of the above interventions are:

- Human Capital solutions that are SAMSA customised and delivered
- Improved turnaround time
- Improved employee capacity
- Developed leadership capability
- Successful implementation of the SAMSA structure and deployment of personnel

HUMAN CAPITAL
MANAGEMENT PERFORMANCE

The Human Capital Performance Plan was informed by identified challenges that involve capacity deficiencies, particularly in technical and leadership categories. To this effect, Human Capital mainly focused on the following programmes:

- Improve the level of Organisational Resources & Capabilities
- Improve the quality of services and value provided by Human Capital to business

The realisation of SAMSA's strategic objective requires a solid platform in terms of levels of commitment (from the workforce) towards creating a high-performance environment. This plan therefore created the platform by starting with employee engagement activities such as Skills Development, Applied Competence, and Performance Management. These activities also included Reward & Recognition as well as Talent Management initiatives. Furthermore, the organisation needed a strong foundation of approved policies and procedures in order to create governing processes and guidelines to implement them.

The Centre for Human Capital seeks to support and enable the achievement of SAMSA's strategic objectives. To this effect Human Capital had to reposition itself as a business partner that will deliver measurable value adding solutions to the company.

Set HR priorities for the year under review and the impact

Human Capital priorities are based on the two programmes outlined in the SAMSA annual performance plan which are:

- A highly Competent Maritime Safety Authority by 2020
- Service Delivery Excellence

In ensuring that the above programmes are prioritised, Human Capital focused on the following:

- Alignment of Organisational Design to strategic objectives
- Operationalisation of the revised Human Capital policies, processes and procedures
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- Skills development
- Employee Assistance Wellness Programmes:

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- Improved turnaround time
- Improved employee capacity
- Developed leadership capability
- Successful implementation of the SAMSA structure and deployment of personnel

HUMAN CAPITAL
MANAGEMENT PERFORMANCE

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The current staff complement as at the end of March 2017 was 286. In order for the organisation to achieve the strategic objectives to set for the five years business planning period, a five year capacity plan was developed in alignment with the SAMSA's 5 year strategy as follows:

2017	2018	2019	2020	2021
299	305	310	293	293

Human Capital seeks to maximise the potential of SAMSA employees by creating an enabling working environment that would attract, inspire excellence, develop and retain a highly competent workforce with the technical and professional skills needed. In order to successfully realise this, the following were given priority in the financial year under review:

- Recruitment and Selection Policy and procedures developed and approved
- Workplace Skills Plan developed, submitted to TETA and approved
- Competency framework was developed
- Job profiles were developed and graded
- Salary bands were created for jobs

Employee Performance Management Framework

SAMSA aims at inculcating high performance culture as entrenched in its D-ETHICS value system. Human Capital therefore implemented the individual performance management system by implementing the approved Performance Management Policy and Procedures. Roadshows were conducted to create awareness for all employees. The system will continue to be reviewed, in order to enhance it for the future.

Employee wellness programmes

ASI Wellness Solution service provider was appointed to manage SAMSA integrated wellness programme, which provides the employees counseling services on the following:

- Stress
- Financial issues
- Legal issue
- Relationships
- Family matters
- Health issues
- Work issues

The wellness programme was successfully launched and there has been a notable increase in the utilisation rate. Relevant electronic desk drops were distributed to all employees on National health days to create awareness on healthy living habits for the prevention of sickness and creation of emotionally balanced employees. The benefit of this is higher productivity.

HUMAN CAPITAL MANAGEMENT PERFORMANCE

The Human Capital Performance Plan was informed by identified challenges that involve capacity deficiencies, particularly in technical and leadership categories. To this effect, Human Capital mainly focused on the following programmes:

Highlight achievements

Policies

Historically the organisation was operating without approved policies. In order to introduce structured Human Capital processes, the following policies and procedures have been developed, approved and implemented.

- Recruitment and Selection Policy
- Relocation Policy
- Medical Aid Scheme
- Induction Policy
- Retirement Fund Policy
- Learning and Development Policy
- Employee Relations Policy
- Employment Equity Policy
- Performance Management
- Probation
- Code of Conduct
- Dress Code
- Leave
- Employee Wellness
- HIV AIDS
- Harassment Policy
- Grievance
- Disciplinary
- Transfer Policy
- Acting Policy
- Human Capital Succession and Career Development Policy

Procedures

- Absenteeism
- Disciplinary
- Grievance
- Learning and Development
- Recruitment and Selection
- Performance Management

Termination of Labour brokers

Successful terminations of long standing contracts with Labour brokers thereby providing the impacted employees with the full benefit of their remuneration and other related benefits.

Competence Development

SAMSA Competency Framework was developed and approved. The Competency Framework was developed to provide guidelines on the following key Human Capital processes Job Profiling; the Grading System; Recruitment Requirements; Performance Standards; Career Paths and Succession Planning.

Challenges faced by the public entity

- Ageing workforce and lack of skills transfer
- Salary disparities
- Benefits that have not improved/benchmarked since inception for example medical aid employer contribution ; high cost of retirement management fees
- Unreliable HR Information Management system due to it being out of date

Future HR Plans /Goals

- Develop and implement the revised organisational structure
- Implementation of organisational culture and change management
- Review Remuneration, Recognition, Rewards and Benefits Policies
- Enhance the Performance Management System
- Building organisational capacity

Employment Equity

In the year under review, the Employment Equity Forum was reestablished through nomination. Training inducted on all representatives. As part of compliance, Focus groups were conducted on the fairness of policies and practices. This enabled the organisation to get a dipstick organisational climate and develop initiatives to deal with any matters that arose out of the exercise.

HUMAN RESOURCE **OVERSIGHT STATISTICS**

Personnel Cost by Programme

Programmes	Total Expenditure for the entity ('R000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	No of employees	Average personnel cost per employee (R'000)
Programme 1 - Organisational Capability Development	41 836	41 154	98,37%	70	588
Programme 2 - Service Delivery Excellence	11 940	6 317	52,91%	7	902
Programme 3 - Maritime Safety	160 762	80 198	49,89%	126	636
Programme 4 - Maritime Security	11 940	11 619	97,31%	20	581
Programme 5 - Maritime Environmental Protection and Climate Change	49 752	7 508	15,09%	8	939
Programme 6 - Maritime Governance	11 940	2 186	18,31%	2	1093
Programme 7 - Maritime Sector Development	19 627	18 763	95,60%	25	751
Programme 8 - Seafarer Development and Welfare	23 881	11 341	47,49%	28	405
Total	**331 678**	**179 086**			

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by Salary Band

Level	Personnel Expenditure ('000)	% of personnel exp to total personnel cost	No of employees	Personnel Costs per level (R'000)
Top Management		1%	2	2 276
Senior Management		10%	11	20 802
Professional Qualified		47%	95	98 025
Skilled		16%	80	33 188
Semi-skilled		10%	83	22 719
Unskilled		1%	15	2 076
Total	**179 086**			

Performance Rewards

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel costs
Top Management	0	2 276	0%
Senior Management	0	20 802	0%
Professional qualified	4320	98 025	2%
Skilled	1352	33 188	1%
Semi-Skilled	931	22 719	1%
Unskilled	20	2 076	0%
Total	**6 623**	**179 086**	

HUMAN RESOURCE
OVERSIGHT STATISTICS

Training Costs

Programme/Activity/Objective	Personnel Expenditure ('000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of employee trained	Avg training cost per employee (R'000)
Long Term Training (6months-3years)	179 086	1 051	0.6%	42	25
Short Term Training (1-5 days)	179 086	2 212	1.2%	193	11
Total		**3 264**		**235**	**36**

Employment and Vacancies

Salary Band	2015/2016 No of Employees	2016/2017 Approved Posts	2016/2017 No of employees	2016/2017 Vacancies	% of vacancies
Top Management	16	2	2	1	1
Senior Management	16	0	10	0	0
Professional Qualified	68	19	74	8	11
Skilled	63	13	69	6	7
Semi -Skilled	58	28	65	2	3
Unskilled	3	14	15	1	1
Fixed Term	35	0	51	0	0
TOTAL	259	76	286	18	23

Vacancies are always advertised internally first in order to give all employees an opportunity to apply for positions. Should a suitable candidate not be found internally due to the competencies required, external advertisements are made. 24% internal promotions were made in this financial year. This is mainly due to the absence of a talent management framework and succession programme. These are planned for implementation in the new financial year. Its implementation will improve the internal promotion rate as there shall be targeted development.

Vacancies have remained unfilled for a minimum of 6 months and this was mainly due to the reorganisation and approval of the new structure, which caused a delay in the filling of a number of positions.

In the year under review, for successful attraction and retention of staff, the jobs were evaluated and salary bands were created in order to appoint at the right levels and offer salaries that are aligned to the value of the job.


SWL41T

HUMAN RESOURCE **OVERSIGHT STATISTICS**

Employment Changes

Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	16	1	1	2
Senior Management	16	0	3	10
Professional Qualified	68	8	15	74
Skilled	52	4	7	69
Semi -Skilled	32	17	0	65
Unskilled	3	12	0	15
Fixed	34	16	0	51
Interns	38	0	0	0
TOTAL	259	58	31	286

The difference in figures captured under the employment at the beginning of period and at the end of period columns, is due to the different reporting format between the two financial years. This has been brought about by the change in job levels which are now classified according to the Department of Labour.

The labour turnover for the year is 2, 85%. Even though the labour turnover is lower, some of the voluntary exits were from critical positions (surveyors) which have a negative effect on the achievement of organisational objectives.

HUMAN RESOURCE OVERSIGHT STATISTICS

Reasons for Staff Leaving

Reason	Number	% of total no .of staff leaving
Death	1	3
Resignation	19	59
Dismissal	0	0
Retirement	3	9
Ill Health	0	0
Expiry of contract	8	28
Other	0	0
TOTAL	31	

The reasons for resignation of 90% of employees was incompatible salary and limited career prospects. Interventions which include amongst others addressing salary discrepancies and reviewing employee benefits have been put in place as a preventative measure.

Labour Relations: Misconduct and Disciplinary Action

Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	0
Final written Warning	0
Dismissal	0

HUMAN RESOURCE
OVERSIGHT STATISTICS

Litigation Report

Dispute	Number of Cases	Outcome / Status
Unfair dismissal in 2015	1	Case still ongoing at CCMA
Unpaid acting allowance and health cost claim	1	Still awaiting judgement from Small Claims court
Unfair suspension	1	Matter referred to Labour Court
Unpaid annual salary increase	1	Outcome in favor of entity at CCMA
Unilateral change of 13th cheque payment date	1	Outcome in favor of entity at CCMA
Contract not renewed	2	Matter closed at CCMA as it was unpursued

Employment Equity Status and Targets

Levels	Male							
Race Group	African		Coloured		Indian		White	
Status	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	1	0	0	0	0	0	0
Senior Management	5	5	1	3	1	2	2	2
Professional Qualified	33	46	11	11	2	4	28	34
Skilled	27	32	6	7	1	3	6	4
Semi -Skilled	26	26	2	4	0	1	0	2
Unskilled	3	2	0	1	0	0	0	0
TOTAL	96	112	20	26	4	10	36	42

HUMAN RESOURCE OVERSIGHT STATISTICS

Employment Equity Status and Targets

Levels	Female							
Race Group	African		Coloured		Indian		White	
Status	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	2	3	0	0	0	0	0	1
Professional Qualified	13	28	3	7	0	1	5	8
Skilled	26	30	2	3	3	4	9	4
Semi -Skilled	43	37	9	10	0	2	3	9
Unskilled	11	14	1	1	0	0	0	0
TOTAL	95	113	15	21	3	7	17	22

Levels	Disabled			
Race Group	African		Coloured	
Status	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi -Skilled	0	0	1*	1
Unskilled	0	0	0	0
TOTAL	0	0	1*	1

***Already included in the current employment of females in the semi-skilled level**

The variance between the current workforce profile and the targets is due to the low supply of women in technical areas from the market, the inability to attract new employees to critical positions due to competitive salaries and benefits as well as lack of succession plan and talent management strategy. Intervention plans have been put in place to work towards the achievement of the Employment Equity targets in 3 years' time.

HUMAN CAPITAL
MANAGEMENT PERFORMANCE

Workforce Profile as at 31 March 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	0	0	0	0	0	0	2
Senior management	5	1	0	2	2	0	0	0	0	0	10
Professionally qualified and experienced specialists and mid-management	22	11	1	17	11	2	0	4	4	2	74
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	22	5	1	6	23	2	2	8	0	0	69
Semi-skilled and discretionary decision making	20	2	0	0	34	6	0	3	0	0	65
Unskilled and defined decision making	3	0	0	0	11	1	0	0	0	0	15
TOTAL PERMANENT	74	19	2	25	81	11	2	15	4	2	235
Temporary employees											
(Fixed Terms)	20	1	0	7	13	4	1	1	4	0	51
GRAND TOTAL	94	20	2	32	94	15	3	16	8	2	286

The Employment Equity (EE) plan was developed and submitted to the Department of Labour timeously in January 2017. In view of the reorganisation of the SAMSA structure, the EE committee plans to review the Employment Equity targets and plan based on the new organisation structure and the revised capacity plan in the next financial year.

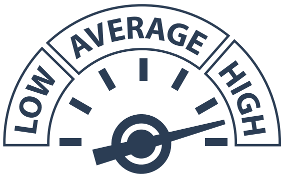
HUMAN CAPITAL
MANAGEMENT PERFORMANCE

Workforce Profile as at 31 March 2016

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	0	0	0	0	0	0	2
Senior management	5	1	0	2	3	0	0	0	1	0	12
Professionally qualified and experienced specialists and mid-management	30	12	2	24	14	3	0	5	9	2	101
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	27	5	1	7	26	2	2	8	0	0	78
Semi-skilled and discretionary decision making	19	2	0	0	30	7	1	4	0	0	63
Unskilled and defined decision making	4	0	0	0	11	1	0	0	0	0	16
TOTAL PERMANENT	87	20	3	33	84	13	3	17	10	2	272
Temporary employees	7	1	0	0	13	1	0	0	0	0	22
GRAND TOTAL	94	21	3	33	97	14	3	17	10	2	294

PROGRAMME TWO

SERVICE DELIVERY EXCELLENCE PROGRAMME



Our vision and corporate values place the highest priority on embedding a culture of high performance in line with our mantra of being "an enterprise of integrity". We believe that it is not enough to have High Performance as a value but to demonstrate it through the quality of our service delivery system and to delight our customers and broader stakeholders when accessing products and services. We contend that our stakeholder value proposition, properly constructed and delivered, can make a significant contribution towards delivering sustainable value and benefits to our stakeholders. It is steeped on excellent high performance service execution as the main value creating process that is our core focus in transforming our service delivery approach.

To this end SAMSA has adopted a phased approach to implementing a SAMSA Integrated Operations Management System (SIOMS), which aims to translate our values and objectives into the necessary tangible and implementable change through automated operational process excellence. SIOMS is a comprehensive means through which SAMSA aims to improve the quality of service provision, faster throughput, and improved use of resources, less waste and operational excellence. We believe that people are the lifeblood of SAMSA and that our processes enable them to do their work effectively and thus a drive towards achieving accreditation and subsequently a standard of excellence in respect of the management of quality across the entity is essential.

We believe that our corporate culture is the typical way of doing things. It particularly relates to our strategy enabling idiosyncratic behaviour patterns and relationships that create value for our stakeholders. The D-ETHICS values and high performance culture of SAMSA and the dreams that it seeks to turn into reality are fundamental in creating a dynamic culture of high performance. A 'high performance culture' exists when everyone in the organisation shares the same vision, they have worked out and implemented the best ways of doing the work and where they trust and value each other's contribution. SAMSA will follow a Stakeholder Centric approach to designing, creating and delivering value to all our customers, service users, partners, the shareholder ministry, employees, targeted communities, industry associations and the general public. Putting our stakeholders at the heart of SAMSA's service design and delivery will result in ensuring that every individual stakeholder can access services with ease and that they experience attentiveness and responsiveness to their specific needs. Designing services around stakeholders also means that all the different services that contribute to this outcome are seamlessly integrated in their delivery. Ensuring a stakeholder focus will mean greater attention to stakeholder experiences and perceptions of services as a valuable indicator of service performance

The leveraging of integrated management systems using local and global standards is an important contributor to the success of the entity. This is also for maturity bench marking of our management systems and facilitating their continuous improvement.

OVERVIEW PROGRAMME **TWO**

SERVICE DELIVERY EXCELLENCE PROGRAMME

Information Technology (IT) Department embarked on several projects to enhance delivery capacity of the organisation. Some of the projects are internally focussed to improve the organisation's supporting infrastructure, whilst others are externally focussed to enhance efficiency and improve quality of service. The most important projects are those with direct impact on the organisations ability to deliver on its mandate according to the SAMSA Act.

In terms of the Manila Amendments of the International Maritime Organisation (IMO) promulgated in 2010, SAMSA had to issue Seafarer Certification under the new regulations outlined in the new regulations. The deadline for convention to new certificate was December 2016.

Since the IT Department had implemented the SAMSA Integrated Operations Management System (SIOMS), the module that manages process for issuing of certificates had to be aligned to the new requirements. It was on that basis that, the IT Department undertook a project to re-model and re-design the entire Certification Module. Upon completion SAMSA was able to print new certificates based on the IMO standards.

The new certificates were printed by the Government Printers and that enhanced the authenticity, security and quality of the documents. The IT Department was able to deliver the system in time to enable SAMSA to meet its obligations based on the mandate. At stake were more than 700 certificates to be processed before the December 2016 deadline.

To support SAMSA issued certificate holders, the IT Department built functionalities to verify authenticity of SAMSA issued certificates by access to a specially created portal for the purpose. Currently SIOMS is undergoing a major upgrade to increase delivery capacity based on the organisations objectives and the imperatives of technology trajectory that is driving change.

SAMSA is also an integral part of the CIWSP (Co-operative Inland Waterway Safety Program). The role of the IT Department in the program is to develop and implement a system in phases that will eventually serve as a central repository for management of small vessels in the inland waters of the country. The information will be utilised by various entities within the government system for various purposes. The pilot project for the program started at the Vanderkloof Dam and once completed will be extended to other dams. The small vessels information to be housed by SAMSA together with other related technologies, will play a critical role towards the success of the project in fulfilling the mandate of safety of lives in South African waters.

PROGRAMME **THREE**

MARITIME SAFETY PROGRAMME

The programme is aimed at ensuring that strict observance of safe maritime practices by seafarers, stevedores and inland waterway skippers, compliance and safe operation of ships, the safe performance of commercial activities at sea and the safety of cargoes being transported by vessels and related equipment. Safe practices are monitored through the imposition of maritime standards and conducting inspections to ascertain compliance with set conventions and legislative requirements. Investigative and regulatory powers are essential for an authority to review accidents and incidents, determine responsibility, and ascertain what corrective actions can be undertaken to promote safe practices and prevent future recurrence of all preventable incidents. The programme will be focused on amongst others the following areas of maritime safety, such as:

- Enforcing safe operations of South African flagged vessels throughout the world.
- Asserting authority over foreign vessels operating on South African waters to enforce safe, secure, and environmentally sound operations.
- Issuing licenses and documents to qualified seafarers, and promote competency through a combination of training courses, requisite experience, and examinations
- Conducting inspections of South African and foreign vessels, maritime facilities, and review plans for vessel construction, alteration etc.
    1. Includes the implementation of the Safety of Life at Sea (SOLAS), The International Regulations for Preventing Collisions at Sea (COLREGs'), Standards of Training, Certification and Watch keeping (STCW) and other conventions
    2. Safe navigation of vessels and effective emergency response systems
    3. Safety of navigation through the regulation of vessel traffic services and harmonised aids to navigation services. Aids to navigation includes both coastal and on navigable inland waterways of South Africa
- The National Oceans Economy Development Programme (Operation Phakisa) argues that the Surveillance and policing of the oceans is critical given the strategic importance of commercial ports and the oceans bordering South Africa; ports, as vulnerable economic choke points, must be protected at all costs. Similarly, the fishing industry must be protected not only for the number of jobs it provides, but also for its current and potential contribution to the Gross Domestic Product (GDP).

SAMSA is generally responsible for maritime safety, while sectorial maritime safety and governance responsibility is devolved to other departments, notably the SA Navy, South African Police Service (SAPS), South African National Defence Force (SANDF), Department of Agriculture, Forestry and Fisheries (DAFF), Department of Public Enterprise (DPE) and Department of Transport (DOT). The SAMSA goal is alignment with the National Oceans Economy Development Programme (Operation Phakisa), which recognises the challenges facing maritime safety and aspires for marine protection and governance with the aim of:

It's aim includes "Implementing an overarching, integrated ocean governance framework for sustainable growth of the ocean economy that will maximise socio-economic benefits while ensuring adequate ocean environmental protection within the next five years

FISHING / SHIPPING / BOAT/ SAFE SEAFERING / SEA NET/ SEARCH AND RESCUE / SAFETY AWARENESS

1. Safety awareness campaigns (safe fishing, safe shipping, boating and safe navigation interventions and seminars)
2. Fishing safety promotion (support the Operation Phakisa project for the recapitalisation of fishing vessels)
3. Improve safety standards and vessel inspection rates (Port, Coastal and Flag state responsibilities)
4. Implement up to date legislation and regulations
5. Maritime Incident investigations and reviews
6. Safe Fishing – Improved fishing safety practices in collaboration with the National Fishing Forum
7. Maritime search and rescue operations – enhanced ability to coordinate responses to calls of distress
8. Safe Shipping – Adherence to safety standards, practices and international conventions in our waters (foreign and national flagged vessels). Port State Performance Improvement Initiative (including increasing the number of SAMSA surveyors)
9. South African Safe Sea Net Project: Operation Phakisa Maritime Protection and Governance - I6 Establishing an Ocean & Coastal Information Management System and Extending oceans and coasts earth observation capabilities.
10. Safe boating – Increase the number of surveyed inland boats and licensed skippers operating in our waters and stricter observance of boating safety best practices.
11. Safe seafaring, stevedoring and ship repair workers - Implementation of approved STCW-Fishing (STCW-F) including improved compliance with Occupational Health and Safety requirements for employees in the maritime sector (Stevedores and Ship repair workers).
12. Clean ships and marine environments

OVERVIEW PROGRAMME **THREE**

FLAG STATE SURVEY ACTIVITIES

SAMSA in addition carry out statutory unscheduled ships survey and inspections in fulfilment of Flag State obligations. A total of 13 308 surveys took place and a total of 11 527 certificates were issued. The table below reflects the surveys carried out and certificates issued.

Key Performance Indicator – Statutory Surveys	Certificates	Surveys
Convention Vessel including STS operations	175	1344
Issue of Licences to Vessels > 25GT	20	20
LGSC (>25GT)	254	270
LGSC Fishing (>25GT≤400GT)	412	414
LGSC Fishing vessels (>400GT)	66	82
LGSC (Passenger Ship)	80	100
LGSC Internal (Small Vessel)	2637	2862
CoF Internal	179	194
Hull Survey Internal	395	412
LGSC External (Small Vessel)	4316	4310
CoF External	1478	1478
Hull Survey External	100	100
Buoyancy Certificate	1	3
Suitability to be Registered	2	2
Registration of Vessels	13	14
Carving and Marking Inspection	74	71
New Building / Modifications	58	86
Approval of Plans	129	166
Incline Experiment / Heeling Test	36	51
Approval of Stability Books	97	118
Tonnage Measurement	32	34
Tonnage Computation	8	17

OVERVIEW PROGRAMME **THREE**

FLAG STATE SURVEY ACTIVITIES

Key Performance Indicator – Statutory Surveys	Certificates	Surveys
Safe Manning	16	18
Loadline	56	90
IOPP	53	63
Radio Survey	356	402
Shaft Inspection	116	135
Blueing	10	26
Sea Valves Inspection	20	26
Tank Inspection	17	28
Approval of towing arrangement	7	9
Conducting Oil Free Surveys	1	1
Approval of controlled events	9	8
Dangerous Goods	126	153
Grain	11	26
Timber	0	0
Annex II, Cargo Spaces	2	2
Provisional Assessment NLS	1	1
Transhipment of Oil	8	4
IMSBC Authorisation to Load	84	86
Approval of Safety Equipment	29	27
SAMFAS Station	30	35
Liferaft Servicing Station	3	6
Medical Practitioners	10	14
TOTAL	11527	13308

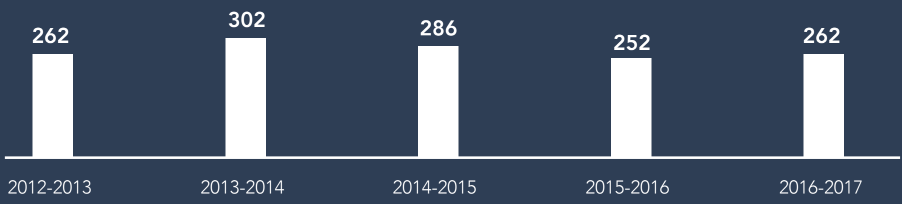
OVERVIEW PROGRAMME **THREE**
PORT STATE CONTROL INSPECTION

Port State Control is the process by which a nation exercises its authority over foreign vessels when those vessels are in waters subject to its jurisdiction. This resulted in six (6) detentions of foreign vessels, which were mainly for safety - related non-conformities i.e. safety equipment, expired certificates and noncompliance. The vessels were only allowed to leave the Port after they had taken corrective measures.

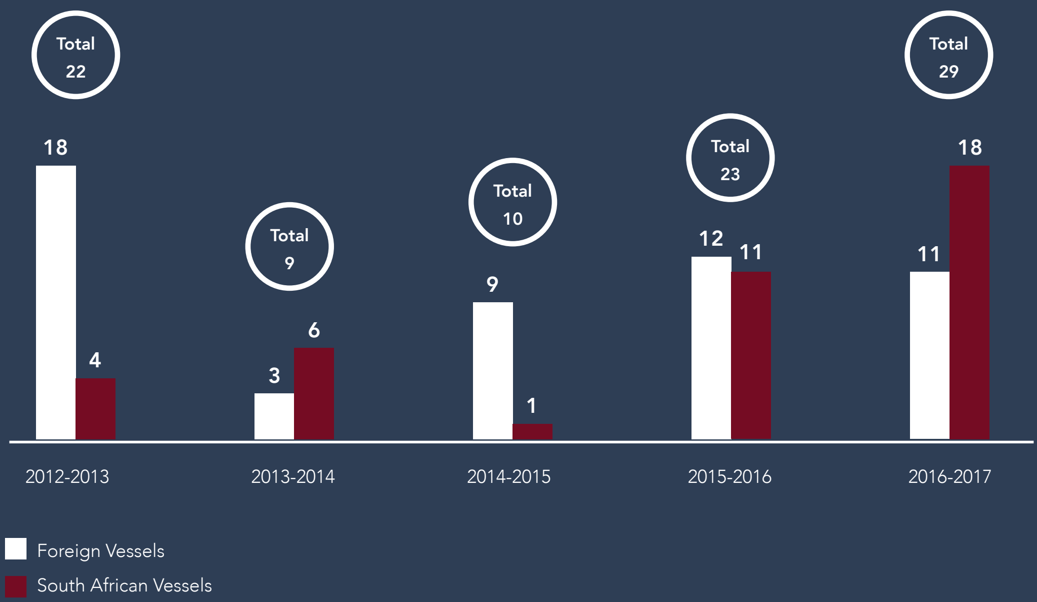
6

FOREIGN VESSELS DETAINED

The graph below reflects the Port State Inspections and Detentions over the years.



Detention from 2012 to 2017



VESSEL INSPECTIONS AND DETENTIONS

Brief details of all the detentions are listed in the table below:

DATE	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	REASON FOR DETENTION
12 Apr 2016	ATIYA	Fishing	Mozambique	Unseaworthy
26 Apr 2016	ANDROMEDA	Fishing	Cape Town	Severe fire and water damage
16 May 2016	LU HUANG YUAN YU	Fishing	China	Unseaworthy
13 Jun 2016	BRILLIANT	Container	Monrovia	Port State Control Inspection – Various deficiencies.
31 Jun 2016	GONDO	Class X Fishing	Mossel Bay	Unseaworthy
22 Jul 2016	LEEUKOP	Fishing	Cape Town	Unseaworthy
25 Jul 2016	LEONORA	Fishing	Cape Town	Non-Compliance in terms of the Safe Manning, training and Certification Regulations
27 Jul 2016	TERAS HYDRA 3	Tug	Singapore	Port State Control Inspection – Various deficiencies
19 Aug 2016	ASI-M	Bulk Carrier	Panama	Port State Control Inspection – Various deficiencies
31 Aug 2016	TILOS	Oil Tanker	Singapore	Port State Control Inspection – Various deficiencies
10 Aug 2016	OOM ARTHUR	Fishing	Port Elizabeth	Mate's Pre-Sea Familiarisation certificate not on board
15 Aug 2016	ZOLANI	Fishing	Port Elizabeth	Crew certificates not on board
16 Aug 2016	SAGAX	Fishing	Port Elizabeth	Vessel detained during an Ad-hoc inspection
19 Aug 2016	ROMONZA	Passenger Sailing Vessel	Mossel Bay	Crew certificates not on board
23 Aug 2016	AMSTELDIEP	Fishing	Cape Town	Crew certificates not on board
25 Aug 2016	SISTERS	Fishing	Cape Town	Vessels Safe Manning Certificate not on board the vessel
31 Aug 2016	1ST STRIKE	Passenger Vessel	Mossel Bay	Crew members medical certificates expired

VESSEL INSPECTIONS
AND DETENTIONS

Brief details of all the detentions are listed in the table below:

DATE	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	REASON FOR DETENTION
6 Oct 2016	ISKENDERUN -M	Bulk Carrier	Panama	Port State Control Inspection – Various deficiencies
17 Oct 2016	BLUE BELL	Fishing	Cape Town	Vessel detained during an Ad-hoc inspection –- Various deficiencies
9 Dec 2016	JIN MAO No 101	Fishing	Cape Town	Fish holds topped up with diesel – Risk of Pollution
6 Dec 2016	HARVEST ATLANTIC HOPE	Fishing	Saldanha	Vessel not sufficiently manned as per the MS (Safe Manning Training and Certification Regs, 2013)
2 Jan 2017	KALOUM	Fishing	Conakry/ Guinea	Oil Pollution - Fuel oil spill during bunkering
4 Jan 2017	UACC IBN AL ATHEER	Tanker	Panama	Port State Control Inspection – Various deficiencies
6 Jan 2017	WAVE RIDER	Charter Vessel	Mossel Bay	Incompetent Crew- No approved safety induction training documents on board.
6 Jan 2017	ARTIC TERN	Tug	Mossel Bay	Incompetent Crew - Qualifications of rating do not comply with the requirements of the Safe Manning Regulations
1 Feb 2017	MAERSK KARACHI	Container	Hong Kong / China	Vessel was unable to lower the lifeboat as the brake was seized.
17 Mar 2017	AVRO WARRIOR	Fishing Vessel	Cape Town	Incompetent Crew – Two Long Range Radio Operators certificates not on board.
22 Mar 2017	HARVEST KROTOA	Fishing Vessel	Saldanha	Vessel detained for having various deficiencies
27 Mar 2017	BALTIC TRADER	Multi-Purpose Carrier	Panama	Oil Pollution - Fuel Oil was spilled into the sea during bunkering operations
29 DETENTIONS				

CASUALTIES AND INCIDENTS

Casualties to Ship and Personnel

116
Total
Incidents Reported

20
Total
Fatalities Reported

10
Deaths Occured
on Small Vessels

6
Deaths Occured
on Fishing Vessels

4
Deaths Occured
on Small Vessels

Incidents Recorded	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
TOTAL	101	107	100	87	116

Fatalities	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Small Vessels	9	10	2	10	**4**
S A Fishing Vessels	13	0	8	19	**6**
Other	8	0	11	2	**10**
Ship Repairers	0	0	0	1	**0**
Stevedores	0	0	0	1	**0**
Incidental persons	2	0	1	0	**0**
TOTAL	**32**	**10**	**22**	**33**	**20**

CASUALTIES AND INCIDENTS

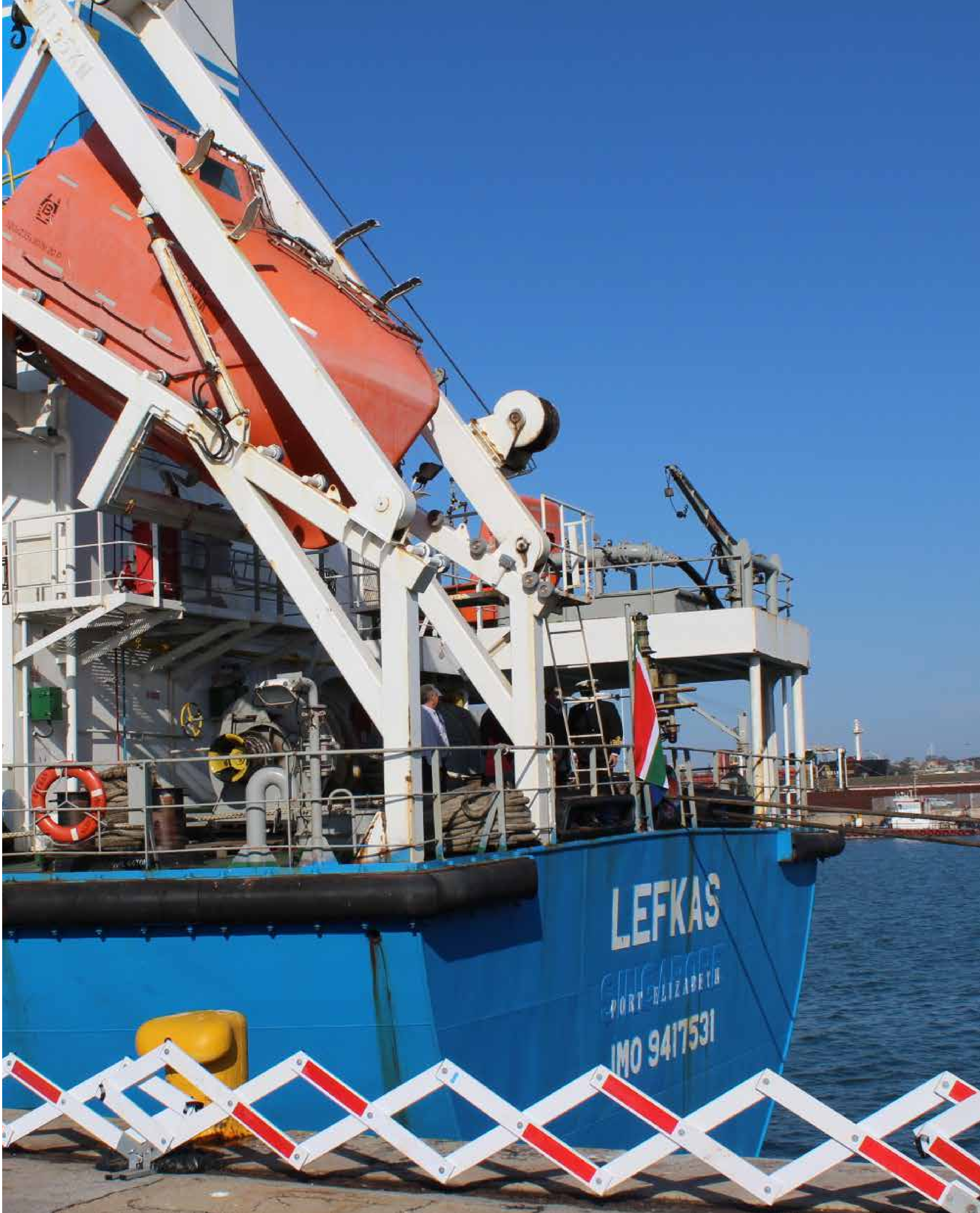
Fatalities (Brief details of all the fatalaties are listed in the table below:)

VESSEL NAME	TYPE OF VESSEL	BRIEF DESCRIPTION
SAKURA	Bulk Carrier	Chief Engineer was found dead in his cabin. He died of natural causes.
HENLEY	Fishing	The dinghy (Henley DTS2226E) was hit by a pelagic trawler and was swamped. One crew member disappeared and the other was rescued some hours later by the dinghy Demar and taken to Lambers Bay harbour.
CAPE CROSS	Class X Fishing	Man Over Board
HS ROSSINI	Container Vessel	The 3rd Engineer fell from the pilot ladder onto the bunker barge while climbing up to the ship
TORALLA	Fishing	Crewman was reported missing and presumed dead as Man Overboard
UNKNOWN	Small Vessel	Three friends jumped off the stationery boat at Bon Accord Dam for swimming. They soon realised that the water was too cold and made their way back to the boat. One person sunk beneath the water and could no longer be seen
UNKNOWN	Ski-Boat	Man Over Board
HARVEST SELINA	Fishing	The crewmember jumped overboard from the fore deck and was presumed dead
WAKASHIO MARU NO 8	Fishing	Larges waves crashed on deck. One crew member died as the result and 10 injured.
SR 2844 B	Ski-Boat	Constructural damage to vessel during heavy weather. One person missing
AMSTELDIEP	Fishing	Man Overboard
SEAWIN EMERALD	Fishing	Man Overboard
PRIME TIME	Passenger Ferry	Ferry caught on Fire. 4 fatalities reported
HOBIE 90303	Recreational	During a recreational excursion, the vessel touched an 11 KVA overhead power cable resulting in the electrocution of the skipper.
TROUPANT	Harbour Launch	Whilst towing fishing vessel Jin Yi Shiang about 300m off the CT harbour break water, the vessel capsized. Two crew member were rescued and the body of the skipper was discovered in the engine room.

CASUALTIES AND INCIDENTS

Fatalities (Brief details of all the fatalaties are listed in the table below:)

VESSEL NAME	TYPE OF VESSEL	BRIEF DESCRIPTION
TAI SHINE	Bulk Carrier	The stevedore's were used as hooking labour inside the hold, for up-hooking of the bins once the cargo is emptied out. It appears the stevedore got in the way whilst the bin was being emptied and got knocked severely by the front end of the bin. Major head injury was sustained and is likely he passed away instantly.
NO NAME	Recreation	Capsized water tube resulted in one drowning
20 FATALITIES		


LEFKAS
PORT ELIZABETH
IMO 9417531

SHIP REGISTRATION

One of the functions of the Authority is to manage the South African Ship Registry as well promote the Register with a view to attracting investors to register their ships under the South African Flag. We anticipate that the promulgation of Maritime Transport Policy and the Tonnage Tax Policy will provide basis for the revamping of the Ship Registry to generate revenue for the country and also provide employment for South African Seafarers.

At the close of the financial **1440** ships with a gross tonnage of **426 970.91** tons were registered under the South African flag. The table below reflects the number of ships and tonnage registered over the years in their various categories.

S.A Ships Register's Details	2012-2013		2013-2014		2014-2015		2015-2016		2016-2017	
Ship Types	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage
Convention	9	36996.42	11	41342.53	11	41626.67	13	245 600.70	15	237588.90
Non-convention over 25 GT	771	175 590.67	766	170126.35	763	174 188.77	755	185 714.50	747	186338.66
Sailing and under 25 GT	618	3964.00	655	3964.34	674	3967.47	687	3113.73	678	3043.35
TOTAL	**1394**	**216551.09**	**1432**	**215433.22**	**1448**	**219782.91**	**1455**	**434 428.93**	**1440**	**426.970.91**

SHIP **REGISTRATION** ACTIVITIES

The breakdowns of the Ships Registry activities as well as the types of vessels are listed in the table below.

Year Ending March 2017

Ships Register Activities		
43	Ships were registered anew	
58	Ships were deleted from the Register	
42	Mortgage Bonds were registered or discharged	
28572	Other Activities: Revalidation of Certificates Of Registration and requests for Register details, Transfer Of Ownership, consultations regarding registration, telephone calls, e-mails etc.	
At the end of March 2016 there were:		
15	Convention ships totalling	**237 588.90**
747	Non-convention under 25GT vessels totalling	**186 338.66**
678	Sailing and under 25GT vessels totalling	**3043.35**
Breakdown of vessels on the Register for the year ending March 2017		
15	Convention Vessels	
557	Fishing Vessels	
108	Harbour Craft	
34	Passenger Vessels	
5	Patrol and Research Vessels	
9	Diamond Mining Vessels	
34	Other Vessels	
521	Yachts – Under 100 Gross Tons Sport and Recreation	
86	Under 25 Gross Ton Fishing Vessels	
9	Other Under 25 Gross Ton Vessels	
62	Under 25 Gross Ton Commercial Vessels	

ADMISSION OF CONTRAVENTIONS

Part of the Authority's mandate in enforcing safety standards is to impose an admission of contravention fee on ships for safety related offenses. After the offender has paid a fine which is taken as deposits, SAMSA will make a determination whether the offender should forfeit the whole or part of the deposit. At the close of the financial as depicted in the table below, 25 penalties amounting to R2 048,700.00. The fines imposed were as the result of contravening various sections of the Regulations, these include oil pollution spillage; services rendered without the necessary accreditation, operating with expired certificates, non-compliance with Safe Manning Regulations.

21	24	41	38	25
PENALTIES IMPOSED	PENALTIES IMPOSED	PENALTIES IMPOSED	PENALTIES IMPOSED	PENALTIES IMPOSED
2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
R 393,000.00	R 635,000.00	R 485,750.00	R 1 612,000.00	R 2 048,700.00

Brief details of all the Admissions of Contravention are listed in the table below

VESSEL	DATE FINALISED	AMOUNT	OFFENCE
STURROCK GIRNDROD MARINE TECH	14 Apr 2016	R25 000	Forgery or other fraudulent acts
ATIYA	03 Mar 2016	R75 000	Vessel taken to sea in an unseaworthy state.
MICHELLE ROSE	10 Jun 2016	R2 200	Regulation 22 (1) MSA(NSVS) Regulations 2007
MARITIME HARMONY	11 Jun 2016	R100 000	Collision & Master denied having modified any log, chart or any other documents. It was later observed there were modifications done.
MARIA	15 Jun 2016	R12 500	Vessel sailed on an international voyage without a LGSC.
ALTAIR	01 Jul 2016	R2 000	No evidence of pre-sea training for a crew member
ABIGALE	25 Jul 2016	R15 000	Operated vessel without a valid COF on-board
NAUTICAT	08 Aug 2016	R10 000	Operated vessel without a valid LGSC on board
ASI-M	19 Aug 2016	R375 000	Failure to meet the requirements for the discharge of Engine Room Bilges

ADMISSION OF CONTRAVENTIONS

VESSEL	DATE FINALISED	AMOUNT	OFFENCE
WHALE CRUISER	21 Sep 2016	R50000	Operating vessel without safety certificates
SEA DUCK	26 Sep 2016	R120000	Submerged load line
CHIN JEN WEN	09 Sep 2016	R310000	Oil pollution
BLUE BELL	17 Oct 2016	R40000	Chief Engineer not certified as required by the Safe Manning certificate. Crew members not in possession of valid medical certificates
MADELEINE	20 Oct 2016	R25000	The vessel suffered engine black out as the result of faulty generators
ZULULAND FIRE CONTROL	04 Nov 2016	R5000	Servicing of fire appliances with an expired certificate of accreditation
ECHALAR	08 Dec 2016	R5000	Failing to complete the official log book as required and failing to record an incident.
GENCO PYRENEES	31 Dec 2016	R50000	Anchoring without permission
KALOUM (OWNER)	02 Jan 2017	R375000	Fuel oil spilt during bunkering
KALOUM (MASTER)	02 Jan 2017	R375000	Fuel oil spilt during bunkering
BIG KAHUNA	06 Jan 2017	R2000	Incompetent Crew
SMIT AMANDLA (MASTER)	09 Jan 2017	R15000	Operating without a valid cargo ship safety equipment certificate and without a valid cargo ship safety radio certificate.
SMIT AMANDLA (COMPANY)	09 Jan 2017	R15000	Operating without a valid cargo ship safety equipment certificate and without a valid cargo ship safety radio certificate.
TRITAN EXPLORER	09 Mar 2017	R7500	Operating vessel without a valid LGSC on board
TRITAN SURVEYOR	09 Mar 2017	R7500	Operating vessel without a valid LGSC on board
ZINGELA	20 Mar 2017	R30000	Operating vessel without a valid certificate of fitness on board
25 ADMISSIONS OF CONTRAVENTIONS			


DTM 442

PROGRAMME **FOUR**

MARITIME SECURITY PROGRAMME

The Maritime security programme concerned with the prevention of damage and disturbance to the South African and global maritime supply chain network, trade security, elimination of sabotage in the sea environment, acts of piracy, illegal exploitation of South African sea based resources, vessel security, etc. Although SAMSA is a key role player and has a significant interest in the effective governance of the maritime sector, ensuring maritime security rests on the existence of a collaborative and functional coordinating mechanism with key stakeholders such as the SANDF, SAPS, Department of Transport, Telkom, Department of Home Affairs(DOHA) etc. to effectively delivery maritime security.

Maritime systems are always exposed to variety of organisational and environmental risks that may disrupt their services and potentially result in large amounts of direct and indirect financial losses. These threats range from natural to man-made disasters. The aim of the programme is to ensure security of the national maritime infrastructure, the maritime economy (incl. trade and supply chains) and the broader maritime domain, which we have defined as all areas and things of, on, under, relating to, adjacent to, or bordering on a sea, ocean, or other navigable waterway, including all maritime-related activities, infrastructure, people, cargo, and vessels and other conveyances.

The infrastructure and systems that span the maritime sector has increasingly become a target for the conveyance of dangerous and illicit activities. The rapid spread of piracy and other illegal maritime activity, impacts of climate change and an environmental consequence of toxic biochemical discharge unto the sea and broader environment continues to threaten the sustainability of maritime. The impact and likelihood of such events has risen significantly over the past few years and has emerged as a key focus area of our strategy moving forward. These factors, as well as any other avoidable disruptions to South African trade demand an effective coordination mechanism with multi stakeholder activities to ensure that we effectively respond to these threats to our maritime domain. SAMSA will ensure that best practice instruments are implemented to enhance maritime security (Including the implementation of the International Ship and Port Security Code, Maritime Contingency Plan developed and the Long Range Identification and Tracking System implemented to watch our seas).

SAMSA will achieve the goal by coordinating maritime search and rescue services through the 24/7 operation of Maritime Rescue Coordination Centre (MRCC), maintaining maritime distress communication services which includes receipt of distress alerts from ships, tracking vessels movements for emergency response purposes, actively participating in key stakeholders forums (IMO, Cospas - Sarsat, South African Maritime and Aeronautical Search and Rescue Organisation) and maximising technological advancements to enhance our search and rescue capabilities.

- Increase South Africa's maritime domain awareness ability and the effective management thereof and domesticate SOLAS Chapter V Regulation 4: Navigational Warnings, Regulation 12: Vessel traffic services and Regulation 13: Establishment and operation of aids to navigation (both coastal and on inland waterways).
- Enhanced Security Enforcement Programme: Operation Phakisa Maritime Protection and Governance: I5 Enhance and coordinate the Enforcement Programme.
- Strengthening Integrated Maritime Security Governance through participation at all national maritime security forums.
- Implement amended maritime security regulations and manage Long Range Identification and Tracking (LRIT) technology.
- Integrated maritime security technology capability development initiatives (Border Management Agency requirement).
- Effective processing of pre arrival notifications by ships when seeking to enter or stop offshore South African ports.

MARITIME SAFETY AND DOMAIN AWARENESS

SAMSA responded to 477 alerts of which false alerts or inadvertent activations were confirmed at approximately 28% of all distress signals. 150 lives were saved during the period through the coordination actions of the MRCC and other South African Search and Rescue role players. We managed to pass on 13 722 pre-arrival notifications (PANs) as well as query messages to the Department of Transport (DoT)'s Maritime Security Coordination Centre (MSCC) during this period. The quarter saw SAMSA assist in 81 medical advice incidents by connecting vessels to local telemedical services and coordinated the evacuation of 92 crew/passengers from vessels offshore to local hospitals.

SAMSA monitors the towing operations for vessels not under command, pollution reports and vessels that run into distress situations along the South African coast. The number of Maritime Assistance Service (MAS) incidents supported during this period were 159. We continued to monitor and maintain the national database of aids to navigation with approximately 6 680 beacons on record at the end of the reporting period.


IMO
South Africa

PROGRAMME **FIVE**

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

The Maritime Environmental Protection Programme is aimed at developing and enforcing regulations to avert the introduction of invasive species into the maritime environment, stop unauthorised ocean dumping of hazardous substances and prevent oil and chemical spills from vessels. The pollution sources include ships (tankers and other vessels), offshore installations (fixed and floating), exploration rigs and pipelines. Ships include fishing vessels, dredgers, navy ships, barges and other coastal vessels. The programme is primarily about enhancing regulatory activities in and on South African waters to prevent pollutants and waste from being deposited by vessels during their leisure and commercial operations and to competently combat such pollution in the event of a discharge. SAMSA through this programme shall approve the manner in which potential pollutants are handled and discharged and improve the standards relating to managing noxious, oil and other chemical discharges by providing a framework for the disposal of waste, ballast water, and hazardous and noxious substances at sea.

To help achieve this outcome, SAMSA shall undertake multi stakeholder research and analysis to provide technical policy and environmental advice to government that reflects international standards set by the IMO, leading to the development of marine protection rules, codes of practice and industry guidelines. SAMSA shall also undertake inspections of visiting foreign ships each year and, where appropriate, detain or impose conditions on these vessels if they fail to meet the environmental protection standards that South Africa is party to, mainly the MARPOL convention. South Africa, through the DoT intends to adopt MARPOL IV and VI Annexes over the next five years and enact it to national legislation, which will introduce new aspects of marine protection and further develop the management of pollution risk from ships.

There is therefore a need to continuously improve the level of inspections, surveillance, preparedness, emergency and disaster planning and evaluation of potential pollution incidents. Multiple stakeholders pursue pollution response readiness plans and resources; however South Africa has identified the need for a much more integrated approach to delivering marine protection and combating in a holistic and collaborative manner. SAMSA will leverage the developments to ensure that we improve our enforcement and regulation efforts and develop a sustainable combating capability in line with our mandate.

This program is complemented by the SAMSA Maritime Safety programme pollution prevention activities. It adopts a multi stakeholder approach to ensuring a successful and sustainable marine environment, working with other local coastal municipalities, provincial and national government departments and agencies, the shipping industries, oil, chemical and exploration companies, emergency services and other environmental protection interest groups to enable a strong national pollution and environmental protection system. This involves among other interventions the development of integrated policies and regulations, national contingency plans, and joint oil spill preparedness interventions as well as other related multi stakeholder strategies

PROGRAMME **FIVE**

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

POLLUTION **INCIDENTS**

There were 9 oil pollution incidents reported this financial year 2016-17. Brief details of all the incidents reported are listed in the table below.

DATE	PORT	VESSEL	TYPE OF VESSEL	Port of Registry	BRIEF DESCRIPTION
22 Jul 2016	Durban	W G MAGELLAN	Seimic Research	Cyprus	Approximately 208 litres of marine diesel oil spilt in the water whilst loading lube oil into drums.
28 Oct 2016	Cape Town	LUBBETJE	Fishing	Cape Town	Approximately 20 litres of oil was spilt into the water
26 Nov 2016	Cape Town	UNKNOWN	Unknown	Unknown	Suspected oil spill/leak in the area of Eastern Mole. Traces of oil spillage found but source unknown
28 Nov 2016	Saldanha	PETRIE HEIN	Saldanha	Fishing	Very light sheen observed initially. Only water sample taken no more oil seen emerging as per 26/11/2016
05 Oct 2016	Durban	FULL KUO SHIN	Cargo Ship	Tarawa / Kiribati	App 20 Litres of oil was spilled during bunkering
02 Jan 2017	Cape Town	KALOUM	Fishing	Conakry/ Guinea	Fuel oil spill during bunkering
03 Feb 2017	Ngqura	AEGIR 30	Barge	Kingstown/ St Vincent & Grenadines	Hydraulic oil was spilled into the harbour
20 Feb 2017	Cape Town	UMLOBI	Class X	Cape Town / RSA	Marine Gas oil was spilled during bunkering operations
27 Mar 2017	Cape Town	BALTIC TRADER	Multi-Purpose Carrier	Panama	Fuel Oil was spilled into the sea during bunkering operations
9 OIL POLLUTIONS					

PROGRAMME **SIX**

MARITIME GOVERNANCE PROGRAMME

Effective maritime governance includes all the systems, instruments, processes and institutions by which coastal and ocean areas are managed by authorities in association with communities, industries, partners, NGOs and other stakeholders through national, regional and international laws, policies, processes and programmes in order to improve and sustain the socio economic conditions of all communities and the protection of maritime resources. The broader maritime sector is the lifeblood of South Africa and requires the effective implementation of governance frameworks and a coherent system to enable greater levels of accountability and oversight on the functioning as well as the sustainable socio economic development of South Africa.

The programme aims at strengthening maritime governance with a focus on collaborative stakeholder participation and the sharing of responsibilities and actions at national, regional and international perspectives of governance to ensure effective implementation of the South African maritime agenda.

South Africa will move towards a much more aligned strategic, legislative, policy and regulatory framework for protecting the oceans and maritime environment and pursuing economic exploitation of our oceans and seas. This programme has integrated initiatives and principles of the Oceans Economic Development Programme (Operations Phakisa), which advances the following aspiration for integrated oceans governance. As an influential member of the global maritime community, SAMSA plays a pivotal role in the region and the continent in supporting technical capacity building initiatives and participating in maritime development cooperation across the continent and globally. This involves best practice exchange programmes, country visits to and from partner countries, participation in regional and continental instruments such as those established by the Abuja and Indian Ocean MoUs, etc. Liaison with broader regional organisations helps to ensure that SAMSA's technical cooperation activities have tangible achievable outcomes consistent with the broader regional and political objectives of SAMSA and South Africa.

OVERVIEW OF THE MARITIME GOVERNANCE PROGRAMME

The Centre for Policy, Legal and Regulations is the custodian of SAMSA administered maritime legislation and maintenance of the SA Ship Register. In accordance with the aforementioned mandate "the Centre" has during the period April 2016 to March 2017 provided legal and advisory services to SAMSA. The Centre also undertook a programme to ensure the successful migration of the SA ship Register from the AMANDLA server to the SIOMS platform. The Registrar of Ships has continued the work of registering vessels' on the SA Ship Register

PROGRAMME **SEVEN**

MARITIME SECTOR DEVELOPMENT PROGRAMME

This programme will focus on promoting and facilitating the economic contribution of maritime to GDP, and the development and demographic and structural transformation of the sector. It should enable effective leveraging of economic benefits sought from the maritime industry towards achieving South Africa's socio economic development priorities as captured in the NDP, SONA statement and other development agendas. The following list of key maritime industries indicate the areas of interest for maritime economic growth and development:

- Sea resource-based industries;
- Maritime systems design and construction industries;
- Maritime capital markets and financial services
- Marine tourism and leisure (recreation)
- Maritime trade, operations and related shipping industries; and
- Maritime advisory and professional service providers
- Maritime equipment and technology development and service provision
- Maritime education, research and innovation service areas

The core outcome areas of the programme include the facilitation of targeted interventions to develop South Africa's maritime skills and expertise, growth of the maritime sector, the development of South Africa's ship register, enhancing Maritime's contribution to the GDP of the country, and the demographic and structural transformation of the South African maritime sector towards a globally competitive and leading maritime destination.

PROGRAMME **EIGHT**

SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

It addresses important requirements of developing and enhancing Seafarer training and welfare. The standardisation of seafarer examination systems is an important initiative that requires immediate attention to ensure that state holders place reliance on our ability to produce world-class seafarers. Addressing audit findings and non-conformance issues from Voluntary International Maritime Safety Audit Scheme (VIMSAS) and Voluntary International Maritime Safety Audit Scheme, European Maritime Safety Agency (EMSA) (DNV) will provide an opportunity to continuously improve our work and meet rigorous standards that will ensure we maintain global recognition in seafarer training. Expansion of the training offering to include fishers (STCW-F) and ETO competencies will require projects that translate these objectives into action and invariably contribute to the increase in the numbers and seafarer competency types that come out of South Africa. SAMSA intends to develop a world-class seafarer education, training and certification system that is robust, addresses industry needs and makes use of advances in technology to provide accurate online information and enable applications to be made online, allowing quick turnaround times and meeting the requirements of being easy to use, logical and relevant. Key benefits to the stakeholders provided through the new framework include:

- A stronger emphasis on seafarer demonstrable competence and employability
- Greater emphasis on practical and assessment components and recognition of quality of sea service and a reduction of costs to potential seafarers to train towards a qualification
- Innovation and competitiveness of South African seafarers
- Adoption and implementation of STCW-F
- Alignment with international standards to ensure portability of qualifications
- A clear career path for seafarers, starting with a basic qualification for a small inshore vessel right through to the qualification required to operate a large oceangoing international vessel.

The programme will involve carrying out a thorough assessment of the existing situation in South African METs on maritime education and training (MET). This assessment involves evaluating MET personnel, the legal framework, and physical (for example examination centres, seafarers database) and organisational (for example, the functioning of public bodies, examination procedures) structures. This will lead to the development and execution of a five-year strategy to overcome the shortcomings identified in the assessment by bringing South Africa's MET's into full compliance with international standards.

PROGRAMME **EIGHT**

REGISTRAR OF SEAFARERS

The Registrar of Seafarers is an officer designated by SAMSA as such and whose functions are:

- to issue certificates of competency and qualification in accordance with the Act;
- to issue endorsements to certificates in accordance with the Act;
- to maintain a register of all certificates of competency and of qualification issued or recognised under the Act, and all matters affecting them; and
- to make available information on the status of certificates of competency and of qualification, including matters affecting them, to other competent authorities or shipping firms requesting verification of the authenticity or validity of certificates produced to them.

CERTIFICATES ISSUED	TOTAL
COMPETENCY (DECK AND ENGINE)	1510
RATINGS QUALIFICATION	943
STCW I/10 ENDORSE / AGREEMENT	18
RADIO CERTIFICATES (GMDSS, SHORT/LONG RANGE)	2594
SMALL VESSEL COC	10353
Seafarers Record Books	1814
TOTAL	17232

Chief Examiner Office Performance Overview

During the 2016/2017 financial year, SAMSA, on behalf of the Republic of South Africa, was affected like other administrations by the coming into force of the 2010 amendments to the STCW Convention and the STCW Code. Despite the seven years since the amendments were adopted, many administrations, including SAMSA, found themselves in a scramble to meet the deadline of 31 December 2017 to ensure that all South African seafarers holding any STCW related certificates have revalidated and been issued with their certificates before that date.

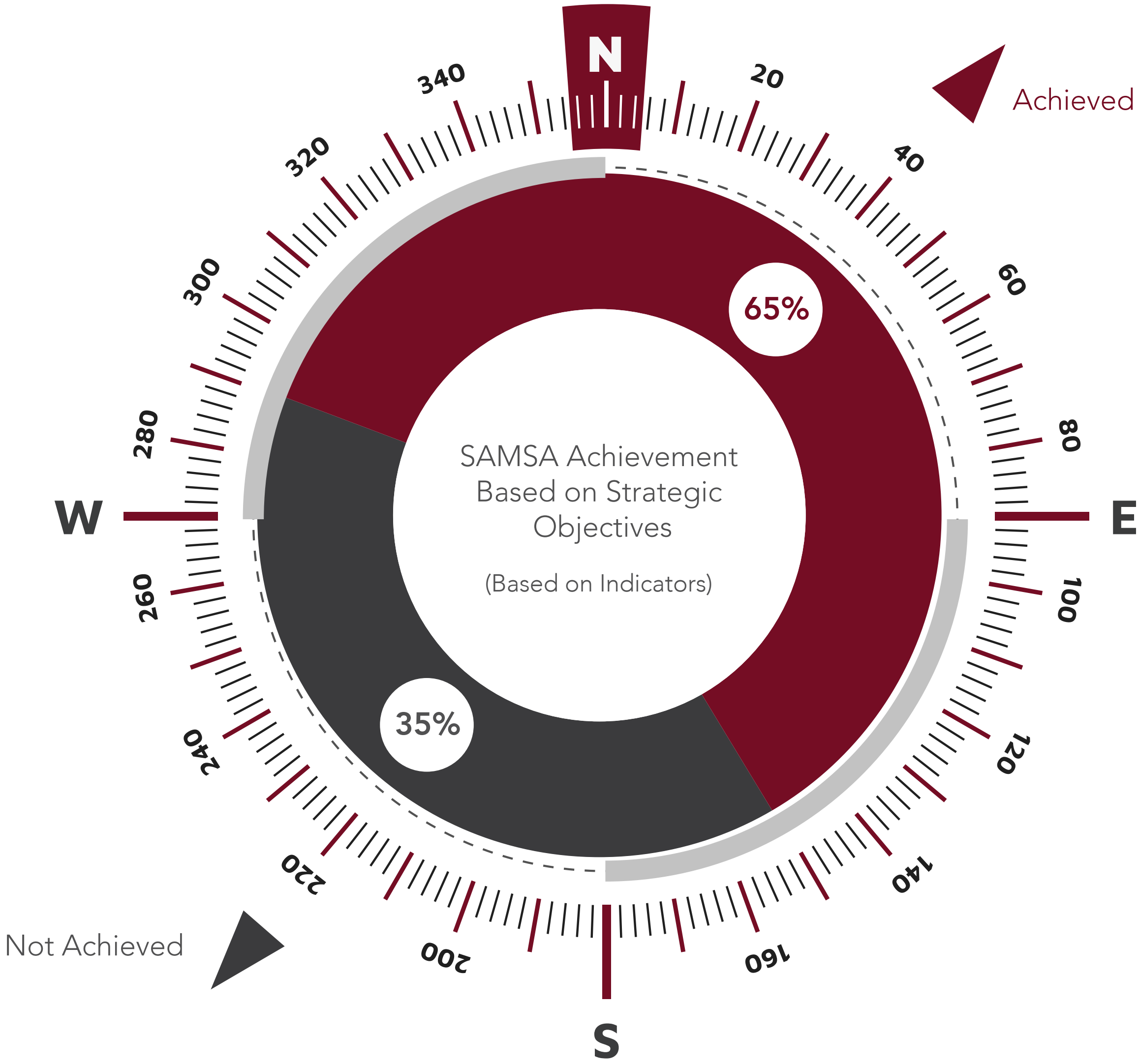
It was also the year that we experienced a spike in re‐accreditations as a majority of training institutions were accredited in 2013 after the publication of the Merchant Shipping (Safe Manning, Training and Certification) Regulations, 2013, as amended. In total, we completed 221 accreditations for 34 institutions. Unfortunately, we also had to take action against some institutions and suspend/cancel their accreditations due to non‐compliance with the requirements set out in the regulations.

A total of 429 oral examinations were conducted, of these, 221 were Engineer Examinations and 208 Deck examinations. The average rate of success being at about 54 %, there are some observations made and recorded in this report regarding the main reasons for candidates being found Not Yet Competent.

During the current MTEF period, 2015 – 2020, SAMSA has undertaken to review its procedures relating to service and products for Seafarers Training, Assessment and Certification. This process is currently underway with changes in Certificates that commenced on 05 May 2016 and other procedures having been reviewed since then. The implementation of some of the changes are still underway.

PERFORMANCE INFORMATION BY PROGRAMME

CORPORATE PERFORMANCE DASHBOARD



PROGRAMME 1
ORGANISATIONAL CAPABILITY DEVELOPMENT PROGRAMME

The purpose of this programme is to develop adequate and suitable resources, capabilities and core competencies to aid the achievement of our mandate. As part of our on-going investment in our people, and promoting career development at SAMSA, a particular emphasis will be made in developing our next generation of leaders with a particular focus on developing women and youth involvement. We will also continue to establish initiatives for recognition and reward to celebrate our achievements and successes. We will also concentrate on recruiting high calibre staff and continuing our important interventions in employee retention and well-being programmes. The intention over the next five years is to develop best practice governance and strategic control systems, administrative capability and a financially resourced, staffed and structured SAMSA with the required physical infrastructure to fully execute its mandate.

To this end SAMSA has adapted a Capability Maturity Model (CMM), which is used to support organisational improvement; capability maturity models are focused on the improvement of organisational processes (SEI 2002). CMM describes an evolutionary improvement path from processes and capabilities characterised as ad hoc (Level 1) Developing (Level 2) Defined (Level 3), Managed (Level 4) Optimised (Level 5) and finally Thought leadership (Level 6). The levels provide the key practices for activities in selected administrative and support service areas that enhance the resource and process capability in an area of focus.

By focusing on the issues and implementing the common features, the organisation matures. The main point of CMM is the objective evaluation of the "ability to perform" and has been applied to many areas beyond technology and engineering, notably risk management and business process optimisation (Hamel, 2009). A "Maturity Level" means that an organisation, Centre or a unit, when appraised, was found to be achieving the goals required by that level (X).These goals are a combination of specific and generic goals from a specific set of Process and Capability Areas (PCAs). Each "Maturity Level" has a specific set of Process and Capability Areas (PCAs) associated with it, and in turn, within those PAs has a specific set of goals.

Budget	**R 21 476 988**
Actual Spend	**R 17 974 548**

3.1 Strategic Objective	**To improve the level of organisational Resources and Capabilities from Level 3 to level 5 by 2020**					
No	**Key Performance Indicator**	**Annual Target**	**Actual Achievements For The Year**	**Reason For Variance**	**Additional Comments**	**Outcome Validation**
1	Level achieved on the SAMSA Long Term Financial Sustainability (LTFS)	Level 4 of the SAMSA Long Term Financial Sustainability (LTFS) Model	Not Achieved	Not reported	No independent assessment was conducted as required for the year	No relevant evidence provided for the validation.

PROGRAMME 1

ORGANISATIONAL CAPABILITY DEVELOPMENT PROGRAMME

3.1 Strategic Objective	To improve the level of organisational Resources and Capabilities from Level 3 to level 5 by 2020					
No	**Key Performance Indicator**	**Annual Target**	**Actual Achievements For The Year**	**Reason For Variance**	**Additional Comments**	**Outcome Validation**
2	Percentage of Auditor General findings that has been addressed	100% of Audit findings addressed as per plan	Not Achieved 65% of Audit findings addressed as per SAMSA Audit Corrective Action Plan	Not reported	No additional comments	No relevant evidence provided for the validation.
3	Level achieved on the SAMSA processes capability maturity model	Level 2 of the SAMSA processes capability maturity model	Achieved Level 2 of the SAMSA processes capability maturity model achieved	No Variance	Appointed an SABS assessor to conduct an independent verification of a portfolio of evidence [POE] in relation to the evidence provided for the indicator.	Evidence validated as reported.
4	Level of contribution achieved on the BBBEE scorecard	Level 3 on the BBBEE scorecard	Achieved Level 3 on the BBBEE scorecard achieved	No Variance	No Comments	Evidence validated as reported.

Achieved Not Achieved

PROGRAMME 2
SERVICE DELIVERY EXCELLENCE PROGRAMME

Our vision and corporate values place the highest priority on embedding a culture of high performance in line with our mantra of being "an enterprise of integrity". We believe that it is not enough to have High Performance as a value but to demonstrate it through the quality of our service delivery system and to delight our customers and broader stakeholders when accessing products and services. We contend that our stakeholder value proposition, properly constructed and delivered, can make a significant contribution towards delivering sustainable value and benefits to our stakeholders. It is steeped on excellent high performance service execution as the main value creating process that is our core focus in transforming our service delivery approach. To this end SAMSA has adopted a phased approach to implementing a SAMSA Integrated Operations Management System (SIOMS), which aims to translate our values and objectives into the necessary tangible and implementable change through automated operational process excellence. SIOMS is a comprehensive means through which SAMSA aims to improve the quality of service provision, faster throughput, and improved use of resources, less waste and operational excellence. We believe that people are the lifeblood of SAMSA and that our processes enable them to do their work effectively and thus a drive towards achieving accreditation and subsequently a standard of excellence in respect of the management of quality across the entity is essential.

We believe that our corporate culture is the typical way of doing things. It particularly relates to our strategy enabling idiosyncratic behaviour patterns and relationships that create value for our stakeholders. The D-ETHICS values and high performance culture of SAMSA and the dreams that it seeks to turn into reality are fundamental in creating a dynamic culture of high performance. A 'high performance culture' exists when everyone in the organisation shares the same vision, they have worked out and implemented the best ways of doing the work and where they trust and value each other's contribution. SAMSA will follow a Stakeholder Centric approach to designing, creating and delivering value to all our customers, service users, partners, the shareholder ministry, employees, targeted communities, industry associations and the general public. Putting our stakeholders at the heart of SAMSA's service design and delivery will result in ensuring that every individual stakeholder can access services with ease and that they experience attentiveness and responsiveness to their specific needs. Designing services around stakeholders also means that all the different services that contribute to this particular outcome are seamlessly integrated in their delivery. Ensuring a stakeholder focus will mean greater attention to stakeholder experiences and perceptions of services as a valuable indicator of service performance.

Budget	**R 14 317 992**
Actual Spend	**R 11 983 030**

PROGRAMME 2
SERVICE DELIVERY EXCELLENCE PROGRAMME

3.2 Strategic Objective		**To improve the quality of SAMSA services and products to our stakeholders from Good (3) to Excellent (5) by 2020.**				
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	Rating achieved on the Stakeholders Satisfaction Survey	Achieve 78% stakeholder rating.	**Not Achieved**	No Stakeholder survey was conducted for the year	No additional comments	No relevant evidence provided for the validation.
2	Percentage of registered customer	100% of all registered complaints attended to	**Not Achieved** **45% of all registered complaints attended to during the year.**	Not reported	No additional comments	Evidence validated as reported.

Achieved | Not Achieved

PROGRAMME 3
MARITIME SAFETY PROGRAMME

The programme is aimed at ensuring that strict observance of safe maritime practices by seafarers, stevedores and inland waterway skippers, compliance and safe operation of ships, the safe performance of commercial activities at sea and the safety of cargoes being transported by vessels and related equipment. Safe practices are monitored through the imposition of maritime standards and conducting inspections to ascertain compliance with applicable conventions, legislative requirements and policies. Investigative and regulatory powers are essential for an authority to investigate and review accidents and incidents, determine cause, and determine what corrective actions can be undertaken in order to promote safe practices and prevent future recurrence of similar incidents. The programme focuses on, amongst others, the following areas of maritime safety:

- Enforcing safe operations of South African flagged vessels throughout the world.
- Asserting authority over foreign vessels operating on South African waters to enforce safe, secure, and environmentally sound operations.
- Issuing certificates of competence (CoCs) and related documents to qualified seafarers, after they have undergone a combination of training courses, requisite practical experience, and passed examinations
- Conducting surveys of South African vessels and inspections of foreign vessels, auditing of maritime facilities, and reviewing plans for vessel construction, alteration etc.
- Includes the implementation of the International Maritime Conventions to which South Africa is a Party.
- Safe navigation of vessels and effective emergency response systems
- Safety of navigation through the regulation of vessel traffic services (VTS) and harmonised aids to navigation services. Aids to navigation system includes both coastal and on navigable inland waterways of South Africa

The National Oceans Economy Development Programme (Operation Phakisa) argues that the surveillance and policing of the oceans is critical, given the strategic importance of commercial ports and the oceans bordering South Africa; ports, as vulnerable economic choke points, must be protected at all costs. Similarly, the fishing industry must be protected, not only for the number of jobs it provides, but also for its current and potential contribution to the GDP. SAMSA is generally responsible for maritime safety, while sectorial maritime safety and governance responsibility is devolved to other departments, notably the SA Navy, South African Police Service (SAPS), South African National Defence Force (SANDF), Department of Agriculture, Forestry and Fisheries (DAFF), Department of Public Enterprise (DPE) and DoT. The SAMSA goal is alignment with Operation Phakisa, which recognises the challenges facing maritime safety and aspires for marine protection and governance with the aim of:

"Implementing an overarching, integrated ocean governance framework for sustainable growth of the ocean economy that will maximise socio-economic benefits while ensuring adequate ocean environmental protection within the next five years."

Budget	**R 230 678 760**
Actual Spend	**R 193 059 957**

PROGRAMME 3
MARITIME SAFETY PROGRAMME

3.3 Strategic Objective	To reduce the incidence of preventable marine casualties in South African waters over the period 2015 and 2020					
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	Port State Inspections	300 Port State inspections	**Not Achieved** 262 Port State Inspections conducted.	Staff vacancies were filled in the latter part of quarter two (September 2016).	Staff have to undergo training, IMO requirement, before undertaking Port State Control Inspection, which was completed at the end of September 2016	Evidence validated as reported.
2	Flag State Surveys	9000 Flag State surveys conducted	**Achieved** 13 308 Flag State surveys conducted.	Statutory surveys take precedents over all other work as required by the Merchant Shipping Act.	No additional comments	No comments

Achieved   Not Achieved

PROGRAMME 4
MARITIME SECURITY PROGRAMME

The maritime security programme is concerned with the prevention of damage and disturbance to the South African and global maritime supply chain network, trade security, elimination of sabotage in the sea environment, acts of piracy, illegal exploitation of South African sea based resources, vessel security, etc.

Although SAMSA is a key role player and has a significant interest in the effective governance of the maritime sector, ensuring maritime security rests on the existence of a collaborative and functional coordinating mechanism with key stakeholders such as the SANDF, SAPS, DoT, Telkom, Department of Home Affairs (DOHA) etc. to effectively delivery maritime security.

Maritime systems are always exposed to variety of organisational and environmental risks that may disrupt their services and potentially result in large amounts of direct and indirect financial losses. These threats range from natural to man-made disasters. The aim of the programme is to ensure security of the national maritime infrastructure, the maritime economy (incl. trade and supply chains) and the broader maritime domain, which we have defined as "all areas and things of, on, under, relating to, adjacent to, or bordering on a sea, ocean, or other navigable waterway, including all maritime-related activities, infrastructure, people, cargo, and vessels and other conveyances."

The infrastructure and systems that span the maritime sector has increasingly become a target for the conveyance of dangerous and illicit activities. The rapid spread of piracy and other illegal maritime activity, impacts of climate change and an environmental consequence of toxic biochemical discharge unto the sea and broader environment continues to threaten the sustainability of maritime. The impact and likelihood of such events has risen significantly over the past few years and has emerged as a key focus area of our strategy moving forward. These factors, as well as any other avoidable disruptions to South African trade demand an effective coordination mechanism with multi stakeholder activities to ensure that we effectively respond to these threats to our maritime domain.

SAMSA will ensure that best practice instruments are implemented to enhance maritime security (Including the implementation of the International Ship and Port Security (ISPS) Code, Maritime Contingency Plan developed and the LRIT implemented to watch our seas). SAMSA will achieve the goal by coordinating maritime search and rescue services through the 24/7 operation of Maritime Rescue Coordination Centre (MRCC), maintaining maritime distress communication services which includes receipt of distress alerts from ships, tracking vessels movements for emergency response purposes, actively participating in key stakeholders forums (IMO, Cospas - Sarsat, SASAR) and maximising technological advancements to enhance our search and rescue (SAR) capabilities.

Budget	**R 14 317 992**
Actual Spend	**R 11 983 030**

PROGRAMME 4
MARITIME SECURITY PROGRAMME

3.4 Strategic Objective	**To reduce the risk of maritime security incidents by successfully conducting prearrival clearance of vessels over the years 2015 -20.**					
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	Percentage availability of maritime domain awareness systems uptime	Average of 95% maritime domain awareness systems uptime	**Achieved** Average of 99.9% maritime domain awareness systems uptime achieved for the period	No Variance	No additional comments	Reported evidence validated and as a result the reported achievement of an average 95% adjusted to 99, 9%.
2	Percentage compliance with the Maritime Security Regulations 2004 –Vessel pre-arrival notification processing	100% compliance based on activity report	**Achieved** 100% compliance based on activity report achieved	No Variance	No additional comments	Evidence validated as reported.

Achieved Not Achieved

PROGRAMME 5

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

The Maritime Environmental Protection and Climate Change Programme is aimed at developing and enforcing regulations to avert the introduction of invasive species into the maritime environment, stop unauthorised ocean dumping of hazardous substances and prevent oil and chemical spills from vessels. The pollution sources include ships (tankers and other vessels), offshore installations (fixed and floating), exploration rigs and pipelines. Ships include fishing vessels, dredgers, navy ships, barges and other coastal vessels.
The programme is primarily about enhancing regulatory activities in and on South African waters to prevent pollutants and waste from being deposited by vessels during their leisure and commercial operations and to competently combat such pollution in the event of a discharge. SAMSA through this programme shall approve the manner in which potential pollutants are handled and discharged and improve the standards relating to managing noxious, oil and other chemical discharges by providing a framework for the disposal of waste, ballast water, and hazardous and noxious substances at sea.

To help achieve this outcome, SAMSA shall undertake multi stakeholder research and analysis to provide technical policy and environmental advice to government that reflects international standards set by the IMO, leading to the development of marine protection rules, codes of practice and industry guidelines. SAMSA shall also undertake inspections of visiting foreign ships each year and, where appropriate, detain or impose conditions on these vessels if they fail to meet the environmental protection standards that South Africa is party to, mainly the MARPOL convention. South Africa, through the DoT intends to adopt MARPOL IV and VI Annexes over the next five years and enact it to national legislation, which will introduce new aspects of marine protection and further develop the management of pollution risk from ships.

Marine pollution risk reduction efforts need to be pursued by SAMSA and all its partners including the Department of Environmental Affairs, supported by provincial, municipal and private companies to minimise the occurrence of such incidents and mitigate their impact on the marine environment.

There is therefore a need to continuously improve the level of inspections, surveillance, preparedness, emergency and disaster planning and evaluation of potential pollution incidents. Multiple stakeholders pursue pollution response readiness plans and resources; however South Africa has identified the need for a much more integrated approach to delivering marine protection and combating in a holistic and collaborative manner. SAMSA will leverage the developments to ensure that we improve our enforcement and regulation efforts and develop a sustainable combating capability in line with our mandate.

Budget	**R 59 658 300**
Actual Spend	**R 49 929 290**

PROGRAMME 5

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

3.5 Strategic Objective		To reduce the incidence and impact of marine pollution by vessels in South African waters from 2015 to 2020				
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	Percentage of maritime pollution incidents that have been successfully managed	100% of oil pollution incidents to be managed	**Achieved** 100% of oil pollution incidents successfully managed	No Variance	No additional comments	Evidence validated as reported
2	Percentage of vessels found to be polluting that have been successfully held accountable for pollution	100% of ships reported polluting held accountable	**Achieved** 100% of ships reported polluting held accountable.	No Variance	No additional comments	Evidence validated as reported.

Achieved   Not Achieved

PROGRAMME 6

MARITIME GOVERNANCE PROGRAMME

Effective maritime governance includes all the systems, instruments, processes and institutions by which coastal and ocean areas are managed by authorities in association with communities, industries, partners, Non-Governmental Organisations (NGOs) and other stakeholders through national, regional and international laws, policies, processes and programmes in order to improve and sustain the socio economic conditions of all communities and the protection of maritime resources. The broader maritime sector is the lifeblood of South Africa and requires the effective implementation of governance frameworks and a coherent system to enable greater levels of accountability and oversight on the functioning, as well as the sustainable socio economic development of South Africa.

The programme aims at strengthening maritime governance with a focus on collaborative stakeholder participation and the sharing of responsibilities and actions at national, regional and international perspectives of governance, to ensure effective implementation of the South African maritime agenda. South Africa will move towards a much more aligned strategic, legislative, policy and regulatory framework for protecting the oceans and maritime environment and pursuing economic exploitation of our oceans and seas. This programme has integrated initiatives and principles of Operation Phakisa, which advances the following aspiration for integrated oceans governance. As an influential member of the global maritime community, SAMSA plays a pivotal role in the region and the continent in supporting technical capacity building initiatives and participating in maritime development cooperation across the continent and globally. This involves best practice exchange programmes, country visits to and from partner countries, participation in regional and continental instruments, such as those established by the Abuja and Indian Ocean Memorandum of Understandings (IOMoUs), etc. Liaison with broader regional organisations helps to ensure that SAMSA's technical cooperation activities have tangible achievable outcomes consistent with the broader regional and political objectives of SAMSA and South Africa.

Budget	**R 14 317 992**
Actual Spend	**R 11 983 030**

3.6 Strategic Objective		**To strengthen governance of South Africa's maritime domain from a developing (2) level to a mature status (5) by 2020**				
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	All approved strategies, enacted legislation and approved regulations implemented	All approved strategies, enacted legislation and approved regulations implemented.	**Achieved**	No Variance	No additional comments	Evidence was validated as provided.

Achieved Not Achieved

PROGRAMME 7

MARITIME SECTOR DEVELOPMENT PROGRAMME

This programme will focus on promoting and facilitating the economic contribution of maritime to GDP, the development and demographic and structural transformation of the sector. It should enable effective leveraging of economic benefits sought from the maritime industry towards achieving South Africa's socio economic development priorities at a local, national, regional and global level. The following list of key maritime industries indicate the areas of interest for maritime economic growth and development:

- Sea resource-based industries
- Maritime systems design and construction industries
- Maritime capital markets and financial services
- Marine tourism and leisure (recreation)
- Maritime trade, operations and related shipping industries
- Maritime advisory and professional service providers
- Maritime equipment and technology development and service provision
- Maritime education, research and innovation service areas

The core outcome areas of the programme include the facilitation of targeted interventions to develop South Africa's maritime skills and expertise, growth of the maritime sector, the development of South Africa's ship register, enhancing Maritime's contribution to the GDP of the country, the demographic and structural transformation of the South African maritime sector towards a globally competitive and leading maritime destination.

Budget	**R 14 317 992**
Actual Spend	**R 11 983 030**

3.7 Strategic Objective		**To support and facilitate the achievement of the oceans economy development programme aspirations by 2020**				
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	Maritime industry development Initiatives supported and implemented against the plan	Post implementation rollout of initiative 18 under the Marine Transport and Manufacturing (MTM) oceans lab	**Not Achieved**	Not reported	No additional comment	Validation was only conducted for the one activity reported with evidence.

Achieved Not Achieved

PROGRAMME 8

SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

It addresses important requirements of developing and enhancing Seafarer training and welfare. The standardisation of seafarer examination systems is an important initiative that requires immediate attention to ensure that stakeholders place reliance on our ability to produce world-class seafarers. Addressing audit findings and non-conformance issues from Voluntary International Maritime Safety Audit Scheme (VIMSAS), European Maritime Safety Agency (EMSA) and DNV-GL will provide an opportunity to continuously improve our work and meet rigorous standards that will ensure we maintain global recognition in seafarer training. Expansion of the training offering to include fishers (STCW-F) and Electro Technical Officer (ETO) competencies will require projects that translate these objectives into action and invariably contribute to the increase in the numbers and seafarer competency types that come out of South Africa. SAMSA intends to develop a world-class seafarer education, training and certification system that is robust, addresses industry needs and makes use of advances in technology to provide accurate, online information and enable applications to be made online, allowing quick turnaround times and meeting the requirements of being easy to use, logical and relevant. Key benefits to the stakeholders provided through the new framework include:

- A stronger emphasis on seafarer demonstrable competence and employability
- Greater emphasis on practical and assessment components and recognition of quality of sea service and a reduction of costs to potential seafarers to train towards a qualification
- Innovation and competitiveness of South African seafarers
- Adoption and implementation of STCW-F
- Alignment with international standards to ensure portability of qualifications
- A clear career path for seafarers, starting with a basic qualification for a small inshore vessel right through to the qualification required to operate a large oceangoing international vessel.

The programme will involve carrying out a thorough assessment of the existing situation in South African METs. This assessment involves evaluating MET personnel, the legal framework, and physical (for example examination centres, seafarers database) and organisational (for example, the functioning of public bodies, examination procedures) structures. This will lead to the development and execution of a five-year strategy to overcome the shortcomings identified in the assessment by bringing South Africa's MET's into full compliance with international standards.

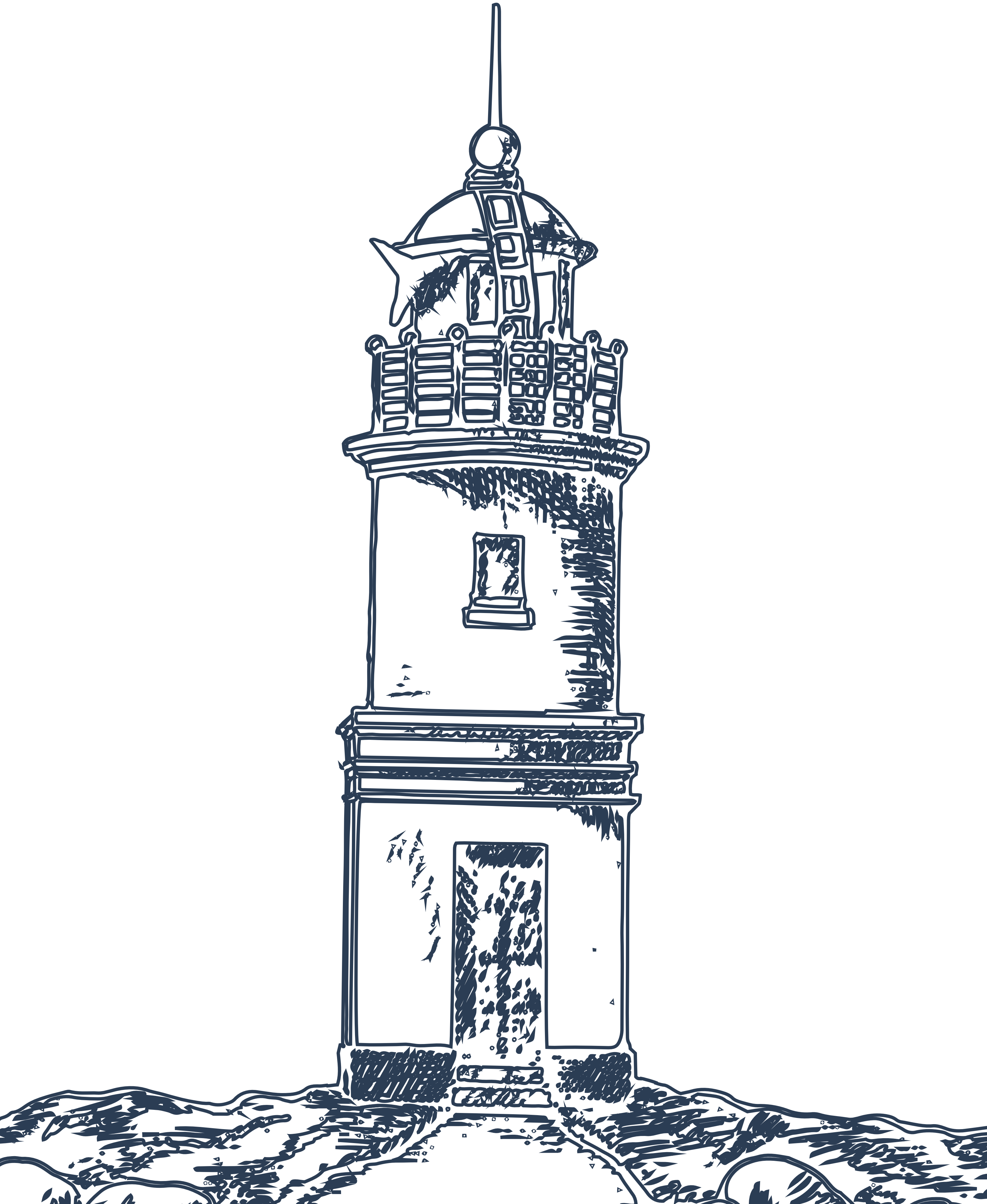
Budget	**R 28 635 984**
Actual Spend	**R 23 981 124**

PROGRAMME 8

SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

3.8 Strategic Objective	**To improve the quality of South Africa's Maritime Education and Training (MET) System by 2020**					
No	Key Performance Indicator	Annual Target	Actual Achievements for the Year	Reason for Variance	Additional Comments	Outcome Validation
1	Status achieved on the IMO Whitelist	IMO Whitelist Status	**Achieved** Maintained IMO Whitelist Status	No Variance	No additional comments	Evidence validated as reported.
2	Percentage of eligible training institutions audited for compliance and reaccreditation	100% of the eligible institutions audited against plan	**Achieved** 100% of the eligible institutions audited against the plan.	No Variance	No additional comments	Evidence validated as reported.
3	Level of maturity of Maritime Education and Training System	Level 2 of the SAMSA maturity framework	**Achieved** Level 2 of the SAMSA maturity framework	No Variance	No additional comments	Evidence validated as reported.

Achieved Not Achieved



CHAPTER

03

MARITIME SAFETY ENABLING PRESENT AND FUTURE


SAMSA
Change a life

CSI PROGRAMME OVERVIEW

SAMSA CORPORATE SOCIAL INVESTMENT REPORT

SAMSA's vision and objective is to lead and champion South Africa's maritime interests as custodian and steward of maritime policy, to be the vigorous promoter of the maritime sector and give full and complete effect to its obligations for the benefit of all stakeholders.

Corporate Social Investment (CSI) must support the mission and activities of the SAMSA. In summary, these are:

- Safety and environment protection standards for responsible maritime transport operations;
- An infrastructure for monitoring and enforcing compliance with safety and environment protection standards;
- The capability to respond to marine pollution and other maritime emergencies; and
- The capability to detect, locate and rescue people in maritime distress situations
- It must further, influence and support the aspirations of the Maritime sector towards suitability programs and projects.

A key item in SAMSA's mission is to deliver continuous services, related to public awareness and education in marine safety and pollution prevention.CSI encompasses projects that are external to SAMSA or outward looking. All projects are to be undertaken for the purpose of achieving a sustained improvement in socio-economic conditions of the target beneficiaries. As such, projects should adhere to a recognised and credible developmental approach. Whilst acknowledging a need for a return on funds spent, CSI is not to be driven primarily as a marketing initiative.

The CSI programme is also to support an operating environment that is conducive to doing sustainable business in South Africa. In addition, CSI will support efforts to improve relationships with important stakeholders. Demonstrable CSI impact is noted as being important in order to serve as an example of best practice for other stakeholders involved in development in the maritime industry.

The purpose of the SAMSA CSI policy is therefore to provide SAMSA with guidelines to ensure that its CSI activities are conducted responsibly, and in accordance with the company's mandate and strategy.

CSI portfolios and focus areas

SAMSA segments its CSI on its Internal and External stakeholders. SAMSA's immediate focus is on its adherence to the SAMSA mandate therefore the basis of its CSI portfolio is derived on servicing all Maritime Stakeholders.

CSI Internal focus will be on the following activities:

- Education – to encourage new entrants to the maritime industry
- Watersport development – to educate the population as to the use of waterways safely, both inland and marine, for commercial, tourism and leisure purposes
- Entrepreneurial development – to support the sustainability of subsistence-based shore communities, especially those impacted by climate change and maritime activities
- Employee ambassadorship in sync with the SAMSA D-ETHICS, to ignite the enthusiasm of SAMSA employees to live its values and drive its mission, in accordance with its mandate from government.

CSI PROGRAMME OVERVIEW
SAMSA CORPORATE SOCIAL INVESTMENT REPORT

Stakeholders

The success of SAMSA's CSI programmes depends on the strength of its relationships with its stakeholders, the quality of its engagement and the appropriateness of its response to issues raised. Key stakeholders include:

- The Government, at National, Provincial and Local levels, including municipalities that have a direct influence on affected communities
- Communities affected either by the activities of the maritime industry, or by related industries
- Key agencies, such as the National Ports Authority, the NSRI, Transnet, etc.
- Executive management
- International Maritime organisations
- Regional and International organisations in Maritime or related industries
- Employees
- NGOs and other social investment partners
- Potential partners in development
- Public opinion makers and the media both Nationally and Internationally

Ekuvukeni Outreach Programme: SAMSA, and the National Department of Transport (NDoT) have since the proclamation of the International Nelson Mandela Day been involved in observing the day by making an impact in the communities in which it operates. During the reporting period, SAMSA and the NDoT identified the community of Ekuvukeni, in Kwa-Zulu Natal as a beneficiary of its Mandela Day intervention programme. This community was profiled on national media as "forgotten", isolated by a crocodile and hippo infested river from key economic activities, and one of the "poorest" communities in South Africa. The NDoT and SAMSA immediately called on its government and business partners to join hands in addressing the challenges faced by this community, and accelerate delivery of services and bring immediate and long term relief.

In September 2016, the NDoT, SAMSA and maritime industry partners responded to the plight of the community of Enkovukeni by donating a boat and providing Skipper training to young community members to equip them with skills necessary to safely operate the donated boat. Three additional boats will be delivered later in 2017, and a broader project aimed at a sustainable intervention through maritime skills development and enterprise development is also planned for implementation in the 2017/18 financial year. With this initiative, the KwaZulu Natal Department of Education has also supplied two (2) boats dedicated to the scholars in this rea.

Additionally, in partnership with one of the international shipping companies offering young South Africans training and employment opportunities (Officers and Ratings), a specific project of recruiting from the poor Gamalakhe community, in Ugu District (Port Shepstone) was activated and is being implemented.

During the 2016/17 financial year, the SAMSA Corporate Social Investment spend was R329 000 or 0.001% of the total budget, compared to R484 000 spent in the 2015/16 financial year. This is mainly due to leveraging on industry support and donations during the current reporting period.


SAMSA
SOUTH AFRICAN

OUR SAMSA
STAKEHOLDER ENGAGEMENTS

Stakeholder engagement has always been identified as key to business success, both within public and private sectors. It is a high priority for SAMSA that the communities and stakeholders have confidence in our work. Building that confidence is dependent on consistent good practices across all our business centres, and at all levels. While government decides policy, it is critical that we conduct our business in a way that optimises both advice to government and the administration, and implementation of policy and regulations. Key stakeholders assist meaningfully in both respects if our relationships are robust, as these stakeholders influence and impact our policy development, the nature of our work, and public perspectives of the Authority.

SAMSA has since developed and implemented an organisation wide stakeholder management plan. Our key stakeholders range from society, communities, government, and beneficiaries to employees, partners, trade and industry associations, suppliers and customers. Our stakeholders are further segmented into domestic, regional and international levels. The main tools utilised in implementing our stakeholder management plan include focused contact sessions with maritime industry formations, participation in various workshops, seminars and conferences nationally, regionally and at the international stage. SAMSA has also enhanced its online customer query management system and has seen a huge improvement in the management of these query in terms of providing timely and satisfactory responses to customers. SAMSA has also started to conduct targeted customer surveys to test levels of customer satisfaction and these will be scaled up in the new financial year.

In general, SAMSA continues to enjoy positive stakeholder relations in all the stakeholder categories including government, industry and academic, both nationally and internationally. The relations between SAMSA and the shareholder department remain on a high and the communication has generally been good.

The international program has seen SAMSA being invited to a few country to country as well as multilateral forum visits. SAMSA hosted its Nigerian and Madagascar counterparts as well as handed over the Chairmanship of the Association of African Maritime Administrations (AAMA) during the 3rd AAMA Conference held in Nigeria. South Africa continues to be the secretariat of the Association together with Liberia and Mozambique.

Locally, SAMSA supported and participated in the Ethekwini Maritime Cluster (EMC) 2nd Annual Maritime Summit, SAMIC2017 hosted by SAIMI, and hosted the SAMSA CEO’s forum with key maritime industry captains and partners.


Lifting Equipment
LIFEBOAT
GRAND ALARM
FIRE ALARM
SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

COMPLIANCE WITH LAWS AND REGULATIONS

SAMSA complied with all the necessary financial reporting standards and legislation during the 2016/17 financial year. These include the Public Finance Management Act No 1 of 1999, National Treasury Regulations, Preferential Procurement Policy Framework Act, and standards of Generally Recognised Accounting Practice.

IMO Conventions to which South Africa Is a Party

IMO Conventions	Domestic Legislation	Remarks
SOLAS Convention SOLAS Protocol	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that the amendments to SOLAS could be addressed through this process.
Load Line Convention 1966	Merchant Shipping Act, 1951	Tonnage Measurement of South African Registered vessels is carried out in terms of 1966 Convention. South Africa will have to consider acceding to the 1988 protocol with a view to bringing our load line assignment regime in line with latest international regime.
TONNAGE Convention 1969	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that any amendments to SOLAS could be addressed through this process.
COLREGS Convention 1972	Merchant Shipping (Collision Regulations) 1996	No remark
CSC Convention 1972	Merchant Shipping (Safe Container Convention) Act 2011	There is an existing legislation:Merchant Shipping (Safe Container Convention) Act, 2011 which emanates from the 1972 Convention. Therefore, South Africa may need to review its legislation against the 1993 amendments.
SEARCH AND RESCUE Convention 1971	South African Maritime Aeronautical Search and Rescue Act 2002	No remark

COMPLIANCE WITH
LAWS AND REGULATIONS

IMO Conventions	Domestic Legislation	Remarks
STCW - Convention 1978	Merchant Shipping Act, 1951	Merchant Shipping (Manning,Training, and Certification) Regulations 2013
MARPOL 73/78 (Annexures I,II,III & V)	Marine Pollution (Prevention of Pollution from Ships) Act, 1986	Act 2 of 1986 was last amended in 1996. This has the effect that any amendments to MARPOL since 1996 do have force of law in South Africa and in the circumstances need the Act urgent amendment.
LONDON Convention	Dumping at Sea Control Act 1980	Act is administered by the DEA
INTERVENTION Convention 1969 INTERVENTION Convention 1973	Merchant Shipping (Intervention) Act 1987	No remark
CLC Protocol 1992	Merchant Shipping (CLC) Act 2013	South Africa is not a party to the 2001 Bunker convention which imposes similar obligations on ship owners as those imposed under the CLC protocol. It would be prudent to accede 2001 Bunker Convention.
IOPC	Merchant Shipping (IOPC Fund) Act 2013 Merchant Shipping Contribution Act 2013-Treasury legislation Merchant Shipping (IOPC Fund)	South Africa has already adopted Protocols to CLC and IOPC Fund and came up with national legislation. However, the cover from IOPC Fund may not be sufficient in other circumstances to pay for damage caused by pollution of marine environment. Therefore, the 2003 Protocol serves as a top-up cover by the Fund.

COMPLIANCE WITH LAWS AND REGULATIONS

IMO Conventions	Domestic Legislation	Remarks
-	Wreck and Salvage Act	There has been many salvage operations in South Africa either from the ship that is stranded or seeking salvage assistance. The laws governing salvage and its operations sometimes are rendered insufficient. If the Convention is adopted, it may require the enactment of a stand-alone Act which will deal with salvage only. Further, there would be a need to repeal provisions of salvage activities under the current Wreck and Salvage Act. South Africa has acceded to the Nairobi Convention on Wreck Removal as such the current Act may have to be amended in future to address NWR convention.
MARPOL 73/78 (ANNEXURE VI)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way greenhouse emissions. Currently there is no domestic legislation which incorporates the Annexure. DoT has undertaken process to determine the way forward to incorporate the Annexure.
MARPOL 73/78 (ANNEXURE IV)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way of sewage. Currently there is no domestic legislation which incorporates the Annexure into South African Law. No process has as yet been initiated to domesticate the Annexure.

COMPLIANCE WITH LAWS AND REGULATIONS

IMO Conventions	Domestic Legislation	Remarks
Cape Town Agreement 2012 / Safety in Fishing Convention.	No Domestic Legislation	South African Ship Register is dominated by fishing vessels. However, there are no fishing industry specific legislated safety and construction standards. The standards currently imposed are those drawn from a body of Regulations dating back to 1961. Section 356 of the MSA empowers the Minster to make regulations to address safety in fishing. The MSA is currently subject to a review process and it is envisaged that regulations addressing safety in fishing could be incorporated into law through this process.
Ballast Water Management Convention	No Domestic Legislation	The DoT is the process of reviewing a previous draft Bill with the view to domesticating the Convention once it comes into force in September 2017.
STCW-F 1995	No Domestic Legislation	The MSA is currently the subject of a complete review and it is envisaged that STCW-F would be incorporated into our domestic legislation during this process.
LLMC 1996	No Domestic Legislation	South Africa has never been a State Party to LLMC. However, the Merchant Shipping Act has provisions for limits of the shipowner's liability but is still based on the 1976 provisions. This may put the shipowner in danger of not being able to benefit from the latest limits of liability as provided for by the 1996 Protocol. DoT has elected to amend the Merchant Shipping Act to align with the new LLMC limits.

COMPLIANCE WITH LAWS AND REGULATIONS

IMO Conventions	Domestic Legislation	Remarks
Seafarers Identification Document Convention (ILO Convention)	No Domestic Legislation	Convention for not having their Seaman's Record Book. If the Convention is adopted, it would be a relief to South Africa COC holders and can sail freely to any jurisdiction without fear of being reprimanded for not having proper papers. This convention is product of the ILO and as such would be administered by the Department of Labour.
SUA 1988 SUA Protocol 1988	Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 – Intergovernmental legislation	No remark

Legislation currently with the State Law Advisor

Merchant Shipping and Ship Registration Amendment Bill (Seafarer Accident Insurance Measures)

Legislation which is in the process of being signed by the Minister

Merchant Shipping (Consolidated Maritime Labour Convention) Regulations
Merchant Shipping (Seafarer Recruitment and Placement) Regulations

FRAUD AND CORRUPTION

In compliance with the Public Finance Management Act (PFMA), 1999, and the Treasury Regulations, SAMSA has undertaken the development of a Fraud Prevention Plan. SAMSA has also developed and is implementing a Whistle Blowing Policy.
The main principles of the Fraud Prevention Plan are the following:

- Creating a culture which is intolerant to fraud and corruption;
- Deterrence and prevention of fraud and corruption;
- Detection of fraud and corruption;
- Investigating detected fraud and corruption;
- Taking appropriate action against fraudsters and corrupt individuals, e.g. prosecution, disciplinary action, etc;
- Applying sanctions, which include redress in respect of financial losses;

The internal whistle blowing mechanism was not fully utilised by staff, and the few cases of alleged corruption are currently being investigated.

To further encourage employees to utilise the Whistle Blowing tool, in a responsible manner, services of an external service provider have been enlisted, and the entire SAMSA workforce is currently being workshopped on this service.

Minimising Conflict of Interest

In managing conflict of interest in the organisation, SAMSA officials are guided by the Code of Conduct Policy approved by the Board in the first quarter of the 2016, and Practice Note Number: SCM 4 of 2003 "Code of conduct for Supply Chain Management Practitioners" issued by National Treasury.

Furthermore, the Recruitment and Selection policy provides for pre-screening of candidates to ensure that only suitable individuals are brought into the organisation. Once employees join the Authority, they are further required to complete their Declaration of Interest forms. SAMSA staff also participate in various Supply Chain Management (SCM) related internal committees such as Bid Evaluation Committee (BEC), Bid Adjudication Committee (BAC), etc. and their participation in these committees is preceded by the completion and signing of disclosure of interest forms. In the year under review, SAMSA implemented a targeted vetting project covering mainly the SCM environment.

CODE OF CONDUCT

SAMSA has an approved code of conduct policy which governs employees' behavior and how to do business. The policy covers the topics mentioned below:

- Relationship with the Public
- Personal conduct and private interests
- Performance of duties including Whistleblowing process.
- Relationship among colleagues
- Remuneration work and private work outside SAMSA
- Compliance
- Confidentiality
- Conflict of interest

The code of conduct is linked to the disciplinary policy in that should one breach the code of conduct, the following procedure shall be followed:

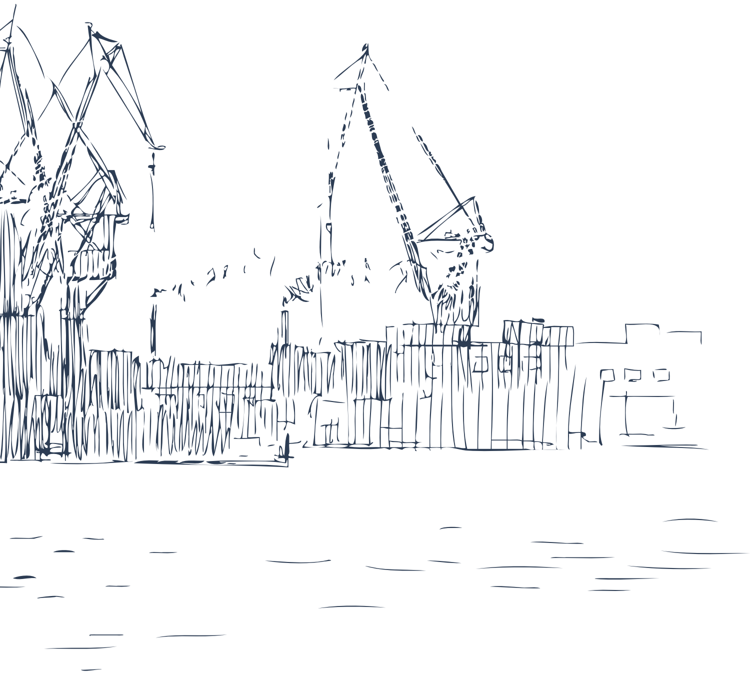
1. Investigation
2. Disciplinary hearing
3. Implement outcome of hearing

HEALTH, SAFETY AND ENVIRONMENTAL ISSUE

In living up to the letter of our values, viz. "Samsa cares", the health and safety of employees is a priority not only for purpose of compliance with the Occupational Health and Safety Act 85 of 1993 but as a moral obligation to employees. We have created a working environment that is conducive to all employees to be productive by doing the following:

- Safety Representatives were appointed to manage the safety of all employees
- The first aid boxes are in place in case of injuries on duty
- The first aiders were appointed and trained
- Fire marshals were appointed and trained
- A policy has been developed
- Each office have an evacuation plan and drills are regularly conducted
- The safety committee and 4 regional sub committees have been put in place

The above are amongst some of the major issues that makes the SAMSA environment conducive to its employees.Non-Compliance to the above mentioned items results in penalties being instituted to SAMSA by the Department of Labour as laid down in section 38 of OHS Act no 85 of 1993 as amended.



CHAPTER

04

GOVERNANCE PATHWAY TO A SUSTAINABLE FUTURE

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved terms of reference. During the 2016/17 financial year, four (4) meetings were held. The Audit Committee was effective for the whole year ending March 2017

For the year under review which is from April 2016 to March 2017, four (4) meetings were held as follows:

MEMBER	17 MAY 2016	19 JULY 2016	17 OCTOBER 2016	17 FEBRUARY 2017	TOTAL ATTENDANCE
Mr. Mervyn Burton	*	✓	✓	✓	3
Mrs. Adila Osman-Chowan	✓	✓	✓	✓	4
Ms. Sekabiso Molemane	✓	✓	✓	✓	4
Mr. Siyakhula Simelane	✓	✓	✓	✓	4
Mr. Deena Pillay (DoT Rep)	*	*	✓	✓	2
Total Number of Meetings					4

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.
The Committee has complied with all the respective requirements.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Board revealed certain weaknesses, which were then raised with the Board and corrective steps were implemented or to be implemented to minimise the risks.

Internal Audit was only effective for the first 6 months of the year. Due to major capacity challenges within Supply Chain Management we were not able to secure Internal Audit services until the start of the new financial year.

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The system applied by the Board over financial risk and risk management requires major improvement.

In line with the Public Finance Management Act and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. We could not express a view on the internal control systems for the year as we did not have Internal Audit in place for the last 6 months. This has hampered the effectiveness of the Audit Committee. In addition, management lacked the capacity to effectively implement recommendations from our Assurance providers.

From the various reports of the Internal Auditors and the AGSA Audit Report on the Annual Financial Statements, the management report of the Auditor-General, it was noted that matters were reported indicating that material deficiencies in the system of internal control and deviations exist on financial reporting, compliance and performance matters. There are major control deficiencies with Supply Chain Management and Finance due to various lack of capacity reasons. Accordingly, we are not satisfied that the system of internal control for the period under review was efficient and effective.

IN-YEAR MANAGEMENT AND MONTHLY / QUARTERLY REPORT

The Board has submitted quarterly reports to the Executive Authority. The Audit Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Board during the year under review for which the Board was in situ.

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General of South Africa, management and the Board;
- Reviewed the Auditor-General's management report and management's responses thereto;
- Reviewed the Board's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

We have reviewed the audited Annual Financial Statements prepared by the Board.

EXTERNAL AUDITOR'S REPORT

We have reviewed the Board's implementation plan for audit issues raised in the prior year and we are not satisfied with the progress made. Again, we highlight the lack of capacity and leadership. Matters have not been adequately resolved.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

This Audit Committee has major challenges ahead as the CEO position has remained vacant for over a year. This severely impacts leadership. The Board has made recommendations to the shareholder and has emphasized the urgency. In addition, the Board has two vacancies which needs to be filled urgently. In order for this entity to be successful, SAMSA needs to ensure that best practice governance principles are in place. This can only be achieved with adequate leadership capacity.

There's a tough road ahead and the Audit Committee is committed to ensuring that the appropriate control measures are effective, efficient and transparent. The Audit Committee will endeavour to use the recently appointed Internal Audit Firm to follow up on all assurance providers' findings and report back to us regularly so as to avert a recurrence of a similar situation

……………………………………………………………

Mervyn Burton
Chairperson of the Audit and Risk Committee
South African Maritime Authority

SAMSA'S COPORATE GOVERNANCE REPORT

SAMSA is fully committed to complying with King III on Corporate Governance, the provisions of the Public Finance Management Act 1999, the Transport Agencies General Laws Amendment Act of 2008, the Companies Act (as enjoined by the SAMSA Act) as well as governance and compliance directives from the Department of Transport and National Treasury. SAMSA Board constantly keeps the Corporate Governance issues in focus. It is the Board's policy to provide adequate and timely information to all stakeholders. None of the directors hold shares in SAMSA.

Portfolio Committees

SAMSA had two (2) engagements with the Portfolio Committee on Transport (PCOT) and the committee raised the following key issues:

- Persistent Infrastructural deficiencies and shortage of technical skills, filling of vacant positions (including the appointment of a permanent Chief Executive Officer) challenges that continue to hamper the Authority's ability to fully discharge its legal mandate in a sustainable and cost effective manner;
- Perceived lack of visibility of Maritime Awareness Programmes and Maritime Capacity Development initiatives;
- Slow progress in growing the SA Ship Register, and subsequently growth of the Maritime Transport industry;
- Concern around the Authority's capacity to address the Auditor General's findings, including the implementation of the Authority's Consequence Management measures;

The Board

The Board of SAMSA is the Accounting Authority in terms of the PFMA, 1999. The Board of SAMSA is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that the affairs and resources of the entity are safeguarded and properly accounted for, used economically, efficiently and effectively. In discharging its overall responsibility, the Board has approved and adopted a code of conduct, which is consistent with the King Corporate Governance Principles and the SAMSA Act. The Board of Directors is in the process of establishing mechanisms and policies appropriate to the business and risks of the entity, and that will ensure the continuous reassessment of the quality of the entity's corporate governance practices, following up on development in that line from the previous year. Mr Tsietsi Mokhele resigned as Chief Executive Officer (CEO) in May 2016 and Mr Sobantu Tilayi was appointed as Acting CEO from May 2016 to May 2017. The Board composition is as follows:

i. Mavuso Msimang (Chairperson)
ii. Ms Nomsa Cele (Deputy Chairperson)
iii. Ms Sekabiso Molemane
iv. Mr Mervyn Burton
v. Mr Frederick Jacobs
vi. Dr Michael Hendricks
vii. Mr Mthunzi Madiya (Shareholder Representative)

SAMSA'S Governance Structure

SAMSA is a schedule 3A public entity in terms of the Public Finance Management Act of 1999, and fully state-owned reporting to the Minister of the Department of Transport as a Shareholder.

BOARD AND
BOARD COMMITTEES

SAMSA Board, including the CEO, is appointed by the Minister of Transport in terms of the SAMSA Act of 1998 as amended. The Board has delegated certain of its functions to committees.

Directors' Responsibility Statement Pursuant to the requirements of Section 15 of the SAMSA Act as amended, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the annual accounts for the financial year ended 31st March 2017, the applicable accounting standards had been followed along with proper explanation relating to material disclosures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records
- That the Directors, had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

To enable better and more focused attention on the affairs of the entity, the Board has constituted the following Committees:

- Audit Committee
- Remuneration & Human Resources Committee (REMCO)
- Maritime Industry Committee Audit Committee (MIC)
- Finance & ICT Committee

The Board has, after realising the task at hand and how thinly it is composed, resolved to appoint external members to its committees. The committees are composed as follows:

Audit and Risk Committee members:

i. Mr Mervyn Burton (Chairperson)
ii. Ms Sekabiso Molemane
iii. Ms Adila Chowan and
iv. Mr Siyakhula Simelane

REMCO

i. Mr Frederick Jacobs (Chairperson)
ii. Ms Nomsa Cele
iii. Ms Hazel Devraj and
iv. Ms Ndileka Nobaxa

MIC

i. Ms Sekabiso Molemane (Chairperson)
ii. Mr Frederick Jacobs
iii. Mr Brian Williams and
iv. Ms Dorothy Mgoduka

Finance and ICT Committee

i. Dr Michael Hendricks and
ii. Mr Mervyn Burton

BOARD AND BOARD COMMITTEES

Following each Committee meeting, the Board receives a report from that Committee on its deliberations, conclusions and recommendations. Each Committee operates in accordance with a written Charter approved by the Board. The Board appoints the members and the Chairperson(s) of each Committee. The role, Charter, and membership of each Committee are reviewed each year. In line with best practices in corporate governance, the duties of the executive directors are separate from those of the non-executive directors.

SAMSA Board supervises the management of the entity's business and affairs. The Board is responsible for setting the strategic objectives of the entity. SAMSA's core values guide that strategic direction and oversight, as well as the Board's relationship with management and accountability to the Shareholder.

The Audit Committee

The Audit Committee operates within written guidelines to assist the Board in fulfilling its oversight responsibilities for:

- The integrity of the entity's financial statements
- The entity's compliance with legislative, regulatory and governance requirements
- The performance of the external audit (Auditor-General's) function and independence
- The performance of the entity's internal audit function and independence
- The entity's risk management process
- Reviews and agreement on the terms of engagement and annual fees for the external auditor
- Review the external auditor's annual audit scope and audit approach
- Provides a forum for communication between the Board, management and both the internal and external auditors
- Makes recommendations to the Board on audit, risk management and compliance matters

Audit and Risk Composition

The Audit Committee comprised four (4) members in total, the Chairperson is an independent member who is a Board member, another Board members and two members who are not Board members. Each member is:

- financially literate (i.e. able to read and understand financial statements) and have sufficient financial knowledge to allow them to discharge their duties and actively challenge information presented by management, internal and external auditors;
- to have the capacity to devote the required time and attention to prepare for and attend Committee meetings.

OFFICE OF THE COMPANY SECRETARY

The Company Secretary is responsible for guiding the Board in discharging its fiduciary and regulatory responsibilities. Board members have direct and unlimited access to the advice and services of the Company Secretary. The Company Secretary plays a role in the entity's corporate governance and ensures regulatory compliance of the entity. The Company Secretary ensures that there is induction and on-going Director development within the Board and its committees. The Company Secretary attends all Board and committee meetings.

BOARD AND COMMITTEE MEETINGS

In line with best practice in corporate governance (King III), the Board and its committees should meet at least once a quarter. Details of the Board and committee meetings for the year under review are as follows:

BOARD	AUDIT & RISK COMMITTEE	REMCO	MIC	FINANCE & ITC	AGM
30/05/2016 28/07/2016 12/12/2016 24/02/2017	17/05/2016 19/07/2016 17/10/2017 17/02/2017	22/04/2016 12/07/2016 10/11/2016 06/02/2017	11/05/2016 04/07/2016 24/08/2016 29/08/2016 14/09/2016 08/11/2016 10/02/2017	13/05/2016 18/07/2016 20/09/2016 04/11/2016 07/02/2017	30/09/2016

Details of the individual members attendance is as follows:

BOARD

MEMBER	30/05/2016	28/07/2016	12/12/2016	24/02/2017	AGM	TOTAL ATTENDANCE
Mr. Mavuso Msimang	✓	✓	✓	✓	✓	5
Ms. Nomsa Cele	✓	✓	✓	✓	*	4
Mr. Mervyn Burton	✓	✓	✓	✓	✓	5
Ms. Sekabiso Molemane	✓	✓	✓	✓	✓	5
Mr. Fredricks Jacobs	✓	✓	✓	✓	✓	5
Mr. Sobantu Tilayi	✓	✓	✓	✓	✓	5
Dr. Michael Hendricks	✓	✓	✓	✓	✓	5
Mr. Mthunzi Madiya	✓	✓	✓	✓	✓	5

Legend

✓ Present
* Absent with apology
• Resigned

BOARD AND COMMITTEE MEETINGS

AUDIT AND RISK COMMITTEE

MEMBER	17/05/2016	19/07/2016	17/10/2016	17/02/2017	TOTAL ATTENDANCE
Mr Mervyn Burton	*	✓	✓	✓	3
Ms Sekabiso Molemane	✓	✓	✓	✓	4
Mr Tsietsi Mokhele	✓	•	•	•	1
Mr Sobantu Tilayi	*	✓	✓	✓	3
Ms. Adila Chowan	✓	✓	✓	✓	4
Mr Siyakhula Simelane	✓	✓	✓	✓	4

REMCO

MEMBER	22/04/2016	12/07/2016	10/11/2016	06/02/2017	TOTAL ATTENDANCE
Mr Frederick Jacobs	✓	✓	✓	✓	4
Ms Nomsa Cele	*	✓	✓	✓	3
Dr Michael Hendricks	*	•	•	•	0
Ms Ndileka Nobaxa	✓	✓	✓	✓	4
Ms Hazel Devraj	✓	✓	✓	✓	4
Mr Sobantu Tilayi	*	✓	✓	✓	3
Mr. Tsietsi Mokhele	*	•	•	•	0

Legend

✓	Present
*	Absent with apology
•	Resigned

BOARD AND COMMITTEE MEETINGS

FINANCE AND ICT COMMITTEE

MEMBER	13/05/2016	18/07/2016	20/09/2016	04/11/2016	07/02/2017	Total Attendance
Dr Michael Hendricks	✓	✓	✓	✓	✓	5
Mr Mervyn Burton	✓	✓	✓	✓	✓	5
Mr Tsietsi Mokhele	*	•	•	•	•	0
Mr Sobantu Tilayi	*	✓	✓	✓	*	3

MIC

MEMBER	11/05/2016	04/07/2016	24/08/2016	29/08/2016	14/09/2016	08/11/2016	10/02/2017	Total Attendance
Ms Sekabiso Molemane	✓	✓	✓	✓	✓	✓	✓	7
Mr Frederick Jacobs	✓	✓	*	✓	✓	✓	✓	6
Ms Dorothy Mgoduka	✓	✓	✓	✓	✓	✓	✓	7
Mr Brian Williams	✓	✓	✓	✓	✓	*	✓	6
Mr Sobantu Tilayi	✓	✓	✓	✓	✓	✓	✓	7

Legend

- ✓ Present
- * Absent with apology
- • Resigned

2016 - 17 SAMSA ENTERPRISE **RISK MANAGEMENT REPORT**

SAMSA has adopted an Enterprise Risk Management (ERM) approach to the management of risk, which is the process effected by the board of directors, management and other staff members, applied in strategy setting and across the entity, designed to identify potential risk/opportunity events that may affect or be affected by the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of the 2015 - 2020 strategic plan.

The Board of Directors has overall responsibility for the adoption, oversight and reporting of SAMSA's risk management policy and framework. The Board has established the Audit and Risk Committee to assist it with this oversight and governance responsibility. The Audit and Risk Committee meets quarterly to review and direct progress against the management of identified risks as well as the implementation of processes to develop effective management of risks within the entity.

The Audit and Risk Committee is in turn assisted by the Risk Management Committee, which also meets quarterly to monitor and guide risk management progress and outcomes of management. SAMSA's risk management framework encompasses four distinct categories:

- Strategic risk
- Mandate and Operational risk
- Reporting risk
- Financial Risk
- Compliance risk

SAMSA recognises risk management as an integral competence of the organisation as it enables strategic success and good corporate governance. It is with this in mind that our strategy over the 2015-2020 period has prioritised the aspiration of becoming a highly competent maritime authority, which we intend to achieve by developing the current level of our internal resources and competencies to an exceptional level. Enterprise wide risk management has been prioritised among other imperative competencies that the SAMSA will be focused on developing over this period.

To this end, SAMSA approved a risk management policy at the end of the 2015/2016 financial year to provide overarching guidance, principles and a philosophy on how risk management will be governed and managed within the entity. The year under review therefore represents the first phase of deploying and implementing the policy across the entity, which included the introduction of a risk intelligent culture, developing systems, processes, procedures, templates and other collateral to support its implementation.

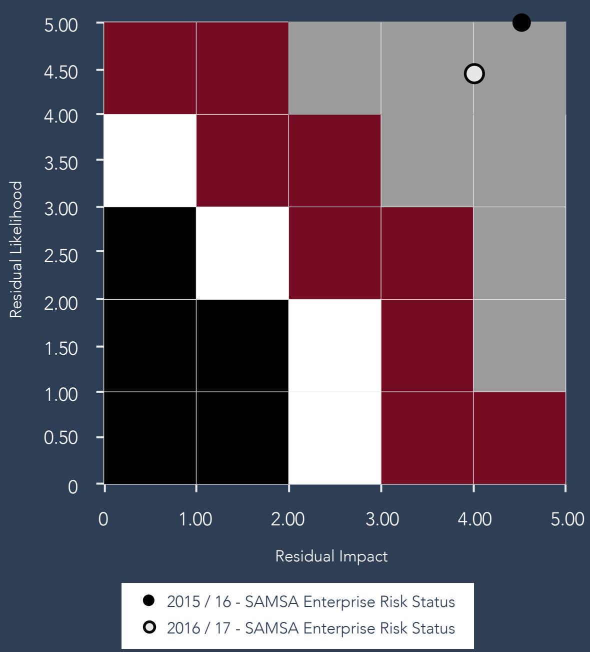
SAMSA's strategic risks are identified annually by the executive management team. Each member of executive management prepares a list of what they independently consider to be the top risks facing the entity based on an understanding of the strategic and operational environments of the entity, the vision, mission, goals and strategic objectives being pursued by SAMSA.

However given that strategic risk assessment is an ongoing process throughout the financial year, the Risk Management Committee is able to engage executives on a continual basis, reviewing and evaluating the risk environment and identifying additional risks, reassessing the existing risks, or based on progress removing risks as required.

The Risk Management Committee is led by an Independent Chair who has been appointed by the board, and who plays a pivotal role in ensuring that the controls implemented by management are effective. While executive management identifies the metrics used to monitor such controls, it is the Internal Risk Management function that collates the results and presents a quarterly report to the Risk Management Committee.

2016 - 17 SAMSA ENTERPRISE RISK MANAGEMENT REPORT

SAMSA Overall Heat Map and Top Risks Table



The organisations heat map reflects a position above the risk tolerance levels as at the end financial year 2016/17. The strategic risks are reported on quarterly to ensure that effective mitigation actions are put in place.

The following 9 Strategic risks were managed during 2016/17 financial year end:

1. Loss of critical and scarce technical maritime skills

SAMSA is a knowledge intensive entity with a high dependence on the technical competence of surveyors, in particular and staff members with a good understanding of the maritime transport environment. The risk relates to the potential loss of critical and scarce maritime expertise primarily due to an unattractive employee value proposition for technical staff and the impact of an ageing profile of senior and experienced surveyors. This risk remains high, notwithstanding the review of internal policies that has been undertaken to address some of the relevant issues. It is however notable that we have been able to recruit successfully during the second quarter of the year which has reduced the age profile, however this has not addressed the longer term underlying challenges that affect a sustainable supply of junior and senior technical staff .

2. IT system failure;

SAMSA IT Systems represent the backbone of the maritime services that we offer. They are key enablers of our service offering and as such their failure can affect our ability to service our customers and deliver value to our stakeholders. This risk is as a result of SAMSA's IT Data Centre (Servers) that need to be replaced due to capacity constraints. The year in review has seen us focus our intervention in this regard on developing the capacity of our infrastructure, for example servers, as well as address ICT disaster recovery capabilities. Although we have made significant strides in this regard these risks remain relatively high.

3. International Maritime Administrations and the Maritime Industry cease to recognise certificates issued by SAMSA for Seafarers;

SAMSA is the South African authority that issues certificates to seafarers and accredits training institutions providing seafarer education and training in the country. SAMSA ensures compliance with international requirements of the IMO's STCW Convention as well as national legislation and regulations. It therefore administers a national seafarer training and accreditation system for South African seafarers who seek to be in the employ of national and international shipping companies. These certificates and the training systems employed in South Africa have to be acceptable to international maritime authorities and the maritime industry. A loss of reputation and/or confidence in the South African seafarer training system can have a significant impact on the providers of training as well as South Africans holding seafarer certificates.

The series of mitigation measures have been reviewed and implemented during this financial year to ensure that we remain

2016 - 17 SAMSA ENTERPRISE **RISK MANAGEMENT REPORT**

a competent authority and country in respect of training and certifying the competence of our seafarers. To this end, the year under review saw SAMSA undertake a review of our procedures, guidelines and standards on the accreditation of examiners have been developed, workshops and training was also conducted, and training institutions were given until the 1st of January 2017 to conform to the new changes. Due to the mitigation actions that have been implemented the risk rating has reduced.

4. SAMSA cannot meet its funding obligations;

This risk emerged as a result of delays in the approval and implementation of tariff adjustments and the lack of sources of funding for additional mandates which have put a strain on the financial position of the organisation. The following measures were taken to mitigate the risk: A new tariff regime was implemented in June 2016 and cost containment measures resulting in the risks slightly reducing, this risk is still high and will remain in the strategic risk register for further mitigation actions. Furthermore a service provider has been appointed by the Department of Transport and in partnership with SAMSA begun to develop proposals for a new and sustainable funding model for SAMSA in the long term.

5. Failure to detect vessel activities in the maritime domain;

SAMSA is the custodian of South Africa's Maritime Rescue Coordination Centre (MRCC), which is among other areas responsible for monitoring shipping activities at sea, coordinating responses to distress situations and a call center for ships requiring assistance at sea. The risk relates to MRCC not being able to remotely monitor the navigation and activities of ships. SAMSA requires adequate funding for maritime domain awareness systems to enable it to cover its search and rescue area and provide an effective service in this regard. SAMSA has a national and international obligation to ensure that it has adequate sight of ships at sea and that it is able to track their activities. The risk remains high as it is dependent on adequate funding for the continuous development and maintenance of Maritime Domain Awareness technology systems.

6. A serious or very serious maritime oil pollution incident occurs

The risk refers to any serious incident that could occur at sea due to several factors such as human error, vessel technical issues, acts of God and poor monitoring of the coastal services. Joint emergency drills with various stakeholders to prepare for emergencies and port state control inspections are conducted. There are defined processes in the event of a major incident occurring. The Marine Pollution (Preparedness, Response and Cooperation) Bill will assist once it is passed into law.

7. Deregistration of ships on the South African Register.

This risk refers to the loss of ships registered on the SA ships register due to among other factors, an unattractive basket of incentives to ship owners, lack of awareness on existing incentives on the part of the shipping industry and a sustained depression in shipping markets. The comprehensive maritime transport policy has reached its final stages of preparation and it is anticipated to serve as reassurance to ship owners after its approval by cabinet during the 2017/2018 financial year. SAMSA continues to engage industry players to promote the ship register and maintain relations with owners who have ships registered on our flag to secure long term commitment.

8. Non – compliance with the maritime regulatory requirements

Loss of reputation as a respected maritime administration due to the slow domestication of maritime conventions, outdated maritime legislation and regulations for key areas of the maritime transport system. The following mitigation actions are currently being implemented to address this risk:
Technical Committee continuously identify new regulations to be adopted as and when the IMO requirements changes for improved Port State Control operations. SAMSA is also working with the DoT to prioritise key conventions for domestication.

2016 - 17 SAMSA ENTERPRISE RISK MANAGEMENT REPORT

9. Litigation action taken against the authority due to noncompliance with maritime legal and regulatory requirements

The institution of litigation action against the authority due to non-compliance by its agents and employees with national maritime legislation and regulations. This may result as a consequence of non-observance of policies, processes, procedures and standards of practice. This is also related to the outdated suite of legislation and regulations that are employed by SAMSA in regulating maritime transport as it is out of synch with new developments and practices. This is ongoing as we have implemented a continuous surveyor training programme and we have engaged the Department of Transport to ratify conventions and domesticate them by making them into law as well as reviewing and approving new regulations that modernise our regulatory standards and practices.

In the next financial year the focus shall be on improving the risk management maturity levels by aligning with the newly legislative requirement for the effective implementation of risk management such as the King Code of Corporative Governance IV (effective from 1 April 2017), introducing operational risks register at a Port and regional level.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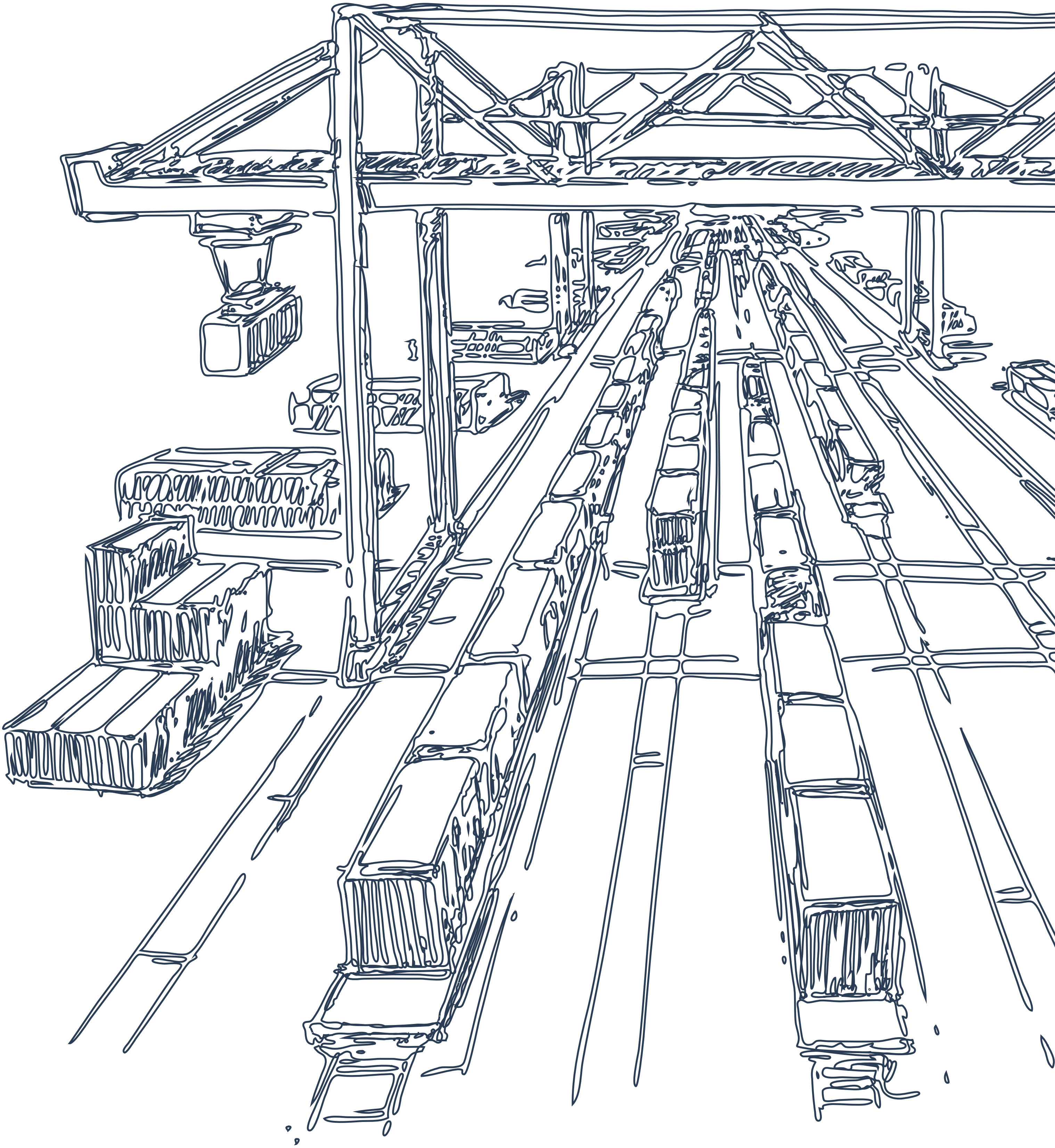
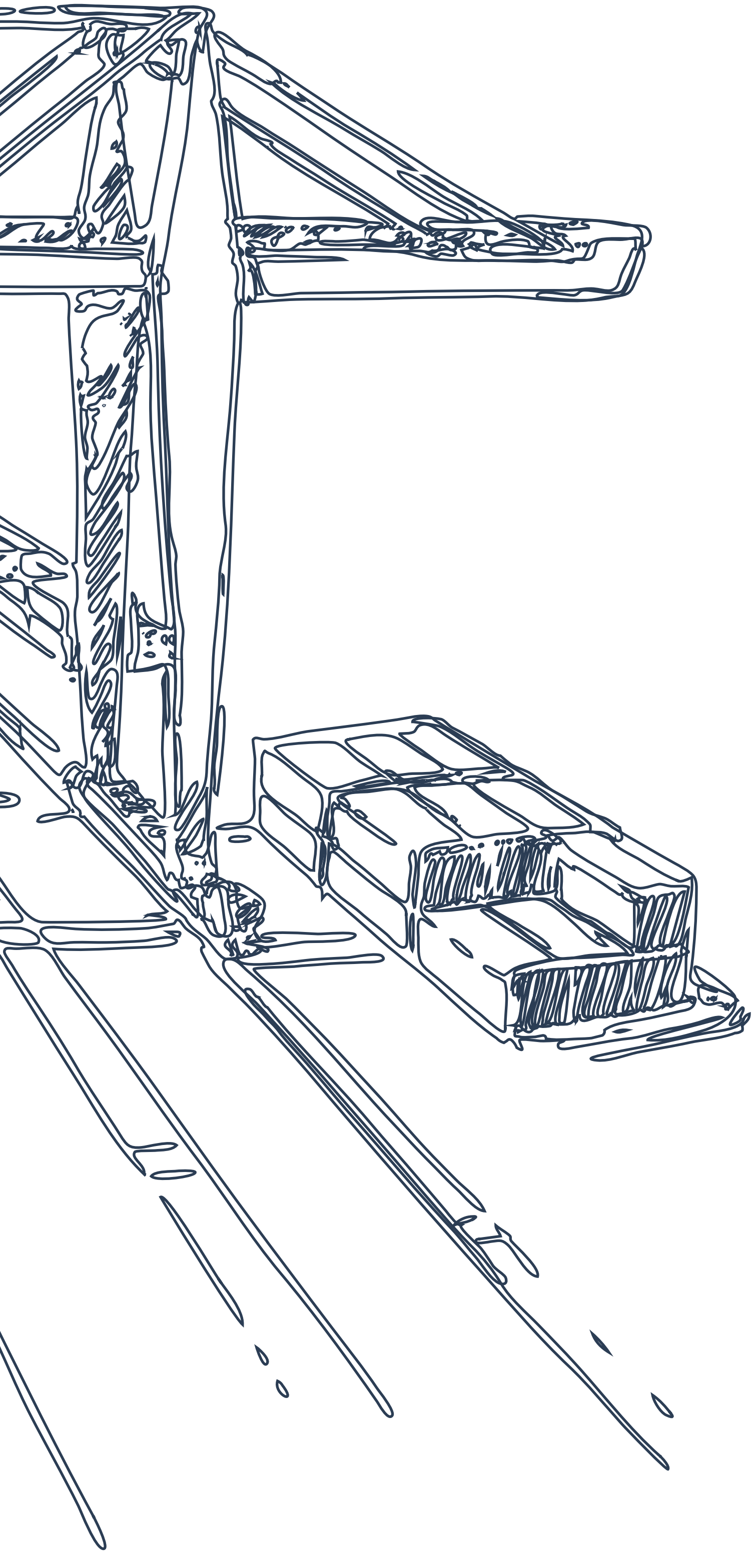




CHAPTER

05

SAFE AND SUSTAINABLE **SHIPPING ECONOMY**

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the South African Maritime Safety Authority set out on pages 155 to 232, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the South African Maritime Safety Authority as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act No.1 of 1999) (PFMA).

BASIS FOR QUALIFIED OPINION

Irregular expenditure

3. I was unable to obtain sufficient appropriate audit evidence to confirm that all irregular expenditure incurred was disclosed in the notes to the financial statements as the public entity did not have adequate processes in place to identify and record irregular expenditure incurred. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R238 million in note 37 of the financial statements.

Commitments

4. I was unable to obtain sufficient appropriate audit evidence for commitments, as the entity did not maintain accurate and complete records of the contractual information used to determine commitments. I could not confirm the amounts by alternative means. Consequently I was unable to determine whether any adjustment was necessary to the commitments stated at R6.3 million

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

6. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

EMPHASIS OF MATTERS

8. I draw attention to the matters below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of an error in the financial statements of the entity at, and for the year ended 31 March 2017.

Events after the reporting date

10. With reference to note 35 to the financial statements, The Department of Transport approved the writing off of R22.2 million owed by the Authority subsequent to 31 March 2017. The amount was written off in May 2017.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the Public Finance Management Act of South Africa 1998 (Act No. 1 of 1999) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting authority is responsible for assessing the South African Maritime Safety Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

INTRODUCTION AND SCOPE

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 3 – Maritime Safety	094 – 095
Programme 4 – Maritime Security	096 – 097
Programme 5 – Maritime Environmental Protection and Climate Change	098 – 099
Programme 6 – Maritime Governance	100
Programme 7 – Maritime Sector Development	101
Programme 8 – Seafarer Development and Welfare	102 – 103

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

PROGRAMME 3 - MARITIME SECURITY

Indicator – Percentage availability of maritime domain awareness system uptime

20. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target relating to the average of 95% maritime domain awareness systems uptime. This was due to insufficient evidence provided to support the reported achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of Average of 99.9% maritime domain awareness systems uptime achieved for the period.

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

PROGRAMME 7 - MARITIME SECTOR DEVELOPMENT

Indicator - Maritime industry development initiatives supported and implemented against the plan

21. I was unable to obtain sufficient appropriate evidence for target Post Implementation rollout of initiative 18 under the Marine Transport and Manufacturing (MTM) oceans lab, that clearly defined the predetermined nature and required level of performance and method of calculation and deadline for delivery, as required by the FMPPI. This was due to the 3 foot plan only being approved in the 3rd quarter of the year. I was unable to test whether the target for this indicator was clearly defined by alternative means.

PROGRAMME 8 - SEAFARER WELFARE AND DEVELOPMENT

Indicator – Percentage of eligible institutions audited for compliance and accreditation

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target on 100% of eligible institutions audited against the plan. This was due to insufficient evidence provided to support the reported achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 100% of the eligible institutions audited against the plan for the period.

Indicator – Level of maturity of Maritime Education and Training system

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target on Level 2 of the SAMSA maturity framework. This was due to insufficient evidence provided to support the reported achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of Level 2 of the SAMSA maturity framework for the period.

24. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 3 - Maritime Safety
- Programme 5 - Maritime Environmental Protection and Climate change
- Programme 6 - Maritime Governance

OTHER MATTER

25. I draw attention to the matter below

Achievement of planned targets

26. Refer to the annual performance report on pages 090 – 103 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the findings expressed on the usefulness and reliability of the reported performance information in paragraphs 20 - 24 of this report.

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

27. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements, performance report and annual report

29. Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA.

31. Material misstatements of current liabilities, current assets and disclosure items identified by the auditors in the submitted financial statements were corrected and supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

32. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

33. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.

Expenditure Management

34. Effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

35. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 565 000, as disclosed in note 36 to the annual financial statements, in contravention of section 51(1)(b)(ii) of the PFMA.

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

OTHER INFORMATION

INTRODUCTION AND SCOPE

36. The entity's accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

38. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- Leadership

The accounting authority did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. This resulted in material findings being identified on the financial statements, audit of the annual performance report and compliance. This further resulted in no evidence to support the approval of the financial statements by 31 May 2017.

The accounting authority did not develop and monitor the implementation of action plans to address internal control deficiencies this was as a result of the entity not having adequate measures in place to track whether internal control deficiencies have been addressed in the absence of internal audit.

There is inadequate consequence management against officials who incurred and permitted irregular expenditure and fruitless and wasteful expenditure, this has resulted in the senior management not being held accountable for addressing previously reported deficiencies as repeat findings were raised in this regard.

- Financial and performance management

Documents to support the procurement of services were not readily available due to inadequate document retention procedures.

Senior management involved in managing programme performance did not fully understand the evidence required to support the achieved performance.

AUDITOR GENERAL'S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY

INTERNAL CONTROL DEFICIENCIES (Continued)

- Governance

  There was no internal audit from the period 1 October 2016 - 31 March 2017 which result in the approved audit plan not being implemented effectively.

OTHER REPORTS

39. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

40. An independent consultant is investigating an allegation of the possible misappropriation of the entity's assets at the request of the entity, which covers the period 1 April 2014 to date. The entity is still waiting for the final report.

Auditor - General

Pretoria
31 October 2017

AUDITOR-GENERAL
SOUTH AFRICA

ANNEXURE

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes objectives and on the entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.

- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the South African Maritime Safety Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

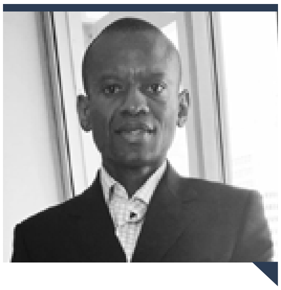
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

CHIEF FINANCIAL OFFICER'S REPORT

FOR THE YEAR ENDED 31 MARCH 2017



CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. OVERVIEW

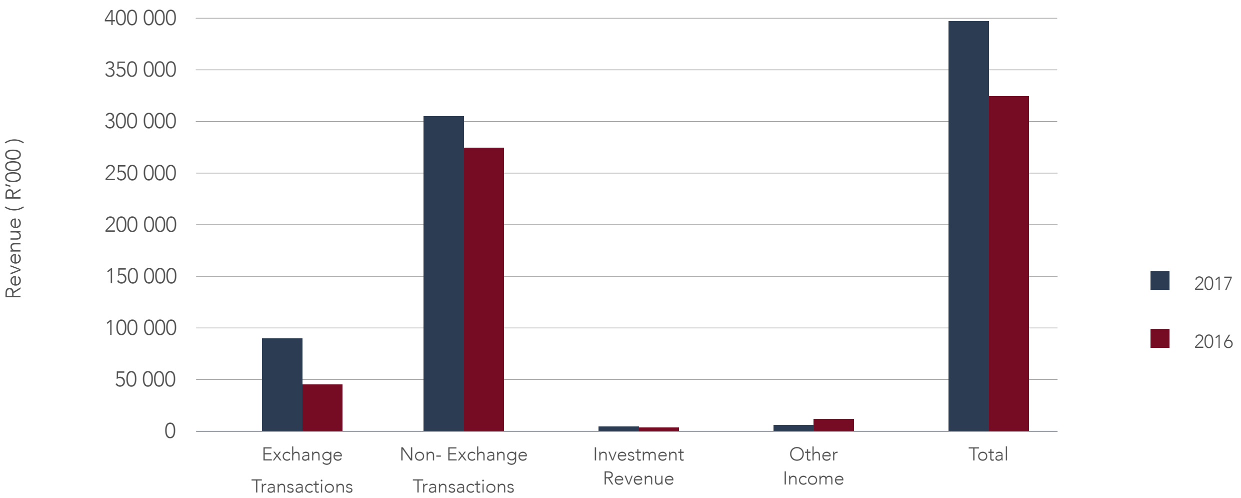
The 2017 financial year proved to be another challenging year for SAMSA as management continued to implement the turnaround plan aimed at reducing operating costs and strengthening the Balance Sheet while ensuring we deliver on our mandate.

2. GLOBAL ECONOMIC ENIRONMENT

The maritime industry continues to feel the effects of economic uncertainty from depressed commodity prices, heightened exchange rate volatility and slowdown in major economies like China and the USA.

The low oil prices have resulted in most major players putting on hold their exploration initiatives which in turn leads to less activity in offshore exploration and support for vessels.

3. REVENUE ANALYSIS



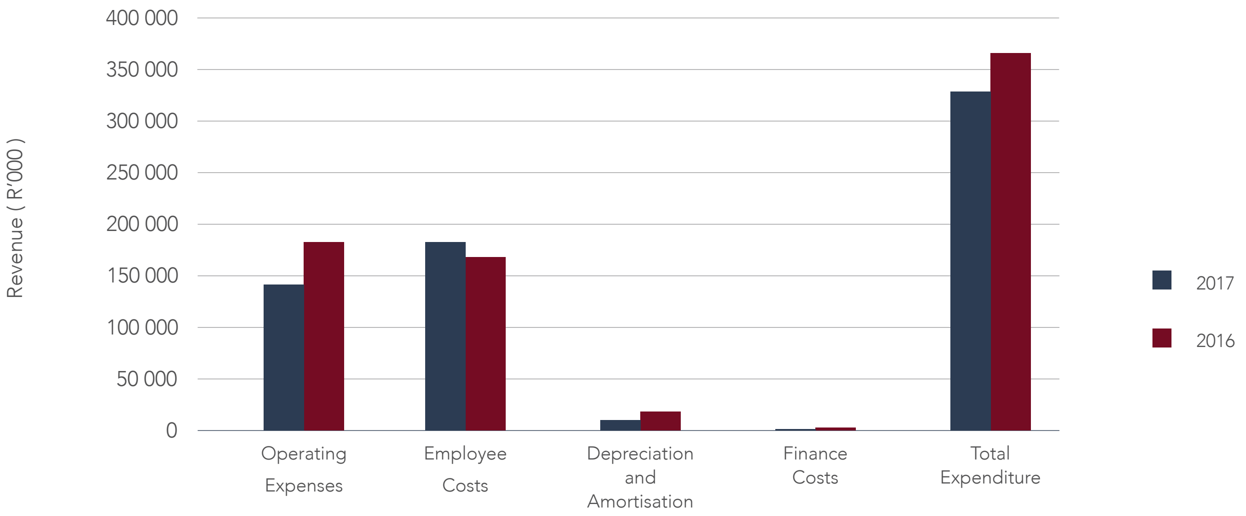
Total revenue grew by 21% to R395,8m (2016: R328,2m) supported by the implementation of SAMSA tariff adjustment in June 2016, the R4,5m revenue from SA Agulhas charter to the Antarctica as well as a R24m increase in direct user charges.

The outlook for the 2018 financial year points to another strong financial performance following the approval of the tariff adjustments in June 2017 as well as the funding model project which seeks to enhance the revenue streams and ensure that SAMSA remains sustainable.

CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. COST ANALYSIS



In line with National Treasury Regulations on cost containment measures as well as to ensure operational sustainability SAMSA embarked on a turnaround plan aimed at intensifying initiatives to reduce operating costs.

A reduction of 9% in total expenditure was realised year on year between the 2017 and 2016 financial years leading to total expenditure of R332,9m (2016: R364,5m).

The cost containment measures have become a way of doing business and are contributing to operational efficiency and delivering on our mandate.

A combination of austerity measures and tariff adjustments resulted in the Authority realising a surplus of R62,7m (2016: R34,3m deficit) which is an improvement of R97m in surplus compared to the previous financial year.

5. STATEMENT OF THE FINANCIAL POSITION

Over the years, SAMSA has had to deal with the challenges of capital erosion which left the balance sheet in an extremely weak position. This led to concerns being raised over the Authority's ability to continue as a going concern.

Part of the turnaround plan was to ensure that the cash reserves are closely monitored through developing cash flow projections tools and assessing actual expenditure over the projected amounts. Any major deviations are investigated and corrective action taken. This allows for cash conservation while ensuring business activities are not negatively impacted.

CHIEF FINANCIAL OFFICER’S REPORT

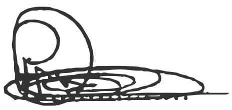
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

It is pleasing to note that the total net liabilities position is at R8,9m (2016: R71,6m) a reduction of R62,7m which can be attributed to concerted effort by the Authority to strengthen its Balance Sheet.

Cash reserves reflect a healthy position of R43, 6m (2016: R8, 3m) which represents a R29, 3m (425%) improvement year on year..

6. FUTURE OUTLOOK

The outlook for the future indicates that the Authority will maintain strong financial performance and balance sheet. Most of onerous contracts entered into in the past that involved structured payments with suppliers have been wound up and none of the suppliers will be on structured payments by end of the 2017 financial year. This is already freeing up cash reserves and allows for investment in activities that will help enhance organisational performance and growth



………………………….....................................

Phumulani Myeni
Chief Financial Officer

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. it is the responsibility of the Accounting Authority to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the member to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances Is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known fom,s of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared on the basis that the entity is a going concern and that the South African Maritime Safety Authority (SAMSA) has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Accounting Authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 138.

The financial statements set out on pages 155 to 232, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 October 2017 and were signed on its behalf by:

....

Member
M Msimang - Board Chairperson

ACCOUNTING AUTHORITY'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The Accounting Authority submit their report which forms part of the audited financial statements of the Authority for the year ended 31 March 2017.

1. INCORPORATION

SAMSA was incorporated under Act No 5 of 1998.

2. REVIEW OF ACTIVITIES

Main business and operations

SAMSA is South Africa's maritime authority and safety agency under the Ministry of Transport, with a primary role in:

Regulatory, Enforcement and Compliance Services

- Ensuring maritime (ships, ports, off-shore) and inland waterways (boating) safety
- Protection of marine environment from pollution by ships
- Provision of maritime search and rescue coordination and maritime emergency response services
- Development of seafarer skills, training, certification and welfare standards (including the fishing sub-sector)

Strategic Maritime Interests Promotion

- Development, growth and transformation of the maritime sector, particularly ensuring:
- Promote the awareness of the potential of, and the opportunities in, the maritime sector to contribute to the overall development of South Africa
- Grow the domestic maritime industry and its ship registry
- Ensure adequate and competitive skills and an inclusive sector with women and black participants in maritime jobs, professions and business opportunities
- Maritime Security and Communications
- Ensure effective maritime (transport) security infrastructure and services (Long Range Identification and Tracking - LRIT) on behalf of the country
- Ensure availability of effective and modern global maritime communications systems
- Key participation at Maritime Security Advisory Committee (MSAC) and Maritime Security Coordination Center (MSCC)
- International Relations
- Represent South Africa's interests at key global maritime and regional fora

The Authority is also the custodian of the Maritime Fund.

Net surplus of the entity is R62 702 000 (2015/16: deficit - R34 325 000)

3. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

ACCOUNTING AUTHORITY'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. SUBSEQUENT EVENTS

The Department of Transport (DoT) approved the writing off of R22.2 million owed by the Authority and the amount was was written off the books in May 2017. The Minister of Transport, in concurrence with the Minister of Finance, approved the tariff adjustments for 2017/18 financial year.

5. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. ACCOUNTING AUTHORITY

The Accounting Authority of the entity during the year and to the date of this report is as follows:

Comm. T Mokhele	Chief Executive Officer	Appointed 1 January 2008	Resigned 30 June 2016
Mr F A Jacobs	Board Member	Appointed 1 January 2014	
Dr M Hendricks	Board Member	Appointed 1 January 2014	
Ms N Cele	Board Member	Appointed 1 January 2014	
Mr M Burton	Board Member	Appointed 1 July 2015	
Ms A Molemane	Board Member	Appointed 1 July 2015	
Mr M Msimang	Board Chairperson	Appointed 1 July 2015	
Mr S Tilayi	Acting Chief Executive Officer	Appointed 25 May 2016	

7. SECRETARY

The secretary of the entity is Moyahabo Raphadu.

8. CORPORATE GOVERNANCE

General

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The Authority confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa. The Accounting Authority discusses the responsibilities of management in this respect, at Board meetings and monitor the Authority's compliance with the code practice.

ACCOUNTING AUTHORITY'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Board of directors

The Board:

- retains full control over the Authority, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the Authority;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Non-Executive Meetings

The Accounting Authority has met on separate occasions during the financial year. The Accounting Authority schedules to meet at least 4 times per annum.

Non-executlve directors have access to all members of management of the entity.

Audit and risk committee

The audit committee is chaired by Mr M Burton and comprises of one other non-executive director, Ms A S Molemane. Two additional independent non-board members, Mr S P Simelane and Ms A Chowan, are members of the of the Audit Committee.

Internal Audit

SAMSA did not have an internal audit function for a period of six months during the financial year.

9. CONTROLLING ENTITY

The authority falls under the Department of Transport (DoT).

10. BANKERS

The Authority's bankers which are approved by National Treasury are ABSA and First National Bank (FNB).

11. AUDITORS

Auditor-General South Africa will continue in office for the next financial period.

STATEMENT OF FINANCIAL POSITION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note(s)	2017 R '000	2016 R '000
Assets			
Current Assets			
Inventories	7	438	209
Trade and other receivables	8	6 432	7 719
Receivables from non-exchange transactions	9	28 342	28 934
Prepayments	5	1 582	603
Cash and cash equivalents	10	43 590	8 255
		80 384	**45 720**
Non-Current Assets			
Property, plant and equipment	2	30 150	30 603
Intangible assets	3	3 527	2 599
		33 677	**33 202**
Total Assets		**114 061**	**78 922**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	66 386	90 015
Payables from non-exchange transactions	15	6 804	2 006
Unspent conditional grants and receipts	12	3 244	1 322
Provisions	13	24 737	34 337
Employee benefit obligation	4	884	776
		102 055	**128 456**
Non-Current Liabilities			
Employee benefit obligation	4	20 873	19 249
Provisions	13	-	2 792
		20 873	**22 041**
Total Liabilities		**122 928**	**150 497**
Net Assets		**(8 867)**	**(71 575)**
Reserves			
Revaluation reserve	11	1 711	1 711
Accumulated surplus		(10 578)	(73 286)
Total Net Assets		**(8 867)**	**(71 575)**

STATEMENT OF FINANCIAL PERFORMANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note(s)	2017 R '000	2016 R '000
Revenue - exchange transactions	16	88 614	45 440
Revenue - non exchange transactions	16	305 401	273 042
Other income	17	1 121	9 312
Operating expenses	25	(145 008)	(179 397)
Employee Costs	19	(179 086)	(163 813)
Depreciation and amortisation	2	(7 589)	(15 984)
Operating surplus (deficit)	25	**63 453**	**(31 400)**
Investment revenue	18	688	401
Fair value adjustments	22	(245)	(58)
Finance costs	20	(1 194)	(3 268)
Surplus (deficit) for the year		**62 702**	**(34 325)**

STATEMENT OF CHANGES IN NET ASSETS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Revaluation reserve R '000	Accumulated surplus/(deficit) R '000	Total net assets R '000
Balance at 01 April 2015	**-**	**(47 390)**	**(47 390)**
Changes in net assets			
Surplus for the year	-	(34 325)	(34 325)
Revaluation Surplus	1 711	-	1 711
Total changes	**1 711**	**(34 325)**	**(32 614)**
Opening balance as previously reported	1 711	(81 715)	(80 004)
Adjustments	-	-	-
Prior year adjustments	-	8 435	8 435
Balance at 01 April 2016 as restated*	**1 711**	**(73 280)**	**(71 569)**
Changes in net assets			
Surplus for the year	-	62 702	62 702
Total changes	-	62 702	62 702
Balance at 31 March 2017	**1 711**	**(10 578)**	**(8 867)**

CASH FLOW STATEMENT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note(s)	2017 R '000	2016 R '000
Cash flows from operating activities			
Receipts			
Sale of goods and services		396 226	319 408
Interest income		648	439
Maritime Fund Prior Year Adjustment	27	-	8 484
		396 874	**328 331**
Payments			
Finance costs		(1 194)	(3 268)
Other payments		(352 309)	(318 436)
		(353 503)	(321 704)
Net cash flows from operating activities	26	**43 371**	**6 627**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5 868)	(3 905)
Proceeds from sale of property, plant and equipment	2	91	-
Purchase of other intangible assets	3	(2 259)	(2 990)
Net cash flows from investing activities		**(8 036)**	**(6 895)**
Net increase/(decrease) in cash and cash equivalents		**35 335**	**(268)**
Cash and cash equivalents at the beginning of the year		8 255	8 523
Cash and cash equivalents at the end of the year	10	**43 590**	**8 255**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Government Service Fees	7 586	-	**7 586**	7 584	**(2)**	
Service charges	38 095	-	**38 095**	64 394	**26 299**	41
SA Agulhas Fees	-	-	**-**	16 636	**16 636**	41
Other income	-	-	**-**	-	**-**	
Interest received Investment	298	-	**298**	688	**390**	
Discount received	-	-	**-**	220	**220**	
Foreign exchange gain	-	-	**-**	874	**874**	
Profit on disposal of assets	-	-	**-**	27	**27**	
Total revenue from exchange transactions and other income	**45 979**	**-**	**45 979**	**90 423**	**44 444**	
Revenue from non-exchange transactions						
Taxation revenue						
SAMSA Levies	331 207	-	**331 207**	298 087	**(33 120)**	41
Contributions	20 034	-	**20 034**	6 294	**(13 740)**	41
Transfer revenue						
Fines & Penalties	-	-	**-**	1 019	**1 019**	
Total revenue from non-exchange transactions	**351 241**	**-**	**351 241**	**305 400**	**(45 841)**	
Total revenue	**397 220**	**-**	**397 220**	**395 823**	**(1 397)**	
Expenditure						
Personnel	(193 898)	-	**(193 898)**	(179 086)	**14 812**	41
External audit fees	(4 392)	-	**(4 392)**	(4 352)	**40**	
Internal audit fees	(2 400)	-	**(2 400)**	(1 088)	**1 312**	
Computer expenses	(5 834)	-	**(5 834)**	(5 404)	**430**	
Depreciation and amortisation	(17 069)	-	**(17 069)**	(7 599)	**9 470**	
Awareness programmes	(4 392)	-	**(4 392)**	(1 302)	**3 090**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Commission Paid	(7 268)	-	**(7 268)**	(8 495)	**(1 227)**	
Conferences	(4 264)	-	**(4 264)**	(1 525)	**2 739**	
Consulting	(13 488)	-	**(13 488)**	(5 285)	**8 203**	
Contingency fees	(3 390)	-	**(3 390)**	-	**3 390**	
Corporate Social Responsibility	(2 404)	-	**(2 404)**	(329)	**2 075**	
Directors remuneration	(1 573)	-	**(1 573)**	(1 942)	**(369)**	
Implementation costs	(14 696)	-	**(14 696)**	(605)	**14 091**	41
Insurance	(2 831)	-	**(2 831)**	(1 716)	**1 115**	
Lease costs	(1 574)	-	**(1 574)**	(928)	**646**	
Legal Fees	(2 700)	-	**(2 700)**	(2 059)	**641**	
Licence fees	(5 600)	-	**(5 600)**	(5 196)	**404**	
Office alterations	(1 627)	-	**(1 627)**	(1 313)	**314**	
Office Security	(1 700)	-	**(1 700)**	(1 382)	**318**	
Publications	(1 736)	-	**(1 736)**	(273)	**1 463**	
Printing and stationery	(7 625)	-	**(7 625)**	(4 181)	**3 444**	
Rent	(35 516)	-	**(35 516)**	(34 433)	**1 083**	
Scholarships	(6 000)	-	**(6 000)**	(1 703)	**4 297**	
Partnership programmes	(2 600)	-	**(2 600)**	(3 554)	**(954)**	
Projects	(4 200)	-	**(4 200)**	(1 796)	**2 404**	
SA Agulhas (excluding salaries)	(3 375)	-	**(3 375)**	(19 681)	**(16 306)**	41
Research programmes	(2 600)	-	**(2 600)**	-	**2 600**	
Staff recruitment	(1 380)	-	**(1 380)**	(741)	**639**	
Staff Training	(3 752)	-	**(3 752)**	(3 268)	**484**	
Mileage costs	(2 480)	-	**(2 480)**	(1 797)	**683**	
Cleaning services	(1 984)	-	**(1 984)**	(1 156)	**828**	
Telephone costs	(5 817)	-	**(5 817)**	(7 143)	**(1 326)**	
Travel - Local	(14 300)	-	**(14 300)**	(14 036)	**264**	
Travel - overseas	(3 800)	-	**(3 800)**	(2 522)	**1 278**	
Marine interventions	(2 020)	-	**(2 020)**	(94)	**1 926**	
Ship Registration Promotion	(1 000)	-	**(1 000)**	-	**1 000**	
Other expenses	(5 935)	-	**(5 935)**	(6 892)	**(957)**	
Total expenditure	**(397 220)**	**-**	**(397 220)**	**(332 876)**	**64 344**	
Operating surplus	-	-	**-**	**62 947**	**62 947**	
Fair valuation	-	-	**-**	(245)	**(245)**	
Surplus for the year	**-**	**-**	**-**	**62 702**	**62 702**	
Surplus for the year	**-**	**-**	**-**	**62 702**	**62 702**	

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 4.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not detenninable, it's deemed cost ls the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located ls also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognlsed.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated deprecfation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognlsed.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Leasehold improvements for operating leases are amortised over the shorter of their economic lives or the lease term. Amortising lease improvements over a term that includes assumption of lease renewals is appropriate only when the renewals have been determined to be reasonably assured.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Buildings owned by the entity are revalued once every 5 years.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		N/A
Buildings	Straight line	20 years
Leasehold property	Straight line	9 years
Ship	Straight line	5 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years

The depreciable amount of an asset is allocated on a systematic basts over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applfed to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The gain or loss arising from the derecognitlon of an item of property, plant and equipment is included in surplus or deficit when the item is derecognlsed. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

- Is separable, i.e. Is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.5 INTANGIBLE ASSETS (CONTINUED)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depredation method	Average useful life
Computer software, other	Straight line	3 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognlsed (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 FINANCIAL INSTRUMENTS

A financial instrument ls any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectiblllty.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognltion is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a speclffed interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specmc to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective Interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledseable willing parties in an arm's length transaction.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity .

Interest rate risk ls the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar.financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unltlsed capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and

  financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan ls in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument ts not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there ts a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value ts recognised in surplus or deficit.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibilty of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

residual interests are accounted for as a deduction from net assets. Income tax [where applicable) relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognltlon, the entity does not offset the transferred asset and the associated liability.

1.7 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability

1.8 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.8 INVENTORIES (CONTINUED)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or dist ribution .

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific ldentlffcatlon of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. if there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 IMPAIRMENT OF CASH GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depredation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest fdentlffable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.9 IMPAIRMENT OF CASH GENERATING ASSETS (CONTINUED)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value Less costs to sell Is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows in measuring value in use the entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.9 IMPAIRMENT OF CASH GENERATING ASSETS (CONTINUED)

- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Foreign currency future cash flows

Future cash flows are estimated in the currency in which they will be generated and then discounted using a discount rate appropriate for that currency. The entity translates the present value using the spot exchange rate at the date of the value in use calculation.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.9 IMPAIRMENT OF CASH GENERATING ASSETS (CONTINUED)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.
When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future prlce(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change Is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.9 IMPAIRMENT OF CASH GENERATING ASSETS (CONTINUED)

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.9 IMPAIRMENT OF CASH GENERATING ASSETS (CONTINUED)

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redeslgnatlon of assets from a cash-gene rating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the .. al retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.10 EMPLOYEE BENEFITS (CONTINUED)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undlscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.10 EMPLOYEE BENEFITS (CONTINUED)

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions If the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liablllty (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.10 EMPLOYEE BENEFITS (CONTINUED)

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.10 EMPLOYEE BENEFITS (CONTINUED)

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.10 EMPLOYEE BENEFITS (CONTINUED)

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement .

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.10 EMPLOYEE BENEFITS (CONTINUED)

- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is materfal, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre·tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provisfon is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.11 PROVISIONS AND CONTINGENCIES (CONTINUED)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the activity/operating unit or part of a activity/operating unit concerned;
- the principal locations affected; the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabllities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss It incurs because a specified debtor falls to make payment when due in accordance with the original or modified terms of a debt instrument.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.11 PROVISIONS AND CONTINGENCIES (CONTINUED)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financfal guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financlal guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisffed:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.13 REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED)

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entitles, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Taxes are economic benefits or service potential compulsorily paid or payable to entitles, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non· exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.15 TURNOVER

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.16 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective Interet method.

1.17 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.17 TRANSLATION OF FOREIGN CURRENCIES (CONTINUED)

- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchanse component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.18 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including;

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/ or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action ts also required with the exception of updating the note to the financial statements.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.20 IRREGULAR EXPENDITURE (CONTINUED)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only ff they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.21 SEGMENT INFORMATION (CONTINUED)

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.22 RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research is recognised as an expense when it is incurred. An asset arising from development is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.23 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which Is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/04/01 to 2017/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.24 RELATED PARTIES

The entity operates in an economic sector currently dominated by entitles directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 ROUNDING OFF

All figures in the financial statements were rounded off to the nearest thousand and are indicated by R'OOO.

1.27 USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.29 BAD DEBT

It is the policy of the Authority to handle each potential bad debt case or impairment allowance on merit. A provision is made for all debtors which are likely not going to be paid over to SAMSA. Where there is objective evidence and indications to the impairment of a debt, such debts are written off.

1.30 TAX

The Authority is exempt from income tax in terms of section 10(1)(CA)(i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

The Authority is registered as an employer in terms of the PAYE provisions of the Income Tax Act. As from 01 April 2005 the Authority has been de-registered from VAT.

1.31 PREPAYMENTS

Prepayments are payments made in advance for products and services that have not been delivered for which SAMSA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

1.32 CONDITIONAL GRANTS

The Authority recognises the asset (cash) upon receipt of the grant and will recognise a corresponding liability to the extent that the Authority has not yet met the conditions attached to the grant. When conditions of the grant have been met, the applicable amounts will be recognised in the statement of financial performance. immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017			2016		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
2. PROPERTY, PLANT AND EQUIPMENT						
Land	2 100	-	2 100	2 100	-	2 100
Buildings	3 945	(821)	3 124	3 945	(605)	3 340
Leasehold property	8 116	(3 060)	5 056	8 116	(2 163)	5 953
Furniture and fixtures	13 277	(6 512)	6 765	13 032	(5 330)	7 702
Motor vehicles	2 814	(2 323)	491	2 658	(2 281)	377
Office equipment	3 866	(2 725)	1 141	3 582	(2 384)	1 198
IT equipment	20 872	(15 320)	5 552	16 439	(13 656)	2 783
Computer software	7 868	(7 852)	16	7 869	(7 826)	43
SA Agulhas - Ship	30 342	(24 437)	5 905	30 342	(23 235)	7 107
Total	**93 200**	**(63 050)**	**30 150**	**88 083**	**(57 480)**	**30 603**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2017

	Opening balance R '000	Additions R'000	Disposals R '000	Depreciation R '000	Total R '000
Land	2 100	-	-	-	2 100
Buildings	3 340	-	-	(216)	3 124
Leasehold property	5 953	-	-	(897)	5 056
Furniture and fixtures	7 702	309	(14)	(1 233)	6 765
Motor vehicles	377	315	(7)	(194)	491
Office equipment	1 198	426	(23)	(460)	1 141
IT equipment	2 783	4 818	(20)	(2 029)	5 552
Computer software	43	-	-	(27)	16
Specialised Vehicle	7 107	-	-	(1 202)	5 905
	30 603	**5 868**	**(64)**	**(6 258)**	**30 150**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2016

	Opening balance R '000	Additions R'000	Disposals R '000	Revaluations R '000	Depreciation/ Amortisation R '000	Total R '000
Land	2 100	-	-	-	-	2 100
Buildings	1 845	-	-	1 711	(216)	3 340
Leasehold property	6 858	-	-	-	(905)	5 953
Furniture and fixtures	7 376	1 530	(1)	-	(1 203)	7 702
Motor vehicles	908	-	-	-	(531)	377
Office equipment	1 194	450	-	-	(446)	1 198
IT equipment	3 305	1 925	(34)	-	(2 413)	2 783
Computer software	712	-	-	-	(669)	43
Specialised Vehicle	13 189	-	-	-	(6 082)	7 107
	37 487	**3 905**	**(35)**	**1 711**	**(12 465)**	**30 603**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017			2016		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
3. INTANGIBLE ASSETS						
Computer software, other	15 171	(11 644)	3 527	12 912	(10 313)	2 599

	Opening balance R '000	Additions R'000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2017				
Computer software, other	2 599	2 259	(1 331)	3 527

	Opening balance R '000	Additions R'000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2015				
Computer software, other	3 127	2 990	(3 518)	2 599

4. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plan

Post retirement medical aid plan

The Authority operates a defined benefit plan for qualifying employees. The most recent actuarial valuation of assets and the present value of the defined benefit obligation were carried out in March 2017 by an Alexander Forbes actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Changes in the present value of the defined benefit obligation are as follows:

	2017 R '000	2016 R '000
Opening balance	20 025	19 274
Current service cost	323	302
Interest cost	1 979	1 529
Actual (gain)/loss	242	(330)
Expected Employer Payments/(Benefit)	(812)	(750)
	21 757	20 025

Net expense recognised in the statement of financial performance
Calculation of actuarial gains and losses
Key assumptions used

	2017 R '000	2016 R '000
Assumptions used at the reporting date:		
Average retirement age for males - years	60,00	60,00
Discount rates used	9,60 %	10,00 %
Consumer Price Index Inflation	7,10 %	8,00 %
Medical cost trend rates	9,00 %	10,00 %
Expected increase in salaries	8,60 %	9,00 %
Continuation of membership at retirement - number of employees	11,00	9,00
In service members	13,00	15,00

Other Assumptions

Amounts for the current and previous 4 years are as follows:

	31 March 2017 R '000	31 March 2016 R '000	31 March 2015 R '000	31 March 2014 R '000	31 March 2013 R '000
Present value of obligation	21 757	20 025	19 274	16 104	18 301
Present obligations in excess of plan assets	21 757	20 025	19 274	16 104	18 301
In respect of present value of obligations	(546)	(339)	(664)	2 169	(665)

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Defined contribution plan

It Is the policy of the entity to provide retirement benefits to all Its employees. Defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The entity is under no obligation to cover any unfunded benefits.

Health Care Cost Inflation

	Central Assumption	**-1%**	**+1%**
	9.10%		
Accrued liability 31 March 2017 (R'm)	21.757	18.925	25.288
% change	-	-13.0%	+16.2%
Current Service Cost + Interest cost (R'm)	2.368	2.029	2.797
% change		-14.3%	+18.1%
Sensitivity Results from	**Central Assumption**	**-1%**	**+1**
Previous Valuation	9.7%	-	-
Current Service Cost + Interest			
Cost 2016/17 (R' million)	2.302	1.968	2.727
% change	-	·14.5%	+18.5%
	Central Assumption	**+5%**	**+10%**
	9.10%	for 5yrs	for 5yrs
Accrued Liability 31 March 2017 (R' m)	21.757	26.593	32.314
% change	-	+22.2%	+48.5%
	Discount Rate		
	Central Assumption	**-1%**	**+1%**
	9.60%	-	-
Accrued Liability 31 March 2017 (R' m)	21.757	25. 352	18.925
% change	-	+16.5%	-13.0%
	Expected Retirement Age		
	Central Assumption	**1 year younger**	**1 year older**
	60 years		
Accrued Liability 31 March 2017 (R' m)	21.757	21.812	21.326
% change	-	+0.3%	-2.0%

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. PREPAYMENTS

The amount represents goods and services which were paid for In advance and were delivered or provided for after year-end respectively. In each and every instance, there was a requirement for payment to be made In advance and thus in compliance of Treasury Regulations.

The prepayments were for products and services which had been paid for but not yet delivered or provided respectively, and for Insurance for the assets and resources of the organisation.

	2017 R '000	2016 R '000
Prepayments	1 582	603

6. CHANGE IN ACCOUNTING ESTIMATES

The useful life on the training vessel (SA Agulhas) was estimated in 2012 to be 5 years. At the beginning of this current period management has revised this estimate from 5 years to 10 years. The Authority has reassessed the useful lives and residual values of property, plant, equipment and intangible assets which resulted in the training vessel's (SA Agulhas) remaining useful life to change from 5 to 10 years. The effect of the change in accounting estimate has resulted in a decrease in depreciation amounting to R 4,357 million in the current period. The effect on future periods is projected to increase to R 5,905 million.

The effect on the current and prior period is shown below:

	2017 R '000	2016 R '000
Statement of Financial Position		
SA Agulhas - Cost	4 357	-
Statement of Financial Performance		
SA Agulhas - Depreciation	(4 357)	-
	-	-

7. INVENTORIES

	2017 R '000	2016 R '000
Finished goods	438	209

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8. TRADE AND OTHER RECEIVABLES

	2017 R '000	2016 R '000
Trade debtors	8 886	5 821
Deposits	2 289	2 244
Maritime Fund Receivables	49	7
Other debtors	567	104
Provision for doubtful debts	(5 069)	(280)
Staff travel advances	52	124
Discounting of receivables	(342)	(301)
	6 432	**7 719**

Trade and other receivables provisions

The amount of the provision was R 5 069 000 as of 31 March 2017 (2016: R 280 000). An amount of R0.76 million is over 120 days on the age analysis but was not included on the provision for bad debts figure due to the high certainty of the debts being settled to the Authority.

	2017 R '000	2016 R '000
Movement in Provision for bad debts		
Opening balance	280	3 900
Additions/(write offs)	4 789	(3 620)
	5 069	**280**

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2017 R '000	2016 R '000
SAMSA Levies	28 342	28 934

Prior year figures have been updated to reflect the separation of receivables from non-exchange transactions from those related to exchange transactions.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2017 R '000	2016 R '000
Cash on hand	91	89
Bank balances	43 499	8 166
	43 590	8 255

Bank balances and cash comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest risk. The carrying amount of these assets approximates their fair value.

As required in Section 7(3) of the Public Finance Management Act and Treasury Regulation 31.2.1, the National Treasury has approved the local bank where the bank accounts are held.

Of the R43.6 million cash and bank balances, R3.2 million was being held on behalf of the Office of the Premier: Eastern Cape for maritime skills projects being implemented. The amount has been recognised as a liability. The bank balance also includes R8.1 million held in the Maritime Fund bank accounts.

11. REVALUATION RESERVE

	2017 R '000	2016 R '000
Opening balance	1 711	1 711
Revaluation surplus relating to property, plant and equipment		
Revaluation surplus beginning of period	1 711	-
Movements In the reserve for the year	-	1 711
	1 711	1 711

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

	2017 R '000	2016 R '000
Unspent conditional grants and receipts		
Grant	3 244	1 322
Movement during the year		
Balance at the beginning of the year	1 322	4 334
Additions during the year	3 244	
Income recognition during the year	(1 322)	(3012)
	3 244	1 322

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. PROVISIONS

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Reversed during the year R '000	Total R '000
Onerous contract	2 792	-	(1 565)	(1 227)	-
Leave pay provision	8 077	2 447	(1 291)	-	9 233
Provision for bonuses	26 260	-	(6 623)	(4 133)	15 504
	37 129	**2 447**	**(9 479)**	**(5 360)**	**24 737**

Reconciliation of provisions - 2016

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Onerous contract	4 317	-	(1 525)	2 792
Leave pay provision	7 995	1 101	(1 019)	8 077
Provision for bonuses	23 533	7 641	(4 914)	26 260
	35 845	**8 742**	**(7 458)**	**37 129**

Non-current liabilities	-	2 792
Current liabilities	24 737	34 337
	24 737	**37 129**

Leave pay, service bonus and onerous contract

The leave pay provision and service bonus provisions are based on the liability for the current leave cycle not utilised and bonuses payable respectively. The onerous contract provision ts based on the signed lease agreement and the commitment was cleared during the course of the year.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14. PAYABLES FROM EXCHANGE TRANSACTIONS

	2017 R '000	2016 R '000
Trade payables	19 524	45 706
Lease liability	11 093	9 355
Accruals	28 979	24 419
Purchase order accruals	18	24
Other payables	5 357	6 460
Creditors discounting	(224)	(428)
Travel credit card	1 639	4 479
	66 386	**90 015**

15. TRADE AND OTHER PAYABLES (NON-EXCHANGE)

	2017 R '000	2016 R '000
Fines and penalties	6 804	2 006

Prior year figures have been updated to reflect the separation of payables from non-exchange transactions from those related to exchange transactions.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16. REVENUE

	2017 R '000	2016 R '000
Revenue received	394 015	318 482
The amount included in revenue arising from exchanges of goods or services are as follows:		
Direct user charges	64 394	38 235
Government Service Fees	7 584	7 205
SA Agulhas Charter Fees	16 636	-
	88 614	45 440
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
SAMSA Levies	298 087	250 797
Contributions	6 294	19 758
Fines & Penalties	1 020	2 487
	305 401	273 042

Invoices on which no charges were levied

In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges (revenue of the Authority) amounting to R232 517 (2015/16: R121 000) to deserving organisations.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17. OTHER INCOME

	2017 R '000	2016 R '000
Discount received	220	-
Debt Impairment recovered	-	3 620
Foreign exchange gain	874	-
Profit on disposal of assets	27	3
Insurance proceeds - SA Agulhas	-	5 689
	1 121	9 312

18. INVESTMENT INCOME

	2017 R '000	2016 R '000
Interest revenue		
Bank	688	401

The amount included in investment income arising from exchange transactions amounted to R 399 000.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19. EMPLOYEE RELATED COSTS

	2017 R '000	2016 R '000
Basic	143 724	122 920
Bonus	(4 133)	7 640
Medical aid - company contributions	1 930	1 630
UIF	485	445
WCA	986	-
SDL	1 583	1 418
Leave pay provision charge	2 396	1 101
Defined contribution plans	19 287	17 043
Long-service awards	62	112
13th Cheques	11 789	10 237
Car allowance	751	1 045
Housing benefits and allowances	179	179
Funeral policies	47	43
	179 086	**163 813**

20. FINANCE COSTS

	2017 R '000	2016 R '000
Trade and other payables	1 194	3 268

21. DEBT IMPAIRMENT

	2017 R '000	2016 R '000
Bad debts written off	-	1 243

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22. FAIR VALUE ADJUSTMENTS

	2017 R '000	2016 R '000
Fair value - creditors	(204)	(33)
Fair value - debtors	(41)	(25)
	(245)	(58)

The fair valuation adjustment on debtors increased by R41 000 from R301 000 to R342 000.
The fair valuation adjustment on creditors decreased by R204 000 from R428 000 to R224 000.

23. EXTERNAL AUDITORS' REMUNERATION

	2017 R '000	2016 R '000
Fees	4 352	3 787

24. OPERATING LEASE

Office Buildings

Port Nolloth

The lease agreement with the SA Post Office expired on the 31st of March 2017.

Pretoria

The Authority entered Into a lease agreement with All Top Properties. The initial lease period Is for 9 years and 11 months which commenced on the 1 September 2013 and the Termination date is 31 June 2023 with the escalation of 7.5% per annum.
The lease agreement with Encha Properties was terminated during the financial year.

Saldanha

The Authority entered Into a lease agreement with National Port Authority for its offices in Saldana bay, the Initial lease Is for 5 years which commenced on the 1st October 2014 and the Termination date Is 30th September 2019. The escalation percentage Is 9%.

Durban

The lease agreement with JHI expired on 30 September 2016 (Old Mutual ceded the lease agreement with SAMSA to JHI during the course of the financial year). A month to month lease arrangement Is In place while new lease agreements are being finalised.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24. OPERATING LEASE (CONTINUED)

Richards Bay

The lease agreement with Tuzi Gazi Waterfront (Pty) Ltd expired on 31 January 2017 and the Authority is currently on a month to month arrangement while new lease agreements are being negotiated.

Mossel Bay

The lease agreement with Plaza Aquada expired on 31 January 2017 and the Authority is currently on a month to month arrangement which new lease agreements are being negotiated.

Port Elizabeth

The Authority entered Into a lease agreement with Rikett Sales for Port Elizabeth port office, the Initial lease period is for 5 years which commenced on the 1 May 2013. The termination date is 30 April 2018 with the escalation of 10% per annum with a renewal period of 1 year on the same terms and conditions.

Port Elizabeth - Regional

The Authority entered Into a lease agreement with Rickett Sales SA (PTY) LTD for premises comprising of the First and Second Floor units at 1 A Humewood Road, Humerall, Bay Suites, Port Elizabeth. The initial lease period Is 5 years which commenced on 1 July 2013 and the termination date is 30 June 2018. Three months' notice Is required prior to termination of the lease agreement. The escalation percentage In the lease agreement is 10%.

Ngqura

The Authority entered Into a lease agreement with Transnet National Port Authority for the Port of Ngqura office. The Initial period was for 5 years which commenced 1 December 2015 and the termination date Is 30 November 2020 with an escalation rate of 9% per annum renewable for 1 year on the same terms and conditions.

Cape Town

The lease agree with with JHI Properties and Bands Property for the 18th and 19th Floor Cape Town offices has expired and the Authority is currently negotiating for their renewal.

East London

The Authority owns the building which houses the SAMSA offices In East London. MRCC Cape Town.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24. OPERATING LEASE (CONTINUED)

MRCC Cape Town

The Authority entered into a lease agreement with Tyger Hills Office Park. The initial lease period is 3 years which commenced on 1 February 2015 and the termination date is 31 January 2018 with an escalation of 8% per annum.

	2017 R '000	2016 R '000
Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2016 are as follows:		
Up to 1 year	17 191	18 659
2 to 5 years	83 021	82 527
5 to 10 years	6 425	25 140
	106 637	126 326

Office Equipment

The Authority has commercial leases on certain office equipment. These leases have an average of between 2 and 5 years with no renewal option included in the contracts. There are no renewal restrictions placed upon the lessee by entering into these leases.

	2017 R '000	2016 R '000
Future minimum lease rentals payable under non-cancellable operating leases on equipment as at 31 March 2016 are as follows:		
Up to 1 year	336	94
2 - 5 years	502	69
	838	163

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

25. OPERATING SURPLUS (DEFICIT)

	2017 R '000	2016 R '000
Operating surplus (deficit) for the year Is stated after accounting for the following:		
Operating lease charges		
Premises	-	-
- Contractual amounts	34 433	32 191
Equipment	-	-
- Contractual amounts	928	1 102
Lease rentals on operating lease - Other	-	-
Awareness Programmes & Advertising	1 302	5 646
Auditors Remuneration	4 352	3 787
Computer Expenses	5 404	4 608
Consulting Fees	5 285	7 937
Conferencing & Seminars	1 525	3 592
Telephone & Fax	7 143	6 446
Training	3 268	3 253
Travel - overseas	2 522	5 234
Travel - local	14 036	18 489
Internal audit fees	1 088	870
Depreciation	7 589	15 984
Employee costs	179 086	163 813
Research & Development	-	298
Printing & Stationery	4 181	3 823
Repairs & maintenance	1 313	878
Partnership programmes	3 554	6 355
Projects	1 796	2 324
Commission paid on SAMSA Levies	8 495	7 148
Marine Interventions	94	153
Surveyor/mileage costs	1 797	2 472

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Insurance	1 716	1 448
Donations	329	484
Implementation costs	605	10 949
SA Agulhas expenses	19 681	25 585
Scholarship Programmes	1 703	1 781
Inventory	-	78
Maritime Fund Expenditure	-	8 000
Other expenditure	18 453	14 461
	331 678	**359 189**

26. CASH GENERATED FROM OPERATIONS

	2017 R '000	2016 R '000
Surplus (deficit)	62 702	(34 325)
Adjustments for:		
Depreciation and amortisation	7 589	15 984
(Gain) loss on foreign exchange	(874)	1 640
Debt Impairment	-	1 243
Movements in retirement benefft assets and liabilities	1 732	751
Movements in provisions	(12 392)	2 809
Other non-cash Items	3	13
Assets disposed	(27)	(3)
Fair value adjustments	-	58
Changes in working capital:		
Inventories	(229)	(33)
Trade and other receivables	1 880	(4 717)
Provisions for bad debts	-	(3 620)
Prepayments	(979)	208
Payables from exchange transactions	(21 568)	24 763
Unspent conditional grants and receipts	1 922	(3 012)
Prior period error	3 612	4 868
	43 371	**6 627**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

27. MARITIME FUND PRIOR YEAR ADJUSTMENT

This amount reflects an adjustment resulting from the incorporation the Maritime Fund Bank accounts opening balances into the Authority's annual financial statements.

28. FINANCIAL INSTRUMENTS

In the course of the Authority's business operations, it is exposed to interest rates. The risk management process relating to each of these risks Is discussed under the headings below:

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk), credit, foreign exchange and liquidity risk.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared to give an Indication of periods during which liquidity problems are expected.

Interest rate risk

The Authority's exposure to Interest rate risk and the effective rates on financial Instruments at statement of financial position date are as follows:

Categories of financial instruments **(see next page)**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Categories of financial instruments

	Amount R '000	Total R '000
Year ended 31 March 2017		
Assets		
Cash and cash equivalents	43 590	43 590
Trade & other receivables	34 774	34 774
	78 364	78 364
Trade and other payables	(73 196)	(73 196)
	5 168	**5 168**

	Amount R '000	Total R '000
Year ended 31 March 2016		
Assets		
Cash and cash equivalents	8 255	8 255
Trade & other receivables	36 653	36 653
	44 908	44 908
Trade and other payables	(92 021)	(92 021)
	(47 113)	**(47 113)**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade receivable comprise a large individual customer and numerous small customers. Management evaluated credit risk relating to customers on an ongoing basis. Assessment of the credit quality of the customer, taking Into account its financial position, past experience and other factors are used to asses credit risk of trade receivables. The utilization of credit limits Is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end were as follows:

Trade and other receivables - 2016/17 - R34.7 million (2015/16 - R36.7 million)

Trade debtors - age analysis	2016 R '000	2015 R '000
Current	26 400	27 982
31 - 60 days	4 221	6 069
61 - 90 days	517	279
91 - 120 days	261	58
Over 120 days	5 829	367
	37 228	**34 755**

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

Fair values

The Authority's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount In excess of its fair value and fair values could be reliably measured for all financial assets.The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximate fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables

The carrying amount of trade receivables, net of provision for bad debt, approximates fair value due to the relatively short term maturity of this financial asset.

Trade payables

The carrying amount of trade payables approximate fair value due to the relatively short term maturity of this financial liabllity.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Financial instruments in Statement of financial performance

	1 Year or less	Total
2017		
Cash and cash equivalents	35 526	35 526
Trade and other receivables	34 725	34 725
Trade and other payables	(66 386)	(66 386)
	3 865	**3 865**
2016		
Cash and cash equivalents	6 255	6 255
Trade and other receivables	36 646	36 646
Trade and other payables	(90 014)	(90 014)
	(47 113)	**(47 113)**

29. COMMITMENTS

At the end of the financial year, the Authority had current commitments of R6.3 million (2015/16: 16.4 million) for which contracts had been signed for. The Authority will be able to honour these financial commitments.

30. CONTINGENCIES

All necessary steps are taken to manage risks inherent in contracting with third parties and other stakeholders. An assessment was carried out at financial year end to determine the probability of a dispute that could lead to financial loss to SAMSA. No such disputes were identified during the assessment.

31. RELATED PARTIES

During the year, the Authority continued to provide maritime and rescue coordination and other services on behalf of the Department of Transport as agreed in the memorandum of understanding signed between the agency and the department respectively. Fees for those services received from the department amounted to R7.5 million in the current financial year (2015/16: R7.2 million).

The Authority also has an agreement with the National Ports Authority (NPA) for the collection of SAMSA levies. NPA charges a commission of 2.5% for the collection of the levies and the revenue collected during this period was R298.1 million (2015/16: R250.8 million). Commission charged on the transactions amounted to R8.5 million (2015/16: R7.1 million).

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The transactions handled on behalf of the Department of Transport which relates to our administration of the Maritime Fund and the financial statements are disclosed as part of this annual report. Emoluments and other payments made to executives and board members are shown on a separate disclosure below.

The Authority received R3.4 million (2015/16: R0) from the Office of the Premier: Easterm Cape for the placement of Eastern Cape youth on the maritime development programme.

Funding for maritime skills development amounting of R2.9 million (2015/16: R5.0 million) were also received from the Transport and Education Training Authority (TETA)during the financial year.

The related party balances are disclosed as follows:

	2017 R '000	2016 R '000
Related party balances		
Owing (to) by related parties		
National Skills Fund (NSF)	-	(1 321)
Transnet National Ports Authority (TNPA)	28 342	28 934
Department of Transport (DOT)	(22 168)	(22 168)
Office of the Premier: Eastern Cape	(3 244)	-

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

32. MEMBER'S EMOLUMENTS

Executive Remuneration

2017	Basic Salary R '000	Bonus R '000	Pension R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Cash in lieu (leave) R '000	Long service award R '000	Total R '000
Captain G Louw - Regional Manager (West)	975	65	186	75	15	93	-	3	1 412
Captain K Otto - Executive Head (Centre for Sea Watch)	1 460	-	279	-	-	145	-	-	1 884
Captain S Ali - Regional Manager (Eastern Region)	1 079	-	194	-	41	106	-	-	1 420
S Tilayi - Acting Chief Executive Officer	1 653	-	307	314	-	164	-	-	2 438
B A Ramahlo - Executive Head (Office of the CEO)	1460	-	279	-	14	145	-	-	1 898
I Calvert - Executive Manager (Maritime Special Projects)	1 073	-	205	-	-	107	-	-	1 385
C R Makhado - Executive Head (Industry Development)	1 715	-	212	-	44	161	-	-	2 132
M V Raphadu - Company Secretary	1 154	-	221	-	13	98	-	1	1 487
M Mosegomi - Chief Information Officer	1 291	-	247	-	-	128	-	1	1 667
L Mashishi - Chief Human Capital Officer	1 204	-	232	-	3	99	-	-	1 538
R Setino - Chief Procurement Officer	1 414	-	272	-	-	141	-	-	1 827
P D Myeni - Chief Financial Officer	514	-	99	-	-	-	-	-	613
B Stofile - Regional Manager (Southern Region)	993	-	-	190	138	99	-	-	1 420
Captain N Campbell - Executive Head (Centre for Ships)	1 451	-	278	-	8	145	-	-	1 882
B Bobison-Opoku - General Counsel	692	-	133	-	2	77	103	-	1 007
Commander T Mokhele - Chief Executive Officer	673	-	127	-	-	-	493	-	1 293
A Mngadi - Executive Head (Corporate Affairs)	133	-	43	-	8	-	107	-	291
S Nkosi - Executive Head (Policy & Regulation)	915	-	-	-	-	71	-	-	986
T Hungwe - Acting Chief Financial Officer	728	-	-	-	-	96	-	-	824
M Dziruni - Acting Executive Manager (Centre for Strategy)	358	-	-	65	-	-	-	-	423
	20 935	**65**	**3 314**	**644**	**286**	**1 875**	**703**	**5**	**27 827**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Executive Remuneration

2016	Basic Salary R '000	Bonus R '000	Pension R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Cash in lieu (leave) R '000	Total R '000
Commander Tsietsi Mokhele - Chief Executive Officer	2 854	-	493	-	22	267	-	3 636
Sobantu Tilayi - Chief Operations Officer	1 559	81	273	-	-	149	82	2 144
Pule Mashiloane - Acting Chief Human Capital Manager	902	47	164	-	-	87	-	1 200
Ayanda Mngadi - Executive Head (Corporate Affairs)	1 367	72	249	-	22	131	-	1 841
Boetse Ramahlo - Executive Head (Office of the CEO)	1 367	72	249	-	16	131	-	1 835
Karl Otto - Executive Head (Centre for Sea Watch)	1 367	72	249	-	-	131	-	1 819
Tudor Hungwe - Acting Chief Financial Officer	1 156	51	-	-	3	94	-	1 304
Francis Chilalika - Executive Manager (Inland Region)	1 017	53	176	-	2	97	-	1 345
Collins Makhado - Executive Head (Maritime Industry Development)	1 800	60	-	-	28	110	-	1 998
Moyahabo Raphadu - Company Secretary	924	49	168	-	6	89	-	1 236
Mosala Mosegomi - Chief Information Officer	1 209	64	220	-	-	116	-	1 609
Sindiswa Nhlumayo - Executive Head (Centre for Excellence)	1 146	70	222	-	-	128	182	1 748
Nigel Campbell - Executive Head (Centre for Ships)	1 368	72	248	-	14	131	-	1 833
Saroor Ali - Executive Manager (Eastern Region)	1 021	53	172	-	50	97	-	1 393
Benard Bobison-Opoku - EXCO Secretary & General Counsel	786	41	143	-	5	76	-	1 051
Daniel Vuma - Acting Chief Procurement Officer	659	35	119	67	3	63	-	946
Lesego Mashishi - Chief Human Capital Officer	724	-	131	-	-	-	-	855
Rebecca Setino - Chief Procurement Officer	663	-	125	-	-	-	-	788
Samuel Nkosi - Executive Head (Centre for Policy and Regulation)	1 458	65	-	-	-	119	-	1 642
Mururor Dziruni - Acting Executive Manager (Centre for Strategy)	845	-	-	117	4	69	-	1 035
	24 192	**957**	**3 401**	**184**	**175**	**2 085**	**264**	**31 258**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Non-executive remuneration

2017	Member's fees R '000	Committees fees R '000	Travel allowance R '000	Total R '000
F A Jacobs - Board member	160	147	2	309
Dr MH Hendricks - Board member	160	89	-	249
N M Cele - Board member	160	64	-	224
S P Simelane - AC Member	-	31	-	31
A Chowan - AC Member	-	74	-	74
B A Williams - MIC member	-	68	-	68
NDB Mgoduka - MIC member	-	77	-	77
M R Burton - Board member	160	105	-	265
A S Molemane - Board member	160	158	-	318
M Msimang - Board Chairperson	213	28	-	241
H V Devraj - REMCO member	-	50	-	50
R N Nobaxa - REMCO member	-	36	-	36
	1 013	**927**	**2**	**1 942**

2016	Member's fees R '000	Committees fees R '000	Total R '000
M Msimang - Chairperson	151	79	230
M Burton - Board Member	113	62	175
A S Molemane - Board Member	113	71	184
F Jacobs - Board Member	160	99	259
N Cele - Board Member	148	61	209
H V Devraj - REMCO Member	-	17	17
R N Nobaxa - REMCO Member	-	12	12
S P Simelane - AC Member	-	4	4
Dr M Hendricks - Board Member	148	71	219
A Chowan - AC Member	-	18	18
B A Williams - MIC Member	-	8	8
N D B Mgoduka - MIC Member	-	8	8
	833	**510**	**1 343**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

33. PRIOR PERIOD ERRORS

An amount of R419 000 was incorrectly recognised as a debtor from DAFF in the previous financial year. The error was made during the process which was undertaken for the separation of DAFF financial records from the SAMSA books of account. Duplication of invoices amount to R3.6 million relating to the Exactearth account for the provision of automatic identification of ships (AIS) were also discovered during the financial year.

The Maritime Fund annual financial statements was previously disclosed separately in the Authority's annual report. It has now been incorporated into the Authority's annual financial statements.

The correction of the error(s) results in adjustments as follows:

	2016 R '000	2016 R '000
Statement of financial position		
Trade & other receivables	-	(419)
Trade and other payables	-	3 612
Cash and cash equivalents	-	2 000
Opening Accumulated Surplus or Deficit	-	419
Opening Accumulated surplus or deficit	-	(3 612)
Other receivables	-	8
Accumulated Surplus or Deficit	-	(2)
Other Payables	-	(2 006)
Statement of financial performance		
Revenue	-	(2 487)
Interest received	-	(282)
Bank charges	-	5
Maritime Fund Expenditure	-	8 000

34. GOING CONCERN

SAMSA reported a surplus after more than five years of reporting a deficit. The statement of financial position is beginning to show signs of strength as evident by the improvement in net liabilities position of R8.9 million (2016: R71.5 million) and strong cash reserves of R43.6 million (2016: R8.3 million). A quorate and stable board was in place for over 18 months. In the past SAMSA was struggling to maintain stability at Board level and this had the effect of stifling the organisation's ability to function properly as certain major decisions could not be made.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Tariffs, which form the basis upon which levies and by extension revenue, were adjusted in June 2016 after five years without any tariff adjustments. Cash reserves are showing signs of significant improvement year on year due to focus being made on monitoring cash flow. A review of the SAMSA funding model, with the main focus on financial sustainability by ensuring that the entity leverages on its revenue streams and cost drivers, was approved by the Department of Transport with the concurrence from the Minister of Finance.

In February 2017, SAMSA was informed that the Department of Transport (DoT) has given an in principle approval to writing off an amount of R22.2 million which had been recognised by SAMSA as a creditor in its books since the 2012 financial year. The write off was only effected in May 2017 following official communication being received from the DoT. Had the R22.2 million approval been received prior to 31 March 2017, SAMSA would have reported a net asset position of R16.8 million.

Austerity or cost containment measures implemented during the 2015 financial year are bearing fruits as evident by 7.5% (R332 million vs R359 million) reduction in expenditure between the 2016 and 2017 financial years. Austerity measures are now becoming "business as usual" as the organisation is adapting to these measures.

35. EVENTS AFTER THE REPORTING DATE

The Department of Transport (DoT) approved the writing off of R22.2 million owed by the Authority and the amount was was written off the books in May 2017. The Minister of Transport, in concurrence with the Minister of Finance, approved the tariff adjustments for 2017/18 financial year.

36. FRUITLESS AND WASTEFUL EXPENDITURE

	2017 R '000	2016 R '000
Opening balance	8 353	2 666
Current year	1 565	5 687
Amount condoned	-	-
	9 918	8 353

The fruitless expenditure incurred of R1.6 million was a result of a lease agreement sign by the entity for the lease of Pretoria building for office space in 2013. After the lease agreement was signed, a bigger building which could house all staff members in Pretoria was secured and all staff members who were working in different buildings were moved to one building. The lease agreement has now been terminated and no additional expenditures will be incurred.

	2017 R '000	2016 R '000
Analysis of expenditure awaiting condonation per age classiflcation		
Current year	1 565	5 687
Prior years	8 353	2 666
	9 918	8 353

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Details of fruitlesss expenditure not yet condoned		
Onerous contract - lease of building	5 861	4 296
Payments made after expiry of intern contracts	43	43
Interest charges on overdue accounts	3 268	3 268
Credit card spend	375	375
Legal fees on overdue creditor	154	154
HR Executive appointments	217	217
	9 918	**8 353**

37. IRREGULAR EXPENDITURE

	2017 R '000	2016 R '000
Opening balance	214 692	133 355
Add: Irregular Expenditure - current year	23 391	81 337
	238 083	**214 692**

A total of R23.4 million was incurred during the financial year for the following reasons: R2.4 million (no competitive bidding, R0.072 million (no tax clearance certificates) R1.4 million (three quotations not obtained), R3 million (contracts extended above required thresholds), R8 million (deviations not in compliance with Treasury Regulations), R0.859 million (Executive salary increases implemented without board approval) R0.249 million (incomplete deviations register), R7.4 million (other irregular expenditure in the current financial year.

	2017 R '000	2016 R '000
Analysis of expenditure awaiting condonation per age classification		
Current year	23 391	77 137
Prior years	214 692	133 355
Prior year adjustment	-	4 200
	238 083	**214 692**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017 R '000	2016 R '000
Details of irregular expenditure not yet condoned		
Contracts management	118 460	115 504
Transactions above delegations	1 077	1 077
Unsolicited bid processes	15 374	15 374
Tender processes	8 614	6 214
Supply Chain Management Processes	23 955	22 452
Payment of 13th cheque	19 216	19 216
Payment of bonuses and salaries	6 186	5 327
Unapproved travel	115	115
Budget overspend	25 213	25 213
Non-compliance with Treasury Regulations	8 273	-
Other irregular expenditure	11 600	4 200
	238 083	**214 692**

38. IN-KIND DONATIONS AND ASSISTANCE

	2017 R '000	2016 R '000
Donations & corporate social responsibility	329	484

SAMSA's corporate social investment investments dropped from R0.484 million to R0.329 million mainly due to the financial challenges being experienced by the organisation.

In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges to deserving organisations as disclosed in note 2.

39. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

	2017 R '000	2016 R '000
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus (deficit) per the statement of financial performance	62 702	(34 325)

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Adjusted for:		
Fair value adjustments	245	58
Increases / decreases in provisions	(7 634)	(1 284)
Under/overspending of expenditure	(58 442)	49 322
Under/over recovery of income	1 397	(14 522)
Acturial gains and losses	1 732	751
Net surplus per approved budget	-	-

40. NEW STANDARD AND INTERPRETATIONS

At the date of authorisation of these financial statements, there are GRAP standards and interpretations which were gazetted by the Minister of Finance but were not effective for the financial year under review. These standards are as follows:

GRAP 20 - Related Party Disclosures

This standard establishes the principles on related party disclosure. The impact on the financial results Is considered to be minimal.

Issued by the ASB In June 2011 and no effective date has been determined by the Minister of Finance.

GRAP 32 - Service Concession Arransements: Granters

The objective of this standard Is to establish accounting principles for the service concession arrangements. This financial results and disclosure are not likely to be affected when the statement Is affected.

Issued by the ASB in August 2013 and no effective date has been determined by the Minister of Finance.

GRAP 34 - Separate Financial Statements

The objective of this Standard Is to prescribe the accounting and disclosure requirements for investments In controlled entities, joint ventures and associates when an entity prepares separate financial statements.

Issued by the ASB In March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 35 - Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

Issued by the ASB In March 2017 and no effective date has been determined by the Minister of Finance.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

GRAP 36 - Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for Investments in associates and joint ventures.

Issued by the ASB in March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 37 - Investments in Associates and Joint Ventures

The objective of this Standard Is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

Issued by the ASB in March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 38 - Disclosures of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

(a) the nature of, and risks associated with, its interests In controlled entities, unconsolidated controlled entities, joint arrangements and associates, and
structured entities that are not consolidated; and
(b) the effects of those interests on its financial position, financial performance and cash flows.

Issued by the ASB In March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 108 - Statutory receivables

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Impact on the financial results and disclosure Is considered to be minimal.

Issued by the ASB in September 2013 and no effective date has been determined by the Minister of Finance.

GRAP 109 - Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether It is party to a principal agent arrangement, and whether ft Is a principal or an agent In undertaking transactions In terms of such an arrangement. It outlines the principles to be used by an entity to assess whether It Is party to a principal-agent arrangement, and whether it Is a principal or an agent In undertaking transactions in terms of such an arrangement.

Its Impact on the financial results and disclosure will be minimal.

Issued by the ASB in July 2015 and no effective date has been detem,lned by the Minister of Finance.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

40. NEW STANDARD AND INTERPRETATIONS (CONTINUED)

GRAP 110 - Living and non-livng resources

The objective of this Standard Is to prescribe the:
a) recognition, measurement, presentation and disclosure requirements for living resources; and

b) disclosure requirements for non-living resources. undertaking transactions In terms of such an arrangement.

Its impact on the financial results and disclosure will be minimal.

Issued by the ASB In March 2017 and no effective date has been determined by the Minister of Finance.

41. GUARANTEES

	2017 R '000	2016 R '000
81059816160 SA Mutual Life Assurance	36	36
81059926905 Portnet Saldanha	3	3
81059928876 Tuzl Gazf Waterfront	5	5
81059928877 Lofty Nel Efendomme	3	3
	47	**47**

These guarantees are held with ABSA Bank and they were taken up for office rentals as a susbsitute for the deposits system. The Authority however, still uses the deposits systems for the bulk of its lease agreements for office space.

42. BUDGET DIFFERENCES

Material differences between budget and actual amounts

The material budget variances are explained in Appendix 1 to the annual financial statements.

BUDGET VARIANCES

EXPLANATIONS FOR THE PERIOD ENDED 31 MARCH 2017 - APPENDIX 1

1. REVENUE

1.1 SERVICE CHARGES

Revenue from direct user charges was higher than projected due to the fact that revenue from bunkering services in Port Elizabeth and management fees for the DAFF fleet were not budgeted for. The revenue from the bunkering services were not budgeted for as the project had not yet been firmly confirmed at the time of the finalisation of budgets. There was no clear prospect of the renewal of the DAFF fleet management contract at the time of finalising budgets and therefore the prudent approach was adopted.

1.2 SA AGULHAS

No revenue for the Agulhas Charter fees had been budgeted for as there were no prospects of the ship being engaged at the time. The ship had gone a number of years without generating revenues. During the course of the financial year, a contract to sail to the Antarctica was secured which brought in the much needed revenue.

1.3 SAMSA LEVIES

The underperformance of SAMSA Levies was mainly due to the delay in the implementation of the new tariffs. Approval was granted late which also delayed implementation.

1.4 CONTRIBUTIONS

Much of the revenue under this category was being received from the National Skills Fund (NSF). During the year, the agreement signed with the NSF expired and the arrangement was discontinued as the work which was being carried out was rechannelled to SAIMI.

2. EXPENDITURES

2.1 STAFF COMPENSATION

The Authority underspent on its staff compensation budget by R14.8 million as result of a deliberate decision to slow down on the recruitment of new staff members to address the current financial challenges.

2.2 IMPLEMENTATION COSTS

The amount was not spent as planned due to the fact that even though there was a budget, the Authority was not liquid enough to resuscitate and implement the AIS system.

2.3 SA AGULHAS

The overspend on the Agulhas was funded as it was directly linked to the contract which was secured for which revenue had not been budgeted for.

AIS	Automatic Identification System
AMD	African Maritime Domain
AMTC	African Maritime Transport Charter
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoC	Certificates of Compliance
CoSO	Committee of Sponsoring Organisations of the Treadway Commission
CPO	Chief Procurement Officer
CSI	Corporate Social Investment
DAFF	Department of Forestry and Fisheries
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DOHA	Department of Home Affairs
DoT	Department of Transport
DPE	Department of Public Enterprise
EEZ	Exclusive Economic Zone
EMSA	European Maritime Safety Agency
ETO	Elector Technical Officer
FA	Field Authority
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IGC	International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk
ILO	International Labour Organisation
IMO	International Maritime Organisation
IOMoU	Indian Ocean Memorandum of Understanding
IPM	Institute of People Management
ISO	International Organisation for Standardisation
ISPS	International Ship & Port Facility Security
LNG	Liquefied Natural Gases
LRIT	Long Range Identification and Tracking of Ships
MCS	Marine Crew Services
MET	Maritime Education & Training
MoR	Management of Risk
MRCC	Maritime Rescue Coordination Centres
MSC	Maritime Safety Committee

MSC	Maritime Safety Committee
MTM	Marine Transport and Manufacturing
NA	National Authority
NDP	National Development Plan
NGO	Non Government Organisation
NSF	National Skills Fund
PFMA	Public Finance Management Act
PSCO	Port State Control Officer
QMS	Quality Management System
SAFE	Frame work Standard to Secure and Facilitate Global Trade
SALEDA	SAMSA Leadership and Development Academy
SAMSA	South African Maritime and Safety Association
SAMTRA	South African Maritime Training Academy
SANDF	South Africa National Defence Force
SAPS	South Africa Police Services
SAR	Search and Rescue
SASAR	South African Search Research and Rescue
SIOMS	SAMSA Intergrated Operation Management System
SIP	e-Navigation Strategy Implementation Plan
SOLAS	The International Convention for the Safety of Life at Sea
STCW	International Standard of Training Certification and Watch Keeping Convention
UNCTAD	United Nations Conference on Trade and Development
VIMSAS	Voluntary International Maritime Safety Audit Scheme
VTS	Vessel Traffic Services
WCO	World Custom Organisation
WMU	World Maritime University

NOTES

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