



SOUTH AFRICAN



2016/17 ANNUAL REPORT





Contents

1.1 1.2 1.3 1.4 1.5 1.6 1.7	Overview by the Director of Civil Aviation Statement of Responsibility and Confirmation of Accuracy of the Annual Report Strategic Overview Legislative and other Mandates High-Level Organisational Structure	5 6 8 13 20 21 22 23	 3.5 Internal Control Unit 3.6 Internal Audit 3.7 Audit and Risk Committee 3.8 Compliance with Laws and Regulations 3.9 Fraud and Corruption 3.10 Minimising Conflict of Interest 3.11 Code of Conduct 3.12 Health, Safety and Environmental Matters 3.13 Company Secretary 3.14 Social Responsibility 3.15 Report of the Audit and Risk Committee Part D	79 79 80 80 81 81 82 82 83 85
1.9 1.10	Board Composition Executive Management Committee	24 25	Human Resources	89
Pa	rt B		4.1 Overview of Human Resources Matters4.2 Human Resource Oversight Statistics	90 93
2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9		27 28 29 34 35 46 47 60 61		101 105 107 - 110 111 - 114 115 116 117 118 119
Pa	rt C		5.10 Statement of Comparison of Budget and Actual Amounts 5.11 Notes to the Consolidated Annual	120
Go	overnance	63		22 - 171
3.1 3.2 3.3 3.4	Introduction Executive Authority Accounting Authority Risk Management	64 65 65 77		





31 August 2017

Mr Joseph Mkhacani Maswanganyi Minister of Transport Private Bag X193 PRETORIA 0001

Honourable Minister Maswanganyi,

It is a pleasure and honour to submit the South African Civil Aviation Authority's 2016/17 Annual Report. The Report provides a detailed review of the performance and the strides made by the organisation in fulfilling its mandate during the period 1 April 2016 until 31 March 2017.

Yours sincerely,

Mr Smunda Mokoena

Chairperson

Board of the South African Civil Aviation Authority





General Information

REGISTERED NAME: South African Civil Aviation Authority

PHYSICAL ADDRESS: Ikhaya Lokundiza 1

16 Treur Close Waterfall Park Bekker Street

Midrand, Johannesburg

POSTAL ADDRESS: Private Bag X73

Halfway House

1685

TELEPHONE NUMBER: +27 11 545 1000

FAX NUMBER: +27 11 545 1465

EMAIL ADDRESS: mail@caa.co.za

WEBSITE ADDRESS: www.caa.co.za

EXTERNAL AUDITORS: Auditor-General of South Africa

BANKERS: Standard Bank of South Africa

COMPANY SECRETARY: Ms Nivashnee Naraindath

(BA, LLB, LLM, Admitted Attorney)

RP: 110/2017

ISBN NUMBER: 978-0-621-45371-3



List of abbreviations and acronyms

AfBAC/AfBAA	African Business Aviation Conference	C-FARP	Cross-functional Accident Reduction Plan
ACC3	Air Cargo or Mail Carrier Operating into the	CFO	Chief Financial Officer
	European Union from a Third Country Airport	CLE	Client Services, Licensing and
ACSA	Airports Company South Africa		Examinations
AEP	Aviation Environmental Protection	CMS	Content Management System
AFCAC	African Civil Aviation Commission	CORSIA	Carbon Offset and Reduction Scheme for
AGM	Annual General Meeting		International Aviation
AGSA	Auditor-General of South Africa	COSCAP	Cooperative Development of Operational
AIID	Accident and Incident Investigation		Safety and Continuing Airworthiness
	Division		Programme
AIP	Aeronautical Information Publication	CRM	Customer Relationship Management
AMO	Aircraft Maintenance Organisation	CSSR	Central Safety and Security Reporting
ANS	Air Navigation Services		System
AO	Air Operator	DAME	Designated Aviation Medical Examiner
AOC	Air Operator Certificate	DCA	Director of Civil Aviation
APS	Aviation Personnel Standards	DFEs	Designated Flight Examiners
ARC	Audit and Risk Committee	DoA	Delegation of Authority
ASIB	Accident Safety Investigation Board	DoT	Department of Transport
ASC	Aviation Security Committee	EBS	Enterprise Business System
ASEC	Aviation Safety and Environmental Committee	EM	Executive Manager
ASO	Aviation Safety Operations Division	EME	Exempted Micro Enterprise
ASP	Advisory Safety Panel	ERP	Enterprise Resource Planning
ATNS	Air Traffic and Navigation Services	ESAF	Eastern and Southern African
ATOs	Aviation Training Organisations	EU	European Union
ATSUs	Air Traffic Service Units	EXCO	Executive Management Committee
AvMed	Aviation Medicine	FAA	Federal Aviation Administration
AvSec	Aviation Security	FIU	Flight Inspection Unit
B-BBEE	Broad-Based Black Economic Empowerment	FOD	Flight Operations Department
CAA	Civil Aviation Authority	FTP	File Transfer Protocol
CAE	Chief Audit Executive	GA	General Aviation
CAHRS	Confidential Aviation Hazard Reporting	GASI	General Aviation Safety Initiative
	System	GDP	Gross Domestic Product
CAP	Corrective Action Plan	GM	General Manager
CAPSCA	Cooperative Arrangement for the	GNSS	Global Navigation Satellite System
	Prevention of the Spread of a	HDI	Historically Disadvantaged Individual
	Communicable Disease through Air Travel	HR	Human Resources
CAR	Civil Aviation Regulation	HRC	Human Resources and Remuneration
CARCom	Civil Aviation Regulations Committee		Committee
CATS	Civil Aviation Technical Standards	H&S	Health and Safety
CDE	Cabin Designated Examiner	HRIS	Human Resources Integrated System



IATA	International Air Transport Association	PFMA	Public Finance Management Act,
ICAD	International Civil Aviation Day		1999 (Act No. 1 of 1999)
ICAO	International Civil Aviation Organization	PMS	Performance Management System
ICASA	Independent Communications Authority of	POC	Procurement Oversight Committee
	South Africa	PPL	Private Pilot's Licence
ICCS	ICAO Compliance Section	PSC	Passenger Safety Charge
ICVM	ICAO Coordinated Validation Mission	QSE	Qualifying Small Business Enterprise
IIA	Institute of Internal Auditors	RAASA	Recreational Aviation Administration of
ILF	Industry Liaison Forum		South Africa
IM	Information Management	RBO	Relationship by Objective
ICT	Information and Communication	RCS	Risk Context Statement
	Technology	ROST	Regional Office Safety Team
ISO	International Standard Organisation	RPAS	Remotely Piloted Aircraft System
IT	Information Technology	RQC	Risk, Quality and Compliance
JAAP	Joint Aviation Awareness Programme	SAA	South African Airways
JARUS	Joint Authorities for Rulemaking on	SAAsMA	Southern African Aerospace Medical
	Unmanned Systems		Association
LAGs	Liquids, Aerosols and Gels	SACAA	South African Civil Aviation Authority
LOC	Local Organising Committee	SADC	Southern African Development Community
LRC	Legislative and Regulatory Committee	SANAS	South African National Accreditation System
MoA	Memorandum of Agreement	SANWIT	South African Network for Women in
Mol	Memorandum of Incorporation		Transport
MoU	Memorandum of Understanding	SARPS	Standards and Recommended Practices
MRV	Monitoring, Reporting and Verification	SAX	South African Express Airways
MSP	Master Surveillance Plan	SCM	Supply Chain Management
MTEF	Medium-term Expenditure Framework	SMME	Small, Medium and Micro Enterprise
MTOW	Maximum Take-off Weight	SMS	Safety Management System
NASC	National Aviation Security Committee	SMTP	Simple Mail Transfer Protocol
NASCOM	National Airspace Committee	SRO	Southern Regional Office
NASP	National Aviation Security Programme	SSP	State Safety Programme
NATJOC	National Joint Operational Centre	SSEC	Safety, Security and Environmental Committee
NATJOINTS	National Joint Operational and Intelligence	STEBs	Security Tamper-evident Bags
	Structure	TCA	Type Certified Aircraft
NATS	National Aviation Transformation Strategy	ToR	Terms of Reference
NDP	National Development Plan	TR	Treasury Regulations
NTCA	Non-type Certified Aircraft	UAS	Unmanned Aircraft Systems
NUMSA	National Union of Metal Workers of	USOAP	Universal Safety Oversight Audit Programme
-	South Africa	WAN	Wide Area Network
OHS	Occupational Health and Safety	YTD	Year-to-Date
PAPI	Precision Approach Path Indicator		
	Sierri de le resterri dell'interiorità		



Foreword by the Chairperson

Three years ago I announced that it is a privilege to lead the SACAA, an entity that is functionally and administratively sound, and well-respected locally and across the world.

It gives me great pleasure to present this review on the performance of the South African Civil Aviation Authority (SACAA) for the 2016/17 financial year. This reporting period marks the final year of the term of this current Board which comes to an end on 30 September 2017, and I can confirm without a doubt that this three-year journey was nothing short of exhilarating for me and my colleagues on the Board.

Three years ago I announced that it is a privilege to lead the SACAA, an entity that is functionally and administratively sound and well-respected locally and across the world. The pronouncement was risky, as it was made within the first six months of our appointment as the new Board. My assertion back then was informed by an observation of how the organisation was run. Looking back, I am proud to indicate that my intuition was spot on, especially when one takes into account the immense strides made by the SACAA in the past three years. Considering the organisation's achievements, which are outlined in this and the past two annual reports, it will not be difficult for others to arrive at the same conclusion that I did three years ago.

Helping South Africa comply with global standards

Civil aviation is an industry that transcends borders. In order to enable safe, secure, and seamless civil aviation operations across the world, States must have a common understanding and application of the necessary standards and procedures. The responsibility of ensuring that countries apply comparable civil aviation standards is undertaken by the International Civil Aviation Organization (ICAO), a specialised United Nations agency comprising 191 Member States.

South Africa is one of the ICAO Member States, and must therefore comply with the Standards and Recommended Practices (SARPS) set by ICAO.

At some point in time, there were global concerns regarding the inability by some of the Member States to implement SARPS and ensure adequate safety oversight. This led to ICAO introducing its Universal Safety Oversight Audit Programme (USOAP). Through this Programme, ICAO consistently performs mandatory audits to assess the effectiveness of each Member State's implementation of the Eight Critical Elements of a safety oversight system.



The Minister of Transport, Mr Joe Maswanganyi together with the Chairperson of the SACAA Board, Mr Smunda Mokoena; Director of Civil Aviation, Ms Poppy Khoza; ICAO Audit team leader, Mr Henri Gourdji; SACAA Board Members, Ms Lizeka Dlepu, and Major-General Nhlanhla Ngema as well as captains of the aviation industry, ICAO and South African audit team members.

In our case, ICAO conducted its audit on South Africa just over a month after the end of the 2016/17 financial year.

I am filled with pride as I report that the preliminary audit results as outlined by ICAO indicate that South Africa did incredibly well. The results reveal that South Africa's Effective Implementation rating has increased from 83.83% in 2013 to 86.71% in 2017. This rating is significantly higher than the world average of 60%, and positions South Africa as number one in Africa, and number 33 globally. The final report is expected in the near future and it will confirm the SACAA's performance in two other areas that were not audited on-site, namely Aerodrome Safety, and Air Navigation and Ground Aids.

Precision in organisational performance and strategic direction

It is gratifying to report that at year-end, and for the third year in succession, the SACAA had recorded a 100% performance against the targets set. This reveals not only a firm commitment

to excellence in operational performance, but the fact that the SACAA continues to be a well-run entity that is supported by a solid leadership team and committed staff. It also attests to a resolute commitment to the fulfilment of the organisation's core mandate, which is to ensure safe and secure civil aviation operations in South Africa by South African aviation licence-holders.

Throughout the review period, and consistent with one of its mandates and responsibilities, the Board served as a dependable catalyst for sound corporate governance at the SACAA. The continued exceptional performance, linked with the clean audits and accolades by the Auditor-General of South Africa, reflect the entrenched culture of good governance within the SACAA. Underpinning this good governance ethos is the commitment to the highest standards of professional and business integrity, principled values, fairness, transparency, accountability, and prudence that permeates throughout the SACAA, from Board level, through to management and staff. This is the culture that we as the outgoing Board would like to leave behind as a legacy that can be carried forward.



During the reporting period, the Board also invigorated and strengthened its focus on one of its critical mandates, which is to provide strategic direction for the SACAA. To give effect to this intent, the Board adopted the following organisational strategic themes:

- Regulate the aviation industry in compliance with the Civil Aviation Act, and ICAO's safety and security elements;
- 2. Propose legislative review and governance arrangements;
- 3. Secure financial sustainability;
- 4. Significantly improve clients service experience;
- 5. Accelerate transformation of the aviation industry;
- 6. Drive organisational efficiency and effectiveness; and
- 7. Improve communication and stakeholder management.

In delivering against the 2016/17 strategic objectives, the Board and the organisation were inspired by the SACAA's revised vision, which is "To be ranked among the top 10 civil aviation authorities globally by 2020". This strategic thrust remained integral to every decision made during the financial year.

In relation to the first strategic theme, i.e. to regulate the aviation industry in compliance with the Civil Aviation Act and ICAO's safety and security elements, I am happy to report that the improved ICAO audit results serve as primary evidence that the SACAA has indeed met and exceeded expectations.

The organisation has also managed to deliver on its second strategic theme, which relates to the proposing of legislative review and governance arrangements. In this regard, the progress attained in relation to the promulgation of the Fourteenth Amendment of the Civil Aviation Regulations attest to this assertion. The necessary consultations regarding the Civil Aviation Amendment Bill, 2017, were held with key industry stakeholders. The Board proposed amendments to the Civil Aviation Amendment Bill, 2016, which in the main related to the Board's limited civil aviation safety and security oversight responsibility, and the dual reporting of the Director of Civil Aviation to the Minister of Transport and the Board. The Board continues to engage the Executive Authority on this very important matter. The organisation also examined its handling of designated functions and approved two critical strategies relating to the oversight of medical aviation functions as well as recreational aviation. This report will provide feedback to our stakeholders in relations to key decisions reached.

In relation to the strategic theme of ensuring secure financial sustainability for the organisation, it is gratifying to report that the SACAA did not only realise exceptional financial performance as outlined in the financial statements section of this report, but the organisation also managed to identify initiatives that will help diversify its revenue streams. The SACAA's management team developed and presented a proposed new funding model to the Board. The proposal was adopted in March 2017, and implementation will take place in the 2017/18 financial year.

Perhaps part of the areas the Board wants to see the organisation maturing in, is stakeholder management and improvement in client services. During the reporting period, the SACAA revised its Stakeholder Management Plan with the aim of entrenching a culture of stakeholder management and communication within the organisation. The organisation is also looking at technology to assist in improving our client service experience at all interface levels.

The SACAA also continued with the implementation of the recently acquired Enterprise Business System, which is a best practice system compliant with ICAO requirements, and ensures that the SACAA's processes are aligned with those of the international aviation administration body. Once fully implemented, the system will offer seamless access to client profiles, thus enabling smooth and speedy service delivery. The implementation of the Enterprise Business System (EBS), which has progressed very well, is one of the initiatives aimed at fulfilling the strategic theme that seeks to significantly improve client services experience. It also contributes to the SACAA's strategic theme that aims to drive organisational efficiency and effectiveness.

The SACAA's seventh organisational strategic theme seeks to accelerate the transformation of the aviation industry. It is pleasing to report that the SACAA, as detailed further in this report, met deliverables tied to this strategic theme. These deliverables are largely internal transformation initiatives. Over and above these, the SACAA also implemented a few other initiatives focused on attaining the necessary transformation changes at industry level. The make-up of the SACAA's executive management team, especially in relation to gender representation, is the kind of success that gives effect to the ideals of parity and should be emulated by both the public and private sectors.

Whilst the SACAA has performed remarkably well across the organisation in terms of its equity targets and in relation to compliance with broad-based black economic empowerment prescripts, and the requisite support to small and womenowned enterprises; the industry has been sluggish or possibly reluctant or unable to reproduce the same feat. Nonetheless, I remain hopeful that the persistent and collaborative spirit that characterises South Africans will continue to prevail and usher in an era of genuine transformation that is evidently required in the aviation industry. The roll-out of the Transport Charter Codes as well as the Department of Transport's National Aviation Transport Strategy will hopefully provide the necessary guidance to the industry.

Strengthened stakeholder relations

As mentioned before, cooperation in relation to the standardisation of operations and procedures is crucial to the attainment of seamless, safe, and secure civil aviation operations. As proven by South Africa's preliminary ICAO audit results, the capability and capacity of some countries to comply with the set global standards is in certain instances higher than the global average. In an effort to give effect to its "No Country Left Behind" initiative, ICAO has made a call to countries that have a higher Effective Implementation rating to provide the necessary capacitybuilding support to those countries that do not have the required capacity. This call complements the SACAA's Technical Assistance and Cooperation Missions Programme, which fosters mutually beneficial cooperation with peers across the globe, especially those based in the SADC region and across the African continent. These stakeholder missions accommodate a combination of benchmarking, technical assistance, and other forms of intervention. On average, the SACAA undertakes over a dozen cooperation missions annually. As detailed further in this report, this trend continued during this reporting period.

Historical visit by ICAO's Secretary General

One of the stakeholder relations highlights for South Africa during this reporting period was the official visit by the Secretary General of ICAO, Dr Fang Liu. The visit took place in July 2016, and was the first of its kind by a high-ranking ICAO official since the formation of the SACAA. Dr Liu was accompanied by the Regional Director of ICAO's Eastern and Southern African (ESAF) Office, Mr Barry Kashambo. She met with the then Minister of Transport. the SACAA Board and management, senior officials from the Department of Transport, the Chief Executive Officers of all the aviation government agencies, the South African Representative at ICAO, as well as key stakeholders representing the country's aviation industry. The purpose of the Secretary General's visit was to engage South Africa on its potential to continue to play a key and leadership role within the continent.

Almost 10 months after her first visit. Dr Liu returned to South Africa and met with the current Minister of Transport, Mr. Maswanganyi. Dr Liu was also hosted by the SACAA leadership comprising Members of the Board as well as the Executive Management team. She once again acknowledged South Africa's remarkable global standing and the contributions that the country continues to make in relation to global civil aviation matters. Dr Liu's visit coincided with the end of the ICAO audit on South Africa and she used the opportunity to congratulate South Africa on the outcome of the preliminary ICAO audit results. She remarked that this is a huge achievement by the country as no country that has undergone the new ICAO audit methodology has been able to improve on their level of effective implementation of their ICAO's eight critical elements on safety. Many countries either maintained their performance level or dropped and others even attracting a Significant Safety Concern. Once again, Dr Liu urged South Africa to continue to participate in ICAO Panels, Working Groups, and other forums that set global civil aviation standards.



ICAO's Secretary General, Dr Fang Liu during her visit to South Africa.





Preparing for the final approach

I wish to conclude by once again pointing out that the current Board is now in the final year of its term, having been appointed on 1 October 2014. For me, and I am sure my fellow Board members will concur, the last three years of serving the SACAA and our beloved country have been an elating, unforgettable and a truly first-class journey. The milestones we have reached, coupled with the records that the SACAA have set, are a reminder of the essential role that State-Owned Entities can play in giving effect to the National Development Plan.

Having said that, I am by no means suggesting that all future journeys will be turbulence-free. There are still a handful of challenges ahead; however, aviators know that with a proper flight plan at hand, an aircraft can still be navigated in the right direction and landed safely at the desired destination.

I am happy to declare that the current Board and management team have set the necessary foundation for a perfect take-off for the next phase of the SACAA's journey towards **Keeping You Safe in the Sky**.

Notwithstanding, genuine transformation of the aviation industry is one of the key matters that requires attention.

On the other hand, the SACAA is currently handling the administrative functions and duties required by the accident and incident investigation team. Notwithstanding, in 2016, the Minister of Transport issued a Ministerial Order in terms of section 100 of the Civil Aviation Act, 2009 to deal with governance matters relating to the Accident and Incident Investigation Division (AIID). The Ministerial Order prescribes that the AIID shall report to the Department of Transport in relation to the functional matters pertaining to accident investigations, and to the SACAA on administrative matters. The process of amending the Civil Aviation Act, 2009 (Act No.13 of 2009) has reached an advanced stage and was published for public comments after consultation was concluded with the industry. The Civil Aviation Amendment Bill is now at the National Economic Development and Labour Council (NEDLAC) for deliberations.

Likewise, Aviation Environmental Protection is a new audit area for the SACAA. There is more work ahead, but a firm foundation has been laid. The SACAA is proud to have assisted the DoT in ensuring that during ICAO's 39th Assembly, South Africa became the 100th State to submit a State Action Plan on how the country is limiting or reducing its CO2 emissions.

A full-throttle approach is essential to a speedy introduction of measures and processes that will ensure that the development of civil aviation regulations takes into account the financial implications of compliance for licence-holders.

As we prepare to sign off, allow me to take this opportunity to thank my fellow Board members for the immense support during the last three financial years. I also wish to relay the greatest gratitude to the previous and current Ministers of Transport, as well as the Deputy Minister of Transport for their support and guidance. The same gratitude is extended to the Portfolio Committee on Transport as well as the previous and current Directors-General and other senior officials at the Department of Transport, including the South African Representative at ICAO.

A special thank you is extended to the Director of Civil Aviation, the SACAA's Executive Management team and staff for their incomparable hard work and dedication. I wish to remind this remarkable team that South Africa's civil aviation operations are regarded as first-class because of their efforts. Keep it up; and continue to keep all of us safe in the sky!

Yours sincerely.

Mr Smunda Mokoena

Moldera

Chairperson

Board of the South African Civil Aviation Authority 31 August 2017





Overview by the Director of Civil Aviation

Using the power you derive from the discovery of the truth about racism in South Africa, you will help us to remake our part of the world into a corner of the globe of which all of humanity can be proud. – Oliver Tambo

It is an absolute privilege to present the South African Civil Aviation Authority's Annual Report for the 2016/17 financial year. The report provides a detailed assessment of the organisation's performance against targets set in its Annual Performance Plan.

Consistent delivery on the mandate

This reporting period marks the fourth year since I was entrusted with leading the South African Civil Aviation Authority (SACAA).

It is pleasing to report that the SACAA has once again achieved a 100% performance against its deliverables. This tremendous performance is the third in successive years, with the SACAA having also recorded a 100% performance during the 2014/15 and 2015/16 financial years.

The SACAA's consistent delivery on its mandate did not go unnoticed. Among the many other accolades bestowed on the organisation and its staff, the SACAA was named the

Best Performing Institution in Transport during the Annual Transport Awards held in October 2016. This was the third year in succession that the SACAA received this prestigious award, making it the only entity to have received this award since the inception of the Annual Transport Awards back in October 2014.

In terms of good governance, and as was the case in the past several years, the SACAA has once more managed to retain a clean audit. What is worth noting is the fact that in addition to the clean audits, the SACAA was also presented with the Auditor-General's Clean Audit Award for the fourth consecutive year.

These and other achievements detailed in this report, serve as the necessary reminder that there are many Government institutions that are more than capable of discharging their respective mandates with distinction, and also have an embedded culture of good governance. These institutions are, to an extent, beacons that reflect the blueprint to the catalytic role of Government agencies.



ICAO Audit Team Leader, Mr Henri Gourdji together with the Director of Civil Aviation, Ms Poppy Khoza, during the 2017 ICAO Audit opening meeting.

Flying the South African flag high

What took centre stage for the SACAA team during the reporting period was the preparation for the ICAO Universal Safety Oversight Audit Programme – Continuous Monitoring Approach audit. The organisation has long ago adopted a continuous improvement philosophy and therefore this preparation, although it was critical, did not necessarily distract the organisation from fulfilling its other strategic objectives. The establishment of ICAO internal assessment capacity has played a vital role in the performance of South Africa in this audit. The country also established a multistakeholder task team to ensure that a holistic approach is followed towards ensuring that our compliance universe is foolproof in relation to ICAO compliance.

As the Chairperson alluded to in his foreword, South Africa passed, with flying colours, the ICAO audit which took place just after the end of the reporting period.

Every few years, all of ICAO Member States are individually subjected to an audit to determine their ability to provide an effective safety oversight by complying with the set global standards. In as much as the ICAO audits are conducted on States, they also measure whether the respective States' aviation regulators are discharging their mandates as assigned by their governments.

Failure to pass ICAO's Universal Safety Oversight Audit Programme has far reaching consequences. An audit failure is indicated through the pronouncement of a Significant Safety Concern by ICAO.



A proclamation of a Significant Safety Concern against a particular State could prompt other countries to take a decision to ban airlines and other operators of the State where a Significant Safety Concern has been raised, from flying into their airspace. They may also prohibit their own operators from flying into the country with a Significant Safety Concern.

In South Africa's case, a Significant Safety Concern would have put at risk the jobs of over 33 000 licensed aviation personnel, and an estimated 227 000 other jobs directly linked to the air travel industry. It would have also meant the grounding of over 13 000 aircraft listed on the South African Aircraft Register. The R50 billion that air transport contributes to the South African gross domestic product (GDP) would have also been wiped out. It is with this scenario in mind that the SACAA ensured that all hands were on deck in preparation for the ICAO audit. Preparations started as far back as three years ago; and the impressive preliminary results are a reflection of the hard work undertaken over the past 36 months.

Before the audit, South Africa's Effective Implementation of ICAO's Critical Elements was at 83.83%, which put the country at position 41 globally and second in Africa. After the audit, South Africa's rating increased to 86.71%, which propelled the country to position one in Africa and 33 globally. These improved figures are worth celebrating, considering the fact that ICAO's new auditing methodology is very comprehensive. Most countries that were subjected to this new audit method either maintained or dropped their Effective Implementation rating levels. In contrast, South Africa has managed to improve on its previous rating; and preliminary results indicate that South Africa's sterling performance resulted in 100% performance in two key audit areas, i.e. Legislation and Organisation. The country also recorded 100% in the sub-field of Aviation Medicine.

Whilst ICAO auditors were full of praises for South Africa's handling of civil aviation matters, and pointed out several areas as best practice areas, the SACAA does not intend to rest on its laurels, but will upon receiving the final report study it carefully and put emphasis on areas that may require improvement, whilst continuing to excel in areas where we came out the best.

Keeping an eye on aviation safety and security operations

The performance of the SACAA, especially its technical departments, has a direct impact on aviation safety and security operations in the country. In addition, the number of aircraft accidents can be used as one of the basic barometers that can indicate the presence or otherwise of effective administration of civil aviation safety and security oversight in a country.

In this regard, it is gratifying to report that the number of aircraft accidents in South Africa continue to decrease. This has been the case for the past four (4) financial years.

A comparison of statistics indicates that a total of 144 aircraft accidents were reported during the 2013/14 financial year. The following year, i.e. in 2014/15, the number then decreased to 120, and then to 110 during the 2015/16 reporting period, and finally to 72 during the 2016/17 financial year. This translates into a massive 50% reduction in aircraft accidents when compared to four years ago.

Whilst the reduction is remarkable and deserves to be celebrated, the SACAA is of the view that there still is room for improvement. Hence, the organisation continued with the implementation of various safety improvement measures. The revised Cross-functional Accident Reduction Plan (C-FARP) is one of the interventions. Among others, the C-FARP has identified the need for the SACAA to establish a fully-fledged Research and Development Department. This will enable the SACAA to easily identify, implement, and monitor measures that need to be taken to stop accidents before they happen. It will also help the organisation in fast-tracking the implementation of safety recommendations emanating from accident investigation reports.

The Safety Campaigns Project, which is a collaborative exercise with the industry, is another safety improvement measure that was implemented during the reporting period. The initiative is anchored around safety presentations that are conducted around the country, and focuses on promoting safety and proper airmanship among aviators.



Superb financial and operational performance

In relation to financial performance, the SACAA has once again emerged as a solid going concern after realising a net operating surplus of R64.2 million compared to a budgeted surplus of R41.9 million. Resolute financial prudence and cost-saving measures resulted in a positive variance of R22.3 million.

The total revenue for the year of R600.8 million (2016: R539 million) increased by 11.47% when compared to the previous year, and by 0.24% when compared to the budget of R599.4 million. Revenue from the Passenger Safety Charge increased by 11.2% when compared to the previous year, mainly as the result of a 4.2% increase in passenger numbers, and an increase in the Passenger Safety Charge from R18.72 to R20.23.

Overall, and as it has been the case in the last few years, the SACAA has managed to maintain a healthy financial position throughout the 2016/17 fiscal year, and therefore remains financially viable.

The SACAA's remarkable financial performance was replicated in terms of operational targets. In order to ensure compliance with civil aviation regulations by civil aviation personnel and operators, the SACAA uses a Master Surveillance Plan to keep track of surveillance and audit tasks that must be carried out by its various technical departments. In this regard, a review of the Master Surveillance Plan indicates that the SACAA's technical departments met and exceeded set targets by percentages of between 4% and 16%.

Ensuring compliance with civil aviation regulations

One does not need to be an aviation doyen to understand that in aviation there is absolutely no room for error. In this industry, omissions, whether deliberate or not, simply lead to the loss of lives. One of the primary responsibilities of the SACAA is to ensure that those that use the South African

skies do so in the safest manner possible. Ideally, every take-off must end with a successful landing.

To ensure compliance with applicable civil aviation regulation, the SACAA applies a three-pronged approach. The first entails auditing, testing and licensing aviators and operations. The second approach entails encouraging and reminding aviators about the importance of unquestionable airmanship. The third approach focuses on applying punitive measures against lawbreakers.

Applying punitive measures is not something that we as the SACAA prefer, however, if needs be we will certainly apply appropriate measures without any fear or favour. One of the most significant punitive decisions we had to make during the reporting period related to SA Express. This entailed suspending SA Express' air operator certificate following the airline's failure to comply with the applicable civil aviation regulations. The suspension of SA Express' air operator certificate was preceded by a series of non-compliances by the airline and the SACAA's dissatisfaction with the operator's safety monitoring systems, which are meant to monitor and address safety deficiencies. The SACAA views any deficiencies in the safety monitoring systems in a very serious light, as these automatically pose significant safety hazards and risks to crew, passengers, and the public at large. It was for this reason that the SACAA could not allow the operator to continue with operations until such time as the identified safety concerns had been adequately addressed.

It is important to note that in our view all licence-holders, whether private or state-owned, are equal and must comply with the same applicable civil aviation regulations. In a nutshell, there are no separate civil aviation regulations for state owned licence-holders and another set for private operations. Rules are rules and must be adhered to by all, and at all the time.

Improving customer touch points

In this modern era, technology has become the bedrock of any initiative aimed at improving customer satisfaction. It is for this reason that the SACAA had acquired an Enterprise Business System (EBS).





The primary purpose of the EBS is to improve the organisation's efficiency and effectiveness. The System will not only ensure integration of all the organisation's electronic platforms, but will also help the SACAA move from a paper-based to a digital services entity.

The implementation of the EBS continued throughout the financial year, and at 65%, the project remains on track. Some of the modules that have already been implemented relate to Document Management, Medicals, and Flight Crew Licensing. This four-year project is now in its third year and is due for completion in late 2018. Once completed, the EBS will be integrated with an enterprise records and document management system.

During the reporting period, the SACAA continued with efforts to make headway in relation to improving customer services. Some of the highlights included investing in capable human resources and further capacitating our existing client-facing employees with the necessary tools towards improved customer service. The introduction of the EBS solution and the rolling out of a Customer Relations Management solution will ensure speedy customer service, as well as a more responsive engagement with all our clients. These tools will also ensure that our customers can give us feedback, positive or negative, about the quality of our service at the various points of service.

Positive economic outlook

This reporting period was characterised by a mixture of both positive and negative industry news. On the one hand, some low-cost carriers announced positive financial results, whereas others succumbed to fierce competition, which is typical in this sector of aviation.

The total passenger numbers for the current reporting period amounted to 21,229,574 compared to 20,319,859 in the 2015/16 financial year. This is 4.48% higher than the same period during the preceding financial year.

Improved relations with labour

The SACAA labour environment has been characterised by a dynamic relationship between the employer and the labour union. During the preceding financial year, the organisation reported the introduction of a new union, namely NUMSA. The union's relationship with the employer is growing from strength to strength and deliberate efforts are being witnessed from both parties towards strengthening this relationship. A Relationship by Objectives (RBO) exercise was rolled out during the reporting period, and this has given rise to an action plan which aims to ensure that the two parties ultimately sign a Recognition Agreement and realise even more improved mutual relations. The organisation is committed to ensuring that the environment is conducive to this important internal stakeholder to operate, whilst the union is also building its support throughout the organisation towards being recognised as a majority union.

Triumphing over challenges

As much as the SACAA continues to discharge its mandate with aplomb, the organisation observed a handful of challenges at an organisational and industry level.

At an organisational level, one of the key challenges that has been facing the SACAA since inception has been the reliance on the Passenger Safety Charge as the main source of income for the organisation. Notwithstanding, and as reported in the Chairperson's foreword, during the reporting period the SACAA's management identified potential new revenue streams to complement the Passenger Safety Charge. Implementation of the proposal will take place during the 2017/18 financial year.

At industry level, the slow pace of transformation remains a challenge that requires decisive intervention. A review of statistics relating to licensed personnel, as outlined further in this report, attests to this assertion. Nevertheless, the SACAA continued with the implementation of measures that seek to set in motion transformation, which is long overdue in our industry. These measures are discussed in detail further in this report, and entail among others,



availing bursaries and creating aviation career awareness among the youth, especially among those that are based in rural and previously sidelined communities.

Future capital expenditure

The SACAA is currently implementing two major projects with significant capital expenditure, namely the integrated Enterprise Business System (EBS) and the Flight Inspection Unit's (FIU) aircraft replacement. These projects will entail major capital outlay and will thus have a major impact on the organisation's cash flows over the next three financial years. Management has put measures in place in order to ensure that the anticipated capital outlay does not impede the SACAA's ability to continue as a going concern.

Significant occurrences after financial year-end

The visit by the ICAO Secretary General, as reported by the Chairperson, as well as the ICAO audit take centre stage in terms of the most significant occurrences that took place after the end of the financial year.

Regarding the financial statements, management is not aware of any other significant events that occurred after

the reporting date that would require adjustments to or disclosure in the financials. Furthermore, management is not aware of any existing circumstances that would impede the SACAA's ability to continue as a going concern.



Ms Poppy Khoza, Director of Civil Aviation with ICAO Secretary General, Dr Fang Liu, during her visit to South Africa in 2017.





Effective supply chain management systems

The SACAA has a fully functional Supply Chain Management (SCM) Department. In discharging its functions, the department follows applicable supply chain management processes as outlined in the National Treasury prescripts and other regulations. The SACAA's Supply Chain Management Department also has systems in place which control the entire procurement process. The handling of bids is done fairly and in line with the principles of acceptable supply chain management. The SACAA also has the following bid committees that assist with supply chain management processes, namely: the Bid Specification Committee, the Bid Evaluation Committee, and the Bid Adjudication Committee.

During this reporting period, the SACAA did not conclude any transactions that were as a result of unsolicited bid proposals.

Contribution to socio-economic development

The SACAA continued with its efforts to contribute to economic transformation in the country. It is pleasing to report that 75.28% of the SACAA's procurement spend on goods and services were from suppliers who are compliant with black economic empowerment prescripts. In addition, 29.14% of these companies are Qualifying Small Business Enterprises or Exempted Micro Enterprises, and 23.77% of the procurement spend was from enterprises that have more than 30% ownership by black women.

In addition, the SACAA partnered with the South African Network for Women in Transport (SANWIT) to provide training to over 500 women who are running businesses focused on the transport sector. The training was rolled out nationally and focused on effective bidding and supply chain management processes.

In relation to compliance with broad-based black economic empowerment (B-BBEE) requirements, it is a pleasure to report that during the review period, the SACAA was once again confirmed as a Level 2 B-BBEE contributor by an independent rating agency accredited by the South African National Accreditation System (SANAS).

Conclusion and acknowledgements

The 2016/17 financial year counts as one of the busiest reporting periods ever encountered by the SACAA. Despite an increased workload as the result of a multitude of huge projects, the SACAA managed to once again produce another stellar financial and operational performance.

The accomplishments outlined would not have been possible without the dedicated work of the SACAA employees. I am proud to report that the dedicated work of the SACAA management and employees did not go unnoticed, and was in certain instances acknowledged and endorsed in the form of accolades, which are detailed further in the report.

The organisation's performance was inspired by not only the hard work of the staff and management of the SACAA, but also by the brilliant and inestimable guidance and support by the Board as well as the Ministry and Department of Transport. We also wish to acknowledge the immense and valuable support received from the industry, the Portfolio Committee on Transport, the International Civil Aviation Organization (ICAO) as well as other civil aviation representative bodies, and peers from various parts of the world.

This continued and immeasurable support from various role-players is acknowledged with immense appreciation, and serves as the necessary jet fuel that propels the SACAA to do better each year.

Yours truly,



Ms Poppy Khoza

Director of Civil Aviation

South African Civil Aviation Authority 31 August 2017





Statement of Responsibility and Confirmation of Accuracy of the Annual Report

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in this Annual Report are consistent with the annual financial statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and is free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Public Finance Management Act, 1999, as amended, and standards applicable to the SACAA.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal controls, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance and human resources information as well as the annual financial statements.

The external auditors were engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information and the financial affairs of the SACAA for the financial year ended 31 March 2017.

Yours faithfully,

Mr Smunda Mokoena

Chairperson: SACAA Board

31 August 2017

MA

Ms Poppy Khoza
Director of Civil Aviation

31 August 2017



Strategic Overview

Mission

To regulate civil aviation safety and security in support of the sustainable development of the aviation industry.

Vision

To be ranked among the Top 10 civil aviation authorities globally by 2020.

Brand Promise

"Keeping you safe in the sky".

Values

Value	Attributes
Good is never good enough.	Always giving your best effort and seeking to continuously improve.
Integrity and independence.	Maintain high ethical standards and approach issues professionally with integrity,
	without any bias and in a transparent manner that engenders trust amongst all
	our stakeholders.
Service excellence.	Service delivery ahead of customer expectation, striving to always exceed
	customer expectations.
Teamwork and partnerships.	Working with others and taking joint accountability for the end result.



Legislative and other Mandates

South Africa is a signatory to the Convention on International Civil Aviation (also known as the Chicago Convention) of 1944, which led to the establishment of a United Nations body, the International Civil Aviation Organization (ICAO), which is subsequently responsible for standardising and administering the safety of civil aviation operations across the world.

As an ICAO Member State, South Africa must comply with the Standards and Recommended Practices prescribed by ICAO.

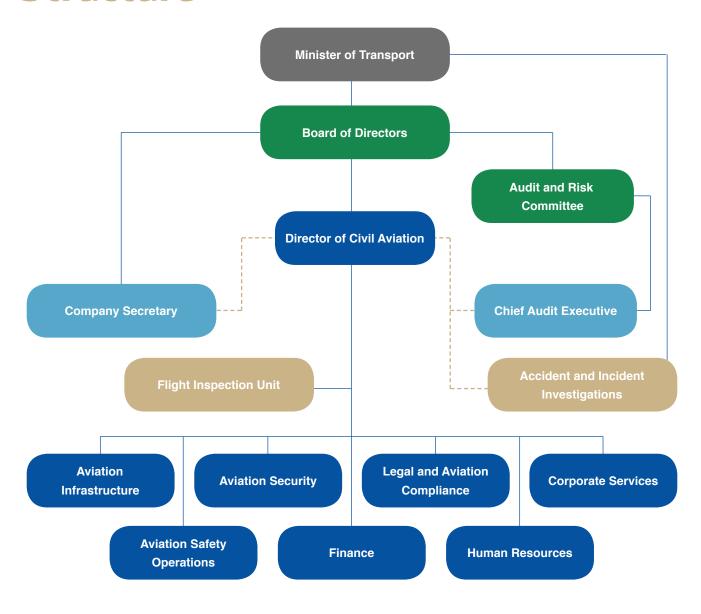
The SACAA is a public entity reporting to the Department of Transport (DoT) and was established on 1 October 1998, following the enactment of the now repealed South African Civil Aviation Authority Act, 1998 (Act No. 40 of 1998). This Act was replaced by the Civil Aviation Act, 2009 (Act No. 13 of 2009), which came into effect on 31 March 2010.

The Civil Aviation Act provides for the establishment of a stand-alone authority, mandated with controlling, promoting, regulating, supporting, developing, enforcing and continuously improving levels of safety and security throughout the civil aviation industry. This mandate is achieved by, among others, complying with ICAO's Standards and Recommended Practices whilst still taking into account the local context.





High-level Organisational Structure



- Minister of Transport
- Board and Board Committee
- Members of the SACAA's Executive Management Committee
- Positions that perform a Governance and Board support role
- Divisions tasked with Independent Mandates



Direct functional reporting

Administrative reporting

Board Composition

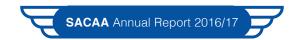


- 1. Mr Smunda Mokoena Chairperson of the Board
- 2. Ms Poppy Khoza Director of Civil Aviation
- 3. Adv. Roshan Dehal *
- 4. Prof. Ntombizozuko Dyani-Mhango

- 5. Ms Doris Dondur
- 6. Ms Lizeka Dlepu
- 7. Mr Mongezi India
- 8. Maj-Gen. Nhlanhla Ngema
- 9. Ms Nivashnee Naraindath Company Secretary

^{*} Advocate Roshan Dehal resigned on 19 October 2016.





Executive Management Committee

(As at 31 March 2017)



- 1. Ms Poppy Khoza Director of Civil Aviation
- 2. Mr Luvuyo Ggeke Executive: Aviation Security
- 3. Mr Asruf Seedat Executive: Finance
- 4. Ms Mmanare Mamabolo Executive: Legal and Aviation Compliance
- Mr Simon Segwabe Executive: Aviation Safety
 Operations
- 6. Ms Phindiwe Gwebu **Executive: Corporate Services**
- 7. Mr Gawie Bestbier Executive: Aviation Infrastructure
- 8. Ms Thobile Masooa Executive: Human Resources
- 9. Mr Phila Kewana Chief Audit Executive **
- 10.Mr Peter Mashaba Executive: Accident and Incident Investigation ***

^{***} The Executive: Accident and Incident Investigation heads the Accident and Incident Investigation Division which administratively reports to the Director of Civil Aviation, and functionally to the Department of Transport.



^{**} The Chief Audit Executive performs a Governance and Board support role.



Performance **Information**



Victory must embrace more than formal political democracy; and our drive towards national emancipation must include economic emancipation. – Oliver Tambo





Statement of Responsibility for Performance Information and Confirmation of Accuracy for the Year Ended 31 March 2017

In line with applicable regulatory prescripts, the Director of Civil Aviation (DCA) is responsible for the preparation of the SACAA's performance information and for judgements made in this report. In addition, the DCA is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the outlined performance information.

In my opinion, the performance information outlined in this report fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the SACAA for the year ended 31 March 2017.

The SACAA's performance information for the year ended 31 March 2017 has been audited by the Auditor-General of South Africa with no material audit findings, and the entity's report is presented on page 101 of this document.

The performance information of the Authority, set out from page 107 to page 110 was approved by the SACAA's Board of Directors.

Ms Poppy Khoza
Director of Civil Aviation

31 August 2017



Auditor's Report: Predetermined Objectives

The Auditor-General of South Africa performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives, is included in the report to Management, with material findings being reported under the 'Predetermined Objectives' heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 101 of the Auditor's Report, published as Part E: Annual Financial Statements.



The Executive Management team of the 30th Amean GM Aviation Authority



Situational Analysis

This section of the Annual Report details the SACAA's performance against the organisation's 2016/17 Annual Performance Plan, which is aligned to the SACAA's 2015–2020 Strategic Plan. It also provides a comprehensive analysis of internal and external factors that had an impact on the SACAA's service delivery, as well as measures undertaken by the SACAA to mitigate challenges encountered.

Economic viability of the aviation industry

Global passenger movement statistics

The International Air Transport Association (IATA) reported a 6.8% rise in Global Revenue Passenger Kilometres (RPK) in March 2017 (February 2017: 4.8%) compared to a year ago. African RPK growth increased by 6.0% year-on-year (February 2017: 5.6%) and was third out of the six regions. The highest growth was reported in Latin America at 9.7%, followed by Asia Pacific at 9.1%.

The lowest growth was registered by North America, with 2.7%. IATA is of the opinion that lower airfares and an upturn in economic activity supported growth during the first quarter of 2017. African growth is attributed to a combination of faster growth on the key market to, and from Europe, and also between Africa and the Middle East. IATA cautions that there are tentative signs that growth drivers are becoming more mixed, as the upward trend in business confidence indicators appears to have paused, particularly in advanced economies.

Local passenger movement statistics

The total passenger numbers for the current financial year amounted to 21,229,574 compared to the budget of 21,347,001 and the actual of 20,319,859 for the previous financial year. This is 0.55% lower than the budget, but 4.48% higher than the same period last year. The SACAA

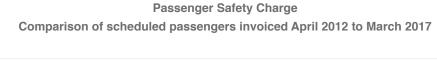
has observed the volatility in oil prices and exchange rates; noting that, going forward, this might have a negative impact on economic growth and on the growth in passenger numbers.

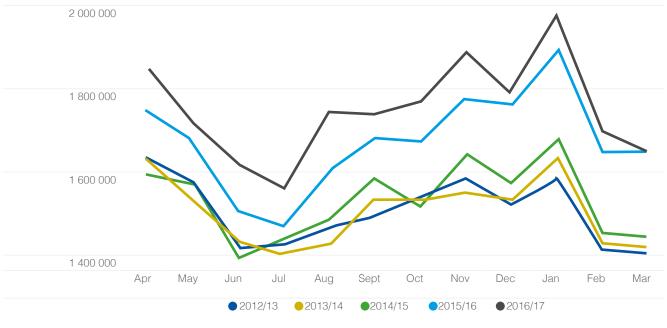


Since the SACAA's revenue is dependent largely on passenger movement, the Authority continues to monitor the trend closely. The SACAA, is however, looking at ways to enhance its revenue streams to create a mix that would help minimise the risk created by the decline in passenger movement. As such, a new revenue model was established and approved by the Board for implementation in the new financial year.



The graph below illustrates a monthly analysis of the passenger numbers for the last five years.





Graph 1: Passenger Safety Charge comparison over a five-year period.

Key industry developments

A mixture of positive and negative industry news was witnessed during this reporting period. Notably, fierce competition took a toll on some of the low-cost carriers, whilst others reported positive financial results.

Airports Company South Africa tariffs reduced

In January 2017 the Airports Company South Africa (ACSA) announced the reduction of airport charges as of 1 April 2017 by 35.5% for the 2017/18 financial year. However, charges for 2018/19 will increase by 5.8% while charges for 2019/20 will increase by a further 7.4%. It is worth pointing out that

there was a two-year delay in finalising and promulgating these tariffs. Airlines and the industry in general have welcomed the reduced ACSA tariffs. It is hoped that the reduced tariffs would be passed on to passengers through reduced airfares.

Airlines and the industry in general are positive about the reduced ACSA tariffs. FlySafair, for one, promised to pass on to customers the saving realised in relation to landing and parking fees. In that regard, customers will benefit directly, due to reduced passenger service charges or "taxes" of between R45 and R123 per flight or ticket. The reduced charges should support passenger numbers going forward, despite the limited effect on a single ticket.



The following are some of the key developments in the aviation industry during the 2016/17 financial year:

- Fly Blue Crane, a local airline which started scheduled domestic flights in September 2015, declared itself "financially distressed" and voluntarily elected to go into business rescue as of 14 November 2016;
- Suspension of SA Express' Air Operator Certificate (AOC) following the operator's failure to comply with the applicable civil aviation regulations. The suspension, which was precautionary, was taken by the SACAA in the interests of safety. The suspension was lifted upon SA Express' submission of an acceptable corrective action plan; and
- During the course of the reporting period, the SACAA, like other Regulators across the world, learned of an incident that occurred on board an aircraft where a passenger's mobile device emitted smoke. Upon investigation it was discovered that a passenger's Samsung Galaxy Note 7 battery was defective. This was followed by Samsung recalling the device. Following these incidents, the SACAA took a precautionary decision to ban the device onboard in order to ensure the safety of passengers and crew of airlines operating in South Africa.

Licence statistics

The statistics of licensed technical personnel can serve as a good indicator of expansion or contraction in the aviation industry. As at the end of the 2016/17 financial year, the total number of South African licensed personnel was 33,452. When cabin crew members are excluded, the number came to 17,622. Out of this figure, the combined total of African, Coloured, and Indian men and women was 1,461; whilst that of women of all races was 1,530.

A further analysis of the statistics indicates that there are 3,839 Airline Transport Pilot's Licence holders, which is the highest category of Pilot Licences. What is critical to note is that out of the 3,839 Airline Transport Pilot's Licences there

were only 17 Black women, i.e. four (4) Coloured, five (5) Indian, and eight (8) African.

In the helicopter Airline Transport Pilot's Licence, there is only one (1) African woman with such a licence. As at the end of March 2017, statistics indicate that there were no Coloured or Indian women with a helicopter Airline Transport Pilot's Licence in South Africa. These numbers as depicted in the following table point to an urgent need for meaningful transformation interventions.

Airline Transport Pilot's Licence Statistics

AIRLINE TRANSPORT PILOT'S LICENCE - AEROPLANE					
Racial Category	Male	Female			
African	134	8			
Coloured	46	4			
Indian	68	5			
White	3,652	227			
Other	31	0			
Total	3,931	244			

AIRLINE TRANSPORT PILOT'S LICENCE - HELICOPTER					
Racial Category	Male	Female			
African	3	1			
Coloured	2	0			
Indian	1	0			
White	344	17			
Other	0	0			
Total	350	18			

Table 1: Airline Transport Pilot's Licence Statistics.

A comparison of statistics in terms of the types of licences held by aviation licensed personnel indicates that the number of all licence categories increased from 31,832 last year to 33,452 in this reporting period. Fixed-wing aeroplane licences increased by 1,067; helicopters by 240; whilst other licences grew by 313. The "Other Licence" category includes cabin crew members and is dominated by African women.

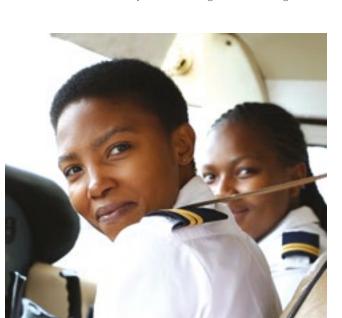


AVIATION PERSONNEL LICENCE STATISTICS – TYPES OF LICENCES WITH YEARLY AND QUARTERLY COMPARISON 2016 AND 2017						
Aircraft Type Mar-2016 Jun-2016 Sep-2016 Dec-2016 Mar-2017 Number of Yo						
						Year Growth
Helicopter	3,155	3,206	3,251	3,289	3,395	240
Fixed Wing Aeroplane	17,742	18,042	18,339	18,583	18,809	1,067
Other licences	10,935	11,457	11,643	11,600	11,248	313
Total	31,832	32,705	33233	33,472	33,452	1,620

Table 2: South African aviation technical licence statistics – licence type.

South African Aircraft Register

The table that follows indicates that as at the end of the 2016/17 financial year; the South African Aircraft Register had risen by 3.31%. In terms of conventional aircraft, the highest growth was in the helicopter category, which recorded a 3.94% rise, followed by turbo-jets at 2.15%, and recreational at 1.43%. The number of piston engine aeroplanes decreased by a single aircraft. The number of registered Remotely Piloted Aircraft Systems (RPAS) has more than doubled from 252 a year ago to 517 at the end of the 2016/17 financial year, resulting in 105.15% growth.



The SACAA supports the training of almost 30 young South Africans who aspire to become aviators. Most of them are young women from rural areas and economically depressed households.

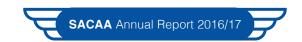
SOUTH AFRICAN AIRCRAFT REGISTER ANNUAL COMPARISON BETWEEN 2016 AND 2017 FINANCIAL YEARS

31 Mar-2016	31 Mar-2017	Growth
3,805	3,804	-0.026%
532	534	+0.375%
511	522	+2.15%
1,268	1,318	+3.94%
6,198	6,287	+1.43%
252	517	+105.15%
12,566	12,982	+3.31%
	3,805 532 511 1,268 6,198 252	3,805 3,804 532 534 511 522 1,268 1,318 6,198 6,287 252 517

Table 3: South African Aircraft Register – comparison between 2016 and 2017

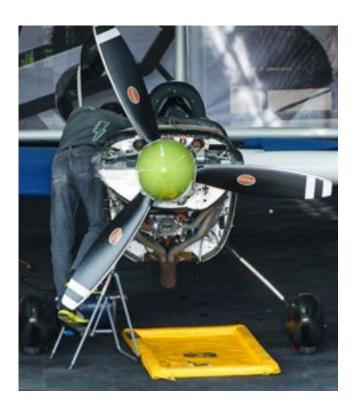
Review on Type and Non-Type Certified Aircraft

Aeroplanes consist mainly of two categories, i.e. non-type certified aircraft (NTCA) and type certified aircraft (TCA). NTCA are regarded as experimental aircraft. TCA are typically used for commercial activities, and are regulated under stricter conditions and require a more intense approval process, referred to as a certificate of airworthiness. On the other hand, NTCA are given what is referred to as an 'authority to fly'. The maintenance of TCA is also more strictly controlled and is regulated through Aircraft Maintenance Organisations (AMOs), whereas maintenance matters regarding NTCA are less stringent. In order to monitor trends, the SACAA keeps a register and statistics, in relation to these two types of aeroplanes as outlined in the next table.



STATISTICS OF TYPE CERTIFIED AIRCRAFT VERSUS NON-TYPE CERTIFIED AIRCRAFT							
Year	Month	Type Certified A/C	Non-type Certified A/C	Total Aircraft	Type Certified %		
2013	April	5,914	5,889	11,803	50.10%		
2014	March	5,994	5,992	11,986	50.01%		
2015	March	6,053	6,106	12,159	49.78%		
2016	March	6,126	6,203	12,589	48.66%		
2017	March	6,165	6,293	12,936	47.66%		

Table 4: Comparison between type certified and non-type certified aircraft



Legislative Policy and Regulation Developments

Amendment of the Act

The amendment of the Civil Aviation Act, 2009 (Act No.13 of 2009) ("the Act") is a function of the Department of Transport, however the SACAA has contributed proposals to the amendment of the Act and the finalisation of Chapter 4. This relates to the independence of the Accident and Incident Investigation Division (AIID). Currently AIID reports to the Department of Transport in relation to its operations,

i.e. incident and accident investigations. The SACAA fulfils the administrative requirements of the AIID.

In 2016, the Minister of Transport issued a Ministerial Order in terms of section 100 of the Civil Aviation Act, 2009 to deal with governance matters relating to the AIID. Prior to the issuing of the Ministerial Order, the functional independence of the AIID was governed by a Memorandum of Agreement (MoA) signed between the SACAA and the Department of Transport in 2013.

The Ministerial Order prescribes that the AIID shall report to the Department of Transport in relation to the functional matters pertaining to accident investigations, and to the SACAA on administrative matters. Subsequent to the issuing of the Ministerial Order, a framework which unpacks the details of the functional as well as the administrative reporting was developed between SACAA and the Department of Transport, and both parties agreed to it.

The Civil Aviation Amendment Bill has reached an advanced stage and was published for public comments, and consultation was concluded with the industry. The Bill is now at the National Economic Development and Labour Council (NEDLAC) for deliberations.

Promulgated Civil Aviation Regulations

The Fourteenth Amendment of the Civil Aviation Regulations was promulgated during the reporting period. This Amendment dealt with, among others, the incorporation into the Civil Aviation Regulations of new provisions of ICAO Annex 19, which governs the safety management system.



Other changes to the Civil Aviation Regulations included the amendments to Part 109 and 110 of the Civil Aviation Regulations, which were promulgated on 28 October 2016. These regulations seek to improve the oversight by the SACAA over security screening services provided to the South African aviation industry, as well as to improve the quality of aviation security training offered to the industry.

Changes to Medical Protocols

A number of amendments were made to civil aviation technical standards pertaining to aviation medicine.

Key among these were amendments to Regulation 91 on areas that deal with various passenger health and safety matters as well as medical certification processes. Other changes to Technical Standards include changes pertaining to the gastroenterology, genitourinary, haematology, and cardiovascular, medical protocols, Designation of DAME, as well as health prevention, and the promotion of education applicable to aviation personnel. There were also changes in relation to the Lasik protocol, pharmacological classification, and electrocardiograph requirements applicable to aviation personnel, as well as visual standards for distant, near and intermediate sight, phoria, and contact lenses.



Strategic Outcome-Oriented Goals

As outlined in its Annual Performance Plan, the SACAA has seven key organisational outcome-oriented goals. These goals are aligned with the National Development Plan (NDP) and support the goals of the Department of Transport. The seven SACAA goals are as follows:

- Regulate the aviation industry in compliance with the Civil Aviation Act, and ICAO's safety and security elements;
- 2. Accelerate transformation of the aviation industry;
- Propose legislative review and governance arrangements;
- 4. Secure financial sustainability;
- 5. Significantly improve clients service experience;
- 6. Drive organisational efficiency and effectiveness; and
- 7. Improve communication and stakeholder management.

Performance Information by Objective

The SACAA has produced another stellar performance and achieved all targets set for the 2016/17 financial year.

Not Achieved

In Progress

Achieved

2016/17 ANNUAL PERFORMANCE PLAN	PERFORMANCE	PLAN						
1. Regula	Regulate the aviation industry	industry in compliance with the Civil Aviation Act (CAA Act) and International Civil Aviation Organisation's	vith the	Civil Aviation	Act (CAA Act)	and Internationa	I Civil Aviation	Organisation's
(ICAO)	safety and sed	ICAO) safety and security elements						
Strategic	Performance	Annual Target S	Status		2	2016/17 Quarterly Targets	Targets	
Objective	Indicators	2016/17		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual
Achieve a	Pre-ICAO	Develop and implement		Revised ICAO	85% of current	Pre-ICAO audit	Implement	The ICAO CAP status
step-change	Assessment	CAP to close findings		CAP approved	ICAO CAP	conducted by	Exco-approved	was at 87% by the end
in regulating	Report	in time for the Pre-ICAO		by EXCO for	closed	external parties	revised CAP	of the financial year.
Aviation Safety		Assessment Audit in		closure of		Develop and	to address	Pre-ICAO (ROST)
and Security	Performance	2016/17 financial year,		findings before		implement	Pre-ICAO audit	audit was successfully
	against revised	and final audit in 2017/18		pre-ICAO		Exco-approved	findings and	conducted by the
	ICAO CAP			Assessment		revised CAP	report quarterly	ICAO ESAF Office.
				audit		to address		The ESAF ROST
						nre-ICAO audit		report was submitted
						findings in time		to SACAA on 19
						for final audit		January 2017 and
						3		the CAP findings are
								being addressed and
								reported to EXCO.
Implement	75% of	AEP Master Surveillance		Implement	Implement	Implement	Implement	AEP MSP was
environmental	planned AEP	Plan		DCA-approved	DCA-approved	DCA-approved	DCA-approved	approved and twelve
regulation	Conducted			AEP Master	AEP Master	AEP Master	AEP Master	(12) inspections were
				Surveillance	Surveillance	Surveillance	Surveillance	planned. Fourteen
				Plan and report	Plan and report	Plan and report	Plan and report	(14) inspections were
				quarterly to	quarterly to	quarterly to	quarterly to	conducted by the end
				Exco	Exco	Exco	Exco	of the financial year.

(ICAO)	safety and sed	(ICAO) safety and security elements (continued)	(þe					
Strategic	Performance	Annual Target	Status		2	2016/17 Quarterly Targets	Targets	
Objective	Indicators	2016/17		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual
Enhance and	ICAO-aligned	Develop and implement		Exco	Exco	Board	Implement	Oversight Policy was
improve the	Oversight	Board-approved		submission	submission	submission	Board-approved	approved by the
safety and	Policy	Oversight Policy which		of current	of revised	of Revised	Oversight Policy	Board. All affected
security oversight	developed	is aligned to the ICAO		deficiencies	Oversight Policy	Oversight Policy		Technical Procedures
approach	and approved	prescripts and the new		of oversight				were revised to align
	by Exco and	audit approach		approach				to the approved
	implemented							policy.
Establish an	Methodology	Roll-out plan for capturing		Roll-out plan for	Implement	Implement	Implement	The roll-out plan
accident reporting of capturing	of capturing	flying hours approved by		capturing flying	Exco-approved	Exco-approved	Exco-approved	for the capturing
method that	flying hours	Exco and implemented		hours approved	roll-out plan for	roll-out plan for	roll-out plan for	of flying hours was
factors industry	approved			by Exco	capturing flying	capturing flying	capturing flying	approved by EXCO.
activity	by Exco and				hours	hours	hours	The recording of
	implemented							flight hours as per
								approved plan is
								ongoing.
Revise and	33% of the	Achieve a minimum		Quarterly report	Quarterly report Quarterly report	Quarterly report Achieve 33%	Achieve 33%	The annual target
implement CFARP	CFARP	of 33% of CFARP		on CFARP	on CFARP	on CFARP	of CFARP	against the CFARP
and align to	deliverables	deliverables and report		deliverables	deliverables	deliverables	deliverables	was achieved.
international best	achieved	quarterly						
practice								
Establish accident Exco-approved	Exco-approved	Exco-approved format for		Quarterly report	Quarterly report	Quarterly report	Quarterly report	The accident reporting
statistical	accident	gathering statistical data		on accidents	on accidents	on accidents	on accidents	format was approved
gathering format	statistical			based on	based on	based on	based on	by Exco and the
	format			Exco-approved	Exco-approved	Exco-approved	Exco-approved	gathering of accident
	implemented			statistical format	statistical format	statistical format	statistical format	statistics follows the
								approved format.

Regulate the aviation industry in compliance with the Civil Aviation Act (CAA Act) and International Civil Aviation Organisation's

Aviation Security Master Surveillance and Audit Plan	Master Audit Plan	Annual Target 2016/17	3 5	Status		2	2016/17 Quarterly Targets	Targets		
Audit Areas					Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual	
Airports and Airlines	S		217		54	54	54	52		250
Regulated Agents and Known	and Known		369		92	92	92	83		372
Consignors										
Dangerous Goods Safety	Safety		412		103	103	103	103		442
Oversight										
Training Organisations	ons		126		32	31	32	31		136
Total	Minimum 95%		1,124		281	280	281	282		1200
	of annual									
	target									
Aviation Infrastructure Master	sture Master	Annual Target	ţ.	Status		2	2016/17 Quarterly Targets	Targets		
Surveillance and Audit Plan	Audit Plan	2016/17								
Audit Areas					Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual	
Air Traffic Services			99		16	18	15	7		28
Aerodrome Licence Inspections	> Inspections		130		30	45	40	15		133
Aerodrome Surveillance	ance		20		5	0	7	8		25
CNS			52		15	15	10	12		54
Total	Minimum 95%		258		99	28	72	42		284
	of annual									
	target			Ī						
Aviation Safety Operations	oerations	Annual Target	S	Status		2	2016/17 Quarterly Targets	Targets		
Master Surveillance and Audit	se and Audit	2016/17								
Plan Audit Areas					Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual	
Air Maintenance Organisation	ganisation		454		113	113	114	114		279
Manufacturing Organisation	anisation		46		-	-	12	12		90
Air Operator Certificate Holders	cate Holders		269		174	174	174	175		703
Aviation Training Organisation	rganisation		458		114	114	115	115		602
Total	Minimum 95%		1,655		412	412	415	416	1,934	934
	ol allinal									
	larger									

2. Accelei	Accelerate transformation of tl	ation of the aviation industry	ıstry					
Strategic	Performance	Annual Target	Status		2	2016/17 Quarterly Targets	Targets	
Objective	Indicators	2016/17		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Improve	Approved	Develop and implement		HDI Women	DCA-approved	Implement	Implement	The HDI women
HDI women	HDI women	DCA-approved		participation	plan to improve	DCA-approved	DCA-approved	participation in
participation in	supplier	plan to improve HDI		principles	HDI women	plan to improve	plan to improve	procurement plan was
procurement	development,	women participation in		submitted	participation in	HDI women	HDI women	approved by DCA.
	Plan	procurement		to Exco for	procurement	procurement	procurement	Implementation of the
	implemented			comment		participation	participation	plan was reported to
								Exco quarterly.
Implement	Minimum Level	Maintain B-BBEE Level 2,		B-BBEE	Plan	N/A	Plan	The SACAA
B-BBEE Sector	6 B-BBEE	based on existing codes		implementation	implemented	Plan	implemented	maintained the Level
Codes	certification			plan approved	and monitored	implemented	and monitored	2 B-BBEE contribution
	achieved			by DCA		and monitored	to achieve	status as per the
	through external						Level 2 B-BBEE	annual target.
	verification						based on	
	based on						current codes	
	existing sector							
	codes							
3. Propos	Propose legislative review and	eview and governance arrangements	rangen	nents				
Agitate for	Framework for	Framework for Documented, proposed		Develop	Submit	Implement DoT	Implement DoT Implement DoT	The Framework
AIID functional	AIID functional	AIID functional framework for		framework for	framework for	resolution on	resolution on	on the functional
independence	independence	implementing functional		implementing	implementing	AIID functional	AIID functional	independence of AIID
	submitted to	independence submitted		AIID functional	AIID functional	independence	independence	was submitted and
	DoT	by SACAA to DoT		separation and	separation and			approved by the DoT.
				submit to DCA	submit to DoT			
				for approval				

Ш	Minimum 75% of recreational aviation deliverables achieved	Implement recreational aviation delegation plan and report quarterly against plan for achieving 75% of deliverables	Quarterly progress report to Exco on recreational aviation delegation plan	Quarterly progress report to Exco on recreational aviation delegation plan	Quarterly progress report to Exco on recreational aviation delegation plan	Exco quarterly progress report on recreational aviation delegation plan and achieve 75%	The implementation of the recreational aviation plan was achieved. The Recreation Aviation Business Model was approved by the
governance arrangement	Minimum 75% of AvMed deliverables achieved	Implement AvMed Plan and report quarterly against plan for achieving 75% of deliverables	Quarterly Exco submission on AvMed plan deliverable progress	Quarterly Exco submission on AvMed plan deliverable progress	Quarterly Exco submission on AvMed plan deliverable progress	deliverables Quarterly Exco submission on AvMed plan deliverable progress and achieve 75% deliverables	Board. The 75% target on the implementation of the Aviation Medicine Plan was achieved.
4. Secure Diversify and expand sources of revenue	Secure financial sustainability and Revised Board ag burces model with revised f new revenue and com streams impleme identified and implemented	ainability Board approval of revised funding model and commence implementation	Funding model service provider appointed	Submit project plan to Exco for input and approval	Submit funding model to Board for approval	Board approval of funding model and implementation of approved plan	The funding model was approved by the Board. The project plan implementation commenced during the reporting period.
5. Significa Significantly improve customer experience	antly improve Customer initial inter-phase & electronic survey implemented	clients service experience DCA-approved plan to improve initial customer inter-phase & electronic survey	DCA approval of plan to improve initial customer inter-phase & electronic survey	Implement DCA-approved plan to improve initial customer inter-phase and electronic survey	Implement DCA-approved plan to improve initial customer inter-phase and electronic survey	Implement DCA-approved plan to improve initial customer inter-phase and electronic survey	The Customer interface plan and electronic survey was approved by DCA.
6. Drive or Relocation of SACAA offices	Drive organisational e of Board- ices approved relocation project plan that ensures relocation at lease expiry implemented	efficiency and effectiveness Implement Board- approved relocation project plan	Implement Board- approved relocation project plan and report quarterly to Board and Exco	Implement Board- approved relocation project plan and report quarterly to Board and Exco	Implement Board- approved relocation project plan and report quarterly to Board and Exco	Implement Board- approved project relocation plan and report quarterly to Board and Exco	Board-approved plan on the relocation project is being implemented and reported monthly and quarterly to the ARC and Board.

6. Drive or	Drive organisational efficiency	fficiency and effectiveness (continued)	oo) sse	ntinued)				
Strategic	Performance	Annual Target	Status		2	2016/17 Quarterly Targets	Fargets	
Objective	Indicators	2016/17	,	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Acquire ICT	Minimum 80%	Achieve a minimum of		Exco ICT Plan	Exco quarterly	Exco quarterly	80% of ICT plan	Over 75% of the ICT
infrastructure	implementation	80% of SACAA Fit ICT		format reporting	report on ICT	report on ICT	deliverables	Plan was completed
to support new	of the ICT plan	plan deliverables		approved by	deliverables	deliverables	achieved	as reported to Exco
SACAA business				DCA				and Board.
design								
Drive a	Achieve	Develop a 3-year		Develop 3-year	Implement HR	Implement HR	Achieve a	The HR 3-year
performance	planned HR	comprehensive HR		HR Strategy	Plan and report	Plan and report	minimum 80%	Strategy was
culture	Strategy	strategy aligned to HR		and Plan and	quarterly to	quarterly to	target as per the	approved and 95%
	milestones	competencies to enhance		submit to HRC	Exco and HRC	Exco and HRC	HR Plan	of the implementation
		talent management for		for approval				plan was achieved.
		approval by HRC and						
Enhance skills	Achieve 75%	Implement skills plan that		Revised skills	Progress on	Progress on	Achieve 75%	90% of the approved
capacity	of revised	addresses critical skills		plan addressing	Skills Plan that	Skills Plan that	of skills plan	Skills Plan was
	functional			critical skills	addresses core	addresses core	deliverables that	implemented by the
	skills plan			approved by	critical skills	critical skills	address critical	end of the financial
	deliverables			DCA	reported to Exco	reported to Exco	skills	year.
	that address							
	critical skills							
7. Improv	prove communication and st	on and stakeholder management.	ageme	nt.				
Significantly	Board-	Revise and implement		Exco	Revise the	Implement	Implement	The Stakeholder
improve internal	approved	Board-approved		submission	Stakeholder	the approved	Stakeholder	Management Plan was
and external	Stakeholder	Stakeholder Management		on current	Management	Stakeholder	Management	revised and approved
stakeholder	Management	Plan		Stakeholder	Plan and seek	Management	Plan and report	by the Board.
engagement	Plan aligned			Management	approval from	Plan and report	quarterly to	
	to Industry			deficiency	the Board	quarterly to	Exco	
	Strategy					Exco		
	diagnostic input							

Table 5: SACAA Performance against its Annual Performance Plan.



The next graph delineates the SACAA's organisational performance over the last six financial years, i.e. from the 2011/12 financial year through to the 2016/17 reporting period. Notably, the SACAA has managed to attain a 100% performance for three (3) consecutive years.



Graph 2: SACAA Yearly Performance Comparison Over 6-Year Period





Strategy to Overcome Areas of Underperformance

The SACAA has achieved 100% against all targets set in its 2016/17 Annual Performance Plan.

Key organisational highlights

Remarkable Operational Performance

The SACAA achieved a 100% against its set targets for three (3) consecutive financial years.

Awards for Admirable Performance and Corporate Governance

The SACAA received the Clean Audit Award from the Auditor-General of South Africa for four (4) years in succession.

During the 2016 Annual Transport Awards, the SACAA also received, for the third year in a row, the Best Performing Institution in Transport Award.

The Director of Civil Aviation was runner-up for the Best Chief Executive Officer in Transport during the 2016 Annual Transport Awards.

The SACAA also received the 2017 Empowered Public Service Award at the 16th Oliver Top Empowerment Awards; whilst the Director of Civil Aviation was named the Top Empowered: Public Service Leader of the Year at the 15th Oliver Empowerment Awards.

Impeccable Safety Records in Commercial Operations

By ensuring maximum compliance with civil aviation regulations, the SACAA has assisted South Africa to retain the impeccable zero (0%) fatal accident record in relation to airlines and other scheduled commercial operations.

Compliance with International Standards

In terms of compliance with ICAO's Eight Critical Elements, preliminary results from the ICAO audit that took place in May 2017 indicate that South Africa's level of Effective Implementation is currently rated at 86.71%, which is significantly higher than the world's average of 60%. The 86.71% is a preliminary outcome. A final report is expected from ICAO in the near future.

Fifty Percent Reduction in Aircraft Accidents

Similarly, by promoting compliance to civil aviation regulations, the SACAA has further ensured that aircraft accidents declined by 50% compared to four years ago.

Excellent Oversight Performance

A review of the 2016/17 Master Surveillance Plan indicates that the SACAA met and exceeded its targets across all technical divisions by between 4% and 16%.

Buoyant Financial Position

The SACAA remains financially viable and has managed to maintain a healthy financial position for the 2016/17 fiscal year through resolute financial prudence and cost-saving measures. This resulted in a surplus for the year of R64.2 million when compared to the budgeted surplus of R41.9 million, an increase of R22.3 million on budget.





South Africa is the Chair of the ICAO Aviation Security Panel

South Africa continued to play a leadership role in the top structures of forums advancing civil aviation. Through the SACAA, the country chairs one of the key and strategic panels in the International Civil Aviation Organization, namely the Aviation Security Panel.

South Africa is the Chair of ICAO's CAPSCA

Through the SACAA, the country furthermore chairs the International Civil Aviation Organization's Cooperative Arrangement for the Prevention of the Spread of a Communicable Disease through Air Travel (CAPSCA) programme in Africa.

South Africa Retains FAA Category 1 Status

Effective oversight over civil aviation activities in South Africa by the SACAA has ensured that the country maintains its Category 1 status as declared by the United States Federal Aviation Administration (FAA). This allows air carriers from the United States and South Africa to operate freely between the two countries.

Contributing to the Uplifting of Civil Aviation Standards in Africa

Through the SACAA, South Africa continues to contribute to the uplifting of civil aviation safety and security standards across Africa. As part of its Africa Skills Assistance Plan, the SACAA provides technical assistance and cooperation on various matters to other civil aviation authorities across the continent.

Transforming the Aviation Industry

As much as the transformation of the aviation industry has been very slow, the SACAA has not given up on the ideal and continues to implement measures that will ultimately help align the demographics of the aviation industry to that of the Republic of South Africa.

School Visits

One of the key measures that will ensure the transformation of the aviation industry is to ensure that previously disadvantaged communities get to know about the various career streams in aviation. In this regard, the SACAA continually dispatches teams to visit schools in formally marginalised communities, especially those that are based in the deepest rural areas, in an effort to bring knowledge about careers to school learners. During this reporting period, the SACAA visited 303 schools in all provinces and in the process interacted with 40,623 learners.

Men in the Making Day and Take a Girl Child to Work

In addition to the above, the SACAA participates in two initiatives aimed at young women and men; these are the Tracker: Men in the Making Day as well as the Cell C: Take a Girl Child to Work Day.

Air Shows

As part of the annual Transport Month celebrations, the SACAA hosted an air show in Phalaborwa. The event, which was also attended by the Deputy Minister of Transport, took place at the end of October 2016. The air show and a career exhibition was attended by an estimated 984 learners from the Ba-Phalaborwa District and an estimated 4,000 members from the surrounding communities.

SACAA's Bursary Programme

The SACAA supported the training of almost 30 young South Africans who aspire to become aviators. These are mostly female students from rural areas and economically depressed households; and are enrolled at various institutions where they are being trained in diverse aviation fields.

Internship and Skills Development

During the 2016/17 financial year, 20 interns were in the employ of the SACAA. The interns were placed in various SACAA divisions, in line with their respective qualifications.



Contributing to Economic Transformation

During this reporting period, the SACAA continued with its efforts to contribute towards economic transformation.

Support for SMMEs and women-owned enterprises

It is pleasing to report that 75.28% of the SACAA's actual procurement spend on goods and services were from BEE compliant suppliers as well as black-owned entities, of which 29.14% was from Qualifying Small Business Enterprises (QSE) or Exempted Micro Enterprises (EME) and 23.77% of the procurement spend was from suppliers that are more than 30% owned by Black Women.

Training for women-owned enterprises

In addition to ensuring that a significant amount of its budget spend goes to SMMEs and B-BBEE companies, the SACAA was also involved in a training initiative for members belonging to the South African Network for Women in Transport (SANWIT). The training, which was attended by over 500 women entrepreneurs, focuses on developing skills in relation to general bidding, and the understanding of supply chain management processes and requirements.

B-BBEE Compliance

In line with the organisation's target, the SACAA has retained its Level 2 B-BBEE rating.





Operational Highlights

The table below details some of the SACAA's operational highlights for the year ending 31 March 2017.

OPERATIONAL HIGHLIGHTS DURING THE 2016/17 FINANCIAL YEAR

Diversification of Revenue Streams

In order to diversify its revenue streams, the SACAA's EXCO developed and presented a proposed new funding model to the Board. The proposal was adopted by the Board in March 2017. Implementation of the new model will take place in the 2017/18 financial year.

Stabilised Management Echelon

All Executive Management positions have been filled. Fifty percent (50%) of the positions are occupied by women. As at the end of the financial year, all previously vacant Senior Manager positions were filled. In addition, the SACAA also ensured that all positions that were identified as critical were advertised, and a significant portion thereof were filled before the end of the financial year.

Decrease in the number of accidents

The number of aircraft accidents serve as the primary and basic barometer that indicates the absence or presence of effective administration of civil aviation safety and security oversight in a country. Aircraft accidents in South Africa and/or by South African licence-holders continued to decline. This has been the case in the past three (3) financial years. During the 2014/15 financial year a total of 120 aircraft accidents were reported compared to 110 during the 2015/16 reporting period, and 72 during the 2016/17 financial year.

Implementation of the Enterprise Business System (EBS)

During the 2016/17 financial year, the SACAA continued with the implementation of its newly acquired Enterprise Business System. As at the end of the financial year, the project was on track and implementation was at 65%. The intention of this project is to improve the efficiency and effectiveness of the SACAA and ensure integration among all the Authority's systems. The system will help the SACAA move from a paper-based to a digital services entity.

The project is scheduled for completion in late 2018, and the first three phases of the project have been completed.

During the reporting period, a number of modules were implemented, notably:

- Flight Crew Licensing Module;
- EMPIC Medical Module; and
- Document Management Module.

International Academy of Aviation and Space Medicine

On 24 March 2017 the SACAA became the first regulatory Authority in the world to become a member of the International Academy of Aviation and Space Medicine. The Academy was founded in 1955 and its objective is to promote and search for new knowledge in aerospace medicine. The Academy also places importance on international co-operation as well as education and research that will add value to aerospace medicine matters. The academy has only a handful of corporate members.

ICAO Compliance Section

In order to enable the 360-degree approach to ICAO Universal Safety Oversight Audit Programme readiness, the SACAA has reorganised its structure, which resulted in the establishment of the ICAO Compliance Section (ICS). The ICS, among others, ensures that ICAO compliance specialists audit, upload and maintain the South African responses and supporting evidence to the ICAO On-Line Framework. This includes, amongst others, the following:

- Compliance Checklists;
- Electronic Filing of Differences;
- Protocol Questions;
- State Aviation Activity Questionnaire; and
- Corrective Action Plans to address Findings and Recommendations, and Significant Safety Concerns.



OPERATIONAL HIGHLIGHTS DURING THE 2016/17 FINANCIAL YEAR (continued)

Commitment Towards Protection of the Environment

During the 39th Assembly, last year, South Africa became the 100th State to submit a State Action Plan on how the country is limiting or reducing its CO2 emissions. The 39th Assembly also saw the adoption of the Carbon Offset and Reduction Scheme for International Aviation (CORSIA). South Africa supports CORSIA and will make the necessary arrangements required for its Monitoring, Reporting and Verification (MRV) system prior to its implementation in 2027.

The first-ever South African Aviation Environmental Protection (AEP) inspections were conducted at several aerodromes in the country during the 2016/17 financial year. As at the end of March 2017, 14 inspections were conducted, which is two (2) more than initially planned.

Contribution to the Development of the RPAS sector

The SACAA was requested to give a presentation at two ICAO RPAS symposia held in Stockholm (9 -10 May 2016) and Singapore (31 May to 1 June 2016) respectively. In addition, the SACAA was requested to give a presentation at the AfBAC/AfBAA Conference held in Cape Town on the 18 November 2016. The delegates recommended that the SACAA must be on the agenda for all future conferences. The conference is held annually.

Safety Oversight Agreements

Two Safety Oversight Agreements were concluded as follows:

- Between the SACAA and the Department of Civil Aviation of Lao People's Democratic Republic; and
- Between the SACAA and the Civil Aviation Institute of Cuba.

The purpose of these agreements is to capture the guiding principles relating to the operation of South African Registered aircraft involved in lease agreements while operated by foreign operators.

ICAO Article 83bis read together with Part 48 of the South African Civil Aviation Regulations, allows for the transfer of oversight responsibility from one Member State to the other. In the above instance, South African Registered aircraft leased to foreign air operators and South Africa as a State of Registration for the aircraft is expected to oversee these aircraft unless the State (RSA) has entered in the Article 83bis with the other State. In order to enable this operation, the SACAA agreement with the other two Authorities mentioned above, was that South Africa will maintain the oversight over these aircraft.

Support for ICAO's No Country Left Behind initiative

It is generally expected that there will be growth of aviation in Africa. In the light of this potential, ICAO came up with an initiative called No Country Left Behind that requires civil aviation regulators to assist one another in improving the levels of aviation security and safety. South Africa, through the SACAA, continues to make inroads in terms of contributing to Africa's aviation safety record. As part of its Africa Skills Assistance Plan, the SACAA has provided assistance to peers from various countries around the world including Botswana, Swaziland, Tanzania, Sierra Leone, Namibia, Zambia, Kenya, Cote D'Ivoire, Ghana, and Angola.

Improving Aviation Security

The Aviation Security team prepared a Working Paper on behalf of the State for the International Civil Aviation Organization (ICAO) Assembly, which called for recognition of States that implement the screening of Liquids and Gels (LAGs) and use ICAO compliant Security Tamper Evident Bags (STEBs) for duty-free purchases. The aim of the paper was to correct the situation where LAGs brought to South African Airports are confiscated when passengers transit into Europe. On this matter the Assembly resolved as follows:

- Member states to treat flights arriving from States where LAGs screening is applied in the same way as flights from States where LAGs restrictions are applied; and
- The Committee referred to the Aviation Security Panel to continue its work, taking these papers into account.

Table 6: SACAA organisational highlights during 2016/17.



Review of Programmes and Activities

Aircraft Incidents and Accidents

A review of South Africa's scheduled and commercial airline operations indicates that this is a safe country to fly in. Having retained an admirable zero fatal accident rate for several consecutive years, this clearly points out that South Africa's airlines and other large aircraft operations are among the safest in the world.

A similar detailed review of the country's general and recreational aviation activities paints a different picture and indicates that the same safety ethos applied in commercial operations is either absent or disregarded when it comes to private flying activities. That being said, it should be noted that South Africa is one of several countries in the world that

administers general aviation activities and thus documents and investigates accidents involving small aircraft and private flying activities.

Significant decline in the number of aircraft accidents

Statistics, as depicted in the next graph, indicate that, for the fourth consecutive year, the number of aircraft accidents continue to decline. A closer look at the aircraft accident numbers reveals a massive 50% decrease compared to four (4) years ago. During the 2013/14 financial year there were 144 accidents, which reduced to 120 in 2014/15, and then to 110 in 2015/16, followed by 72 during the 2016/17 financial year.



Graph 3: A four-year comparison of the number of aircraft accidents.

Summarised review of fatal aircraft accidents

A total of eighteen (18) fatal accidents were reported by the end of the 2016/17 financial year. This means the number of fatal accidents reduced by five (5) when compared to the 2015/16 financial year. It also means that there were two (2)

more accidents when compared to the 2014/15 financial year, when 16 fatal accidents were reported. However, and as illustrated in the next graph, at eighteen (18), the number of fatal accidents reported during the 2016/17 financial year decreased by nine (9) when compared to the 2013/14 financial year.







Fotal



Graph 4: A four-year comparison of the number of fatal aircraft accidents.

Summarised review of fatalities from aircraft accidents

As at the end of the reporting period, there were thirty (30) fatalities as a result of aircraft accidents. This is six (6) fatalities fewer than reported during the 2015/16 financial

year. However, this is four (4) more than during the 2014/15 financial year. Whilst one life lost is indeed one too many, it is encouraging to note that the 2016/17 fatalities are eleven (11) less than those reported during the 2013/14 financial year.

Fatalities from Aircraft Accidents

Fotal



Financial Years

- Apr 13 Mar 14
- Apr 14 Mar 15
- Apr 15 Mar 16
- Apr 16 Mar 17

Graph 5: A four-year comparison of the number of fatalities as a result of aircraft accidents.





Summarised review of serious incidents

It is encouraging to note that the declining trend in relation to aircraft accidents is also replicated in relation to serious aircraft accidents. This endorses the notion that accidents do not happen unexpectedly or in isolation, and are often preceded by a series of incidents. In simpler terms, aircraft incidents are precursors to aircraft accidents.

A total of twenty-two (22) serious incidents were reported during the 2016/17 financial year, which is fewer by five (5) when compared to the 2015/16 reporting period. Serious aircraft accidents reported during 2016/17 financial year are also fewer by fifty-five (55) when compared to the 2014/15 financial year; and by forty-four (44) when compared to the 2013/14 financial year.



Graph 6: A four-year comparison of the number of serious aircraft incidents.

Multi-disciplinary approach to improving aviation safety

A detailed review of aircraft accident causal factors reveals that accidents and serious incidents are caused by various systematic safety deficiencies. A multidisciplinary approach would therefore be the most effective way of dealing with the various systematic safety deficiencies.

In the last few years the SACAA has been working tirelessly to implement a variety of solutions to deal with the identified safety deficiencies. The decrease in the number of accidents implies that the SACAA's multi-pronged approach is effective. Key solutions include the reviewing and revamping

of the General Aviation Safety Initiative (GASI) as well as the Cross-functional Accident Reduction Plan (C-FARP).

Among others, the C-FARP has identified the need for the SACAA to institute a fully-fledged Research and Development Department. This will enable the Authority to easily identify measures that need to be taken to stop accidents and serious incidents before they happen. It will also enable the speedy implementation of safety recommendations, thus allowing the SACAA and the industry to learn from previous occurrences. The solutions brought in by the C-FARP looks at improving and introducing new regulations that will strengthen the entire safety value chain. The effects of substance abuse in aircraft accidents was also reviewed



and the Regulator will take a closer look at this subject to ensure that all the gaps are closed.

The SACAA's safety improvement measures were augmented through the introduction of the Safety Campaign, which is a collaborative exercise with the industry. The campaign is anchored on safety presentations that are held around the country, and focuses on promoting safety and proper airmanship among aviators.

Surveillance and Oversight Auditing Activities

In order to ensure adequate oversight over civil aviation matters, the SACAA uses a Master Surveillance Plan (MSP) to keep track of surveillance and auditing tasks that need to be undertaken by its various technical departments. A review of performance against the organisations MSP indicates that the SACAA has met, and in some instances

even exceeded, the set audit targets. Several additional and ad-hoc inspections resulted in targets being exceeded.

Performance of the Aviation Security Division

One of the primary mandates of the SACAA is to ensure that there is sufficient security oversight in the civil aviation industry. The SACAA, through the Aviation Security Division, has to guide the industry in ensuring the protection and safeguarding of passengers, crew, ground personnel, the general public as well as aircraft and airports serving civil aviation, against any acts of unlawful interference with operations, whether on the ground or in flight.

This mandate is carried out by, among others, ensuring oversight over aviation security personnel, aviation security training organisations, air operators and airports as well as operators involved in the transportation of cargo and dangerous goods.

Audit Area	Planned		Α	ctual Audits			Perform	ance in
	Audits						Percer	ntages
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual	Variance	% of
						Total		Variance
Airports and Airlines	217	63	63	62	62	250	33	15%
Regulated Agents and Known Consignors	369	98	91	95	90	372	3	1%
Dangerous Goods Safety	412	102	124	100	116	442	30	7%
Oversight	100	0.0	0.0		10	100		70/
Training Organisations	126	33	26	34	43	136	10	7%
Divisional Total	1,124	296	304	291	311	1,200	76	6.7%

Table 7: Aviation Security Division – Performance against the MSP

The Aviation Security Division exceeded its sets targets by 6.7%. This was because more inspections were performed than scheduled during the year, due to the following reasons:

- Increase in the number of scheduled operations after the development of the MSP;
- New applications for Regulated Agent status and address changes by existing Regulated Agents, after the development of the MSP; and
- Follow-up inspections to verify implementation of corrective action plans submitted by clients.



Performance of the Aviation Infrastructure Division

Among others, the SACAA's Aviation Infrastructure Division is responsible for ensuring that the South African airspace, airports (ranging from Category 1 to Category 9), helistops and heliports are safe. The division is also tasked with ensuring that South Africa's 10 international, and 121 domestic airports, 110 helistops, and surrounding structures that may affect the safety of air navigation, comply with all

safety standards as outlined in the country's Civil Aviation Regulations.

In addition to ensuring that civil aviation navigational aids comply with safety guidelines, the Aviation Infrastructure Division assists the SACAA in the approval of flight procedures and the licensing of Air Traffic Controllers as well as the provision of aeronautical safety information to the industry in accordance with ICAO requirements.

Audit Area	Planned		Α	ctual Audits			Perform	nance in
	Audits						Percei	ntages
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual	Variance	% of
						Total		Variance
Air Traffic Services	56	18	19	11	9	58	2	+4%
Aerodrome Licence Inspection	130	31	40	36	26	133	3	+2%
Aerodrome Surveillance	20	8	3	5	9	25	5	+25%
Communications, Navigation, and Surveillance	52	21	18	9	6	54	2	+4%
Divisional Total	258	78	80	72	50	270	12	+4.7%

Table 8: Aviation Infrastructure Division – Performance against the MSP

The previous table reflects that the annual targets according to the Master Surveillance Plan was exceeded by 4.7% (270/258). This was mainly due to additional surveillance inspections where the closure of findings had to be verified.

Performance of the Aviation Safety Operations Division

In addition to advising the DoT's Air Service Licensing Council on licensing matters pertaining to civil aviation operations, the Aviation Safety Operations Division is tasked with ensuring safety oversight and regulatory compliance by a myriad of civil aviation stakeholders, including air operators, aviation training organisations, designated flight examiners, designated aviation medical examiners and aircraft maintenance organisations and engineers.

The division is also responsible for administering civil aviation examinations, testing standards, flight inspections as well as the application of civil aviation medical standards.

The upkeep of the South African Civil Aircraft Register, approval of aircraft modifications as well as ensuring that aircraft, excluding those operated by the military and police, are maintained in accordance with regulated prescripts, and oversight of aircraft maintenance organisations, are some of the responsibilities of this division.

The Division is made up of the following departments:

- Airworthiness Department;
- Flight Operations Department;
- Personnel Licensing Department;
- Aviation Medicine Department; and
- Consistency and Standardisation Department.





AVIATION SAFETY OPERATIO	ONS DIVISION	'S PERFORM	IANCE AGAIN	NST THE 2016	6/17 MASTER	SURVEILL	ANCE PLAN ((MSP)
Audit Area	Planned		А	ctual Audits			Performa	ance in
	Audits						Percen	tages
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual	Variance	% of
						Total		Variance
Aircraft Maintenance	454	115	231	128	105	579	125	27.53%
Organisations								
Manufacturing Organisations	46	11	12	11	13	50	4	8.70%
Air Operator Certificate	697	135	124	125	241	703	6	0.86%
Aviation Training Organisation	458	109	298	155	154	602	144	31.4%
Divisional Total	1,655	370	665	419	513	1,934	279	16.9%

Table 9: Aviation Safety Operations Division – Performance against the MSP

The variances noted are mainly due to the certification of new approval holders, follow-up and ad-hoc inspections. Significant growth was realised in the areas of Aviation Training Organisation as well as Maintenance Organisations.

There are also instances when approval-holders would surrender their approval or close down their operations after the continuous oversight plan has been developed. The MSP is drawn up at the beginning of a new financial year and this includes both renewal and ad-hoc inspections. This means that the set targets get affected when licence holders opt not to renew their approvals.



Review of Environmental Protection

For the past five decades, ICAO has been at the pole position of aviation environmental concerns. Numerous standards, policies and guidance material have been developed to address aircraft noise and emissions. The DoT and the SACAA support the work being done by ICAO and are committed to an integrated environmental management approach in the provision of transport services. The strategic goal of 'Increased contribution of transport to environmental protection' has been set.

ICAO requires Member States to submit their State Action Plan on how they are limiting or reducing carbon dioxide (CO2) emissions from international aviation. In 2016, the SACAA assisted the DoT to develop South Africa's State Action Plan. This was submitted to ICAO by the Deputy Minister of Transport during the 39th ICAO Assembly.

Three environmental resolutions were adopted during the 39th Assembly. The first-ever sectoral global Market-Based Measure (MBM) agreement was concluded on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Prior to its adoption, South Africa, through the SACAA played a pivotal role in decisions pertaining to the CORSIA design elements. The Director of Civil Aviation was a member of the high-level group as well as the 'Friends of the President Informal Group' meeting. South Africa pledged its support to the CORSIA during the Assembly and will enter into the scheme during its 2nd Phase in 2027. Prior



to 2027, the SACAA will develop regulations for the CORSIA Monitoring, Reporting and Verification (MRV) system that will come into effect on 1 January 2019.

The first-ever South African Aviation Environmental Protection inspections were planned for 12 aerodromes in the country during the 2016/17 financial year. However, 14 inspections in total were actually conducted. The SACAA's 2017/18 MSP has been earmarked to inspect all the international airports in South Africa.

Review of Remotely Piloted Aircraft Systems (RPAS)

When the SACAA introduced regulations to administer RPAS in July 2015, South Africa became one of the few countries that had in place legal mechanisms to facilitate the integration of these new types of aircraft into the existing manned, and highly-organised, aviation sector. In the absence of ICAO standards and guiding material, the regulations were meant to serve as a transitory measure that would assist in ensuring that RPAS operators use the South African airspace in a manner that does not present a risk to other airspace users, property, or people on the ground.

The introduction of the regulations was warmly received by a significant number of RPAS users. As at the end of March 2017, the SACAA had registered 517 remotely piloted aircraft on the South African Aircraft Register. The SACAA had also issued 471 Remote Pilot's licences as well as sixty (60) RPAS Letters of Approval. By 31 March 2017, the country had seven (7) approved RPAS Training Organisations, and thirteen (13) companies with a valid RPAS Operator Certificate.

At a global level, there is still no standardised technical guidance material. In fact, the development of ICAO's Standards and Recommended Practices (SARPs) has been delayed by almost two years. Notwithstanding, the SACAA will continue to consistently work with both local and international stakeholders to ensure the development and global adoption of standardised technical material. In this regard, the SACAA's RPAS Project Leader has been

designated as a member of the ICAO RPAS Panel, tasked with participating and attending all Panel meetings. The SACAA's RPAS team will also continue to participate and contribute to the RPAS discussions that are taking place under the guidance of Joint Authorities for Rulemaking on Unmanned Systems Categorisations (JARUS).

It is also worth pointing out that the SACAA has been requested by the JARUS Secretariat, and has accepted an invitation to host the second JARUS Plenary and Work Group meetings in October 2017. These critical meetings will be hosted in Cape Town.

Most importantly, the SACAA acknowledges that the RPAS regulations in its current form serve as a foundation with plenty of room for further development and refinement. The Authority will continue to champion efforts to refine the regulations and will consistently engage industry and relevant stakeholders.





Information and Communication Technology (ICT)

The SACAA's Information and Communication Technology (ICT) Department's five-year strategic modernisation plan which articulates the renewed role and vision for technology within the SACAA is well under way. An annual review and re-alignment of this plan takes place to ensure that it remains relevant and in support of the organisational strategy and objectives. During the reporting period a Cyber Security Strategy was developed, which will be supported by a comprehensive plan to guide the organisation in the mitigation of cyber risks.

The ICT Strategic themes as articulated below remain relevant and continue to provide direction for the ICT department:

- Nurture a professional, delivery-focused ICT workforce, which constantly interacts with other areas of the SACAA to communicate, educate and collaborate on technology matters;
- Become the trusted technology advisory service to the SACAA;
- Implement and manage compliant and efficient systems in support of all the SACAA goals and cost initiatives;
- Structure meaningful governance and management frameworks to deliver best-practice ICT services and projects, and ensure optimal security without creating a cost or resource burden; and
- Continuously and proactively optimise client service delivery within and outside of the SACAA and across all platforms and technologies.

During the reporting period, the implementation of the Enterprise Business System (EBS) progressed very well, and remains ahead of schedule, and within budget. The EBS is a best-practice system which is compliant with ICAO regulations and ensures that the SACAA's processes are aligned with those of the international aviation administration body.

The aviation medical module has been implemented for use by all Designated Aviation Medical Examiners (DAME's) with good responses. This facilitates the online processing of aviation medicals for flight crew, allowing a far faster turnaround time for these critical processes. The online servicing which has begun with the DAMEs will later be extended to clients. The EBS provides an integrated system for all core business departments within the SACAA.

The EBS will be integrated with an enterprise records and document management system in the future. A project to ensure the accuracy and quality of all paper-based documents has been successfully effected in advance of the move to digitise all documents.

Good ICT governance underpins a well-run and controlled ICT Department and at the SACAA this is supported by the organisational structures in place. The ICT Steering Committee met a number of times during the reporting period, providing strategic direction and ensuring alignment of technology with business needs. During the reporting period, the ICT Department delivered against the governance plan to develop and implement a number of new policies and procedures to guide the organisation around the use of technology. A project governance framework and methodology, aligned to Prince 2, provides a means of assurance that effective project delivery has been developed and implemented.

Risk management and planning for disaster are ongoing elements of ICT, and are carefully monitored and mitigated. Strategic risks are consolidated and reported to the Risk Unit for noting by the Executive. Systems within the SACAA are replicated to an offsite disaster recovery facility and tested twice per annum. Information security is managed in layers and changes within the cyber-risk landscape are monitored to ensure that the security is appropriately updated.



Review of Stakeholder Relations

One of the primary goals of the SACAA is to evolve into a customer-centric entity that has solid relations with its multiple stakeholders. Each year, the SACAA implements a large

number of communication and stakeholder management activities. Key among the initiatives are information face-to-face sharing sessions that can be amplified, depending on the need and desired outcome.

SAFETY PROMOTIONS, INFORMATION-SHARING AND AVIATION AWARENESS SESSIONS.

National Safety Seminar

The National Safety Seminar which was held in November 2016 is an annual event, and provides a platform for the SACAA and the aviation industry to discuss pertinent safety issues. It also provides a platform for sharing best practices and trends. The SACAA uses this platform to also give guidance to the industry and encourage voluntary compliance to civil aviation regulations.

Aviation Growth Conference

The SACAA's objective with this conference is to cultivate meaningful change and growth of the aviation industry by working together with relevant stakeholders to unlock the full potential of air transport in South Africa and on the continent. The conference, which was held in October 2016, brought together key role-players to discuss and explore opportunities as well as challenges affecting the growth of the aviation industry.

Aviation Security Seminar

In September 2016 the Aviation Security Department held a successful Inaugural Aviation Security Seminar. The event was attended by about 150 - 200 Aviation Security practitioners. Among the topics discussed were the following:

- Global Risks: New and Emerging Aviation Security Threats;
- Background Checks and the Insider Threat;
- Airport Landside Security;
- Man Portable Air Defence Systems (MANPADS);
- Behaviour Detection; and
- Cyber Security.

Phalaborwa Air Show

The objective of SACAA-hosted air shows like the one that was held in Phalaborwa in October 2016 is to bring aviation to the previously marginalised communities and to encourage school learners to consider careers in the aviation industry. The event took place in the form of an air show and a career exhibition.

International Civil Aviation Day

In 1996, the General Assembly proclaimed 7 December as International Civil Aviation Day (ICAD), and urged governments to take steps to observe it. In 1992 the ICAO Assembly declared this day as a day to highlight and advance the benefits of international civil aviation. It is now a tradition that the SACAA, together with the Department of Transport, hosts an air show as part of activities to commemorate ICAD. During this reporting period, ICAD activities were held in the coastal town of Margate in KwaZulu-Natal, in Harding and a Youth Summit was held at the Dube Trade Port in Durban. An estimated 2047 school learners from the neighbouring communities participated in the 2016 ICAD and 141 youth attended the Youth Summit.

ICAO AvSec Panel Working Group on Threat and Risk

The SACAA as a member of the ICAO Aviation Security Panel Working Group on Threat and Risk hosted a meeting of the Working Group from 8 - 10 November 2016. The Working Group is tasked with updating the Global Risk Context Statement (RCS). The RCS is useful in the determination of new Standards or Recommended Practices to be incorporated into Annex 17.

South Africa hosted the ICAO AvSec Working Group on Training

South Africa hosted the ICAO AvSec Panel Working Group on Training in Durban on 8 March until 10 March 2017. At this event an agreement was reached on a number of important subjects regarding global aviation security training standards that will be discussed at the ICAO AvSec Panel in May 2017.

Table 10: Key Events and Information-sharing Sessions









In May 2017, South Africa was subjected to an ICAO USOAP audit. The ICAO audit team was officially welcomed by the Minister of Transport, Mr Joe Maswanganyi, at an event hosted by the SACAA. The event was also attended by CEOs of other associated State agencies as well as captains of the aviation industry that included CEOs of some of the local airlines and charter companies, and representatives of various aviation entities. The preliminary results were announced at a media conference.



Safety Promotion Campaigns

During the reporting period, the SACAA continued conducting safety promotion campaigns across the country with the aim of raising safety awareness in the aviation community. The target audience of the safety campaign is

mainly pilots, aircraft maintenance personnel, and aviation managers. The main objective of the safety campaign is to help change the hazardous attitude of aviators. This will eventually help reduce the number of aircraft accidents and serious incidents prominent in South Africa's general aviation sector.

	SAFETY PROMOTION CAMPAIGNS
Province	Area
Western Cape	Stellenbosch
	Morningside
	George
KwaZulu-Natal	Margate
	Pietermaritzburg
	Durban/Virginia
Free State	Bloemfontein
	Bethlehem
Mpumalanga	Nelspruit
	Middelburg
Northern Cape	Upington
Eastern Cape	East London
	Port Alfred
	Port Elizabeth
Limpopo	Polokwane
	Tzaneen
	Hoedspruit

Table 11: Safety Promotion Campaigns





Assistance and Cooperation Missions

Through the SACAA, South Africa continues to make inroads in terms of contributing to Africa's aviation safety and security record. During the reporting period, the SACAA championed

technical co-operation that will benefit our peers across the continent and the globe. The following table outlines the assistance offered.

SACAA Department	Country	Type of Assistance and Cooperation
Corporate Services	Namibia	Benchmarking in the following areas: Stakeholder Management,
Human Resources		Corporate Communications and Marketing, Legal, Aviation Medicine,
Legal		Supply Chain, Change Management and various aspects of Human
Aviation Medicine		Resources.
Supply Chain Management		
Aviation Safety Operations	Malawi	The purpose of the visit was to conduct a benchmarking exercise in
		relation to the integration of RPAS into controlled airspace. The visit took
		place from 25 - 28 July 2016.
Aviation Safety Operations	USA	South Africa hosted the FAA to discuss the prospect of amending the
		current Bilateral Aviation Agreement signed in October 29, 1954 to a
		modern Bilateral Aviation Safety Agreement-Implementation Procedure for
		Airworthiness. The purpose of this agreement is to allow the importation
		of Non-USA manufactured aeronautical products to be sold directly to the
		USA aviation industry without them having to be approved by the FAA.
Finance	Côte d'Ivoire	Civil Aviation fees and revenue collection.
Aviation Infrastructure		Slot Allocation.
Aviation Infrastructure	Mozambique	The SACAA's Aviation Infrastructure Division conducted an ICAO ESAF
		Office aerodrome licensing assistance mission. The mission took place
		from 7 - 9 December 2016.

Table 12: Assistance and Cooperation Missions

Enforcement of Regulations

Statistics indicate that in aviation there is absolutely no room for error. Errors, whether deliberate or not, may simply lead to loss of lives. During the reporting period, the SACAA worked with various stakeholders to ensure that South African skies remain safe.

To achieve this objective, the SACAA applies a multi-pronged approach. One of the approaches entails issuing licences and permits and conducting oversight audits. The second

approach entails encouraging and reminding aviators about the importance of unquestionable airmanship. The third approach focuses on applying corrective and punitive measures against lawbreakers.

During this review period, some aviators did not comply with the applicable civil aviation regulations, leaving the SACAA with no choice but to administer appropriate punitive measures. The SACAA issued penalties, warnings and suspensions as detailed on the next page.



Monetary Penalties

The following fines were issued against licence holders:

MONETARY PENA	ALTIES	
Licence Category	Number	Fine Amount
Student Pilot's Licence	1	R10 000
Private Pilot's Licence	3	R30 000
Commercial Pilot's Licence	5	R60 000
Airline Transport Pilot's Licence	1	R10 000
Aircraft Maintenance Organisation	4	R106 000
Aircraft Maintenance Engineer	3	R25 000
Airport	1	R24 000
Air Operator	4	R82 000
Aircraft Owner	1	R24 000
Aviation Doctor	2	R20 000
National Pilot's Licence	1	R20 000
RPAS/Drones	2	R40 000
ATO	1	R24 000
Total	29	R475 000

Table 13: Monetary penalties against those who contravened civil aviation regulations.

Suspensions

In terms of other forms of punitive measures during the reporting period, the SACAA issued a suspension against a Commercial Pilot's Licence holder, an Aviation Training Organisation, a Designated Flight Examiner as well as an Air Operator Certificate Holder.

The SACAA also issued warnings to four (4) Commercial Pilot's Licence holders, eight (8) RPAS owners as well as to a Cabin Crew licence-holder, National Pilot's Licence holder, and a Private Pilot's Licence holder.

Further, three (3) disqualifications were issued to Student Pilot's Licence holders. Rating cancellations were issued against two (2) Private Pilot's Licence holders as well as an Airline Transport Licence holder.

Review of Flight Inspection Activities

Safe, efficient and effective air navigation is highly reliant on the precision of the navigational aids in use. Flight calibration is thus an essential part of safe air navigation. Locally, this function is carried out by the SACAA's Flight Inspection Unit (FIU). This unit has been successfully carrying out flight inspections of ground radio navigational aids in South Africa and for many other countries for many years.

During the reporting period, the FIU continued to ensure that navigational aids in South Africa are safe, by focusing on two key functions, namely:

- Carrying out commissioned flight inspections, where needed, to determine the validity of navigation signals from newly installed air navigation systems for certification; and
- Periodically checking the technical parameters of existing navigational aids to confirm their continued compliance with established standards.

During the reporting period, the FIU had planned 334.5 flying hours and carried out 334.2 flying hours. The FIU continued to look for business opportunities within the market area identified by its strategy. In addition to the previously signed contracts with other neighbouring states, the FIU team managed to secure contracts with the Swaziland Civil Aviation Authority, and the Civil Aviation Authority of Zimbabwe. FIU serviced the following countries for the first time during the reporting period:

- Democratic Republic of Congo;
- Zambia;
- Seychelles; and
- Islands of Mayotte and Réunion.



SACAA Revenue Collection

The table below illustrates that the total revenue of R600.8 million for the financial year under review increased by 47% when compared to R539 million in the previous financial year of 2015/2016. It also increased by 0.24% when compared to the budgeted revenue collection of R599.4 million of the current financial year under review. The revenue from the Passenger Safety Charge increased by 11.2% when compared to the previous year, mainly as a result of a 4.2% increase in passenger numbers and an increase in the passenger safety charge from R18.72 to R20.23.

Interest revenue from financial institutions increased by 53.4% due to an increase in cash and cash equivalents of R49.5 million, as well as improved cash flow management during the year.

REVENUE COLLECTION		2016/17			2015/16	
	Budget	Actual	Variance	Budget	Actual	Variance
Sources of revenue	R'million	R'million	R'million	R'million	R'million	R'million
Passenger Safety Charge	447.1	445.8	(1.3)	389.7	401.0	11.3
User fees	94.9	90.9	(4.0)	84.5	83.9	(0.6)
Fuel levy	25.3	24.9	(0.4)	23.9	21.1	(2.8)
Accident and incident investigation grant	19.7	19.7	-	18.7	18.7	-
Interest received	9.0	14.9	5.9	6.3	9.7	3.4
Other income	3.4	4.6	1.2	3.0	4.1	1.1
Total	599.4	600.8	1.4	526.1	538.5	12.4

Table 14: Revenue Collection

Capital expenditure of R16.0 million, as detailed in the next table, was incurred during the year compared to the budgeted R31.9 million, resulting in an underspend of R15.9 million. This underspend is largely as the result of a delay in implementing the Enterprise Business System (EBS) modules, mainly attributable to cleaning of data to be imported into the new system.

CAPITAL INVESTMENT		2016/17			2015/16	
	Budget	Actual	Variance	Budget	Actual	Variance
Capital projects	R'million	R'million	R'million	R'million	R'million	R'million
Furniture and fittings	3.0	0.5	(2.5)	1.6	1.0	(0.6)
Motor vehicles	0.5	0.7	(0.2)	-	0.3	(0.3)
Computer equipment	7.5	4.8	(2.7)	2.0	2.2	(0.2)
Generator	-	-	-	-	0.1	(0.1)
Canteen equipment	-	-	-	-	-	-
Calibration equipment	-	-	-	12	-	(12)
Computer software	20.9	10.0	(10.9)	28.9	13.8	(15.1)
Aircraft	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-
Total	31.9	16.0	(15.9)	44.5	17.4	(27.1)

Table 15: Capital Investment





Overview on RAASA Activities

Recreational Aviation Administration of South Africa (RAASA) is a registered company in terms of the Companies and Intellectual Property Commission's (CIPC) Memorandum of Incorporation (MoI). Since 2008 RAASA has been designated by the Director of the Civil Aviation Authority to conduct limited oversight on the recreational aviation sector within South Africa. RAASA is designated and empowered to perform certain functions stipulated in the South African Civil Aviation Regulations (CARs) as contained in Part 149.01.2.

Below are the functions designated to RAASA:

- Establish safety standards relating to aviation recreation;
- Exercise control over Aviation Recreation Organisations (ARO) that are approved in terms of Regulation 149 of the CARs;
- Determine standards for the operation and airworthiness of aircraft involved in aviation recreation;
- Issue special flight permits (Authority To Fly);
- Determine standards for the licensing of personnel (Part 62 & 68 National Pilot's Licence) involved in aviation recreation;
- Issue licences to such personnel (Part 62 & 68 National Pilot Licence); and
- Advise the DCA on any matter connected with the operation and airworthiness of aircraft or the licensing of personnel involved in aviation recreation.

This relationship is managed through the Memorandum of Agreement (MoA) and Service Level Agreement (SLA) entered into between the SACAA and RAASA. In addition, three SACAA executives serve on RAASA's Board of Directors.

The current MoA was signed on 1 April 2015 and will expire in March 2018. This memorandum provides for a closer relationship and cooperation between the parties. The SLA sets out the specifics of the functions designated to RAASA.

Relationship

During the first quarter of this year, the SACAA management was tasked by the SACAA Board to conduct an internal review study and business case on the pros and cons of

designating recreational aviation oversight to RAASA. After consultation with the relevant parties, the business case with various options was submitted to the Board. The Board considered the submission and made a decision on 22 March 2017. The Director of Civil Aviation (DCA) communicated the Board's decision with the industry on 13 April 2017. The Board of SACAA resolved that the administration and oversight functions of recreational aviation will be conducted by the SACAA and the current MoA with RAASA, which is due to expire on 31 March 2018, will be extended to 31 March 2019. The SACAA Board further resolved that the SACAA establish a task team to develop a transitional plan. SACAA was also asked to look into the security of tenure for the current RAASA employees beyond the transitional period.

Enterprise-wide Business System

In order to streamline the systems of the SACAA, and to provide for an end-to-end administrative platform, RAASA has committed itself to the integration of its administrative processing systems to be aligned to those of the SACAA. This entails the installation of a dedicated communication line with the SACAA, making RAASA a virtual office within the SACAA. This will allow real-time data viewing between the organisations, and information can be verified without adding workload to the respective parties.

Board Operation

In line with the MoA with the SACAA, the Board of RAASA has effectively and efficiently executed its functions in terms of its charter. It has similarly, through its Audit, Risk and Remuneration Committee provided independent and objective oversight over, among others, financial and sustainability reporting, financial management, risk management, internal controls, internal audit functions and processes, external audit, human resources and information technology governance.



Issuing of Pilot's Licences and Authorities to Fly for NTCA

For the period from 1 April 2016 to 30 March 2017, 1,861 pilot's licences were issued and/or renewed, bringing the total number of valid licences to 2,553. A total of 2,404 Authority to Fly permits were issued to Non-Type Certified Aircraft (NTCA).

Event Approval

Event applications for the period under review were substantially lower than the corresponding period of the previous year. There are two reasons for this; the first being that amendments in the Safety at Sport and Recreation Events Act, 2010 has filtered through to organisers of these events, adding to the administrative compliance burden. The second reason is the decline in economic markets has caused many sponsors to reduce sponsorships or completely withdraw their support for these events. RAASA has embarked on a programme to assist organisers to overcome the administrative compliance burden. It is envisaged that the number of events will increase slowly. The number of Display Authorisations for pilots issued, both at events as well as at temporary parachute displays has increased from 39 to 62, compared to the previous year.

Regulation Development

A number of amendments were made to the Civil Aviation Regulations, 2011, pertaining to the operation and maintenance of NTCA. Most significantly was the initiation by RAASA of Project 24. The objective of this project is to realign the current regulations with a variety of amendment proposals that RAASA has received, as well as to provide a uniform set of regulations, exclusively catering for the NTCA environment. Nineteen (19) consultative workshops have already been conducted with the industry. This project is subject to the CARCom processes and promulgation prescripts.

Further Development of this Sector

NTCA are said to be more fuel-efficient and economically viable than the Type Certified Aircraft. Even though the majority of NTCA are built or restored to be used for sport and recreational purposes, many of these aircraft are also being used for pilot training, scenic flights and entry-level commercial operations. NTCA can also be used to support other commercial non-passenger operations such as nature conservation, security, aerial surveys, research, as well as agricultural operations, to name just a few. The NTCA sector could serve as a training platform and eventual feeder to the commercial aviation industry. It also has the potential to enhance skills development and job creation in areas such as engineering, aircraft design, repair and maintenance.

To adequately cater for these operations, dialogue is taking place with the Department of Transport's Domestic Air Services Licensing Council on the applicability of these licences in this sector. Project 24 also seeks to address a number of these private and professional operations with a view to allowing safe and viable operations.

Approving and Auditing Aviation Training Organisations

The number of new applications for Aviation Training Organisations (ATOs) approvals under the National Pilot Licensing dispensation has showed a slow but steady increase. The number of ATOs ceasing operations is fewer than the new applications. With the provision outlined in the proposed regulation pertaining to sightseeing or flipping operations, it is envisaged that the operations will shift to the newly provisioned regulatory framework. However, the number of ATOs is most likely to remain the same. The new regulatory framework will allow for more specific inspection and auditing of ATO operations as a separate action from introductory flights. It is also expected that this provision will have a positive statistical effect on the actual number of students who have completed training. The resulting specific differences in inspection methodology will add more value to the current oversight surveillance programmes.





Introduction

"To set aside one's prejudices, one's present needs, and one's own self interest in making a decision as a director for a company is an intellectual exercise that takes constant practice. In short, intellectual honesty is a journey and not a destination"



- Mervyn King (Chairman: King Report,

The South African corporate governance landscape in 2016/17 has been characterised by the launch of the King IV report on corporate governance in November 2016, a remarkable stride towards cementing the understanding of the corporate governance principles with the public and private sector.

The Board continues to be a catalyst for sound corporate governance and is in the process of conducting a King IV gap analysis in the 2017/18 financial year. As part of its governance mandate, the Board has invigorated and strengthened the focus on the strategic goals in the year under review. As a strategic Board, the Board subscribes to the principles of the King III Report on Corporate Governance, underpinned by the regulatory principles reflected in the SACAA strategic plan.

The Board's commitment to governance is key to a successful and well-respected regulatory body, and this has remained the focal point of the Board in the year under review. It remains committed to the highest standards of business integrity, ethical values and governance and has ensured that governance permeates throughout SACAA and that the entity conducts its affairs with accountability, transparency, fairness and prudence.

In keeping with high standards of governance principles and practices, the Board not only endorses compliance with the provisions of the Code of Corporate Governance contained in the King III Report, but also the additional requirements for good corporate governance as stipulated in the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA).

SACAA subscribes to, and applies all the applicable principles of King III, with the exception of principles 2.12, 2.24, 3.4, 9.1, 9.2 and 9.3, which relate mainly to Integrated Reporting.

An Integrated Report provides insight into the resources and relationships used or affected by an organisation. In addition, an Integrated Report seeks to explain how the organisation interacts with the external environment and its capital to create value over the short, medium and long-term. In this regard, the financial performance of the organisation is interrelated with the value the organisation creates for stakeholders and society at large through a wide range of activities, interactions and relationships.

In considering these principles, the Board had due regard for the fact that the SACAA is not a listed company, as well as the cost benefit associated with these principles and the requirements in terms of the National Treasury guidelines.

The Board has kept abreast of the latest developments that affect the entity, ensuring that the Board's consideration of matters of strategy, policy and performance are always robust, informed and constructive.

The SACAA is a Schedule 3A public entity in terms of the PFMA. According to the PFMA, the SACAA Board is the Accounting Authority, whilst the Minister of Transport is the Executive Authority in line with the Civil Aviation Act, 2009 (Act No. 13 of 2009).

The Board of Directors is now in the final year of its term, having been appointed retroactively on 1 October 2014. The Board is





now acclimatised to the core business of SACAA. Whilst the Board remains the focal point of corporate governance, it has concerned itself in the past year with:

- Enhancing stakeholder value through the approval of a three-year stakeholder management plan;
- Reviewing and proposing amendments to the Civil Aviation Amendment Bill;
- Analysing the revenue streams with a view to securing alternative sources of revenue;
- A full review of the governance around fraud and corruption; and
- Review and approval of the recreation oversight business model.

The Board steadfastly applies a stakeholder-inclusive model of corporate governance, whereby the interests of all stakeholders are taken into account in developing and implementing the SACAA strategy and the annual performance plan. The stakeholder-inclusive model is anchored on the stakeholder management plan, approved by the Board during October 2016, and is monitored by the Board on a quarterly basis.

In keeping with King III principles, the following governance events that took place during the year under review are worth noting:

- The Board held a two-day strategic planning session during August 2016. The session was attended by Board members and executive management and culminated in the updated strategy for the SACAA.
- Various workshops and training sessions were held. The Board deepened its understanding of the regulatory issues by conducting study tours to SAA Technical, ATNS and ACSA. These visits provided very insightful information to Board Members on what these entities do and the role of SACAA as regulator in relation to these public entities.
- The Corporate Governance Plan was reviewed and submitted to the Minister of Transport as the Executive Authority, representing the Shareholder.
- The Board successfully held its Annual General Meeting (AGM) on 5 September 2016, and all resolutions tabled were approved by the Shareholder.
- The Board also concluded its performance agreement with the Minister of Transport during March 2017.

- The Board proposed amendments to the Civil Aviation Amendment Bill. 2016.
- The Executive Authority approved the SACAA's Strategic Plan and the Annual Performance Plan for the 2017/18 financial year.
- A comprehensive Board evaluation was conducted during February 2017, wherein it was concluded that the Board functions cohesively and all engagements are considered to be robust and transparent.

Executive Authority

In compliance with the PFMA and the Board Performance Agreement, all four quarterly reports were submitted timeously to the Executive Authority. The reports were reviewed and approved by the Accounting Authority prior to submission. At year-end, the SACAA has yet again met 100% of its targets, which reveals not only a firm commitment to operational excellence in performance, but a well-run entity supported by a solid leadership team, committed to delivery of the core mandate and determined to achieve the vision set by the Board in 2014 "to be ranked among the top 10 civil aviation authorities globally by 2020". The Executive Authority is also regularly informed of progress, milestones and challenges facing SACAA through written correspondence and face-to-face interactions with the Minister and Deputy Minister of Transport.

Accounting Authority

The Accounting Authority receives favourable and constructive written feedback from the Executive Authority on its reported performance on an on-going basis. The Board has embraced the response from the Minister positively and has remained committed to delivering on its obligations as stated in the annual performance plan.



The Accounting Authority also presented its annual report to the shareholder at the AGM on 5 September 2016. The feedback received from the shareholder was both positive and encouraging.

Role and Responsibilities of the Board

The Board retains full and effective control over the governance of the SACAA and a clear division of responsibility exists at Board and executive level. It has delegated some of its powers to the Director of Civil Aviation (DCA) and the Executive Committee through a delegation of authority (DoA) framework which has been approved by the Board. The DoA, however, does not absolve the Board of its responsibilities and accountability. The role of the Board is, among others, to:

- Provide effective leadership;
- Develop the SACAA Strategy and Annual Performance Plan;
- Manage the SACAA's income, expenditure and assets;
- Determine, oversee and revise the corporate governance structures within the SACAA;
- Determine, oversee and revise the human resources policies and human resources strategies of the SACAA;
- Ensure that the SACAA is managed effectively in pursuing its mission, by providing oversight over the entity's strategies, policies, decisions, and the execution thereof:
- Appreciate that the SACAA's strategy, risk, performance and sustainability are inseparable;
- Review and approve the SACAA's financial objectives, plans and actions, including cost allocations and expenditures;
- Ensure that the entity has an effective and independent Audit and Risk Committee;
- Ensure that there is an effective risk-based internal audit function, as well as effective governance of risk management and information technology infrastructure; and
- Ensure that the SACAA complies with all the applicable laws, and also considers adherence to non-binding rules, codes, policies and standards.

The above-mentioned are not exhaustive, but provide a highlevel summary of the roles and responsibilities of the Board as stipulated in the Civil Aviation Act and the Board Charter.

Board Charter

The Board has adopted a formal Charter which clearly articulates the duties and responsibilities of the Board and is reviewed and approved annually to ensure that it is relevant and aligned with best practice. It is also closely aligned with the King III Report. The Board confirms that, during the period under review, it has satisfactorily discharged its duties and obligations as contained in the Board Charter.

Board Composition

The Board has remained stable over the reporting period, comprising seven non-executive Directors and one Executive Director, namely the Director of Civil Aviation, at the commencement of the current financial year. All the Directors were appointed by the Minister of Transport in accordance with the Civil Aviation Act. On 19 October 2016, Advocate RR Dehal, non-executive Director, resigned from the Board. The letter of resignation was submitted to the Minister of Transport.

Members of the Board:

- Mr SS Mokoena Chairperson (Non-executive)
- Major-General NLJ Ngema (Non-executive)
- Ms L Dlepu (Non-executive)
- Professor NV Dyani-Mhango (Non-executive)
- Mr M India shareholder representative (Non-executive)
- Advocate RR Dehal reappointed in October 2014 (Non-executive) – resigned 19 October 2016
- Ms D Dondur reappointed in October 2014 (Nonexecutive)
- Ms P Khoza Director of Civil Aviation (Executive)

All non-executive Directors are independent and appointed for a term of three years; with the exception of Mr India, whose term remains as is until further notice. The Director of Civil Aviation is an Executive Director, appointed on a five-year contract.

SACAA Annual Report 2016/17

In keeping with international best practice, the SACAA has an independent non-executive Chairperson, Mr SS Mokoena, who is free from any conflict of interest. The Board is satisfied that the size, diversity, skills, qualifications, knowledge and expertise of its members are adequate to ensure an effective and well-balanced Board. This also contributes to an appropriate balance of power and authority and robust intra-board deliberations.

As alluded to earlier, in February 2017 the Board embarked on an annual independent board evaluation. The scope of the evaluation included, amongst others, an evaluation of all Board Committees and Management's relationship with the Board. The Board evaluation process and report has once

again yielded positive results and provided sound feedback to members on their roles and responsibilities. It has afforded the Board an opportunity to reflect on their commitments to the Shareholder, SACAA and the best practices in terms of good governance. The relationship with management was found to be well entrenched, favourable and collaborative in nature.

A total of seven Board meetings were held in the year under review. The table on the next page delineates the composition of the SACAA Board during the 2016/17 financial year, as well as meeting attendance:



Board Members of the South African Civil Aviation Authority

Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Mr SS Mokoena								
Non-executive	1/10/14	1	BSc (Engineering)	Engineering and	Petro SA (until 31/12/2015)	loctitute of	SSEC,	2/2
			MBA	90Vd	Minerals and Petroleum	Directors of	ASC,	
Chairperson of			Government Certificate		Board (MPB)	South Africa		
3			of Competency as		SA Deputy President's			
			Electrical Engineer for		Advisory Panel on Eskom			
			the Mines & Works in SA (GCC)		lurn-Around Strategy (until 8/02/2016)			
Ms D Dondur								
Non-executive	1/07/2013 Re-	1	BAcc	Finance	South African National Blood	Institute of	ARC, HRC	2/2
	appointed					(IoDSA) - Fellow	3	
Chairperson of	1/10/2014					member		
the Audit and			Honours BCompt	Business	Gautrain Management	4 () () () () () () () () () (
HISK Committee (ARC)				Administration	Agency	Institute of Internal Auditors		
			MBA	Enterprise Risk	Basil Read Holdings	(IIA)		
				Management				
			Certificate in Labour	Corporate	Professional Provident			
			Relations	Governance	Society (PPS)			
			;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;	+40000		South African		
				Mossamos		Charter of		
			International Executive	Management	Development Agency	Accountants		
			Programme		Johannesburg Fresh	(SAICA)		
				Auditing	Produce Market			
			Gaming Executive					
			Development Program	IT Governance	National Lotteries			
					Commission			
			Professional Designation: CA (SA)	Labour Relations and Human Resources				
				Business				

Designation	Date Date Appointed Resigned	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Adv. RR Dehal								
Non-executive Director/Member	1/04/2011 Re- appointed	19/10/2016		Legal	Audit Committee Department of Cooperative Governance (DCoG),	Institute of Directors of South Africa	LRC, SSEC	2/7
Chairperson of the Legislative and Regulatory Committee (LRC)	1/10/2014		Advocate of the High Court of South Africa		Audit Committee: Municipal Infrastructure Support Agency (MISA)	(IoDSA)		
					Audit Committee: Department of Traditional Affairs (DTA)			
					Iziko Museum Council			
					National Film & Video Foundation (NFVF)			
					Board of the Human Sciences Research Council (HSRC)			
					Editorial Board of the Human Sciences Research Council (HSRC)			
					South African Nursing Council Disciplinary Appeals Committee			
					Department of Arts and Culture National Archives Advisory Council			

Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Major-General Nhlanhla Ngema	anhla Ngem	B						
Non-executive Director/Member	1/10/14	1	Diploma in Aviation Studies	Aviation Operations	None	Institute of Directors of South Africa	SSEC/ASEC, HRC	2/7
Chairperson of the Safety, Security and Environmental			International Diploma in Defence Resource Management			(loDSA)		
Committee (SSEC)			Airline Transport Pilot's Licence					
Chairperson of the Aviation			Senior Defence Management Certificate					
Committee (ASEC)			Certificate in the Aviation Leaders Programme in Public Policy - Singapore Aviation Academy					
Prof. Ntombizozuko Dyani-Mhango	o Dyani-Mha	ango						
Non-executive Director/Member	1/10/14	1	LLB	Legal	None	Institute of Directors of South Africa	ARC, LRC and POC	2/7
Chairperson of the Procurement Oversight			TFD			(IoDSA)	POC and ASC	
Committee (POC)			Associate Professor of Law					
Ms Lizeka Dlepu Non-executive Director/Member Chairperson of the Human Resources and Remuneration	1/10/14		BA (Psychology) Certificate in Telecommunications Regulations and Regulatory Environment	Human Resources	Nojoli Wind Farm Board of Trustees Electra Board of Trustees Gibson Bay Wind Farm Board of Trustees	Institute of Directors of South Africa (IoDSA)	HRC and SSEC / ASEC	2/9
(HRC)								



Designation	Date Appointed	Date Date Appointed Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other No. of Committees Meetings	No. of Meetings Attended
Mr Mongezi India								
Non-executive	1/10/14	1	National Diploma	Aviation Security	South African National Parks	Institute of	ARC, LRC	7/7
Director/Member			in Security Risk		(SANPARKS)	Directors of	and POC	
			Management			South Africa		
Shareholder					Safety at Sports and	(IoDSA)	ASC and	
Representative			Diploma in Aviation		Recreation Events Appeal		ARC	
			Security Management		Board	Former Member		
Chairperson			Project Management			of the National		
of the Aviation			Certificate			Council for		
Security						Correctional		
Committee			Programme in			Services		
(ASC)			Economics and Public					
			Finance			Former SA		
						Representative		
			Disaster and			of the AvSec		
			Communication			Panel of		
			Management Certificate			Experts of ICAO		
						United Nations		
			Certificate in the Aviation			Specialised		
			Leaders Programme in			Agency		
			Public Policy - Singapore					
			Aviation Academy					
			Former Military/Defence/					
			Police Officer					

Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Ms Poppy Khoza								
	1/11/2013	1	B Management and Advanced Business Programme	Leadership and Aviation	Chairperson of the ICAO Aviation Security Panel 2015/16 and 2016/17	Institute of Directors of South Africa	ARC, HRC, LRC, SSEC and POC	5/7
Director of Civil						(IoDSA)	ASEC, ASC	
Aviation			International Executive Development				(Invited Member)	
			Programme (Wits and					
			School)					
			International Visitor's					
			Programme (USA)					
			Civil Aviation Chief					
			Executive Programme					
			Certificate (Singapore					
			Aviation Academy)					
			Certificate in Aviation					
			Safety for Directors					
			General (Singapore					
			Aviation Academy with					
			()					
			Various Civil Aviation					
			Certificates from ICAO					
			Certificate in Travel and					
			Tourism					
			Certificate in Emerging					
			Management					
			Programme					



Board Committees

In terms of principle 2.23 of King III Report on Corporate Governance, the Board should delegate certain functions to well-structured committees but, without abdicating its own responsibilities. The Board Committees, form an integral part of the SACAA governance model. They allow for more in-depth deliberation on crucial and complex matters and enable the Board to make more informed decisions on such matters, based on the recommendation of its committees.

The Board had five committees at the beginning of the financial year, namely the Audit and Risk Committee, the Human Resources and Remuneration Committee, the Safety, Security and Environmental Committee, the Legislative and Regulatory Committee and the Procurement Oversight Committee. The Board, with due regard for the recommendations emanating from the previous Board Evaluation report, reviewed the constitution and composition of the Board Committees on 28 October 2016 and deemed it necessary to disband the Legislative and Regulatory Committee and the Safety, Security and Environmental Committee. The Board created two new Committees to allow for focussed deliberation on aviation safety and security matters. The committees were the Aviation Security and the Aviation Safety and Environmental.

All committees operate within the framework of Board-approved terms of reference, which are reviewed annually by the committee and approved by the Board. In addition, each committee has an approved annual work plan linked to its terms of reference, the CA Act, the PFMA and the Board performance agreement. The Board appoints the Chairperson and members of each of the committees. The Audit and Risk Committee (ARC) members are nominated by the Board but membership is ratified at the Annual General Meeting (AGM). This ensures a healthy system of governance.

During the reporting period, the committees were constituted as follows:

Audit and Risk Committee (ARC)

The Committee is a statutory Committee that provides independent and objective oversight over, amongst others, financial and sustainability reporting, financial management, risk management, internal controls, internal audit functions and processes, external audit, procurement processes, and information technology governance.

The members were nominated by the Board and their appointment ratified at the AGM of 5 September 2016.

The ARC operates in accordance with approved terms of reference and a detailed annual work plan. The following are some of the responsibilities:

- The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities. This includes the adequacy, reliability and accuracy of the financial information provided by management and other users of such information;
- Reviewing the internal control systems and structures, including financial controls and accounting systems, as well as evaluating whether the system of internal control is adequate to manage critical risks;
- Reviewing the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations;
- Reviewing the enterprise-wide risks as well as the strategic risks on a quarterly basis and ensuring that risk management assessments are performed on a continuous basis; and
- Reviewing the annual report and annual financial statements to ensure that they fairly present a balanced assessment of the SACAA's position, performance and prospects before recommending them to the Board for approval.



Human Resources and Remuneration Committee (HRC)

The HRC advises the Board on human resources (HR) related matters, and recommends to the Board for approval of all HR related policies and strategic documents.

This Committee provides independent and objective oversight over, amongst others, the human resources issues, labour relations, collective bargaining issues, remuneration, performance management systems, reward strategy, retention policy, succession planning and any other issues relating to the workforce of the South African Civil Aviation Authority. The HRC's duties and responsibilities are detailed in its Board-approved Terms of Reference (ToR).

Safety, Security and Environmental Committee (SSEC)

The SSEC was constituted to ensure that the Board is aware of aviation safety and security matters as well as environmental issues. It conducted safety and security oversight and mobilised the requisite resources for safety and security matters, including audits. The SSEC continues to review key strategies that will impact on the aviation industry. The Committee was disbanded by the Board on 28 October 2016.

Legislative and Regulatory Committee (LRC)

The SACAA deals with multiple legislative and regulatory matters on an on-going basis. The LRC was constituted to advise the Board on legislative, regulatory and compliance

matters affecting the Board and the SACAA as a whole. The Committee was disbanded by the Board on 28 October 2016.

Procurement Oversight Committee (POC)

The purpose of the POC is to advise the Board on the awarding of bids/tenders within the delegated authority of the Committee, i.e. R10 million and above. The POC operates in accordance with a duly approved Terms of Reference (ToR).

Aviation Security Committee (ASC)

The role of the Committee is to assist and ensure that the Board is aware of aviation security matters, and the Board allocates funding and mobilises the resources for security matters, including audits where required. The Director of Civil Aviation was appointed as a member of the Committee.

Aviation Safety and Environmental Committee (ASEC)

The Committee assists in ensuring that the Board is aware of aviation safety and environmental matters, and the Board allocates funding and mobilise the resources for safety and environmental matters - including audits. The Director of Civil Aviation was appointed as a member of the Committee.



The following table indicates attendance of committee meetings for the period under review.

Committee	No. of Meetings Held	No. of Members	Name of Members	Meetings Attended	
			Ms D Dondur (Chairperson)	7/7	
			Mr M India	5/7	
Audit and Risk Committee	7	2	Prof. N Dyani Mhango (Retired on 30/01/2017)	6/7	
Audit and hisk Committee	1	3	Ms D Dondur (Chairperson) Mr M India		
				7/7 5/7 6/7 1/1	
			Major-General NLJ Ngema (Chairperson)	2/2	
Aviation, Safety and	0	0	Mr SS Mokoena	2/2	
Environmental Committee	2	3	Ms L Dlepu	1/2	
			Mr L Gqeke (ADCA)	2/2	
Human Resources and			Ms L Dlepu (Chairperson)	8/8	
Remuneration Committee	8	3	Ms D Dondur	8/8	
Remuneration Committee			Major-General NJL Ngema	8/8	
Legislative and	tive and		Adv. RR Dehal (Chairperson) ¹	2/3	
Regulatory Committee		3	Prof. NV Dyani-Mhango	3/3	
riegulatory committee			Mr M India	3/3	
Procurement Oversight			Prof. N Dyani-Mhango (Chairperson)	3/3	
Committee	3	3	Ms D Dondur	3/3	
Committee			Mr M India	2/3	
			Major-General NLJ Ngema (Chairperson)		
Safety, Security and	3	4	Adv. RR Dehal	3/3	
Environmental Committee	O	7	Ms L Dlepu	2/3	
			Mr SS Mokoena	3/3	

Notes:

The Board disbanded the LRC in October 2016 and it was replaced by the Aviation Security Committee.

			Mr M India (Chairperson)	1/1
Aviation Security	4	2	Mr SS Mokoena	1/1
Committee (ASEC)	I	3	Prof. Dyani-Mhnago	1/1
			Mr L Gqeke (ADCA) ²	1/1

Notes:

- 1. Adv. RR Dehal resigned on 19 October 2016.
- 2. The DCA, Ms P Khoza, was on maternity leave and Mr L Gqeke was appointed to Act as DCA by the Minister of Transport from 1 January 2017 to 31 March 2017.



Committee	No. of Meetings Held	No. of Members	Name of Members	Meetings Attended				
			Mr SS Mokoena (Chairperson)	1				
			Mr M India	1				
			Prof. N Dyani Mhango (Retired on 31/01/2017)	1				
Board Strategy Session	1	7	Mr SS Mokoena (Chairperson) Mr M India Prof. N Dyani Mhango (Retired on 31/01/2017) Ms L Dlepu (Appointed on 31/01/2017) Ms Dondur Major-General NLJ Ngema Ms P Khoza Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango Ms D Dondur Mr M India Ms L Dlepu Major-General NLJ Ngema Ms P Khoza Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango Ms D Dondur Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhnago Ms L Dlepu Ms P Khoza Prof. N Dyani-Mhango Ms D Dondur Ms D Dondur Ms D Dondur Ms D Dondur Ms L Dlepu Prof. N Dyani-Mhango Mr M India Major-General NLJ Ngema Adv. RR Dehal					
			Ms Dondur	1				
			Mr SS Mokoena (Chairperson) Mr M India Prof. N Dyani Mhango (Retired on 31/01/2017) Ms L Dlepu (Appointed on 31/01/2017) Ms Dondur Major-General NLJ Ngema Ms P Khoza Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango Ms D Dondur Mr M India Ms L Dlepu Major-General NLJ Ngema Ms P Khoza Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango Ms L Dlepu Ms P Khoza Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhnago Ms L Dlepu Ms P Khoza Prof. N Dyani-Mhango Ms L Dlepu Ms P Khoza Prof. N Dyani-Mhango Ms D Dondur Ms L Dlepu Prof. N Dyani-Mhango Mr SS Mokoena Ms D Dondur Ms L Dlepu Prof. N Dyani-Mhango Mr Ms L Dlepu Prof. N Dyani-Mhango Mr Ms L Dlepu Prof. N Dyani-Mhango Mr M India Major-General NLJ Ngema Adv. RR Dehal					
			Ms P Khoza	1				
			Mr SS Mokoena (Chairperson)	1				
			Prof. N Dyani-Mhango	1				
			Ms D Dondur	1				
Annual General Meeting	1	7	Mr M India	1				
			Ms L Dlepu	0				
			Major-General NLJ Ngema	1				
			Ms P Khoza	1				
			Mr SS Mokoena (Chairperson)	1				
Board Task Team (Legal	_		Prof. N Dyani-Mhnago	1				
Opinion and CAA Act)	1	4	Ms L Dlepu (Appointed on 31/01/2017) 1 Ms Dondur 1 Major-General NLJ Ngema 1 Ms P Khoza 1 Mr SS Mokoena (Chairperson) 1 Prof. N Dyani-Mhango 1 Ms D Dondur 1 Mr M India 1 Ms L Dlepu 0 Major-General NLJ Ngema 1 Mr SS Mokoena (Chairperson) 1 Prof. N Dyani-Mhnago 1 Ms L Dlepu 1 Ms P Khoza 1 Prof. N Dyani-Mhango 2 Ms D Dondur 2 Mr SS Mokoena 3 Ms D Dondur 3 Ms L Dlepu 2 Prof. N Dyani-Mhango 4 Mr M India 1 Major-General NLJ Ngema 3 Adv. RR Dehal 1					
			Ms P Khoza	1				
Board Task Team			Prof. N Dyani-Mhango	2				
(Appointment of independent members for the ARC and POC)	2	2	Ms D Dondur	2				
			Mr SS Mokoena	3				
			Ms D Dondur	3				
Board Training and			Ms L Dlepu	2				
Workshops During the	4	8	Mr SS Mokoena (Chairperson) Mr M India Prof. N Dyani Mhango (Retired on 31/01/2017) Ms L Dlepu (Appointed on 31/01/2017) Ms Dondur Major-General NLJ Ngema Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango Ms D Dondur Mr M India Ms L Dlepu Major-General NLJ Ngema 1 Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango 1 Mr S D Dondur Mr M India Ms L Dlepu Major-General NLJ Ngema 1 Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango 1 Mr SS Mokoena (Chairperson) Prof. N Dyani-Mhango 1 Mr S Mokoena 1 Mr S D Dondur Ms D Dondur Ms D Dondur Ms D Dondur Mr S Mokoena Mr S Mokoena					
	4	0	Ms L Dlepu 1 Ms P Khoza 1 Prof. N Dyani-Mhango 2 Ms D Dondur 2 Mr SS Mokoena 3 Ms D Dondur 3 Ms L Dlepu 2 Prof. N Dyani-Mhango 4 Mr M India 1 Major-General NLJ Ngema 3					
year			Major-General NLJ Ngema	3				
			Adv. RR Dehal	1				
			Ms P Khoza	3				

Table 17: Board Committees







Board Remuneration

Board remuneration is determined by the Minister of Transport. Board members are paid a monthly stipend and, in addition, are remunerated for meeting attendance and preparation. Members are also reimbursed for any travel expenses incurred. Board remuneration is disclosed in the annual financial statements and is summarised hereunder:

Name	Annual	Other	Other	Total
	Remuneration	Allowance	Reimbursements*	
Mr SS Mokoena	322,915.04	N/A	961.00	323,876.04
Ms D Dondur	315,405.49	N/A	5,220.73	320,626.22
Adv. RR Dehal	130,519.51	N/A	56,891.00	187,410.51
Ms L Dlepu	270,009.97	N/A	2,813.52	272,823.49
Mr M India	259,642.09	N/A	2,873.47	262,515.56
Major-General NLJ Ngema	287,384.22	N/A	18,542.11	305,926.33
Prof. NV Dyani-Mhango	296,559.07	N/A	5,689.00	302,248.07

^{*}Reimbursement expenses are disclosed in terms of section 28(1)(4) of the PFMA as reimbursement costs paid to Board members. The costs include flights, car hire, accommodation and travel costs for all meetings of the Board and its committees.

Table 18: Board Remuneration

RISK MANAGEMENT

A total of eighteen (18) Strategic Objectives and thirteen (13) Risks were identified for the 2016/17 financial year. During the review of the Strategic Risk register on 27 March 2016 a total of thirteen (13) risks were identified with the Inherent Risk level exposure of 20.61 and the Residual Risk

level exposure of 10.92. At the end of March 2017 the risks remained as thirteen (13) and there was a decrease in the Residual Risk exposure from 10.92 to 10.23. A summary of the strategic SACAA risks and risk profile emanating from the strategic risk assessment process is set out in the next table and outlined in a descending order inherent to the risk exposure.





SACAA STRATEGIC RISK MATRIX						
Risk Description	Strategic Goal	Strategic Objective	Inherent Risk Level	Residual Risk Level		
Misaligned safety interventions causing accelerated accident rates	Regulates aviation industry in compliance with CAA Act and ICAO safety and security elements	Revise and implement CFARP and align to international best practice	25	16		
Non-compliance with legislation	Propose legislative review and governance arrangements Drive organisational efficiency and effectiveness	Improve governance arrangements with designated bodies	25	9		
Inadequate and ineffective aviation safety & security measures	Regulates aviation industry in compliance with CAA Act and ICAO safety and security elements	Achieve a step-change in regulating aviation safety and security	25	6		
Reduction of ICAO score to below global average - less than 60%	Regulate aviation industry in compliance with CAA Act and ICAO safety and security elements	Achieve a step-change in regulating aviation safety and security	25	6		
Inadequate skills capacity & loss of key skills	Drive organisational efficiency and effectiveness	Enhance skills capacity	20	9		
Poor customer service and experience	Significantly improve client service experience	Significantly improve customer experience	20	12		
Lack of buy-in by internal and external stakeholders	Improve communication and stakeholder management	Significantly improve internal and external stakeholder engagement	20	12		
Untransformed industry	Accelerate aviation industry transformation	Implement SACAA - specific Aviation Industry Transformation Strategy deliverables	20	12		
Unsustainable funding model	Secure financial sustainability	Diversify and expand sources of revenue	20	9		
Business Continuity within SACAA	Drive organisational efficiency and effectiveness	Improve governance arrangement	20	9		
Suboptimal execution of SACAA ICT Strategy	Drive organisational efficiency and effectiveness	Acquire ICT infrastructure to support SACAA business model	16	12		
Labour unrest (strikes, damage to property, ineffective service etc.)	Improve communication and stakeholder management	Significantly improve internal and external stakeholder engagement	16	12		
Conflict of interest	Drive organisational efficiency and effectiveness Propose legislative review and governance arrangements	Improve governance arrangements	16	9		

Table 19: SACAA Strategic Risk Matrix





Internal Control Unit

The SACAA does not have an Internal Control Unit, as such, functions and activities are dealt with by the Internal Audit Department and Audit and Risk Committee.

Internal Audit

The SACAA has established an Internal Audit Department in line with the Public Finance Management Act (PFMA) and Treasury Regulations. Internal Audit is an independent and objective assurance and consulting activity, established to add value and improve SACAA operations. It assists the SACAA to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance systems, which must be managed in a manner that ensures:

- The effectiveness and efficiency of operations, investments and projects;
- The safeguarding of SACAA assets;
- The reliability and integrity of financial and non-financial information; and
- Processes regarding compliance with laws and regulations.

The Internal Audit Department reports functionally to the Board's Audit and Risk Committee (ARC) and administratively to the Director of Civil Aviation (DCA).

Key Activities and Objectives of Internal Audit

The Internal Audit Department is responsible for maintaining an adequate system of internal control within the SACAA. In line with the PFMA, Treasury Regulations and King III, the department provides the ARC and SACAA management with the assurance that internal controls are appropriate, adequate and effective. The ARC meets five times annually.

Internal Audit plays a key and independent role within the organisation in assessing the adequacy and effectiveness of risk management, internal controls and governance processes. One of its functions is to ensure that there is improved internal control within the organisation as well as compliance with applicable legislation. Constant and regular monitoring of performance is undertaken.

The Internal Audit Department prepares a risk-based Three-Year Coverage Plan as well as an Annual Audit Plan for approval by the ARC. Progress reports against the plans are presented quarterly to the ARC by the Chief Audit Executive, to enable it to discharge its oversight responsibility.

The Internal Audit Coverage Plan ensures that the Internal Audit function focuses on the high and significant risk areas of the organisation. The plan is balanced, since it covers both strategic and operational risks, as well as issues of compliance.

The Internal Audit Department underwent an External Quality Assessment in May of the 2016/17 financial year, which is required by the Institute of Internal Auditors standards (IIA). The overall assessment outcome from the IIA was General Conformance, and implies that the processes undertaken by the Internal Audit Department complies with the IIA Standards.

Summary of Audit Work Done

The Internal Audit Approach for the 2016/17 financial year has improved, which has resulted in changes in the Annual Audit Plan, and more focus was placed on Data Analytics and technical divisions to prepare for the May 2017 ICAO Audit.

The Internal Audit Department executed and completed all the audits on the approved Internal Audit Annual Plan for the year under review, and significant and major findings were reported to the ARC on a quarterly basis.

A findings tracking register was developed and monitored on a monthly basis for progress made by management in addressing the agreed management action and implementation plans. Ninety-seven percent (97%) of the





findings for the previous financial year have been resolved by management, which is a clear indication of the synergy between management and Internal Audit as a Trusted Business Advisor.

Audit and Risk Committee

The Audit and Risk Committee (ARC) derives its mandate from the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Treasury Regulations, with specific reference to section 51 of the PFMA. In terms of the above legislation the Board is required to appoint the ARC and the appointment of the members is ratified by the Executive Authority at the Annual General Meeting.

The ARC has adopted appropriate, formal Terms of Reference (ToR) which are reviewed annually and approved by the Board. This ARC is independent and carries out its functions without any influence or interventions from the Board or Management of the SACAA.

Independent and objective oversight is maintained over, among others, financial and sustainability reporting, financial management, risk management, the internal audit function, external audit, procurement processes, information technology, governance and integrated reporting within the SACAA. The ARC meets at least five times a year to consider the quarterly financial management report, internal audit quarterly report, risk management report, performance management, external audit strategy and any other statutory requirements. (See also the Audit and Risk Committee Report on page 85).

Combined Assurance Model

The combined assurance model was introduced by King III, and now the new King IV places more emphasises on the combined assurance model and is no longer primarily about defence but rather about having an adequate and effective control environment and strengthening the integrity

of reports for better decision-making. The Board approved the Combined Assurance Model Plan, and the Combined Assurance Committee was also formed.

In terms of King IV, the Audit Committee should oversee that implementation of the combined assurance results in combining, coordinating and aligning assurance activities across the various lines of assurance, so that assurance has the appropriate depth and reach.

SACAA has developed a Combined Assurance Plan so as to provide principles and guidelines that will be utilised in implementing combined assurance across the organisation. The Combined Assurance Plan is currently being implemented.

Compliance with Laws and Regulations

In terms of King III, the Board is required to ensure that the SACAA complies with applicable laws and considers adherence to non-binding rules, codes and standards. This has remained an ethical imperative for the Board and the SACAA. Quarterly reporting on compliance with the PFMA as well as international codes and standards has been ongoing. The SACAA has a compliance manual in place which sets out its compliance parameters.

Continuous monitoring of the regulatory environment is in progress. The SACAA envisages finalising a Legal Compliance Plan and Roadmap in 2017/18, which will outline planned activities of the compliance function, including the development of a Monitoring Plan that will outline all Legal Compliance and Ethics related monitoring activities.



Fraud and Corruption

The current financial year has seen the SACAA Board establishing the Fraud and Corruption Prevention Framework which provides management with a directive on initiatives to be undertaken to prevent fraud and corruption through the following pillars:

- Create and maintain an ethical environment (Fraud Prevention);
- Understand and manage Fraud and Corruption Risk (Fraud Prevention and Detection);
- Being proactive in defence (Fraud Prevention and Detection); and
- Swift response (Fraud Investigations).

The Board also reviewed the following policies, which are aimed at supporting the Framework:

- Fraud and Corruption Prevention Policy;
- Whistle-Blowing Policy; and
- Incident Response Plan.

Management has been engaged in a number of fraud awareness initiatives, and one which was aimed at encouraging employees and external stakeholders to report suspected or known acts of fraud, corruption and irregularities. This initiative has paid off in that the number of incidents reported on the Fraud Hotline increased by 44%, from 85 in the 2015/16 financial year to 122 in the 2016/17 financial year.

The Tip-Off Anonymous Fraud Hotline has been ring-fenced to ensure that it is available 24 hours a day, 365 days a year and in all official South African (SA) languages.

As part of the tone at the top, EXCO has committed to implementing all recommendations made in the forensic investigations, to the extent that such implementation is part of EXCO members' scorecards. The current financial year has seen management achieving a 90% implementation rate, with the outstanding recommendations being policy reviews.

The following financial year will see direct and specific initiatives that will be aimed at creating an environment that will be

intolerant of fraud and corruption, which initiatives will start with the development of employee vetting policies and practises.

Management is satisfied that sufficient assurance has been provided and accepted by the Board that fraud, corruption and irregularities are well managed within the organisation.

Minimising Conflict of Interest

Conflict of interest is managed through mandatory annual declarations of interest by all employees. This is over and above the requirement that employees disclose matters of conflict of interest as and when they arise. During the year under review the Board reviewed and approved the Conflict of Interest Policy. The Policy ensures alignment with the CA Act and best practice in terms of dealing with any conflict of interest.

The declarations are verified by the Internal Audit Department for validity, accuracy and completeness and, where discrepancies exist, such discrepancies are subjected to a full forensic investigation. In addition, all employees within the SCM Department are vetted to manage issues of conflict.

All Board members are required to declare any conflict of interest on an on-going basis. The Board Charter read together with section 84 of the CA Act details the importance of declaring conflict of interest and contains prescripts for dealing with such conflicts.

Code of Conduct

The SACAA has both an employee and Board Code of Conduct and an Ethics Policy in place which defines the ethos in terms of values and behavioural principles expected from its directors, employees and contractors. These codes ensure that the SACAA maintains high ethical standards at all times.





Health, Safety and Environmental Matters

The SACAA is a medium-risk organisation with a positive health and safety culture. The organisation places a high premium on the well-being of its employees. In this regard, the organisation has an effective Health and Safety management system in place to ensure the continued health, safety, welfare and development of its staff. The Health and Safety management system duly meets recognised standards and is backed by effective policies and procedures.

The Health and Safety (H&S) Unit successfully discharged its duties in line with its annual performance plan. In this regard, the unit was successful in undertaking continuous organisation-wide occupational health and safety hazard identification and risk assessments. The H&S unit also successfully reviewed the organisation's occupational health and safety policy. The H&S unit offered continuous training and capacity building for the occupational health and safety representatives. Moreover, the SACAA was issued with a Letter of Good Standing from the Department of Labour's Compensation Commissioner.

On the other hand, the H&S unit has noted the need to intensify awareness across the organisation in relation to occupational health and safety.

The number of on-duty incidents shows a decrease during the reporting period compared to the 2015/16 financial year. As the following table illustrates, there were two cases reported during the review period, compared to six minor injuries in the prior year. All reported incidents were minor and met the reporting requirements of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993). Both incidents were duly processed and submitted to the Department of Labour's Compensation Commissioner.

TWO-YEAR COM REPORTED INJUI		,
Category of Injury	Period	Period
	2015/16	2016/17
Fatal	0	0
Minor injury	6	2
Major injury	0	0
Dangerous occurrence	0	0
III health	0	0
Total reports	6	2

Table 20: Two-year Comparison of Reported Injuries on Duty

Company Secretary

The Board continues to be supported by a competent Company Secretary. The Company Secretary plays an instrumental role in advising the Board on its roles and responsibilities, amongst other duties. The roles and responsibilities of the Company Secretary are defined in the Board Charter, read together with the King III report and the Company Secretary is evaluated annually as part of the Board Evaluation. The Directors have full access to the services and advice of the Company Secretary and all information and records necessary for the discharge of their duties. In addition, the Board of Directors have access to the services of independent professionals and advisors where necessary, and provided that due process has been followed. The Company Secretary maintains an arm's length relationship with the Board and its Directors. The Company Secretary is also empowered with the necessary authority and support to carry out her duties.

The duties of the Company Secretary include:

- Maintaining all statutory records;
- Annually reviewing all Board and committee charters;
- Assisting the Chairperson with the annual Board evaluation;
- Advising the Board on business ethics and good governance;
- Ensuring that the Board's policies and instructions are communicated to the appropriate persons in the Authority;
- Ensuring that the Board receives adequate information so as to make informed decisions;





- Ensuring Board induction, training and development; and
- Monitoring of legislative compliance.

Social Responsibility

Transformation and Career Awareness Activities

In a quest to mitigate the slow pace of transformation of the aviation industry, the SACAA has adopted a multi-pronged

approach which includes, among others, a career awareness programme. Other initiatives include financial aid for training as well as skills programmes, which are outlined in detail under the Human Resources section of this report.

The schools outreach programme is critical in exposing historically disadvantaged individuals to careers in aviation. During the year under review, the SACAA visited 303 schools in the nine provinces, which resulted in interaction with 40,623 learners. Most of the schools visited are based in deeply rural areas.

	SACAA SCHOOL VISITS PROGRAMME							
Date	Province	District / Area	No. of	No. of				
			Schools	Learners				
19 - 22 April 2016	North West	Moses Kotane	12	2,788				
19 - 22 April 2016	Western Cape	Stellenbosch, Wellington, Hermanus	12	1,481				
25 April 2016	Limpopo	Ramohlaka	14	1,000				
17 - 20 May 2016	Mpumalanga	Ehlanzeni	35	7,963				
29 May - 3 June 2016	KwaZulu-Natal	Newcastle	14	2,038				
3 - 4 June 2016	Free State	Lejweleputswa	32	2,364				
13 July 2016	Eastern Cape	Lusikisiki, Queenstown	5	100				
24 - 29 July 2016	Northern Cape	Namaqua	10	346				
24 - 29 July 2016	Limpopo	Venda	10	1,033				
25 - 26 July 2016	Eastern Cape	Port Elizabeth	12	1,200				
22 - 27 August 2016	Northern Cape	Kathu	13	2,372				
22 - 27 August 2016	Free State	Phuthaditjhaba	16	2,778				
5 - 9 September 2016	Eastern Cape	Cradock	15	1,500				
23 September 2016	Limpopo	Venda	2	445				
23 - 24 September 2016	KwaZulu-Natal	Dundee	4	40				
10 - 14 October 2016	Western Cape	Gugulethu, Mitchells Plain, Constantia	10	2,390				
18 - 19 October 2016	Gauteng	Alexandra	5	2,034				
29 October 2016	Limpopo	Phalaborwa	17	984				
6 - 10 February 2017	Gauteng	Krugersdorp	12	1,244				
13 - 16 February 2017	KwaZulu-Natal	Kokstad, Ixopo, Pholela, Umzimkhulu	14	1,942				
20 - 24 February 2017	Free State	Welkom	9	812				
27 February - 3 March 2017	North West	Brits	9	1,089				
13 - 17 March 2017	Limpopo	Polokwane	15	1,980				
24 March 2017	Gauteng	Hammanskraal	6	700				
Total			65	7,767				
Grand Total for the 2016/17 Fir	nancial Year		303	40,623				

Table 21: SACAA School Visits Programme

SACAA Annual Report 2016/17









The SACAA continually engages schools, especially those based in rural communities, in an effort to bring knowledge about aviation careers to pupils. During the 2016/17 financial year, the SACAA visited over 300 schools in the various provinces and in the process interacted with over 40,000 learners.



Report of the Audit and Risk Committee for the Year Ended 31 March 2017

The Audit and Risk Committee (ARC) was established as an independent statutory committee in terms of the PFMA and the CAA Act. The ARC oversees all audit and risk matters for the SACAA, however, the Board is ultimately accountable for risk management. The ARC functions within approved ToR and complies with relevant legislation, regulation and governance codes.

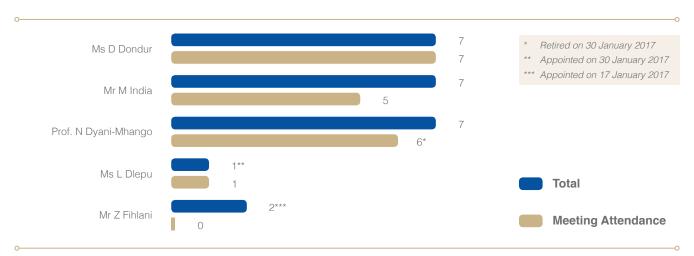
The ARC submits this report for the year ended 31 March 2017, as required by the Treasury Regulations 27.1.7 and 27.1.10 (b) and (c), issued in terms of sections 51(1)(a)(ii) and 76(4)(d) of the PFMA.

Audit and Risk Committee Membership, Members' Qualifications and Meeting Attendance

The ARC consists of three independent non-executive members, one independent specialist member and is

chaired by an independent non-executive member of the Board, Ms Doris Dondur. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive: Internal Audit, and external auditors have a standing invitation to all meetings of the ARC. A brief profile of each of the ARC members, as well as their qualifications can be viewed in Section C of this report, under Members of the Board.

During the period under review and as per the graph below, five scheduled meetings and two special meetings were held. The Chairperson of the ARC reports to the Board quarterly in writing, with regard to the ARC's deliberations, decisions, and recommendations.



Graph 7: The above graph reflects meeting attendance of the ARC



Roles and Responsibilities

During the period under review, the ARC fulfilled its statutory duties as required by the PFMA and Treasury Regulations, as well as various additional responsibilities assigned to it by the Board. The ARC's activities are also guided by its ToR, which are annually reviewed and approved by the Board. In conducting its duties, the ARC performed the following activities:

Effectiveness of Internal Control and Risk Management

Section 51(1)(a)(i) of the PFMA states that the Board must ensure that a public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The ARC is responsible for overseeing risk management and reviewing the internal controls. Reviews on the effectiveness of the internal controls were conducted, covering financial, operational, compliance and risk assessment.

During the year under review, the ARC reviewed and recommended the following matters to the Board for approval:

- Quarterly risk reports containing pertinent risks and opportunities aligned with the SACAA's vision and mission, emerging events and reportable incidents;
- Quarterly PFMA compliance reports;
- Quarterly finance and materiality reports;
- Quarterly performance information;
- The SACAA's policies on risk assessment and risk management, including fraud risks and information technology risks;
- The SACAA's fraud and corruption framework and policies;
- The risk management framework and policies;
- The Medium-term Expenditure Framework for 2018 to 2020:
- The Estimate of National Expenditure for 2018 to 2020;
- The revenue model;

- The Combined Assurance Model and Framework; and
- Proposed tariff increases.

Reviewed and approved the following:

- Quarterly reports on the SACAA's Information and Communication Technology;
- Quarterly reports on legal compliance, litigation and fraud incidents; and
- Oversight on Capex projects.

The Board conducted a risk assessment on 27 February 2017 in respect to the 2017/18 financial year. An overview of the most significant risks for the 2016/17 financial year is discussed in detail under the Risk Management section of this report.

Internal Audit

The Internal Audit Department (page 79) is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal controls across all the significant areas of the SACAA's operations.

The ARC is responsible for ensuring that the SACAA's internal audit function is independent and has the necessary resources, skills, standing and authority within the organisation to enable it to discharge its responsibilities effectively. The Internal Audit Department (page 79) has unrestricted access to the ARC. In addition, the ARC oversees cooperation between the internal and external auditors, and serves as a link between the Board of Directors and the functions.

The ARC reviews and approves the Internal Audit Plan annually. The Internal Audit Department's activities are measured against the approved Annual Internal Audit Plan and the Chief Audit Executive tables progress reports in this regard to the ARC.



During the reporting period, the ARC conducted the following activities:

Reviewed and recommended the following matters to Board:

- Fraud and Corruption Framework;
- Combined Assurance Model; and
- Revised Revenue Model.

Reviewed and approved/noted the following matters:

- Three-year Internal Audit Coverage Plan;
- Annual Internal Audit Plan:
- A progress report on the closure of internal audit findings;
- Internal Audit's quarterly reports in line with the approved Annual Internal Audit Plan; and
- The Internal Audit Charter for the 2016/17 Financial Year.

The ARC is of the opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Department (page 79) has complied with the internal audit standards, and the required legal, regulatory and other responsibilities as stipulated in its Charter during the period under review.

External Auditors

The ARC, in consultation with the SACAA's Management, agreed to the terms of the Auditor-General of South Africa's engagement letter, audit strategy, and audit fees in respect to the 2016/17 financial year.

The Audit and Risk Committee also monitored the implementation of the action plan to address matters arising from the Management Report issued by the Auditor-General of South Africa for the 2015/16 financial year. All the action items were closed by the end of the 2016/17 financial year.

Evaluation of the Annual Financial Statements

During the reporting period, the ARC reviewed the Annual Financial Statements of the SACAA and is satisfied that

they comply with the South African standards of Generally Recognised Accounting Practice and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Changes in the Accounting Policies and Practices;
- Significant adjustments resulting from the Audit;
- Compliance with accounting standards and legal requirements;
- Explanation for the accounting treatment adopted;
- Reasons for year-on-year fluctuations;
- Asset valuations and revaluations; and
- The basis for the going-concern assumption.

The review of the Annual Financial Statements and the Draft Annual Report for the 2016/17 financial year were undertaken at the ARC meeting held on 20 May 2017. The ARC recommended them to the Board for approval on 29 May 2017.

Quality of Monthly and Quarterly Management Reports Submitted in terms of the PFMA

The ARC is satisfied that it received sufficient, reliable and timely information from Management in order to enable it to fulfil its responsibilities. During the period under review, quarterly management reports were presented by Management to enable the ARC to:

- Monitor the integrity, accuracy and reliability of the financial position of the SACAA;
- Review the management accounts of the SACAA and provide the Accounting Authority with an authoritative and credible view of the financial position of the SACAA;
- Review the company's internal financial and operational controls, as well as the risk management systems;
- Review the disclosure in the financial reports of the SACAA and the context in which statements on the financial health of the SACAA are made; and
- Review all material information presented together with the management accounts.





The ARC reviewed the quarterly reports and Annual Report on the SACAA's performance against predetermined objectives.

Audit and Risk Committee's Evaluation

An independent evaluation of the Audit and Risk Committee was conducted by Grant Thornton during the latter part of the financial year. The evaluation assessed, amongst others, the composition of the ARC, the understanding of the business and risks, oversight of internal and external auditors, processes and procedures, communication and reporting, oversight of internal controls, risk management, governance and financial reporting.

The ARC was found to be working very well under the leadership of a very effective and informative Chairperson. Members are kept abreast of the latest developments and received adequate training to up-skill them. It was further reported that the ARC was well supported by the Company

Secretary and had a good relationship with the Management.

Conclusion

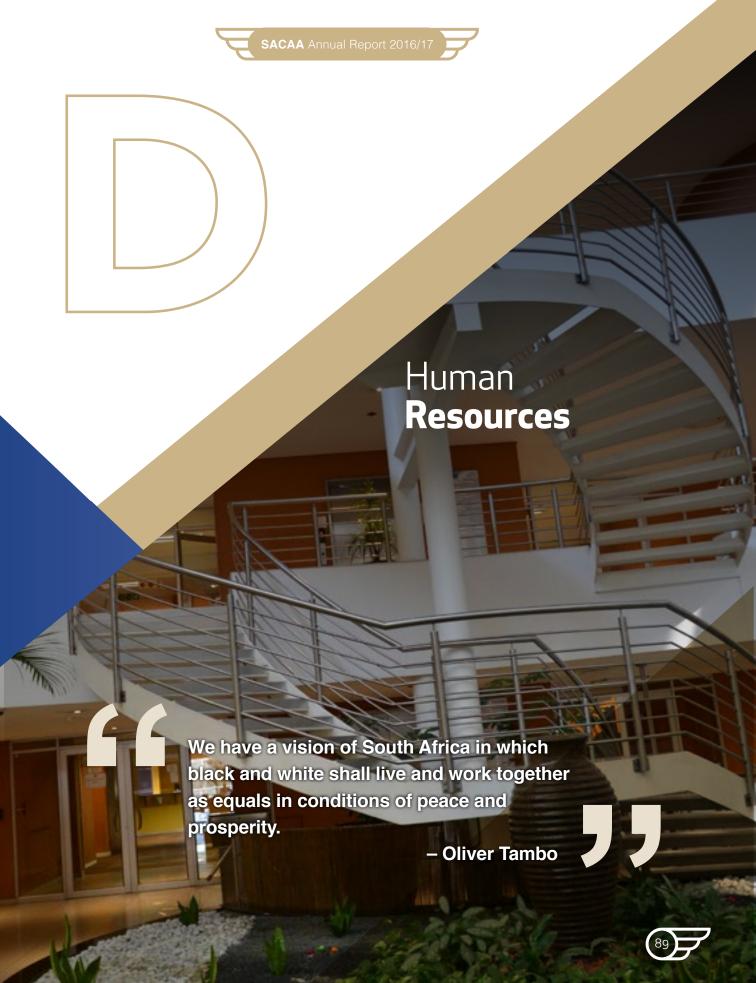
The ARC concurs with and accepts the conclusions and the audit opinion of the Auditor-General of South Africa on the Annual Financial Statements and is of the view that the audited Financial Statements be accepted and read together with the report of the Auditor-General of South Africa.

Ms Doris Dondur

Chairperson

SACAA Audit and Risk Committee

28 July 2017





Overview of Human Resources Matters

The execution of the SACAA's mandate and strategy is to a large extent dependent on its ability to attract, motivate, develop, and retain employees with the requisite skills and experience. Therefore, investing in our people remains critically important. In this regard, a three-year Human Resources Strategy was developed to ensure implementation of, among others, the following key initiatives:

- Talent Management;
- Performance Management;
- Talent Engagement Survey;
- Reward Management;
- Labour Relations;
- Employee Rewards and Recognition;
- Skills Development and Transformation;
- Employee Wellness; and
- Procedure Review.

Talent Management

One of the key deliverables of the 2016/17 Human Resources Strategy was the development of the SACAA Talent Management Framework. The Framework is key to managing the workforce throughout the employee life-cycle, and seeks to ensure that the SACAA attracts and retains the right people, with the right skills, at the right time.

A number of processes and programmes were initiated in support of the Framework, which included the development and approval of the SACAA Integrated Competency Framework, Leadership Development Framework, Workforce Planning Model, Inspector's Competency Qualifications Framework, and Workforce Planning Procedure for Technical Personnel.

Further to the above, the operationalisation of the Leadership Framework started with the identification and approval of critical positions, the succession planning pipeline, and the assessment of current leadership against leadership competencies. The latter is earmarked for completion in the first quarter of the 2017/18 Financial Year, and will culminate in the development of the SACAA Leadership Programme aimed at entrenching the SACAA's leadership DNA.

Performance Management

The process of fostering a high performance culture continued through the enhancement of the performance management system. All employees underwent training on the enhanced performance management process, the focus of which centred on objective setting, cascading performance goals as well as creating a common understanding of managing performance throughout the performance cycle.

A parallel process to procure and develop a Human Resources Integrated System (HRIS) also commenced, of which the Performance Management module was an integral part. The roll-out of the implementation of the performance management system is scheduled for the 2017/18 financial year.

Talent Engagement Survey

The talent engagement survey was completed and an overall 58% participation level was achieved. The purpose of the survey was to assess employee engagement and satisfaction levels across the organisation. The results of the survey provided information relating to effective employee engagement. Improvement plans to address areas of concern, and to close identified gaps, will be formulated and implemented in the 2017/18 financial year.







The SACAA's staff complement of 514 has been at the centre of the organisation's outstanding performance during the 2016/17 financial year.



Reward Management

The SACAA embarked on a phased Salary Normalisation Project, which was implemented over a three-year period. The final phase of the three-year Salary Normalisation Project was implemented and finalised during the reporting period. This project was in line with the approved Remuneration Policy and Remuneration Strategy. The project also ensured that internal and external equity, consistency, and fairness are achieved as envisaged in the Employment Equity Act.

The SACAA has adopted a reward principle that seeks to ensure that all employees are at least on or above the 30th percentile of the applicable pay scales. This has been achieved through the implementation of the Salary Normalisation Project.

Labour Relations

A healthy working relationship and partnership between management and labour is crucial for the achievement of the SACAA's strategic objectives. Having complied with the provisions of the Labour Relations Amendment Act, 1995 (Act No. 66 of 1995), the National Union of Metal Workers of South Africa (NUMSA) is recognised by the SACAA as a sufficiently represented trade union in the workplace. NUMSA has 175 members out of 480 employees in the workplace, which represents 36% of the SACAA's staff complement.

The SACAA and NUMSA carried out a Relationship By Objective (RBO) exercise in order to maintain and strengthen the current labour and management relationship. The RBO exercise led to the development of an action plan. The RBO session yielded positive results, as the issues identified for the financial year were addressed. The two parties continue to engage in order to implement the rest of the plan in the 2017/18 financial year.

The SACAA further recognises that effective on-going communication with employees and consultation with labour is central to creating and maintaining sound employee relations. In this regard, the SACAA developed a three-year Employee and Labour Engagement Plan,

which resulted in the introduction of communication and engagement platforms, such as a staff newsletter and the RBO engagement platforms, for the employees and labour.

Human Resources Procedures Review

Human Resources Procedures are critical in ensuring compliance and consistent implementation of the Human Resources policies. The SACAA has reviewed and developed new procedures to ensure alignment with the updated policies.

Recognition of the SACAA Employee Performance Excellence

The SACAA believes that the quality and commitment of our staff is vital to the continued success of the organisation. It is for this reason that the SACAA developed an Employee Awards Framework in order to recognise outstanding performance and contributions towards the achievement of the organisational goals and objectives. Moreover, the SACAA successfully hosted its second annual Employee Excellence Awards where deserving employees were formally recognised and acknowledged for outstanding performance.

Contributing to Transformation and Aviation Skills Development

The SACAA consistently strives to drive transformation in the organisation and the aviation industry. Whilst the organisation has aggressively been implementing skills development initiatives internally, as part of youth development, the SACAA has also invested in transforming the industry through the continued implementation of the bursary and internship programmes.

Bursary Programme

During the year under review, the SACAA has sponsored a total of almost 30 students who are receiving training in the following aviation fields: Aeronautical Engineering, Aircraft Maintenance Engineering and the Commercial Pilot's Licence. All the students are from previously disadvantaged



backgrounds, spread across the various South African provinces. Thus far, three (3) students in the Aircraft Maintenance Engineering programme have successfully completed their training. Eight (8) more students are expected to complete their training in the 2017/18 financial year.

Internship Programme

The SACAA has continued to host young graduates for a period of twelve months with the objective of giving them work experience in their fields of study. These students were placed in various departments within the organisation and a programme was developed for each student to ensure that they gain the requisite experience.

Employee Wellness

The organisation regards employee health and wellness as crucial in the achievement of organisational strategic business objectives and the fulfilment of the SACAA's mandate. In this regard, the SACAA has invested in a comprehensive Employee Wellness Programme (EWP) offering psycho-social, financial, health, and legal advisory services to employees and their families.

As part of the programme, and in order to promote a culture of wellness within the organisation, an Employee Wellness Day event was held where staff members were encouraged to undergo a number of medical tests.

Human Resource Oversight Statistics

This section of the report provides statistics in relation to various Human Resources activities and functions.

Personnel Costs by Division

The personnel costs in the table below are inclusive of fixed and variable pay for permanent, fixed-term, and part-time

contracted employees; a stipend for bursars, and interns. The amount reflected relates to the payments made through payroll, and thus excludes temporary employees employed through the services of recruitment agencies as well as accruals and provisions as disclosed in the Annual Financial Statements.

PEF	RSONNEL COST B	Y DIVISION		
Programme	Personnel expenditure (R)	Personnel expenditure as a % of total	Number of employees	Average personnel cost per employee (R)
Accident and Incident Investigations Division	15,206,912	4.4%	24	633,621
Aviation Infrastructure	33,656,313	9.6%	46	731,659
Aviation Safety Operations	141,811,092	40.6%	198	716,218
Aviation Security	27,403,180	7.8%	39	702,646
Finance	38,181,409	10.9%	67	569,872
Human Resources	13,928,295	4.0%	40*	348,207
Company Secretary	3,815,575	1.1%	4	953,894
Legal and Aviation Compliance	21,850,012	6.3%	26	840,385
Office of the Director of Civil Aviation	6,721,355	1.9%	4	1,680,339
Internal Audit	8,535,129	2.4%	9	948,348
Flight Inspection Unit	7,282,132	2.1%	8	910,267
Cape Town Regional Office	6,708,146	1.9%	9	745,350
Corporate Services	24,389,783	7.0%	40	609,745
Total	349,489,333	100%	514	679,940

^{*} This number includes fixed-term contractors, interns and bursars.





Personnel Costs by Salary Band

The personnel costs reflected in the table below depict all positions according to the different occupational levels in the organisation. The occupational levels are aligned to the *Paterson grading system*.

	PERSONNE	L COST BY SALARY B	AND	
Level	Personnel expenditure (R)	% of Personnel expenditure to total (R)	Number of employees	Average personnel cost per employee (R)
Top Management	4,684,387	1.3%	1	4,684,387
Senior Management	21,885,685	6.3%	10	2,188,569
Professional qualified	118,233,417	33.8%	107	1,104,985
Skilled	171,238,026	49.0%	294	582,442
Semi-skilled	31,051,198	8.9%	66	470,473
Unskilled	2,396,620	0.7%	36	66,573
Total	349,489,333	100.0%	514	679,940

Table 23: Personnel Cost by Salary Band

Performance Rewards

Performance rewards for the 2015/16 financial year were implemented in August 2016 following approval from the Board.

PERFORMAN	CE REWARDS BY SALA	ARY BAND	
Programme	Performance reward	Personnel	% of performance
		expenditure (R)	rewards to total
Top Management	1	1,034,586	2.3%
Senior Management	8	3,754,291	8.5%
Professional qualified	91	15,172,356	34.3%
Skilled	233	21,958,690	49.6%
Semi-skilled	56	2,308,636	5.2%
Unskilled	2	48,162	0.1%
Total	391	44,276,721	100.0%

Table 24: Performance Rewards by Salary Band

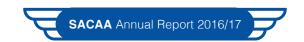
Training Costs

Skills development is critical, as this ensures that employees have the requisite skills to drive and implement the organisation's strategic and operational objectives. The three-year Skills Development Plan was reviewed during the reporting period, and a total of 534 training interventions were recorded, of which 80% were attended by Black employees. The SACAA also invested over R15 million on skills development during this period.



The SACAA supports the training of almost 30 young South Africans who aspire to become aviators in various specialist fields including flight crew.





TRAINING COSTS PER DIVISION						
Programme	Personnel expenditure (R)	Training expenditure (R)	Number of employees trained	Average training cost per employee (R)		
Accident and Incident Investigations Division	15,206,912	298,549	6	49,758		
Aviation Infrastructure	33,656,313	1,021,184	32	31,912		
Aviation Safety Operations	141,811,092	7,027,006	156	45,045		
Aviation Security	27,403,180	1,314,310	31	42,397		
Finance	38,181,409	742,349	36	20,621		
Human Resources*	13,928,295	3,475,615	13	267,355		
Company Secretary	3,815,575	71,432	4	17,858		
Legal and Aviation Compliance	21,850,012	576,134	18	32,007		
Internal Audit	8,535,129	206,279	11	18,753		
Flight Inspection Unit	7,282,132	210,454	2	105,227		
Cape Town Regional Office **	6,708,146	-	-	-		
Corporate Services	31,111,138	794,680	25	31,787		
Subtotal	349,489,333	15,737,992	334	47,120		

^{*} This number includes training for interns and bursars.

Table 25: Training Costs per Division

Employment and Vacancies

The SACAA has, through the implementation of a recruitment plan, been able to fill most of the vacant positions. All the critical positions identified have been filled, including all the senior management positions. Some of the vacant positions were filled by fixed-term employees in order to meet the ICAO requirements.

EMPLOYMENT AND VACANCIES PER DIVISION								
Programme	2015/16 Number of employees	2016/17 Approved posts	2016/17 Number of employees	2016/17 vacancies	% of vacancies			
Accident and Incident Investigation Division	20	27	24	3	11.11			
Aviation Infrastructure	42	44	46	(2) **	(4.55)			
Aviation Safety Operations	178	216	198	18	8.33			
Aviation Security	36	46	39	7	15.22			
Finance	64	56	67	(11) **	(19.64)			
Human Resources	40	15	40*	(25) **	(166.67)			
Company Secretary	3	4	4	0	-			
Legal and Aviation Compliance	19	26	26	0	-			
Flight Inspection Unit	9	8	8	0	-			
Internal Audit	9	9	9	0	-			
Cape Town Regional Office	10	10	9	1	10.00			
Office of the DCA	3	3	3	0	-			
Corporate Services	43	42	41	1	2.38			
Total	476	506	514	(8)	(1.58)			

^{*}This number includes fixed-term contractors, interns and bursars.

^{**} This negative variance is due to the inclusion of the fixed-term contractors, interns and bursars in the total number of employees.





^{**} The training budget for staff members based in the Cape Town Regional Office is allocated in the respective divisions to which they report.



Employment Changes

The table below reflects changes that took place during the period under review.

EMPLOYEE CHANGES PER SALARY BAND							
Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period			
Top Management	1	0	0	1			
Senior Management	10	1	1*	10			
Professional Qualified and Middle Management	96	15	4*	107			
Skilled	265	50	21*	294			
Semi-skilled	64	6	4*	66			
Unskilled	40	17	21*	36			
Total	476	89	51	514			

^{*}This number includes fixed-term contractors, interns and bursars.

Table 27: Employee Changes per Salary Band

Reasons for Staff Exits

The table below indicates the attrition rate as well as reasons for staff exiting the organisation. Information gained from the exit interviews feeds into the organisational retention plan.

REASONS FOR STAFF EXITS				
Reason	Number			
Death	0			
Resignation	20*			
Dismissal	3*			
Retirement	0			
Permanent Disability	1			
Expiry of Contract	7*			
Other: End of Internship and Bursary Programmes	20*			
Total	51			

^{*}This number includes fixed-term contractors, interns and bursars.

Table 28: Reasons for Staff Exits

Labour Relations: Misconduct and Disciplinary Action

The table below provides information around cases of misconduct and actions taken.

SUMMARY OF MISCONDUCT AND DISCIPLINARY ACTION					
Nature of disciplinary action	Number				
Verbal Warning	0				
Written Warning	2				
Final Written Warning	5				
Dismissal	3				
Total	10				

Table 29: Summary of Misconduct and Disciplinary Action





Equity Targets and Employment Equity Status

The table below details the current status around employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – MALE								
Levels		Male						
	Afric	can	Colo	ured	Ind	ian	Wh	ite
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	4	4	0	0	1	1	1	1
Professional Qualified	30	41	2	6	3	4	12	12
Skilled	114	111	7	21	13	12	32	35
Semi-skilled	11	13	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	159	169	9	27	17	17	45	48

^{*}The tables exclude fixed-term contractors, interns and bursars.

Table 30: Employment Equity Status - Male

EMPLOYMENT EQUITY STATUS – FEMALE								
Levels		Female						
	Afri	can	Colo	ured	Ind	ian	Wh	ite
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	3	0	0	1	1	0	0
Professional Qualified	27	35	2	3	1	2	4	6
Skilled	82	101	8	17	5	5	19	19
Semi-skilled	39	43	1	3	3	2	2	2
Unskilled	0	0	0	0	2	2	0	0
Total	152	183	11	23	12	12	25	27

^{*}The tables exclude fixed-term contractors, interns and bursars.

Table 31: Employment Equity Status - Female

EMPLOYMENT EQUITY STATUS – DISABLED STAFF							
Levels	Male		Fen	nale			
	Current	Target	Current	Target			
Top Management	0	0	0	0			
Senior Management	0	0	0	0			
Professional Qualified	0	0	0	0			
Skilled	1	2	1	1			
Semi-skilled	1	1	0	2			
Unskilled	0	0	0	0			
Total	2	3	1	3			

^{*}The tables exclude fixed-term contractors, interns and bursars.

Table 32: Employment Equity Status - Disabled Staff







The reports and statements set out below comprise the consolidated annual financial statements presented to the parliament:

Index	Page
Report of the Auditor-General to Parliament on SACAA	101
Accounting Authority's Responsibilities and Approval	105
Audit and Risk Committee Report	107 - 110
Accounting Authority's Report	111 - 114
Company Secretary's Certification	115
Statement of Financial Position	116
Statement of Financial Performance	117
Statement of Changes in Net Assets	118
Cash Flow Statement	119
Statement of Comparison of Budget and Actual Amounts	120
Notes to the Consolidated Annual Financial Statements -	
Accounting Policies	122 - 171



Report of the Auditor-General to Parliament on the South African Civil Aviation Authority

Report on the audit of the consolidated and separate financial statements

Opinion

- 1. I have audited the consolidated and separate financial statements of the South African Civil Aviation Authority set out on pages 116 to 171, which comprise the consolidated and separate statement of financial position as at 31 March 2017, the consolidated and separate statement of the financial performance, statement of changes in net assets and the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

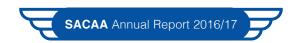
Basis for opinion

- 3. 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 consolidated and separate financial statements section of my report.
- 4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of accounting authority

The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with GRAP and the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.





7. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group'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 group or cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

- 8. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
- 9. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

- 10. 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 objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 11. My procedures address the reported performance information, which must be based on the group's approved performance planning documents. 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.
- 12. 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 objectives presented in the group's annual performance report for the year ended 31 March 2017:

Objectives	Pages in the annual
	performance report
Objective 1 – regulate the aviation industry in compliance with the Civil Aviation Act (CAA Act)	35 - 40
and International Civil Aviation Organisation's (ICAO) safety and security elements	
Objective 3 – propose legislative review and governance arrangements	35 - 40
Objective 5 – significantly improve client service experience	35 - 40
Objective 7 – improve communication and stakeholder management	35 - 40





- 13. 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.
- 14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
 - Objective 1 regulate the aviation industry in compliance with the Civil Aviation Act (CAA Act) and International Civil Aviation Organisation's (ICAO) safety and security elements
 - Objective 3 propose legislative review and governance arrangements
 - Objective 5 significantly improve client service experience
 - Objective 7 improve communication and stakeholder management.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 35 to 40 for information on the achievement of planned targets for the year and explanations provided for the over and underachievement of targets.

Report on audit of compliance with legislation

Introduction and scope

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

Other information

- 18. The group's accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the human resource management report, the accounting authority's report and the audit committee's report. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
- 19. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does not cover the other information, and I do not express an audit opinion or any form of assurance conclusion thereon.





20. 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 consolidated and separate financial statements and the selected objectives 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

Auditor-General

21. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Pretoria

31 July 2017



Auditing to build public confidence





Accounting Authority's Responsibilities and Approval

The Board 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 consolidated Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the consolidated Annual Financial Statements fairly present the state of affairs of the SACAA 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 consolidated Annual Financial Statements and were given unrestricted access to all financial records and related data.

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

The consolidated Annual Financial Statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the Group and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board 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 Group and all employees are required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that under all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While the operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board 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 consolidated Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board has reviewed the Group's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the financial affairs of the Group, they are supported by the SACAA's external auditors.





The external auditors are responsible for independently reviewing and reporting on the SACAA's consolidated Annual Financial Statements. The consolidated Annual Financial Statements have been examined by the SACAA's external auditors and their report is presented on pages 101 to 104.

The consolidated Annual Financial Statements set out on pages 116 to 171, which have been prepared on a going concernbasis, were approved by the Board on 28 July 2017 and were signed on its behalf by:

Mr SS Mokoena

Chairperson: SACAA Board

Mohoera

28 July 2017

Ms GNB Khoza

Director of Civil Aviation

28 July 2017

Ms DLT Dondur

Chairperson: Audit and Risk Committee

28 July 2017





Audit and Risk Committee Report

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

Audit and Risk Committee responsibility

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from section 50(1) and 51(1) of the PFMA and Treasury Regulation 27. The ARC also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The ARC comprises three non-executive members and is chaired by an independent non-executive member, Ms Doris Dondur. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General South Africa all have a standing invitation to the ARC meetings. The appointment of the ARC members is confirmed annually at the Annual General Meeting by the Executive Authority.

On an annual basis, the ARC assesses the effectiveness of the Internal Audit activity against the criteria outlined below:

- Achievement of the annual Internal Audit Plan:
- Compliance with the Institute of Internal Auditors' professional standards, inclusive of quality assurance assessments on the level of compliance achieved;
- Achievement of reporting protocols through management to the audit and risk committee;
- Timeliness of reporting of findings and activities;
- Responsiveness to the changing business and operational environment;
- Management's acceptance of the internal audit findings;
- Quality and relevance of the annual assessment reports;
- Level of co-operation and interaction with other assurance providers within the agreed combined assurance approach;
- Maintenance of adequate staffing and resource levels to achieve the annual Internal Audit Plan outcomes and meet the requirements of the Internal Audit Charter; and
- Meeting the budget allocated to the internal audit function.

During the period under review, the Committee held five scheduled meetings and two special meetings. The Chairperson of the Committee reports to the Board quarterly, with regard to the Committee's deliberations, decisions and recommendations.

Attendance of Audit and Risk Committee meetings by ARC members						
Ms D Dondur	7 out of 7					
Mr MG India	5 out of 7					
Prof NV Dyani-Mhango *	6 out of 7					
Ms L Dlepu **	1 out of 1					
Mr Z Fihlani ***	0 out of 2					

^{*} Retired from ARC by the Board on 28 October 2016.



^{**} Appointed onto the ARC by the Board on 30 January 2017.

^{***} Appointed onto the ARC by the Board on 17 January 2017.



Work of the Committee in 2016/17

At our meetings held during the financial year, the Committee focused on financial reporting, internal controls, internal audit, external audit, risk and combined assurance. We received presentations from management which covered key accounting judgements and estimates, internal control and risk management. We also reviewed the Committee's own Terms of Reference (ToR) and which were duly approved by the Board.

The effectiveness of internal control

Internal Audit provides the ARC with reasonable assurance that the majority of internal controls are adequate 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. From the various reports of the internal and external auditors, we noted that matters which indicated any deficiencies in the system of internal control have been brought under management's attention and corrective measures have been implemented. Accordingly, we can report that the systems of internal control over financial reporting for the period under review was adequate and effective.

Section 51(1)(a)(i) of the PFMA states that the Accounting Authority must ensure that the SACAA maintains effective, efficient and transparent system of financial, risk management and internal control.

Governance of risk

The ARC has the responsibility to ensure that the risk management process is in place and implemented. The Committee monitors progress on a quarterly basis and confirms that the risk management process is in place and implemented.

IT Governance

The Committee oversees information technology governance and reviews performance against the IT strategy on a quarterly basis.

Evaluation of consolidated annual financial statements

The ARC reviewed the consolidated Annual Financial Statements of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate. The consolidated Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the consolidated Annual Financial Statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Quality and acceptability of, and any changes in accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/or unadjusted differences resulting from the audit;
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Asset valuations and revaluations:





- Calculation and levels of general and specific provisions;
- Write-offs and reserve transfers; and
- The basis for the going concern assumption.

Financial reporting

In addressing our key objective, which is to assist the SACAA through the Board, in ensuring the integrity of its financial statements, we reviewed the financial statements with both management and the external auditor, concentrating on:

- Compliance with financial reporting standards and governance reporting requirements;
- Areas requiring significant judgements to be made in applying accounting policies;
- The appropriateness of accounting policies;
- The procedures and controls around estimates that are key to applying accounting policies; and
- Whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for stakeholders to assess the SACAA's business model, strategy and performance.

Our Committee focuses on ensuring the integrity of the SACAA's financial reporting and improving the financial controls framework and assessed the fair presentation of the financial statements.

Internal Audit

The ARC is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing and authority within the SACAA to enable it to discharge its duties. Furthermore, the Committee oversees co-operation between the internal and external auditors, and serves as a link between the Board of Directors and these functions and its audits.

The ARC reviews and approves the Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Chief Audit Executive tables progress reports in this regard to the Committee.

The ARC considered and recommended the internal audit charter for approval by the Board. The internal audit function's annual audit plan was approved by the Committee.

Furthermore, the ARC approved the Combined Assurance Plan and Model and oversee the implementation of it to ensure that the coordination and alignment of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach.

Whistle-blowing

The ARC wishes to report that, for the financial year under review, it received and dealt with any concern or complaints, whether from within or outside of the SACAA, relating to the accounting practices, content or auditing of SACAA's financial statements, the internal financial controls and other matters.

The ARC has reviewed the fraud and corruption framework and policies, reports and register for the financial year ended 31 March 2017, and recommended these to the Accounting Authority for approval.





The quality of management and quarterly reports submitted in terms of the PFMA

The Committee further reports that, during the year under review, they were presented with regular quarterly management reports to enable them to:

- Monitor the integrity, accuracy and reliability of the financial position of the SACAA;
- Review the management accounts of the SACAA to provide the Accounting Authority with an authoritative and credible view of the SACAA's financial position;
- Review the disclosures made in the financial reports of the SACAA and the context in which statements on the financial health of the SACAA are made;
- Review all material information presented together with the management account; and
- Compliance to the PFMA.

The quality of budgets submitted in terms of the PFMA

The Committee is satisfied that it received sufficient, reliable and timely information that enabled it to:

- Review and ensure that the annual budgets are balanced, credible and realistic against the approved business plans; and
- Monitor and periodically review the implementation of the approved budget by the Accounting Authority.

Auditor-General of South Africa

The ARC has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

The ARC monitored the implementation of the action plan to address matters arising from the management report issued by the Auditor-General of South Africa for the 2015/16 financial year. All the action items were closed by the end of the 2016/17 financial year.

Conclusion

The ARC concurs with, and accepts the conclusions and the audit opinion of the Auditor-General of South Africa on the consolidated Annual Financial Statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General of South Africa.

Ms DLT Dondur

Chairperson of the Audit and Risk Committee

28 July 2017





Accounting Authority's Report

The Board hereby submits its report for the year ended 31 March 2017.

Introduction

The Board presents its nineteenth Annual Report in terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009), (previously governed by the South African Civil Aviation Authority (Act No. 40 of 1998)) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which forms part of the consolidated audited annual financial statements for the year ended 31 March 2017.

2. Principal activities

Main business and operations

The South African Civil Aviation Authority (SACAA) is a statutory body which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry.

It was established as a juristic body in terms of the now repealed South African Civil Aviation Authority Act, 1998 (Act No. 40 of 1998), and is currently being regulated in terms of the Civil Aviation Act, 2009. This, read in conjunction with the South African Civil Aviation Authority Levies Act, 1998 (Act No. 41 of 1998), enables the SACAA to charge a passenger safety charge on scheduled operations, a fuel levy on non-scheduled operations and general aviation, and charges for services rendered to the aviation industry, allowing it to generate revenue to fund its operations.

During the year, there were no major changes in the activities of the business.

The consolidated operating results and state of affairs of the Group are fully set out in the financial statements and do not, in the opinion of the Board, require any further comment.

The Group recorded a net surplus of R 63 965 186 for the year ended 31 March 2017 (2016: Surplus R 66 909 797).

3. Going concern

The consolidated Annual 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.

4. Events after the reporting date

The Board is not aware of any significant events that occurred after the reporting date that would require adjustments to our disclosure in the consolidated financial statements. Furthermore, management is not aware of any circumstances which exist that would impede the SACAA's ability to continue as a going concern.





5. Accounting policies

The consolidated Annual Financial Statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Accounting Authority

The members of the SACAA Board during the year and to the date of this report are as follows:

Name	Changes
Mr SS Mokoena	Appointed 1 October 2014
Ms DLT Dondur	Appointed 1 July 2013
Mr MG India *	Appointed 1 October 2014
Ms L Dlepu	Appointed 1 October 2014
Major-Gen NLJ Ngema	Appointed 1 October 2014
Prof. NV Dyani-Mhango	Appointed 1 October 2014
Ms GNB Khoza	Appointed 1 December 2013
Adv. RR Dehal	Resigned 19 October 2016

^{*}Mr MG India was appointed as a representative of the Minister of Transport.

7. Secretary

The secretary of the SACAA is Ms N Naraindath of:

Business address	Ikhaya Lokundiza,
	Building 16,
	Treur Close
	Waterfall Park, Bekker Street,
	Midrand,1685
Postal address	Private Bag X73, Halfway House, 1685

8. Interests of Board Members

The Board members have, at each Board meeting, confirmed that they had no material personal interests in any transactions of any significance with the Group. Board members are required to sign a declaration of interest at every meeting attended. In addition, they are required to declare any interests in contracts annually. Accordingly, no conflict of interest with regard to Directors' interests in contracts was reported. There was no change in directors' interests in contracts in the period between the financial year-end and the date of signature of this report.





9. Corporate governance

General

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

The Board 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 2009. The Board discusses the responsibilities of management in this respect at Board meetings and monitors the SACAA's compliance with the relevant legislative prescripts.

The salient features of the SACAA's adoption of the Code are outlined below:

Board of Directors

The Board:

- retains full control over the SACAA, 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 SACAA;
- is of a unitary structure comprising:
 - six non-executive directors, all of whom are independent directors as defined in the Code;
 - one non-executive director appointed as a representative of the executive authority; and
 - one executive director.

Chairperson and Director of Civil Aviation

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

The roles of the Chairperson and the Director of Civil Aviation are distinct, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The Director of Civil Aviation is appointed by the Minister of Transport, who is the Executive Authority of the SACAA. In terms of the Civil Aviation Act, the Executive Authority determines the remuneration of the Director of Civil Aviation. The Board determines the Remuneration Policy and Strategy of the SACAA.

Board meetings

In terms of the Board Charter, the Board meets at least five times per annum, and during the year under review the Board met on seven occasions. It has also successfully held the Board induction, strategic planning and risk sessions.





Non-executive directors have access to all the members of management of the SACAA.

10. Controlled entities

The SACAA is the ultimate parent of the Group. SACAA has a controlling interest in Recreation Aviation Administration South Africa NPC (RAASA) through a contractual agreement.

The SACAA's control relates to the entitlement to appoint four of the eight directors of RAASA including the Chairperson, whilst receiving non-financial benefits as described below.

The RAASA is incorporated in South Africa in terms of the Companies Act No.71 of 2008. The purpose of RAASA is to ensure compliance with the South African Civil Aviation regulations affecting sport and recreational aviation and to liaise with non-profit bodies that represent sport aviation.

In compliance with GRAP 6 (Consolidated and Separate Financial Statements) the results of RAASA have been consolidated for the first time, for both the current financial year and the previous financial year.

11. Auditors

In terms of the Public Audit Act, 2004 (Act No. 24 of 2004), specifically section 4(3) provides that the Auditor-General may audit and report on the accounts and financial statements.

The Executive Authority confirmed the appointment of the Auditor-General as the external auditors of the SACAA at the Annual General Meeting of 2016.

12. Number of Employees

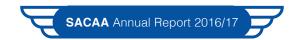
The number of employees for the group as at 31 March 2017 was 536 (2016: 494) and 515 (2016: 476) for SACAA which includes permanent, fixed-term, part-time and contracted employees.

13. Materiality Framework

In terms of Treasury Regulation 28(3) of the PFMA, the Board must develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority.

The SACAA has developed a materiality framework whereby all material and significant information is disclosed to the Audit and Risk Committee, the Board and the Executive Authority on a quarterly basis.





Company Secretary's Certification

In my capacity as Company Secretary, I hereby confirm that the SACAA has lodged all returns as required by the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, for the year ended 31 March 2017.

Ms N Naraindath

Company Secretary

Midrand 28 July 2017





Statement of Financial Position

as at 31 March 2017

		Gr	oup	SA	CAA
		2017	2016	2017	2016
	Notes	R	R	R	R
Assets					
Current Assets					
Cash and cash equivalents	3	248 464 280	199 478 397	247 679 029	198 169 792
Trade and other receivables from non-	4	60 894 422	49 100 008	60 830 713	49 064 984
exchange transactions					
Trade and other receivables from exchange	5	134 716	-	134 716	-
transactions					
		309 493 418	248 578 405	308 644 458	247 234 776
Non-Current Assets					
Property, plant and equipment	6	40 202 014	40 836 325	39 808 087	40 709 966
Intangible assets	7	57 260 630	49 694 047	57 252 439	49 672 796
		97 462 644	90 530 372	97 060 526	90 382 762
Total Assets		406 956 062	339 108 777	405 704 984	337 617 538
Liabilities					
Current Liabilities					
Trade and other payables	9	60 074 697	64 018 469	59 688 457	63 725 297
Operating lease liability	10	396 144	1 180 462	396 144	1 180 462
Provisions	11	57 336 166	48 725 977	57 333 490	48 615 903
Total Liabilities		117 807 007	113 924 908	117 418 091	113 521 662
Net Assets		289 149 055	225 183 869	288 286 893	224 095 876
		_300 000		_30 _200 000	
Total net assets		289 149 055	225 183 869	288 286 893	224 095 876





Statement of Financial Performance

For the Year Ending 31 March 2017

		Group		SA	CAA	
		2017	2016	2017	2016	
	Notes	R	R	R	R	
Revenue						
Revenue from non-exchange transactions	13	582 993 798	526 234 749	581 377 031	524 754 568	
Interest revenue from exchange	14	14 967 972	9 789 563	14 907 992	9 741 924	
transactions						
Other revenue from exchange transactions	15	4 698 730	4 152 455	4 596 223	4 069 532	
Total revenue		602 660 500	540 176 767	600 881 246	538 566 024	
Expenditure						
Personnel cost	16	(371 189 696)	(326 894 945)	(366 152 507)	(322 815 242)	
Operating expenses	17	(118 685 128)	(104 980 728)	(122 366 852)	(108 461 413)	
Lease rentals on operating lease		(23 798 483)	(21 203 249)	(23 346 041)	(20 756 299)	
Depreciation and amortisation		(9 086 586)	(9 682 818)	(8 961 405)	(9 601 412)	
Finance costs	18	(72 614)	(882 397)	(72 354)	(882 291)	
Repairs and maintenance	6	(12 575 887)	(6 420 387)	(12 504 150)	(6 388 888)	
Debt Impairment	19	(3 113 215)	(3 013 672)	(3 113 215)	(3 013 672)	
Total expenditure		(538 521 609)	(473 078 196)	(536 516 524)	(471 919 217)	
Operating surplus		64 138 891	67 098 571	64 364 722	66 646 807	
Loss on disposal of assets		(173 705)	(188 774)	(173 705)	(188 774)	
Surplus for the year		63 965 186	66 909 797	64 191 017	66 458 033	





Statement of Changes in Net Assets

For the Year Ending 31 March 2017

	Accumulated surplus	Total net assets
	R	R
Group		
Balance at 01 April 2015	158 274 072	158 274 072
Changes in net assets		
Surplus for the year	66 909 797	66 909 797
Total changes	66 909 797	66 909 797
Balance at 01 April 2016	225 183 869	225 183 869
Changes in net assets		
Surplus for the year	63 965 186	63 965 186
Total changes	63 965 186	63 965 186
Balance at 31 March 2017	289 149 055	289 149 055
SACAA		
Balance at 01 April 2015	157 637 843	157 637 843
Changes in net assets		
Surplus for the year	66 458 033	66 458 033
Total changes	66 458 033	66 458 033
Balance at 01 April 2016	224 095 876	224 095 876
Changes in net assets		
Surplus for the year	64 191 017	64 191 017
Total changes	64 191 017	64 191 017
Balance at 31 March 2017	288 286 893	288 286 893





Cash Flow Statement

For the Year Ending 31 March 2017

		Gro	oup	SACAA	
		2017	2016	2017	2016
	Notes	R	R	R	R
Cook flows from apprehing policities					
Cash flows from operating activities					
Receipts					
Receipts from customers and Department		575 763 399	524 906 281	574 072 809	523 360 429
of Transport					
Interest revenue	14	14 967 972	9 789 563	14 907 992	9 741 924
		590 731 371	534 695 844	588 980 801	533 102 353
Payments		,		,	
Payments made to suppliers and employees		(525 480 310)	(472 091 265)	(523 586 333)	(471 315 126)
Finance costs	18	(72 614)	(882 397)	(72 354)	(882 291)
		(525 552 924)	(472 973 662)	(523 658 687)	(472 197 417)
Net cash inflows from operating activities	22	65 178 447	61 722 182	65 322 114	60 904 936
Ocale flows from investigation addition					
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(6 327 879)	(3 737 478)	(5 951 102)	(3 685 996)
Proceeds from sale of property, plant and		145 000	187 013	145 000	187 013
equipment					
Purchase of intangible assets	7	(10 009 685)	(13 841 211)	(10 006 775)	(13 811 211)
Net cash flows from investing activities		(16 192 564)	(17 391 676)	(15 812 877)	(17 310 194)
Net increase in cash and cash equivalents		48 985 883	44 330 506	49 509 237	43 594 742
Cash and cash equivalents at the beginning		199 478 397	155 147 891	198 169 792	154 575 050
of the year					
Cash and cash equivalents at the end of	3	248 464 280	199 478 397	247 679 029	198 169 792
the year					





Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note reference
Budget on Accrual Basis	R	R	R	R	R	
04044						

SACAA

Statement of Financial Performance

Revenue

Revenue from exchange

transactions						
Interest received	5 244 592	3 757 944	9 002 536	14 907 992	5 905 456	34
Other income	3 422 313	(64 758)	3 357 555	4 596 223	1 238 668	34
Total revenue from exchange	8 666 905	3 693 186	12 360 091	19 504 215	7 144 124	
transactions						
Revenue from non-exchange						
transactions						
Transfer revenue						
Passenger safety charge	423 929 353	23 203 824	447 133 177	445 882 542	(1 250 635)	34
User fees	95 376 357	(475 441)	94 900 916	90 867 650	(4 033 266)	34
Fuel levy	25 624 397	(304 979)	25 319 418	24 883 839	(435 579)	
Accident and incident	19 733 619	-	19 733 619	19 743 000	9 381	
investigation						
Total revenue from non-	564 663 726	22 423 404	587 087 130	581 377 031	(5 710 099)	
exchange transactions						
Total revenue	573 330 631	26 116 590	599 447 221	600 881 246	1 434 025	





Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note reference
(continued)	R	R	R	R	R	
Expenditure						
Personnel	(384 122 861)	4 455 680	(379 667 181)	(366 152 507)	13 514 674	34
Operating expenses	(131 660 635)	4 140 509	(127 520 126)	(122 366 852)	5 153 274	34
Lease rentals on operating	(23 268 760)	(2 211 490)	(25 480 250)	(23 346 041)	2 134 209	
lease						
Depreciation and amortisation	(13 668 547)	1 346 377	(12 322 170)	(8 961 405)	3 360 765	
Finance costs	(4 022 202)	4 022 202	-	(72 354)	(72 354)	
Repairs and maintenance	(6 515 420)	(6 041 584)	(12 557 004)	(12 504 150)	52 854	
Debt impairment	-	-	-	(3 113 215)	(3 113 215)	34
Total expenditure	(563 258 425)	5 711 694	(557 546 731)	(536 516 524)	21 030 207	
Operating surplus	10 072 206	31 828 284	41 900 490	64 364 722	22 464 232	
Loss on disposal of assets	-	-	-	(173 705)	(173 705)	
Surplus	10 072 206	31 828 284	41 900 490	64 191 017	22 290 527	
Actual Amount on	10 072 206	31 828 284	41 900 490	64 191 017	22 290 527	
Comparable Basis as						
Presented in the Budget						
and Actual Comparative						
Statement						

As mentioned in note 1.18, the statement of comparison of budget and actual amounts is not prepared for the Group as the Group budget is not publicly available.





Notes to the Consolidated Annual Financial Statements - Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated Annual 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 No. 1 of 1999).

The consolidated Annual 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.

These financial statements were prepared based on the expectation that the Group will continue to operate as a going concern for at least the next twelve months.

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

1.1 Consolidation

Basis of consolidation

The Group controls and consolidates an entity where the Group has the power to govern the financial and operating policies of another Group entity so as to obtain benefits from its activities.

The results of controlled entities are included in the consolidated Annual Financial Statements from the effective date of acquisition or date when control commences, to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled SACAA.

The Annual Financial Statements of the SACAA and its controlled entities used in the preparation of the consolidated Annual Financial Statements are prepared as of the same reporting date.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the SACAA.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.





1.2 Significant judgements and accounting estimates

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

Loans and receivables

The Group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Management has applied judgement in estimating the extent of any impairment deemed necessary on the gross carrying value of loans and receivables and has impaired all doubtful accounts in arrears for a period longer than normal expected trading terms. The impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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 Group for similar financial instruments.

Impairment testing

The recoverable amounts for individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change, which may then have an impact on our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level at which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of



assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

In estimating the useful lives of the assets, management assesses the present status of the assets and the expected future benefits associated with the continued use of the assets.

Provisions

Provisions were raised and management determined an estimate based on the information available, as well as past experience. Additional disclosure of these estimates of provisions is included in the Notes to the Annual Financial Statements under Provisions.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current 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 Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment are 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.

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 determinable, it's deemed cost is 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 is also included in the cost of property, plant and equipment, where the Group 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 derecognised.

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 are carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

	G	roup
	2017	2016
Aircraft	Refer below	Refer below
Calibration equipment	15 - 27 years	15 - 27 years
Furniture, fixtures and canteen equipment	4 - 21 years	6 - 20 years
Computer equipment	5 - 16 years	5 - 17 years
Generator and motor vehicles	6 - 15 years	6 - 15 years
Leasehold improvements	Period of lease	Period of lease

Aircraft	2017	2016
Airframe	8 years	9 years
Left engine	1,434 hours	1,766 hours
Right engine	1,547 hours	1,821 hours
Avionics	4.5 years	5.5 years
Undercarriage	18,403 cycles	18,588 cycles
Interior	1 year	1 year

Reviewing the useful life of an asset on an annual basis does not require the Group to amend the previous estimate, unless expectations differ from the previous estimate.

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 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.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. 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.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Group intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Group 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 Group; and
- the cost or fair value of the asset can be measured reliably.

The Group 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.

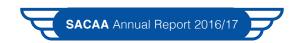
Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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. 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 lives.

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:

	Group	
	2017	2016
Computer software	5 - 17 years	5 - 17 years

1.5 Financial Instruments Classification

The Group has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The SACAA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Operating lease liability	Financial liability measured at amortised cost





Initial recognition

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

The Group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Group 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.

The Group measures a financial asset and financial liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

The Group 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 is not active, the Group 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 is 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 SACAA 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, the Group 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.





Reclassification

The Group does not reclassify a financial instrument while it is issued or held unless it is:

- · a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the Group cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the Group reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the Group reclassifies the instrument from cost to fair value.

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 is recognised in surplus or deficit.

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 uncollectibility of financial assets

The Group assesses 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 when 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.

Derecognition

Financial assets

The Group derecognises financial assets using trade date accounting.

The Group derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Group, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Group:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the Group transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the SACAA adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the Group obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the Group recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.





If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Group recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The Group removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or is waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another Group by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the Group 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 derecognition, the Group does not offset the transferred asset and the associated liability.

1.6 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 Group 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 interest rate implicit in the lease.

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 return on the remaining balance of the liability.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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 is recognised as an operating lease asset or liability.





1.7 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets.

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 depreciation (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 identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that is largely independent of the cash inflows from other assets or groups of assets.

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 service amount is the higher of a non-cash-generating asset's 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 Group; or
- (b) the number of production or similar units expected to be obtained from the asset by the Group.

Identification

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

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

Irrespective of whether there is any indication of impairment, the SACAA also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually, by comparing its carrying amount with its recoverable service 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 non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the Group would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services that the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for the goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-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 non-cash-generating asset to which it relates, the Group recognises a liability only to the extent that it is a requirement in the Standards of GRAP.

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





Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service 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 non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.8 Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- the Group's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

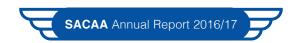
Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

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

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 Group during a reporting period, the Group recognises 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 undiscounted amount of the benefits, the Group recognises 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 Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group recognises the expected cost of bonus, incentive and performance-related payments when the Group 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 Group has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate Group (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 Group during a reporting period, the Group recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds
 the contribution due for service before the reporting date, the SACAA recognises 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.





Termination benefits

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

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Group is demonstrably committed to a termination when the SACAA has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes:

- 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.

1.9 Provisions and contingencies

Provisions are recognised when:

- the Group 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 material, the amount of a provision is the present value of the expenditure 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 provision 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 Group 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.



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

After their initial recognition, contingent liabilities recognised in business 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. Contingencies are disclosed in note 24.

1.10 Revenue recognition 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 Group 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.

Interest

Revenue arising from the use by others of the Group's assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Group, and
- The amount of the revenue can be measured reliably.





Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.11 Revenue recognition from non-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.

Non-exchange transactions are defined as transactions where the Group receives value from another entity without directly giving approximately equal value in exchange.

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

Measurement

The invoice value of sales and services rendered, excluding value-added tax in respect of trading operations, is recognised at the date on which services are provided.

The safety charge is based on the number of passengers on scheduled services departing from all airports in the country. This data is obtained from all the airports in South Africa and the various airline companies.

Fuel levies are based on fuel supplied by fuel companies to general aviation operators and charter operators. This is based on the litres audited by the external auditors appointed by the SACAA.

Accident and incident investigation fees are based on the number of accidents and incidents that are investigated, and the revenue generated varies according to the nature and extent of the investigation.

User fees are generated from examinations, licence renewals, certifications, airworthiness and calibrations. The revenue is recognised when the service is rendered.

Government grants are not recognised until there is reasonable assurance that the organisation will comply with the conditions attached to them and grants will be received.

A government grant of which the primary condition is that the organisation should purchase, construct or otherwise acquire non-current assets is recognised as deferred income in the statement of financial position and transferred to surplus or deficit on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the organisation with no future related costs are recognised in surplus or deficit in the period in which the grant becomes receivable.



1.12 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;
- 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 consolidated annual 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 exchange 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.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is 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.

1.15 Irregular expenditure

Irregular expenditure is expenditure other than unauthorised expenditure, incurred in contravention of the Public Finance Management Act (PFMA) or in contravention of the Group's supply chain management policies.





1.16 Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Group has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.17 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 on which reports are made 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 if 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.

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.

1.18 Budget information

SACAA is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by SACAA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.





The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/04/01 to 2017/03/31.

The annual financial statements and the budget are compiled 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 comparison of budget and actual amount is not provided for the Group, as the Group budget is not publicly available. The GRAP statement of comparison of budget and actual amounts does not require that the financial statements disclose information about, or make comparisons with, approved budgets that are not made publicly available.

The budget information of RAASA is not made publicly available.

1.19 Related Parties

The Group has processes in place to aid in the identification of related parties.

Related parties are defined as persons or entities with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

The Department of Transport was identified as being able to exercise significant influence over the SACAA. As a result, all other entities under the same influence are regarded as related parties.



2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 16 (as amended 2015): Investment Property	01 April 2016	No impact on the Group as
		it does not have
		Investment Properties
GRAP 17 (as amended 2015): Property, Plant and	01 April 2016	The adoption of this amendment
Equipment		has not had a material impact
		on the results of the Group but
		has resulted in more disclosure
		than would have previously been
		provided in the financial statements

2.2 Standards and interpretations issued, but not yet effective

The Group has not applied the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 32: Service Concession Arrangements: Grantor	No effective date determined by the Minister of Finance	No material impact on the Group
GRAP 108: Statutory Receivables	No effective date determined by the Minister of Finance	No material impact on the Group, only impact is on future disclosure relating to statutory receivables
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2017	No material impact on the Group
GRAP 109: Accounting by Principals and Agents	No effective date determined by the Minister of Finance	No material impact on the Group



Gro	oup	SACAA		
2017	2016	2017	2016	
R	R	R	R	

3. Cash and cash equivalents

Cash and cash equivalents consist of:				
Cash on hand	5 007	5 001	3 000	3 000
Bank balances	7 176 439	9 078 838	7 072 018	8 941 077
Short-term deposits	241 282 834	190 394 558	240 604 011	189 225 715
	248 464 280	199 478 397	247 679 029	198 169 792

Cash and cash equivalents held have not been encumbered.

Credit quality of bank balances and short-term deposits, excluding cash on hand

The credit quality of bank balances and short-term deposits is the credit rating of financial institutions. Cash and cash equivalents attract interest at variable rates linked to prime.

The credit quality of bank balances and short-term deposits, excluding cash on hand that is neither past due nor impaired can be assessed/ monitored by reference to historical information about counterparty default rates. Furthermore, the credit quality of bank balances and short-term deposits is ensured by only contracting with highly reputable financial institutions registered in terms of the Banks Act of South Africa, 1990 (Act No. 94 of 1990) and endorsed by National Treasury.

4. Trade and other receivables from non-exchange transactions

	2017	2016	2017	2016
Trade receivables	64 355 862	54 284 129	64 346 972	54 284 129
Provision for impairment of trade and other receivables	(12 644 804)	(9 638 503)	(12 644 804)	(9 638 503)
Unallocated receipts	(438 608)	(377 287)	(438 608)	(377 288)
Other debtors	1 860 893	1 848 651	1 825 863	1 828 628
Prepayments	5 794 178	1 015 058	5 794 178	1 015 058
Deposits	1 892 960	1 892 960	1 877 960	1 877 960
Staff advances	73 941	75 000	69 152	75 000
	60 894 422	49 100 008	60 830 713	49 064 984

Trade receivables are carried at cost, which normally approximates their fair value due to the short-term maturity thereof. An adjustment for the impairment of receivables has been made for estimated irrecoverable amounts.





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

Trade receivables ageing

As at the end of the year, the trade receivables ageing were as follows:

Current	42 227 805	38 646 337	42 227 805	38 646 337
0 to 30 days	2 056 026	1 955 426	2 056 026	1 955 426
31 to 60 days	3 438 233	1 246 285	3 438 233	1 246 285
61 to 90 days	1 168 308	882 356	1 168 308	882 356
Over 90 days	15 465 490	11 553 725	15 456 600	11 553 725
	64 355 862	54 284 129	64 346 972	54 284 129

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired, can be assessed by reference to historical information about counterparty default rates as well as payment history.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

	2017	2016	2017	2016
Trade and other receivables	60 894 422	49 100 008	60 830 713	49 064 984

The Board of Directors considers the carrying amount of other financial assets to approximate fair value.

Trade and other receivables past due but not impaired

The Group trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R 11 309 116 (2016: R 7 825 152) were past due but not impaired.

The SACAA trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R 11 300 226 (2016: R 7 825 152) were past due but not impaired.

The ageing of amounts past due, but not impaired, is as follows:

	2017	2016	2017	2016
One month past due	2 052 623	1 955 426	2 052 623	1 955 426
Two months past due	3 314 049	1 246 285	3 314 049	1 246 285
Three months past due	976 204	882 356	976 204	882 356
Older than three months past due	4 966 240	3 741 085	4 957 350	3 741 085
	11 309 116	7 825 152	11 300 226	7 825 152





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R 12 644 804 (2016: R 9 638 503) were impaired and provided for.

The ageing of these receivables is as follows:

Less than two months past due	124 184	-	124 184	-
Less than three months past due	192 104	-	192 104	-
Over three months past due	12 328 516	9 638 503	12 328 516	9 638 503
	12 644 804	9 638 503	12 644 804	9 638 503

Reconciliation of provision for impairment of trade and other receivables

	2017	2016	2017	2016
Opening balance	9 638 503	8 679 817	9 638 503	8 679 817
Provision for impairment	3 229 610	3 013 672	3 229 610	3 013 672
Provision utilised	(223 309)	(2 054 986)	(223 309)	(2 054 986)
	12 644 804	9 638 503	12 644 804	9 638 503

The creation and release of provision for impaired receivables have been included in surplus for the year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable balances mentioned above. The group does not hold any collateral as security.

5. Trade and other receivables from exchange transactions

	2017	2016	2017	2016
Trade and other receivables from exchange transactions	134 716	_	134 716	-

Trade and other receivables from exchange transactions are carried at cost, which normally approximates their fair value due to the short-term maturity thereof. The amount has been outstanding for 60 days and has not been impaired.





6. Property, plant and equipment

Group		2017				
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	14 695 265	(9 164 070)	5 531 195	14 584 381	(8 211 813)	6 372 568
Motor vehicles	3 655 638	(1 589 260)	2 066 378	2 972 022	(1 316 049)	1 655 973
Computer equipment	22 822 068	(10 979 163)	11 842 905	18 684 888	(8 827 006)	9 857 882
Generator	1 097 633	(311 517)	786 116	1 097 633	(238 342)	859 291
Aircraft	21 383 222	(13 185 821)	8 197 401	21 383 221	(11 885 553)	9 497 668
Calibration equipment	26 525 890	(14 806 736)	11 719 154	26 570 603	(14 047 037)	12 523 566
Canteen equipment	141 517	(82 652)	58 865	146 528	(77 151)	69 377
Total	90 321 233	(50 119 219)	40 202 014	85 439 276	(44 602 951)	40 836 325

SACAA		2017			2016	
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	14 314 950	(8 891 408)	5 423 542	14 259 111	(7 974 214)	6 284 897
Motor vehicles	3 181 781	(1 367 854)	1 813 927	2 795 165	(1 139 193)	1 655 972
Computer equipment	22 647 679	(10 838 597)	11 809 082	18 535 235	(8 716 040)	9 819 195
Generator	1 097 633	(311 517)	786 116	1 097 633	(238 342)	859 291
Aircraft	21 383 222	(13 185 821)	8 197 401	21 383 221	(11 885 553)	9 497 668
Calibration equipment	26 525 890	(14 806 736)	11 719 154	26 570 603	(14 047 037)	12 523 566
Canteen equipment	141 517	(82 652)	58 865	146 528	(77 151)	69 377
Total	89 292 672	(49 484 585)	39 808 087	84 787 496	(44 077 530)	40 709 966

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6 372 568	532 031	(105 160)	(1 268 244)	5 531 195
Motor vehicles	1 655 973	992 786	(25 764)	(556 617)	2 066 378
Computer equipment	9 857 882	4 803 062	(185 689)	(2 632 350)	11 842 905
Generator	859 291	-	-	(73 175)	786 116
Aircraft	9 497 668	-	-	(1 300 267)	8 197 401
Calibration equipment	12 523 566	-	(607)	(803 805)	11 719 154
Canteen equipment	69 377	-	(1 486)	(9 026)	58 865
	40 836 325	6 327 879	(318 706)	(6 643 484)	40 202 014



Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6 937 207	1 061 776	(77 726)	(1 548 689)	6 372 568
Motor vehicles	1 753 707	327 224	-	(424 958)	1 655 973
Computer equipment	11 293 793	2 266 536	(298 045)	(3 404 402)	9 857 882
Generator	867 951	62 500	(4)	(71 156)	859 291
Aircraft	10 851 929	-	(1)	(1 354 260)	9 497 668
Calibration equipment	13 575 800	-	-	(1 052 234)	12 523 566
Canteen equipment	73 951	19 442	-	(24 016)	69 377
	45 354 338	3 737 478	(375 776)	(7 879 715)	40 836 325

Reconciliation of property, plant and equipment - SACAA - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6 284 897	476 987	(105 160)	(1 233 182)	5 423 542
Motor vehicles	1 655 972	695 787	(25 765)	(512 067)	1 813 927
Computer equipment	9 819 195	4 778 328	(185 689)	(2 602 752)	11 809 082
Generator	859 291	-	-	(73 175)	786 116
Aircraft	9 497 668	-	-	(1 300 267)	8 197 401
Calibration equipment	12 523 566	-	(607)	(803 805)	11 719 154
Canteen equipment	69 377	-	(1 486)	(9 026)	58 865
	40 709 966	5 951 102	(318 707)	(6 534 274)	39 808 087

Reconciliation of property, plant and equipment - SACAA - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6 819 765	1 042 158	(77 726)	(1 499 300)	6 284 897
Motor vehicles	1 753 706	327 224	-	(424 958)	1 655 972
Computer equipment	11 263 702	2 234 672	(298 045)	(3 381 134)	9 819 195
Generator	867 951	62 500	(4)	(71 156)	859 291
Aircraft	10 851 929	-	(1)	(1 354 260)	9 497 668
Calibration equipment	13 575 800	-	-	(1 052 234)	12 523 566
Canteen equipment	73 951	19 442	-	(24 016)	69 377
	45 206 804	3 685 996	(375 776)	(7 807 058)	40 709 966





Gro	oup	SAC	AA	
2017	2016	2017	2016	
R	R	R	R	

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Motor vehicles repairs and maintenance
Furniture and fixtures repairs and maintenance
Generator repairs and maintenance
Aircraft repairs and maintenance
Calibration equipment repairs and maintenance
Other operational repairs and maintenance

50 394	30 095	-	8 050
7 704	3 748	4 914	2 497
39 137	24 730	39 137	24 730
9 095 167	3 576 550	9 095 167	3 576 550
1 457 129	1 273 844	1 457 129	1 273 844
1 926 356	1 511 420	1 907 803	1 503 217
12 575 887	6 420 387	12 504 150	6 388 888

7. Intangible assets

Group		2017			2016	
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	24 029 379	(8 022 638)	16 006 741	24 026 470	(5 579 537)	18 446 933
Work in progress	41 253 889	-	41 253 889	31 247 114	-	31 247 114
Total	65 283 268	(8 022 638)	57 260 630	55 273 584	(5 579 537)	49 694 047

SACAA		2017			2016	
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	23 944 199	(7 945 649)	15 998 550	23 944 200	(5 518 518)	18 425 682
Work in progress	41 253 889	-	41 253 889	31 247 114	-	31 247 114
Total	65 198 088	(7 945 649)	57 252 439	55 191 314	(5 518 518)	49 672 796



Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	18 446 933	2 910	(2 443 102)	16 006 741
Work in progress*	31 247 114	10 006 775	-	41 253 889
	49 694 047	10 009 685	(2 443 102)	57 260 630

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	4 697 186	506 751	15 046 098	(1 803 102)	18 446 933
Work in progress*	32 958 752	13 334 460	(15 046 098)	-	31 247 114
	37 655 938	13 841 211	-	(1 803 102)	49 694 047

Reconciliation of intangible assets - SACAA - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	18 425 682	-	(2 427 132)	15 998 550
Work in progress*	31 247 114	10 006 775	-	41 253 889
	49 672 796	10 006 775	(2 427 132)	57 252 439

Reconciliation of intangible assets - SACAA - 2016

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software Work in progress*	4 697 185 32 958 752	476 751 13 334 460	15 046 098 (15 046 098)	(1 794 352)	18 425 682 31 247 114
Work in progress	37 655 937	13 811 211	(13 040 090)		

^{*} Work in progress includes ICT security software of R1 147 980 as well as software licence and installation costs of the Enterprise Business System (EBS) of R40 105 909. As the phases of the EBS project are completed and implemented over the next two years, they are transferred to computer software.





Gro	oup	SAC	CAA	
2017	2016	2017	2016	
R	R	R	R	

8. Change in estimate

Property, plant and equipment

The revised GRAP 17 - Property, plant and equipment requires the review of the residual value and useful life of an asset at least at each financial year end. The SACAA extended the estimated useful lives of certain assets. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the SACAA for the current financial year have been decreased by R1 424 446.

Description	Previous carrying value	Current carrying value	Net effect
Calibration equipment	108 901	337 417	228 516
Furniture and fittings	780 923	1 107 348	326 425
Computer equipment	1 349 584	2 219 089	869 505
	2 239 408	3 663 854	1 424 446

9. Trade and other payables

	2017	2016	2017	2016
Trade payables	21 572 530	5 649 373	21 541 789	5 593 907
Income received in advance*	595 306	15 499 478	595 306	15 499 478
Sundry accruals	16 789 815	20 356 628	16 434 316	20 118 922
Salary-related accruals	306 236	3 849 408	306 236	3 849 408
13th Cheque accrual	647 290	597 365	647 290	597 365
Leave pay accrual	20 163 520	18 066 217	20 163 520	18 066 217
	60 074 697	64 018 469	59 688 457	63 725 297

The SACAA does not have any long-term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.



^{*} The income received in advance in the previous financial year included an amount that related to the over-collection of the passenger safety charge. The Minister of Finance approved that the amount be taken to income over a three-year period. The amount included in the prior financial year of R 15 283 353 was taken to income in the current financial year and this was the final year of the three-year period.



Gro	oup	SAC	CAA
2017	2016	2017	2016
R	R	R	R

10. Operating lease liability

Operating lease liability 396 144 1 180 462 396 144 1 180 462

The operating lease liability relates to the smoothing of the rental lease payment for property rental over the lease period.

11. Provisions

Reconciliation of provisions - Group - 2017

Performance bonus provision

Provision for directors' remuneration

Opening Balance	Additions	Utilised during the year	Total
48 615 903	52 994 308	(44 276 721)	57 333 490
110 074	2 676	(110 074)	2 676
48 725 977	52 996 984	(44 386 795)	57 336 166

Reconciliation of provisions - Group - 2016

Performance bonus provision
Provision for directors' remuneration

Opening Balance	Additions	Utilised during the year	Total
37 770 067	46 418 844	(35 573 008)	48 615 903
-	110 074	-	110 074
37 770 067	46 528 918	(35 573 008)	48 725 977

Reconciliation of provisions - SACAA - 2017

Performance bonus provision*

Opening Balance	Additions	Utilised during the year	Total
48 615 903	52 994 308	(44 276 721)	57 333 490

Reconciliation of provisions - SACAA - 2016

Performance bonus	provision

Opening Balance	Additions	Utilised during the year	Total
37 770 067	46 418 844	(35 573 008)	48 615 903

^{*} The performance bonus provision is calculated in line with the performance management policy as approved by the Board on 29 January 2015. This calculation is consistent with the prior year.





	Group		SACAA	
2017	7 :	2016	2017	2016
R		R	R	R

Uncertainties and assumptions

Provisions are recognised when the group has a present obligation, whether legal or constructive, because of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some, or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset. Where the group has a joint and several liability with one or more other parties, no provision is recognised to the extent that those parties are expected to settle part or all of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Performance bonus provision

The performance bonus provision is calculated based on the performance of the SACAA as well as individual performance ratings of each employee for the financial year ended 31 March 2017. This calculation is in line with the performance management policy.

12. Employee benefit obligations

Defined contribution plan

It is the policy of the SACAA to provide retirement benefits to all its employees. The defined contribution provident fund, which is subject to the Pensions Fund Act, 1956 (Act No. 24 of 1956) exists for this purpose.

The SACAA is under no obligation to cover any unfunded benefits.

	2017	2016	2017	2016
The amount recognised as an expense for defined	39 278 823	35 818 232	39 278 823	35 818 232
contribution plans is				





Gro	oup	SACAA		
2017	2016	2017	2016	
R	R	R	R	

13. Revenue from non-exchange transactions

Passenger safety charge*	445 882 542	401 011 281	445 882 542	401 011 281
User fees	92 484 417	85 375 496	90 867 650	83 895 315
Fuel levy	24 883 839	21 107 972	24 883 839	21 107 972
Accident and incident investigation grant	19 743 000	18 740 000	19 743 000	18 740 000
	582 993 798	526 234 749	581 377 031	524 754 568

^{*} The passenger safety charge for the current year increased by 11.2% as a result of a 4.2% increase in passenger numbers and an increase in the passenger safety charge from R18.72 to R20.23.

Income received in advance of R15 283 353 that related to the over-collection of the passenger safety-charge was taken to income in the current and the previous year.

14. Interest revenue from exchange transactions

	2017	2016	2017	2016
Interest revenue				
Financial institutions*	14 608 987	9 530 149	14 549 007	9 482 510
Trade and other receivables	358 985	259 414	358 985	259 414
	14 967 972	9 789 563	14 907 992	9 741 924

^{*} Interest revenue from financial institutions increased by 53.3% for the group and by 53.4% for the SACAA due to an increase in cash and cash equivalents during the financial year of R48.9m for the Group and R49.5m for the SACAA, as well as improved cash flow management during the year.

15. Other revenue from exchange transactions

	2017	2016	2017	2016
Sundry income	2 926 468	1 561 192	2 840 875	1 478 269
Sponsorship income	1 448 000	2 149 000	1 448 000	2 149 000
Insurance claim received	324 262	442 263	307 348	442 263
	4 698 730	4 152 455	4 596 223	4 069 532





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

16. Personnel cost

Basic salary*	246 474 565	211 551 736	241 628 560	207 765 500
Bonus**	53 221 279	46 418 843	53 221 279	46 418 843
Pension fund contributions	39 278 823	35 818 232	39 278 823	35 818 232
Medical aid contributions	13 812 451	12 944 177	13 647 789	12 681 190
Other employee benefit costs	6 764 976	6 663 628	6 764 976	6 663 628
Temporary staff***	1 771 557	4 086 340	1 771 557	4 086 340
Acting allowances	2 060 343	2 588 314	2 060 343	2 588 314
Stand-by allowance****	-	1 852 293	-	1 852 293
Leave pay provision charge	3 478 184	1 771 856	3 478 184	1 771 856
Travel and other allowances	2 119 345	1 172 790	2 125 345	1 190 790
Compensation for occupational injuries and diseases	1 328 181	1 208 392	1 321 254	1 201 140
fund				
Unemployment Insurance Fund	879 992	818 344	854 397	777 116
	371 189 696	326 894 945	366 152 507	322 815 242

^{*} Basic salary costs increased by 16.5% for the Group and by 16.3% for the SACAA. This increase is as a result of the 7.7% salary increase effective from 1 April 2016 as well as an increase in employee numbers for the year from 494 to 536 for the group and from 476 to 515 for SACAA at the end of the current financial year.

^{**} The bonus provision for the year increased by R6 802 436. The performance bonus is calculated in line with the performance management policy as approved by the Board on 29 January 2015.

^{***} Temporary staff has reduced significantly as a result of the filing of vacant posts during the year.

^{****} The practice of paying standby allowance for staff of the Accident and Incident Investigation unit was discontinued from January 2016 in the previous financial year.



	Group		SAC	CAA
	2017	2016	2017	2016
	R	R	R	R
-				
17. Operating expenses				
Aircraft operating expenses	3 160 546	3 379 515	3 160 546	3 379 515
Auditors' fees	2 292 544	2 085 974	2 256 684	2 034 404
Bank charges	711 538	844 312	670 855	806 433
Bursaries	2 655 121	2 211 971	2 655 121	2 211 971
Cleaning	1 299 081	1 375 391	1 292 022	1 368 447
Conferences, seminars and venue hire	3 561 693	2 666 795	3 486 850	2 588 630
Consulting and professional fees *	9 298 303	11 385 781	9 007 781	11 204 953
Consumables	598 052	701 376	598 052	701 376
Electricity	4 464 934	4 469 529	4 364 463	4 398 012
Fuel and oil	288 514	321 124	288 514	321 124
Insurance	1 968 423	1 326 039	1 852 176	1 237 869
IT expenses	3 576 381	2 978 482	3 474 715	2 855 690
Legal fees	4 795 873	2 935 093	4 795 873	2 935 093
Magazines, books and periodicals	2 881 782	2 374 463	2 837 825	2 339 332
Motor vehicle expenses	26 686	75 866	26 686	75 866
Placement fees	2 574 475	1 836 658	2 574 475	1 836 658
Postage and courier	780 298	1 155 607	773 230	1 148 291
Printing and stationery	3 346 885	2 598 335	3 230 926	2 479 015
Public relations	3 501 566	4 147 612	3 438 748	4 097 355
Recreation Aviation Administration of South Africa	-	-	5 309 685	4 995 000
Refuse	156 397	594 538	156 397	594 538
Regulation development	418 594	426 706	206 548	254 224
Safety and promotion	2 027 035	1 911 831	2 002 035	1 861 831
Security	3 465 529	3 336 244	3 453 586	3 324 929
Skills development levy	3 150 811	2 729 128	3 102 308	2 690 788
Software expenses	5 493 048	3 780 295	5 493 048	3 762 875
Sponsorships	4 596 561	3 606 667	4 596 561	3 586 256
Staff events	1 491 717	896 459	1 373 216	863 022
Staff welfare	158 804	257 751	149 744	241 326
Telephone and fax	4 578 753	4 264 494	4 493 388	4 176 656
Training	13 132 401	8 062 481	13 082 871	7 980 380
Travel - international	10 560 862	9 770 797	10 523 381	9 710 395
Travel - domestic	17 376 729	16 009 451	17 343 350	15 943 782
Uniforms	54 213	120 824	54 213	120 824
Other expenses	240 979	343 139	240 979	334 553
	118 685 128	104 980 728	122 366 852	108 461 413

^{*}Included in consulting and professional fees is an amount for co-sourced services for internal audit of R1 687 937 (2016: R1 047 851).





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

18. Finance costs

Interest paid to National Treasury - Revenue Fund	-	882 291	-	882 291
Interest and penalties paid to the South African Revenue	72 354	-	72 354	-
Services				
Other interest paid	260	106	-	
	72 614	882 397	72 354	882 291

The decrease in the finance costs for the current financial year is as a result of the decrease in the balance for the over-collection of the passenger safety charge. The full amount has now accrued to the SACAA.

The interest paid to the National Treasury revenue fund relates to interest calculated on the over-collected passenger safety charge. The Minister of Finance pronounced that all the interest earned on the over-collected passenger safety charge be paid into the National Treasury revenue fund.

19. Debt impairment

	2017	2016	2017	2016
Debt impairment	3 113 215	3 013 672	3 113 215	3 013 672

The debt impairment has increased marginally by R99 543 due to amounts that were considered as non-recoverable and were either written off or provided for during the financial year.

20. Taxation

No provision for taxation has been made for the 2017 tax year, as the Group is exempted in terms of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

21. Auditors' fees

	2017	2016	2017	2016
Fees	2 292 544	2 085 974	2 256 684	2 034 404





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

22. Cash flows from operating activities

Surplus	63 965 186	66 909 797	64 191 017	66 458 033
Adjustments for:				
Depreciation and amortisation	9 086 586	9 682 818	8 961 405	9 601 412
Loss on disposal of assets	173 705	188 774	173 705	188 774
Debt impairment	3 113 215	3 013 672	3 113 215	3 013 672
Movements in operating lease liability	(784 318)	(583 318)	(784 318)	(583 318)
Movements in provisions	8 610 189	10 955 910	8 717 587	10 845 836
Changes in working capital:				
Trade and other receivables from non-exchange	(11 794 414)	(5 480 923)	(11 765 729)	(5 463 671)
transactions				
Movement in debt impairment added back	(3 113 215)	(3 013 672)	(3 113 215)	(3 013 672)
Trade and other receivables from exchange transactions	(134 716)	-	(134 716)	-
Trade and other payables	(3 943 771)	(19 950 876)	(4 036 837)	(20 142 130)
	65 178 447	61 722 182	65 322 114	60 904 936

23. Commitments

	2017	2016	2017	2016
Authorised capital and maintenance expenditure				
Contracted for and authorised by the Board				
 Property, plant and equipment 	1 394 029	302 442	1 394 029	302 442
 Intangible assets 	32 686 612	47 797 903	32 686 612	47 797 903
	34 080 641	48 100 345	34 080 641	48 100 345

The capital and maintenance expenditure commitment for intangible assets relates to the installation and implementation of an Enterprise Business System and will be financed by retained surpluses, existing cash resources and funds internally generated.

The capital expenditure budget for the year ending 31 March 2018 is R156 422 310 which includes capital expenditure for the replacement of the flight inspection aircraft for an amount of R116 600 000. This capital expenditure has been approved by the Board as part of the medium-term expenditure budget process.





Gro	oup	SACAA		
2017	2016	2017	2016	
R	R	R	R	

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

12 304 963	28 063 115	11 837 995	27 155 610
4 908 715	6 013 368	4 908 715	5 546 400
7 396 248	22 049 747	6 929 280	21 609 210

Operating lease payments represent rentals payable by the Group and SACAA for certain of its office properties and equipment. Leases are negotiated for an average term of between three to five years. No contingent rent is payable.

24. Contingencies

The SACAA is currently dealing with a litigation matter relating to a civil claim for damages against it. Summons have been issued by the plaintiff, claiming damages for loss of earnings as well as damages to its business reputation and good name. The SACAA is defending the civil claim and the quantum of this exposure is not disclosed, as these matters are still sub judice.

25. Related parties

Related party balances

Receivables and payables owing (to)/by related parties

	2017	2016	2017	2016
Department of Transport	(250)	(250)	(250)	(250)
South African Airways	156 217	723 473	156 217	723 473
Air Traffic and Navigation Services	1 693 286	571 250	1 693 286	571 250
Airports Company South Africa (licences)	(23 756)	(3 111)	(23 756)	(3 111)
SA Express (passenger safety charge and general	170 005	144 601	170 005	144 601
aviation)				
Mango Airlines	21 204	24 794	21 204	24 794
Passenger Rail Agency of South Africa	134 716	-	134 716	-
(Secondments)				
	2 151 422	1 460 757	2 151 422	1 460 757

No expense has been recognised in the current period for impairment of trade receivables in respect of amounts owed by related parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Department of Transport either controls or exercises significant influence over all entities listed as related parties.





	Gr	oup	SA	CAA
	2017	2016	2017	2016
	R	R	R	R
Related party transactions				
Purchases from/(sales to) related parties				
Department of Transport (accidents and incidents)	(21 191 000)	(20 124 000)	(21 191 000)	(20 124 000)
Department of Transport (secondments)	-	(100 000)	-	(100 000)
Air Traffic and Navigation Services	(11 367 614)	(8 117 940)	(11 367 614)	(8 117 940)
Airports Company South Africa (licences)	(1 449 798)	(1 798 036)	(1 449 798)	(1 798 036)
Airports Company South Africa (rentals)	1 048 566	1 571 429	1 048 566	1 571 429
South African Airways	(105 619 193)	(98 154 783)	(105 619 193)	(98 154 783)
SA Express (safety fees and general aviation)	(24 027 818)	(23 916 406)	(24 027 818)	(23 916 406)
Mango Airlines (safety fees)	(58 920 727)	(55 331 607)	(58 920 727)	(55 331 607)
Recreation Aviation Administration of South Africa	-	-	5 309 684	4 995 000

(1 343 539)

(222 871 123)

(772473)

(206 743 816)

(1 343 539)

(217 561 439)

(772473)

(201 748 816)

These transactions are carried out on commercial terms and conditions.

Passenger Rail Agency of South Africa



Figures in Rand

26. Members' emoluments

Executive Management

Group 2017

		Salary	Medical aid	Provident fund	Lumpsum / leave pay / bonus	Total
Ms G Khoza	DCA	2 754 222	109 431	441 091	1 379 642	4 684 386
Mr A Seedat	Executive: Finance	1 546 504	126 561	319 668	528 962	2 521 695
Mr S Segwabe	Executive: Aviation Safety Operations	1 733 539	54 162	315 477	484 136	2 587 314
Mr G Bestbier	Executive: Aviation Infrastructure	1 828 633	85 995	337 876	571 191	2 823 695
Ms T Masooa	Executive: Human Resources	1 581 467	86 133	227 400	1 762	1 896 762
Ms P Gwebu	Executive: Corporate Services	1 230 556	99 183	234 660	375 281	1 939 680
Mr P Kewana	Executive: Internal Audit	1 372 119	74 598	255 303	445 492	2 147 512
Ms M Mamabolo	Executive: Legal and Compliance	1 494 378	59 667	274 243	474 805	2 303 093
Ms N Naraindath	Company Secretary	1 288 456	99 183	244 878	438 664	2 071 181
Mr A Morudi (Acting from 1 April 2016 to 31 August 2016)	Executive: Accident and Incident Investigation	448 923	35 020	72 591	-	556 534
Mr L Gqeke	Executive: Aviation Security	1 755 345	-	315 477	469 653	2 540 475
Ms A Makhoba (Acting January 2017 to March 2017)	Executive: Aviation Security	84 048	5 342	11 850	-	101 240
Mr P Mashaba (Appointed September 2016)	Executive: Accident and Incident Investigation	865 363	23 952	161 962	-	1 051 277
Ms S Ngidi (Acting in April 2016 and September 2016)	Executive: Aviation Security	173 776	8 934	30 074	2 293	215 077
Mr N de Lange	Chief Executive: RAASA	979 763	18 260	-	175 113	1 173 136
		19 137 092	886 421	3 242 550	5 346 994	28 613 057



Executive Management

Group 2016

		Salary	Medical aid	Provident fund	Lumpsum / leave pay / bonus	Total
Ms G Khoza	DCA	2 178 603	97 272	401 625	843 550	3 521 050
Mr A Seedat	Executive: Finance	1 474 444	115 350	265 448	410 620	2 265 862
Mr S Segwabe (Appointed 22 June 2015)	Executive: Aviation Safety Operations	1 360 731	39 159	201 049	235 302	1 836 241
Mr G Bestbier	Executive: Aviation Infrastructure	1 758 465	87 675	268 695	399 318	2 514 153
Mr P Moraka (Resigned February 2016)	Executive: Human Resources	1 037 213	57 555	187 425	487 511	1 769 704
Ms T Masooa (Appointed 18 February 2016)	Executive: Human Resources	169 190	14 008	37 900	-	221 098
Mr S Ntaka (Acting from December 2012 - 30 June 2015)	EM: DCA's Office	496 365	-	-	-	496 365
Ms P Gwebu (Appointed 22 June 2015)	Executive: Corporate Services	945 496	76 023	179 574	259 715	1 460 808
Mr P Kewana	Executive: Internal Audit	1 273 260	68 778	236 830	356 576	1 935 444
Ms M Mamabolo	Executive: Legal & Aviation Compliance	1 377 347	65 136	217 992	328 094	1 988 569
Ms N Naraindath	Company Secretary	1 225 955	90 831	201 683	338 303	1 856 772
Ms M Stephens (Acting from 01 April 2015 - 30 June 2015)	GM: Risk and Compliance	262 873	11 088	42 105	-	316 066
Mr M Lebogo (Terminated 11 February 2016)	GM: Aircraft Safety	1 259 440	56 064	242 451	166 439	1 724 394
Mr A Morudi (Acting from 01 May 2013)	Executive: Accident and Incident Investigation	985 046	79 413	156 199	197 187	1 417 845
Mr L Gqeke (Appointed 22 June 2015)	Executive: Aviation Security	1 386 486	-	197 233	186 653	1 770 372
Mr B Vorster (Acting from April 2015 - 30 June 2015)	GM: Air Safety Operations	274 456	-	41 724	-	316 180
Mr L Nelson (Acting from November 2015 - 18 February 2016)	EM: Human Resources	215 518		27 503	-	257 221
Mr W Mathonsi (Acting from 01 April 2015 - 30 June 2015)	GM: Aviation Security	235 998	19 236	39 182	-	294 416
Mr N de Lange	Chief Executive: RAASA	911 400	25 320	-	171 990	1 108 710
		18 828 286	917 108	2 944 618	4 381 258	27 071 270



Non-executive Directors' fees

SACAA Board	Members' fees	Reimbursive	Total
		expenses	
Mr SS Mokoena	322 915	961	323 876
Ms DLT Dondur	315 405	5 221	320 626
Major-Gen. NL J Ngema	287 384	18 542	305 926
Mr MG India	259 642	2 873	262 515
Prof. NV Dyani Mhango	296 559	5 689	302 248
Ms L Dlepu	270 009	2 814	272 823
Adv. RR Dehal (Resigned 19 October 2016)	130 520	56 891	187 411
	1 882 434	92 991	1 975 425

RAASA Board	Members'	Reimbursive	Total
	fees	expenses	
Mr C Linakis	25 936	6 000	31 936
Mr J Morrison	23 920	6 000	29 920
Mr C Jordaan	11 040	2 500	13 540
Mr P Dlhamini (Resigned 14 December 2016)	16 080	2 000	18 080
	76 976	16 500	93 476

SACAA Board	Members'	Reimbursive	Total
	fees	expenses	
Mr SS Mokoena	328 584	3 744	332 328
Ms DLT Dondur	284 373	6 499	290 872
Ms L Dlepu	286 222	2 742	288 964
Major-Gen. NL J Ngema	289 680	15 725	305 405
Mr MG India	248 871	3 394	252 265
Prof. NV Dyani-Mhango	266 751	5 485	272 236
Adv. RR Dehal	256 495	171 868	428 363
	1 960 976	209 457	2 170 433

RAASA Board	Members'	Reimbursive	Total
	fees	expenses	
Mr C Linakis	11 712	3 000	14 712
Mr J Morrison	11 040	3 000	14 040
Mr C Jordaan	7 360	2 000	9 360
Mr P Dhlamini	3 216	500	3 716
	33 328	8 500	41 828



Fees

*Reimbursive expenses are disclosed in terms of Treasury Regulation 28 (1) (4) of the PFMA as reimbursive costs paid to Board members. The costs include flights, car hire, accommodation and travel costs for all meetings of the Board and its committees.

27. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for its owner and benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As the Group is not exposed to debt, there is no meaningful debt to equity ratios, such as gearing ratio, to be disclosed.

There are no externally imposed capital requirements.

There have been no changes to what the Group manages as capital. The strategy for capital maintenance or externally imposed capital requirements remained the same as in the previous year.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Management meets on a regular basis to analyse interest rate exposures and evaluate treasury management strategies against revised economic forecasts. Compliance with policies and exposure limits is reviewed by management on a continuous basis. Management believes that, to the best of its knowledge, there are no significant undisclosed financial risks.

Liquidity risk

Liquidity risk refers to the risk that SACAA will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management is satisfied that the Group will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.





The liquidity ratio below illustrates:

	Group		SACAA	
	2017	2016	2017	2016
	R	R	R	R
Current assets	309 493 418	248 578 405	308 644 458	247 234 776
Current liabilities	117 807 007	113 924 908	117 418 091	113 521 662
Current ratio	2.63:1	2.18:1	2.63:1	2.18:1

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk, as it invests funds in the money market at floating interest rates. At 31 March 2017, no derivative financial instruments were used to manage the Group's exposure to interest rate risk.

The Group has adopted a policy of investing the majority of surplus cash in call account investments as a means to safeguard and mitigate interest rate risk. The risk is further managed through the fact that the surplus funds are invested in reputable financial institutions.

Credit risk

The Group is exposed to credit risk, which is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade and other receivables. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set, based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Certain credit limits were exceeded during the reporting period, and where management considered these debtors to be impaired, a provision for doubtful debts was raised.



Financial assets exposed to credit risk at year-end were as follows:

	Gr	Group		CAA
	2017	2016	2017	2016
	R	R	R	R
Financial instrument				
Trade receivables less unallocated receipts	64 051 970	53 906 841	64 043 080	53 906 841
Other debtors	1 860 893	1 848 651	1 825 863	1 828 628
Staff advances	73 941	75 000	69 152	75 000
Cash and cash equivalents	248 464 280	199 478 397	247 679 029	198 169 792
	314 451 084	255 308 889	313 617 124	253 980 261

Default

Default occurs when:

- a) credit limits are exceeded;
- b) payments are not received within the approved period.

In such cases the necessary collection measures were taken with due regard to the financial risk connected to a specific debtor account. Collection measures included handing accounts over to the Legal Department for follow-up.

As at 31 March 2017, the Group did not consider that any significant concentration of credit risk existed in the receivable book which had not been adequately provided for.



The table below provides an analysis of credit risk exposure inherent in the loans and receivables book at the year-end reporting dates, reconciled to the carrying value of net trade receivables as reported in note 4 and 5.

Group 2017	Direct	Indirect	Total
	charges	charges	
Trade receivables	0.40.400		40.007.000
Current balance	313 493	41 914 313	42 227 806
Overdue balance	16 623 367	5 639 405	22 262 772
Subtotal	16 936 860	47 553 718	64 490 578
Impairment provision Net trade receivables	(9 657 555) 7 279 305	(2 987 249) 44 566 469	(12 644 804) 51 845 774
Net trade receivables	7 279 305	44 500 409	51 645 774
2016	Direct	Indirect	Total
	charges	charges	
Trade receivables			
Current balance	396 777	38 249 560	38 646 337
Overdue balance	11 728 581	3 909 211	15 637 792
Subtotal	12 125 358	42 158 771	54 284 129
Impairment provision	(5 412 416)	(4 226 087)	(9 638 503)
Net trade receivables	6 712 942	37 932 684	44 645 626
SACAA 2017	Direct	Indirect	Total
SACAA 2017	Direct charges	Indirect charges	Total
SACAA 2017 Trade receivables			Total
			Total 42 227 806
Trade receivables	charges	charges	
Trade receivables Current balances	charges 313 493	charges 41 914 313	42 227 806
Trade receivables Current balances Overdue balances	313 493 16 614 477	charges 41 914 313 5 639 405	42 227 806 22 253 882
Trade receivables Current balances Overdue balances Subtotal	313 493 16 614 477 16 927 970	charges 41 914 313 5 639 405 47 553 718	42 227 806 22 253 882 64 481 688
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables	313 493 16 614 477 16 927 970 (9 657 555) 7 270 415	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884
Trade receivables Current balances Overdue balances Subtotal Impairment provision	charges 313 493 16 614 477 16 927 970 (9 657 555) 7 270 415 Direct	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469 Indirect	42 227 806 22 253 882 64 481 688 (12 644 804)
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables	313 493 16 614 477 16 927 970 (9 657 555) 7 270 415	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables Trade receivables	charges 313 493 16 614 477 16 927 970 (9 657 555) 7 270 415 Direct charges	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469 Indirect charges	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables Trade receivables Current balances	charges 313 493 16 614 477 16 927 970 (9 657 555) 7 270 415 Direct charges 396 777	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469 Indirect charges 38 249 560	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884 Total
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables Trade receivables	charges 313 493 16 614 477 16 927 970 (9 657 555) 7 270 415 Direct charges	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469 Indirect charges	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables 2016 Trade receivables Current balances Overdue balances Subtotal	charges 313 493 16 614 477 16 927 970 (9 657 555) 7 270 415 Direct charges 396 777 11 728 581 12 125 358	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469 Indirect charges 38 249 560 3 909 211 42 158 771	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884 Total 38 646 337 15 637 792 54 284 129
Trade receivables Current balances Overdue balances Subtotal Impairment provision Net trade receivables 2016 Trade receivables Current balances Overdue balances	charges 313 493 16 614 477 16 927 970 (9 657 555) 7 270 415 Direct charges 396 777 11 728 581	charges 41 914 313 5 639 405 47 553 718 (2 987 249) 44 566 469 Indirect charges 38 249 560 3 909 211	42 227 806 22 253 882 64 481 688 (12 644 804) 51 836 884 Total 38 646 337 15 637 792

Definitions

Direct charges include regulatory fees and calibration fees. Indirect charges include passenger safety fees and fuel levies.

Liquidation

As soon as it becomes known that a debtor has been placed into provisional liquidation/sequestration or has been placed into final liquidation/sequestration, the credit facility is automatically revoked. Interest is charged from the date of last payment to the date of final liquidation/sequestration and the debt is provided in full as irrecoverable.





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

Foreign exchange risk

The Group incurs currency risk as a result of expenses in foreign currencies, hence exposure to exchange rate fluctuations arises. The currency in which the Group primarily deals is the US Dollar. No forward cover is taken out for these transactions. Management considers the foreign currency risk to be insignificant.

28. Going concern

The consolidated Annual 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.

29. Events after the reporting date

Management is not aware of any significant events that occurred after the reporting date that would require adjustments to or disclosure in the consolidated Annual Financial Statements. Furthermore, management is not aware of any circumstances which exist that would impede the Group's ability to continue as a going concern.

30. Irregular expenditure

	2017	2016	2017	2016
Opening balance	101 989	1 887 134	101 989	1 887 134
Add: Irregular Expenditure - current year	177 877	-	177 877	-
Less: Amounts condoned	(279 866)	(1 785 145)	(279 866)	(1 785 145)
Irregular expenditure to be condoned	-	101 989	-	101 989

Details of irregular expenditure – current year

Goods and services procured without competitive bidding

177 877

The supply chain management process was not followed, thus resulting in irregular expenditure of R177 877. At the time when the irregular expenditure was incurred, the SACAA did not suffer any financial loss and did derive value for money for the use of the goods and services rendered at the time. No disciplinary action was initiated as a result.

The balance of R101 989 from the prior year was condoned by the Board on 26 July 2016. The amount of R177 877 was incurred in the current year relating to goods and services that were procured without competitive bidding. This was condoned by the Board on 22 March 2017.





Group		SACAA	
2017	2016	2017	2016
R	R	R	R

31. Fruitless and wasteful expenditure

Interest and penalties paid to the South African Revenue 72 354 - 72 354
Services

The fruitless and wasteful expenditure relates to historic reconciliation differences with the South African Revenue Services (SARS) in terms of PAYE, UIF and SDL and interest and penalties levied as a result. The differences relate to the period 2000 to 2012 and was resolved with SARS during the current financial year.

Based on the facts and relevant evidence at the disposal of management, it was concluded that none of the current employees can be liable for the fruitless and wasteful expenditure as this was incurred prior to their employment. This expenditure was condoned by the Board on 26 April 2017.

32. Segment information

The SACAA is a statutory body which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry. Although revenues do have certain streams, they are not related to any segments or specific divisions within SACAA. SACAA's expenditure relates mainly to salaries and the rest relates to operational activities and cannot be linked to any specific segments. Resources are not allocated, nor is reporting done or performance measured for any separate activities.

Management is of the opinion that any attempt to divide the SACAA into further separate activities or geographical information will not add any additional value to its stakeholders. The entire SACAA should be viewed as a single reportable segment.

33. Consolidation of RAASA

The SACAA has elected for the first time in the current financial year, to consolidate the results of Recreation Aviation Administration South Africa NPC (RAASA) in accordance with the requirements of GRAP 6 (Consolidated and Separate Financial Statements).

The SACAA's control relates to the entitlement to appoint four of the eight directors of RAASA including the Chairperson, whilst receiving non-financial benefits as described below.

The RAASA is incorporated in South Africa. The purpose of RAASA is to ensure compliance with the South African Civil Aviation regulations affecting sport and recreational aviation and to liaise with non-profit bodies that represent sport aviation.

The Group results are fully disclosed in the accompanying consolidated Annual Financial Statements. The relationship between the SACAA and RAASA was previously only disclosed in note 25, dealing with related parties.





34. Budget variances

Material differences between budget and actual amounts

The material differences are only provided for the SACAA as the Group budget is not publicly available. The GRAP statement of comparison of budget and actual amounts does not require that the financial statements disclose information about, or make comparisons with, approved budgets that are not made publicly available.

The material differences can be explained as follows:

Interest received

During the year an additional R49m cash was generated as a result of the surplus made during the year. This together with tighter cash flow management, resulted in interest received during the year being higher than the budgeted amount.

Other income

Other income is higher than budgeted as a result of additional sundry income received from the secondment of an employee to the Passenger Rail Agency of South Africa (PRASA) and the National Treasury.

Passenger safety charge

A budget deficit of R1 250 635 was due to slightly lower passenger numbers than budgeted. Overall passenger numbers were 4.2% higher than the previous year.

User fees

User fees is R4 033 266 lower than budgeted due to lower activity levels in some areas as well as a shortfall of flight inspection revenue as a result of the non-availability of the aircraft during the year due to major maintenance work.

Personnel cost

A saving of R13 514 674 on personnel cost was realised, mainly due to vacant positions identified during the organisational re-design that were only filled late in the financial year, or in some instances delayed to the next financial year.

Debt impairment

Amounts that were considered as non-recoverable were either written off or provided for during the financial year. The SACAA does not budget for bad debt write-offs.





Operating expenses

With the implementation of National Treasury's cost containment and other cost-saving activities, various savings, most notably on seminars, conferences, communications and travel expenditure, were made during the financial year. This contributed to a saving of R5 153 274 against budget.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. These adjustments and reallocations were necessary to align the revenue budget with actual trends in activity levels and the expense budget with business needs.





NOTES



Physical Address:

Ikhaya Lokundiza 1 16 Treur Close Waterfall Park Bekker Street Midrand Johannesburg

Postal Address:

Private Bag X 73 Halfway House 1685

Telephone No.:

+27 11 545 1000 Fax No.: +27 11 545 1465 Email Address: mail@caa.co.za

Website Address: www.caa.co.za

RP: 101/2017 **ISBN:** 978-0-621-45371-3

SOUTH AFRICAN

