

SOUTH AFRICAN



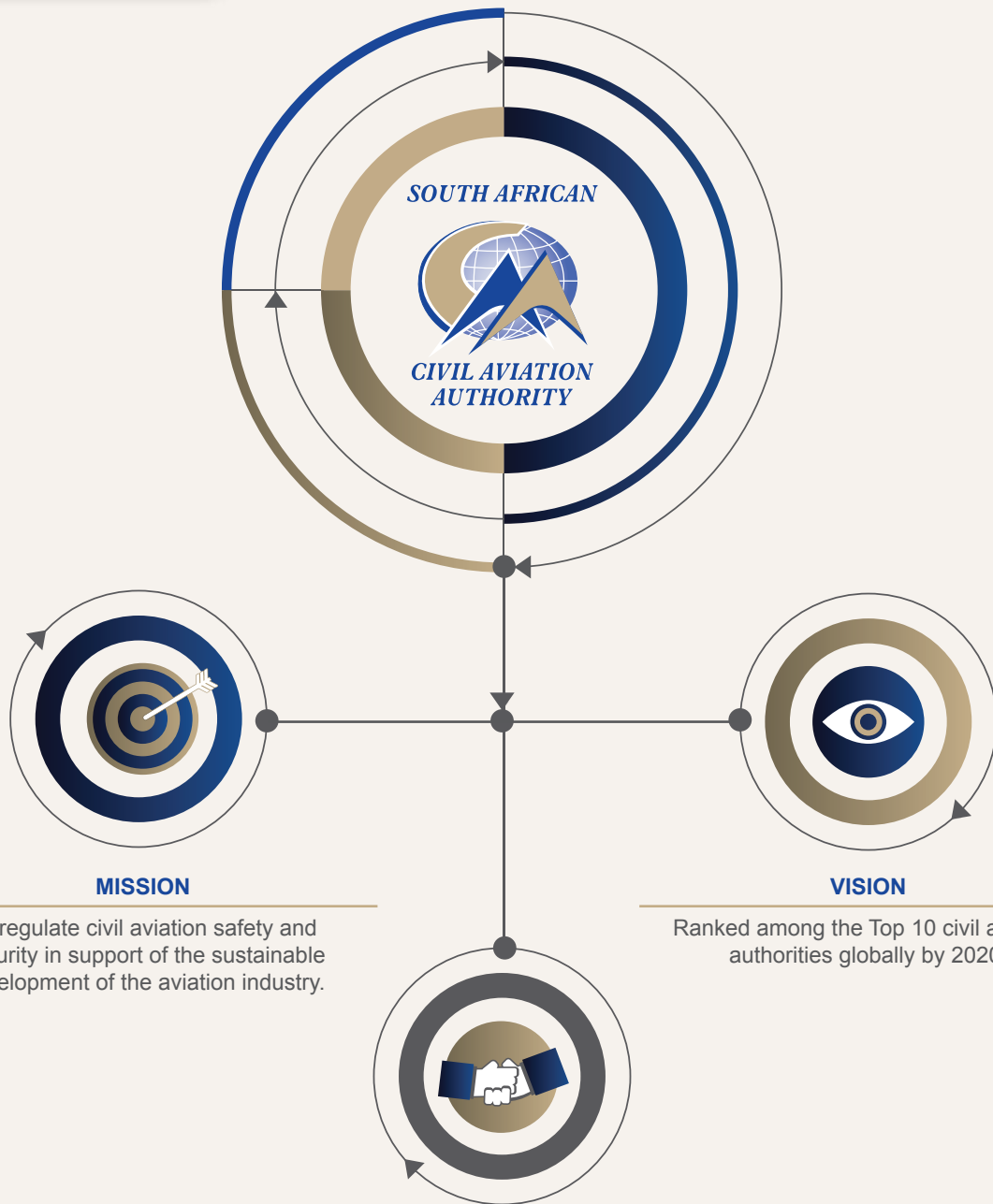
*CIVIL AVIATION
AUTHORITY*

ANNUAL REPORT 2019 | 20



Keeping you safe in the sky

MISSION, VISION & VALUES



VALUES

- Good is never good enough.
- Integrity and independence.
- Service excellence.
- Teamwork and partnerships.

ATTRIBUTES

- Always giving your best effort and seeking to continuously improve.
- Maintain high ethical standards and approach issues professionally, with integrity and without any bias and in a transparent manner that engenders trust amongst all stakeholders.
- Service delivery ahead of customer expectation, striving to always exceed customer expectations.
- Working with others and taking joint accountability for the end result.

HIGHLIGHTS

- The SACAA received an unqualified audit report from the Auditor-General with no material findings, resulting in a clean audit for seven years (7) in a row.
- The SACAA attained a 100% performance in the 2019/20 financial year – a performance that the organisation has achieved for the past seven (7) consecutive years.
- The SACAA applied and explained the 17 principles of governance – translating into 100% application of the King IV Code of Good Governance™. The Entity remains committed to improving on corporate governance beyond the King IV™ Principles.
- The SACAA was issued with a Letter of Good Standing on the Safety, Health and Environmental issues by the Department of Labour's Compensation Commissioner.
- There was a reduction in both fatal accidents and fatalities in General Aviation over the last financial year, as fatalities decreased by 5% and the cumulative number of fatal accidents decreased by 13% year-on-year.
- The SACAA prides itself on its good financial performance.
- The organisation maintained stability in the top structure, as the Director of Civil Aviation was reappointed for a second term.
- The SACAA maintained its level 2 Broad-Based Black Economic Empowerment (B-BBEE) status.
- The SACAA was awarded the Transformation Champion award during the Standard Bank Top Empowerment Awards 2019.
- The SACAA received an Honorary Award for Gender ICON, which celebrated and honoured the success of those who made a significant contribution to gender empowerment in South Africa.
- The Director of Civil Aviation (DCA) received a Certificate of Recognition for the significant contribution to the development of civil aviation in Africa, during the 50th Anniversary of the African Civil Aviation Commission (AFCAC).
- The SACAA has developed a new five (5)-year Outcome-based Strategic Plan.

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31 August 2020

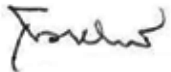
Mr Fikile April Mbalula, MP

Minister of Transport
Private Bag X193
PRETORIA
0001

Honourable Minister Mbalula,

It is a privilege and honour to hereby submit the 2019/20 Annual Report of the South African Civil Aviation Authority (SACAA). This report gives a comprehensive account of the SACAA's performance and efforts to fulfil its mandate for the period 01 April 2019 to 31 March 2020.

Yours sincerely,



Mr Ernest Khosa
Chairperson: SACAA Board



General
INFORMATION





GENERAL INFORMATION

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Standard Bank of South Africa

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ABBREVIATIONS AND ACRONYMS

ACI	Airports Council International	CATS	Civil Aviation Technical Standards
ACSA	Airports Company South Africa	CASSOA	Civil Aviation Safety and Security Oversight Agency
AEP	Aviation Environmental Protection	CDE	Cabin Designated Examiners
AGM	Annual General Meeting	CEO	Chief Executive Officer
AGSA	Auditor-General of South Africa	C-FARP	Cross-Functional Accident Reduction Plan
AI	Aviation Infrastructure	CFO	Chief Financial Officer
AIID	Accident and Incident Investigation Division	CMA	Continuous Monitoring Approach
AMO	Aircraft Maintenance Organisation	CO2	Carbon Dioxide
AO	Air Operator	CORSIA	Carbon Offset and Reduction Scheme for International Aviation
AOC	Air Operator Certificate	CPI	Consumer Price Index
APP	Annual Performance Plan	CSA	Comprehensive System Audit
ARC	Audit and Risk Committee	DAME	Designated Aviation Medical Examiner
ARO	Aviation Recreational Organisation	DBA	Doctor of Business Administration
ASEC	Aviation Safety and Environment Committee	DCA	Director of Civil Aviation
ASO	Aviation Safety Operations	DE	Designated Examiner
ATO	Aviation Training Organisation	DFEs	Designated Flight Examiners
ATPL	Airline Transport Pilot's Licence	DoA	Delegation of Authority
ATS	Air Traffic Services	DoT	Department of Transport
AvMed	Aviation Medicine	EBS	Enterprise Business System
AvSec	Aviation Security	EE	Employment Equity
AU	African Union	EI	Effective Implementation
BA	Bachelor of Arts	EMP	Emissions Monitoring Plans
B-BBEE	Broad-Based Black Economic Empowerment	ENE	Estimates of National Expenditure
BCP	Business Continuity Plans	ERDMS	Electronic Records and Document Management System
BRP	Business Rescue Practitioners	ESAF	Eastern and Southern African
CAA	Civil Aviation Authority	EXCO	Executive Management Committee
CAEP	Committee on Aviation Environmental Protection	FAA	Federal Aviation Administration
CAP	Corrective Action Plan	FAO	Foreign Air Operator
CAPSCA	Cooperative Arrangement for the Prevention of the Spread of a Communicable Disease through Air Travel	FIU	Flight Inspection Unit
CAR	Civil Aviation Regulation	FSTD	Flight Simulation Training Device
		FY	Financial Year
		GA	General Aviation
		GASI	General Aviation Safety Initiative

ABBREVIATIONS AND ACRONYMS

GDP	Gross Domestic Product	PESTLE	Political, Economic, Social, Technological, Legal, and Environmental
GM	General Manager	PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
GNSS	Global Navigation Satellite System	PPE	Personal Protective Equipment
HR	Human Resources	PSC	Passenger Safety Charge
HRC	Human Resources Committee	QSE	Qualifying Small Business Enterprises
IATA	International Air Transport Association	RAASA	Recreational Aviation Administration of South Africa
ICAO	International Civil Aviation Organization	RPA	Remotely Piloted Aircraft
ICS	ICAO Compliance Section	RPASP	Remotely Piloted Aircraft Systems Panel
ICT	Information and Communication Technology	SAA	South African Airways
ICVM	ICAO Coordinated Validation Mission	SACAA	South African Civil Aviation Authority
ILF	Industry Liaison Forum	SADC	Southern African Development Community
IoDSA	Institute of Directors of South Africa	SANParks	South African National Parks Board
LAC	Legal and Aviation Compliance	SARIF	South African Remotely Piloted Aircraft System Industry Forum
LLB	Bachelor of Laws	SARPs	Standards and Recommended Practices
LLD	Doctor of Laws	SAQA	South African Qualifications Authority
LLM	Master of Laws	SAX	South African Express Airways
MBA	Master of Business Administration	SCM	Supply Chain Management
MD	Managing Director	SWOT	Strengths, Weaknesses, Opportunities, and Threats
MOSP	Master Oversight and Surveillance Plan	TCA	Type Certified Aircraft
MoU	Memorandum of Understanding	ToR	Terms of Reference
MP	Member of Parliament	TR	Treasury Regulations
N/A	Not Applicable	TSA	Transport Security Administration
NATJOINTS	National Joint Operational and Intelligence Structure	UAS	Unmanned Aircraft System
NCLB	No Country Left Behind	UASS	Unmanned Aircraft System Study
NDOH	National Department of Health	UCT	University of Cape Town
NDP	National Development Plan	UK	United Kingdom
NED	Non-Executive Director	USA	United States of America
NT	National Treasury	USOAP	Universal Safety Oversight Audit Programme
NTCA	Non-Type-Certified Aircraft	USAP	Universal Security Audit Programme
OHS	Occupational Health and Safety	VAT	Value Added Tax
OJT	On-The-Job-Training	WHO	World Health Organisation
OLF	Online Framework		
PCOT	Portfolio Committee on Transport		

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Mr Ernest Khosa

FOREWORD BY THE CHAIRPERSON

INTRODUCTION

It is with immense pleasure that I present the South African Civil Aviation Authority's (SACAA's) Annual Report of 2019/20 on behalf of the Board of Directors. This is the second Annual Report that I am presenting since taking office as Chairman on 1 December 2018.

This report comes at a significant time, as it represents closure to the SACAA's Strategic Plan that spanned the last five years, from 2015/16 until the 2019/20 financial years. In this period, SACAA continued to execute its mandate with distinction, making a discernible impact on the aviation industry. The period 2015/16 – 2019/20 was characterised by impactful milestones, that were mostly positive and showcased the SACAA's world-class regulatory capabilities. This is demonstrated by the attainment of the 100% achievement in the performance against targets, over a consecutive period of five (5) years.

It is also a privilege to be presiding over an organisation that continued to scoop the coveted Auditor-General of South Africa's (AGSA's) Clean Audit Award for five (5) consecutive years. This demonstrates that the SACAA remains a leading organisation that executes its mandate with distinction, supported by a committed staff complement, management and political principles. Without the dedication of these employees, the SACAA would not have propelled its performance and good governance record to such great heights.

PATCHES OF TURBULENCE

While the SACAA has performed with excellence, the year 2020 will be remembered as one of the most challenging periods that South Africa and the world had to experience. On 11 March 2020, the World Health Organisation (WHO) declared the outbreak of the COVID-19 as a pandemic and similarly, the South African government declared a national state of disaster, due to the global spread of the disease. On 23 March 2020, President Cyril Ramaphosa announced the initial country-wide lockdown from 26 March 2020, with subsequent lockdown measures announced until a period that was to be determined in the new financial year.

With that said, it is important to indicate that the closing of borders, which extended beyond this reporting period, meant a halt of aviation activities as we were accustomed to, and this manifested into a negative impact on the SACAA's financial well-being. Keeping in mind the subsequent post-financial-year developments around COVID-19 in the country and across the globe, it became apparent that the SACAA's main revenue sources would be under tremendous pressure and that it had to rely on its financial reserves.

As if the above was not devastating enough, the organisation and industry had to fathom the prospect of the imminent closure of the national flag carrier, i.e. South African Airways (SAA) as well as its subsidiary, SA Express (SAX), that serves as a feeder airline to SAA. At the time of compiling this report, both SAA and SAX were placed under business rescue.

SAA was placed under business rescue with effect from 5 December 2019. SAA confirmed that none of its subsidiaries, namely Mango, SAA Technical and Air Chefs were being directly affected. Passenger safety charges amounting to R5.7 million were outstanding from SAA on the date of the business rescue, and a claim was submitted to the Business Rescue Practitioners (BRP). However, this amount was provided for as a potential doubtful debt, in line with the SACAA policy.

SA Express was also put under business rescue by the court on 9 February 2020. The Business Rescue Practitioners applied to the court to have the company provisionally liquidated on 25 March 2020 and the SACAA was listed as a "creditor and affected person" in the court application.

A recent report released by the Airports Council International (ACI) stated that the reduction in global passenger traffic volumes as a result of the COVID-19 pandemic had accelerated from -6.9% in January 2020, with an average decline of 28.3% for the first

quarter of 2020, which is equivalent to a reduction of 620 million passengers.

The air traffic estimates for the first quarter of 2020 portrayed a distressing picture; that airports in all regions would lose passenger traffic at double-digit rates. Asia-Pacific appeared to be the most affected region with an estimated -38.9% loss in passenger traffic for the first three months of the year, followed by Europe with -23.9% and North America with -20.7%. The magnitude of losses intuitively followed the chronological order in which these major economic centres were affected. At a global level, passenger traffic losses amounted to over one-quarter of what was previously forecasted when based on the World Airport Traffic Forecasts. These devastating events have no doubt also negatively impacted the entire aviation industry, including the SACAA, in different ways. The entity has had to intensify its financial management and reflect on some of its key strategic deliverables in the ensuing year.

CEMENTING RELATIONS ACROSS THE GLOBE

As envisaged in the Abuja Treaty, regional integration as a strategy for achieving sustainable economic growth remains critical to achieving economic prosperity in Africa.

The Treaty detailed the contribution that the air transport sector and related industries bring to economies to help improve the living standards on the continent. The Treaty also sketched the significant role that the air transport industry should play – that of being a catalyst and serving as the necessary engine for inter- and intra-regional integration through increased accessibility between economic hubs, as well as achieving significant reductions in travel cost and time. The fact that alternative modes of transport remain underdeveloped in most countries on the continent, makes air transport even more important.

For all the above reasons, it therefore was no surprise that the African Union (AU) identified air transport as critical to the realisation of the Agenda 2063 flagship projects. The Agenda prescribed that by 2063, the necessary infrastructure to support Africa's accelerated integration and growth, technological transformation, trade and development should be in place. In addition, it is further envisaged that interconnectivity between African Island states and main land states would be achieved through the implementation of the Yamoussoukro Decision.

Notwithstanding, compliance to global aviation safety and security standards is the bedrock of this envisaged sustainable air transport network. As African States, the reality is that there are various levels of compliance, which inevitably impede reliable air transport connectivity.

In this regard, the International Civil Aviation Organization (ICAO) has called on countries and their regulators with stellar records of compliance and international best practices, including South Africa, to assist other countries to improve their standards of compliance. This is captured under ICAO's banner and initiative of **"No Country Left Behind"**. South Africa, through its regulatory body, the SACAA,

heeded the call and ensured that it shares its experience and learns from the Regulator's peers. To this end, the SACAA hosted, signed agreements and provided skills transfer and benchmarking exercise opportunities to peers from several countries, particularly those based in the SADC region, including Lesotho, Botswana, Tanzania, Zambia, Mozambique, Seychelles and Eswatini, during the reporting period. The proactive Regional Cooperation Strategy was aimed at ensuring that the SACAA assists its neighbouring countries, in line with the tenets of the ICAO's initiative of **"No Country Left Behind"** and in compliance with global standards, especially those closest to South Africa.

LOOKING INTO THE HORIZON

The SACAA will be embarking on a new path, as outlined in the new strategy, that will span a period of five years. The SACAA's Strategic Plan for the 2020/21 to the 2024/25 financial years will present an opportunity for the SACAA to reflect on the challenges and opportunities that lie ahead. Most importantly, it will present to the Regulator an opportunity to serve the country and global community with renewed vigour, driven by the aspiration to deliver value through aviation safety and security, not only to the local stakeholders but to the global community, on matters relating to the future of aviation.

The South African government is looking up to the SACAA as the regulator, to not just lead by example, but to also play a leading role in supporting our counterparts within the Southern African Development Community (SADC) region and the entire African continent. I therefore state with conviction that the SACAA has not faltered in this regard and has continued to discharge its mandate with distinction in ensuring that best practices are shared with the country and peers across the continent.

IN MEMORIAM

In January 2020, the SACAA was beset with the tragic news of the passing of three (3) crew members from its Flight Inspection Unit. The three (3) were involved in an aircraft accident that left the organisation in a state of devastation. This was a tragic loss to the organisation, as all of them were in their prime and still had much to offer. A Memorial Service was arranged in consultation with the families, to lay them to rest with honour and dignity. The send-off provided an opportunity for colleagues to mourn and pay tribute to these tremendous individuals. We appreciate their dedication and commitment in assisting the achievement of the SACAA's mandate. **May their souls rest in peace.**

CONCLUSION

On behalf of the Board of Directors, I wish to recognise and appreciate the collegiality and commitment demonstrated by my fellow Board Members, and the unwavering support that SACAA continues to enjoy from the Minister of Transport, the Deputy Minister, the Director-General, and their respective teams and officials across the entire Department of Transport (DoT). The support of the Portfolio Committee on Transport (PCOT) did not go unnoticed and is also appreciated. Similarly, the industry and all other stakeholders' robust engagements have contributed to a



strong and enduring relationship with the SACAA as the Regulator. We are grateful for the stakeholders' willingness to collaborate and look forward to working with all our stakeholders to ensure that we keep South African skies safe!

All the achievements summarised in this Annual Report would not have been possible, had it not been for the resolute commitment of the SACAA's Executive Management and dedicated employees under the strong leadership of the Director of Civil Aviation. They are the firm foundation of South Africa's renowned safe and secure air transport network.

Mr Ernest Khosa

Chairperson

Board of the South African Civil Aviation Authority

31 August 2020



Ms Poppy Khoza

OVERVIEW BY THE DIRECTOR OF CIVIL AVIATION

INTRODUCTION

It gives me great pleasure to join the Board in presenting the SACAA's Annual Report for the 2019/20 financial year. The Annual Report is aligned to the 2015/16 – 2019/20 strategy cycle. The past five (5) years presented an incredible opportunity for the leadership team to identify, define and build the character and culture of the organisation. The impact of such deliberate actions is evident in the magnificent reputation that the SACAA has built over the years; of not only being a top-performing public entity but also of being a leader in the industry, both locally and on the African continent.

The facts support this assertion. Eight (8) years ago, the organisation's performance against set objectives stood at 74%, but today the organisation is reporting a 100% performance for the sixth (6th) year in a row. Similarly, the SACAA reported unqualified audit opinions since its inception and received clean audits for the past six (6) years, excluding the previous financial year of an unqualified audit opinion. The SACAA is also the recipient of the coveted Auditor-General of South Africa's (AGSA's) Clean Audit Award and is one of the few state entities to have scooped this prestigious award for five (5) consecutive years. With all these achievements, the SACAA is equally content that our stellar organisational performance and corporate organisational stature

has been audited and validated by numerous reputable and independent organisations, both locally and internationally.

The Report below closes the curtain on the SACAA's performance for the 2015/16 – 2019/20 strategy cycle and provides an account of our stewardship and key strides during the 2019/20 financial year.

THE OUTBREAK OF THE NOVEL COVID-19

In January 2020, the World Health Organisation (WHO) announced the outbreak of the Novel Corona Virus, known as the COVID-19. The virus spread rapidly across the globe and South Africa reported its first case of the COVID-19 on 5 March 2020. The President of the country, Honourable Cyril Ramaphosa, responded by announcing the actions that the South African government would take against the outbreak of the virus. On 26 March 2020, the President announced a national lockdown to flatten the projected curve of the virus infection in the country.

The SACAA's response to the outbreak started off with an internal campaign, which included the establishment of a COVID-19 Response Team, that would be responsible for looking after both the industry and all in-house initiatives. A risk assessment was conducted on the impact and likelihood of some risks materialising at the time, and mitigation strategies were developed and implemented. In line with government's call for social distancing to be observed and for a set of hygiene measures to be put in place and adhered to, the SACAA responded by implementing health and safety measures as prescribed by the government. All SACAA employees and clients were subjected to all protocols prescribed to ensure their safety. All these efforts were supported by the training of staff by the Aviation Medicine Department's doctors and nurses, to ensure strict adherence to the protocol announced by the WHO and the National Department of Health (NDoH).

An industry-wide campaign, which had been in place for a number of years in the form of the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA) programme, intensified as the organisation rolled out ramp inspections and desk-top audits at all airports, including local and foreign airlines, with priority given to airlines from high and medium-risk countries.

At the end of the reporting period, SACAA had trained more than 5 000 industry staff members from airlines and aviation entities, including all airports, airlines, ground handling companies, etc., and had developed guidelines on managing the spread of the virus at various critical areas within the aviation value chain.

The Minister of Transport, Mr Fikile Mbalula, promulgated regulations and directions relating to the industry during the lockdown period. The DCA executed the implementation of both the directions and guidelines for selected sectors of the aviation industry. The organisation issued an exemption, relieving the industry of some obligations without compromising safety and security. Ongoing industry communiqués were also released, as and when necessary.

Following the lockdown, the SACAA invoked its business continuity plan (BCP) which allowed employees to continue working remotely. The DCA approved the Human Resources guidelines that were issued for all employees working remotely. Furthermore, the Information and Communication Technology Department (ICT) provided employees with the relevant systems and tools to support and enable them to work remotely. The Executive Management Committee (EXCO) met regularly to evaluate the situation and to come up with response plans to the prevailing challenges. This was over and above the support provided to their various departments, where needed.

SUMMARY OF OPERATIONAL PERFORMANCE

The 4th Quarter of the financial year closed in a very disruptive manner, as President Ramaphosa announced a national lockdown from 26 March 2020. The announcement of a national lockdown did not prevent the SACAA from recording another 100% achievement against the strategic objectives set out in the Annual Performance Plan (APP) that was approved by the Minister in the reporting period. The APP is a key performance agreement that is made between the SACAA and the Minister of Transport.

A detailed review of the SACAA's performance in the past financial year indicates that the organisation has exceeded the 95% target that was set in line with the Master Oversight and Surveillance Plan, which is the cornerstone of civil aviation security and safety oversight activities in the country and enables compliance to the set international civil aviation standards. It is also pleasing to report that the SACAA's Technical Divisions, i.e. Aviation Safety Operations, Aviation Infrastructure, and Aviation Security, performed exceptionally well against the 95% target by achieving 100%, 102% and 107% respectively.

SUMMARY OF THE FINANCIAL OVERVIEW

The SACAA closed the fiscal year ending on 31 March 2020 with a net operating surplus of R93 million, compared to a budgeted deficit of R19.1 million. This resulted in a positive variance of R112.1 million. The positive results are the net impact of a surplus of R93 million, arising mainly from the insurance proceeds of R43.9 million less the scrapping of the Flight Inspection Unit aircraft and related calibration equipment worth R18.7 million. In summary, the variances are the net result of the following:

Negative variance in revenue, excluding other income	(R28.7 m)
Positive variance in other income	R51.8 m
Positive variance in staff-related costs	R110.3 m
Negative variance in non-staff-related costs	(R 0.9 m)
Loss on scrapping of aircraft and calibration equipment	(R20.4 m)
Total positive variance	R112.1 m

The variances reported above are against the revised budget for the 2019/20 financial year, as approved by the Board and submitted to National Treasury (NT) during the Estimates of National Expenditure (ENE) process in October/November 2019.

It is evident that this reporting period has been challenging. Having said that, the negative impact of COVID-19 after the reporting period, not only on the SACAA but also on the aviation industry across the world, will be harsher and linger a bit longer into the future.

LIVING UP TO INTERNATIONAL AVIATION SAFETY STANDARDS

South Africa was audited by ICAO in 2007 and recorded a rating of 77.1%. This audit was conducted against ICAO's 8 Critical Elements of a Safety Audit. A follow-up under the ICAO Validated Mission (ICVM) audit was conducted in 2013 and the rating increased to 83.83%. Further, South Africa was subjected to a comprehensive USOAP CMA Audit in 2017, and once more the rating increased to 87.41% to date. Moreover, the rating places South Africa above the global average of around 60%. The audit did not attract any Significant Safety Concern regarding the aviation regulatory or oversight system applied in South Africa. Notwithstanding, the findings that were identified during the audit had to be addressed by the SACAA, as the Regulator, with other stakeholders. It is pleasing to note that the SACAA had set a target to close 90% of the audit findings and the performance as at the end of the financial year was 91.35%. This percentage firmly establishes South Africa as one of the most compliant countries in Africa, and globally.

OVERVIEW OF AVIATION SECURITY PREPARATION FOR THE NEXT ICAO AUDIT

The SACAA has progressed with the preparations for getting South Africa ready for the ICAO's Universal Security Audit Programme Continuous Monitoring Approach (USAP-CMA).

The objective of the USAP-CMA is to promote global aviation security through continuous auditing and monitoring of Member States' aviation security performance, in order to enhance their aviation security compliance and oversight capabilities.

At the end of the reporting period, a date to audit South Africa on its aviation security oversight activities had not been set. Regardless, when the ICAO eventually audits the country, the ultimate focus will be on evaluating South Africa's level of implementation of the critical elements of the aviation security oversight system and the degree of compliance with the Standards, as well as on the associated procedures, guidance material and security-related practices. This approach assists member states to identify deficiencies in their overall aviation security system.

In this regard, the SACAA has developed a USAP Readiness Plan, and measures will be under way to prepare for the impending audit. Part of this process entails incorporating lessons learnt during the recent USOAP Audit. The Readiness Plan includes, among others, self-assessment as well as the compilation of evidence files. This self-introspection was followed by an invitation to a Peer Audit Assessment by the Independent Auditors from other countries.

The USAP-CMA Peer Assessment was completed and was submitted for approval and effective implementation in the year under review. Notable progress was made in addressing deficiencies

uncovered during the on-going preparation phase. Even though the auditors' report demonstrated a strengthened aviation security system, the SACAA set out to close all unsatisfactory protocol questions to ensure that the country improves its current 81,33% level of effective implementation in the ICAO security-critical elements. The SACAA had set to close the peer review assessment findings by 80% but it recorded a 96% achievement in closing potential findings. This should significantly improve the rating of SA when it is formally audited by ICAO, which is estimated to be in the next financial year of 2021/22.

In preparation for the upcoming aviation security audit of South Africa by ICAO, the SACAA has held numerous workshops with the industry to ensure South Africa's state of readiness for the audit, as ICAO will choose randomly which operators they wish to visit, as they test the effectiveness of SA's regulatory system.

Over and above the latter, the Aviation Security division hosted a campaign aimed at creating awareness among members of the public in several airports around the country. The campaign was also aimed at educating the public about the role that members of the airport community and surrounding communities can play in the promotion of security in this environment. The campaign was well received by the target audience and received overwhelming support from the role players around the selected airports.

Other aviation security stakeholder engagement initiatives included the assessment of aviation security systems at the OR Tambo International airport as well as the operations of Delta and SAA by the United States' Transportation Security Administration (TSA). The US-TSA was satisfied with the measures that were in place and did not raise any significant findings, except for a few areas of improvement, and these were being addressed.

OVERVIEW OF AVIATION SAFETY

For more than 30 years, South Africa has not recorded a fatal accident involving a commercial scheduled flight, a record that we strive to uphold for years to come. This record is due to the robust oversight initiatives and cooperation with the industry over the years. However, in the General Aviation sector, despite the many initiatives implemented in the last six (6) years, such as the Cross-Functional Accident Reduction Plan (C-FARP) and annual safety and security promotion campaigns, there were some incidents recorded. It is even more tragic that one such accident involved the SACAA aircraft which, unfortunately, took the lives of three colleagues from the Flight Inspection Unit. The true state of aviation safety is measured by the rate at which lives are lost as the result of aviation activities. In this regard, the country recorded a reduction in both fatal accidents and fatalities, even though a slight increase was reported in the number of accidents in the General Aviation sector.

A closer look at the accidents indicates that fatal accidents decreased by 13% and fatalities by 5%. However, the overall number of accidents increased by 14%. A reduction in the number of serious incidents by 1.8% is also reported in the detailed statistics in the report.

The causal factor trends still point to human errors and pilot decision-making as the leading causes of accidents, followed by decision-making during flight operations, including unsuccessful forced landings, followed by mechanical errors. The SACAA is hopeful that the General Aviation Safety Strategy that I approved recently, will introduce life-changing initiatives that will target all the problematic areas in general aviation operations.

CONTRIBUTING TO THE GLOBAL DISCOURSE ON AVIATION MATTERS

South Africa, through the SACAA, continued to participate in the global aviation arena. This was demonstrated by the recent appointment of one of the SACAA employees as Vice-Chairman of the Remotely Piloted Aircraft Systems Panel (RPASP). The appointment, which is for a term of two years, took place at a Panel meeting held from 28 October to 1 November 2019.

The RPAS Panel is part of the ICAO's voluntary work force, which is composed of experts from all Member States who meet three (3) times a year. The purpose of the Panel is to support ICAO to facilitate the safe, secure and efficient integration of remotely piloted aircraft (RPA) into non-segregated airspace and aerodromes. Besides supporting and guiding the regulatory process, among others, the Panel serves as the focal point and coordinator of all ICAO RPAS related work at a global level.

South Africa has since been playing a pivotal role in the development of regulations relating to unmanned aircraft, and consequently, there is a high expectation for South Africa to continue to contribute to and play a meaningful role in the development of the RPAS industry, not only on the African continent, but across the globe as well.

In addition, in the year under review, South Africa hosted the ICAO Safety Management Panel in the country for the first time. This stakeholder engagement meeting was a huge success and came shortly after one of the SACAA employees was appointed as the Chairperson of the panel.

It is also pleasing to report that the SACAA played a critical role in assisting and guiding local aviation players as well as SADC and East-African countries with the preparedness plans for the outbreak of COVID-19. Workshops were conducted to ensure that the operators and their employees were adequately trained, as more than 5 000 employees received training.

A GLANCE INTO THE HEARTBEAT OF THE SACAA

The organisation was set to deliver on several strategies to align with the organisational five-year strategy; and in this regard the ICT Strategy and the Stakeholder Management Strategy were developed and approved by the Board, while the General Aviation Strategy was approved by the DCA. The IT Steering Committee was established and reports on all matters relating to information technology on a quarterly basis. The IT strategy was reviewed and approved by the Board in the period under review.

As the organisation geared itself up to work in an environmentally friendly, sustainable, smarter, efficient and faster manner in

the future, in this regard, the business case for the Customer Contact Centre and the appointment of an Electronic Records and Document Management System (ERDMS) Service Provider were approved.

The bulk of the technical projects, including the examinations, the aviation personnel licensing approach, the safety and security data analysis projects as well as the Flight Inspection Unit (FIU) sustainability framework, all met the target and will improve the oversight of the industry. The roll-out plan for the funding model included the establishment of an activity-based costing model that will enable the Regulator to recover its costs for the services provided to the industry in a fair manner. Stakeholder projects such as the Outreach Programme continued to expose more learners and communities to the world of aviation, a rare experience in most previously disadvantaged communities. The target for the Outreach Programme was over-achieved by 228% against an annual target of 90%.

REVIEW OF HUMAN RESOURCES INITIATIVES

The soul of every organisation is its people, and this is no different for the SACAA. The organisation continued to implement robust programmes through its talent management framework, aimed at developing the employees through training and development programmes. The Leadership Development programme was concluded on a high note as the Executive Team completed its Executive Development Programme training. The Implementation Skills Plan reached 80% implementation against the same target. A total of 193 interventions were recorded in the 4th Quarter of the 2019/20 financial year. Of these, 92% were attended by Black employees and a total of 64% of the training interventions were attended by female employees across the organisation for the same period. 34% of the training interventions were attended by employees below the age of 35 years, while 5% of the interventions were attended by employees living with disabilities.

TRANSFORMATION MUST BE ADDRESSED AS A MATTER OF URGENCY

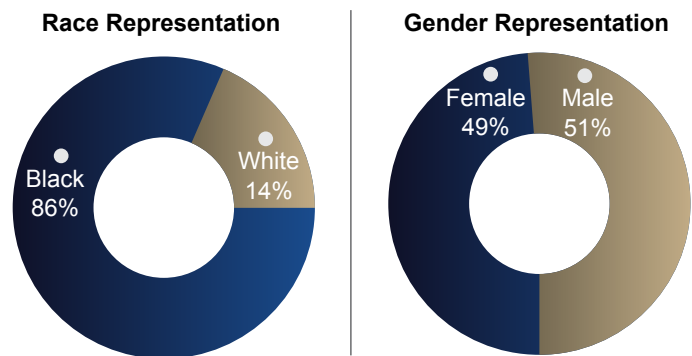
The aviation industry is not transforming, and it is time for people in leadership to interrogate and reflect on this status quo. Conversations should be held, and difficult questions posed, because we cannot be content with the status quo that is likely to prevent the younger generation from pursuing their dreams. We must not fear change, because change is necessary and good. It must be second nature for those that have reached the top to hold the ladder tight, to reach down and extend a hand, to make it easier for the next generation to climb up, hassle-free.

Eighty-six percent (86%) of employees at the SACAA are black, meaning they are of African, Indian and Coloured descent. Youth representation at the SACAA is at eighteen percent (18%), and despite the fact that it takes a tad long to train and ultimately secure permanent employment in specialised aviation technical fields, coupled with the fierce competition for rare skills among operators and with the Regulator, admittedly, there is still room for improvement in this regard. As indicated further in the report, the

SACAA will continue to play a pivotal role in finding and funding the training of deserving young aspiring aviators, especially young women and those that come from rural and economically depressed households.

In this regard, the SACAA has done extremely well in transforming the organisation, and is currently at a 50/50 split regarding gender at the levels of management and technical fields. As at the end of March 2020, and in terms of gender representation among our staff complement, forty-nine percent (49%) were females and fifty-one percent (51%) were males. We are clearly nearing the 50/50 split.

The charts below depict the number of black employees and the number of female employees within the organisation in Q4.



The eighty-six percent (86%) Black employees in the table above are inclusive of the African, Indian and Coloured race groups and the fourteen percent (14%) are White. The youth represented eighteen percent (18%) of the workforce at the SACAA.

Unfortunately, this milestone is yet to filter through into the industry. The jury is still out as to whether the industry is incapable or unwilling to change. What is certain is that change is possible where there is a will; change is inevitable - it is a business imperative where organisations either adapt and become inclusive or gradually cease to exist.

The movements of the aviation personnel statistics show no meaningful gains from a transformation perspective. The percentage of Whites compared to other races remains above eighty-nine percent (89%), while the remaining racial groups (Africans, Coloureds and Indians) make up the remaining eleven percent (11%). If there were any doubts that transformation continues to be the biggest challenge in the civil aviation industry, these statistics reveal the true situation.

With that said, the SACAA is cognisant of the need for transformation and has since introduced numerous initiatives, starting with a school awareness programme to educate scholars about the vast opportunities on offer within the aviation industry. The SACAA provides for bursaries and an internship programme for those young people who have a passion for the industry and need financial assistance.

The sponsored students have opportunities to pursue careers in the field such as becoming pilots, aeronautical engineers, avionicians, mechanical engineers, etc. The SACAA most recently started talking to operators to ensure that these youngsters get employment as soon as they have successfully completed their respective training. However, these contributions combined, are only but a drop in the ocean, and thus the Regulator encourages operators to heed the call and contribute to the transformation of the industry to become more inclusive and representative of the country's demographics. After all, the industry, or operators, are the big consumers of these skills.

As the SACAA, we believe that a fair and equitable system that is consistent with the laws of our country should be applied by all airlines, particularly in advancing the call for transformation in the aviation industry. Most importantly, our assertion as the SACAA is that transformation does not mean lower safety or diminished professional standards. All pilots carry the same licence issued by the SACAA as the regulating authority, and they undergo the same training, irrespective of their race and gender, and therefore are equally capable.

It was pleasing to see the leaders of the industry signing a pledge in August last year during the National Aviation Gender Summit, committing to gender transformation. The pledge was signed alongside the Minister of Transport, the Board, the DCA and CEOs of the aviation industry.

TRAGIC END TO THE YEAR

It is with great sorrow that I revisit the tragic accident that took the lives of three (3) employees of the Civil Aviation Authority's Flight Inspections Unit and left the entire organisation reeling in shock - a loss to the families, friends, SACAA, and the nation at large.

The accident took place on Thursday, 23 January 2020, when the aircraft, a Cessna Citation - S550 – SII, crashed shortly after take-off from the George Airport in the Western Cape. This was the first time ever in history that a SACAA aircraft was involved in an accident.

The accident was disastrous and as an organisation, we are still battling to come to terms with this catastrophe; as we had to bid farewell to Captain Thabiso Collins Tolo (49), First Officer Tebogo Caroline Lekalakala (33), and Flight Inspector Gugu Comfort Mnguni (36). The three departed colleagues possessed specialised and much-needed skills that could help South Africa and many other African countries as well as the Indian Ocean to comply with the set international safety standards in an industry which, for the longest time, has failed to transform – both in terms of gender and racial demographics. The loss of their contribution and expertise leaves us dispossessed as a nation and as a continent. To lose such a pioneering and all-Black crew who, individually, were the first in their respective fields and made us proud of their achievements, is a huge loss. Their ground-breaking achievements brought hope to all Africans that the opportunities are endless in the aviation industry.

Captain Thabiso Tolo qualified in 2013 as captain of this crew and had a total of 4 959 hours of flying to his credit. Among others, he was the first Black Captain of our Flight Inspection Unit. Prior to that, he was a Manager in the SACAA's Air Safety Operations Division between 2008 and 2011, a Testing Standards Officer at the SACAA in 2004, and before that, a pilot at the South African Airways between 2004 and 2008. He started his piloting career at the South African Air Force (SAAF), where he was a pilot between 1989 and 2003.

Another of our departed colleagues, First Officer Tebogo Lekalakala, had a total of 1 050 hours of flying to her credit. She performed her last training at the International Flight Safety for the Simulator training in San Antonio in the United States. Ms Lekalakala was a co-pilot and the first Black lady to fly for the Flight Inspection Unit in 2019. Before joining the SACAA, she was a Pilot at the South African Air Force between 2006 and 2018.

Gugu Comfort Mnguni, a Flight Inspector, had over 1 300 flying hours to his credit. He conducted his last training at the Global Navigation Satellite System for Aviation, Eurocontrol in Luxembourg. He was trained in the Flight Inspection System at the CARNAC 30 in France. He became the first Black Flight Inspector for the Flight Inspection Unit in 2013. Before he joined the SACAA, he was a Senior Technician at SIA Solutions.

The background of the three departed colleagues is herewith provided, so that there is understanding and appreciation for the kind of devastation that the SACAA experienced after losing young people with such impressive records, and most importantly, who still had an immense contribution to make to the aviation industry. The country and the continent have lost very talented individuals - they were agents of transformation who earned the respect of the industry, the continent, and the international community.

The credibility of South Africa will, however, not be compromised as a result of the accident. As a country, we owe it to the bereaved families and the public to establish the real facts as to what might have led to this unfortunate accident. The Department of Transport is the custodian of the investigation. The Investigating Team, through the Department, released a preliminary report in February and the Ministry has committed to ensuring that an independent authority shall continue with the investigation to its conclusion. As the SACAA we also want to establish the reasons for the accident and shall fully cooperate with the investigators to see the investigation to its conclusion.

Following the FIU aircraft accident, the organisation initiated a process of sourcing a back-up service provider to ensure that the calibration of navigational aids continue as per the flight inspection schedule. The process of replacing the SACAA aircraft are advanced, however, the organisation has decided to halt the process owing to the affordability of the aircraft in the face of the prevailing COVID-19 outbreak and its impact.

We once more thank the Tolo, Lekalakala, and Mnguni families for loaning our nation the lives of their loved ones until their last – these

colleagues died while pursuing a dream that seems far-fetched for many, particularly to a Black child.

Allow me once again, on behalf of our Executive Authority under the leadership of the Minister of Transport, the Board, Management and the entire aviation industry to convey our sincere condolences to the Tolo, Lekalakala and Mnguni families for their loss.
AKWEHLANGA LUNGEHLANGA!

CONCLUSION AND ACKNOWLEDGEMENT

While the financial year was plagued by many challenges towards the end, including the economic downgrade of the country by a financial ratings agency, the organisation managed to record positive results, both financially and in terms of performance.

South Africa elected the 2nd Vice-President of ICAO Council

The Minister of Transport, Mr Fikile Mbalula led the South African delegation, where the SACAA attended the 40th Assembly of the International Civil Aviation Organisation Council (ICAO), held in September 2019, in Montreal, Canada. It was at this august sitting that saw South Africa represented by the SACAA Director of Civil Aviation, Ms. Poppy Khoza elected as the 2nd Vice-President of the ICAO General Assembly. Equally South Africa was re-elected in the ICAO Council under Part 2. These important milestones are a reaffirmation of the significant role that South Africa plays in the global civil aviation discourse.

Recognition of aviation excellence

The aviation industry will always remain our key and strategic stakeholder. So and to this end, in the year under review, and for the second time in the history of the organisation, the SACAA hosted the Civil Aviation Industry Awards in an effort to recognise those individuals and operators that made remarkable contributions to the civil aviation sector.

This was essential, considering that every time a person boards an aeroplane, they do so with ultimate confidence and an expectation that every take-off will result in an incident-free landing. That expectation is not misplaced, as there are millions of people who work hard and behind the scenes to ensure that the air transport sector remains the most secure and safe mode of transport.

The Civil Aviation Industry Awards serves as a platform to commend the contributions of these remarkable individuals and companies that continue to contribute positively to the air transport sector. The Awards ceremony also serves to share case studies relating to the continued upkeep of the high standards of aviation safety and security in our country.

A total of 18 Awards were up for grabs on the night, making them very inclusive and comprehensive. The winners were from many different spheres of aviation, as each plays a pertinent role. The awards were assessed by an independent judging panel, comprising eminent and accomplished individuals, chosen for their immense experience in various aviation and business disciplines.

The Civil Aviation Industry Awards will go into the history books as the SACAA's way of encouraging, recognising, and celebrating deserving individuals and organisations for contributing to the development and sustainability of the civil aviation industry.

Acknowledgements

I take this opportunity to express words of gratitude to the Board for their strong leadership in guiding the Management Team towards achieving great results.

I also wish to acknowledge the Minister of Transport, Mr Fikile Mbalula MP, together with his deputy, Ms Dikeledi Magadzi, and the Department, led by the Director General, for their continued support and direction in the past months. It is comforting to know that we can always count on your support and counsel. We are looking forward to celebrating many "highs" with you, as you will come to experience in the next five years of delivering on the new Strategic Plan and Annual Performance Plans. We will also continue to count on your support as we navigate through challenging moments.

To Team SACAA, you leave me speechless each time I think of the journey that we have traversed, the hurdles we had to overcome and the successes that we have celebrated together. Your commitment and dedication demonstrated over the years and in the past financial year are sincerely appreciated. I know I can count on you to take the organisation to a higher trajectory.

May you stay protected and safe; as South Africa and the world battle the COVID-19 pandemic.

Yours sincerely,



Ms Poppy Khoza
Director of Civil Aviation

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.

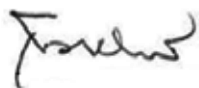
The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information.

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 is a fair reflection of the operations, performance information, human resources information and the financial affairs of the SACAA for the financial year ended 31 March 2020.

Yours faithfully,



Mr Ernest Khosa
Chairperson: SACAA Board



Ms Poppy Khoza
Director of Civil Aviation

STRATEGIC OVERVIEW

Mission

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

Vision

Ranked among the Top 10 civil aviation authorities globally by 2020.

Brand Promise

The 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 and without any bias, 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 OVERSIGHT MANDATE

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

The SACAA is a juristic person established in terms of the Civil Aviation Authority Act, 2009 (Act No 13 of 2009). The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa, in line with the Civil Aviation Authority Act (the Act), and in accordance with the standards and recommended practices (SARPs) prescribed by the ICAO.

The SACAA, as prescribed by the Civil Aviation Act as well as the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA), is a Schedule 3A entity, governed and controlled by a Board of Directors (the Board) that serves as the Accounting Authority. In turn, the Board is accountable to the Minister of Transport, who is the Executive Authority.

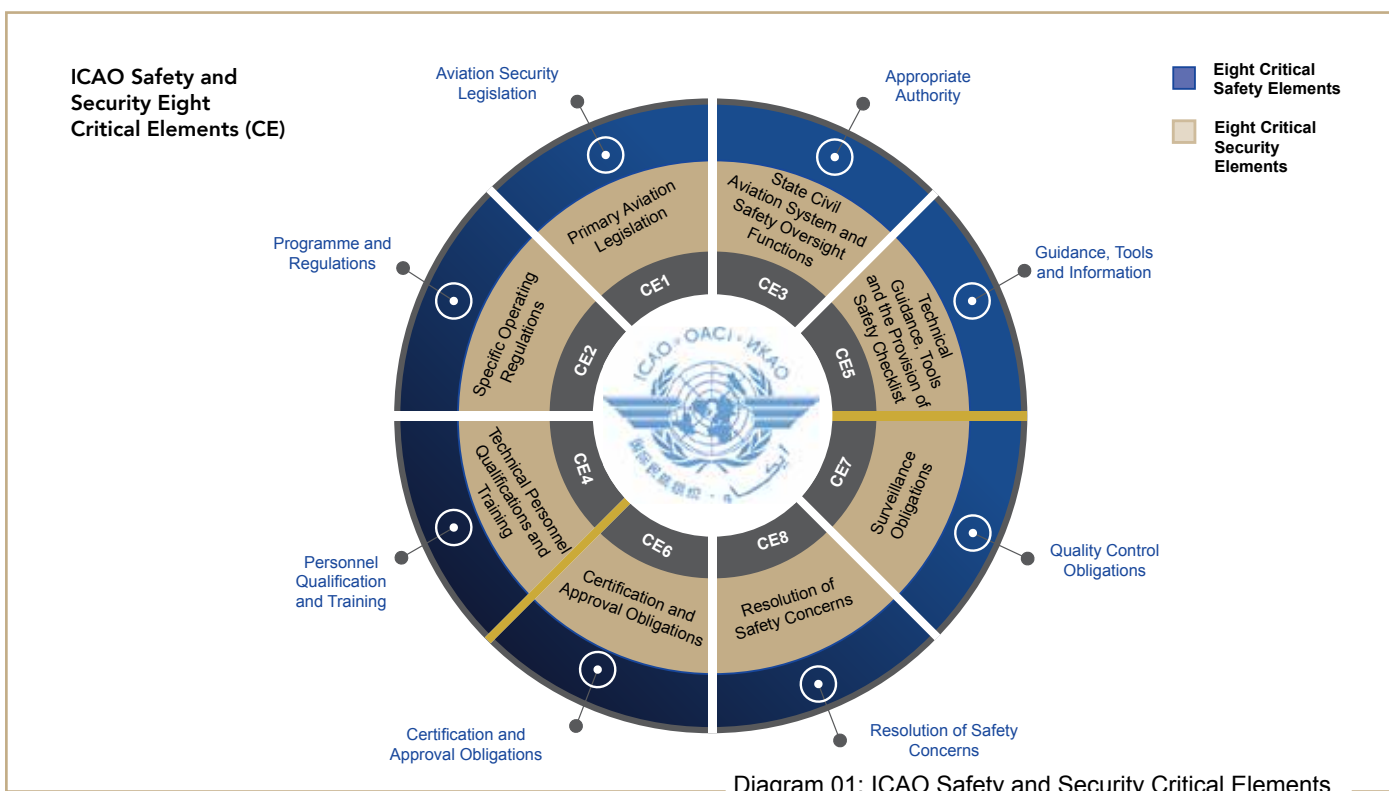
The Board comprises seven (7) non-executive members and one Executive Director, being the Director of Civil Aviation, all of whom are appointed by the Minister of Transport. The Board is expected to retain full and effective control over the governance of the SACAA;

and in this regard, a clear division of responsibility exists at Board and Executive Management level. It has delegated some of its powers to the Director of Civil Aviation and the SACAA's Executive Committee through a delegation of authority (DoA) framework. The DoA, however, does not absolve the Board of its responsibilities and accountability.

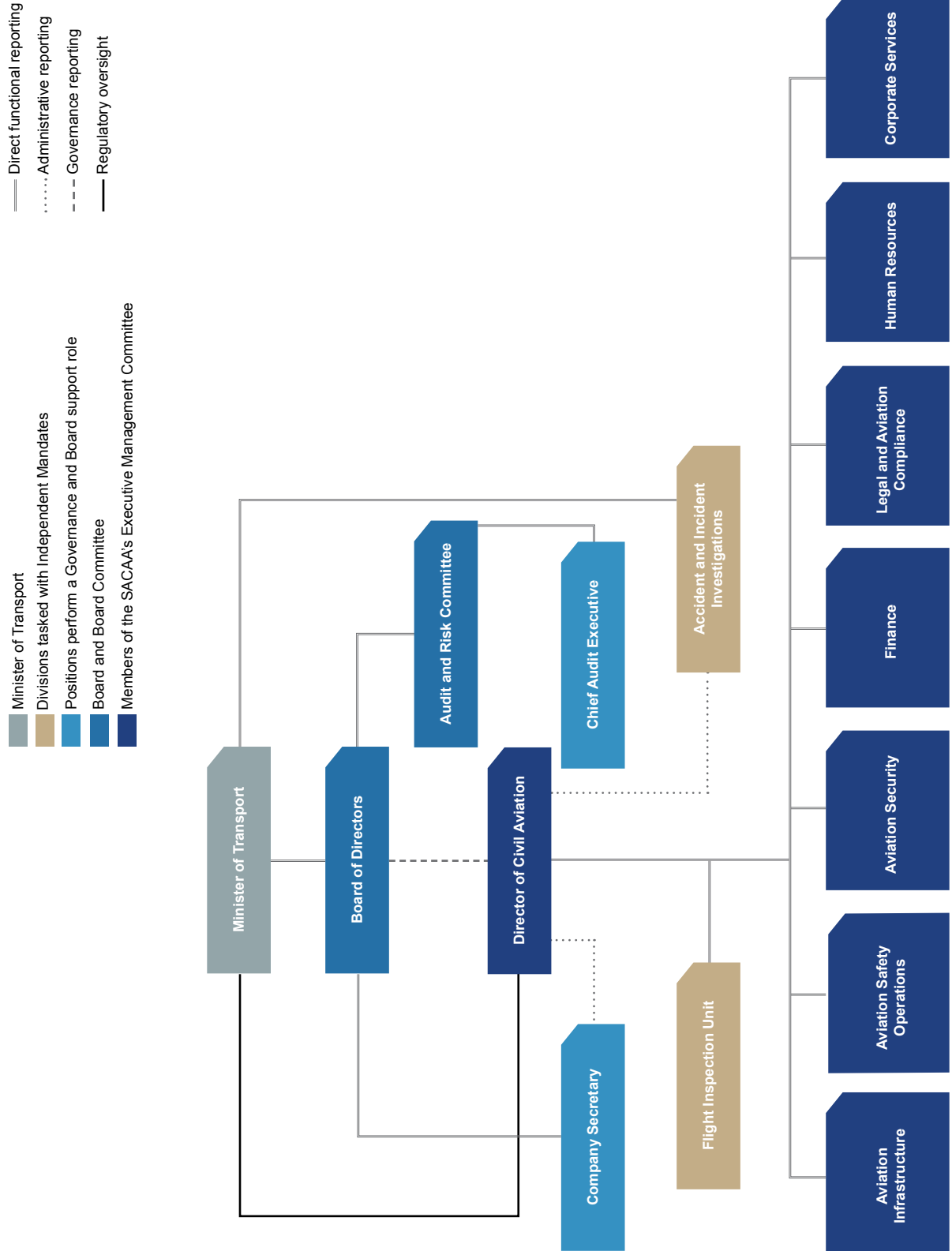
The DCA is responsible for the administration and management of the day-to-day affairs as well as the staff of the SACAA. In addition, the DCA is also responsible for the SACAA's regulatory oversight functions of civil aviation safety and security operations. In relation to this particular responsibility, the DCA reports directly to the Minister of Transport.

There are eight (8) critical elements governing each of the two (2) major civil aviation oversight pillars, i.e. safety and security. The safety framework is audited by ICAO under the Universal Safety Oversight Audit Programme (USOAP), Continuous Monitoring Approach (CMA), while the security elements are audited under the Universal Security Audit Programme Continuous Monitoring Approach (USAP-CMA).

The next diagram illustrates the Safety and Security Critical Elements as prescribed by ICAO.



ORGANISATIONAL STRUCTURE



THE BOARD



Mr Ernest Khosa
Chairperson of the Board



Ms Poppy Khoza
Director of Civil Aviation



Dr Brian Suckling



Prof. Ntombizozo
Dyani-Mhango



Ms Bulelwa Koyana



Mr Surendra Sooklal



Mr Mongezi India



Ms Tshitshi Phewa



Ms Nivashnee Naraindath
Company Secretary

EXECUTIVE MANAGEMENT COMMITTEE



Ms Poppy Khoza
Director of Civil Aviation



Mr Asruf Seedat
Executive: Finance



Ms Phindiwe Gwebu
Executive: Corporate Services



Mr Luvuyo Gqeke
Executive: Aviation Security



Ms Thobile Masooa
Executive: Human Resources



Mr Simon Segwabe
Executive: Aviation Safety
Operations



Mr Gawie Bestbier
Executive: Aviation
Infrastructure



Ms Babalwa Ndandani
Executive: Legal and
Aviation Compliance (Acting)



Mr Lufuno Tshitadzi
Chief Audit Executive (Acting)



Mr Peter Mashaba
Executive: Accident and
Incident Investigations



**Ms Nivashnee
Naraindath**
Company Secretary

#The Chief Audit Executive performs a Governance and Board support role.

##The Executive: Accident and Incident Investigations heads the Accident and Incident Investigations Division, which administratively reports to the DCA and functionally to the Department of Transport.



Performance
INFORMATION

B

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION AND CONFIRMATION OF ACCURACY FOR THE YEAR ENDED 31 MARCH 2020

In line with the applicable regulatory prescripts, the DCA is responsible for the preparation of the SACAA's performance information and for judgments 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 plans of the SACAA for the year ended 31 March 2020.

The SACAA's performance information for the year ended 31 March 2020 has been audited by the Auditor-General of South Africa (AGSA) with no unresolved audit findings. The AGSA's report is presented on page 109 - 112 of this document.

The performance information of the SACAA, set out from page 33 to page 65, was approved by the SACAA's Board of Directors.



Ms Poppy Khoza
Director of Civil Aviation

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) 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. The Auditor-General confirmed that there were no material findings on the usefulness and reliability of the reported performance information in the Annual Report and on legal and regulatory requirements section of the Auditor's Report.

Refer to page 109 – 112 for the Auditor's Report, published as Part E: Financial Information.

SITUATIONAL AND PERFORMANCE ANALYSIS

The SACAA's performance against targets is defined in its 2019/20 Annual Performance Plan (APP). The 2019/20 APP takes its cue from the SACAA's Strategic Plan 2015/16 – 2020/21.

The situational analysis provided an analysis of both internal and external factors that impacted on SACAA's ability to deliver on its mandate and attain its set annual targets.

The financial year that ended on 31 March 2020, was undoubtedly the most challenging period in decades, both locally and globally. As a result, the civil aviation industry, as a sector that operates in the global sector, was equally affected.

The following sections, namely, the Key Industry Developments as well as the Economic Viability and Aviation Industry put the above-mentioned assertion into perspective.

KEY INDUSTRY DEVELOPMENTS

Boeing 737 MAX fleet remains grounded

At the end of the reporting period, the status quo with regard to the grounding of the Boeing 737 MAX Jet remained unchanged.

Boeing was still grappling with software issues following its worldwide grounding in March 2019, after two (2) fatal crashes that involved the Lion Air Flight 610 on 29 October 2018 as well as Ethiopian Airlines Flight 302 on 10 March 2019. The two crashes happened within a period of five (5) months and resulted in the death of 346 people.

The grounding of the Boeing 737 MAX Jet was expected to remain until at least August 2020. The world's largest aeroplane manufacturer reported that it hoped to win regulatory approval in August for the aeroplane's return to service, however, that could be delayed until December 2020. The United States' Federal Aviation Administration (FAA), indicated that it had no timetable for approving the plane's return to the skies.

Thomas Cook UK Plc and various of its associated United Kingdom Entities Collapse

Thomas Cook UK Plc and a number of its associated United Kingdom entities ceased to trade as at 23 September 2019. They filed for Compulsory Liquidation and were placed under the control of the United Kingdom's (UK's) Official Receiver. The Group operated in two separate segments, i.e. as a tour operator and an airline. The UK business ceased trading with immediate effect and as a result around 21 000 employees worldwide were left without jobs and 600 000 customers (150 000 from the UK) were left stranded abroad, triggering the UK's largest peacetime repatriation. A dedicated support service was provided by the UK's Civil Aviation

Authority to assist customers that were stuck overseas, including those in the UK with future bookings.

Corona Virus brings the World and Aviation Activities to a Halt

The World Health Organisation (WHO) first announced the outbreak of the Novel Corona virus, named COVID-19, in January 2020.

The outbreak was first noticed in China from the city of Wuhan and rapidly spread to all continents across the globe. According to the World Health Organisation's Situation Report, millions and millions of people contracted the disease and this led to an alarming number of deaths.

Some countries and regions were gravely affected, while others were affected to a lesser extent. Nonetheless, almost all industries, the civil aviation included, halted operations as a measure to combat the spread of the pandemic. The outbreak of the COVID-19 pandemic and the subsequent lockdowns across the world had devastating consequences for civil aviation activities, locally and globally. The President of the Republic of South Africa, Honourable Cyril Ramaphosa, announced a national lockdown with effect from 26 March 2020, for a period of 21 days, and later extended the lockdown for a duration yet to be determined.

For the SACAA, the outbreak of the virus affected the organisation's financial standing and civil aviation operations severely, as passenger flights were grounded, both internationally and locally. Countries around the world closed borders and prohibited foreign travellers, especially from high-risk countries. Tourism and many sectors supporting aviation activities were considerably affected by the lockdown. In South Africa, government initially permitted only essential cargo operations to continue. Tourism and many sectors supporting aviation activities were considerably affected by the lockdown. The SACAA, which relies mostly on the Passenger Safety Charge (PSC), suffered as a result and projections are that many airlines across the globe will succumb under these harsh economic conditions, with the only hope for survival being government bailouts, where possible. Some countries could simply not afford to provide such assistance and ultimately a number of airlines closed down.

ECONOMIC VIABILITY OF THE CIVIL AVIATION INDUSTRY AND THE SACAA

COVID-19 Decimates Passenger Numbers and the SACAA's Passenger Safety Charge

"The SACAA is a self-funded public entity that relies on a combination of revenue streams to fulfil its mandate and business operations. The revenue streams consist mainly of the Passenger Safety Charge (PSC), User Fees, Fuel Levy, as well as a service

fee from the Department of Transport for the investigation of aircraft accidents and incidents.

Over 70.7% of the SACAA's total revenue is derived from the PSC, and hence the organisation pays attention to industry developments that may have an impact on passenger movements and related numbers. In February 2019, the Minister of Transport, with the concurrence of the Minister of Finance, approved an annual increase of 5.5% on the PSC for 2020; bringing the amount to R26.23 per ticket. The amended regulations were published in the government Gazette and became effective from 01 April 2020.

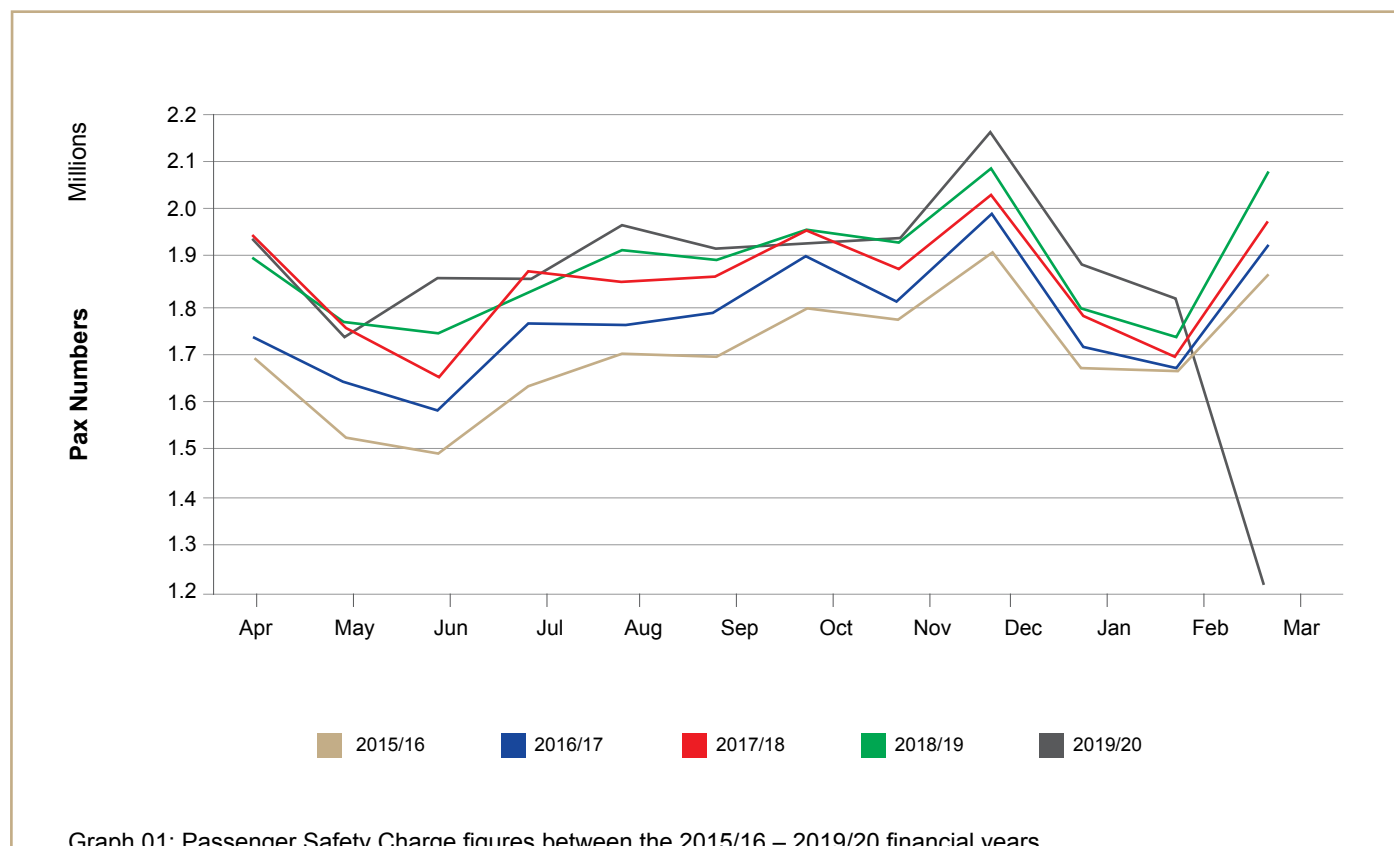
The total passenger numbers for the 2019/2020 period amounted to 22 430 698, compared to the budgeted amount of 23 138 779. This is 3.1% lower than the budget, and 0.5% lower than the same period, last year. The impact of the COVID-19 pandemic and resultant regulations as well as the business rescue proceedings of South African Airways and SA Express had a negative impact on passenger numbers.

Regular PSC audits are conducted by the SACAA revenue officials to ensure compliance by airlines and to strengthen relations between the Authority and the airline industry. Airlines earmarked for audits are selected by using a risk-based, annual audit plan. Larger airlines and airlines where previous problems

were encountered are visited more frequently. Regulations require all airports to submit monthly passenger numbers to the SACAA, which are then compared with the declarations received from the airlines. Substantial, unexplained variances on numbers supplied by the airports and those from the airlines are examined during the audit process.

A review of the 2019/20 financial year figures indicates that the PSC accounts for 70.7% of total revenue, User Fees 13.1%, Fuel Levy 2.7%, the service fee from the Department of Transport (DoT) was 4.2%, and Other Income 9.3%. Other income included the abnormal proceeds from an insurance claim for the SACAA Flight calibration aircraft and equipment that was sadly destroyed during an accident in January 2020. Otherwise these percentages are fairly constant when compared to previous years. As the PSC is the biggest contributor to the revenue, the passenger numbers will have a major impact on financial performance, and these numbers are closely monitored on a monthly basis.

The SACAA invoices the PSC one month in arrears to allow for information received from airlines to be processed, thus the actual passenger numbers reflected in the next graph are also a month in arrears. Monthly provision is being made for the arrear billing. The next graph provides an analysis of the passenger numbers for the last five years.



Graph 01: Passenger Safety Charge figures between the 2015/16 – 2019/20 financial years

The SACAA revenue collection

The next table illustrates that the total revenue of R785.4 million for the financial year under review increased by 11.7% when compared to the R702.9 million in 2018/2019. It is 3% higher than the budgeted revenue collection of R762.3 million for the financial year under review, due to the insurance proceeds for the flight inspection aircraft and equipment. The Passenger Safety Charge contributes 70.7% of total revenue. The revenue from the Passenger Safety Charge increased by 4.3% when compared to the previous year, mainly as the result of an increase in the Passenger Safety Charge from R23.61 to R24.86 with effect from 01 April 2019.

The SACAA received confirmation of insurance proceeds to the value of R43.9 million relating to a claim for the unfortunate destruction of the Flight Inspection aircraft and equipment during January 2020. These proceeds were included in other income.

Interest revenue from financial institutions remained consistent with the previous year in a declining interest rate market, due to consistent cash flow management.

SACAA REVENUE COLLECTION

Revenue Collection	2019/20			2018/19		
Source of Revenue	Budget R' million	Actual R' million	Variance R' million	Budget R' million	Actual R' million	Variance R' million
Passenger Safety Charge	572.5	555.3	(17.2)	539.2	532.3	(6.9)
User fees	111.2	102.9	(8.3)	102.7	99.8	(2.9)
Fuel levy	24.6	21.3	(3.3)	28.1	25.6	(2.5)
Accident and incident investigation	33.2	33.2	-	21.9	21.9	-
Interest received	15.7	18.5	2.8	13.9	18.5	4.6
Other income	5.1	54.2	49.1	5.9	4.8	(1.1)
Total	762.3	785.4	23.1	711.7	702.9	(8.8)

Table 02: SACAA revenue collection



South African Airways (SAA) and SA Express (SAX) sent out distress calls

The COVID-19 global lockdown and its effect on the aviation industry is a disastrous reality on its own. With this reality, conjoined with the news of the possible closures of three (3) key South African airlines, the situation turned into a distressing calamity.

The national carrier, namely the South African Airways (SAA) announced that it was placed under business rescue with effect from 5 December 2019. At the time, SAA confirmed that none of its subsidiaries, namely Mango, SAA Technical, and Air Chefs were directly affected. Passenger Safety Charges amounting to R5.7 million were outstanding on the date of business rescue and a claim by the SACAA was submitted to the Business Rescue Practitioners (BRP). This amount was also provided for as potential doubtful debt. Notwithstanding, Passenger Safety Charges post the start of the business rescue process were duly paid to SACAA by SAA. This was crucial, as approximately 10% of SACAA Passenger Safety Charges is derived from SAA.

At the end of the reporting period, the process of the business rescue plan had not been finalised and some submitted claims had not been settled.

The situation was exacerbated by a further announcement, that SA Express would also be put under business rescue on 9 February 2020. The SACAA filed a claim of R4 million relating to Passenger Safety Charges for the period preceding the business rescue process. At the end of the reporting period, the SACAA had not received the Passenger Safety Charges payment amounting to R0.7 million for activities post the business rescue application. The business rescue practitioners applied to the court to have the company provisionally liquidated on 25 March 2020. The SACAA was listed as a "creditor and affected person" in the court application. The airline suspended all operations from 18 March 2020 and the full outstanding amount of R4.7 million was provided for as a potential doubtful debt at year-end.

PERSONNEL LICENCE STATISTICS

Transformation remains the biggest challenge in the aviation industry, as it has been for several years. At the end of the reporting period (March 2020), the number of South African personnel with technical licences was 14 539.

The movements of the aviation personnel statistics showed no meaningful gains, particularly for those classified as previously disadvantaged individuals. At 89%, the proportion of White licence holders is still significantly higher than those of other racial groups, i.e. Africans, Coloureds, and Indians, which amount to 11%.

AVIATION PERSONNEL LICENCE DEMOGRAPHICS BY TRADE

Licence Type	South African					Foreign Nationals
	African	Coloured	White	Indian	Total	Total
Student Pilots (Active Licences)	595	94	1 416	104	2 209	145
Private Pilots – Aeroplane	362	74	4 095	97	4 628	417
Private Pilots – Helicopter	21	2	159	11	193	56
Commercial Pilots – Aeroplane	179	38	1 886	67	2 170	291
Commercial Pilots – Helicopter	29	7	652	7	695	60
Airline Transport (Aeroplane)	87	40	2 418	51	2 596	112
Airline Transport (Helicopter)	6	2	229	0	47	1
Total Pilots	1 279	257	10 855	337	12 728	1082
	7.1%	1.3%	89.2 %	1.7%	100%	
Aircraft Maintenance Engineers	557	58	1 099	67	1 781	145
	15.2%	2%	80%	2%	100%	
Grand Total – Excl. Cabin Crew	1 836	315	11 984	404	14 539	1 227

Table 03: Aviation Personnel Licence Demographics by Trade

REVIEW OF THE SOUTH AFRICAN AIRCRAFT REGISTER

At the end of the reporting period, the number of aircraft as per the South African Aircraft Register stood at 14 350.

The aircraft register depicted a slight growth from one quarter to the next, with the Remotely Piloted Aircraft Systems (RPAS),

showing more growth than any other aircraft type. The growth is not a surprising trend, as this new technology is taking the aviation world by storm. Looking at the solutions that technology provides for many businesses across sectors, it is evident that this growth will be experienced even more in the coming years.

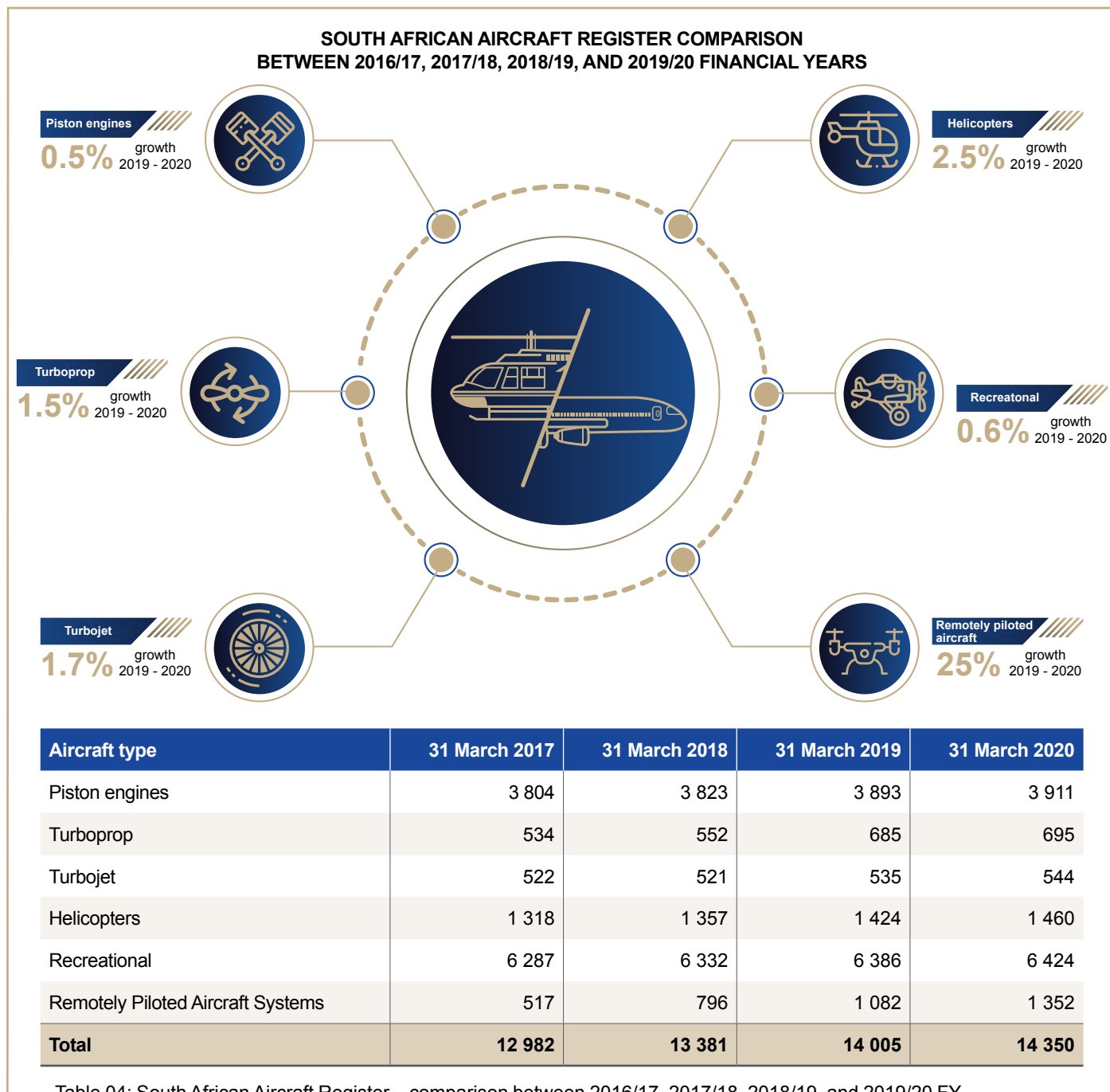


Table 04: South African Aircraft Register – comparison between 2016/17, 2017/18, 2018/19, and 2019/20 FY

REVIEW OF TYPE AND NON-TYPE-CERTIFIED AIRCRAFT

Aeroplanes consist of two (2) categories, namely:

- Type Certified Aircraft (TCA)
- Non-Type-Certified Aircraft (NTCA).

The TCA are typically used for commercial activities; are regulated under stricter conditions and require a more intense approval

process. The NTCA are regarded as experimental and/or home-built aircraft and are given what is referred to as 'an authority to fly'.

The maintenance of type certified aircraft is strictly controlled and is regulated through aircraft maintenance organisations, whereas maintenance matters regarding non-type-certified aircraft are less rigorous.

In order to monitor trends, the SACAA keeps a register and statistics of the two types of aeroplanes, as outlined in the table below:

STATISTICS OF TYPE CERTIFIED AIRCRAFT VERSUS NON-TYPE-CERTIFIED AIRCRAFT

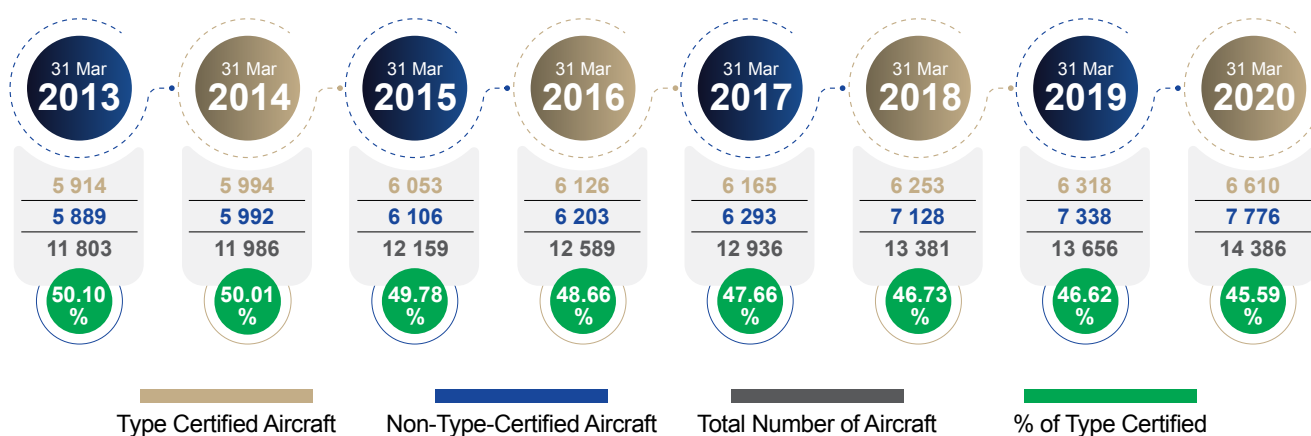


Table 05: Statistics of Type Certified Aircraft versus Non-Type-Certified Aircraft



LEGISLATIVE POLICIES AND REGULATION DEVELOPMENT

Amendment of the Civil Aviation Act

In 2016, the former Minister of Transport, Ms Dipuo Peters, issued a Ministerial Order to address the governance matters relating to the Accident and Incident Investigation Division (AIID). The Ministerial Order, and as is the case now, 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) is at an advanced stage. In the period under review, the Civil Aviation Amendment Bill was published by the Parliamentary Portfolio Committee on Transport on 26 November 2019 for submission of public comments, and the deadline was 15 January 2020. Subsequent to the publication and after consultation with the Department of Transport (DoT), the SACAA submitted its comments to the Parliamentary Portfolio Committee. The SACAA was subsequently invited to, and duly presented its comments to the Parliamentary Portfolio Committee on 4 March 2020.

Promulgated Civil Aviation Regulations and Technical Standards

In the period under review, the following Civil Aviation Regulations (CARs) were promulgated:

1. The 20th Amendment of the Regulations, which was approved by the Minister of Transport and published in the Government Gazette in the previous financial year. The effective and operational date of the fees prescribed in the Amendment was 1 May 2019. The 20th Amendment contains provisions relating to Part 1, Part 43, Part 61, Part 63, Part 64, Part 65, Part 67, Part 91, Part 92, Part 111, Part 121, Part 135, Part 139, Part 145, Part 171, Part 172, Part 174, Part 187, User Fees and Passenger Safety Charge.
2. The 22nd Amendment of the Regulations, which contained provisions relating to the 2020/21 Passenger Safety Charge as well as User Fee increases in terms of Regulation 187 of the CARs, was submitted to the Minister of Transport. The Minister of Transport approved this amendment on 24 February 2020, and it was published in the Government Gazette on 3 March 2020. The effective and operational date of the fees prescribed in the Amendment was 1 April 2020.
3. The Fuel Levy Correction Notice was published in the Government Gazette. The Correction Notice sought to correct a determination made in terms of the South African Civil Aviation Authority Levies Act, 1998 (Act No. 41 of 1998). The Correction Notice related to an error made in the approval of the Consumer Price Index (CPI) inflation adjustment on Fuel Levy by increasing it from 15.5 cents per litre to 16.3 cents per litre for the 2019/20 financial year instead of 16.4 cents per litre to 17.3 cents per litre. For the 2020/21 financial year, the increase was erroneously approved from 16.3 cent per litre to 17.2 cents per litre, instead of starting from 17.3 to 18.3 cents per litre. This error was brought to the attention of the Minister

of Transport, who wrote a letter to the Minister of Finance to approve the necessary corrections. The Minister of Finance approved the corrections of the error. The Correction Notice on the Fuel Levy was approved on 11 November 2019 and published in the Government Gazette on 12 November 2019. The correction became effective and operational from 1 April 2020.

In addition, the following South African Civil Aviation Technical Standards (CATs) were promulgated:

- Amendment of the Civil Aviation Technical Standards (SA-CATS 1/2019) relating to Parts 24, 64, 67, 91, 121, 127, 128, 139, 171 and 172 were approved by the Director of Civil Aviation (DCA) and promulgated on 1 June 2019 and published on the SACAA website with the effective and operational date being 21 June 2019.

Further, the SACAA has, in this reporting period, submitted the following Civil Aviation Regulations (CARs) to the Department of Transport (DoT) for the Minister of Transport's consideration and promulgation:

1. The 21st Amendment of the Regulations, which contains provisions that relate to fees, for the Minister of Transport's approval and concurrence of the Minister of Finance. The 21st Amendment contains proposals for fees charged in terms of regulation 187 relating to Part 11; Part 24; Part 47; Part 60; Part 61; Part 64; Part 66; Part 67; Part 69; Part 91; Part 101; Part 108; Part 111; Part 139 and Part 141.
2. The 23rd Amendment of the Regulations was submitted for the Minister of Transport's approval. The amendment contains provisions that relate to Part 1; Part 12; Part 21; Part 61; Part 65; Part 69; Part 71; Part 91; Part 101; Part 108; Part 109; Part 110; Part 114; Part 149; Part 171; Part 172; Part 174; Part 175.

In response to the Minister of Cooperative Governance and Traditional Affairs issuing of the Declaration of the COVID-19 as a National Disaster on 18 March 2020, as per the Disaster Management Act, 2002 (Act No. 57 of 2002), and the consequential International Air Service Regulations promulgated by the Minister of Transport on 18 March 2020 in line with the International Air Services Act, 1993 (Act No. 60 of 1993), and a Ministerial Order issued by the Minister of Transport on 18 March 2020 in terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009), the SACAA published the following Guidelines on the SACAA website on 19 March 2020:

1. The Guidelines titled "Preventing Spread of Corona Disease (COVID-19): Guidelines for Airlines and Charter Operators"; and
2. The Guidelines titled "Preventing Spread of Corona Disease (COVID-19): Guidelines for Local Airports and International Airports".

On 26 March and 21 April 2020, the DCA issued a General Exemption to manage all licences and approvals that were due to expire during the period of the Level 5 lockdown.

Enforcement of Compliance during the 2019/20 financial year

In the aviation industry, omissions and non-compliance are precursors to the loss of lives. One of the primary responsibilities of any civil aviation regulator is to enforce compliance with applicable standards and rules. In terms of the Civil Aviation Act, 2009 (Act

No. 13 of 2009), the SACAA is empowered to impose sanctions in instances of non-compliance. The total number of punitive measures taken during the 2019/20 financial year were 133.

The table below provides a breakdown of the sanctions imposed as well as the categories of aviation operations where transgressions occurred.

BREAKDOWN OF SANCTIONS TAKEN AGAINST AVIATORS

Penalties	
Licence Category	Number of Offenders
Air Freight Service Provider	1
Air Operating Certificate Holders	4
Air Traffic Control Unit	1
Aircraft Maintenance Organisation	1
Aircraft Owner	1
Airline Transport Pilot's Licence Holders	6
Aviation Training Organisations	4
AvSec DG Instructors	2
AvSec Regulated Agents	6
AvSec Screening Organisations	7
Cargo Handlers	2
Commercial Pilot's Licence Holders	9
Designated Flight Examiner	1
Private Pilot's Licence Holders	10
RPAS/Drone Operators	3
Student Pilot's Licence Holder	1
Total number of penalties issued	59

Suspensions	
Licence Category	Number of Offenders
Airline Transport Pilot's Licence Holder	1
AvSec Regulated Agents	4
AvSec Screening Organisation	1
Commercial Pilot's Licence Holders	2
Licensed Aerodromes	11
Private Pilot's Licence Holder	1
Total number of suspensions issued	20

Table 06: Breakdown of sanctions imposed against aviators

BREAKDOWN OF SANCTIONS TAKEN AGAINST AVIATORS [continued]

Warning letters	
Licence Category	Number of Offenders
Air Operator Certificate Holders	3
Aircraft Owner	1
Commercial Pilot's Licence Holders	4
National Pilot's Licence Holder	1
Private Pilot's Licence Holders	2
RPAS/Drone Operators	3
Student Pilot's Licence Holders	3
Total number of warning letters issued	17

Counselling letters	
Licence Category	Number of Offenders
Airline Transport Pilot's Licence Holders	2
Aviation Training Organisation	1
Commercial Pilot's Licence Holder	1
Designated Flight Examiner	1
National Pilot's Licence Holder	1
Private Pilot's Licence Holders	4
RPAS/Drone Operators	14
Total number of counselling letters issued	24

Aircraft grounding	
Grounding of aircraft for failing to adhere to licence conditions	7
Total number of aircraft grounded	7

Disqualifications	
Commercial Pilot's Licence Holders	2
Student Pilot's Licence Holders	2
Total number of disqualifications	4

Cancellations	
National Pilot's Licence Holder	1
Total number of cancellations	1

Downgrades	
Licensed Aerodrome	1
Total number of downgrades	1

Table 06: Breakdown of sanctions imposed against aviators [continued]

STRATEGIC OUTCOME-ORIENTED GOALS

In compliance with the National Treasury Guidelines on the development of Strategies and Annual Performance Plans (APPs) for Schedule 3A entities, the SACAA conducted a situational analysis, employing the SWOT (strengths, weaknesses, opportunities and threats) planning tool, the PESTLE (political, economic, social, technological, legal and environmental) framework as well as using the stakeholder analysis to ensure relevance.

In revising the strategy and developing the 2019/20 Annual Performance Plan, the SACAA ensured alignment and support to the National Development Plan (NDP) Vision 2030 and the Department of Transport Outcomes.

SACAA 2019/20 GOALS

For the financial year 2019/20, the SACAA's goals were reduced from seven (7) to six (6). This was due to the fact that one of the goals was fully attained in the preceding reporting period, and moving forward, that particular goal would be delivered through an operational plan.

The SACAA's goals were as follows:

1. Regulate the aviation industry effectively and efficiently.
2. Improve the financial sustainability of the Regulator.
3. Drive stakeholder management and regional cooperation.
4. Achieve customer service excellence.
5. Improve organisational efficiency and effectiveness.
6. Enhance human capital and accelerate organisational transformation.

PERFORMANCE INFORMATION

As at the end of March 2020, the SACAA's Performance Information against the set objectives for the period 1 April 2019 – 31 March 2020 was 100%.



2019/20 PERFORMANCE INFORMATION REPORT

Achieved		
In Progress		
Not Achieved		

Organisational Goal 1: Regulate the aviation industry effectively and efficiently														
Organisational Objective: Achieve a step-change in regulating Aviation Safety and Security														
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Status		
1	90% of the ICAO USOAP CMA SACAA specific CAP implemented and recommended to the Board	Implement 90% of the ICAO USOAP CMA SACAA specific CAP for recommendation to the Board	Review and revise the ICAO USOAP CMA CAP for approval by the DCA.	Review and revision of the ICAO USOAP CMA CAP has been completed and approved by DCA	83% Closure of ICAO USOAP CMA CAP and report progress to the Board	85.58% Closure of ICAO USOAP CMA CAP and report progress to EXCO and Board	85% Closure of ICAO USOAP CMA CAP and report progress to the Board.	86.54% of the ICAO CMA CAP is closed. A report was submitted to EXCO in December 2019 and it was approved. The same will be submitted to Board during the January 2020 Board cycle.	90% Closure of ICAO USOAP CMA CAP and report progress to the Board	Progress towards the CAP is currently at 91.35% (SACAA & AID). The report was submitted and approved by EXCO. A progress report is submitted to the Board.	91.35% of the ICAO USOAP CMA CAP was implemented and is recommended to the Board.	The organisation closed more findings than the number scheduled.	N/A	E: LAC
2	80% of the Peer Assessment SACAA specific USAP CMA CAP implemented and reported to EXCO.	Implement 80% of the Peer Assessment SACAA specific USAP CMA CAP and report to EXCO.	Review and revise the Peer Assessment USAP CMA CAP and submit to EXCO for approval.	The Peer Assessment USAP CMA CAP was reviewed, submitted to EXCO and approved.	30% Closure of ICAO USOAP CMA CAP and report progress to the Board	30% of ICAO USAP CMA CAP achieved	50% Closure of the Peer Assessment CAP in preparation for the ICAO USAP CMA CAP and report progress to the Board	50% of the Peer Assessment CAP closure was achieved during the quarter. The report was submitted to EXCO and approved by EXCO. The same will be submitted to Board for approval during the January 2020 Board cycle.	80% Closure of ICAO USAP CMA Peer Assessment CAP and report progress to the Board	The organisation achieved 96% of the Peer Assessment CAP closure. A report was submitted to EXCO and was approved. The progress report is submitted to Board.	96% of the Peer Assessment USAP CMA CAP was implemented and approved by EXCO. Progress is reported to Board.	The organisation closed more findings than the number targeted.	N/A	E: AvSec

2019/20 PERFORMANCE INFORMATION REPORT [continued]													
Organisational Objective: Achieve a step change in regulating Aviation Safety and Security [continued]													
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any deficiencies
Status	Responsible Person												
3	100% of the Phase 2 Examinations project plan implemented and progress reported to Board	Implement 100% Phase 2 Examinations project plan and report progress to Board	Review Phase 2 Examinations project plan for approval by EXCO	Phase 2 Implementation plan reviewed and approved by EXCO	Implement 40% of approved Examinations project plan and report progress to Board	40% of the approved Examinations project plan has been met, the progress report was approved by EXCO. It will be reported to Board	Implement 75% of approved Examinations project plan and report progress to Board	71% of the approved implementation plan achieved. A progress report is submitted to EXCO and was approved. The same will be submitted to Board to note progress in January 2020.	100% of approved Examination implementation plan and report progress to Board.	100% achieved as planned. Close out report was submitted to EXCO and was approved. A progress report is submitted to Board.	100% of the Phase 2 Examinations project plan was implemented and submitted to and approved by EXCO. Progress is reported to Board.	N/A	N/A
4	80% of the Phase 1 of RPAS Operations Monitoring System project plan implemented and progress reported to Board	Implement 80% Phase 1 of RPAS Operations Monitoring System project plan and report progress to Board	Draft Phase 1 of RPAS Operations Monitoring Systems project plan and submit to EXCO for approval.	Phase 1 Implementation Plan was developed and approved by EXCO	Implement 40% of Phase 1 of RPAS Operations Monitoring Systems project plan and report progress to Board	40% of the RPAS Operations Monitoring systems project plan has been met, progress was approved by EXCO. It will be reported to Board	Implement 60% of Phase 1 of RPAS Operations Monitoring Systems project plan and report progress to Board	60% of the project plan has been achieved. A progress report was submitted and approved by EXCO. The same will be submitted to Board to note progress.	Implement 80% of Phase project plan and report progress to Board	80% achieved as planned. Close out report was submitted to and approved and approved by EXCO. A progress report is submitted to Board.	80% of the Phase 1 RPAS Operations Monitoring System project plan was implemented and approved by EXCO. Progress is reported to Board.	N/A	N/A
5	80% of Phase 1 of Improved Personnel Licensing Approach project plan implemented and progress reported to Board	80% of Phase 1 of Improved Personnel licensing Approach project plan implemented and progress reported to Board	Implement 20% of approved Phase 1 Improved Personnel Licensing project plan and report progress to Board.	20 % implementation of the approved Phase 1 Improved personnel licensing project plan has been achieved. Progress is reported to Board.	Implement 40% of approved Phase 1 Improved Personnel Licensing project plan and report progress to Board.	40% of the Q2 target for improved personnel licensing project plan has been achieved. It will be reported to Board.	Implement 60% of approved Phase 1 Improved Personnel Licensing project plan and report progress to Board.	60% of the project plan has been achieved. A progress report was submitted and approved by EXCO. The same status will be submitted for noting by the Board.	Implement 80% of approved plan and report progress to Board.	100% achieved as planned. Close out report was submitted to and approved by EXCO. A progress report is submitted to Board.	100% achieved as planned. Close out report was submitted and approved by EXCO. A progress report is submitted to Board.	N/A	N/A

2019/20 PERFORMANCE INFORMATION REPORT [continued]

2019/20 PERFORMANCE INFORMATION REPORT [continued]

	Achieved			
	In Progress			
	Not Achieved			

Organisational Objective: Reduce the aircraft accident rate in the General Aviation Sector															
	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status
6	DCA approved General Aviation Safety Strategy and Implementation plan	Develop the General Aviation Safety Strategy and Implementation plan for approval by DCA	Consult industry stakeholders on the development of the General Aviation Safety Strategy	Both internal and external stakeholder consultation were conducted on the development of the General Aviation Safety Strategy during the period under review.	Draft first version of the General Aviation Safety Strategy and submit to EXCO for comments	Development of the first draft version of the General Aviation Safety Strategy is completed. Documents were submitted to EXCO for comments. These comments are now being incorporated in the draft General Aviation Safety Strategy document.	Submit final version of the General Aviation Safety Strategy to EXCO for comments	Final draft was submitted and approved by EXCO.	Submit the final strategy to DCA for approval.	The General Aviation Safety Strategy was developed and submitted to the DCA for approval. DCA approved the strategy.	The General Aviation Safety Strategy and implementation plan were developed and approved by DCA.	N/A	N/A	E: ASO	

Achieved	
In Progress	
Not Achieved	

Organisational Goal 1: Regulate the aviation industry effectively and efficiently												
Organisational Objective: Establish a platform to manage safety risk												
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Status
7	100% of Phase 2 approved Safety Data Analysis project plan and progress report submitted to the Board	Implement 100% of Phase 2 approved Safety Data Analysis project plan and progress report submitted to the Board	Implement 25% of approved Safety Data Analysis project plan and progress report submitted to the Board	25 % implementation of the approved Safety Data Analysis project plan and progress report submitted to the Board	Implement 50% of approved Safety Data Analysis project plan and progress report submitted to the Board	50% implementation of the Safety data analysis project plan target has been achieved. The progress was approved by EXCO. It will be reported to Board.	Implement 75% of approved Safety Data Analysis project plan and progress report submitted to the Board	64% of the project plan was achieved and a progress report was submitted to EXCO. The progress will be reported to Board in January 2020.	Implement 100% of approved implementation plan and report progress to Board	100% of the target has been achieved. A close out report was submitted to EXCO and was approved. A progress report is submitted to Board.	100% of the Phase 2 approved Safety Data Analysis project plan was implemented and approved by EXCO. Progress is submitted to Board.	E: ASO N/A N/A
Organisational Objective: Establish a platform to manage security risk												
8	100% of Phase 2 approved Security Data Analysis project plan and progress report submitted to the Board	Implement 100% of Phase 2 approved Security Data Analysis project plan and progress report submitted to the Board	Implement 25% of approved Security Data Analysis project plan and progress report submitted to the Board	Development of Phase 2 for an establishment of a platform to manage security risk project plan has been completed and submitted to EXCO for approval.	Implement 50% of approved Security Data Analysis project plan and progress report submitted to the Board	40% of the Security Data Analysis project plan has been achieved and progress will be reported to Board.	Implement 75% of approved Security Data Analysis project plan and progress report submitted to the Board	50% of the Security Data Analysis project plan was achieved. A report was submitted and approved by EXCO. Progress will be submitted to Board during January 2020 to note progress.	Implement 100% of approved project plan and report progress to Board	The 100% target was achieved as at 31 March 2020. A report was submitted to EXCO and was approved. A progress report is submitted to Board.	100% of Phase 2 approved Security Data Analysis project plan was implemented and approved by EXCO. Progress is reported to Board.	E: AVSec N/A N/A

2019/20 PERFORMANCE INFORMATION REPORT [continued]

Achieved	
In Progress	
Not Achieved	

Organisational Goal 1: Regulate the aviation industry effectively and efficiently																										
Organisational Objective: Ensure effective civil aviation safety and security oversight																										
Performance Indicator: Achieve 95% of annual target																										
Aviation Infrastructure Master Surveillance and Oversight Plan - Achieved 102.9%																										
No	Strategic Objective	2019/20 Annual target				Quarter 1				Quarter 2				Quarter 3				Quarter 4				Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status	
9	Air Traffic Services	28	29	28	30	SA	8	10	11	9	10	3	4	SA	6	8	8	5	7	5	5	7	SA	N/A	E: AI	
	Aerodromes Licence	128	127	19	27		29	25	3	45	42	2	1		32	8	8	22	6	22	24	11		N/A	E: AI	
	CNS	0	0	56	54		0	0	23	0	0	12	12		0	12	13	0	8	0	0	7		N/A	E: AI	
	AEP	0	0	12	12		0	0	3	0	0	4	4		0	2	2	0	3	0	0	3		N/A	E: AI	
	Total	156	156	115	123		37	33	47	54	52	21	21		38	42	31	27	24	27	29	28				

Aviation Security Master Surveillance and Oversight Plan - Achieved 107%																									
No	Strategic Objective	2019/20 Annual target				Quarter 1				Quarter 2				Quarter 3				Quarter 4				Reason for Variance explained in the table below	Corrective Action Taken for any deficiencies	Responsible Person	Status
10	Airlines & airports	SA	231	31	30	211	231	SA	69	11	11	44	44	SA	68	5	4	56	68	Reason for Variance explained in the table below			N/A	E: Av/Sec	
		ST	211	153	148	187	193	ST	61	43	17	42	80	72	ST	25	25	58	66				N/A	E: Av/Sec	
		RA	30	213	213	234	238	RA	9	45	61	57	52	49	RA	46	49	47	43				N/A	E: Av/Sec	
		RT	31	186	186	209	209	RT	8	48	48	42	10	25	RT	7	7	15	25				N/A	E: Av/Sec	
	Regulated agents & known consignors	SA	100	29	18	58	100	SA	36	7	1	14	25	SA	25	7	3	15	25	Reason for Variance explained in the table below			N/A	E: Av/Sec	
		ST	58	29	29	58	58	ST	15	42	61	57	52	49	ST	25	49	47	43				N/A	E: Av/Sec	
		RA	238	186	213	234	238	RA	5	48	48	42	10	25	RA	46	49	47	43				N/A	E: Av/Sec	
		RT	209	29	29	58	209	RT	48	42	42	10	25	RT	7	7	15	25	N/A				E: Av/Sec		
	Training organisation	SA	40	20	21	40	40	SA	8	5	5	10	5	SA	5	5	3	10	18	Reason for Variance explained in the table below			N/A	E: Av/Sec	
		ST	40	20	21	40	40	ST	10	5	5	10	5	ST	10	5	3	10	18				N/A	E: Av/Sec	
Screener organisations	SA	802	419	430	730	802	SA	247	112	112	192	198	SA	186	91	73	186	220	Reason for Variance explained in the table below			N/A	E: Av/Sec		
	ST	730	419	430	730	730	ST	192	112	112	192	203	ST	186	91	73	186	220				N/A	E: Av/Sec		
Total	SA	802	419	430	730	802	SA	247	112	112	192	198	SA	186	91	73	186	220	Reason for Variance explained in the table below			N/A	E: Av/Sec		
	ST	730	419	430	730	730	ST	192	112	112	192	203	ST	186	91	73	186	220				N/A	E: Av/Sec		

2019/20 PERFORMANCE INFORMATION REPORT [continued]

2019/20 PERFORMANCE INFORMATION REPORT [continued]

Achieved	
In Progress	
Not Achieved	

Aviation Security Master Surveillance and Oversight Plan - Achieved 102%

No	Strategic Objective	2019/20 Annual target				Quarter 1				Quarter 2				Quarter 3				Quarter 4				Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status
11	AMO	RT	429	458	86	89	107	108	21	23	108	110	22	22	107	105	21	19	107	135	22	25	N/A	E: ASO	
		RA	20	20	4	7	5	5	1	2	5	5	1	3	5	5	1	2	5	5	1	0	N/A	E: ASO	
	MAN ORG																								
	AOC	RT	228	203	54	43	57	69	13	18	57	51	13	13	57	55	14	7	57	28	14	5	N/A	E: ASO	
		RA	50	67	260	249	14	14	66	62	12	16	66	70	14	22	66	68	10	15	62	49	N/A	E: ASO	
	ATO																								
RPAS	RT	39	60	10	4	10	9	3	4	10	7	3	0	9	12	3	0	0	10	32	1	0	N/A	E: ASO	
	RA	143	142	0	0	36	26	0	0	36	31	0	0	36	41	0	0	0	35	44	0	0	N/A	E: ASO	
FSTD																									
AvMed	RT	0	0	13	13	0	0	4	2	0	0	3	3	0	0	3	3	0	0	3	5	N/A	E: ASO		
	RA	13	13	4	7	4	4	1	2	4	4	1	3	4	4	1	2	1	1	1	0	N/A	E: ASO		
Design organisations																									
FAO	RT	0	0	50	50	0	0	12	20	0	0	13	7	0	0	12	21	0	0	13	2	N/A	E: ASO		
	RA	9	10	9	18	3	3	3	3	2	2	2	7	1	2	1	4	3	3	3	4	N/A	E: ASO		
ARO																									
Total		931	973	490	480	236	238	124	136	234	226	124	128	233	246	122	126	228	263	120	90				

Achieved	
In Progress	
Not Achieved	

Organisational Goal 2: Improve financial sustainability of the Regulator															
Organisational Objective: Diversify and expand sources of revenue															
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status
12	90% of Funding Model Project Plan implemented and progress reported to Board	Implement 90% of Phase 2 of the Funding Model Project Plan and report progress to the Board	Develop Phase 2 of Funding Model Project Plan and seek EXCO approval	The Phase 2 Funding Model Project Plan was developed and approved by EXCO	Implement 30% of Funding Model Project Plan and report progress to Board	30% of Funding Model Project Plan was implemented and progress reported to Board	Implement 60% of the Funding Model Project Plan and report progress to board	75% of the Funding Model Project Plan was achieved during the quarter. A report was submitted and approved by EXCO.	Implement 90% of Funding Model Project Plan and report progress to Board	The organisation has achieved 100% in the project. The Report was submitted to and approved by EXCO. The progress report is submitted to Board.	100% of the Phase 2 Funding Model Project Plan was implemented and approved by EXCO. Progress is reported to Board.	All the targets were closed during the financial year as per the project plan.	N/A	E: FIN	
13	Board approved FIU Sustainability Framework	Develop a framework for FIU sustainability for approval by the Board	Develop a sustainability framework for FIU and submit progress report to EXCO	A report was submitted to EXCO detailing the approach and the progress in developing the FIU sustainability framework.	Submit Final FIU sustainability framework for EXCO approval	The FIU Sustainability Framework was developed and approved by EXCO with comments.	N/A	N/A	Submit FIU Sustainability framework for Board approval	FIU Sustainability Framework was developed and approved by the Board in March 2020.	A framework for FIU sustainability was developed and approved by Board.	N/A	N/A	E: FIN E: CS	

Organisational Goal 3: Drive Stakeholder Management and Regional Cooperation															
Organisational Objective: Improve stakeholder engagement															
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status
14	Board approved Stakeholder Management Strategy	Develop a revised Stakeholder Management Strategy for approval by the Board.	Consult internal and external stakeholders and report outcome to EXCO	Internal stakeholder consultations have been conducted and external stakeholder consultations are still ongoing.	Develop first draft Stakeholder Management Strategy and submit to EXCO for comments	The first draft Stakeholder Management Strategy was submitted to EXCO and comments were received for incorporation into the next draft.	Submit Stakeholder Management Strategy to EXCO for approval	The final draft Stakeholder Management Strategy was submitted to and approved by EXCO.	Submit Stakeholder Management Strategy to Board for approval.	The Stakeholder Management Strategy was developed and approved by the Board.	A Stakeholder Management Strategy was developed and approved by the Board.	N/A	N/A	E: CS	
Organisational Objective: Enhance regional cooperation aligned to the ICAO NCLB programme															
15	100% Phase 1 of Regional Cooperation Plan implemented, and progress reported to Board	Implement 100% Phase 1 of Board-approved Regional Cooperation Plan and report progress to Board	Implement 25% of Regional Cooperation Plan and report progress to Board	The SACAA hosted Lesotho and the DCA signed a Technical MOU with Lesotho. A needs analysis was also discussed with Lesotho and actions that need attention have been identified.	Implement 50% of Regional Cooperation Plan and report progress to Board	33% of the actions were completed against a target of 50%. The Lesotho project is ahead of schedule.	Implement 75% of Regional Cooperation Plan and report progress to Board	75% of the Regional Cooperation Strategy project plan was achieved during the quarter. A report was submitted and approved by EXCO.	Implement 100% of Regional Cooperation Plan and report progress to Board	The organisation achieved 100% of the target with missions carried out with Lesotho, Swaziland, Seychelles, Zambia, Tanzania, Mozambique and Botswana. A report was submitted to and approved by EXCO. The progress report is submitted to Board.	100% of the Phase 1 Regional Cooperation Plan was implemented and approved by EXCO. Progress is reported to the Board.	N/A	N/A	E: CS	

2019/20 PERFORMANCE INFORMATION REPORT [continued]

2019/20 PERFORMANCE INFORMATION REPORT [continued]

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2019/20 PERFORMANCE INFORMATION REPORT [continued]

Achieved			
In Progress			
Not Achieved			

Organisational Goal 5: Improve efficiencies and effectiveness

Organisational Objective: Achieve integrated ICT systems															
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status
17	ICT strategy and an implementation plan approved by Board	Develop a 3-year ICT Strategy and an implementation plan for Board approval	Consult with stakeholders and report outcome to EXCO	Consultation with stakeholders commenced and will be concluded in the second quarter. A progress report was submitted to EXCO.	Develop first draft of the ICT strategy and submit to EXCO for comments	The Draft ICT Strategy has been developed and submitted to EXCO for comments.	Approval of Draft ICT Strategy by EXCO	The draft ICT strategy was submitted to and approved by EXCO.	Submit final strategy to Board for approval.	ICT Strategy was submitted to and approved by Board in March 2020	A 3-year ICT Strategy and implementation plan was developed and approved by Board.	N/A		E: FIN	
18	80% Phase 1 of ERDMS Project Plan Implemented and progress reported to EXCO and Board	Implement 80% Phase 1 of the approved Electronic Records and Document Management System (ERDMS) Project Plan and report progress to Board	Develop Phase 1 of the ERDMS project plan and submit to EXCO for approval.	The Phase 1 of the ERDMS project plan was developed and submitted to EXCO for approval. The submitted project plan was approved.	Implement 20% of the ERDMS Project plan and report progress to EXCO and Board	40% of the ERDMS project plan achieved and reported to EXCO and Board	Implement 60% of the ED RMS project plan and report progress to EXCO and Board	60% of the project plan was completed by the end of the quarter. A progress report was submitted and approved by EXCO.	Implement 80% of the ERDMS Project plan and report progress to EXCO and Board	80% of ERDMS Project plan was implemented and progress reported to the EXCO and Board and was approved by both structures.	80% of the approved ERDMS project plan was implemented and approved by the Board.	N/A		E: FIN	

2019/20 PERFORMANCE INFORMATION REPORT [continued]

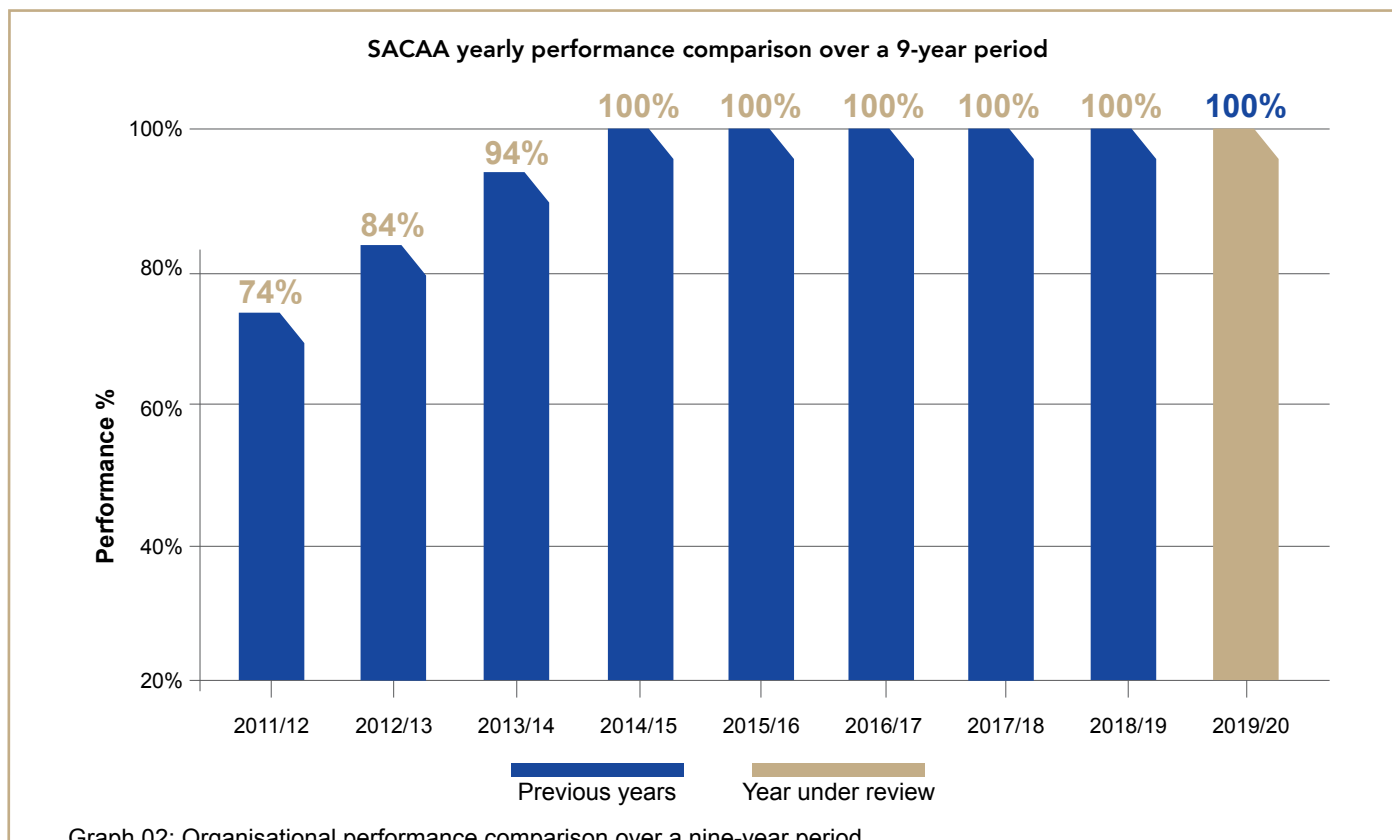
Achieved	
In Progress	
Not Achieved	

Organisational Goal 6: Enhance human capital and accelerate transformation															
Organisational Objective: Drive a performance culture															
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any deficiencies	Responsible Person	Status
19	Board approved annual HR plan, 90% of HR Plan implemented and progress reported to Board.	Develop an annual HR Plan for approval by Board. Implement 90% of HR plan, reporting progress to Board.	Develop an annual HR Plan and submit to Board for approval.	The annual HR Plan has been developed, approved by EXCO. It is being submitted to the HRC and Board for approval.	Develop first draft Stakeholder Management Strategy and submit to EXCO for comments.	36% of the Annual HR Plan has been implemented and progress reported to Board	Implement 60% of the annual HR Plan and report progress to Board	76% of the Annual HR Plan has been implemented	Implement 90% of HR Plan and report progress to Board	93% of the HR plan has been achieved. The report was submitted to EXCO for approval and will be submitted to the HRC for approval.	An annual HR Plan was developed and approved by the Board. 93% of the plan was implemented and approved by EXCO. Progress is reported to the Board.	The organisation had a total of 15 targets and achieved 14 targets which translates to 93%. This is a qualitative target.	N/A	E: HR	
Organisational Objective: Demystify aviation to previously disadvantaged communities															
20	Achieve 90% Phase 1 implementation of the Outreach programme and report progress to EXCO.	Develop and implement 90% Phase 1 of the outreach programme to expose designated groups to aviation career opportunities.	Develop the Outreach programme for DCA approval	An outreach plan was developed and approved by the DCA.	Implement 30% Phase 1 of Outreach programme and report progress to EXCO.	All the targets in the outreach programme was achieved and exceeded. The 30% target was therefore met.	Implement 60% Phase 1 of Outreach programme and report progress to EXCO.	3347 school learners were reached against a target of 3050. Therefore, more than 60% of the outreach programme was achieved during the quarter.	Implement 90% Phase 1 of Outreach programme and report progress to EXCO.	The 90% targets in the implementation of the Outreach Programme was exceeded by more than 100%. A close out report was submitted to and approved by EXCO.	An Outreach programme was developed and approved by DCA. 100% of the plan Progress is reported to the Board.	The target was overachieved because the organisation responded to invitations to participate in career campaigns which fell outside of the plan and required a limited financial support.	N/A	E: CS	

SACAA ANNUAL PERFORMANCE OVER THE PAST NINE FINANCIAL YEARS

The graph below depicts the SACAA's organisational performance over the last nine financial years, i.e. - from financial year 2011/12 through to the 2019/20 reporting period.

Notably, the SACAA attained a 100% performance for six consecutive years. The SACAA is a Scheduled 3A public entity and therefore its Performance Information is audited by the Auditor-General of South Africa (AGSA).



KEY STAKEHOLDER ENGAGEMENTS AND STAKEHOLDER INITIATIVES

Stakeholder engagement is a key element of the SACAA regulatory mandate and an important contributor to SACAA's Goal 3 of driving stakeholder management and regional cooperation.

The objective of stakeholder management and regional cooperation is to create a better understanding among stakeholders of the role and mandate of the SACAA. The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa. Resultant from this mandate, and for SACAA to remain relevant among its stakeholders, it is therefore imperative that SACAA creates mechanisms to proactively engage those operating within the aviation environment and those that can influence the environment.

To this end, the SACAA embarked on the following stakeholder initiatives for the year ending 31 March 2020:

Stakeholder initiatives for the financial year 2019/20

The SACAA Hosted the National Aviation Gender Summit

In August 2019, the SACAA hosted the National Aviation Gender Summit, which was one of the actionable items emanating from the Global Gender Summit hosted by the SACAA in the preceding year. The event boasted high quality speakers and delegates from across the aviation industry. Captains of industry took a pledge to champion the women empowerment cause and the event was graced by both the Minister of Transport and the SACAA Board members.

Presidential Inauguration 2019

The SACAA carried out oversight activities for the Presidential Inauguration flight movements, coordinated by various State agencies at the O.R. Tambo International Airport. The facilitation of VIPs went without reportable incidents.

SACAA Contribution to Global Aviation matters

- i. The SACAA hosted an ICAO Eastern and Southern Africa (ESAF) Global Reporting Format workshop, from 28 - 29 November 2019.
- ii. The SACAA hosted the ICAO Committee on Aviation Environmental Protection Work Group meeting in South Africa, from 2 to 6 December 2019. The meeting was attended by 25 member states, of which 13 were African. African member states were for the first time allowed to the meeting, which is normally a closed membership.
- iii. South Africa, through the SACAA, hosted the ICAO Safety Management Panel in Johannesburg, from 24 - 28 February 2020.
- iv. The Manager: Airports and Airlines was released from 19 - 23 August 2019 to join the ICAO team in carrying out the Aviation and Facilitation technical support mission as a short-term expert in Angola, following the request received from the Department of Transport, in line with a State letter issued in July 2019.
- v. At the ICAO's 15th Remotely Piloted Aircraft Systems Panel (RPASP) meeting, held from 27 October 2019 to 1 November 2019 at the ICAO Head Offices in Montreal, Canada, South Africa was appointed as Vice Chair of this global panel. The appointment is for a period of 24 months, commencing 1 January 2020 to 31 December 2021.
- vi. South Africa submitted an article for the ICAO 2019 Environment Report on request from ICAO. The article dealt with the activities of South Africa under the CORSIA Buddy Partnerships, where South Africa assisted several states in the Southern African Development Cooperation (SADC) region with their readiness for CORSIA implementation.
- vii. In compliance with the CORSIA implementation timelines, the SACAA approved all Emissions Monitoring Plans (EMPs) from aeroplane operators (AOs).

SACAA Contributes to the Upliftment of Aviation Standards in Africa

- i. South Africa, through the SACAA's Aviation Medicine Department, hosted a Technical COVID-19 Workshop for both SADC and the Civil Aviation Safety and Security Oversight Agency for the East Africa Community (CASSOA). At a national level, industry workshops were hosted for airlines, airports, charter companies, air ambulances, etc. Additionally, to ensure business continuity, the SACAA's Aviation Medicine Department coordinated the COVID-19 training at various airports for ground staff to address some of the concerns identified by management. More than 5 000 industry staff members attended the training. The training covered pertinent topics relating to the combating of COVID-19.

- ii. The SACAA Aviation Security Division undertook assessments of the aviation security operations of South African operators at a number of airports in the neighbouring states. The assessments were done at the following airports:
 - a. Julius Nyerere International Airport, Tanzania
 - b. Sir Seretse Khama International Airport in Botswana
 - c. Victoria Falls International Airport in Zimbabwe
 - d. Harry Mwanga Nkumbula International Airport in Zambia.

These assessments were carried out in a series of last-point-of-departure programmes and to date have been successfully executed, with both the operators and the hosting states warmly receiving the audit teams.

Visit by the United States Transport Security Administration (TSA)

From 30 - 31 July 2019, representatives of the United States Transport Security Administration (TSA) visited South Africa as part of on-going engagements in terms of the South African Air Cargo Security Programme recognition by the TSA. Engagements were positive, as the TSA raised no concerns with the South African Air Cargo Security Programme. It was agreed that South Africa will engage further with the TSA to consider recognition of South Africa's K9 Screening Programme, as well as expanding recognition for its National Aviation Security Programme.

Creating Aviation Security Awareness

In February 2020, the SACAA successfully conducted an Aviation Security Awareness campaign with the participation of airport communities. Teams were deployed at the following airports:

- East London,
- George,
- Lanseria,
- Kruger Mpumalanga,
- Pietermaritzburg, and
- Uptington.

The campaign, which was targeted at passengers, the airport community and the general public, was a success and received widespread media coverage.

Technical assistance and cooperation missions

Over the years, South Africa has heeded the call by the ICAO on its initiative named – “**No Country Left Behind**” with its Regional Assistance Programme. The programme aims to assist member states on the African continent in removing the barriers to achieving safety and security oversight effective implementation (EI) as set out by ICAO.

In the period under review, the programme was extended to include the implementation of a three-year Regional Cooperation Strategy.

A number of selected countries were offered long-term planned assistance to improve their compliance level with ICAO's Standards and Recommended Practices. Expenses related to this programme, which included training and travel costs, were borne by the SACAA. Below is a table listing all the countries engaged in this reporting period:

TECHNICAL ASSISTANCE AND COOPERATION MISSIONS

Country	Type of Engagement	Outcome
Botswana	On-the-job training	Members were given practical training on the certification of an Air Operating Certificate between March and May 2019.
Lesotho	Benchmarking	<p>A Memorandum of Understanding (MoU) was reached between the SACAA and Lesotho to have access to advice on various technical operations matters. As a result, continuous engagements are held periodically.</p> <p>In February 2020, the SACAA Team shared experiences with the relevant stakeholders in Lesotho regarding the coordination of the career awareness outreaches and airshows.</p>
Mozambique	AFI-SECFAL Plan Assistance Project	The SACAA seconded a qualified ICAO USAP auditor to assist with the ICAO Audit preparation and the development of systems and procedures for Aviation Security from October to December 2019.
Seychelles	On-the-job training and shared experiences in Aviation Security	Discussions were held with three (3) members from the Seychelles regarding the one-stop security concept. Members were also exposed to how the SACAA Aviation Security Department conducts its operations, which included practical exposure to systems at OR Tambo International Airport in November 2019.
Swaziland	Benchmarking visit with Personnel Licensing and ICAO Compliance Departments	<p>In December 2019, five (5) members were exposed to the Licensing and Examination system used by the SACAA. Sessions on organisational audit preparation were also held.</p> <p>In February 2019, two (2) members were sponsored to attend the Global State Safety Programme workgroup meeting to receive in-depth understanding of the programme, and an opportunity to learn from the experiences of various State Representatives.</p>
Tanzania	Benchmarking visit	One (1) member was taken through the Aviation Medicine Departmental functions and procedures and had exposure to a DAME practice in November 2019.
Zambia	On-the-job training in Dangerous Goods	Two (2) inspectors were given on-the-job training in Dangerous Goods Inspection in December 2019.
Zambia	On-the-job training for a Librarian	Completed OJT, focusing on Technical Library procedures in June 2019.
Zambia	On-the-job training in Flight Operations	Completed training, focusing on safety oversight exercises and ramp inspections in June 2019.
Zambia	On-the-job training on Certification	Completed OJT for Certification of an Air Traffic Services (ATS) Aviation Training Organisation (ATO) in December 2019.
Zambia	On-the-job training	Personnel and Examinations Licensing between June and December 2019.

Table 08: Technical Assistance and Cooperation Missions

Over and above all the stakeholder engagements outlined in the preceding pages, SACAA further embarked on these additional stakeholder engagement initiatives, in the period that ended on 31 March 2020:

OTHER STAKEHOLDER ENGAGEMENT ACTIVITIES

Type of Engagement	Date	Objective
ICAO USOAP CM Workshop	13 - 15 May 2019	<p>The ICAO CMA Workshop is an essential core training for the ICAO Compliance Section (ICS).</p> <p>The last session that was held was in 2016, and the USOAP CMA OLF have since advanced, therefore prompting the need for Refresher Training.</p>
Universal Security Audit Programme - Continuous Monitoring Approach Workshop	23 May 2019	The session was aimed at preparing and guiding relevant Aviation Security Personnel on the set requirements for the USAP-CMA.
ATS Designated Examiners Workshop	23 and 24 May 2019	The purpose was to inform Designated Examiners (DEs) Instructors about new procedures and policies that the SACAA has implemented, concerning DEs. This was also a platform for DEs to engage with the SACAA delegates to communicate about all the issues of their day-to-day operations as well as queries about documentation that is submitted to the SACAA from DEs.
Final ARO Round Table Stakeholder Engagement Session	27 May 2019	The purpose of the meeting was to have the final scheduled stakeholder engagement with Aviation Recreation Organisations.
SARIF RPAS Meeting	29 May 2019	The purpose of this inaugural meeting was to engage with various stakeholders in the aviation industry and industry organisations that are highly involved with RPAS usage, to discuss the regulation of RPAS in South Africa, without negatively affecting relevant stakeholders.
CORSIA Part 91 and Development of Emissions Reports	06 June 2019	As of 01 January 2019, it is mandatory for aircraft operators to monitor, calculate, go through a verification and report on CO2 emissions from all international flights they operate. The SACAA is expected to communicate this information during workshops, so that aircraft operators and member states can implement such information. The aviation industry is committed to technological, operational and infrastructure advances to continue to reduce the sector's carbon emissions. Offsetting is not intended to replace these efforts.
Personnel Licensing AP Workshop	27 - 28 June 2019	The objective is to create better licensing procedures and a panel for recreational aviation.
AvMed - Medical Examiners Refresher Course	28 June 2019	The objective is to provide a refresher course for medical examiners.
PANS-OPS Forum	18 July 2019	The aim of the forum is to discuss technical Flight Procedure Design and Cartography issues, as well as to facilitate the exchange of information between all stakeholders with the Flight Procedure Design and Cartography environment in South Africa.

Table 09: Stakeholder Engagement Activities

OTHER STAKEHOLDER ENGAGEMENT ACTIVITIES [continued]

Type of Engagement	Date	Objective
Aeromedical Committee Meeting	19 July 2019	The Medical Department hosted a workshop to discuss the Ebola Outbreak in Congo and Uganda; the World Health Organisation declared Ebola a public health event of international concern. The meeting was chaired by the local WHO Office, coordinated by the SACAA.
AvSec Instructor Workshop	24 - 26 July 2019	The workshop was hosted by the Aviation Security Division to engage with instructors in the aviation security space.
Designated Aviation Medical Examiners Training Regional Workshop	26 July 2019	<p>The Aviation Medical Department hosted a workshop with the designated aviation medical examiners appointed to examine and issue medical certificates on behalf of the Director. The purpose of the workshop was to update and exchange the latest information relating to the following:</p> <ul style="list-style-type: none"> • IT EBS Medical Module latest challenges and EBS Germany Report Working group to discuss the future changes • Conflict of Interest and Medico-Legal Issues • Ear, Nose and Throat • Respiratory Assessment • Application of Flexibility • Mental Health Interruptions/Fatigue • Upper Age Limit and the implications on flying and safety.
The Regulated Agent and Consignor conference	07 August 2019	Engagement with Regulated Agents and Known Consignors. The Regulated Agent and Consignor conference was hosted to discuss: the state of the parcel industry, dangerous goods, secure supply chain update, cyber security and matters relating to environmental affairs.
Aerodromes and Facilities Workshop	19 September 2019	The Aerodromes and Facilities Department hosted a workshop that dealt with "Improving Aviation Safety" - A Multilateral Approach. The workshop also concentrated on engaging the industry and relevant stakeholders about the CARS 139; new-Sub-Part 5 regulations.
International Committee for Airspace Standards and Calibration meeting	01 - 03 October 2019	This is a meeting that was hosted by the Flight Inspection Unit of the SACAA.
ARO Regulatory Workshop	15 - 18 October 2019	<p>The intention of the workshop was to review and revise the Part 149 regulations.</p> <p>The programme for the 4 days was inclusive of : Comparison study of SACAR & CATs, Part 149 and the New Zealand Part 149 Rules - Part 1&2/ Regulatory and Technical Standards development of different subparts of a revised Part 149 & a discussion of other regulations that will have to be changed due to the changes proposed to Part 149 (1,94,140,105).</p>
Cabin Crew DE & Instructors Workshop	23 - 24 October 2019/ 21 November 2019	The workshop was held over two (2) days to engage on the following: ATOs, AvMed changes, ICAO Cabin Safety, New regulations, Role of Testing Standards and the CDE Code of Conduct.
Air Traffic Designated Examiners Workshop	26 - 27 November 2019	The purpose of the workshop was to provide training for the ATS designated examiners.

Table 09: Stakeholder Engagement Activities [continued]

OTHER STAKEHOLDER ENGAGEMENT ACTIVITIES [continued]

Type of Engagement	Date	Objective
ICAO Regional Workshop on the New Global Reporting Format for Runway Surface Condition.	28 - 29 November 2019	ICAO developed a new format for reporting Runway Surface Conditions, which was launched from 26 - 28 March 2019 in Montreal, Canada. Regional Offices were expected to provide similar seminars in their respective regions. The SACAA was the designated host for the ESAF Region. The workshop was attended by 72 delegates from South Africa, Angola, Zambia, Tanzania, Eswatini, Seychelles, Ethiopia and Uganda.
ICAO CAEP Steering Committee Meeting.	2 – 6 December 2019	The event hosted 150 international delegates. This was inclusive of invited observers from African states as a way of encouraging the region to join the Committee as members. The ICAO Committee on Aviation Environmental Protection (CAEP) was established in 1983 and is the only technical committee of the ICAO Council. It assists the Council with formulating new policies and adopting new Standards and Recommended Practices (SARPs) related to aircraft engine emissions, aircraft noise, aeroplane carbon dioxide (CO ₂) emissions and aviation's impact on the environment. South Africa is currently the only state that represents the African continent, as a member of the CAEP.
Initial AvSec Instructor Workshop & Refresher AvSec Instructor Workshop.	5 - 7 Feb 2020	The two workshops were for initial and refresher training for AvSec instructors in the specific areas of training and certification.
Safety Management Panel Working Group.	24 - 28 February 2020	This meeting takes place twice a year, where the panel meets to discuss developments regarding the safety measures and concerns in the aviation space. The SACAA hosted the meeting.
Aviation and Health Sector Workshop on Corona Virus - Unplanned Emergency Workshop.	9 - 10 March 2020	<p>The SACAA hosted stakeholders from the aviation and health sectors to participate at the aviation and health sector workshop aimed at discussing the global Corona Virus (COVID-19) outbreak. The main objective of the workshop was to facilitate the effective, harmonised implementation of the applicable ICAO Annexes relating to the Civil Aviation Regulations and Technical Standards, as well as the National Department of Health requirements in line with the WHO International Health Regulations (2005) and associated guidance material on the African continent.</p> <p>Among other topics, the following were discussed:</p> <ul style="list-style-type: none"> • Civil Aviation Authority (ICAO Annexes, Regulations, Standards, Policies); • Lessons Learned from SARS & MERS Outbreaks (airport and airline) preparation; • Exit and Entrance Screening Measures (Health and Aviation Preparedness); • Contact Tracing Measures in Aviation/ Personal Protective Equipment; • Airport Public Health Measures and Business Continuity Plans; • Airline Public Health Plan and Business Continuity Plans; • Air Traffic Service Public Health Plan and Business Continuity Plans; • Disinfection of the Aircraft; and • Air Ambulance Public Health Measures.

Table 09: Stakeholder Engagement Activities [continued]

REVIEW OF THE SACAA PROGRAMMES AND ACTIVITIES

AIRCRAFT INCIDENTS AND ACCIDENTS

The Accident and Incident Investigation Division is responsible for the following:

- Investigation of aircraft accidents and serious incidents;
- Identify weaknesses in the activities of the civil aviation industry;
- Make safety recommendations to be implemented by the Regulator as well as the industry; and
- Ensure that there is no recurrence of similar accidents in the future.

At the end of the reporting period, the number of accidents increased from the previous year's 86 to 98. This is an increase of 12 accidents; however, the number of fatal accidents decreased from 15 to 13 and fatalities decreased from 20 to 19.

Non-Type-Certified Aircraft remained the aircraft type that contributed to the most accidents during the reporting period, with 47 out of 98 accidents resulting from this category; a trend that was consistent from one quarter to the next.

The table below provides an outline of the categories of aircraft involved, as well as the type of activity being carried out at the time of the accident.

ACCIDENTS PER AIRCRAFT CATEGORY AND OPERATION TYPE

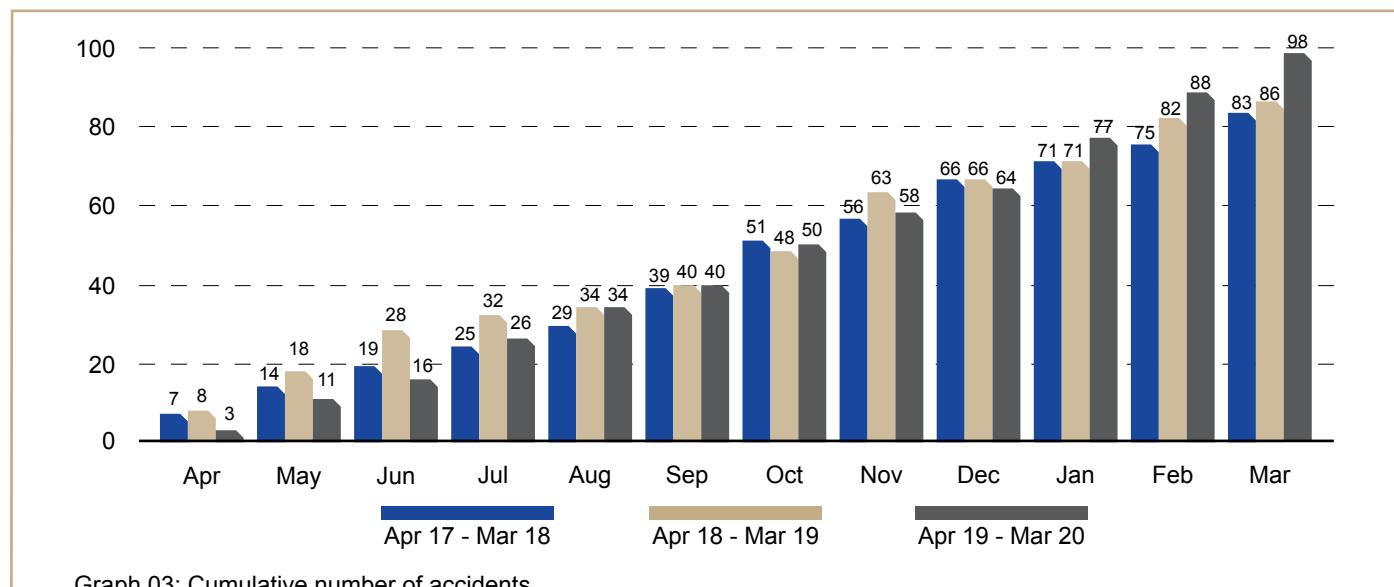
Aircraft Category	Commercial (General aviation)		Training		Private		Total	
	Q3	Q4	Q3	Q4	Q3	Q4	Q3	Q4
Non-Type-Certified Aircraft (Fixed Wing)	0	0	5	12	21	35	26	47
Type Certified Aircraft (Fixed Wing)	1	5	8	11	8	14	17	30
Glider	1	1	0	0	1	1	2	2
Type Certified Aircraft (Rotocraft)	4	4	3	3	4	6	11	13
Non-Type-Certified Aircraft (Rotocraft) {Gyrocopter}	0	0	0	1	1	3	1	4
Paraglider	0	0	1	1	1	1	2	2
Total	6	10	17	28	36	60	59	98

Table 10: Occurrences per aircraft category and operation type

CUMULATIVE NUMBER OF ACCIDENTS REPORTED: THREE-YEAR COMPARISON

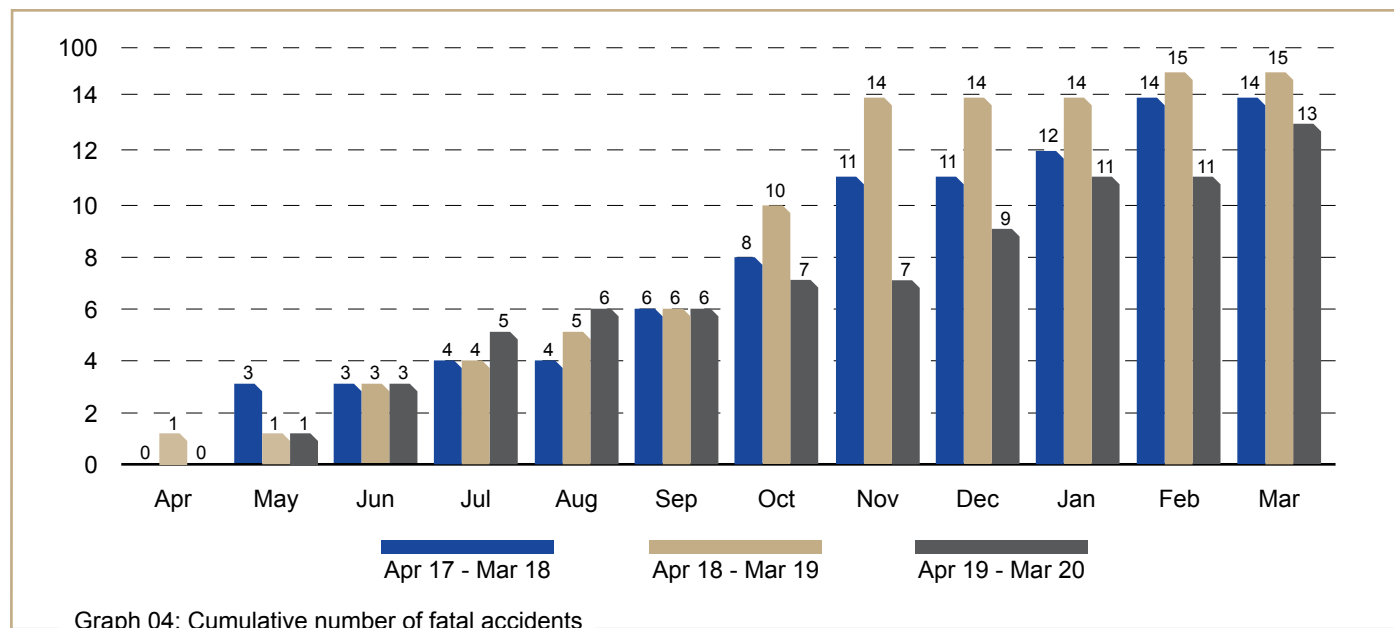
A total of 98 accidents were reported from 01 April 2019 to 31 March 2020, an increase of 12 accidents when compared with the same period during 2018/19.

The graph below indicates a three-year cumulative comparison of accidents. A similar trend is evident when looking at the statistics over the past three financial years. The accidents increased by 14%.



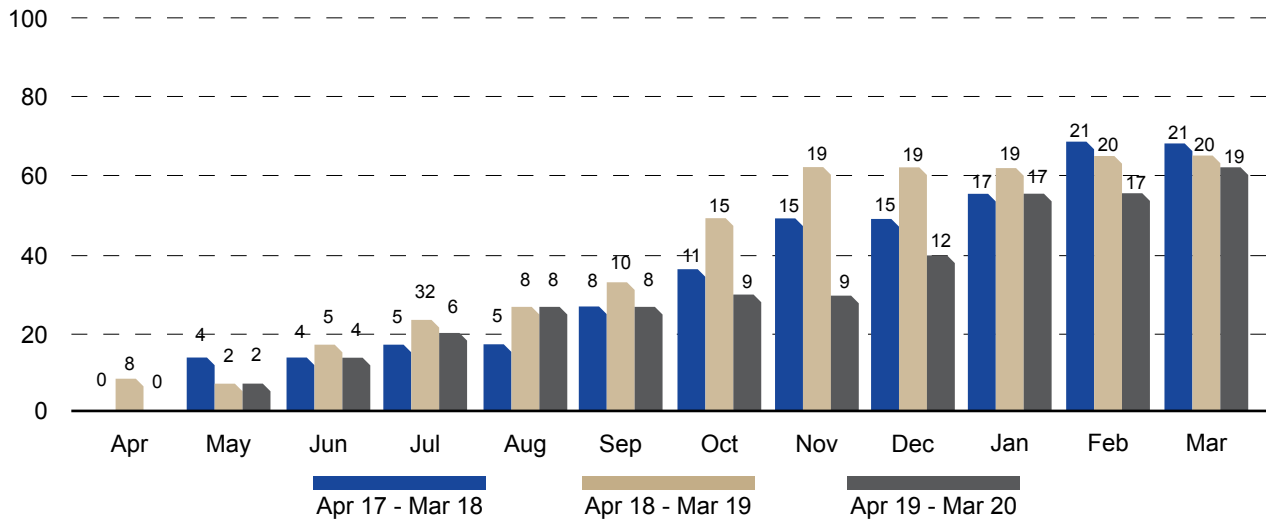
CUMULATIVE NUMBER OF FATAL ACCIDENTS: THREE-YEAR COMPARISON

The graph below depicts a three-year cumulative comparison of fatal accidents. Out of a total of 98 accidents, 13 of the accidents were fatal, a decrease from the previous financial year which recorded 15 fatal accidents. This is a 13% decrease year-on-year.



CUMULATIVE NUMBER OF FATALITIES: THREE-YEAR COMPARISON

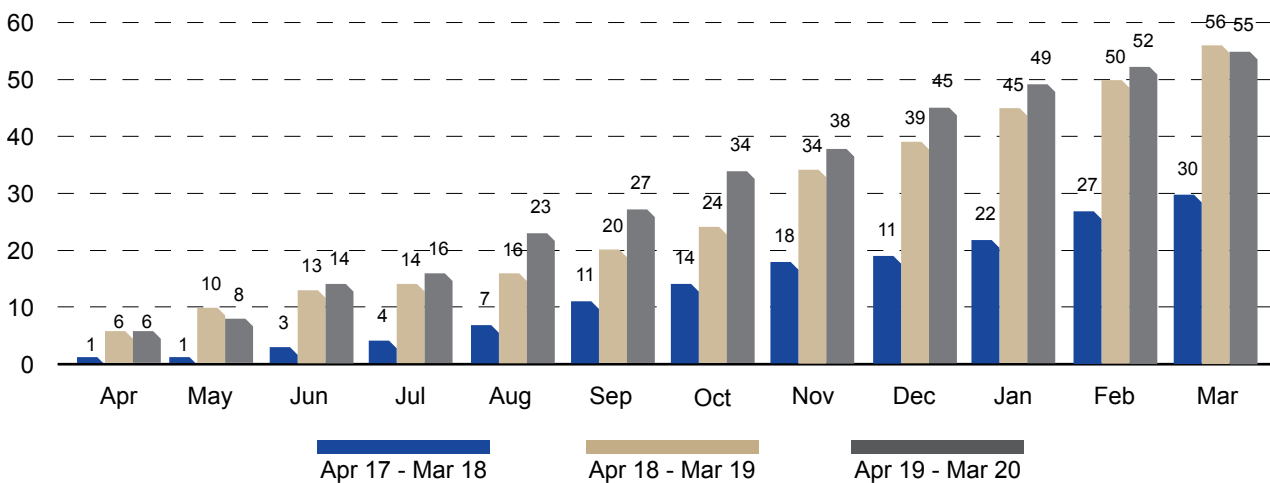
The SACAA's goal is to eradicate the number of aircraft accidents in the General Aviation sector to zero. During this reporting period, the number of fatalities decreased by 1 (5%) from twenty (20) to nineteen (19).



Graph 05: Cumulative number of fatalities

CUMULATIVE NUMBER OF SERIOUS INCIDENTS

During the reporting period, the number of reported serious incidents reduced by 1.8% from 56 to 55.

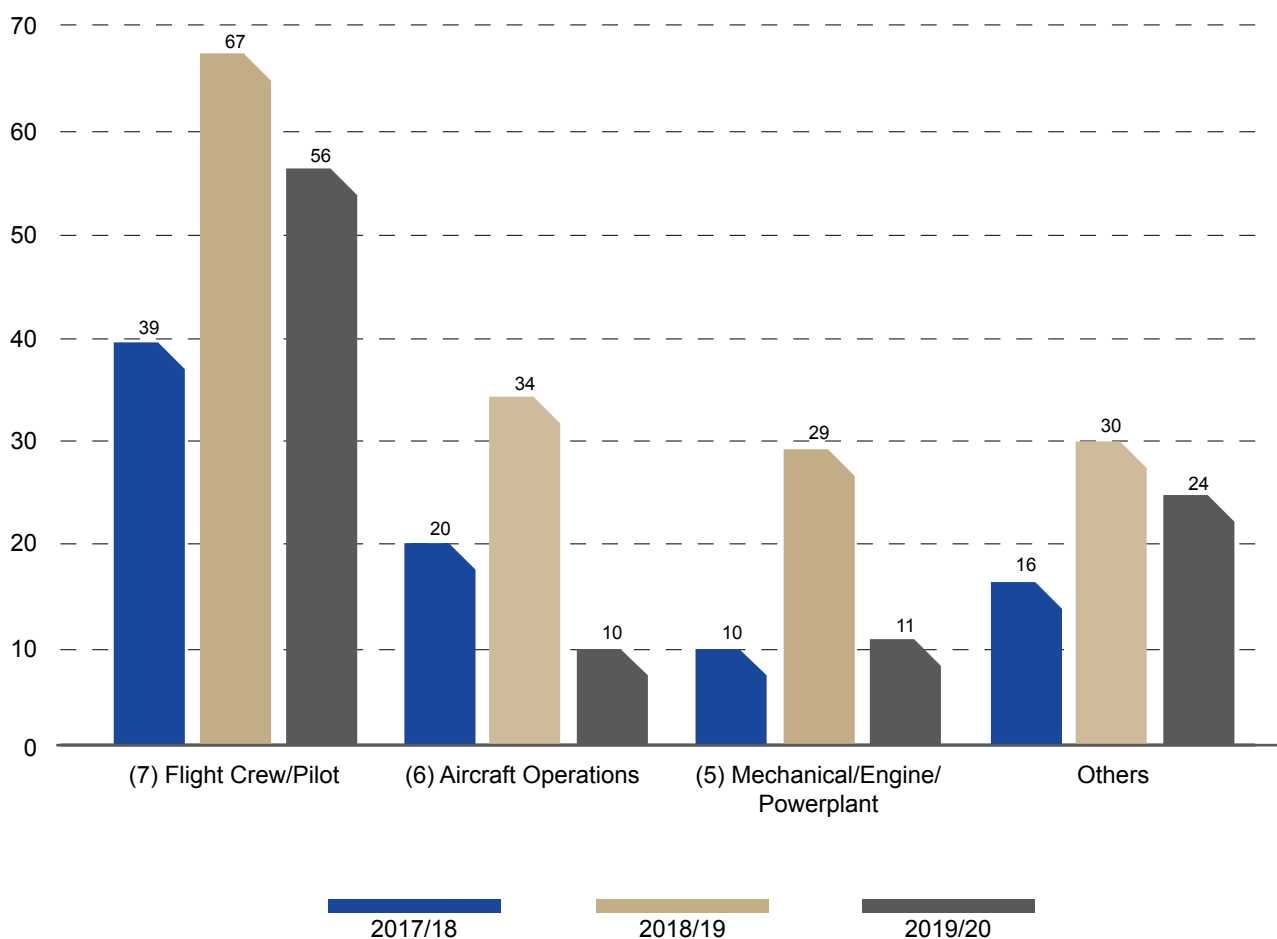


Graph 06: Cumulative number of serious incidents

ACCIDENT AND SERIOUS INCIDENT CAUSALS

The graph below indicates the accident and serious incident causal factors, according to the approved accident and serious incident reports for the financial years 2017/18, 2018/19 and 2019/20.

An analysis of the graph indicates that Flight Crew/Pilot and Aircraft Operations remain the leading causes of accidents and serious incidents. The statistics detailed in the next graph are based on approved accident reports for the three respective financial years.



Note: Other statistical analysis of aircraft accident and serious incident causal factors refers to Structure/Airframe, Flight Controls/Systems, Helicopter Components, Fire, Maintenance and Servicing, Air Traffic Control Services, Weather, Collision, Manufacturing and Design, Undetermined and Unforeseen Circumstances.

Graph 07: Accident and serious incident causals

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

This part is not applicable; as SACAA achieved 100% against all targets set in its 2019/20 Annual Performance Plan.

SURVEILLANCE AND OVERSIGHT AUDITING ACTIVITIES

The next tables provide a comprehensive analysis of the Master Oversight and Surveillance Plan (MOSP) activities.

THE AVIATION SAFETY OPERATIONS

The Aviation Safety Operations Division achieved 102% against the MOSP.

AVIATION SAFETY OPERATIONS SCORECARD 2019/20

Ensure effective civil aviation safety and security oversight, Aviation Security Master Oversight and Surveillance Plan					Quarter 1 Plan				Quarter 2 Plan				Quarter 3 Plan				Quarter 4 Plan				Status
Audit Area	Annual Status				RT	RA	ST	SA	RT	RA	ST	SA	RT	RA	ST	SA	RT	RA	ST	SA	
	Ren Target	Ren Actual	Sur Target	Sur Actual																	
Aircraft Maintenance Organisations (Part 145)	429	458	86	89	107	108	21	23	108	110	22	22	107	105	21	19	107	135	22	25	1.
Manufacturing Organisations (Part 148)	20	20	4	7	5	5	1	2	5	5	1	3	5	5	1	2	5	5	1	0	2.
Air Operator Certificate Holders (Part 121/135)	228	203	54	43	57	69	13	18	57	51	13	13	57	55	14	7	57	28	14	5	3.
Aviation Training Organisations (Part 141)	50	67	260	249	14	14	66	62	12	16	66	70	14	22	66	68	10	15	62	49	4.
RPAS Operator Certificate Holders (Part 101)	39	60	10	4	10	9	3	4	10	7	3	0	9	12	3	0	10	32	1	0	5.
Flight Simulation Training Device (Part 60)	143	142	0	0	36	26	0	0	36	31	0	0	36	41	0	0	35	44	0	0	6.
Airports (Aviation Medicine) (Part 139)	0	0	13	13	0	0	4	2	0	0	3	3	0	0	3	3	0	0	3	5	7.
Design Organisation Holders (ADO) (Part 147)	13	13	4	7	4	4	1	2	4	4	1	3	4	4	1	2	1	1	1	0	8.
Foreign Air Operators (Safety Assessment of Foreign Aircraft)	0	0	50	50	0	0	12	20	0	0	13	7	0	0	12	21	0	0	13	2	9.
Aviation Recreational Organisations ((Part 149)	9	10	9	18	3	3	3	3	2	2	2	7	1	2	1	4	3	3	3	4	10.
Total	931	973	490	480	236	238	124	136	234	226	124	128	233	246	122	126	228	263	120	90	11.

* *Renewal – New Approvals and Renewal Audits*

** *Surveillance – Surveillance and Follow-Up Audits (includes addressing of safety and security concerns)*

Table 11: Aviation Safety Operations Division – MOSP - 2019/20

NOTES ON DEVIATIONS: AVIATION SAFETY OPERATIONS DIVISION

No.	Notes – Quarter 1
1	Two renewal and surveillance audits were brought forward
2	Additional surveillance inspections were conducted
3	Several renewal and surveillance audits were brought forward
4	Two organisations did not apply for renewal and 16 surveillance inspections were moved to Quarter 2
5	Target met as planned
6	Three inspections were moved to Quarter 2
7	Two inspections were moved to Quarter 2
8	Additional surveillance inspections were conducted
9	Additional surveillance inspections were conducted due to newly approved non-schedule operators
10	Target met as planned
11	Quarterly target met due to exceedance in other areas

No.	Notes – Quarter 2
12	<p>Three (3) extra surveillances carried out</p> <ul style="list-style-type: none"> • LUFTHANSA • BNT <p>Three (3) extra audits conducted</p> <ul style="list-style-type: none"> • SAX • SAAT • Aircraft Exterior
13	<ul style="list-style-type: none"> • Two (2) extra surveillances carried out • Jonker Uys • Comporob • FM Filters
14	Four renewal audits were deferred and one surveillance audit was brought forward
15	<p>Two (2) organisations did not apply for renewal and 16 surveillance inspections were moved to Q2</p> <ul style="list-style-type: none"> • 2 ATOs dormant • 22 New ATO applications received
16	Target met as planned
17	<p>Three (3) inspections moved to Q2</p> <ul style="list-style-type: none"> • Three (3) New FSTD applications received • All PEL inspectors completed their GSI PEL and Lead Auditor courses in September • One PEL FSTD inspector receiving the Airbus A350 rating leaving only one FSTD inspector. We will be back to full capacity in October
18	Two (2) inspections moved to Q2, were conducted. Annual target is now back on track

Table 12: 2019/20 MOSP Deviations: Aviation Safety Operations Division

NOTES ON DEVIATIONS: AVIATION SAFETY OPERATIONS DIVISION [continued]

No.	Notes – Quarter 2 [continued]
19	Two (2) extra surveillances carried out <ul style="list-style-type: none"> • Jonker Uys • Paramount • Aeroservices
20	Additional surveillance inspections were conducted due to newly approved schedule operators
21	Three additional follow-up surveillance inspections were conducted. This is to assist the ARO which were previously subjected to oversight while under the RAASA Oversight System.
22	<p>Quarterly targets that had not been met in some areas, were also due to a large number of personnel participating in training:</p> <p>Three (3) key and critical training sessions took place during the period under review: The ASO division has put measures in place to restore the situation back to normal. NO approval was inconvenienced during this same period. Training conducted.</p> <p>a) Government Safety Inspector</p> <p> i. Personnel Licence</p> <p> ii. Flight Operations</p> <p>b) Lead Auditor</p>

No.	Notes – Quarter 3
23	Quarterly target was met, since other inspections were brought forward in previous quarters
24	Extra AMORG surveillances - Rainbow Skyreach
25	Five surveillance audits were deferred to the next quarter, as the Division was catching up on the previous quarters' renewal audits
26	Quarterly target exceeded by 10, as the division was recovering from inspections that were deferred from the second quarter
27	Surveillance inspections were deferred to the next quarter, as the Division was catching up on the previous quarters' renewal audits
28	10 FSTD approvals were not renewed as requested by the operators
29	Quarterly target was met
30	Extra ADO Surveillances - Aerostruct Consulting CC
31	Additional non-scheduled inspections were conducted on newly approved foreign operators
32	Three (3) additional follow-up surveillance inspections were conducted, and one renewal audit was brought forward from the previous quarter
33	The division is about 1% behind in relation to the annual target, mainly due to some organisations opting to not renew their approval, especially in the areas of FSTD, AOC and ATO

Table 12: 2019/20 MOSP Deviations: Aviation Safety Operations Division [continued]

NOTES ON DEVIATIONS: AVIATION SAFETY OPERATIONS DIVISION [continued]

No.	Notes – Quarter 4
34	<p>AIRCRAFT MAINTENANCE ORGANISATION</p> <p>Breakdown of the eleven (11) Renewal Audits not conducted:</p> <p>Two (2) AMO audits (Safran African Engines 1295 and Pratt & Whitney Canada (UK) 1407) were unable to be undertaken due to the travel prohibition brought on by the Corona virus (COVID-19). Nine (9) AMOs (Flamingo Aviation Services 969, Sheltam 118, Phoebus Apollo 159, Airbus South Africa (Station) 177, ATS Maintenance 1228, Northwest Airline Maintenance 1124, Starlite Maintenance 927, Complete Avionics System 57 and Custom Craft Balloons SA 913) could not be audited, as they closed down during the course of the year.</p> <p>The Annual Surveillances conducted have exceeded the initially planned number by three (3) due to reports that were received and thus prompted the AMO section to conduct targeted surveillance audits.</p>
35	<p>MANUFACTURING ORGANISATIONS</p> <p>The Annual Surveillance inspections conducted have exceeded the initially planned number by three (3) due to the necessary ad-hoc inspections at:</p> <ul style="list-style-type: none"> a) Skyreach, b) Jonker Sailplane, and c) Hansolt Optronics.
36	<p>AIR OPERATORS</p> <ul style="list-style-type: none"> a) Number of dormant AOCs -17. b) Two applications were received late, and the audits were deferred to the next financial year. c) New entrants (newly certified approval holders) – 2. d) Follow-up audit (surveillance) – 2.
37	<p>AVIATION TRAINING ORGANISATIONS</p> <ul style="list-style-type: none"> a) 50 ATO renewal audits were planned. The deviation of 17 in the MSAR for ATOs, for the renewal audits, is as the result of 20 initial ATO audits for new start-ups, and one follow-up inspection, which all followed the same process as a renewal audit, 2 ATOs scheduled for renewal audits closed down, and 2 ATOs scheduled for renewal audits declared dormancy. b) 260 ATO surveillance audits were planned. The deviation of 11 in the MSAR for ATOs, for the surveillance audits, is as the result of an additional 8 ATO surveillance audits being postponed due to declared dormancy. 3 ATO surveillance audits, scheduled for the last two weeks of March 2020, were delayed due to COVID-19 and will be conducted once the COVID-19 crisis is over.
38	<p>REMOTELY PILOTED AIRCRAFT SYSTEM OPERATORS</p> <ul style="list-style-type: none"> a) Surveillance inspections were cancelled due to large applications for new certifications. b) During 2019/2020, a total of 25 new approval holders were certified. c) Five (5) ROCs went dormant: <ul style="list-style-type: none"> i. PDT Technologies ii. Ronin Av iii. Fortune Air iv. Drone Inspired v. Kimfly Charters.

Table 12: 2019/20 MOSP Deviations: Aviation Safety Operations Division [continued]

NOTES ON DEVIATIONS: AVIATION SAFETY OPERATIONS DIVISION [continued]

No.	Notes – Quarter 4 [continued]
39	<p>FLIGHT SIMULATION TRAINING DEVICE</p> <p>a) 143 FSTD renewal audits were planned. The deviation of 31 in the MSAR for FSTDs, for the renewal qualification audits, is as the result of 16 new FSTDs being qualified. 6 FSTDs had to undergo qualification audits before shutting down for resale and following the same process as a renewal qualification audit. 32 FSTDs failed their qualification audits, and their owners decided to shut down their FSTDs, (due to the cost of fixing the problems) and an additional 120 qualification audits were conducted. $120+32 = 152$ which is an over-performance of 10 that was caused by FSTD performance issues, with 13 being shut down after failing the qualification criteria and an additional 19 being reported by industry, resulting in unplanned qualification audits being conducted to address the problem. New FSTDs entering the market, the shutdown qualification audits before resale, and the qualification audits being conducted after failure and rectification of the issues identified on an FSTD, cannot be planned.</p>
40	<p>INTERNATIONAL AIRPORTS (AVIATION MEDICINE) (PART 139)</p> <ul style="list-style-type: none"> Annual target met as planned
41	<p>DESIGN ORGANISATIONS</p> <p>The Annual Surveillances conducted have exceeded the initially planned number by three (3) due to the necessary ad-hoc inspection at:</p> <p>a) Aerostruct Consulting CC, b) Paramount, and c) Challenge Air CC.</p>
42	<p>FOREIGN AIR OPERATORS (SAFA)</p> <ul style="list-style-type: none"> Annual target met as planned
43	<p>AVIATION RECREATION ORGANISATIONS</p> <p>Two Part 149 surveillance activities were conducted at:</p> <p>a) PASA b) SAHPA.</p> <p>Renewal audits were conducted with:</p> <p>a) MISASA, b) SAHPA, c) EAA, d) SAPFA and e) SAGPA.</p>
44	<p>The Division has met its MOSP targets in both areas of renewal and surveillance inspections; however, an approximate 1% deficit exists with the annual target, mainly due to some organisations opting not to renew their approvals, especially in the areas of FSTD, AOC, and ATO.</p>

Table 12: 2019/20 MOSP Deviations: Aviation Safety Operations Division [continued]

AVIATION SECURITY DIVISION

The Aviation Security Operations Division achieved 107% against the MOSP.

AVIATION SECURITY DIVISIONAL SCORECARD 2019/20																						
Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		Status
	Operations	*Renewal Target	Renewal Actual	**Surv Target	Surv Actual	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
Achieve a step change in regulating aviation safety and security	Airports and Airlines	31	30	211	231	7	52	6	50	8	61	9	69	11	42	11	44	5	56	4	68	
	Regulated Agents and Known Consignors	153	148	187	193	75	4	69	12	43	45	45	43	10	80	17	72	25	58	17	66	
	Dangerous Goods	186	213	234	238	47	58	59	52	48	61	48	91	42	57	61	52	49	47	46	43	
	Training Organisation	29	19	58	99	7	14	9	14	8	15	6	35	7	14	1	25	7	15	3	25	
	Screening Organisation	20	20	40	41	5	10	8	9	5	10	4	9	5	10	5	5	5	10	3	18	
	Total MOSP Activities	419	430	730	802	141	150	151	137	112	192	112	247	75	203	95	198	91	186	73	220	

* *Renewal – New Approvals and Renewal Audits*
 ** *Surveillance – Surveillance and Follow-Up Audits (includes addressing of safety and security concerns)*

Table 13: Aviation Security Division – MOSP - 2019/20



NOTES ON DEVIATIONS: AVIATION SECURITY DIVISION

No.	Notes – Quarter 1
1	<p>Airports and Airlines</p> <p>MOSP targets for the quarter reflect a negative variance (-5.08%) due to the following:</p> <ul style="list-style-type: none"> Cemair and South African Express (SAX) could not be inspected at most stations since they have not yet resumed operations at those stations (example: Margate-Cemair, Mafikeng-SAX).
2	<p>Cargo Security</p> <p>MOSP targets for the quarter reflect a positive variance (2.53%) due to the following:</p> <ul style="list-style-type: none"> Additional surveillance inspections were conducted to address the shortfall in renewal inspections that were postponed by the clients.
3	<p>Dangerous Goods</p> <p>MOSP targets for the quarter reflect a negative variance (- 4.31%) due to the following:</p> <ul style="list-style-type: none"> The team had to divert planned surveillance inspections to accommodate short notice requests for AOC renewals. This resulted in an additional 12 renewal inspections that were not planned for during this reporting period. In addition the Improvised Explosive Device (IED) Training and Dangerous Goods Worksop impacted on available resources for the period. A catch-up plan will address the shortfall of surveillance inspections in Quarter 2.
4	<p>Training Organisations</p> <p>MOSP targets for the quarter reflect a positive variance (9.52%) due to the following:</p> <ul style="list-style-type: none"> Processing of one application that was not planned for as well as an additional surveillance inspection that was conducted during the period under review.
5	<p>Screening Organisations</p> <p>MOSP targets for the quarter reflect a negative variance (- 26.67%) due to the following:</p> <ul style="list-style-type: none"> The department prioritised K9 assessments during this quarter. A catch-up plan will address the shortfall of surveillance inspections in Quarter 2.

Table 14: 2019/20 MOSP Deviations: Aviation Security Division



NOTES ON DEVIATIONS: AVIATION SECURITY DIVISION [continued]

No.	Notes – Quarter 2 [continued]
6	<p>Airports and Airlines</p> <p>MOSP performance against targets reflects a positive variance (4.69%) due to the following:</p> <ul style="list-style-type: none"> a) Following the promulgation of the amendments to Part 111, the Department has commenced with oversight activities of all cargo airlines, air navigation services and catering service providers not previously included in oversight activities.
7	<p>Cargo Security</p> <p>MOSP targets for the month reflect no variance (0%)</p>
8	<p>Dangerous Goods</p> <p>MOSP performance against targets reflects a positive variance (11.11%) due to the following:</p> <ul style="list-style-type: none"> a) To date the section conducted an additional 25 inspections. This was mainly due to additional AOC audits not planned for previously and additional surveillance conducted in areas following identified risk areas.
9	<p>Training Organisations</p> <p>MOSP performance against targets reflects a positive variance (45.45%) due to the following:</p> <ul style="list-style-type: none"> a) The planned target was exceeded by 20 inspections, mainly due to an increased demand for training site verifications.
10	<p>Screening Organisations</p> <p>MOSP performance against targets reflects a negative variance (- 6.06%) due to the following:</p> <ul style="list-style-type: none"> a) Two planned surveillance inspections were transferred to the next quarter, to focus on providing additional screener certification examinations, following a surge in applications.

No.	Notes – Quarter 3
11	<p>Airports and Airlines</p> <p>MOSP performance against target reflects a positive variance (5%), due to the following:</p> <ul style="list-style-type: none"> • Following the promulgation of the amendments to Part 111, the department has commenced with the oversight activities of all Cargo Airlines, Air Navigations Services and Catering Service Providers not previously included in oversight activities.
12	<p>Cargo Security</p> <p>MOSP target reflects a positive variance (7%) due to the surveillance planned for quarter four being brought forward.</p>
13	<p>Dangerous Goods</p> <p>MOSP performance against target reflects a positive variance (11%) due to the following:</p> <ul style="list-style-type: none"> • This was mainly due to additional AOC audits not planned for previously and additional surveillance conducted in areas following identified risk areas.
14	<p>Training Organisations</p> <p>MOSP performance against target reflects a positive variance (10%) due to the following:</p> <ul style="list-style-type: none"> • The planned target was exceeded, mainly due to an increased demand for K9 assessment observations.
15	<p>Screening Organisations</p> <p>MOSP performance against target reflects a negative variance (- 8%) due to the following:</p> <ul style="list-style-type: none"> • Planned surveillance inspections were diverted to the next month, to focus on providing additional screener certification examinations, following a surge in applications.

Table 14: 2019/20 MOSP Deviations: Aviation Security Division [continued]

NOTES ON DEVIATIONS: AVIATION SECURITY DIVISION [continued]

Description	Notes – Quarter 4
Airports and Airlines	MOSP performance against targets reflects a positive variance (7.85%) due to the promulgation of the amendments to Part 111. The department had to conduct oversight activities of all Cargo Airlines, Air Navigations Services and Catering Service Providers not previously included in oversight activities.
Dangerous Goods	MOSP performance against targets reflects a positive variance (7.38%) due to additional AOC audits not planned for previously and additional surveillance conducted in areas following identified risk areas.
Training Organisations	MOSP performance against targets reflects a positive variance (35.63%) due to increased demand for K9 assessment observations.
Screening Organisations	MOSP performance against targets reflects a positive variance (1.67%) due to additional surveillance conducted.

Table 14: 2019/20 MOSP Deviations: Aviation Security Division [continued]

AVIATION INFRASTRUCTURE DIVISION

The Aviation Infrastructure Division achieved 102.9% against the MOSP.

AVIATION INFRASTRUCTURE DIVISIONAL SCORECARD 2019/20

Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		Status
	Operations	*Ren Target	Ren Actual	**Surv Target	Surv Actual	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
Achieve a step change in regulating Aviation Safety and Security	Air Traffic Services	28	29	28	30	8	10	8	11	9	3	10	4	6	8	6	8	5	7	5	7	Notes: 1, 8, 18, 26
	Aerodromes	128	127	19	27	29	3	25	10	45	2	42	1	32	8	36	5	22	6	24	11	Notes: 1 to 7 and 11 to 17, 20 to 25
	CNS	0	0	56	54	0	23	0	23	0	12	0	12	0	13	0	12	0	8	0	7	Notes: 9, 19, 27
	AEP	0	0	12	12	0	3	0	3	0	4	0	4	0	2	0	2	0	3	0	3	
	Total MOSP Activities	156	156	115	123	37	39	33	47	54	21	52	21	38	31	42	27	27	24	29	28	102.6%

*Renewal – New Approvals and Renewal Audits

**Surveillance – Surveillance and Follow-Up Audits (includes addressing of safety and security concerns)

Table 15: Aviation Infrastructure Division – MOSP - 2019/20

REASONS FOR DEVIATIONS – AVIATION INFRASTRUCTURE

No.	Notes – Quarter 1
1	Aerodrome MOSP planned 26 for Quarter 1 and not 29 as per original APP. Annual total still the same.
2	Vereeniging Airport inspection was not conducted as the aerodrome licence is suspended.
3	Surveillance inspections conducted for Lanseria and OR Tambo International airports.
4	Follow-up inspections at Polokwane, Escourt, Howick, Harding, Sishen, Upington, Mthatha.
5	King Shaka International Airport construction project inspection was conducted.
6	Wonderboom follow-up on Nil Runway lighting NOTAM.
7	Port Alfred follow-up inspection on new runway lights to be included in the Aerodrome Licence.
8	Victoria West VOR was not inspected. It was switched off due to a faulty Very High Frequency Omni Range (VOR) antenna. The fault has been fixed and the facility is awaiting flight calibration by SACAA FIU.
9	Air Traffic Services did an initial inspection at Margate.

No.	Notes – Quarter 2
10	Howick and Estcourt aerodromes were not inspected – de-licensed and suspended licences respectively.
11	Sabi-Sabi and Mala-Mala aerodromes to be inspected during Q3 loop.
12	Pilanesberg Int Airport ad-hoc / surveillance inspection not done; aerodrome not ready.
13	Ad-hoc / surveillance inspection for Mafikeng cancelled due to no scheduled services.

No.	Notes – Quarter 3
14	Mala-Mala inspection conducted on 17 October 2019.
15	Sabi-Sabi inspection conducted on 18 October 2019.
16	Wonderboom follow-up inspections conducted on 19 and 29 November 2019.
17	Pilanesberg Int. Airport: Lighting follow-up inspection conducted on 29 November 2019.
18	ATS Surveillance audit for FAOR was planned for November but deferred to 4 - 5 December 2019.
19	Greefswald VOR not inspected due to it being unserviceable.

No.	Notes – Quarter 4
20	Burgersfort Aerodrome not inspected; licence suspended.
21	Victoria West Aerodrome not inspected; licence suspended.
22	OR Tambo, 18 February 2020, follow-up inspection on Marshalling.
23	Ulusaba, 25 February 2020, annual licensing inspection.
24	Singita, 25 February 2020, annual licensing inspection.
25	Londolozi, 26 February 2020, annual licensing inspection.
26	Margate, 17 March 2020, surveillance inspection, as they had just started scheduled operations with CemAir.
27	The March CNS audits of FAUP, Sishen VOR, Aggenys VOR and Khathu FRS, were done via desktop and not physically, due to the restrictions imposed as the result of COVID-19.

Table 16: 2019/20 MOSP Deviations: Aviation Infrastructure Division

INFORMATION AND COMMUNICATION TECHNOLOGY

Information and Communication Technology (ICT) remains a strategic driver for SACAA. One of the SACAA's strategic goals as per the Annual Performance Plan (APP) is to improve organisational efficiency and effectiveness. The strategic objective is to achieve an integrated ICT System. The implementation of the ICT operational and strategic plans is intended to increase the efficiencies and effectiveness of the organisation, enhance revenue collection, provide accurate statistics (performance indicators) and contribute to improved decision-making.

The two (2) strategic projects and deliverables relating to the ICT for the 2019/20 financial year were the following:

- a) Development of the three-year (3) ICT Strategy and an implementation plan for the Board's approval; and
- b) The implementation of Phase 1 of the approved Enterprise Records and Document Management System (ERDMS) project plan and an update to the Board.

As part of the APP deliverables for the year, the Board approved the three-year ICT Strategy and the tender for the ERDMS project. The ICT Strategy and Implementation plans are aligned to the SACAA Strategy and Implementation plan.

UPDATE ON THE ENTERPRISE BUSINESS SYSTEM

The implementation of the Enterprise Business System (EBS) was completed at the beginning of the reporting period. All the modules that the organisation procured as part of the original contract were successfully implemented. The better part of the financial year was spent on stabilising the application and ensuring that there is user take-up of the system.

Of the thirty (30) modules acquired as part of the Phase 1 Implementation, twenty-six (26) modules are being fully utilised, three (3) modules are being partially utilised and only one (1) module, namely the Inspector Competency Module, is not being utilised. This module will be utilised once all the employees' training history has been captured on the system.

The organisation also commenced work on Phase II of the EBS program, and this includes:

- The ability for operators to make online submissions for corrective action handling;
- Online booking for licence holders' examinations and performing online payments for examination bookings.

These modules will continue to be implemented in the coming financial year. These systems are aimed at ensuring that the organisation can deliver on its mandate and to ensure client centricity in our services to the aviation industry.

UPDATE ON ICT OPERATIONAL PLAN

The ICT Operational Plan for the year was approved by EXCO. The plan included all the critical deliverables for the ICT to ensure that operational and business needs are met and that the ICT provides the support services required by the business departments to carry out its mandate. As at the end of the reporting period, six (6) of the nine (9) projects were completed (66.6%).

The remaining three (3) projects that are a work in progress, will be carried over to the new financial year.

ICT GOVERNANCE

In line with the King IV™ principles, ICT is considered to be a critical strategic element of an organisation, and it is for this reason that the SACAA Board has delegated the responsibility of ICT governance oversight, ICT Risks and Major ICT Projects to the Audit and Risk Committee.

The ICT Steering Committee continued with their oversight responsibilities, ensuring that the ICT governance forms an integral part of the overall governance structure of the organisation. The Committee's responsibilities included the following:

- Overseeing the development and implementation of the ICT strategy, ensuring that it conforms to and supports the strategic priorities of SACAA;
- Advising EXCO and the Board on strategic ICT projects and any risks that have been identified as they relate to the ICT projects;
- Ensuring that ICT policy initiatives are consistent with the strategic objectives of SACAA and to monitor their delivery and benefit realisation;
- Considering initiatives and innovations that will advance the SACAA's strategy and sustainable growth;
- Monitoring the redress of all IT Audit findings as per the Internal and External Auditors' reports.

CYBER SECURITY INCIDENT

On 01 July 2019, the SACAA suffered a cyber-attack that resulted in all the data in the affected servers being encrypted with AES-128+RSA-2048 crypto algorithms. No decryption keys were publicly available to decrypt the data. This led to the SACAA having to rebuild all the affected servers and to restore data from the backup systems. The data that could not be restored was recaptured from the SACAA's records. The SACAA was able to restore all systems to normality after two (2) weeks following the incident. The case was reported to the Hawks for investigation.

Other than the above incident, the SACAA was not exposed to any other major threats. Most of the attempts were found to be cyber-crime attempts, in which common criminals send impersonation emails to employees, to solicit either information or money, none of which were successful.



Governance

INTRODUCTION

“Organisations need to practice qualitative corporate governance rather than quantitative governance thereby ensuring it is properly run.”

Mervyn King™

(Chairman: King Report)

Good governance remains one of the cornerstones to SACAA's excellence. Being a successful regulator requires strong controls, sound governance structures, stable leadership at both Board and Management level and a resolute commitment to ethical conduct, anchored on strong values.

The Board of Directors of the SACAA retained its focus on sustained good governance in the reporting period, in pursuit of the continuance of the above objectives, by applying the four (4) corporate governance outcomes articulated in the King IV Report on Corporate Governance™ (King IV Report™), which permeates the ethos of the entity.

This commitment is embraced at all levels within the entity and is underpinned by the Board's focus on the four (4) outcomes contained in the King IV Report™ namely:

- Ethical Culture
- Good Performance
- Effective Control
- Legitimacy.

This approach ensured that the entity practiced qualitative governance as opposed to quantitative governance.

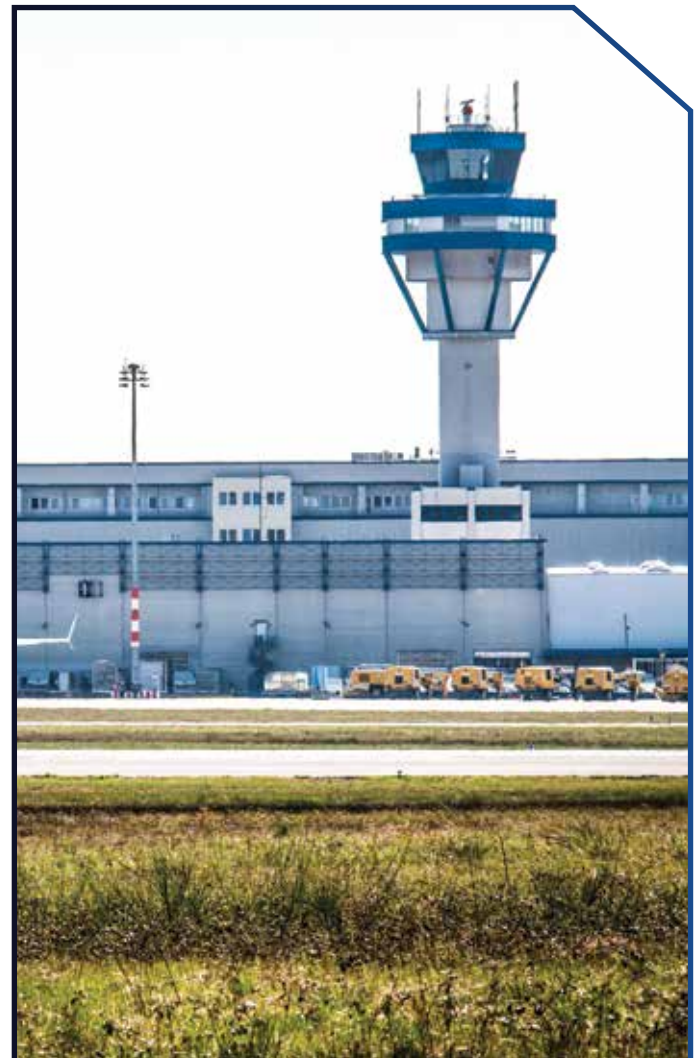
In the year under review, greater emphasis was placed on the various governance tenets, including risk management, ethics, legal compliance and information and communication technology. These enabled the Board to mitigate risks appropriately, remain accountable and provide the necessary oversight to Management, while delivering on its strategic commitments to the Executive Authority.

The entity as a Schedule 3A, ensured compliance to the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA). In terms of the PFMA and in line with the Civil Aviation Act, 2009, (Act No. 13 of 2009), the SACAA Board is the Accounting Authority, while the Minister of Transport is the Executive Authority.

As part of ingraining its governance mandate in terms of the above legislative prescripts, the Board held a Strategic Planning Session to review the strategic goals, outcomes, values and vision. These initiatives made governance pervasive and ensured that the Board conducts its affairs with accountability, transparency, fairness and prudence, with the aim of ensuring that the entity continues to remain relevant. Risk, performance and sustainability considerations were effectively integrated into the Board's oversight responsibility and were appropriately balanced.

The Board constantly keeps abreast of the latest developments that affect the entity, thereby ensuring that the Board's consideration of matters of strategy, policy and performance are always robust, informed and impactful.

As alluded to above, the Board subscribes to the principles of the King IV Report on Corporate Governance™ and is pleased with the entity's application of the King IV™ principles and will constantly strive for improvement as governance best practices evolve.



SACAA King IV™ COMMITMENT

Principles	Principle Description	High-Level Summary	STATUS
Principle 1	The governing body should lead ethically and effectively.	<p>The Board adopted the reviewed set of values in the latter part of the financial year.</p> <p>Ethical behaviour is anchored in an approved Ethics Policy and Code of Conduct. Various ethics interventions were adopted in the reporting period and an independent ethics survey was conducted.</p> <p>A Code of Conduct for the Board was put in place and the Declaration of Interest was reviewed, as it is on an annual basis, as per the requirement.</p>	Applied
Principle 2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>Ethics had been delegated to the Human Resources and Remuneration Committee to provide an oversight function.</p> <p>The ethics implementation plan was approved in the period under review and various activities were ongoing to enhance the ethics culture.</p> <p>The entity ignited its programme to embed the previously adopted cultural pillars in the reporting period, which included pillars dedicated to ethics and governance.</p>	Applied
Principle 3	The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.	<p>The entity adopted a stakeholder-inclusive approach and the Board regularly received reports on corporate social responsibility and stakeholder management activities from Management.</p> <p>The Board is committed to transformation and monitored the achievement of employment equity targets on an ongoing basis.</p> <p>The Board has a legal compliance management policy in place, aimed at ensuring compliance to all applicable laws and regulations. Legal Compliance reports are presented quarterly to the Board through the ARC.</p>	Applied
Principle 4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.	<p>Direction on strategy and performance management is firmly anchored in the Board's agenda and planning. A robust strategic planning process is undertaken annually, which includes Executive Management. The Board also considers and approves the strategic risks as part of the strategic planning process.</p>	Applied
Principle 5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.	<p>The reports issued by the entity are aligned to the PFMA, National Treasury guidelines and the King IV™ principles. The information enables stakeholders to make informed assessments about the entity. The Annual Report is prepared each year and is tabled in Parliament.</p>	Applied

Table 17: SACAA King IV™ Commitment

SACAA King IV™ COMMITMENT [continued]

Principles	Principle Description	High-Level Summary	STATUS
Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board's responsibilities are clearly articulated in the Board Charter and delegation to its Committees is defined in the Committee's approved terms of reference. The Board and Committee Charters are reviewed annually.	Applied
Principle 7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board is diversified in terms of its skills, qualifications and experience. This is also stipulated in terms of section 77 of the Civil Aviation Act. The Board is also diverse in terms of the gender balance and comprises 50% male and 50% female directors.	Applied
Principle 8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	The Board has an approved Delegation of Authority in place, coupled with adequate policies and procedures. Numerous policies are reviewed by the Board throughout the year.	Applied
Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The Board undertakes a board evaluation every two (2) years. The Board commissioned an independent evaluation in March 2020, however progress was hampered by the COVID-19 lockdown. It is anticipated that the independent evaluation will be finalised in the next financial year.	Applied
Principle 10	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The Board ensures proper delegation to its Committees through Terms of Reference (ToR) and to Management through the Delegation of Authority and Board Resolutions from time to time. The Board has an Annual Work Plan which includes Committees and provides for role clarity, thereby ensuring effectiveness.	Applied
Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Board has a Risk Management Framework and policy in place. This was reviewed and approved in the period under review. The Board sets the Risk Appetite and identifies the Strategic Risk annually as part of the Strategy Development process. Strategic Risk reports are tabled quarterly to the Audit and Risk Committee and Board.	Applied
Principle 12	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	There are different governance structures in place at Board and EXCO level to govern technology and information adequately. An IT Steering Committee is in place, and reports on technology and information are tabled quarterly at the ARC. The IT Strategy was reviewed and approved by the Board in this reporting period.	Applied

Table 17: SACAA King IV™ Commitment [continued]

SACAA King IV™ COMMITMENT [continued]

Principles	Principle Description	High Level Summary	STATUS
Principle 13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Board adopted the Legal Compliance Management Policy in March 2018. In the 2019/20 financial year, training was conducted, and implementation continued. Board oversight on legal compliance is delegated to the ARC and progress is reported on a quarterly basis to the Committee.	Applied
Principle 14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	The HRC provides oversight on issues of remuneration. The Committee keeps abreast with changes in the remuneration environment and reviewed the salary bands independently in March 2019. The adopted Remuneration Policy applied all the relevant King IV™ principles with particular reference to fairness, responsibility and transparency.	Applied
Principle 15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Board has an approved combined assurance framework in place. Implementation of the combined assurance plan was in progress for the year under review. Oversight is provided quarterly by the ARC.	Applied
Principle 16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The Board approved the Stakeholder Management Strategy in January 2020. Implementation of the previously approved stakeholder management plan has been monitored quarterly over the three-year period. A Stakeholder Management Policy was adopted.	Applied
Principle 17	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation, to promote the good governance and the creation of value by the companies in which it invests.	The entity applies the PFMA and National Treasury regulations and guidelines in terms of investments. An Investment Policy is in place, aligned to these prescripts.	Applied

Table 17: SACAA King IV™ Commitment [continued]

The Board remains the epicentre of corporate governance as enunciated in the King IV Report™. In this reporting period, the Board concerned itself with the following:

- Consideration and approval of the new five-year Strategic Plan 2020/21 to 2024/25, which included the crafting of the vision, mission, values, strategic goals and objectives.
- Consideration and approval of the Annual Performance Plan 2021 - 2022.
- Finalisation of the Strategic Risk Register for 2021/22.
- Monitoring of the entity's performance against the approved annual targets as per the Annual Performance Plan 2019/20.
- Approval of the following Strategies and Frameworks:
 - o Information Communication Technology Strategy
 - o Stakeholder Management Strategy
 - o Flight Inspection Unit Framework.
- Enhancing stakeholder value through oversight over the implementation of the previously approved three-year Stakeholder Management Plan.
- Oversight over the following key projects: Enterprise Business System, Flight Inspection Unit Acquisition and Disposal Aircraft Strategy and Relocation of the SACAA Head Office projects.
- The Board successfully held its Annual General Meeting on 11 September 2019 in Cape Town, and all the resolutions tabled were approved by the Executive Authority (Shareholder).
- The Board also submitted its Performance Agreement to the Minister of Transport in March 2020 and it was approved.
- The Board Charter and all Committee Terms of Reference were reviewed during the year.
- The reviewing of various policies and strategies, including the Delegation of Authority, continued during this period.

The Board steadfastly applied a stakeholder-inclusive model of corporate governance, where the interests of all stakeholders are taken into account in developing and implementing the SACAA Strategy, including the Annual Performance Plan.

PARLIAMENT'S PORTFOLIO COMMITTEE ON TRANSPORT

The Accounting Authority received ongoing support and guidance from the Portfolio Committee on Transport. The following engagements were held with the Committee in the period under review:

- 28 August 2019 – Presentation of the Annual Performance Plan 2019/20
- 10 October 2019 – Presentation of the Annual Report 2018/19
- 4 March 2020 – Presentation of comments on the Civil Aviation Amendment Bill.

EXECUTIVE AUTHORITY

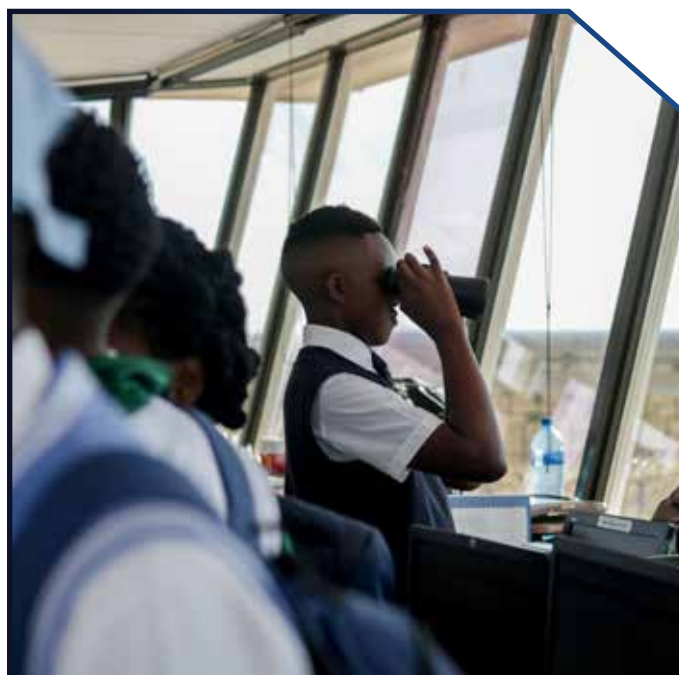
As prescribed in the Civil Aviation Act, 2009 (Act No.1 of 1999), the Minister of Transport is the Executive Authority.

In terms of the Civil Aviation Act, and in compliance with the Public Finance Management Act, 1999 (No. 1 of 1999) as well as the Board Performance Agreement, the Accounting Authority is expected to provide regular update reports on the overall performance of the SACAA to the Executive Authority. The Accounting Authority confirms that in compliance with the aforementioned legislative prescripts, it has consistently reported to the Executive Authority on a quarterly basis. All four (4) quarterly reports were submitted timeously to the Executive Authority.

At the end of the reporting period, the Board affirms that the entity has yet again met 100% of its annual targets, which validates a continued commitment in terms of King IV™ to realise good, stable performance despite the global challenges. The Accounting Authority maintains an open and transparent engagement with the Executive Authority and regularly informs the Executive Authority of progress, milestones and challenges facing the SACAA through written correspondence and interfaces with the Minister and Deputy Minister of Transport.

ACCOUNTING AUTHORITY

The Accounting Authority receives feedback from the Executive Authority on its reported performance during the year. The Board as the Accounting Authority provides strategic direction to the entity and constantly strives to achieve all obligations as stated in the annual performance plan and the performance agreement. The Accounting Authority presented its 2018/19 Annual Report to the shareholder at the Annual General Meeting on 11 September 2019. The positive feedback received from the shareholder was uplifting and appreciated.



ROLES 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 was 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;
- Oversee 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 pursuance of 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;
- Ensure that the SACAA complies with all the applicable laws, and also considers adherence to non-binding rules, codes, policies and standards; and
- In line with section 76 (c), of the Civil Aviation Act, the Board monitors service standards and customer satisfaction levels and reports to the Minister on any matter concerning such issues.

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

THE BOARD CHARTER

The Board adopted a formal Charter, which is informed by the Constitution of the Republic of South Africa, the Civil Aviation Act, the PFMA and the King IV Report™ among others.

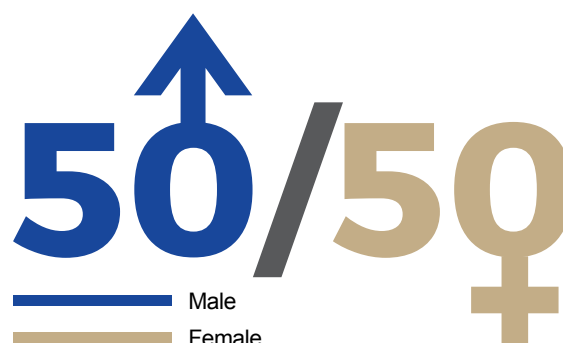
The Charter clearly articulates the respective roles, responsibilities and authorities of the Board, both individually and collectively, and reflects the values system in terms of which the Board operates. The Board Charter is reviewed and approved annually to ensure that it is relevant and aligned with best practice. It also lays the foundation for a shared understanding of the Board's role throughout the organisation. The Board confirms that, in the period under review, it has satisfactorily discharged its duties and obligations as contained in the Board Charter, thereby ensuring value creation in all that it does in terms of ethics, performance, financial sustainability and human capital.

BOARD COMPOSITION

At the end of the reporting period, the Board comprised eight (8) members, all of whom were appointed by the Executive Authority with effect from 1 December 2018.

Members of the Board as at 31 March 2019:

- | |
|---|
| • Mr E Khosa (Non-executive) – Chairperson |
| • Prof. NV Dyani-Mhango (Non-executive) – Lead Independent |
| • Mr M India (Non-executive) |
| • Mr S Sooklal (Non-executive) |
| • Dr BC Suckling (Non-executive) |
| • Ms B Koyana (Non-executive) |
| • Ms T Phewa (Non-executive) |
| • Ms P Khoza Director of Civil Aviation (Executive Director) |



Graph 08: The Board Composition

All of the above Non-Executive Directors are independent and appointed for a three-year term. There has been an element of continuity in terms of the number of reappointments. The Director of Civil Aviation, Ms Poppy Khoza, is the only Executive Director appointed on a five-year contract and whose contract came to an end on 30 November 2018. The Minister of Transport renewed the DCA's contract for a further five years, effective from 1 December 2018.

The roles of the Chairperson of the Board and the Director of Civil Aviation are clearly defined and distinct. Mr E Khosa was appointed as an independent non-executive Chairman by the Minister of Transport and remains free from any conflict of interest. The Board strives to ensure proper and seamless achievement of the regulatory mandate of the entity as contained in the Civil Aviation Act, 2009, (Act No. 13 of 2009) and the strategic objectives as approved by the Executive Authority. A total of 14 Board meetings were held in the year under review.

A mix of skills facilitates sound decision-making and enriches the discussions and deliberations at Board and Committee meetings.

SACAA BOARD APPOINTED 01 DECEMBER 2018

Name	Designation	Date Appointed	Date Retired	Qualifications	Area of expertise	Board directorship	Membership of professional Associations	Committees
Mr E Khosa	Non-Executive Director (NED) / Member Chairperson of the Board	Reappointed 01/12/2018	-	LLB Higher Diploma: Company Law Master of Science (International Development) Master of Arts (Development) B.A. Honours B.A. Humanities	Development Finance Realignment of Organisations Compliance Management Organisational Development	Shipoyila Khosa Associates Rixaka Forum	Institute of Directors of South Africa (IoDSA)	None
Mr M India	Non-Executive Director (NED) / Member Chairperson of the Aviation Security Committee (ASC)	Reappointed 01/12/ 2018	-	National Diploma in Security Risk Management Diploma in Aviation Security Management Project Management Certificate Programme in Economics and Public Finance Disaster and Communication Management Certificate Certificate in the Aviation Leaders Programme in Public Policy – Singapore Aviation Academy Aviation Supervision Management course certificate - Kenya Aviation Security Management course (Florida) Former Military/Defence/Police Officer Airport Security Ops Course (Canada)	Aviation Security	Incomar Aerospace Defence Systems Evilox Holdings Evilox Security Risk Company	Institute of Directors of South Africa (IoDSA) Former SA Representative of Av/Sec Panel of Experts of ICAO United Nations Specialised Agency Former Chairperson of the SADC Aviation Security Working Group	ARC & ASC

SACAA BOARD APPOINTED 01 DECEMBER 2018

Name	Designation	Date Appointed	Date Retired	Qualifications	Area of expertise	Board directorship	Membership of professional Associations	Committees
Professor N Dyani-Mhango	Non-Executive Director (NED) / Member Lead Independent (NED)	Reappointed 01/12/ 2018	-	LLB, LLM, LLD Professor of Law	Legal	-	Institute of Directors of South Africa (IoDSA)	HRC & ASEC
Mr S Sooklal	Non-Executive Director (NED) / Member Chairperson of the Audit and Risk Committee (ARC)	Reappointed 01/12/ 2018	-	Post Graduate Diploma: Taxation Public Accountants' and Auditors' Examinations Chartered Accountant (SA) Diploma: Accounting and Auditing (Post Graduate) Bachelor of Commerce	Finance Tax Risk Management Corporate Governance Due Diligence Reviews Assurance (Internal and External) Mergers and Acquisition Listing and Delisting of companies on the JSE Regulatory	Mascom Wireless Botswana Limited Econet Wireless Citizens Limited Lunar Capital (Pty) Ltd Member of the Disciplinary Committee: Independent Regulatory Board of Auditors	South African Institute of Chartered Accountants Independent Regulatory Board for Auditors Institute of Directors of South Africa (IoDSA) Country Club Johannesburg	ARC & HRC

SACAA BOARD APPOINTED 01 DECEMBER 2018

Name	Designation	Date Appointed	Date Retired	Qualifications	Area of expertise	Board directorship	Membership of professional Associations	Committees
Ms B Koyana	Non-Executive Director (NED) / Member Chairperson of the Human Resources Committee (HRC)	01/12/ 2018	-	Honours Bachelor of Arts in Social Science (Psychology) Transnet MD's Executive Women Development Programme (EDP) Management (Postgraduate Certificate) Bachelor of Social Sciences	Airline Industry Experience Business Process Outsourcing Human Resources Stakeholder Management Communications Customer Service Coaching and Leadership Development	South African Civil Aviation Authority (SACAA) South African National Parks Board (SANParks)	Institute of Directors of South Africa (IoDSA) Honorary Member of the Golden Key International Honour Society from the University of Pretoria Chapter	HRC & ASC
Dr BC Suckling	Non-Executive Director (NED) /Member Chairperson of the Aviation Safety and Environmental Committee (ASEC)	Reappointed 01/12/ 2018	-	B. Iuris LLB LLM MBA DBA ATPL Admitted Advocate of the High Court, South Africa SAQA Rated Assessor IATA –IOSA Auditor IFALPA: Airport Runway and Airport Safety Representative Family and Divorce Mediation ICAO Subject Matter Expert Commercial Mediation (UCT)	Aviation Law Flight Operations and Airports Law	Transnet Pension Fund (TSDBF)	Institute of Directors of South Africa (IoDSA)	ASEC & ARC

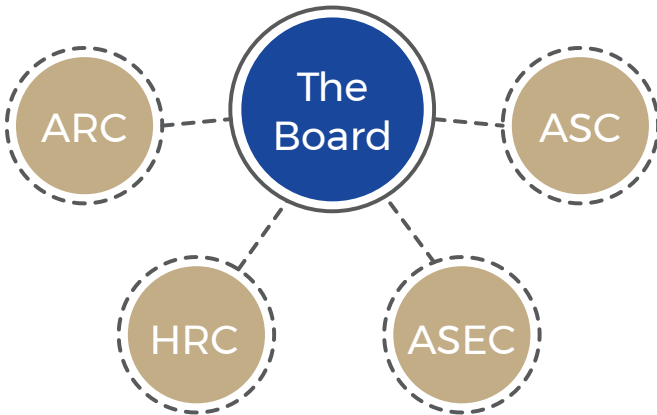
SACAA BOARD APPOINTED 01 DECEMBER 2018

Name	Designation	Date Appointed	Date Retired	Qualifications	Area of expertise	Board directorship	Membership of professional Associations	Committees
Ms T Phewa	Non-Executive Director (NED) Shareholder Representative	Reappointed 01/12/ 2018	-	Diploma in Airport Management Managing Integrated Development Service Delivery M.A. in Rural Development Honours: B. Social Science in Sociology B. Social Science majored in Sociology and Political Science	-	-	Institute of Directors of South Africa (IoDSA)	ASEC & ASC
Ms P Khoza	Executive Director Director of Civil Aviation (DCA)	01/11/2013 Reappointed 1/12/2018	-	B. Management and Advanced Business Programme International Executive Development Programme (Wits and London Business School) International Visitor's Leadership Programme (USA) Civil Aviation Chief Executive Programme Certificate (Singapore Aviation Academy) Various Civil Aviation Certificates from ICAO and IATA Certificate in Travel and Tourism Certificate in Emerging Women Management Programme SACAA Executive Development Programme - Henley Business School	Leadership and Aviation	-	Institute of Directors of South Africa (IoDSA)	Invitee to the ARC, HRC, ASEC, ASC

BOARD AND BOARD COMMITTEES

In terms of Principle 8 of King IV Report™, the Board is required to delegate certain functions to well-structured Committees without abdicating its own responsibilities. This provision is also made under Section 81 of the Civil Aviation Act, thus making the Board Committees 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 governance structure adopted by the Board at committee level enabled the Board to provide oversight and strategic direction on material issues affecting the entity, while empowering Management to execute and deliver against the approved strategy.

The Board has four (4) Committees, namely:



- Audit and Risk Committee (ARC),
- Human Resources Committee (HRC),
- Aviation Security Committee (ASC), and
- Aviation Safety and Environmental Committee (ASEC).

All the Committees operate within the framework of the Board approved Terms of Reference, which are reviewed annually by the various Committees and approved by the Board. In addition, each Committee has an approved annual work plan linked to its Terms of Reference, the Civil Aviation 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 annually at the Annual General Meeting (AGM). The above ensures a healthy system of governance.

AUDIT AND RISK COMMITTEE (ARC)

The Committee is a statutory committee that provides independent and objective oversight over, among 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 mandate of the ARC is mostly derived from the

PFMA. Members of the ARC were nominated by the Board and their appointment was ratified at the AGM of 11 September 2019.

The responsibilities of the Committee are as follows, but are not limited to the following:

- Ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- The adequacy, reliability and accuracy of the financial information provided by Management and other users of such information;
- Reviewing the internal control systems and structure, 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;
- 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; and
- Reviewing and recommending tenders above R 10 million to the Board for approval.

The Committee reviewed the following quarterly reports, in the year under review:

- Financial reports
- Materiality reports
- Internal Audit
- Fraud Management
- Risk Management
- Performance Management
- Combined Assurance
- Legal Compliance
- Information and Communication Technology.

In the year under review additional emphasis was placed on risk management, internal audit and the combined assurance functions.

A detailed report from the Committee is contained in PART E: Annual Financial Statements; of this report.

HUMAN RESOURCES COMMITTEE (HRC)

The Human Resources Committee (HRC) advises the Board on human resource (HR) related matters and recommends to the

Board for approval all HR related policies and strategic documents. This Committee provides independent and objective oversight over, among 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 the Board-approved Terms of Reference.

In the year under review, the Committee focussed on the following activities:

- Review and approval of the human resources operational plan.
- Monitoring of the performance against the approved HR operational plan on a quarterly basis.
- Review and recommendation to Board of the annual performance bonuses.
- Review of the annual salary increases.
- Review of the Stakeholder Management Strategy, Contact Centre Business Case and other policies.
- Review of the HRC Terms of Reference.
- Monitoring of the social economic activities.
- Monitoring of the ethics programme and implementation activities.

AVIATION SAFETY AND ENVIRONMENTAL COMMITTEE (ASEC)

The Aviation Safety and Environmental Committee (ASEC) was constituted to ensure that the Board is fully appraised of aviation safety matters, including environmental issues. The Committee provides oversight on aviation safety and environmental matters and mobilises the requisite resources for safety and environmental matters. The ASEC continues to review key strategies impacting safety in the aviation industry as well as the quarterly divisional reports.

AVIATION SECURITY COMMITTEE (ASC)

The role of the Committee is to acquaint the Board with all aviation security matters. The Board allocates funding for security matters, including audits where required. In the period under review, the Committee reviewed the divisional quarterly reports.

BOARD MEETINGS AND BOARD COMMITTEE MEETINGS

BOARD MEETINGS

BOARD MEETINGS NUMBER OF MEMBERS - 8

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr E Khosa	Chairperson	14	13/14
2. Mr M India	Member	14	13/14
3. Mr S Sooklal	Member	14	13/14
4. Prof. N Dyani Mhango	Member	14	13/14
5. Dr B Suckling	Member	14	14/14
6. Ms B Koyana	Member	14	14/14
7. Ms R Phewa	Member	14	13/14
8. Ms P Khoza	Member	14	14/14

Table 19: Board and Board Committee Meetings

**BOARD STRATEGY SESSION
NUMBER OF MEMBERS - 8**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr E Khosa	Chairperson	2	2/2
2. Mr M India	Member	2	2/2
3. Mr S Sooklal	Member	2	2/2
4. Prof. N Dyani Mhango	Member	2	2/2
5. Dr B Suckling	Member	2	2/2
6. Ms B Koyana	Member	2	2/2
7. Ms R Phewa	Member	2	2/2
8. Ms P Khoza	Member	2	2/2

**ANNUAL GENERAL MEETING
NUMBER OF MEMBERS - 8**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr E Khosa	Chairperson	1	1/1
2. Mr M India	Member	1	1/1
3. Mr S Sooklal	Member	1	0/1
4. Prof. N Dyani Mhango	Member	1	0/1
5. Dr B Suckling	Member	1	1/1
6. Ms B Koyana	Member	1	1/1
7. Ms R Phewa	Member	1	1/1
8. Ms P Khoza	Member	1	1/1

**BOARD & EXCO STRATEGIC RISK WORKSHOP
NUMBER OF MEMBERS - 8**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr E Khosa	Chairperson	1	1/1
2. Mr M India	Member	1	1/1
3. Mr S Sooklal	Member	1	1/1
4. Prof. N Dyani Mhango	Member	1	0/1
5. Dr B Suckling	Member	1	1/1
6. Ms B Koyana	Member	1	1/1
7. Ms R Phewa	Member	1	0/1
8. Ms P Khoza	Member	1	1/1

**BOARD TASK TEAM MEETING
NUMBER OF MEMBERS - 3**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr E Khosa	Chairperson	6	6/6
2. Mr S Sooklal	Member	6	6/6
3. Prof. N Dyani Mhango	Member	6	6/6

Table 19: Board and Board Committee Meetings [continued]

BOARD COMMITTEE MEETINGS**AUDIT AND RISK COMMITTEE****NUMBER OF MEMBERS - 3**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr S Sooklal	Chairperson	7	7/7
2. Mr M India	Member	7	7/7
3. Dr B Suckling	Member	7	7/7

AUDIT AND RISK COMMITTEE WORKSHOP**NUMBER OF MEMBERS - 3**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr S Sooklal	Chairperson	1	1/1
2. Mr M India	Member	1	1/1
3. Dr B Suckling	Member	1	1/1

HUMAN RESOURCES AND REMUNERATION COMMITTEE**NUMBER OF MEMBERS - 3**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Ms B Koyana	Chairperson	11	11/11
2. Mr S Sooklal	Member	11	10/11
3. Prof. N Dyani Mhango	Member	11	10/11

AVIATION, SAFETY AND ENVIRONMENTAL COMMITTEE**NUMBER OF MEMBERS - 3**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Dr B Suckling	Chairperson	4	4/4
2. Ms R Phewa	Member	4	4/4
3. Prof. N Dyani Mhango	Member	4	4/4

AVIATION SECURITY COMMITTEE**NUMBER OF MEMBERS - 3**

Name	Designation	Number of meetings held	Total number of meetings attended
1. Mr M India	Chairperson	4	4/4
2. Ms B Koyana	Member	4	4/4
3. Ms R Phewa	Member	4	3/4

Table 19: Board and Board Committee Meetings [continued]

BOARD REMUNERATION

The Board remuneration is determined by the Minister of Transport in accordance with the Civil Aviation Act. 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.

The Board remuneration is disclosed in the Annual Financial Statements and is summarised hereunder:

Name	Annual Stipend Remuneration	Other Allowance	Other Reimbursements*	Total
Mr E Khosa ¹	381 569	N/A	20 900	402 469
Mr Sooklal ²	383 027	N/A	12 560	395 587
Mr M India	326 376	N/A	23 278	349 654
Prof. NV Dyani-Mhango	335 592	N/A	24 307	359 899
Dr B Suckling	336 007	N/A	17 590	353 597
Ms B Koyana	356 305	N/A	9 321	365 626

*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.

1. Fees include 15% VAT.
2. Fees include 15% VAT.

Table 20: Board remuneration



AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 50(1) and 51(1) of the PFMA and Treasury Regulations. The Audit and Risk Committee 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 Audit and Risk Committee is established as an independent statutory committee in terms of the PFMA and the Civil Aviation Act. The Committee oversees all audit and risk matters for the SACAA; however, the Board is ultimately accountable for risk management.

The Audit and Risk Committee for the year ended 31 March 2020 comprised of three non-executive members and was chaired by an independent non-executive member, Mr Surendra Sooklal. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General of South Africa all have a standing invitation to the Audit and Risk Committee meetings. The appointment of the Audit and Risk Committee members is confirmed annually at the Annual General Meeting by the Executive Authority.

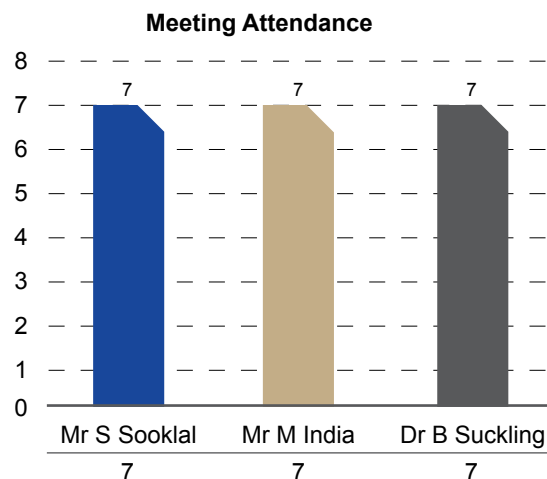
On an annual basis, the Audit and Risk Committee assesses the effectiveness of the Internal Audit activity against the criteria outlined below:

- Achievement of the annual Internal Audit Plan;
- Compliance with the Institute of Internal Auditors' professional standards;
- 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, two special meetings and a workshop. The purpose of the workshop was to review the reporting and plans relating to internal audit, risk management and combined assurance. 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 AUDIT AND RISK COMMITTEE MEMBERS



WORK OF THE COMMITTEE IN 2019/20

During the period under review, the Committee 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 Committee's activities are also guided by its Terms of Reference which are annually reviewed and approved by the Board.

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

Internal audit provides the Audit and Risk Committee with reasonable assurance that the majority of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. 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 effective.

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

The Audit and Risk Committee is responsible for overseeing risk management and reviewing the internal controls. Reviews on the

effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessment.

During the year under review, the Committee conducted the following activities:

Reviewed and recommended the following matters to the Board for approval:

- Quarterly risk reports containing potential risks and opportunities aligned to the SACAA's vision and mission, emerging events and reportable incidents;
- Quarterly PFMA compliance reports;
- Quarterly finance and materiality reports;
- SACAA's policies on risk assessment and risk management, including fraud risks and information technology risks;
- The Medium-Term Expenditure Framework for the ensuing periods;
- Revision of the Delegation of Authority and approval of the fixed assets management policy; and
- Information and Communication Technology Strategy, amongst others.

Reviewed and approved the following quarterly reports:

- Information and Communication Technology;
- Combined assurance reports;
- Materiality reports;
- Legal compliance, litigation and fraud incidents; and
- Oversight on capex projects including the acquisition of the FIU aircraft.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee reviewed the 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 Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgments and estimates contained in the 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 entity 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 judgments 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 entity'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 Internal Audit Unit is responsible for reviewing and providing assurance on the adequacy of internal control environment across all the significant areas of the SACAA's operations.

The Audit and Risk Committee 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 Audit and Risk Committee 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.

During the reporting period the Audit and Risk Committee conducted the following activities:

Reviewed and approved/noted the following matters:

- Annual internal audit plan and the three-year rolling plan;
- A progress report on the closure of the internal audit findings;
- Internal audit's quarterly reports in line with the approved internal audit plan; and
- Internal audit charter for the 2019/20 financial year.

Furthermore, the Audit and Risk Committee monitored the implementation of the Combined Assurance Plan and Model to ensure the coordination and alignment of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach, including resources optimisation.

The Audit and Risk Committee has formed an opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Unit has complied with the internal audit standards, the required legal, regulatory and other responsibilities as stipulated in its charter during the period under review. We are satisfied that the Internal Audit function is operating effectively, and that it has addressed the risks pertinent to the SACAA in its internal audits.

WHISTLE-BLOWING

In compliance with the Protected Disclosures Act, 2000, the SACAA has established and maintains an independent fraud hotline service. The Audit and Risk Committee wishes to report that, for the financial year under review, it received and dealt with concerns or complaints brought to its attention, 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 Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by Internal Audit. The Audit and Risk Committee receives on a regular basis progress reports on the status of the investigations, and the Committee ensured that the necessary corrective action was taken by management.

THE QUALITY OF MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied that it received sufficient, reliable and timely information from management in order to enable it to fulfill its responsibilities. During the year under review, quarterly management reports were presented by management to enable the Committee 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 entity'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 entity are made; and
- Review all material information presented together with the management accounts.

THE QUALITY OF BUDGETS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk 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 Audit and Risk Committee, in consultation with the SACAA's management, agreed to the terms of the Auditor-General South Africa's engagement letter, audit strategy and audit fees in respect of the 2019/2020 financial year.

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

The Audit and Risk Committee 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 2018/2019 financial year. All the action items were closed by the end of the 2019/2020 financial year.

The Auditor-General has unrestricted access to the SACAA's records and management and furnishes a written report to the Committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Committee.

The Audit and Risk Committee 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.



Mr Surendra Sooklal

Chairperson: Audit and Risk Committee

Date: 31 August 2020

RISK MANAGEMENT

The objective of the SACAA's Enterprise-Wide Risk Management programme is to reduce the total cost of risk, maximise available opportunities and add maximum sustainable value to all activities of an organisation by assisting in achieving key strategic objectives. In addition, the objective of risk management is to identify relevant risks and ensure that the organisation identify opportunities to mitigate the risks. To this end, enterprise-wide risk management is embedded throughout the SACAA, to ensure that the organisation fulfils its mandate, achieves its strategic objectives and explores identified opportunities. This is achieved through the continuous reassessment of current risks and the identification of emerging risks.

All identified risks, whether strategic, tactical or operational in nature were assessed, documented in the risk registers, and mitigated through existing controls and recommended actions to ensure an acceptable level of control and the effectiveness of the measures.

The risk appetite was determined directly in relation to the SACAA's strategy and considered in terms of strategy setting, resource allocation, and key management decisions and actions. To this

end, Risk Management is a standing item on the Audit and Risk Committee's agenda. The Audit and Risk Committee reviews organisational risk on a quarterly basis.

Four (4) major risks on the SACAA risk registers materialised during the period under review. These included the following:

- The cyber security risk when the SACAA suffered a cyber-attack on 1 July 2019;
- The financial sustainability risk when South African Airways (SAA) was put under business rescue - this because the national carrier was one of the biggest contributors to the SACAA's Passenger Safety Charge revenue stream;
- The fatal accident involving the Flight Inspections Unit aircraft and;
- The outbreak as well as the effects of the Novel Corona Virus (COVID-19).

As outlined in the Strategic Risk Register matrix below, progress was realised in terms of the identified actions.

SACAA STRATEGIC RISK MATRIX – 2019/20

No.	Risk Description	Strategic Goal	Strategic Objective	Inherent Risk Level	Residual Risk Level
1	Increased number of accidents in general aviation	Regulate aviation industry effectively and efficiently	Reduce the aircraft accident rate in the general aviation sector	20	16
2	Lack of compliance to the B-BBEE Codes	Enhance human capital and accelerate organisational transformation	Accelerate internal transformation	16	6
3	Unsafe civil aviation operations	Regulate aviation industry effectively and efficiently	Achieve a step change in regulating aviation safety and security	25	10
4	Inefficient customer service	Achieve customer service excellence	Improve customers' service experience	20	9
5	Lack of critical and scarce skills to deliver on SACAA mandate	Enhance human capital and accelerate organisational transformation	Drive a performance culture	15	15
6	Inadequate response to information and cyber security threats	Improve organisational efficiency and effectiveness	Achieve integrated ICT Systems	20	20
7	Inefficiencies in processes and systems	Improve organisational efficiency and effectiveness	Significantly improve internal and external stakeholder engagement	16	8
8	Unsustainable income streams	Improve financial sustainability of the Regulator	Diversify and expand sources of revenue	20	20
9	Poor stakeholder relations impacting negatively on aviation safety and security	Drive stakeholder management and regional cooperation	Improve stakeholder engagement and enhance regional cooperation aligned to the ICAO NCLB programme	16	6

Table 21: SACAA Strategic Risk Matrix

INTERNAL CONTROL UNIT

The SACAA does not have an Internal Control Unit, as such functions and activities are managed by the Internal Audit Division and the Board's Audit and Risk Committee.

INTERNAL AUDIT

The SACAA established an Internal Audit Division, in line with the Public Finance Management Act, Treasury Regulations, and Standards for the Professional Practice of Internal Audit, including the best practice of King IV™ Report on Corporate Governance.

Internal Audit provides both assurance and consulting services. 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 processes, which must be managed in a manner that ensures:

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

The work of the Internal Audit Division is guided by the Internal Audit Charter, which is aligned to the Board's Audit and Risk Committee Charter. The Internal Audit Division reports functionally to the Board's Audit and Risk Committee and administratively to the Director of Civil Aviation. The Audit and Risk Committee approves strategies/plans and reviews the work of the Internal Audit Division on a quarterly basis, or as when the need arises.

The Internal Audit Division performs its work in line with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics for Internal Auditing, issued by the Institute of Internal Auditors. All employees within the Internal Audit Unit are registered and are members of the Institute of Internal Auditors.

a. Key Activities and Objectives of the Internal Audit Division

The Internal Audit Division mainly focuses on assurance and consulting services as required by the Institute of Internal Auditors' standards.

Assurance services consist of independent reviews on the adequacy and effectiveness of the risk management, internal control and governance processes. Independent reviews include

a continuous review of compliance, by management and staff, to relevant legislation, regulations, approved policies and procedures, and best industry practices, where applicable.

Consulting services are advisory in nature and are intended to add value and improve the SACAA's operations. They are generally performed at the specific request of Management and/or an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client.

The Internal Audit Division 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 are improved internal controls within the organisation, as well as compliance with applicable legislation. In addition, the Internal Audit Division constantly and regularly monitors organisational performance to ensure that the deliverables as outlined in the Annual Performance Plans (APP) are achieved.

b. Summary of Audit Work undertaken

The Internal Audit Charter was reviewed and approved by the Board's Audit and Risk Committee. The internal audit methodology was revised to remain consistent and relevant to new updates of the Internal Audit Standards for the Professional Practice of Internal Auditing. This was also aimed at ensuring that there is continuous improvement of the internal audit processes.

A risk-based, three-year Coverage Plan and Annual Plan for 2019/20 were reviewed and approved by the Board's Audit and Risk Committee. The number of audits completed for the 2019/20 financial year were 47, as compared to 36 in the previous reporting period.

The results are reflected in the table below:

Progress report for the year	2018/19	2019/20
Annual planned audits finalised and reports issued	32	33
Ad-hoc audits finalised and reports issued	4	14
Total Internal Audit reports issued during the year	36	47

The progress reports against the plans are presented monthly to EXCO and quarterly to the Audit and Risk Committee by the Acting Chief Audit Executive. The increase in the number of ad-hoc requests demonstrates that Internal Audit is playing a meaningful and support role to stakeholders. This is demonstrated by Management and the Audit Committee's request for assurance work from Internal Audit.

Management takes accountability for implementing the agreed actions and Internal Audit conducts follow-up reviews to ascertain the implementation status. An Internal Audit Findings Tracking Register was developed and monitored monthly for progress made

by Management in implementing the agreed actions and plans. As at the end of the 2019/20 financial year, the progress made was as follows:

Financial Year	2018/19	2019/20
Total number of findings	51	77
Total number of findings resolved	50	39
Total number of findings being attended to	1	38
Percentage of resolved findings	98%	51%

98% of the findings from the reporting period were closed or resolved by Management; the remaining 2% is planned to be resolved in the first quarter of the next financial year. The outbreak of COVID-19 affected the final implementation of management actions to address the outstanding finding.

In the year under review, Internal Audit started with monitoring the findings issued in the same year. About 51% of the findings were closed or resolved by Management. The majority of outstanding findings relate to reports issued in the fourth (4th) quarter, where the implementation timelines were planned for the first (1st) and second (2nd) quarters of the following year. The Internal Audit Division is pleased with the effort that Management has put in place in ensuring speedy resolution of the outstanding findings.

In the year under review, a campaign was undertaken that was aimed at amplifying awareness among the SACAA's employees regarding the role and services of the Internal Audit Division. The awareness initiatives included, among others, participation during the induction of new employees, as well as presentations to staff, Management structures and during Management Committee (MANCO) meetings.

COMBINED ASSURANCE MODEL

Following the Board approval of the SACAA Combined Assurance model on 31 October 2017, the organisation adopted the King IV™ guidelines to ensure that the organisational model incorporates and optimises assurance services and functions, thereby enabling an effective control environment. The SACAA Combined Assurance model, which considers five (5) lines of assurance, integrates the efforts of internal assurance providers with that of independent and external assurance providers. The current model supports the integrity of information used for decision-making by management, the governing body and its committees, as well as the integrity of the organisation's external reports.

The 2019/20 Combined Assurance Annual Plan focussed on the alignment of the efforts of the different assurance providers to ensure increased collaboration and the development of a shared

and a holistic view of the organisation's risk profile, while eliminating "assurance fatigue", which usually results from an uncoordinated assurance approach. The SACAA ethics and compliance frameworks further aided in the alignment process, as the actions identified and associated risk registers were co-ordinated to ensure a value-added outcome for the SACAA. The quarterly combined assurance reports are regularly reviewed by EXCO and the Board.

The SACAA procured additional licences for the Barn-Owl system that was already implemented in its Internal Audit function to further integrate and automate the assurance functions. Phase 1 of the project, which included the Quality Assurance, Occupational Health and Safety, Organisational Performance and Risk Management was at 87% complete at the end of the reporting period.



MANAGING FRAUD AND CORRUPTION

The Fraud and Corruption Prevention Framework, as previously approved by the Board, has and continues to be implemented by the SACAA. In the period under review, the Framework and supporting policies were reviewed to ensure continuous relevance and changes in the organisation.

The amended Whistle-Blowing Policy followed the continuous efforts by Management to create awareness of the Fraud Hotline as a tool and/or mechanism to reduce fraud and corruption within the aviation industry. A number of awareness campaigns were conducted internally and externally. A total of 111 incidents were reported in the current financial year, compared to 58 in the previous financial year.

This is due to the increased level of trust in the whistleblowing hotline; hence the increase in the number of incidents reported. The majority of incidents that were reported, related to irregular business practices that needed intervention from the SACAA to enforce compliance to regulations by stakeholders.

Management continued to monitor the few forensic investigations that were conducted; and expedited the implementation of the recommendations made by the SACAA's Forensic Department, as well as incidents reported through the Fraud Hotline. The reporting and investigation of incidents was enhanced by Management's commitment to fully implement the recommendations contained in the Forensic Investigation Reports. The Audit and Risk Committee also monitors the implementation of the forensic reports.

The work done to manage and/or reduce fraud and corruption has provided the Audit and Risk Committee as well as the Board with the required level of assurance that the risks associated with fraud, corruption, and maladministration are being managed effectively by the SACAA. Management is satisfied that sufficient assurance has been provided and accepted by the Audit and Risk Committee, as well as the Board, that potential incidents relating to fraud, corruption, and irregularities are being well managed within the organisation.

MINIMISING CONFLICT OF INTEREST

Conflict of interest forms an integral part of the sound ethical practices at SACAA and 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. In the year under review, the Board ensured compliance to the conflict of interest policy, which ensures alignment with the Civil Aviation Act and best practice in terms of dealing with conflict of interest.

The declarations are verified by Internal Audit for validity, accuracy and completeness and, where discrepancies exist, such discrepancies are subjected to a forensic investigation. Internal Audit has the mandate to conduct lifestyle audits at any given

moment where they deem it appropriate on all Divisions, including Supply Chain Management (SCM). In addition, all employees within the SCM department are vetted annually to manage issues of conflict.

Board members are required to declare any conflict of interest on an ongoing basis. The Board Charter, read together with Section 84 of the Civil Aviation Act, details the importance of declaring conflict of interest and contains prescripts for dealing with such conflicts. Board members are required to complete an annual declaration of interest and to declare interest on any item on the agenda at each Board and Committee meeting.

ETHICS AND CODE OF CONDUCT

The SACAA subscribes to upholding the highest standards of ethical conduct and good governance. The King IV Report on Corporate Governance™ describes ethics as follows:

“Considering what is good and right for the self and the other and can be expressed in terms of the golden rule, namely, to treat others as you would like to be treated yourself. In the context of organisations, ethics refers to ethical values applied to decision-making conduct, and the relationship between the organisation, its stakeholders and the broader society.”

In keeping with the above ethical direction, the Board approved the Ethics Policy and Code of Conduct in March 2017. The Board in 2019, set the ethical tone at the top of the organisation, and ensured that this was cascaded down to the entire organisation. A

detailed and effective ethics framework was developed to ensure that the SACAA maintains the reputation of integrity in all of its dealings. Various ethics initiatives were implemented throughout the year to reinforce ethical behaviour, which entailed an ethics survey, workshops, and training, including the revision of policies and procedures.

Employees are expected to fulfil their duties with integrity and respect towards customers, stakeholders and the community, without the abuse of authority and in line with the approved Ethics Policy and Code of Conduct. These governance instruments conscript the ethical principles that are envisaged at the SACAA for its directors, employees and contractors and are linked to values adopted by the Board, which seek to also provide guidance and ensure that ethics is put into action. It aids in strengthening the

relationships among different role-players and fosters a credible ethical working relationship and culture at the SACAA.

A platform was created to take the Ethics Awareness to greater depth and has become necessary to customise training for the various divisions within the SACAA. An Ethics Handbook, which was developed in the previous reporting period, is being used by employees as a “Quick Reference” and continued to be distributed throughout the period under review.

To give effect to the King IV™ ethics outcome, the Board delegated the oversight of ethics to the Human Resources Committee, to ensure a more dedicated focus on ethics.

In the next reporting period, the Ethics Survey results will be unpacked. The Ethics Policy and Code of Conduct will be revised. The Ethics Framework and Risk Register will also be revised to address any areas of improvement identified by the survey.

SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The SACAA places a high premium on the well-being of its employees and is continuously improving on the effectiveness of its well-established health and safety management system to ensure the continued health, safety, welfare, and good working environment for its employees. The health and safety management system complies with the recognised standards and is backed by effective policies and procedures.

The Health and Safety Unit successfully achieved its annual performance objectives by performing audits and inspections, as well as the continuous organisation-wide occupational health and safety hazard identification and risk assessments, both at the Head Office and satellite offices.

Continuous training and capacity building was provided to an active contingent of 14 trained Occupational Health and Safety (OHS) representatives.

Two (2) emergency evacuation procedure exercises were successfully concluded in the reporting period. Over and above, the SACAA was issued with a Letter of Good Standing from the Department of Labour’s Compensation Commissioner. On the other hand, the Health and Safety Unit has noted the need to intensify awareness across the organisation in relation to occupational health and safety in respect of COVID-19.

The number of on-duty incidents increased by four (4) in the period under review, when compared with the previous reporting period.

There were three (3) fatalities, four minor injury cases, one (1) major injury and zero ill-health cases reported during the 2019/20 financial year. All reportable incidents were reported to the Compensation Commissioner of the Department of Employment and Labour as required by the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993). Three (3) fatalities were reported as the result of the aircraft accident involving the Cessna Citation SII S550, owned and operated by the SACAA.

Below is a table on the number of incidents in the 2019/20 financial year:

Two-year comparison of reported injuries on duty		
Category of injury	2018/19	2020/21
Fatal	0	3
Minor Injury	3	4
Major injury	0	1
Dangerous occurrence	0	0
Ill health	1	0
Total reports	4	8

Table 23: Register of injuries on duty



COMPANY SECRETARY

The Board confirmed that it is supported by a competent Company Secretary. The Company Secretary plays an instrumental role in advising the Board on its roles and responsibilities, among other duties.

The roles and responsibilities of the Company Secretary are defined in the Board Charter, read together with the King IV report™ and the Company Secretary is evaluated annually and every second year 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 had access to the services of independent professionals and advisors where necessary; and such advice is obtained in accordance with the Board-approved process. 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 as follows:

- 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;
- Monitoring of legislative compliance; and
- Being responsible for implementation of the ethics programme.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility involves all the voluntary activities that are undertaken by various organisations' being conscious of the kind of impact that they have on all aspects of society and that they operate in an economic, social and environmentally sustainable manner.

The SACAA's Corporate Social Responsibility functions as a built-in, self-regulating mechanism, that allows the SACAA to monitor and ensure compliance with the spirit of the law and ethical standards as encapsulated in the King IV™ Code of Good Governance. To this end, Corporate Social Responsibility is viewed by the SACAA as being part of the strategic environment, that contributes to real social development and economic growth, and is not seen only as an extension of its marketing and public relations activities.

CHILD-HEADED FAMILIES PROJECT

The Child/Youth-headed family project is a key socio-economic development project that the SACAA embarks on as part of its Corporate Social Responsibility (CSR) programme. The SACAA implements the child/youth-headed household project to enhance the livelihoods of the identified families within their communities.

The project was conceptualised in 2018 and has been operational since. Through the project, the SACAA provides monthly groceries to nine (9) child/youth-headed households across the country. These families come from low-income areas in each of the provinces in the country. Seven (7) of the families were identified through the Department of Social Development and two (2) were identified through the visits to schools during the Aviation Career Awareness Programme. In the year under review, the SACAA continued with this poverty alleviation initiative, by donating monthly grocery vouchers for a period of 12 months to the families, enabling them to redirect their social grants money to other basic needs, thereby improving their holistic livelihood.

Over and above, the SACAA partnered with the Deputy Minister of Transport on her annual Relief Support Programme for child-headed families affected by road crashes, and donated 100 grocery packs, consisting of basic survival essentials.

SCHOOL SUPPORT PROGRAMME

In the year under review, the SACAA re-established its School Support Programme. The programme is aimed at supporting needy schools, especially those that are rural-based, with equipment and various other resources needed to facilitate a conducive teaching and learning environment. These SACAA interventions range from building Computer and Science laboratories, through to providing essentials such as school uniforms to learners from disadvantaged communities as well as the drilling of a borehole to ensure that a school had access to water.

SACAA BURSARY PROGRAMME AND THE iFLYSTEM (MATHS AND SCIENCE SCHOOL PROGRAMME)

The iFlySTEM Programme was conceived in 2006, following the establishment of the Joint Aviation Awareness Programme. The mandate of the Joint Aviation Awareness Programme is to respond to the need to expose and educate learners from previously disadvantaged backgrounds about career options within the aviation industry. To date, the programme has reached over 28 000 learners in more than 100 schools nationwide each year. The Aviation Development Unit has visited far-flung areas in the country such as ka-Mhinga, Lusikisiki and Koffiekraal. Interventions made through the programme led to an increase in the number of learners that were interested in careers within the aviation industry, but with no funding to support their dreams.

To this end, the SACAA launched its Bursary programme in 2014, with an annual spend of between R2 and R4 million. The Bursary is intended to provide financial support to students from previously disadvantaged communities, to assist them in accessing opportunities within the aviation industry. Students are funded to study Aeronautical Engineering, Aircraft Maintenance Engineering and Pilot Training.

Both the SACAA Bursary programmes and those offered by industry stakeholders opened a world of opportunities for the youth. However, many learners are not eligible to apply for the bursary programme due to poor Mathematics and Science grades. School administrators cited the inadequate number of teachers in the Mathematics and Science classes, especially in the public schools, as one of the major contributing factors to this dilemma. Mathematics and Science are two important subjects for learners who want to pursue careers within aviation, medicine, engineering and technology. To mitigate this challenge, the iFlySTEM project was introduced to address one of the education system's biggest challenges.

The iFlySTEM programme supports initiatives that are aimed at improving the performance of learners who are far below par in the Mathematics and Science grades, through the provision of

extra classes. Studies have shown that the extra Mathematics and Science lessons have contributed to learners' improved performance in these subjects. The programme also offers assistance in personal development and mastery programmes and exposes these learners to careers in the aviation industry.

DEPARTMENT OF TRANSPORT SOCIAL DEVELOPMENT PROGRAMMES PARTNERSHIPS

The SACAA partnered with the Department of Transport on the International Civil Aviation Organization (ICAO) Innovation Fair. The Innovation Fair was aimed at assisting a team of youngsters to achieve their dream of assembling an aircraft called Sling-4, which is proudly produced in and by South Africans. Under the guidance of a group of senior engineers and within a highly controlled environment, the inexperienced teenagers achieved a dream that is regarded as impossible by many across the world.

The travel costs for one (1) member of the U-Dream Global Team to showcase their project at the ICAO Innovation Fair that was held in Montreal, Canada, were borne by the SACAA. This support ensured that a talented fellow South African was able to share their own experience and showcase their own talents with the global aviation community.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

The SACAA continued to foster and nurture its adherence and compliance to the tenets of the broad-based black economic empowerment (B-BBEE), by maintaining its level – 2 B-BBEE status.

Below is a table that depicts the SACAA's B-BBEE compliance status.

B-BBEE SCORECARD SUMMARY: Management Control					
Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Board Participation	Exercisable voting rights of black Board Members as a percentage of all Board Members	2.5	33.00%	100.00%	2.50
	Exercisable voting rights of black female Board members as a percentage of all Board Members	2.5	16.50%	60.00%	2.50
	Black persons who are Executive Directors as a percentage of all Executive Directors	2	33.00%	100.00%	2.00
	Black female Executive Directors as a percentage of all Executive Directors	2	16.50%	100.00%	2.00
Top Management	Black Senior Top Management	2	26.00%	100.00%	2.00
	Black Women Senior Top Management	2	13.00%	100.00%	2.00
	Black Other Top Management	1.5	26.00%	80.00%	1.50
	Black Women Other Top Management	1.5	13.00%	40.00%	1.50
	Percentage of black people living with disability as percentage of total management	1	3.00%	0.00%	0.00
Bonus Points	Black independent Non-executive Board Members	3	26.00%	100.00%	3.00
					19.00

Table 24: SACAA's B-BBEE compliance status

B-BBEE SCORECARD SUMMARY: Employment Equity

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Disabled	Black disabled employees as a percentage of all employees	2	2.00%	0.89%	0.89
	Black women disabled employees as a percentage of all employees	2	1.00%	0.53%	1.07
Management	Black employees in senior management as a percentage of all such employees	4	43.00%	100.00%	4.00
	Black women employees in senior management as a percentage of all such employees	3	21.50%	66.67%	3.00
	Black employees in middle management as a percentage of all such employees	2	63.00%	84.88%	2.00
	Black women employees in middle management as a percentage of all such employees	2	31.50%	34.88%	2.00
	Black employees in junior management as a percentage of all such employees	2	68.00%	86.36%	2.00
	Black women employees in junior management as a percentage of all such employees	2	34.00%	40.26%	2.00
Pilots	Black Pilots as a percentage of total pilots	2	8.00%	100.00%	2.00
	Black Women Pilots as a percentage of total pilots	2	3.00%	42.86%	2.00
Technicians	Black Technicians as a percentage of total Technicians	2	25.00%	100.00%	2.00
	Black Women Technicians as a percentage of total Technicians	2	3.00%	27.27%	2.00
Bonus Points	Bonus point for meeting or exceeding the EAP targets in each category	4	90.50%	-	1.33
					26.29

B-BBEE SCORECARD SUMMARY: Skills Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Skills Development Expenditure	Skills Development Expenditure on Learning Programmes for black employees as a percentage of Leviable Amount	3	3.00%	5.60%	3.00
	Skills Development Expenditure on the Learning Programmes for black women employees as a percentage of Leviable Amount	3	1.50%	2.24%	3.00
	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leviable Amount	1.5	0.30%	0.04%	0.22
	Skills Development Expenditure on Learning Programmes for black women employees with disabilities as a percentage of Leviable Amount	1.5	0.15%	0.03%	0.35
Learnerships	Number of black employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees	3	5.00%	0.00%	0.00
	Number of black women employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees	3	2.50%	0.00%	0.00
					6.57

Table 24: SACAA's B-BBEE compliance status - continued

B-BBEE SCORECARD SUMMARY: Preferential Procurement

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Procurement Spend	B-BBEE Spend on all Suppliers based on the B-BBEE Procurement Recognition Levels as a Percentage of Total Procurement Spend	12	50.00%	56.80%	12.00
	B-BBEE Procurement Spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	10.00%	38.92%	3.00
	B-BBEE Procurement Spend as a percentage of Total Measured Procurement Spend from suppliers that are 50% black-owned	3	9.00%	29.80%	3.00
	B-BBEE Procurement Spend as a percentage of Total Measured Procurement Spend from suppliers that are 30% black women-owned	2	6.00%	28.96%	2.00
					20.00

B-BBEE SCORECARD SUMMARY: Enterprise Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
ED Contributions	Investment in Black Owned Enterprises as identified in the "Benefit Factor Matrix" (Annexure 600A) as a percentage of Net Profit After Tax	15	3.00%	2.91%	14.57
					14.57

B-BBEE SCORECARD SUMMARY: Socio-Economic Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
SED Contributions	Average annual value of all qualifying SED Contributions made by the Measured Entity as a percentage of NPAT	6	1.00%	1.10%	6.00
					6.00

TOTAL BEE SCORE: 92.44 POINTS

BROAD-BASED CONTRIBUTION LEVEL	LEVEL 2
Value adding supplier	NO
Enterprise development beneficiary	NO
Procurement level	125%

Table 24: SACAA's B-BBEE compliance status - continued



Human
RESOURCES



OVERVIEW OF HUMAN RESOURCES PROGRAMMES

The primary responsibility of the Human Resources division is to attract, develop, motivate and retain best talent for the SACAA. Key programmes implemented in the period include employee reward and recognition, skills development, bursary, internship and trainee programmes, leadership development, talent management, organisational culture alignment, the employee value proposition, performance management, employee wellness, employee safety as well as employee relations.

The SACAA prides itself in continuing to implement best-practice HR programmes to attract and retain the best talent for sustained high-performance culture.

LEADERSHIP DEVELOPMENT

The SACAA believes that agile leadership is essential to employee engagement, therefore, developing leadership skills continued to be a priority. In the year under review, the SACAA's Management, Senior Management and Executive leadership development programme were successfully concluded with graduation ceremonies.

Both the Executive Management and the Senior Managers continued to give back to the organisation by serving as mentors to employees who are at various levels of the organisation, and who are seeking to enhance their career development and are part of the succession planning.

ORGANISATIONAL CULTURE

The culture journey is one that requires patience and tenacity, and SACAA is striving to inculcate a culture that fully supports its strategic objectives.

In the year under review, the SACAA continued with the foundational work of entrenching a new culture through instilling the key culture pillars and creating a consistent understanding across the organisation around which behaviours are key for each pillar. A robust communication drive, coupled with change management activities, encouraged employees to engage.

Divisional Roadshows were held, and teams were encouraged to put together action plans, outlining how they will champion culture behaviours by changing the old undesired behaviours. 25 "Culturevisits" who espoused the desired behaviours were nominated from the different Divisions and trained as the Culture Change Ambassadors for the organisation.

TALENT MANAGEMENT

The SACAA continued to entrench its Integrated Talent Management Framework, which sought to ensure that talent within the organisation is provided with an environment that promotes

development and engagement. Talent was plotted and a new talent pool was identified for critical and scarce positions.

New talent development initiatives were also developed for this talent pool. Implementation of the initiatives ensued and will proceed over the new financial years. Furthermore, the mentorship programme was implemented for the selected employees in the talent pool. The programme continued to receive positive feedback from participants.

The programme supports the SACAA succession initiatives, to enable the SACAA to have sufficient cover ratio for critical and scarce positions.

EMPLOYEE VALUE PROPOSITION (EVP)

In the period under review, the focus was on the implementation of the Employer Brand Repositioning Plan.

Career Fairs were conducted to reposition the SACAA employer brand among students. The initiative was aimed at addressing the gaps that were identified by the **Universum Most Attractive Employer Survey** in the previous financial year. The survey reinforced the need to showcase the "SACAA way" as part of its long-term attraction and retention strategy.

As part of the Employee Value Proposition (EVP) Plan, to drive employer brand awareness, the **#ReachingHorizons** campaign was rolled out. The campaign was aimed at communicating the EVP externally on social media. Employees were profiled on social media platforms to showcase their lived experiences of the SACAA EVP.

The SACAA also launched the "Fresh Eye Sessions" for employees who had been employed in the SACAA for a period of at least 90 days. These sessions were conducted in an effort to give new employees the opportunity to provide feedback on their experience of the SACAA as an employer, in light of their expectations and perceptions. The feedback assisted the SACAA to reinforce and continuously build its EVP. Furthermore, roadshows were conducted with internal employees to showcase the SACAA.

PERFORMANCE MANAGEMENT

The SACAA has over the years implemented a comprehensive performance management system. In the year under review, as a way of ensuring continuous improvement in performance management, a dipstick exercise was conducted to identify improvement areas. This dipstick exercise provided insights into aspects such as goal alignment and smartness of targets, among others. Feedback was provided to divisions, with recommendations for improvement where it was deemed necessary.

SKILLS DEVELOPMENT

Skills development is at the centre of the SACAA's success and our focus is primarily on developing our employees and youth development programmes through bursary and internship and trainee programmes.

In the year under review, a total of R 20 544 550 was spent on skills development during the 2019/20 financial year.

Of the employees that were trained, 89% were black, 57% were female and 30% were below the age of 35 years.

a) Bursary Programme

The SACAA provides both internal bursaries for staff and external students. In the financial year under review a total of 64 internal students were sponsored for various programmes which are relevant to their professional development as well as the SACAA.

The SACAA external bursary programme provides financial support to students from previously disadvantaged communities, to assist them in accessing opportunities within the aviation industry. Students are funded to study Aeronautical Engineering, Aircraft Maintenance Engineering and Pilot Cadet Training.

A total number of 29 students participated in the programme during the 2019/20 financial year. Of these students, six (6) were enrolled in the fourth (4th) quarter of the financial year.

The SACAA also launched a French Pilot Cadet programme where five (5) students were sent to France's École Nationale de L'aviation Civile (ENAC) in Toulouse. All the five (5) students completed the theory phase of their training. The SACAA continues to invest in this programme to attain its objective of contributing to transformation in the aviation industry.

b) Internship Programme

The SACAA hosted a total of 40 interns in the period under review. 18 of them were new appointments and 22 were carried over from the previous financial year.

All the interns are required to follow a structured workplace programme that is aligned to their specific qualification requirement or to their field of study. The interns are also given opportunities to form part of specific project teams, to gain experience in some of the organisation-wide projects. This not only allows them to work with employees from Departments or Divisions outside of the one in which they were placed, but it also gives them broader exposure to the aviation industry. On completion of the programme, the interns received a certificate, detailing the period of their appointment and the area or Department in which they were placed. The SACAA endeavours to absorb interns through proper recruitment when positions become available.

c) Trainee Programme

The trainee programme, which is designed to drive transformation and to address the critical skills shortage in the aviation industry, continues to attract young students who are passionate about the industry.

The SACAA had five (5) trainees who participated in the Trainee Programme. Trainees spend a minimum of two (2) years attending formal and practical training programmes before being considered for appointment to the next level. Once they have completed their training, they are appointed as fully-fledged professionals in the organisation.

TRAINING COSTS PER DIVISION

Division	Personnel expenditure (R)	Training Expenditure (R)	Number of employees trained	Average training cost per employee (R)
Accident and Incident Investigations Division	21 708 525	159 518	17	9 383
Aviation Infrastructure	49 914 413	970 861	40	24 272
Aviation Safety Operations	216 624 770	6 824 616	120	56 872
Aviation Security	39 493 722	1 346 648	32	42 083
Finance	46 230 447	883 564	31	28 502
Human Resources*	24 324 355	7 856 030	48	163 667
Company Secretary	6 069 633	55 761	3	18 587
Legal and Aviation Compliance	26 012 459	421 070	19	22 162
Internal Audit	9 825 606	74 613	7	10 659
Flight Inspection Unit	7 027 606	360 222	3	120 074
Cape Town Regional Office**	8 109 589	-	-	-
Corporate Services	47 643 329	1 591 647	46	34 601
Subtotal	502 984 454	20 544 550	366	56 133

Table 25: Training costs per division

EMPLOYEE WELLNESS

The SACAA's employee wellness programme is recognised as crucial for the SACAA's success and talent management. In order to ensure that employees remained engaged and performance-driven, the SACAA implemented various Employee Wellness initiatives, which not only focused on the physical aspects of the employees' wellbeing but also their mental health.

The interventions included provision of skills in dealing with psychosocial, chronic management, financial, legal issues and health assessments. Employees also attended workshops on managing depression, cancer awareness, stress management and managing the incapacity process. The SACAA also hosted a Wellness Day event where employees' family members were also able to participate in the programme for the day.

With the outbreak of the Novel COVID-19, the SACAA established a COVID-19 Committee to develop a strategy and processes that would ensure that the SACAA was operationally ready to deal with the challenges brought about by the spread of this virus. The Committee conducted a risk assessment and implemented processes that would ensure the safety of the employees.

Employees also received training on how the virus is spread and what steps need to be taken to ensure their protection. With the SACAA being classified as an essential service, a decision was taken to allow employees to continue working from home. Guidelines were developed to provide direction on how to manage the pandemic.

With the implementation of these initiatives, the SACAA was able to perform its operational requirements while ensuring the health and safety of its employees.

EMPLOYEE REWARDS AND RECOGNITION

Reward and recognition are among the SACAA's key strategies to foster a high-performance culture, as well as ensuring that employees are engaged at all times.

The SACAA has created an environment conducive for employees to perform in alignment with the organisation's goals and direction. This is underpinned by one of the SACAA's principles to reward its employees fairly, equitably, and consistently in accordance with the SACAA's value system. The SACAA's reward philosophy strives to set remuneration packages at a competitive level, in line with the industry and market. The SACAA, based on the outcome of the benchmark exercise, continued the salary normalisation journey to ensure continuous improvement and equity in remuneration practices.

In the year under review, the SACAA continued to entrench a high-performance culture in the organisation. It is in this light that the SACAA rewards and recognition processes are integrated into other management processes, such as performance management and other human resources processes. Through a variable pay scheme, the SACAA recognised and rewarded deserving employees with annual incentives. This included the hosting of an

Employee Awards event, to give recognition to those employees who had performed over and above the required standard.

EMPLOYEE RELATIONS

The SACAA recognises that effective ongoing communication with employees and engagement with organised labour is central to creating and maintaining sound employee relations. To improve and maintain employee relations with organised labour, the SACAA and NUMSA held numerous meetings in order to review the Recognition Agreement (RA) that governs the relationship between management and organised labour. The purpose of the review was to look at areas for improvement to sustain and/or improve the relationship between the parties. The engagement process will continue in the next financial year.

The SACAA has commenced with its Employee Relations (ER) Training programmes for non-managerial employees and will continue with this training. The aim of the programme is to improve employee awareness of the SACAA's role and obligations as well as the employee's role and obligations, and their rights.



HUMAN RESOURCES 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, as well as a stipend for bursars and interns. The amounts below relate to the payments made through payroll, and thus excludes temporary staff members employed through the services of recruitment agencies, as well as accruals and provisions as disclosed in the Annual Financial Statements.

PERSONNEL COSTS BY DIVISION

Division	Number of employees	Expenditure by Rands	expenditure as a % of total	Average cost per employee
Accident and Incident Investigations	25	708 525	4.3%	868 341
Aviation Infrastructure	55	49 914 413	9.9%	907 535
Aviation Safety Operations	245	216 624 770	43.1%	884 183
Aviation Security	47	39 493 722	7.9%	840 292
Finance	67	46 230 447	9.2%	690 007
Human Resources	47	24 324 355	4.8%	517 539
Company Secretary	5	6 069 633	1.2%	1 213 927
Legal and Aviation Compliance	21	26 012 459	5.2%	1 238 689
Internal Audit	9	9 825 606	2.0%	1 091 734
Flight Inspection Unit	6	7 027 606	1.4%	1 171 268
Cape Town Regional Office	9	8 109 589	1.6%	901 065
Corporate Services*	53	47 643 329	9.5%	898 931
Total	589	502 984 454	100%	853 963

* The numbers for Corporate Services include those of the Office of the DCA

Table 26: Personnel costs by division



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.

PERSONNEL COSTS BY LEVEL

Level	Personnel expenditure (R)	% of personnel expenditure to total	Number of employees	Average personnel cost per employee (R)
Top Management	6 512 775	1.3%	1	6 512 775
Senior Management	31 731 152	6.3%	8	3 966 394
Professional qualified	111 274 645	22.1%	85	1 309 113
Skilled	327 759 767	65.2%	384	853 541
Semi-skilled	23 563 160	4.7%	58	406 261
Unskilled	2 142 955	0.4%	53	40 433
Total	502 984 454	100.0%	589	853 963

Table 27: Personnel Cost by Salary Band/Level

PERFORMANCE REWARDS

Performance rewards for the 2018/19 financial year were implemented in August 2019, following approval from the SACAA's Board of Directors.

PERFORMANCE REWARDS BY LEVEL

Level	Performance reward	Personnel Expenditure (R)	% of performance rewards to total
Top Management	1	2 128 000	2.7%
Senior Management	10	8 436 863	10.7%
Professional qualified	65	18 612 209	23.6%
Skilled	346	46 803 409	59.4%
Semi-skilled	53	2 764 084	3.5%
Unskilled	2	67 152	0.1%
Total	477	78 811 717	100.0%

Table 28: Performance Rewards by Salary Band/Level



EMPLOYMENT AND VACANCIES

The vacant positions in the organisation were filled in line with the targets set in the Employment Equity (EE) Plan.

The plan focused on employing black males and females in the technical and management level positions. People living with a disability, remains a priority as part of the transformation initiatives of the SACAA.

EMPLOYMENT AND VACANCIES PER DIVISION

Division	2018/19 Number of employees	2019/20 Approved Posts	2019/20 Number of employees	2019/20 vacancies	% of vacancies
AIID	25	29	25	4	13.8%
Aviation Infrastructure	51	55	55	0	0.0%
Aviation Safety Operations	223	256	245	11	4.3%
Aviation Security	48	52	47	5	9.6%
Finance	64	58	67	*(9)	(15.5)%
Human Resources	41	17	47	** (30)	(176.5)%
Company Secretary	5	5	5	0	0.0%
Legal and Aviation Compliance	24	27	21	6	22.2%
Flight Inspection Unit	9	9	9	0	0.0%
Internal Audit	10	9	6	3	33.3%
Cape Town Office	9	10	9	1	10.0%
Office of the DCA	2	6	4	2	33.3%
Corporate Services	46	47	49	*(2)	(4.3)%
Total	557	580	589	** (9)	(1.6)%

* This number includes fixed-term contract employees and interns

**The negative variance is due to the inclusion of interns and bursars

Table 29: Employment and vacancies per Division

EMPLOYMENT CHANGES

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

EMPLOYEE CHANGES PER LEVEL

Salary Level	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	10	0	2	8
Professional qualified and Middle Management	95	9	19	85
Skilled	335	63	14	384
Semi-skilled	51	12	5	58
Unskilled	65	26	38	53
Total	557	110	78	589

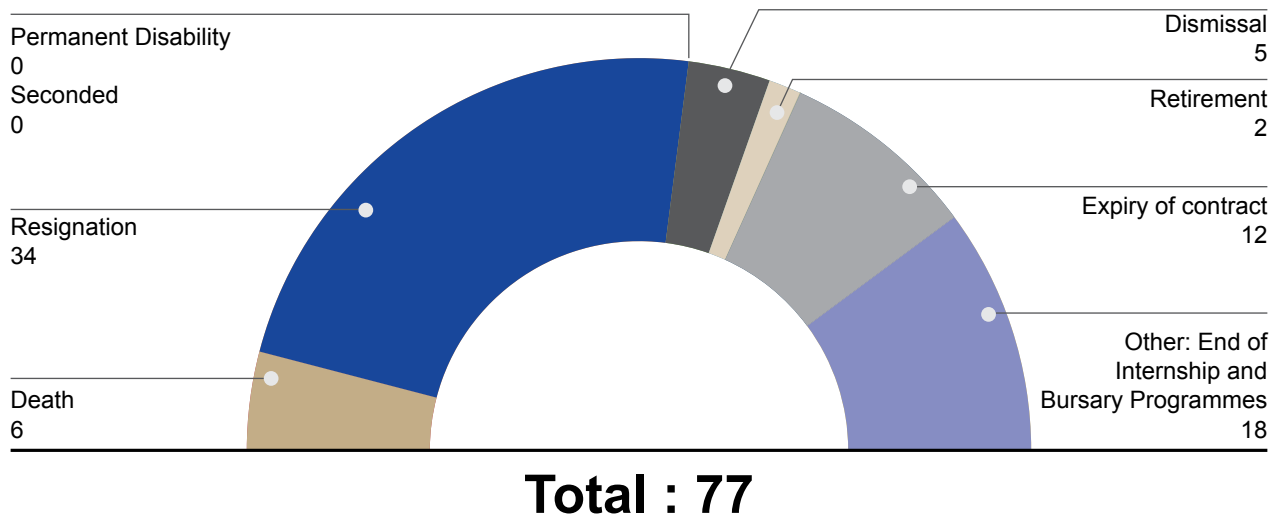
The total number of appointments and terminations include fixed-term contract employees, interns and bursars.

Table 30: Employee changes per level

REASONS FOR STAFF EXITS

The table below indicates the attrition rate as well as the reasons for staff exiting the organisation.

Information obtained during exit interviews feeds into the organisational retention plan.

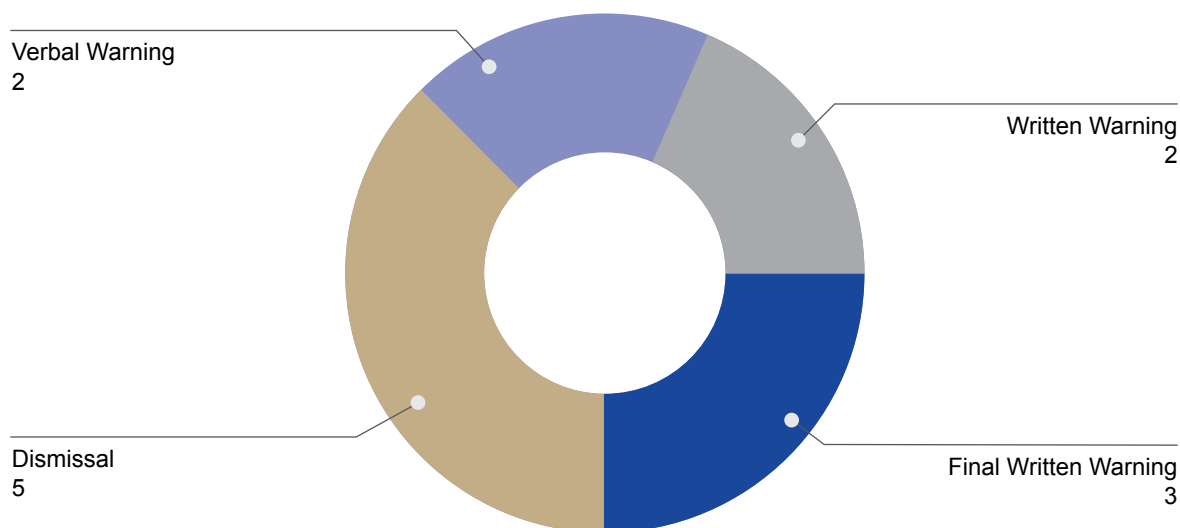


*This number includes fixed-term contractors, interns and bursars.

Table 31: Reasons for Staff Exits

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTIONS

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



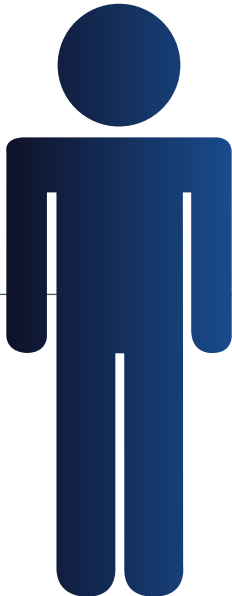
*This number includes fixed-term contractors, interns and bursars.

Table 32: Summary of misconduct and disciplinary actions

EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS

The following tables detail the current status around employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – MALE

African		Coloured			Indian		White	
Top Management		Top Management			Top Management		Top Management	
Current	Target	Current	Target		Current	Target	Current	Target
0	0	0	0		0	0	0	0
Senior Management		Senior Management			Senior Management		Senior Management	
Current	Target	Current	Target		Current	Target	Current	Target
3	4	1	0		1	1	1	1
Professional Qualified		Professional Qualified			Professional Qualified		Professional Qualified	
Current	Target	Current	Target		Current	Target	Current	Target
29	41	3	5		3	3	11	13
Skilled		Skilled		Skilled		Skilled		
Current	Target	Current	Target	Current	Target	Current	Target	
140	157	24	12	23	24	28	33	
Semi-skilled		Semi-skilled		Semi-skilled		Semi-skilled		
Current	Target	Current	Target	Current	Target	Current	Target	
9	9	0	0	0	0	0	0	
Unskilled		Unskilled		Unskilled		Unskilled		
Current	Target	Current	Target	Current	Target	Current	Target	
0	0	0	0	0	0	0	0	
Total		Total		Total		Total		
Current	Target	Current	Target	Current	Target	Current	Target	
181	211	28	17	27	28	40	47	

Total		Total		Total		Total	
Current	Target	Current	Target	Current	Target	Current	Target
27	28	40	47				

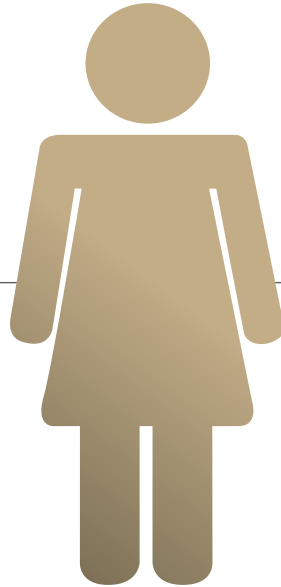
*The table includes fixed-term contract employees, but excludes interns and bursars

Table 33: Employment Equity Status - Male



EMPLOYMENT EQUITY STATUS – FEMALE

African		Coloured	
Top Management		Top Management	
Current	Target	Current	Target
1	1	0	0
Senior Management		Senior Management	
Current	Target	Current	Target
2	3	0	0
Professional Qualified		Professional Qualified	
Current	Target	Current	Target
26	28	4	6
Skilled		Skilled	
Current	Target	Current	Target
127	133	11	14
Semi-skilled		Semi-skilled	
Current	Target	Current	Target
36	40	1	3
Unskilled		Unskilled	
Current	Target	Current	Target
3	3	0	0
Total		Total	
Current	Target	Current	Target
195	208	16	23



Indian		White	
Top Management		Top Management	
Current	Target	Current	Target
0	0	0	0
Senior Management		Senior Management	
Current	Target	Current	Target
1	1	0	0
Professional Qualified		Professional Qualified	
Current	Target	Current	Target
1	1	3	3
Skilled		Skilled	
Current	Target	Current	Target
11	11	22	25
Semi-skilled		Semi-skilled	
Current	Target	Current	Target
2	1	2	2
Unskilled		Unskilled	
Current	Target	Current	Target
0	0	1	1
Total		Total	
Current	Target	Current	Target
15	14	28	31



*The table includes fixed-term contract employees, but excludes interns and bursars

Table 34: Employment Equity Status - Female



EMPLOYMENT EQUITY STATUS – DISABLED STAFF

Top Management	
Current	Target
0	0

Senior Management	
Current	Target
0	0

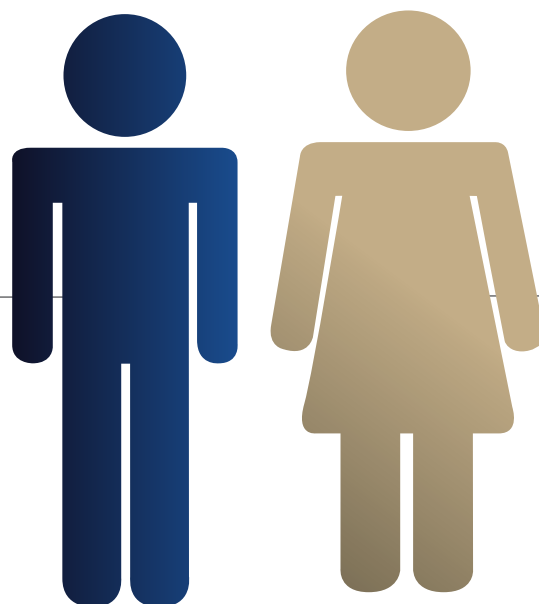
Professional Qualified	
Current	Target
1	1

Skilled	
Current	Target
2	2

Semi-skilled	
Current	Target
2	1

Unskilled	
Current	Target
0	0

Total	
Current	Target
5	4



Top Management	
Current	Target
0	0

Senior Management	
Current	Target
0	1

Professional Qualified	
Current	Target
1	1

Skilled	
Current	Target
1	1

Semi-skilled	
Current	Target
4	3

Unskilled	
Current	Target
0	0

Total	
Current	Target
6	6

*The table includes fixed-term contract employees, but excludes interns and bursars

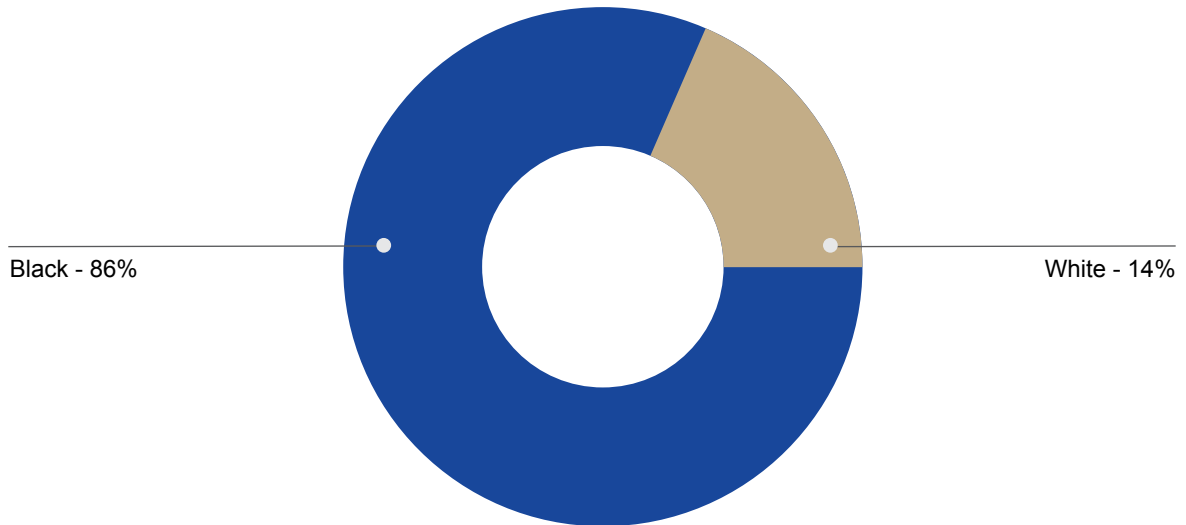
Table 35: Employment Equity Status – Disabled Staff



OVERALL TRANSFORMATION

The representation of black (African, Coloured and Indians) constituted 86% whilst females constituted 49% of the organisation.

Race Representation



Gender Representation

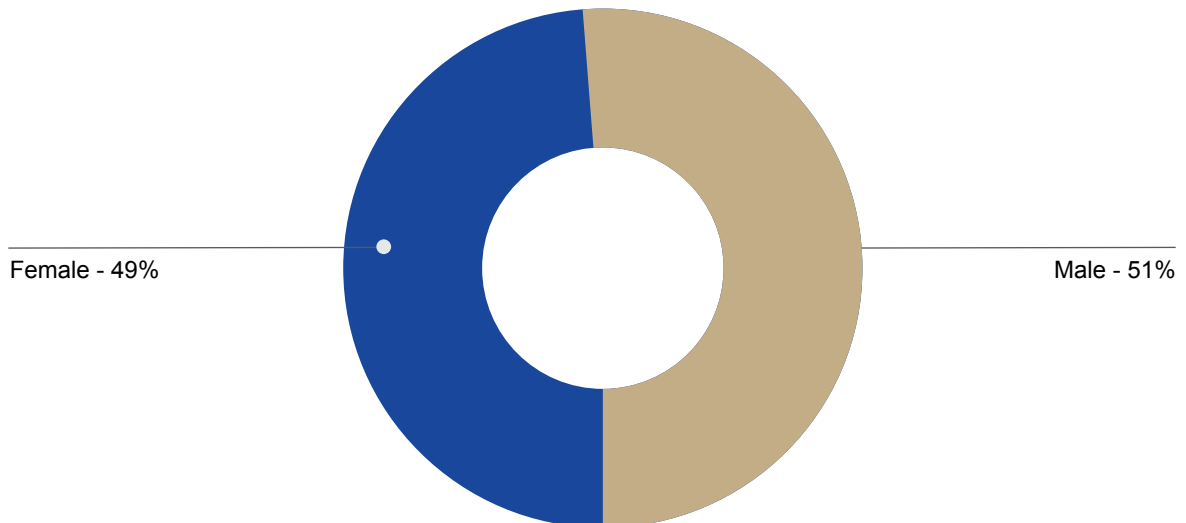


Table 36: Race and Gender representations

SACAA AGE PROFILE

The SACAA strives to maintain a young workforce as part of its plans to promote youth employment. For the period under review the average age at the SACAA was 42 years.



Financial
INFORMATION

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The reports and statements set out below comprise the Annual Financial Statements presented to Parliament:

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN CIVIL AVIATION AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the South African Civil Aviation Authority set out on pages 123 to 168 which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Civil Aviation Authority as at 31 March 2020, 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 (PFMA) of South Africa, 1999 (Act no. 1 of 1999).

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 financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 28 to the financial statements, which indicates how the Covid-19 pandemic has affected the public entity to date, and results in certain material uncertainties related to the future financial position, performance and cash flows of the public entity. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. The main sources of revenue of the entity are the passenger safety charge, user fees and fuel levies generated from the airline industry. The pandemic has caused a significant reduction of air travel both locally and globally, hence the impact on the revenue of the entity. Management has described in the note that they have sufficient reserves to continue operating as a going concern.

Emphasis of matters

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

Subsequent events

9. I draw attention to the note 29 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the public entity's future prospects, performance and cash flows. Management has also described how they plan to deal with these events and circumstances.

Material losses – disposal of assets

10. As disclosed in note 7 to the financial statements, material losses of R19 383 688 were incurred as a result of the flight inspection unit aircraft and calibration equipment that were destroyed in an accident.

Responsibilities of the Accounting Authority for the financial statements

11. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the Accounting Authority is responsible for assessing the South African Civil Aviation Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 separate financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of 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.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures did not examine whether the actions taken by the public entity enable service delivery. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the public entity for the year ended 31 March 2020:

Objectives	Pages in the annual performance report
Goal 1 – regulate aviation industry efficiently and effectively	34 - 39

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective:
 - Goal 1 – regulate aviation industry efficiently and effectively.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 34 to 44 for information on the achievement of planned targets for the year and explanations provided for the over-achievement of some targets.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Goal 1: regulate the aviation industry effectively and efficiently. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

25. The Accounting Authority is responsible for the other information. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. 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 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.
28. 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

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

OTHER REPORTS

30. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
31. An investigation is being conducted on the alleged cyber-attack on the entity's information communication technology systems that occurred on 01 July 2019. At the date of this report, the investigation is still ongoing.

Auditor-General

Pretoria
26 August 2020



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the Accounting Authority
 - conclude on the appropriateness of the Accounting Authority's, use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the South African Civil Aviation Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Board is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is the responsibility of the Board to ensure that the 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 ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

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

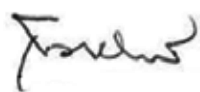
The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the SACAA and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or fraud 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 SACAA and all employees are required to maintain the highest ethical standards in ensuring that the SACAA's business is conducted in a manner that under all reasonable circumstances is above reproach. The focus of risk management in the SACAA is on identifying, assessing, managing and monitoring all known forms of risk across the SACAA. While operating risk cannot be fully eliminated, the SACAA 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 Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or error.

The Board has reviewed the SACAA's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, it is satisfied that the SACAA 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 SACAA, they are supported by the SACAA's external auditors. The external auditors are responsible for independently reviewing and reporting on the SACAA's Annual Financial Statements. The Annual Financial Statements have been examined by the SACAA's external auditors and their report is presented on page 109 to 112.

The Annual Financial Statements set out on pages 123 to 168, which have been prepared on the going concern basis, were approved by the Board on 26 August 2020 and were signed on its behalf by:



Mr E Khosa
Chairperson: SACAA Board



Mr S Sooklal
Chairperson: Audit and Risk Committee



Ms GNB Khoza
Director of Civil Aviation

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 50(1) and 51(1) of the PFMA and Treasury Regulations. The Audit and Risk Committee 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 Audit and Risk Committee is established as an independent statutory committee in terms of the PFMA and the Civil Aviation Act. The Committee oversees all audit and risk matters for the SACAA; however, the Board is ultimately accountable for risk management.

The Audit and Risk Committee for the year ended 31 March 2020 comprised three non-executive members and was chaired by an independent non-executive member, Mr Surendra Sooklal. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General of South Africa all have a standing invitation to the Audit and Risk Committee meetings. The appointment of the Audit and Risk Committee members is confirmed annually at the Annual General Meeting by the Executive Authority.

On an annual basis, the Audit and Risk Committee 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;
- 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 (5) scheduled meetings, two (2) special meetings and a workshop. The purpose of the workshop was to review the reporting and plans relating to internal audit, risk management and combined assurance. 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 AUDIT AND RISK COMMITTEE MEMBERS

Mr S Sooklal	7 out of 7
Mr M India	7 out of 7
Dr B Suckling	7 out of 7

WORK OF THE COMMITTEE IN 2019/20

During the period under review, the Committee 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 Committee's activities are also guided by its Terms of Reference, which are annually reviewed and approved by the Board.

In conducting its duties the Committee has performed the following activities;

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

Internal audit provides the Audit and Risk Committee with reasonable assurance that the majority of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal and external auditors, we noted that matters that 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 were efficient and effective.

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

The Audit and Risk Committee is responsible for overseeing risk management and reviewing the internal controls. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessment.

During the year under review, the Committee conducted the following activities:

Reviewed and recommended the following matters to the Board for approval:

- Quarterly risk reports containing potential risks and opportunities aligned to the SACAA's vision and mission, emerging events and reportable incidents;
- Quarterly PFMA compliance reports;
- Quarterly finance and materiality reports;
- SACAA's policies on risk assessment and risk management, including fraud risks and information technology risks;
- The Medium-Term Expenditure Framework for the ensuing periods;
- Revision of the Delegation of Authority and approval of the fixed assets management policy; and
- Information and Communication Technology Strategy, amongst others.

Reviewed and approved the following quarterly reports:

- Information and Communication Technology;
- Combined assurance reports;
- Materiality reports;
- Legal compliance, litigation and fraud incidents; and
- Oversight on capex projects.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee reviewed the 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 Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgments and estimates contained in the 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 entity 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 judgments 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 entity'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 Internal Audit Unit is responsible for reviewing and providing assurance on the adequacy of internal control environment across all of the significant areas of the SACAA's operations.

The Audit and Risk Committee 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 Audit and Risk Committee 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.

During the reporting period the Audit and Risk Committee conducted the following activities:

Reviewed and approved/noted the following matters:

- Annual internal audit plan and the three-year rolling plan;
- Progress reports on the closure of the internal audit findings;
- Internal audit's quarterly reports in line with the approved internal audit plan; and
- Internal audit charter for the 2019/20 financial year.

Furthermore, the Audit and Risk Committee monitored the implementation of the Combined Assurance Plan and Model to ensure the coordination and alignment of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach, including resources optimisation.

The Audit and Risk Committee has formed an opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Unit has complied with the internal audit standards, the required legal, regulatory and other responsibilities as stipulated in its charter during the period under review. We are satisfied that the Internal Audit function is operating effectively, and that it has addressed the risks pertinent to the SACAA in its internal audits.

WHISTLE-BLOWING

In compliance with the Protected Disclosures Act, 2000, (Act No. 26 of 2000) the SACAA has established and maintains an independent fraud hotline service. The Audit and Risk Committee wishes to report that, for the financial year under review, it received and dealt with all concerns 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 Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by Internal Audit. The Audit and Risk Committee receives progress reports on the status of the investigations on a regular basis, and the Committee ensured that the necessary corrective actions were taken by management.

THE QUALITY OF MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied that it received sufficient, reliable and timely information from management in order to enable it to fulfill its responsibilities. During the year under review, quarterly management reports were presented by management to enable the Committee 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 entity'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 entity are made; and
- Review all material information presented together with the management accounts.

THE QUALITY OF BUDGETS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk 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 Audit and Risk Committee, 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 of the 2019/20 financial year.

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

The Audit and Risk Committee 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 2018/19 financial year. All the action items were closed by the end of the 2019/20 financial year.

The Auditor-General has unrestricted access to the SACAA's records and management and furnishes a written report to the Committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Committee.

The Audit and Risk Committee 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.



Mr S Sooklal

Chairperson: Audit and Risk Committee

Date: 26 August 2020

ACCOUNTING AUTHORITY'S REPORT

The Board hereby submits its report for the year ended 31 March 2020.

1. INTRODUCTION

The Board presents its twenty-second 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, 1998 (Act No.40 of 1998)) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which forms part of the audited Annual Financial Statements for the year ended 31 March 2020.

2. PRINCIPAL ACTIVITIES

Main business and operations

The South African Civil Aviation Authority (SACAA) is a statutory body that 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.

The Civil Aviation Act, 2009, (Act No.13 of 2009), 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 nonscheduled 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, the flight inspection unit aircraft and calibration equipment was destroyed in an accident. The book value of the assets amounting to R18 731 647 were scrapped, and SACAA received insurance proceeds of R43 921 800. The SACAA recorded a net surplus on scrapping of the assets of R25 190 153, which is included in the surplus for the year.

The operating results and state of affairs of the SACAA are fully set out in the Annual Financial Statements and do not, in the opinion of the Board, require any further comment.

The SACAA recorded a net surplus of R 93 031 774 for the year ended 31 March 2020 (2019: R 1 352 326).

3. GOING CONCERN

The COVID-19 pandemic has and continues to cause devastation in the world. The impact on the aviation industry has been severe. As a regulator of the industry in South Africa the SACAA is dependent on passenger safety charge, user fees and fuel levies from the airlines for a major part of its revenue. The severe restrictions on airline flights both locally and globally has had a major impact on the number of people flying and hence an impact on the revenue of the SACAA.

In South Africa the total ban on flights since the President of South Africa announced a lockdown on the 26 March 2020 has resulted in the SACAA earning very little to no revenue during the period of the lockdown. Indications are that the conditions in the industry are only likely to improve much later in 2020 and could take up to two years to return to normality. The issues detailed above have caused significant strain on the financial resources of the SACAA.

Management is of the view that the SACAA will continue as a going concern for the foreseeable future as it has sufficient available reserves currently. Conditions are also to improve once the aviation industry is opened again for business later in 2020.

In addition the SACAA is a juristic person established in terms of the Civil Aviation Authority Act, 2009 (Act No. 13 of 2009). The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa in line with the Civil Aviation Authority Act (the Act), and in accordance with the standards and recommended practices (SARPs) prescribed by the International Civil Aviation Organisation (ICAO). The SACAA as such is a statutory body, an organ of state in terms of the Constitution of the Republic of South Africa, 1996, that is obliged to perform this function and should receive the full support of the state.

Based on the facts and circumstances known at this point and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is appropriate in the circumstance, hence the Annual Financial Statements are prepared on the assumption that the SACAA is a going concern.

4. EVENTS AFTER THE REPORTING DATE

The COVID-19 outbreak spread rapidly in 2020, with a significant number of infections globally. Measures taken by various governments to stop and contain the virus have affected economic activity and the aviation industry materially. The reduction of economic activity and the restrictions imposed on air travel has resulted in a significant reduction in revenue for the SACAA. Depending on the duration of the COVID-19 crisis and the continued negative impact on economic activity, the organisation may experience further negative results and liquidity constraints and incur additional impairments on its assets in the 2020/21 financial year. The exact impact on our activities in the remainder of the 2020/21 financial year and thereafter cannot be predicted with any degree of certainty.

It is noted that one of the Board Members, Dr B Suckling tendered his resignation with immediate effect on 17 August 2020 to the Minister of Transport.

5. ACCOUNTING POLICIES

The 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 Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. ACCOUNTING AUTHORITY

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

Name	Appointment	Resignation
Mr E Khosa (Chairperson)	Appointed 1 December 2018	
Mr S Sooklal	Appointed 1 December 2018	
Dr BC Suckling	Appointed 1 December 2018	Resigned 17 August 2020
Mr MG India	Appointed 1 December 2018	
Ms T Phewa	Appointed 1 December 2018	
Mrs GB Koyana	Appointed 1 December 2018	
Prof. NV Dyani-Mhango	Appointed 1 December 2018	
Ms GNB Khoza*	Appointed 1 December 2018	

*The Director of Civil Aviation's initial five-year contract came to an end on 30 November 2018 and was renewed for a further five-year term, effective from 1 December 2018.

7. COMPANY 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 SACAA. 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 apply the principles set out in the King IV Report on Corporate Governance™ for South Africa 2016. 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 King IV™ are outlined below:

Board of directors

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, 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 (6) Non-Executive Directors, all of whom are independent directors as defined in King IV™;
 - one (1) Non-Executive Director appointed as a representative of the Executive Authority; and
 - one (1) 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 Chairperson and 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 determined the remuneration of the Director of Civil Aviation upon appointment on 1 December 2013. 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 met on 14 occasions. In addition, it has also successfully held strategic planning and risk sessions.

Non-Executive Directors have access to all members of management of the SACAA.

10. TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The SACAA had previously designated the Recreational Aviation Administration of South Africa (RAASA) a non-profit company to conduct its statutory recreational oversight function in terms of the Civil Aviation Act. During the period of the designation, the SACAA exercised control over RAASA's governance activities including its financial resources. The SACAA during 2018 cancelled the designation to RAASA, which enabled RAASA to conduct recreational oversight functions on its behalf. Based on this decision, with effect from 1 April 2019, all functions, operations, assets, liabilities and contingent liabilities have been taken over by the SACAA.

It is reported that the SACAA in the previous financial year consolidated the results of RAASA in accordance with the requirements of GRAP 6 (Consolidated and Separate financial statements).

The SACAA's control was determined by its powers to manage the financial resources and operating policies of RAASA, as well as its right in terms of the RAASA Memorandum of Incorporation to appoint four directors and the Chairperson so as to obtain benefits from its activities, which were of a non-financial nature.

The carrying values of assets and liabilities taken over by the SACAA are set out in note 32.

11. Comparative figures

The comparative figures disclosed for the prior year are the consolidated group figures for the SACAA and RAASA. The SACAA was a controlling entity in the prior year wherein it consolidated the results of RAASA. Effective from 1 April 2019, the SACAA has taken over all the functions and operations as well as the assets and liabilities of RAASA. The assets and liabilities taken over are set out in note 32.

12. Auditors

The Public Audit Act, 2004 (Act No. 24 of 2004), as amended by the Public Audit Amendment Act, 2018 (Act No. 5 of 2018), specifically section 4 (3) provides that the Auditor-General may audit and report on the accounts and Annual Financial Statements.

The Executive Authority confirmed the appointment of the Auditor-General as the external auditors of the SACAA at the Annual General Meeting held on 11 September 2019.

13. Number of Employees

The number of employees as at 31 March 2020 was 589 (2019: 575) which includes permanent, fixed-term, part-time and contract employees.

14. 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. This has been agreed with the Executive Authority as part of the Board Performance Agreement.

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 2020.



Ms N Naraindath
Company Secretary

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

Description	Notes	2020 R	2019 R
ASSETS			
Current Assets			
Cash and cash equivalents	3	297 976 532	300 107 608
Statutory receivables	4	38 589 883	64 166 358
Receivables from exchange transactions	5	54 978 415	11 262 397
Consumable stores	6	1 064 149	1 078 845
		392 608 979	376 615 208
Non-Current Assets			
Property, plant and equipment	7	22 233 902	41 952 117
Intangible assets	8	71 918 625	74 119 194
		94 152 527	116 071 311
Total Assets		486 761 506	492 686 519
LIABILITIES			
Current Liabilities			
Trade and other payables	9	58 724 323	76 430 368
Operating lease liability	10	578 576	1 685 309
Provisions	11	-	80 269 113
Total Liabilities		59 302 899	158 384 790
Net Assets		427 458 607	334 301 729
Total Net Assets		427 458 607	334 301 729

STATEMENT OF FINANCIAL PERFORMANCE

For the year ending 31 March 2020

Description	Notes	2020 R	2019 R
Revenue			
Revenue from exchange transactions			
Interest revenue	13	18 453 003	18 536 172
Other revenue	14	51 564 088	4 935 177
Gain on foreign exchange		2 631 640	-
Total revenue from exchange transactions		72 648 731	23 471 349
Revenue from non-exchange transactions			
Revenue from non-exchange transactions	15	712 754 049	681 447 669
		785 402 780	704 919 018
Expenditure			
Personnel cost	16	(423 734 183)	(477 222 605)
Operating expenses	17	(183 573 781)	(184 952 383)
Depreciation and amortisation		(15 417 328)	(8 973 056)
Impairment loss on property, plant and equipment		(3 742 490)	-
Finance costs	18	-	(272)
Lease rentals on operating lease		(31 082 610)	(31 041 656)
Debt Impairment	19	(12 598 717)	(246 370)
Bad debts written off	19	(1 312 076)	(1 016 912)
Loss on disposal of assets		(20 963 821)	(113 438)
Total expenditure		(692 371 006)	(703 566 692)
Surplus for the year		93 031 774	1 352 326

STATEMENT OF CHANGES IN NET ASSETS

For the year ending 31 March 2020

Description	Accumulated Surplus R	Total Net Assets R
Balance at 1 April 2018	332 949 403	332 949 403
Changes in net assets		
Surplus for the year	1 352 326	1 352 326
Total changes	1 352 326	1 352 326
Balance at 1 April 2019	334 301 729	334 301 729
Changes in net assets		
Revaluations (refer to note 32)	125 104	125 104
Net income recognised directly in net assets	125 104	125 104
Surplus for the year	93 031 774	93 031 774
Total recognised income for the year	93 156 878	93 156 878
Total changes	93 156 878	93 156 878
Balance at 31 March 2020	427 458 607	427 458 607

CASH FLOW STATEMENT

For the year ending 31 March 2020

Description	Notes	2020 R	2019 R
Cash flows from operating activities			
Receipts			
Receipts from customers and Department of Transport		734 899 442	670 069 165
Interest revenue	13	18 453 003	18 536 172
		753 352 445	688 605 337
Payments			
Payments made to suppliers and employees		(737 403 768)	(679 436 727)
Finance costs	18	-	(272)
		(737 403 768)	(679 436 999)
Net cash inflows from operating activities	22	15 948 677	9 168 338
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(14 313 777)	(11 113 945)
Proceeds from sale of property, plant and equipment		352 067	279 135
Purchase of intangible assets	8	(4 118 043)	(4 565 507)
Net cash flows from investing activities		(18 079 753)	(15 400 317)
Net decrease in cash and cash equivalents		(2 131 076)	(6 231 979)
Cash and cash equivalents at the beginning of the year		300 107 608	306 339 587
Cash and cash equivalents at the end of the year	3	297 976 532	300 107 608

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ending 31 March 2020

Budget on Accrual Basis	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Note ref.
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other revenue	4 193 739	1 000 000	5 193 739	51 564 088	46 370 349	33
Interest received	15 652 986	-	15 652 986	18 453 003	2 800 017	33
Gain on foreign exchange	-	-	-	2 631 640	2 631 640	33
Total revenue from exchange transactions	19 846 725	1 000 000	20 846 725	72 648 731	51 802 006	
Revenue from non-exchange transactions						
Transfer revenue						
Passenger safety charge	587 534 065	(15 010 400)	572 523 665	555 178 876	(17 344 789)	33
User fees	111 699 658	(519 807)	111 179 851	102 933 649	(8 246 202)	33
Fuel levy	29 826 725	(5 244 725)	24 582 000	21 491 236	(3 090 764)	33
Accident and incident investigation	33 150 288	-	33 150 288	33 150 288	-	
Total revenue from non-exchange transactions	762 210 736	(20 774 932)	741 435 804	712 754 049	(28 681 755)	
Total revenue	782 057 461	(19 774 932)	762 282 529	785 402 780	23 120 251	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS [CONTINUED]

For the year ending 31 March 2020

Budget on Accrual Basis	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Note ref.
Expenditure						
Personnel cost	(542 394 906)	8 347 144	(534 047 762)	(423 734 183)	110 313 579	33
Operating expenses	(182 426 033)	(14 057 807)	(196 483 840)	(183 573 781)	12 910 059	33
Depreciation and amortisation	(23 359 519)	6 920 086	(16 439 433)	(15 417 328)	1 022 105	
Impairment loss on property, plant and equipment	-	-	-	(3 742 490)	(3 742 490)	33
Finance costs	(10 470 740)	10 470 740	-	-	-	
Lease rentals on operating lease	(33 847 638)	-	(33 847 638)	(31 028 610)	2 819 028	33
Debt Impairment provision				(12 598 717)	(12 598 717)	33
Bad debts written off	-	-	-	(1 312 076)	(1 312 076)	33
Loss on disposal of assets	-	(600 000)	(600 000)	(20 963 821)	(20 363 821)	33
Total expenditure	(792 498 836)	11 080 163	(781 418 673)	(692 371 006)	89 047 667	
Surplus for the year	(10 441 375)	(8 694 769)	(19 136 144)	93 031 774	112 167 918	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(10 441 375)	(8 694 769)	(19 136 144)	93 031 774	112 167 918	

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The 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 55 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

These 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, which is the functional currency of the SACAA.

These Annual Financial Statements were prepared based on the expectation that the SACAA 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 Annual Financial Statements, is disclosed below.

1.1 Significant judgments and accounting estimates

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

Loans and receivables

The SACAA 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 SACAA makes judgments 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 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 SACAA for similar financial instruments.

Impairment testing

A cash-generating or non-cash generating asset is impaired when the carrying amount of the asset exceeds its recoverable amount. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then have an impact on our estimations and may then require a material adjustment to the carrying value of tangible assets.

The SACAA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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 SACAA's management 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.

1.1 Significant judgments and accounting estimates [continued]

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 (Note 11).

1.2 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 SACAA; 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. The major components are depreciated separately over their useful lives.

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 it.

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.

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.

1.2 Property, plant and equipment [continued]

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

Description	2020	2019
Leasehold improvements	period of lease	period of lease
Furniture and fixtures	2 - 22 years	6 - 22 years
Motor vehicles	2 - 7 years	6 - 7 years
Computer equipment	2 - 17 years	5 - 17 years
Generator equipment	15 years	15 years
Calibration equipment	15 - 27 years	15 - 27 years
Canteen equipment	6 - 9 years	6 - 9 years

Aircraft	2019
Airframe	6 years
Left engine	751 hours
Right engine	805 hours
Avionics	2.5 years
Undercarriage	18 051 cycles
Interior	1 year

The assets' residual values, useful lives and depreciation methods are reviewed at the end of each reporting date and change(s) is/are accounted for as a change in accounting estimate in accordance with the relevant standard of GRAP.

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.

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.

1.3 Intangible assets

An asset is identifiable if it either:

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

1.3 Intangible assets [continued]

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 SACAA; and
- the cost or fair value of the asset can be measured reliably.

The SACAA 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

Amortisation is provided to write off the cost of the intangible assets over their estimated useful lives, using the straight-line method.

Item	Useful life
Computer software	2 - 24 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

Classification

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

The SACAA recognises financial assets using trade date accounting.

1.4 Financial instruments [continued]

Initial measurement of financial assets and financial liabilities

The SACAA 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.

Subsequent measurement of financial assets and financial liabilities

The SACAA 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.

Gains and losses

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 SACAA 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.

Objective evidence of impairment includes:

- long overdue amounts for which further collection procedures have been regarded as uneconomical;
- information received about the debtor indicating their inability to settle the debt; or
- legal action has been instituted to recover the amount owing.

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. 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. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The SACAA derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the SACAA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the SACAA, 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 SACAA:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

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.

1.4 Financial instruments [continued]

Financial liabilities

The SACAA 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 entity 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 SACAA currently has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Statutory receivables are made of the following:

Passenger safety charge

The passenger safety charge is levied in accordance with the provisions of section 74(1)(b) of the Civil Aviation Act, 2009 (Act No. 13 of 2009) read with Part 187, Sub Part 2 of the Civil Aviation Regulations, 2011. The charge is collected by airlines from passengers on commercial flights departing from an airport within the Republic of South Africa on a scheduled passenger flight or part of a flight to a destination within or outside the country. The passenger safety charge tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance. The collected charges are paid over to the SACAA on a monthly basis.

1.5 Statutory receivables [continued]

User fees

The user fees are levied in accordance with the provisions of section 74(1)(a) of the Civil Aviation Act, 2009 (Act No. 13 of 2009) read with Part 187, Sub Part 1 of the Civil Aviation Regulations, 2011. These are charged on amongst others for aviation regulatory related exemptions, certificates, authorisation, licences and registrations. The user fee tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance.

Fuel levy

Government Notice R307 of 13 April 2012 provides notice containing the terms and conditions relating to the payment of the aviation fuel levy in terms of section 2 of the South African Civil Aviation Authority Levies Act, 1998 (Act No. 41 of 1998) read in conjunction with section 74(1)(g) of the Civil Aviation Act, 2009 (Act No. 13 of 2009). The levy is based on litre of aviation fuel sold by fuel wholesalers to general aviation, cargo and charter operators within the Republic of South Africa. The fuel levy tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance. The collected levies are paid over to the SACAA on a monthly basis.

Recognition

The SACAA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the SACAA and the transaction amount can be measured reliably.

Initial measurement

The SACAA initially measures statutory receivables at their transaction amount.

Subsequent measurement

The SACAA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the SACAA levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

The SACAA levies interest at prime plus two percentage points.

Other charges

Where the SACAA is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

1.5 Statutory receivables [continued]

Impairment losses

The SACAA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the SACAA considers, as a minimum, the following indicators:

- significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent;
- it is probable that the debtor will enter sequestration, liquidation or other financial re-organisation;
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied); and
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the SACAA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced directly. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, the SACAA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted directly. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The SACAA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the SACAA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the SACAA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 SACAA:
 - derecognises the receivable; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The SACAA considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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 SACAA assesses the classification of each element separately.

1.6 Leases [continued]

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.

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the SACAA no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessee

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

The operating lease liability is derecognised when the SACAA's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the SACAA no longer anticipates economic benefits to flow from the asset.

1.7 Consumable stores

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

Consumable stores comprise of ID licence cards held for issuance to the aviation stakeholders and various people in the aviation value chain.

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

1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

1.8 Impairment of cash-generating assets [continued]

Useful life is either:

- the period of time over which an asset is expected to be used by the SACAA; or
- the number of production or similar units expected to be obtained from the asset by the SACAA.

Identification

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

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

Reversal of impairment loss

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

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

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

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

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

1.9 Impairment of non-cash-generating assets

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.

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

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

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

Recoverable amount 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:

- the period of time over which an asset is expected to be used by the SACAA; or
- the number of production or similar units expected to be obtained from the asset by the SACAA.

1.9 Impairment of non-cash-generating assets [continued]

Identification

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

The SACAA 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 SACAA estimates the recoverable service amount of the asset.

Reversal of an impairment loss

The SACAA 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 SACAA 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.

1.10 Employee benefits

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

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 cell phones) for current employees.

When an employee has rendered service to the SACAA during a reporting period, the SACAA 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 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 benefits in the cost of an asset.

1.10 Employee benefits [continued]

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 SACAA measures the expected cost of accumulating compensated absences as the additional amount that the SACAA expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the SACAA during a reporting period, the SACAA 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; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.11 Provisions and contingencies

Provisions are recognised when:

- the SACAA 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.

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.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficit.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.12 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 SACAA 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.

1.12 Revenue recognition from exchange transactions {continued}

Measurement

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

Other income

Other income comprise of fees that are collected and not related to the mandate of the SACAA.

Interest

Revenue arising from the use by others of the SACAA'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 SACAA, and
- the amount of the revenue can be measured reliably.

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

1.13 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 SACAA receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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 the scheduled airlines and verified by data received from the airports.

Fuel levies are based on litres of aviation fuel sold by fuel wholesalers and verified biannually by independent external auditors appointed by the SACAA.

Accident and incident investigation fees are received from the Department of Transport on a cost-recovery basis negotiated annually in advance.

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

1.14 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.

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 Annual Financial Statements are recognised in surplus or deficit in the period in which they arise.

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.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) 1999, (Act no. 1 of 1999) or in contravention of the SACAA's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the Annual Financial Statements and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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 which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

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 the 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 is viewed as a single reportable segment.

1.18 Budget information

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

General purpose financial reporting by the 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 1 April 2019 – 31 March 2020.

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.

An explanation is provided for all variances between actual and budgeted amounts above 5% or in excess of R2 million in the notes to the Annual Financial Statements.

1.19 Related Parties

The SACAA 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.

1.20 Taxation

The SACAA is exempt from taxation in terms of the provision of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

NOTES TO THE FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

The SACAA has not applied the following standards and interpretations, which have been published and are mandatory for the SACAA's accounting periods beginning on or after 1 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IGRAP 20: Accounting for Adjustments to Revenue	1 April 2020	Not expected to have a material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2020	Not expected to have a material impact
GRAP 34: Separate Financial Statements	1 April 2020	Not expected to have a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	1 April 2020	Not expected to have a material impact
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	1 April 2020	Not expected to have a material impact
Directive 7 (revised): The Application of Deemed Cost	1 April 2020	Not expected to have a material impact

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Description	2020 R	2019 R
Cash on hand	3 000	3 000
Bank balances	8 201 793	7 884 754
Short-term deposits	289 771 739	292 219 854
	297 976 532	300 107 608

Credit quality of cash at bank 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 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. STATUTORY RECEIVABLES

Description	2020 R	2019 R
Statutory trade receivables	59 638 745	70 664 806
Provision for impairment of statutory trade and other receivables	(22 123 487)	(9 524 770)
Unallocated receipts	(887 513)	(283 353)
Other receivables	1 962 138	3 309 675
	38 589 883	64 166 358

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

Statutory trade receivables ageing

Description	2020 R	2019 R
Current	35 001 325	55 047 711
0 to 30 days	2 344 343	1 592 218
31 to 60 days	7 956 630	2 325 529
61 to 90 days	2 614 397	2 271 137
Over 90 days	11 722 050	9 428 211
	59 638 745	70 664 806

Credit quality of statutory receivables

The credit quality of Statutory receivables that are neither past nor 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 statutory receivables

Statutory receivables	38 589 883	64 166 358
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The management considers the carrying amount of statutory receivables to approximate fair value.

Statutory receivables past due but not impaired

At 31 March 2020 R4 732 669 (2019: R8 044 063) were past due but not impaired.

4. STATUTORY RECEIVABLES [CONTINUED]

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

Description	2020 R	2019 R
One month past due	1 721 438	1 583 794
Two months past due	1 831 432	2 100 336
Three months past due	835 513	1 971 752
Older than three months past due	344 286	2 388 181
	4 732 669	8 044 063

Statutory receivables impaired

As of 31 March 2020, statutory receivables of R22 123 487 (2019: R9 524 770) were impaired and provided for.

The ageing of these receivables is as follows:

Description	2020 R	2019 R
Less than one month past due	622 905	8 423
Less than two months past due	6 125 198	225 193
Less than two months past due	1 778 884	299 386
Over three months past due	13 596 500	8 991 768
	22 123 487	9 524 770

Reconciliation of provision for impairment of statutory receivables

Description	2020 R	2019 R
Opening balance	9 524 770	9 278 400
Increase in provision	12 598 717	1 122 854
Decrease in provision	-	(876 484)
	22 123 487	9 524 770

Included in debt impairment is amounts for South African Airways of R5 642 978 which is in business rescue and South African Express of R4 684 699 which is in provisional liquidation and other debtors.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020 R	2019 R
Other receivables	46 898 165	970 425
Prepayments	6 051 903	8 214 417
Deposits	1 947 347	1 947 347
Staff advances	81 000	130 208
	54 978 415	11 262 397

Receivables from exchange transactions are carried at cost, which normally approximates the short-term maturity thereof.

Included in other receivables from exchange transactions is an amount for insurance proceeds of R43 921 800 that relates to the flight inspection aircraft and calibration equipment that was received subsequent to year end.

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

Description	2020 R	2019 R
Current	46 898 165	-
0 to 30 days	-	178 395
31 to 60 days	-	439 239
Over 90 days	-	352 791
	46 898 165	970 425

Receivables past due but not impaired

On 31 March 2020, other receivables of R- (2019: R970 425) were past due but not impaired.

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

Description	2020 R	2019 R
One month past due	-	178 395
Two months past due	-	439 239
Older than three months past due	-	352 791
	-	970 425

6. CONSUMABLE STORES

ID licence card consumables	1 064 149	1 078 845
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7. PROPERTY, PLANT AND EQUIPMENT

Description	2020			2019		
	Cost R	Accumulated depreciation and impairment R	Carrying value R	Cost R	Accumulated depreciation and impairment R	Carrying value R
Leasehold improvements	169 253	(63 470)	105 783	169 253	(35 261)	133 992
Furniture and fixtures	17 046 211	(11 840 424)	5 205 787	16 280 670	(10 360 688)	5 919 982
Motor vehicles	4 168 624	(2 872 111)	1 296 513	4 168 624	(2 255 770)	1 912 854
Computer equipment	32 037 497	(17 019 314)	15 081 183	29 945 272	(13 382 961)	16 562 311
Generator	1 097 633	(531 044)	566 589	1 097 633	(457 868)	639 765
Aircraft	3 991 119	(3 991 119)	-	22 430 016	(16 108 323)	6 321 693
Calibration equipment	-	-	-	27 700 732	(17 305 825)	10 394 907
Canteen equipment	171 157	(130 110)	41 047	178 745	(112 132)	66 613
TOTAL	58 681 494	(36 447 592)	22 233 902	101 970 945	(60 018 828)	41 952 117

Reconciliation of property, plant and equipment - 2020

Description	Opening balance R	Additions R	Disposals R	Revaluations* R	Reallocations R	Depreciation R	Impairment loss R	Total R
	R	R	R	R	R	R	R	R
Leasehold improvements	133 992	-	-	-	-	(28 209)	-	105 783
Furniture and fixtures	5 919 982	1 196 921	(58 315)	46 004	(10 683)	(1 888 122)	-	5 205 787
Motor vehicles	1 912 854	-	-	-	-	(616 341)	-	1 296 513
Computer equipment	16 562 311	4 625 699	(755 408)	58 130	45 258	(5 517 807)	-	15 018 183
Generator	639 765	-	-	-	-	(73 176)	-	566 589
Aircraft	6 321 693	8 491 157	(9 912 955)	-	-	(1 157 405)	(3 742 490)	-
Calibration equipment	10 394 907	-	(9 470 733)	-	-	(924 174)	-	-
Canteen equipment	66 613	-	(1 017)	-	-	(24 549)	-	41 047
TOTAL	41 952 117	14 313 777	(20 198 428)	104 134	34 575	(10 229 783)	(3 742 490)	22 233 902

* The revaluations were performed for the RAASA assets that were taken over on 01 April 2019 to adjust the basis of accounting used to align it to Standards of GRAP.

7. PROPERTY, PLANT AND EQUIPMENT [continued]

Reconciliation of property, plant and equipment - 2019

Description	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Leasehold improvements	162 201	-	-	(28 209)	133 992
Furniture and fixtures	4 997 587	1 795 106	(68 560)	(804 151)	5 919 982
Motor vehicles	1 485 958	1 028 388	(95 403)	(506 089)	1 912 854
Computer equipment	10 457 081	8 290 451	(228 608)	(1 956 613)	16 562 311
Generator	712 940	-	-	(73 175)	639 765
Aircraft	7 793 261	-	-	(1 471 568)	6 321 693
Calibration equipment	11 503 753	-	-	(1 108 846)	10 394 907
Canteen equipment	76 086	-	-	(9 473)	66 613
	37 188 867	11 113 945	(392 571)	(5 958 124)	41 952 117

Expenditure incurred to repair and maintain property, plant and equipment

Description	2020 R	2019 R
Motor vehicles repairs and maintenance	-	66 128
Aircraft repairs and maintenance	5 029 646	5 949 221
Calibration repairs and maintenance	1 325 819	1 634 167
Other operational repairs and maintenance	2 435 404	2 715 192
	8 790 869	10 364 708

8. INTANGIBLE ASSETS

Description	2020			2019		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Computer software	70 501 943	(14 737 305)	55 764 638	71 306 714	(10 580 041)	60 726 673
Work in progress	16 153 987	-	16 153 987	13 392 521	-	13 392 521
Total	86 655 930	(14 737 305)	71 918 625	84 699 235	(10 580 041)	74 119 194

8. INTANGIBLE ASSETS [continued]

Reconciliation of intangible assets - 2020

Description	Opening balance	Additions	Disposals	Transfers	Revaluations**	Reallocations	Amortisation	Total
	R	R	R	R	R	R	R	R
Computer software	60 726 673	472 870	(1 117 462)	883 707	20 970	(34 575)	(5 187 545)	55 764 638
Work in progress*	13 392 521	3 645 173	-	(883 707)	-	-	-	16 153 987
	74 119 194	4 118 043	(1 117 462)	-	20 970	(34 575)	(5 187 545)	71 918 625

Reconciliation of intangible assets - 2019

Description	Opening balance	Additions	Transfers	Amortisation	Total
	R	R	R	R	R
Computer software	34 909 508	700 386	28 131 711	(3 014 932)	60 726 673
Work in progress*	37 659 111	3 865 121	(28 131 711)	-	13 392 521
	72 568 619	4 565 507	-	(3 014 932)	74 119 194

* Work in progress includes ID Licence Card System of R40 068 as well as software licence and installation costs of the Enterprise Business System (EBS) of R16 113 919. As the phases of the EBS project are completed and implemented, they are transferred to computer software.

** The revaluations were performed for the RAASA assets that were taken over on 01 April 2019 to adjust the basis of accounting used to align it to Standards of GRAP.

9. TRADE AND OTHER PAYABLES

Description	2020 R	2019 R
Trade payables	1 213 885	7 418 436
Income received in advance	91 700	1 028 433
Statutory receivables with credit balances	14 388 267	13 718 120
Sundry accruals	18 557 059	29 445 257
Salary-related accruals	1 842 595	1 113 241
Leave pay accrual	22 630 817	23 706 881
	58 724 323	76 430 368

The SACAA does not have any long term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.

10. OPERATING LEASE LIABILITY

Description	2020 R	2019 R
Non-current assets	-	-
Current liabilities	578 576	1 685 309
Operating lease liability	578 576	1 685 309

The operating lease liability relates to the smoothing of the rental lease payments for property rental over the lease period.

11. PROVISIONS

Reconciliation of provisions - 2020

Description	Opening balance R	Utilised R	Reversed R	Total R
Performance bonus provision*	80 269 113	(78 811 718)	(1 457 395)	-

Reconciliation of provisions - 2019

Description	Opening balance R	Additions R	Utilised R	Total R
Performance bonus provision*	65 745 529	80 000 000	(65 476 416)	80 269 113

* The performance bonus provision is calculated in line with the remuneration policy as approved by the Board. No bonus provision was made for the current financial year due to the impact that the COVID-19 has had on the financial position of the SACAA subsequent to year end.

Uncertainties and assumptions

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. This calculation is in line with the remuneration 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) exist for this purpose.

The SACAA is under no obligation to cover any unfunded benefits.

Description	2020 R	2019 R
The total amount recognised as an expense for defined contribution plans is	55 796 695	50 471 809

13. INTEREST REVENUE FROM EXCHANGE TRANSACTIONS

Interest revenue

Description	2020 R	2019 R
Financial institutions	17 477 773	17 983 764
Trade and other receivables	975 230	552 408
	18 453 003	18 536 172

14. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

Description	2020 R	2019 R
Sundry income	3 757 626	2 451 373
Sponsorship income	3 705 303	2 400 818
Insurance claims received*	44 101 159	82 986
	51 564 088	4 935 177

* Included in insurance claims received for the current year is an amount of R43 921 800 for the flight inspection unit aircraft and calibration equipment that was involved in an accident. The amount was received after year end.

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Description	2020 R	2019 R
Passenger safety charge*	555 178 876	532 263 061
User fees	102 933 649	101 678 621
Fuel levy**	21 491 236	25 583 055
Accident and incident investigation	33 150 288	21 922 932
	712 754 049	681 447 669

* Passenger safety charge for the year increased by 4.3% as a result of an increase in the passenger safety charge fee of 5.3% from R23.61 to R24.86 from 1 May 2019. The passenger numbers for the year declined by 0.5% when compared to the prior year.

** The fuel levy revenue decreased by 15.9% due to a decline in activities in the general aviation sector, specifically charters, leisure activities and air freight cargo.

16. PERSONNEL COST

Description	2020 R	2019 R
Basic salary*	325 305 324	300 880 508
Bonus**	(1 457 395)	85 079 933
Pension fund contributions	55 796 695	50 471 809
Medical aid contributions	20 888 785	18 621 622
Other employee benefit costs	11 669 812	10 822 969
Temporary staff	2 651 664	4 829 795
Acting allowances	1 611 035	1 030 402
Leave pay provision charge	1 726 298	175 440
Travel and other allowances	3 651 932	3 841 064
Compensation for occupational injuries and diseases fund	895 509	509 661
Unemployment Insurance Fund	994 524	959 402
	423 734 183	477 222 605

* Basic salary costs increased by 8.1% as a result of salary increases for employees ranging from 6% to 6.8% effective from 1 April 2019, as well as an increase of eighteen (18) employees during the year.

** No bonus provision was made for the current financial year due to the impact that the COVID-19 has had on the financial position of the SACAA subsequent to year end. The credit balance is a result of the reversal of the over-provision from the prior year.

17. OPERATING EXPENSES

Description	2020 R	2019 R
Aircraft operation expenses	3 573 510	2 977 219
Auditors' remuneration	2 757 722	2 251 883
Bank charges	777 210	797 090
Bursaries	6 197 314	6 487 032
Cleaning	1 834 625	1 558 661
Conferences, seminars and venue hire	5 846 565	7 310 128
Consulting and professional fees	10 263 926	8 829 392
Consumables	1 125 071	1 028 034
Electricity	4 642 589	4 221 152
Fuel and oil	429 555	373 340
IT expenses	4 738 332	4 573 312
Insurance	1 431 090	1 633 381
Legal fees	7 996 286	4 569 290
Magazines, books and periodicals	923 837	1 502 899
Motor vehicle expenses	7 031	21 401
Placement fees	1 569 714	1 189 272
Postage and courier	1 262 358	531 105
Printing and stationery	3 207 955	2 890 888
Public relations	9 849 016	15 741 491
Refuse	285 335	211 270
Regulation development	269 792	396 586
Repairs and maintenance	8 790 869	10 364 708
Safety and promotion	7 090 098	5 644 230
Security	4 466 094	4 342 959
Skills development levy	4 438 085	4 025 570
Software expenses	27 751 599	19 813 607
Sponsorships	3 732 149	4 450 281
Staff events	1 162 613	1 601 883
Staff welfare	376 067	294 012
Telephone and fax	6 307 218	5 276 300
Training	14 347 236	17 843 044
Travel - domestic	21 364 200	20 497 801
Travel - international	13 875 111	20 538 973
Uniforms	319 345	712 306
Other expenses	564 264	451 883
	183 573 781	184 952 383

18. FINANCE COSTS

Description	2020 R	2019 R
Other interest paid	-	272

19. DEBT IMPAIRMENT

Description	2020 R	2019 R
Increase in debt impairment provision	12 598 717	246 370
Bad debts written off	1 312 076	1 016 912
	13 910 793	1 263 282

Included in debt impairment is amounts for South African Airways of R5 642 978 which is in business rescue and South African Express of R4 684 699 which is in provisional liquidation and other debtors.

20. TAXATION

No provision for taxation has been made, as the SACAA is exempted in terms of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

21. AUDITORS' REMUNERATION

Description	2020 R	2019 R
Fees	2 706 012	2 225 786
Reimbursive expenses	51 710	26 097
	2 757 722	2 251 883

22. CASH FLOWS FROM OPERATING ACTIVITIES

Description	2020 R	2019 R
Surplus	93 031 774	1 352 326
Adjustments for:		
Depreciation and amortisation	15 417 328	8 973 056
Loss on disposal of assets	20 963 821	113 438
Gain on foreign exchange	(2 631 640)	-
Impairment loss on property, plant and equipment	3 742 490	-
Debt impairment and bad debts written off	13 910 793	1 263 282
Movements in operating lease liability	(1 106 733)	718 330
Movements in provisions	(80 269 113)	14 523 584
Changes in working capital:		
Consumable stores	14 696	(1 078 845)
Statutory receivables	28 208 115	(3 788 002)
Movement in debt impairment and bad debts written off	(13 910 793)	(1 263 282)
Receivables from exchange transactions	(43 716 018)	(11 262 397)
Trade and other payables	(17 706 043)	(383 152)
	15 948 677	9 168 338

23. COMMITMENTS

Authorised capital and maintenance expenditure

Description	2020 R	2019 R
Authorised and contracted for		
• Property, plant and equipment	4 627 656	296 208
• Intangible assets	-	12 554 135
	4 627 656	12 850 343
Authorised and not contracted for		
• Property, plant and equipment	143 240 800	119 036 589
• Intangible assets	45 716 244	-
	188 957 044	119 036 589
Total capital commitments		
• Authorised and contracted for	4 627 656	12 850 343
• Authorised and not contracted for	188 957 044	119 036 589
	193 584 700	131 886 932

The capital commitment authorised and not contracted for in property, plant and equipment is for the acquisition of an aircraft for an amount of R143 240 800 for the Flight Inspection Unit (FIU).

23. COMMITMENTS [continued]

The capital commitment authorised and not contracted for in intangibles is for the acquisition of the Share Point Based Electronic Document and Records Management System for an amount of R39 320 398 and an Enterprise Business System for an amount of R6 395 846.

The capital expenditure budget for the year ending 31 March 2021 is R58 700 000.

Operating leases

Description	2020 R	2019 R
Minimum lease payments due		
- within one year	9 182 409	39 044 759
- in second to fifth year inclusive	174 850 629	178 016 571
- later than five years	424 831 100	348 729 393
	608 864 138	565 790 723

Operating lease payments represent rentals payable by the SACAA for certain of its office properties and equipment. Leases are negotiated for an average term of between three to ten 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 R317 500 000. The SACAA is confident that it can successfully defend the matter.

Plaintiff instituted civil claim against seven defendants and RAASA is the first defendant. The plaintiff is claiming compensation for an amount of R17 713 398 for loss of support. Based on the legal opinion received from the RAASA legal task team, RAASA is confident that it can successfully defend the matter.

Costs were awarded against the SACAA on a legal matter. The estimated legal costs amount to R250 000 and the actual costs will only be determined once the bill of costs has been taxed by the taxing master.

25. RELATED PARTIES

Related party balances

Loan accounts owing (to)/by related parties

Description	2020 R	2019 R
Department of Transport	(625 838)	667 237
South African Airways*	4 563 180	62 493
Air Traffic and Navigation Services	124 895	(2 498 381)
Airports Company South Africa (licences)	19 315	(77 151)
South African Express (safety charge and general aviation)*	4 541 023	2 978 598
Mango Airlines	127 978	(160 706)
	8 750 553	972 090

* These amounts have been impaired during the current financial period.

Except for the impairments indicated above, 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.

Related party transactions

Purchases from/(invoices to) related parties

Description	2020 R	2019 R
Department of Transport (accidents and incidents)	(34 860 000)	(23 542 000)
Department of Transport (secondment allowance)	451 053	1 532 177
Air Traffic and Navigation Services	(4 885 253)	(6 710 638)
Airports Company South Africa (licences)	(2 810 375)	(1 819 511)
Airports Company South Africa (rentals)	1 842 872	2 181 102
South African Airways	(75 970 757)	(76 028 488)
South African Express (safety fees and general aviation)	(8 931 996)	(9 272 107)
Mango Airlines	(87 308 105)	(90 563 163)
	(212 472 561)	(204 222 628)

These transactions are carried out on commercial terms and conditions.

26. MEMBERS' EMOLUMENTS

Executive Management - 2020		Salary R	Medical aid R	Provident fund R	Bonuses R	Total R
Ms G Khoza	DCA	3 598 801	155 154	568 828	2 128 000	6 450 783
Mr AAA Seedat	Executive: Finance	2 013 516	111 198	354 722	892 633	3 372 069
Mr S Segwabe	Executive: Aviation Safety Operations	2 166 465	95 955	374 382	942 107	3 578 909
Mr GH Bestbier	Executive: Aviation Infrastructure	2 186 434	76 356	534 618	1 021 446	3 818 854
Ms T Masooa	Executive: Human Resources	1 877 508	110 790	337 325	840 817	3 166 440
Ms P Gwebu	Executive: Corporate Services	1 550 303	99 625	278 475	701 401	2 629 804
Mr P Kewana (Resigned 30 November 2019)	Chief Audit Executive	1 159 257	62 568	198 534	737 144	2 157 503
Ms M Mamabolo* (Terminated 31 January 2020)	Executive: Legal and Aviation Compliance	1 553 592	46 845	269 356	838 385	2 708 178
Ms N Naraindath	Company Secretary	1 569 139	145 071	290 601	741 663	2 746 474
Mr L Gqeke	Executive: Aviation Security	2 080 113	-	374 382	1 141 352	3 595 847
Mr P Mashaba	Executive: Accident and Incident Investigation	1 905 767	51 894	329 493	1 344 363	3 631 517
Ms B Ndandani (Acting from 1 April 2019 - 31 March 2020)	Executive: Legal and Aviation Compliance	1 547 935	42 363	318 515	475 149	2 383 962
Mr L Tshitauzi (Acting from 1 December 2019 - 31 March 2020)	Chief Audit Executive	467 996	28 380	58 189	-	554 565
		23 676 826	1 026 199	4 287 420	11 804 460	40 794 905

* Seconded to the Department of Transport from 15 October 2018.

26. MEMBERS' EMOLUMENTS [continued]

Executive Management - 2019		Salary R	Medical aid R	Provident fund R	Bonuses R	Total R
Ms G Khoza	DCA	3 049 496	140 787	538 955	2 687 007	6 416 245
Mr AAA Seedat	Executive: Finance	1 869 744	114 742	365 297	1 321 592	3 671 375
Mr S Segwabe	Executive: Aviation Safety Operations	2 093 590	81 618	365 251	1 401 467	3 941 926
Mr GH Bestbier	Executive: Aviation Infrastructure	2 115 380	70 080	521 578	1 495 363	4 202 401
Ms T Masooa	Executive: Human Resources	1 861 856	101 691	296 188	1 258 804	3 518 539
Ms P Gwebu	Executive: Corporate Services	1 471 046	117 849	271 683	1 020 726	2 881 304
Mr P Kewana	Chief Audit Executive	1 626 691	88 074	295 583	1 120 626	3 130 974
Ms M Mamabolo*	Executive: Legal and Aviation Compliance	1 763 870	67 229	317 512	1 202 680	3 351 291
Ms N Naraindath	Company Secretary	1 507 865	117 849	283 513	1 094 426	3 003 653
Mr L Gqeke	Executive: Aviation Security	2 139 762	-	365 251	1 376 762	3 881 775
Mr P Mashaba	Executive: Accident and Incident Investigation	1 799 577	47 637	321 456	696 694	2 865 364
Mr N de Lange	Chief Executive: RAASA	1 197 020	36 630	-	220 804	1 454 454
Ms B Ndandani (Acting from 15 Oct 2018 - 31 Mar 2019)	Executive: Legal and Aviation Compliance	605 455	18 284	142 426	-	766 165
		23 101 352	1 002 470	4 084 693	14 896 951	43 085 466

* Seconded to the Department of Transport from 15 October 2018

26. MEMBERS' EMOLUMENTS [continued]

	Members' fees R	Reimbursive expenses R	Total R
Non-Executive Director's fees - 2020			
Mr E Khosa	381 569	20 900	402 469
Mr S Sooklal	383 027	12 560	395 587
Mr MG India	326 376	23 278	349 654
Prof. NV Dyani Mhango	335 592	24 307	359 899
Mrs GB Koyana	356 305	9 321	365 626
Dr BC Suckling	336 007	17 590	353 597
	2 118 876	107 956	2 226 832
	Members' fees R	Reimbursive expenses R	Total R
Non-Executive Director's fees - 2019			
Mr E Khosa	279 741	15 389	295 130
Mr SS Mokoena	182 655	1 184	183 839
Mr S Sooklal	288 700	7 814	296 514
Ms L Dlepu	5 206	376	5 582
Major-Gen. NLJ Ngema	5 206	2 300	7 506
Mr MG India	223 530	3 138	226 668
Prof. NV Dyani Mhango	232 099	4 538	236 637
Dr BC Suckling	213 838	2 277	216 115
Mrs GB Koyana	75 464	-	75 464
	1 506 439	37 016	1 543 455

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 SACAA's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for its shareholder and benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the SACAA consists of cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As the SACAA 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 SACAA 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 SACAA'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 SACAA 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 the 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 SACAA will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The SACAA's risk to liquidity is a result of the funds available to cover future commitments. The SACAA 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 COVID-19 outbreak and the related reduction in economic activity and limitations on air travel has resulted in a significant reduction in revenue for the SACAA subsequent to year end (refer to note 28 and 29). Cash flow reserves will be utilised to ensure sufficient liquidity and our shareholder will be engaged for financial assistance.

The liquidity ratio below illustrates:

Description	2020 R	2019 R
Current ratio		
Current assets	392 608 979	376 615 208
Current liabilities	59 302 899	158 384 790
	6.62:1	2.38:1

27. RISK MANAGEMENT [continued]

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 SACAA is exposed to interest rate risk as it invests funds in the money market at floating interest rates. At 31 March 2020, no derivative financial instruments were used to manage the SACAA's exposure to interest rate risk.

The SACAA 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 SACAA is exposed to credit risk, which is the risk of financial loss to the SACAA 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 debtors and other receivables. The SACAA 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 management. 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.

The COVID-19 outbreak caused a reduction in economic activity and severely impacted the aviation industry and the SACAA client base. This was taken into account when impairment of receivables were considered.

Financial assets exposed to credit risk at year end were as follows:

Description	2020 R	2019 R
Financial instrument		
Statutory receivables less unallocated receipts	58 751 232	70 381 453
Other receivables	48 860 303	4 280 100
Staff advances	81 000	130 208
Cash and cash equivalents	297 976 532	300 107 608
	405 669 067	374 899 369

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.

27. RISK MANAGEMENT [continued]

As at 31 March 2020, the SACAA 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.

	Direct charges R	Indirect charges R	Total R
2020			
Current balances	36 535	34 964 789	35 001 324
Overdue balances	6 940 786	17 696 635	24 637 421
Subtotal	6 977 321	52 661 424	59 638 745
Impairment provision	(19 136 237)	(2 987 250)	(22 123 487)
Net trade receivables	(12 158 916)	49 674 174	37 515 258
	Direct charges R	Indirect charges R	Total R
2019			
Current balances	2 161 485	51 915 799	54 077 284
Overdue balances	8 761 929	7 825 593	16 587 522
Subtotal	10 923 414	59 741 392	70 664 806
Impairment provision	(6 537 520)	(2 987 250)	(9 524 770)
Net trade receivables	4 385 894	56 754 142	61 140 036

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.

Foreign exchange risk

The SACAA incurs currency risk as a result of expenses in foreign currencies, hence exposure to exchange rate fluctuations arises. The foreign currency in which the SACAA 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 COVID-19 pandemic has and continues to cause devastation in the world. The impact on the aviation industry has been severe. As a regulator of the industry in South Africa, the SACAA is dependent on passenger safety charge, user fees and fuel levies from the airlines for a major part of its revenue. The severe restrictions on airline flights both locally and globally has had a major impact on the number of people flying and hence an impact on the revenue of the SACAA.

In South Africa the total ban on flights since the President of South Africa announced a lockdown on the 26 March 2020 has resulted in the SACAA earning very little to no revenue during the period of the lockdown. Indications are that the conditions in the industry are only likely to improve much later in 2020 and could take up to two years to return to normality. The issues detailed above have caused significant strain on the financial resources of the SACAA.

Management is of the view that the SACAA will continue as a going concern for the foreseeable future as it has sufficient available reserves currently. Conditions are also to improve once the aviation industry is opened again for business later in 2020.

In addition the SACAA is a juristic person established in terms of the Civil Aviation Authority Act, 2009 (Act No. 13 of 2009). The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa in line with the Civil Aviation Authority Act (the Act), and in accordance with the standards and recommended practices (SARPs) prescribed by the International Civil Aviation Organisation (ICAO). The SACAA as such is a statutory body, an organ of state in terms of the Constitution of the Republic of South Africa, 1996, that is obliged to perform this function and should receive the full support of the state.

Management seeks to obtain the best possible information to enable us to assess these risks and implement appropriate measures to respond. We have taken and will take a number of measures to monitor and prevent the effects of the COVID-19 virus on the SACAA, over and above in carrying out its mandate to administer civil aviation safety and security oversight in the Republic of South Africa. This includes safety and health measures for our employees and clients (like social distancing and working from home), in-depth contract reviews, securing additional financing to support continuity of our operations and communication to our key stakeholders. Planned actions include, cost containment measures, the delay of all capital expenditure projects, use of support made available by government and other crisis management and business continuity measures for short-, mid- and long-term scenarios.

As at the 31 March 2020, the SACAA has a strong financial position with total net assets of R427 458 607 and cash and cash equivalents of R297 976 532 and its short-term liquidity has a strong current ratio of 6.62 cover.

Based on the facts and circumstances known at this point and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is appropriate in the circumstance, hence the Annual Financial Statements are prepared on the assumption that the SACAA is a going concern.

29. EVENTS AFTER THE REPORTING DATE

The COVID-19 outbreak spread rapidly in 2020, with a significant number of infections globally. Measures taken by various governments to stop and contain the virus have affected economic activity and the aviation industry materially.

- The reduction of economic activity and the restrictions imposed on air travel has resulted in a significant reduction in revenue for the SACAA.
- The SACAA generates more than 92% of its revenue from passenger safety charges, user fees and fuel levy and for the three months post the year end it has been unable to generate any revenue from passenger safety charges and generated minimum revenue from user fees and fuel levy.

The government is implementing a risk-based approach to easing the current lockdown. It is anticipated that restricted air travel will only commence at lockdown Level 3, full domestic air travel at Level 2 and regional and international air travel at Level 1. Most airlines have already indicated that they will likely only be allowed to fly again between September and November of 2020.

29. EVENTS AFTER THE REPORTING DATE [continued]

As a result of these events, our cumulative revenue in the first three (3) months of 2020/21 financial year was approximately 98% lower than our 2019/20 revenue during the same period.

We expect the company's operating results to decline significantly in the 2020/21 financial year. Also, our liquidity has been negatively impacted, which required us to engage with our shareholder for financial assistance.

The government has also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 outbreak on our results and liquidity. We are currently investigating the extent to which we can apply for such government assistance.

The details, however, of available arrangements and the period through which they remain available are unknown.

Depending on the duration of the COVID-19 crisis and the continued negative impact on economic activity, the organisation may experience further negative results and liquidity constraints and incur additional impairments on its assets in the 2020/21 financial year. The exact impact on our activities in the remainder of the 2020/21 financial year and thereafter cannot be predicted with any degree of certainty.

It is noted that one of the Board members, Dr B Suckling, tendered his resignation with immediate effect on 17 August 2020 to the Minister of Transport.

30. IRREGULAR EXPENDITURE

Description	2020 R	2019 R
Opening balance	6 686 342	161 500
Add: Irregular Expenditure - current	457 529	2 228 346
Add: Irregular Expenditure incurred in prior year and identified in current year	-	4 296 496
Less: Amounts condoned	(161 500)	-
Closing balance	6 982 371	6 686 342

The irregular expenditure of R457 529 in the current year as well as R2 228 346 and R4 296 496 in prior years relates to contract variations greater than 15% of the initial value of the contract that was not pre-approved by National Treasury. The internal investigation which resulted in an employee being disciplined relating to the irregular expenditure has now been concluded. The outcome of the disciplinary hearing is that the employee was found not guilty. The SACAA will now commence with the process of seeking condonation for this expenditure from National Treasury and the Board. No new matters were reported in the current financial period.

31. FRUITLESS AND WASTEFUL EXPENDITURE

Description	2020 R	2019 R
Opening balance	5 448	5 448
Less: Amounts condoned	(5 448)	-
Closing balance	-	5 448

32. TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The SACAA had previously designated the Recreational Aviation Administration of South Africa (RAASA) a non-profit company to conduct its statutory recreational oversight function in terms of the Civil Aviation Act. During the period of the designation, SACAA exercised control over RAASA's governance activities including its financial resources. The SACAA during 2018 cancelled the designation to RAASA, which enabled RAASA to conduct recreational oversight functions on its behalf. Based on this decision, with effect from 1 April 2019, all functions, operations, assets, liabilities and contingent liabilities have been taken over by SACAA.

It is reported that the SACAA in the previous financial year consolidated the results of RAASA in accordance with the requirements of GRAP 6 (Consolidated and Separate financial statements).

The SACAA's control was determined by its powers to manage the financial resources and operating policies of RAASA, as well as its right in terms of the RAASA Memorandum of Incorporation to appoint four directors and the Chairperson so as to obtain benefits from its activities which were of a non-financial nature.

The carrying values of assets and liabilities taken over with effect from 1 April 2019 are summarised below:

Description	2020 R
Net Assets	
Property, plant and equipment and intangible assets	191 239
Revaluations*	125 104
Cash and cash equivalents	407 977
Trade and other receivables	36 285
Trade and other payables	(616 115)
	144 490

* The revaluation on property, plant and equipment and intangible assets was performed on 01 April 2019 to adjust the basis of accounting used for the assets acquired to align it to Standards of GRAP.

33. BUDGET VARIANCES

Material differences between budget and actual amounts

The material variances between actual and budgeted above 5% or in excess of R2 million can be explained as follows:

Interest revenue

Interest revenue is R2 800 017 above budget as a result of surplus funds invested due to lower capital expenditure.

Other revenue

Other revenue is R46 370 349 higher than budget as a result of the insurance proceeds from the accident of the flight inspection aircraft and calibration equipment.

Gain on foreign exchange

The gain on foreign exchange resulted from the restatement of the insurance receivable to year end spot rate.

Passenger safety charge

Passenger safety charge is R17 344 789 lower than budget due to lower passenger numbers. The passenger numbers decreased by 0.5% when compared to the prior year and 3.1% lower when compared to the budget for the year.

33. BUDGET VARIANCES [continued]

User fees

User fees is R8 246 202 below budget mainly due to lower calibration income earned due to the unavailability of the flight inspection aircraft to conduct calibration services.

Fuel levy

Fuel levy is R3 090 764 lower than budget due to lower volume growth in aviation fuel supply to general aviation and cargo.

Personnel cost

A saving of R110 313 579 on personnel was realised due to the reversal of the performance bonus provision of R87 089 434 as well as vacant positions that were not filled during the year.

Operating expenses

Operating expenses is R12 910 059 lower than budget as a result of cost containment measures in controllable expense items of training, bursaries and international travel.

Impairment loss

Impairment loss of R3 742 490 was incurred in the current year as a result of the left engine of the aircraft being impaired.

Lease rentals on operating lease

Lease rentals is below budget by R2 819 028 mainly due to the straight-lining adjustment being favourable as the leases are nearing the end of the contract.

Bad debts written off and debt impairment

Bad debts written off for the year amounted to R1 312 076 and the debt impairment provision for the year was increased by R12 598 717 mainly due to business rescue proceedings of South African Airways and the provisional liquidation of South African Express.

Loss on scrapping of assets

The loss on scrapping of assets is above budget by R20 363 821 as a result of the accident of flight inspection aircraft.

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 budget with business needs.

34. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

35. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The comparative figures disclosed for the prior year are the consolidated group figures for SACAA and RAASA. The SACAA was a controlling entity in the prior year wherein it consolidated the results of RAASA. Effective from 1 April 2019, the SACAA has taken over all the assets and liabilities of RAASA. The assets and liabilities taken over are set out in note 32.



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AUTHORITY**