

SOUTH AFRICAN



CIVIL AVIATION
AUTHORITY

ANNUAL REPORT



2017 | 2018



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STUDENT CONNECTIONS



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31 August 2018

Dr Bonginkosi Emmanuel Nzimande, MP
Minister of Transport
Private Bag X193
PRETORIA
0001

Honourable Minister Nzimande,

It is a privilege and honour to hereby submit the 2017/18 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 1 April 2017 to 31 March 2018.

Yours sincerely,



.....
Mr Smunda Mokoena
Chairperson: SACAA Board



GENERAL INFORMATION



General Information

REGISTERED NAME:	South African Civil Aviation Authority
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EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	Standard Bank of South Africa
COMPANY SECRETARY:	Ms Nivashnee Naraindath (BA, LLB, LLM, Admitted Attorney)
RP	258/2018
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Abbreviation and acronyms

ACSA	Airports Company South Africa	ICT	Information and Communication Technology
AEP	Aviation Environmental Protection	JARUS	Joint Authorities for Rulemaking on Unmanned Systems
AGM	Annual General Meeting	LAC	Legal and Compliance
AGSA	Auditor-General of South Africa	MoA	Memorandum of Agreement
AIID	Accident and Incident Investigation Division	MoU	Memorandum of Understanding
AMO	Aircraft Maintenance Organisation	MRV	Monitoring, Reporting and Verification
ANS	Air Navigation Services	MSP	Master Surveillance Plan
AOC	Air Operator Certificate	MTEF	Medium-term Expenditure Framework
ARC	Audit and Risk Committee	NCATS	National Civil Aviation Transformation Strategy
ASC	Aviation Security Committee	NTCA	Non-type Certified Aircraft
ASIB	Accident Safety Investigation Board	NUMSA	National Union of Metal Workers of South Africa
ASEC	Aviation Safety and Environment Committee	OJT	On-the-job Training
ASO	Aviation Safety Operations Division	PBN	Performance-based Navigation
ATNS	Air Traffic and Navigation Services	PESTLE	Political, Economic, Social, Technological, Legal, and Environmental
ATOs	Aviation Training Organisations	PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
AvMed	Aviation Medicine	POC	Procurement Oversight Committee
AvSec	Aviation Security	PPL	Private Pilot's Licence
B-BBEE	Broad-based Black Economic Empowerment	PSC	Passenger Safety Charge
CAA	Civil Aviation Authority	RAASA	Recreational Aviation Administration of South Africa
CAE	Chief Audit Executive	RBO	Relationship by Objective
CAP	Corrective Action Plan	RSVM	Reduced Vertical Separation Minima
CAR	Civil Aviation Regulation	SAA	South African Airways
CARCom	Civil Aviation Regulations Committee	SACAA	South African Civil Aviation Authority
CATS	Civil Aviation Technical Standards	SADC	Southern African Development Community
C-FARP	Cross-functional Accident Reduction Plan	SANAS	South African National Accreditation System
CORSIA	Carbon Offset and Reduction Scheme for International Aviation	SANWIT	South African Network for Women in Transport
DAME	Designated Aviation Medical Examiner	SARPs	Standards and Recommended Practices
DCA	Director of Civil Aviation	SAX	South African Express Airways
DoA	Delegation of Authority	SCM	Supply Chain Management
DoT	Department of Transport	UNESCO	United Nations Educational Scientific, and Cultural Organisation
EBS	Enterprise Business System	USOAP	Universal Safety Oversight Audit Programme
EXCO	Executive Management Committee	USAP	Universal Security Audit Programme
FIU	Flight Inspection Unit	YTD	Year-to-Date
HR	Human Resources		
HRC	Human Resources and Remuneration Committee		
H&S	Health and Safety		
IATA	International Air Transport Association		
ICAO	International Civil Aviation Organization		
ICVM	ICAO Coordinated Validation Mission		
IIA	Institute of Internal Auditors		
ILF	Industry Liaison Forum		





Mr Smunda Mokoena



Foreword by the Chairperson

It is with immense pride that I, on behalf of the South African Civil Aviation Authority's (SACAA) Board, management and staff present the SACAA 2017/18 Annual Report. This is the first annual report that the SACAA is presenting to the Honourable Minister of Transport, Dr Bongikosi Nzimande, since his appointment on 26 February 2018. The SACAA welcomes and congratulates the Honourable Minister in his new role and looks forward to the Minister's leadership and guidance; and assures him of the organisation's unwavering support.

I have previously made this pronouncement, and I am very happy and proud to repeat that the SACAA continues, year-after-year, to be a well-run public entity that delivers on its mandate, and in several instances, exceeds expectations! As in the past several years, the SACAA has once again met all its annual targets as outlined in its Annual Performance Plan (APP).

The implementation of the SACAA's five-year strategic plan is well under way

The SACAA's five-year Strategic Plan will conclude at the end of the 2019 - 2020 financial year. The SACAA has adopted a full-throttle approach in terms of the implementation of the deliverables outlined in the Strategic Plan. The organisation's operational and financial performance over the last few years has been nothing short of outstanding.

During the 2017/18 financial year, the Board adopted the following organisational strategic goals:

1. Regulate aviation safety and security effectively and efficiently.
2. Increase access to regulatory services.
3. Secure financial sustainability.

4. Improve communication and stakeholder management.
5. Significantly improve client service experience.
6. Drive organisational efficiency and effectiveness.
7. Accelerate transformation.

Regulate aviation safety and security effectively and efficiently

Once again, and for the fourth year in succession, i.e., 2017/18, 2016/17, 2015/16, and 2014/15, SACAA achieved 100% performance against set targets. This indicates that the staff, management, and Board have a firm commitment to operational performance excellence. It also attests to the fact that SACAA continues to be a well-run public entity that is supported by committed staff, solid management, a dedicated governing body and sterling leadership by the Ministry of Transport.

Excellent performance in the ICAO safety audit

The Board is proud to confirm South Africa's exemplary performance in the ICAO Universal Safety Oversight Programme (USOAP) Continuous Monitoring Approach (CMA) audit, which started with an on-site audit from 8 – 18 May 2017 and officially ended in December 2017 with an off-site audit. Following this audit, South Africa's Effective Implementation (EI) score sits at 87.39%, which puts the country at number one in Africa and number 32 globally. This figure changes as more States are audited.

The country's efforts in the next few years will be to close all the findings raised by ICAO, as this will contribute to ensuring that the Regulator achieves its vision of being rated amongst the top 10 regulators in the world.

Getting ready for the next ICAO security audit

The SACAA has started the process of 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.

A date to audit South Africa on its aviation security oversight activities has not yet been set. Irrespective, when the ICAO does eventually come through to audit 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. It will also assess the degree of effective compliance with ICAO's Standards and Recommended Practices (SARPs) set in Annex 17, together with aviation security related standards in Annex 9, as well as associated guidance material.



ICAO Annex 9 pertains to Facilitation while Annex 17 relates to Security, and specifically in terms of Safeguarding International Civil Aviation against Acts of Unlawful Interference. This approach assists Member States to identify deficiencies in their overall aviation security system and to address them accordingly.

The last time South Africa was audited by ICAO on its civil aviation security system was during the 2011 Second Cycle ICAO USAP, and in this audit South Africa achieved an EI rating of 81.3%.

Insourcing of recreational aviation activities

In 2008 SACAA designated the oversight of recreational aviation to the Recreation Aviation Administration of South Africa (RAASA). A year ago, the SACAA management reviewed the designated services and recommended to the Board a new oversight model for recreational aviation services. The Board approved the insourcing of these services back into the SACAA. It was further resolved that management submit to the Board the framework and details around the incorporation of RAASA. The Director of Civil Aviation (DCA) established the RAASA Transitional Committee in order to manage this transition. The RAASA memorandum of agreement concluded with SACAA ended on 31 March 2018; however, the Board extended the contract for an additional 12-month period to allow for a smooth transition. Therefore, the recreational aviation functions will be fully insourced from 1 April 2019. Management presented the RAASA Transitional Plan, which has since been approved by the Board.

Transformation of the aviation industry remains slow

It is evident that the aviation industry is reluctant or unable to transform and that efforts to diversify do not measure up to the challenge. This is also an indication that there is the need for an urgent intervention. Hence, the SACAA is in full support of the Department of Transport's intention to implement the comprehensive National Civil Aviation Transformation Strategy (NCATS), which may in this case serve as the much-awaited solution for the current dilemma.

Flight Inspection Unit Disposal and Acquisition Strategy

I am happy to report that the necessary approvals from the Board, Minister of Transport, and the Minister of Finance have been secured in relation to the disposal of the aircraft to undertake Flight Inspection Unit (FIU) activities and the acquisition of new aircraft for these duties. All the necessary requirements pertaining to the Public Finance Management Act (PFMA) have been complied with.

Significant events that occurred after the financial year-end of 31 March 2018

Below are some of the key events that happened after the end of the financial year. The next annual report will contain details on each of the items outlined below.

Appointment of an Interim Board

The publishing of this report coincides with a new era for the SACAA, which entails a change at the pinnacle of the organisation. I would like to use this opportunity to welcome the non-executive members of the interim SACAA Board, appointed from 1 April 2018. I have no doubt that the interim Board is keen to embrace the SACAA's tradition of working hand-in-hand with all our stakeholders, especially the Ministry and the Department of Transport, in ensuring that SACAA continues to keep all civil aviation operations safe and secure at all times.

First-ever Global Aviation Gender Summit

At the time of compiling this report, preparations were in well advanced to ensure that South Africa hosts the first-ever Global Aviation Gender Summit that will see nearly 500 top-ranking representatives of governments and the aviation industry from across the world, including airlines, airports, and aircraft manufacturers gathered in Cape Town to jointly chart a new flight-path that will bring about meaningful gender transformation and equality in aviation. The summit was earmarked to take place over three days, i.e. 8 - 10 August 2018.

Conclusion

Allow me to conclude by acknowledging and expressing my appreciation for the support received from the current and previous Ministers of Transport, the Deputy Minister, Portfolio Committee on Transport, fellow members of the Board, senior officials from the Department of Transport, the Director of Civil Aviation and her Executive Management team as well as staff members for their collective contribution towards ensuring that the SACAA discharges its mandate effectively and continues to keep all of us safe in the sky!

Yours sincerely,

Mr Smunda Mokoena

Chairperson: SACAA Board

31 August 2018



Ms Poppy Khoza



Overview by the Director of Civil Aviation

It is a privilege to present this annual report, which provides a detailed assessment of the South African Civil Aviation Authority's (SACAA) performance against set targets for the 2017/18 financial year.

This reporting period was undoubtedly one of the busiest that the organisation has ever experienced. Team SACAA had to contend with an increased workload as the result of a multitude of large projects, particularly the ICAO audit, as well as the implementation of the Enterprise Business Systems (EBS). Notwithstanding, I am proud to report that team SACAA rose to the occasion and once more delivered another stellar financial and operational performance.

Another year of remarkable performance

The SACAA has once again, and for the fourth year in succession, achieved a 100% performance against set targets. This proves that team SACAA has a firm commitment to operational performance excellence and that the SACAA continues to be a well-run entity that is supported by a solid leadership team and committed staff. The SACAA also collected several awards related to the performance of the entity throughout the financial year.

It is also gratifying to report that all annual oversight audit targets, as outlined in the SACAA's annual Master Surveillance Plan (MSP), were met and even exceeded by between 5% and 13%.

Positive financial outcome

I am proud to report that the SACAA realised a surplus of R46.4 million for the year ending 31 March 2018 compared to a budgeted surplus of R20 million, resulting in a positive variance of R26.4 million.

There were savings in non-staff-related costs due to the implementation of cost containment measures during the year, mainly in the areas of communication costs, operating costs and professional fees, offset by higher public relations expenses incurred to promote the SACAA brand and bring about more awareness of the aviation industry.

The cash flow statement for the year reflects a net cash inflow of R80.3 million from operating activities. The total cash and cash equivalents at the end of the year amounted to R305.6 million compared to R247.7 million at the previous year-end. Based on the available cash resources and projections for the year, there is reasonable expectation and assurance that the entity has access to adequate resources to continue operating for the foreseeable future.

The total passenger numbers for the financial year under review amounted to 22 332 047 compared to the budget of 21 809 825. This is 2.4% higher than was budgeted for. Passenger numbers for the current financial year are 4.7% higher than the previous year.

Still on course to becoming the best civil aviation regulator

In addition to ensuring that the over 13,000 aircraft listed on the South African Aircraft Register are operated in compliance with prescribed regulations and also ensuring that the nearly 34,000 licensed personnel embrace unquestionable airmanship, the SACAA has also set its sights on being ranked among the top 10 civil aviation authorities globally by 2020.

The operational and financial performance of SACAA, coupled with the accolades received during this reporting period, imply that the organisation remains on course to achieving its goals. The fact that the SACAA is ranked number one in Africa and 32 globally in terms of compliance with international civil aviation requirements give credence to this assertion.

Ensuring South Africa's compliance with global aviation prescripts

In order to enable safe, secure, and seamless civil aviation operations across the world, all 192 Members States of the International Civil Aviation Organisation (ICAO) are expected to comply with the prescribed ICAO Standards and Recommended Practices (SARPs). Compliance with SARPs is occasionally

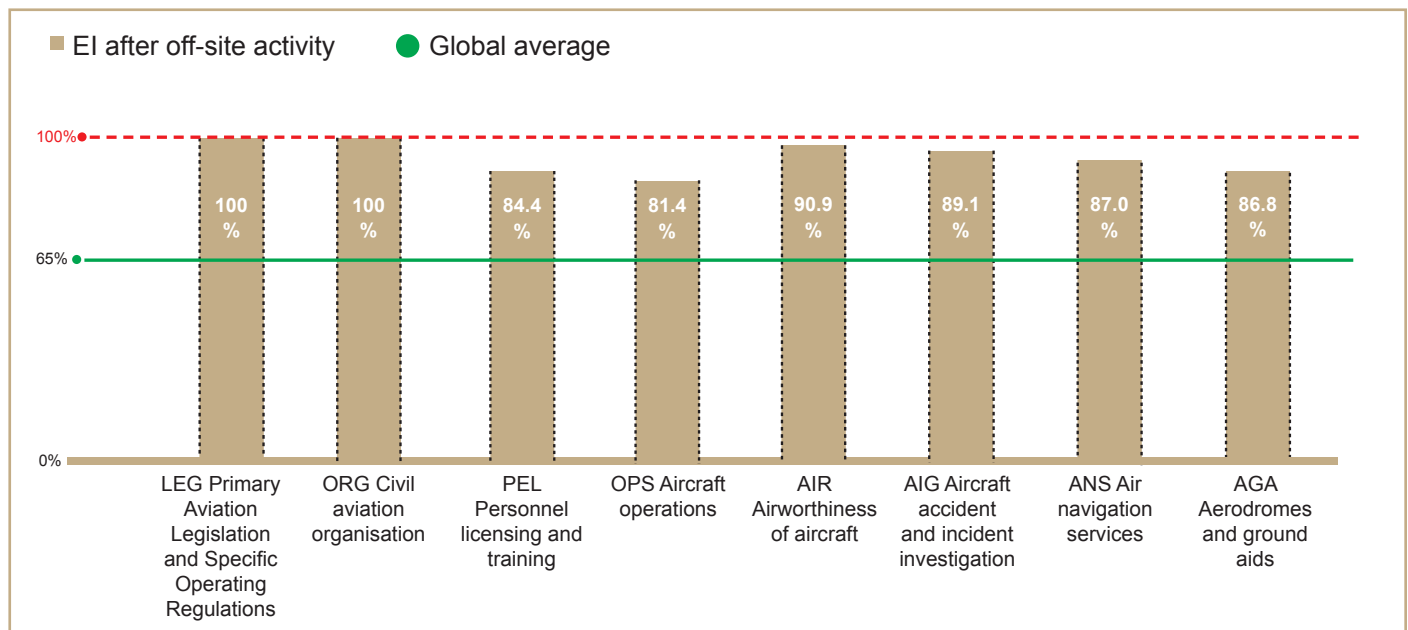


tested through ICAO's Universal Safety Oversight Audit Programme - Continuous Monitoring Approach (USOAP-CMA) in relation to safety, and through ICAO's Universal Security Audit Programme - Continuous Monitoring Approach (USAP-CMA) in relation to security matters.

I am pleased to report that following ICAO's USOAP-CMA audit mission in May 2017, South Africa eventually received the final audit report in January 2018, which reflects an Effective Implementation (EI) score of 87.39%. This is significantly higher than the world's average of 65.06%. This EI score of

87.39% puts South Africa at number one in Africa and number 32 globally. This figure changes as more States are audited. Most importantly, the final ICAO audit report indicates that South Africa did not attract a Significant Safety Concern. Following the 2007 ICAO USOAP-CMA, South Africa achieved an EI score of 77.13% and ICAO coordinated validation mission (ICVM) EI of 83.83% in 2013.

The graph below outlines South Africa's performance, based on the final report received, from ICAO, on 11 January 2018.



Graph 01: South Africa's May 2017 ICAO USOAP-CMA audit figures

These exceptional audit outcomes undoubtedly prove that SACAA and South Africa's handling of civil aviation matters is remarkable. The SACAA does not intend to rest on its laurels and has already carefully studied the final ICAO audit report with the intention of enhancing performance in those areas where room for improvement was identified. In this regard, the SACAA has developed a corrective action plan (CAP) to address the identified inadequacies. The CAP has been uploaded on ICAO's On-Line Framework and the SACAA will monitor developments by the established Task Team on a monthly basis and work tirelessly to ensure that the CAP is implemented accordingly.

Preparations for the ICAO security audit are under way

In preparation for the pending ICAO security audit, management has developed a USAP readiness plan. The SACAA has completed its own internal assessment and is currently

addressing the identified deficiencies. During the 2018/19 financial year the SACAA will arrange for a peer assessment by certified auditors from other States to conduct a mock audit that will assist with the USAP-CMA readiness. On completion of the Peer Assessment, the CAP will be further updated to reflect the deficiencies identified, for closure during the 2018/19 financial year. The expectation is that South Africa may be included in the 2019 Audit Programme, pending the signing of the Memorandum of Understanding (MoU) between South Africa and the ICAO.

Calibrating the Flight Inspection Unit's capacity

Safe, efficient and effective air navigation is highly reliant on the precision of the navigational aids in use. Flight calibration is thus an essential part of safe air navigation. This responsibility is carried out by the SACAA's Flight Inspection Unit (FIU). For many years, this unit has been successfully carrying out flight



inspections of ground radio navigational aids in South Africa and in many other countries.

However, in recent years the capabilities of the FIU had been hampered by challenges associated with maintaining an aging aircraft that requires constant, unscheduled maintenance at short intervals. I am happy to report that the SACAA has secured approval for the purchasing of a replacement aircraft for the FIU. At the time of compiling this report, the tender process for acquiring a new aircraft was under way. The purchasing of a new aircraft will ensure, that the SACAA's FIU meets its safety obligations and clients needs.

Future capital expenditure

Both the replacement of the FIU aircraft and the implementation of the EBS are projects with significant capital expenditure. These projects will entail major capital outlay and will thus have a major impact on the organisation's cash flows over the next three financial years, management has put measures in place in order to ensure that the anticipated capital outlay does not impede the SACAA's ability to continue as a going concern. In fact, management is expecting greater efficiencies and a substantial return on investment from the two projects, which will set SACAA on an upward trajectory in terms of service excellence and delivery.

Effective supply chain management systems

The SACAA has a mature and fully functional Supply Chain Management (SCM) department. In discharging its functions, the department complies with the applicable supply chain management policies and processes as outlined by the National Treasury and other regulations. The SACAA's SCM department also has an automated system in place that manages the entire procurement process. The handling of bids is done in compliance with Section 217 of the Constitution. The Procurement Plan and reports were submitted timeously to National Treasury. The SACAA also has the following bid committees to assist with supply chain management processes, namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee.

Progress on cost-cutting measures and the Procurement Plan are reported quarterly to National Treasury.

Contribution to socio-economic development

During the review period, the SACAA was once again confirmed as a Level 2 B-BBEE contributor by an independent rating

agency accredited by the South African National Accreditation System (SANAS).

The SACAA recently conducted a gap analysis on the existing B-BBEE status of the organisation against the proposed Transport Sector codes. The purpose of this exercise was to work towards meeting the targets of the new codes, which are more stringent than the existing codes. An action plan was developed as guided by the results of the gap analysis, and this plan extends from the current reporting period to three years.

In terms of supplier and enterprise development, the organisation committed to target sourcing as a methodology to advance designated groups in line with the Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017. The organisation is targeting procurement towards women, youth, people living with disabilities and veterans. A monthly performance report is submitted to the SACAA's management team to enable performance monitoring.

Significant occurrences after financial year-end

One of the key occurrences after the end of the financial year was the suspension of SA Express Air Operator's Certificate (AOC), Aircraft Maintenance Organisation (AMO) approvals and the Certificates of Airworthiness (CoA) of nine of the 21 aircraft being operated by the airline.

The decision to revoke SA Express permits came after the SACAA conducted an audit at the airline and its maintenance organisation, which uncovered severe cases of non-compliance that posed serious safety risks.

At the time of compiling this report, SA Express had successfully managed to get its AOC and AMO reinstated, and regained its Certificate of Airworthiness privileges for two of its aircraft.

SA Express was the second major operator against which the SACAA has had to take action. Towards the end of the financial year, the SACAA took enforcement action that led to the temporary withdrawal of the Certificate of Airworthiness (CoA) privileges of 12 aircraft being operated by CemAir. Their AOC was also suspended. However, they have subsequently regained it.

At the time of compiling this report, CemAir had managed to successfully recertify seven (7) of the affected 12 aircraft. The decision to withdraw CoA privileges followed the discovery during an audit by SACAA inspectors that some of the aircraft serviced at CemAir's AMO were released back to service or cleared as airworthy by unqualified personnel.



Launch of the industry awards

The seamless nature of air transport belies the intricate processes involved in aviation operations. As a result of these entrenched, harmonious, and mature aviation processes, we have come to expect that every take-off will result in an incident-free landing. Hence, very few of us pause to ponder how, and who is behind our safe and secure air transportation. The fact is that behind the scenes there are thousands of individuals who carry out critical duties; and until now, there hasn't been a conscious effort, or at least an effort of a significant magnitude, by all of us with a vested interest in this industry to acknowledge the contributions of these individuals and companies across all aviation sectors in South Africa. It is for this reason that the SACAA launched the inaugural Civil Aviation Industry Awards, which are aimed at providing a platform to commend the contributions of individuals and companies that continue to contribute to the country's remarkable aviation safety and security record.

Conclusion and acknowledgements

The 2017/18 financial year was one of the busiest the organisation has ever experienced, and it coincided with changes at Board level. I would like to take this opportunity to welcome the interim SACAA Board, and to extend our gratitude to the Board, Ministry and the Department of Transport for the diligence, dedication and unquestionable support provided throughout the reporting period.

The same gratitude is extended to the previous Minister and Board. I wish the incoming Minister of Transport, as well as the SACAA's interim Board, every success as they take over the baton.

Allow me to express appreciation to all staff members as well as fellow Executive Members for their devotion and incomparable support at a time when the SACAA has resolved to take delivery against its mandate to greater heights. The support and cooperation of the industry at large is also acknowledged.

It is anticipated that the new financial year will be as busy, if not busier, than the one we are reporting on and team SACAA looks forward to working closely with all stakeholders to ensure that we continue to Keep All Airspace Users Safe in the Sky!

Yours truly,

Ms Poppy Khoza
Director of Civil Aviation
31 August 2018





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.

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 2018.

Yours faithfully,

.....
Mr Smunda Mokoena
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 remains –
“**Keeping you safe in the sky**”.

Values

Value

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, without any bias and in a transparent manner that engenders trust amongst all our stakeholders.

Service delivery ahead of customer expectation, striving to always exceed customer expectations.

Working with others and taking joint accountability for the end result.

Mission

Vision

Brand Promise

Values





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 South African Civil Aviation Authority (SACAA) is a statutory body which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry. It was established as a juristic body in terms of the now repealed South African Civil Aviation Authority Act, 1998 (Act No. 40 of 1998), and is currently being regulated in terms of the Civil Aviation

Act, 2009. The SACAA is governed and controlled by the Civil Aviation Authority Board (the Board) in terms of the Act and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). The Board comprises seven non-executive members and the Director of Civil Aviation (DCA) appointed by the Minister of Transport (the Minister) in terms of the Act.

Subject to the direction of the Board, the DCA is responsible for the day-to-day affairs, administration and discipline of the staff of the SACAA. Reporting to the Minister, the DCA is also responsible for the civil aviation safety and security regulatory/oversight functions of the SACAA. In terms of the PFMA, the SACAA is classified as a Schedule 3A public entity.

There are eight critical elements governing each of the two major civil aviation oversight pillars. The security aspect is audited by ICAO under the Universal Security Audit Programme (USAP) and the safety function under the Universal Safety Oversight Audit Programme (USOAP). The diagram below illustrates the safety and security elements.

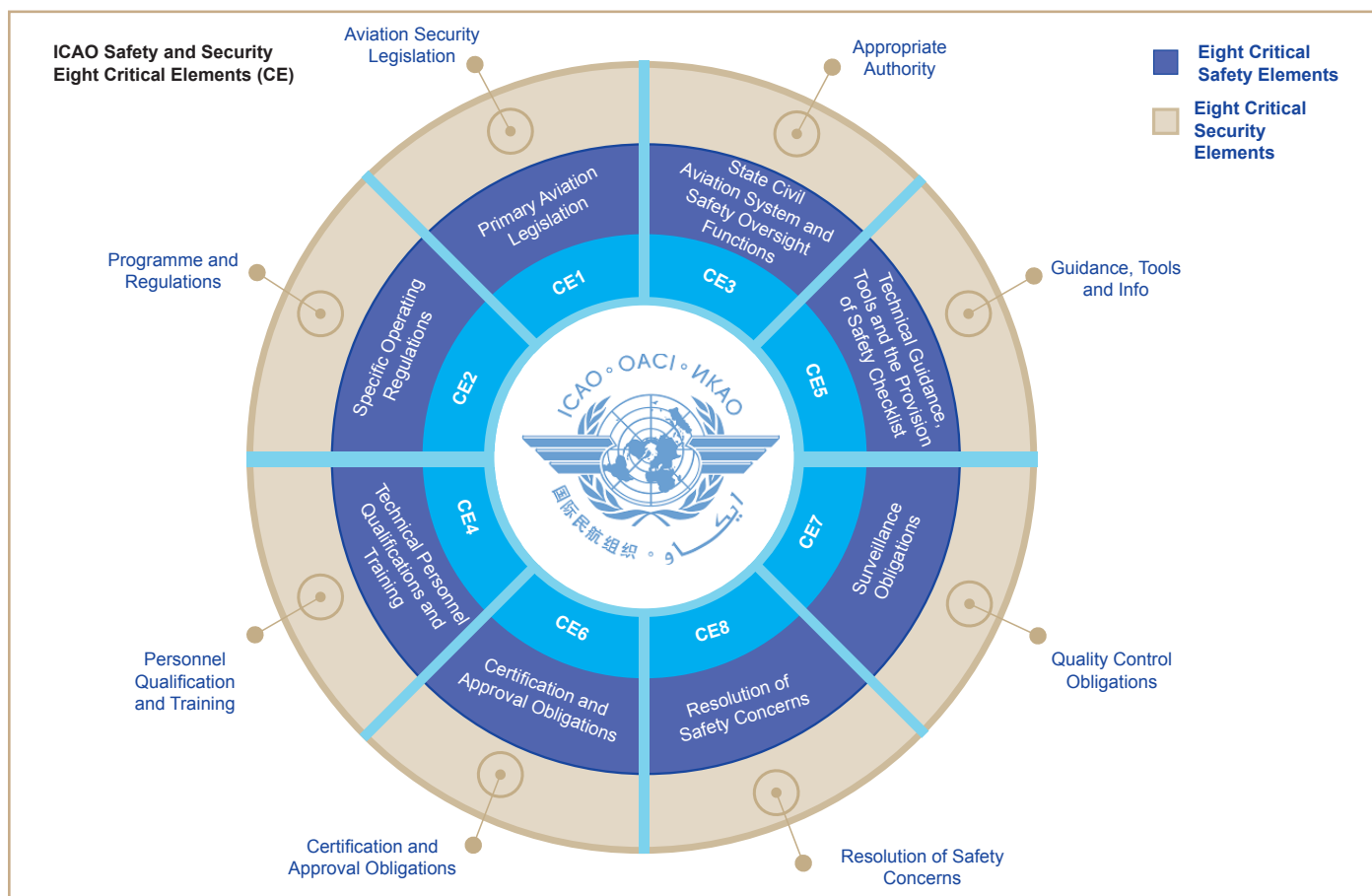
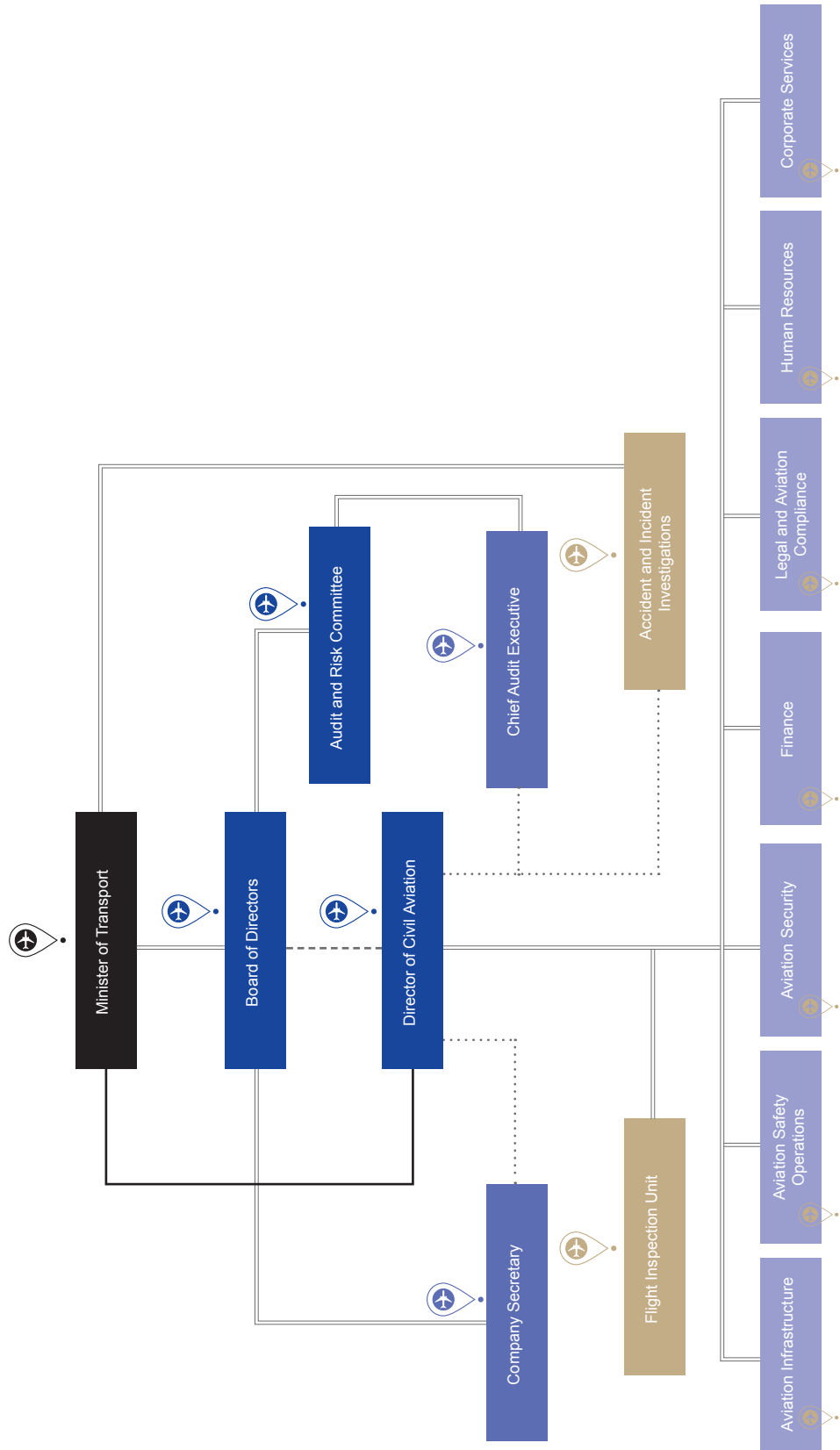


Diagram 01: ICAO Safety and Security Critical Elements

Organisational high-level structure

- Minister of Transport
- Divisions tasked with Independent Mandates
- Positions perform a Governance and Board support role
- Board and Board Committee
- Members of the SCAA's Executive Management Committee
- Direct functional reporting
- Administrative reporting
- Governance reporting
- Regulatory oversight





Board composition

(31 March 2018)



Mr Smunda Mokoena
Chairperson of the Board



Ms Poppy Khoza
Director of Civil Aviation



Major-General Nhlanhla Ngema



**Professor Ntombizozo
Dyani-Mhango**



Ms Doris Dondur



Ms Lizeka Dlephu



Mr Mongezi India



Ms Nivashnee Naraindath
Company Secretary



Interim Board composition

(1 April 2018)



Mr Smunda Mokoena
Chairperson of the Board



Ms Poppy Khoza
Director of Civil Aviation



Ms Tshitshi Phewa
(Shareholder representative)



Mr Mongezi India



Mr Ernest Khosa



Mr Surendra Sooklal



Dr Brian Suckling



**Professor Ntombizozo
Dyani-Mhango**



Ms Nivashnee Naraindath
Company Secretary



Executive Management Committee

(31 March 2018)



Ms Poppy Khoza
Director of Civil Aviation



Mr Luvuyo Gqeke
Executive: Aviation
Security



Mr Asruf Seedat
Executive: Finance



Ms Mmanare Mamabolo
Executive: Legal and
Aviation Compliance



Mr Simon Segwabe
Executive: Aviation
Safety Operations



Ms Phindiwe Gwebu
Executive: Corporate
Services



Mr Gawie Bestbier
Executive: Aviation
Infrastructure



Ms Thobile Masooa
Executive: Human
Resources



Mr Phila Kewana
Chief Audit Executive



Mr Peter Mashaba
Executive: Accident and
Incident Investigation

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

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

A quadcopter drone with a white and red frame is shown in flight against a clear blue sky. The drone has four black propellers and a camera mounted underneath. A large white letter 'B' is overlaid on the left side of the image.

B

PERFORMANCE INFORMATION



Statement of responsibility for performance information and confirmation of accuracy for the year ended 31 March 2018

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 2018.

The SACAA's performance information for the year ended 31 March 2018 has been audited by the Auditor-General of South Africa, with no material audit findings and the entity's report is presented on page 89 of this document.

The performance information of the Authority, set out from page 26 to page 34, was approved by the SACAA's Board of Directors.

Ms Poppy Khoza

Director of Civil Aviation

South African Civil Aviation Authority

31 August 2018



Auditor's report: predetermined objectives

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

Refer to page 89 of the Auditor's Report, published as Part E: Financial information.





Situational and performance analysis

The SACAA's performance against its 2017/18 Annual Performance Plan (APP) is detailed in this part of the report. The 2017/18 APP is drawn from the SACAA's 2015 – 2020 Strategic Plan. This section of the Annual Report also provides a comprehensive analysis of internal and external factors that had a bearing on the SACAA's ability to deliver on its mandate and annual targets.

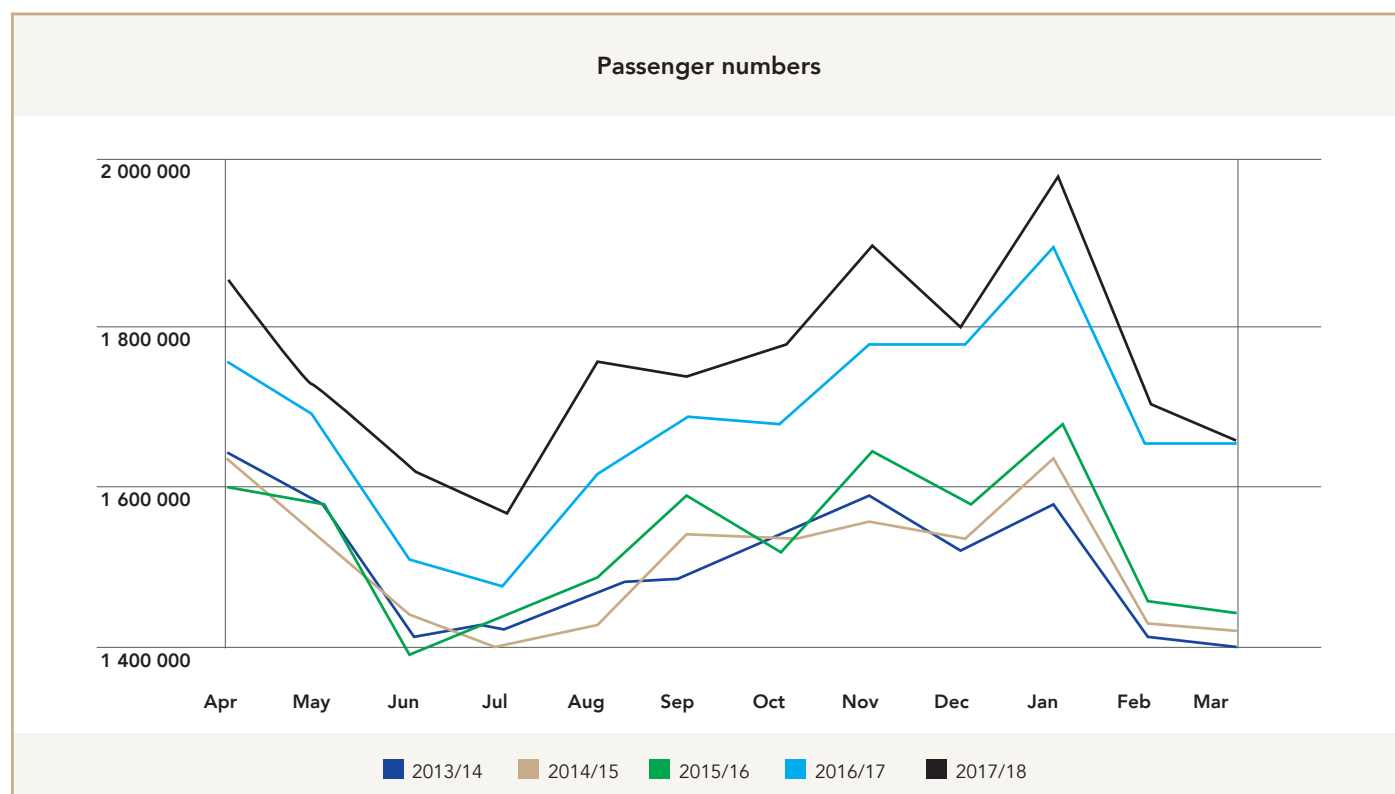
Economic viability of the aviation industry

Annual passenger numbers in relation to the Passenger Safety Charge

The SACAA is a self-funded public entity that relies on a combination of revenue streams, mainly the Passenger Safety Charge (PSC), User Fees, Fuel Levy, as well as a specific contribution from the Department of Transport earmarked for accident and incident investigation. Over 70% of the SACAA's total revenue comes from the PSC, and hence the organisation pays attention to industry developments that may have an impact on passenger movements and numbers.

During the reporting period, the SACAA also noticed that most local operators offered special low fares. This was probably an attempt to retain market share due to an increase in competition from low cost/low fare airlines. These low fares may also have contributed to the increase in passenger numbers. Some operators are of the opinion that these low fare levels are not sustainable and may have a negative impact on the growth in passenger numbers, going forward.

The next graph depicts passenger movements from the end of the 2012/13 financial year to the end of this reporting period, i.e. 31 March 2018.



Graph 02: Passenger Safety Charge figures between 2012/13 – 2017/18



It is worth pointing out that the Minister of Finance, in concurrence with the Minister of Transport, approved the annual increase in the PSC from R20.23 to R22.29, as well as an increase in user fees of 6.2%. These were published in the Government Gazette with the effective date of 1 July 2017. The increases are in line with the approved budget of the SACAA, however, the expectation was that the effective date would be 1 April 2017. Further increases effective from 1 April 2018 were approved by the Ministers of Transport and Finance, namely R23.61 for PSC, 5.9% for User Fees and an increase in the Fuel Levy to 16.4 cents per litre.

Key industry developments

South African Airways cuts number of flights and certain routes

South African Airways (SAA) announced a number of cuts to its regional network and transferred an increased number of flights to Mango. SAA further announced that from April 2018 it would only continue with one daily return flight to London, instead of two daily flights. The national flag carrier mentioned network optimisation and the introduction of its new Airbus A330-300 as the main reasons, adding that it intends to reduce its daily seat capacity on this route by almost 50%.

SA Airlink exits Pretoria to Cape Town route

In an effort to curtail losses, SA Airlink announced the suspension of its route between Wonderboom Airport in Pretoria and Cape Town from 8 May 2018. After almost three years of operation, SA Airlink decided that the route had not developed as was expected, and this was compounded by Government's "belt-tightening efforts, which included cut-backs in government-related travel".

ACSA reported increase in passenger numbers

The Airports Company South Africa (ACSA) reported a growth of 3.2% in passenger numbers in their integrated report for 2017. This consists of growth in Johannesburg of 3.8%, Cape Town at 7.3%, and Durban at 8.5%. Domestic traffic volumes increased by 2.2% while international traffic increased by 4.7%, with Cape Town growing by 27% year-on-year.

Comair reported growth in revenue and passenger numbers

Comair managed a growth of 6% in revenue and passenger numbers for the first half of the year ending in 31 December 2017, but mentioned continued surplus capacity in the market. Comair does not expect that the SAA regional cuts will materially reduce the total capacity in the domestic market.

ACSA fee tariffs revised

The economic regulatory regime for the aviation sector has been concluded, with the regulating committee announcing the new tariffs for ACSA, including parking, landing and passenger service charges. The new tariffs took effect on 1 April 2017. The decision taken by the regulating committee saw a reduction of 35% in airport charges for the 2017/18 financial year. The 2018/19 financial year charges will increase by 5.8% and the 2019/20 fees will increase by 7.4%. This translates into a decrease from R127 to R82 in the service charges for passengers using domestic flights.

Airlink and Safair merger rejected

The Competition Commission of South Africa decided not to approve the application of Airlink and Safair to merge under the Airlink group of companies. At the time of compiling the Report, the companies were appealing this decision with the Competition Tribunal. It is anticipated that if the merger is successful, it will have an impact on passenger numbers.

Personnel licence statistics

In line with its mandate, the SACAA issues licences to various civil aviation professionals. As of 31 March 2018, statistics indicated that transformation continued to be lethargic, as has been the case in previous years, and with a vast majority of licence-holders still being white males.





Personnel Licences by Trade								
Type of Licence	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
	South African	South African	South African	South African	South African	South African	South African	South African
Student								
Student Pilot	285	140	38	11	52	9	1 240	180
Student Pilot Integrated Course	12	5	0	0	2	1	47	4
Total	297	145	38	11	54	10	1 287	184
Aeroplane								
Private Pilot	287	113	67	14	111	15	6 290	429
Commercial Pilot	142	75	32	6	78	11	2 710	298
Airline Transport Pilot	88	8	33	5	57	5	3 311	203
Total	517	196	132	25	246	31	12 311	930
Helicopter								
Private Pilot	56	21	14	1	19	2	2 016	183
Commercial Pilot	27	17	13	2	9	1	848	90
Airline Transport Pilot	4	0	2	0	1	0	299	15
Total	87	38	29	3	29	3	3 163	288
Other								
Aircraft Maintenance Engineer	291	21	34	2	46	1	1 748	11
ATC	155	142	25	11	32	17	162	48
Cabin Crew	686	2 518	159	553	98	231	335	989
Hot Air Balloon	0	0	0	0	0	0	30	3
Remote Pilot	70	14	8	0	18	2	556	34
Flight Engineer	0	0	0	0	0	0	19	0
Validations	1	0	0	0	0	0	28	0
Total	1 203	2 695	226	566	194	251	2 878	1 085

Table 01: Personnel licences by trade



A comparison of statistics in terms of the types of licences held by aviation licensed personnel indicates that the number of all licence categories increased from 31 832 in the 2015/16 financial year to 33 452 in the 2016/17 financial year and by 8% in this reporting period.

Fixed-wing aeroplane licences decreased by 7.3%, while helicopters decreased by 1.2%. The “Other Licences” category grew by 27.8%. This category includes remotely piloted aircraft licence holders, Cabin Crew and other forms of licences, except for helicopters and aeroplanes.

Aviation Personnel Licence Statistics – Types of Licences Yearly Comparison 2016, 2017 and 2018				
Aircraft type	31 March 2016	31 March 2017	31 March 2018	% growth between 2017 and 2018
Helicopter	3 155	3 395	3 353	(1.2%)
Fixed wing aeroplane	17 742	18 809	17 433	(7.3%)
Other licences	10 935	11 248	15 572	38.4%
Total	31 832	33 452	36 358	8.6%

Table 02: South African aviation technical licence statistics – licence type

Review of the South African Aircraft Register

As depicted in the next table, at the end of the 2017/18 financial year there were 13 381 aircraft on the South African Aircraft Register. The database is captured and managed by the SACAA. In terms of conventional aircraft, the highest growth was in the Turboprop category with an increase of 3.3%, followed by helicopters with 3%.

Both recreational and piston engines had minimal increases which were of less than one percent. Turbojets decreased by a single aircraft. As expected, the number of remotely piloted aircraft systems more than tripled from 252 at the end of the 2015/16 financial year to 517 at the end of the 2016/17 financial year, to nearly 800 at the end of the 2017/18 financial year. This translated into an increase of 54% compared to the previous financial year.

South African Aircraft Register Annual Comparison between 2016, 2017, and 2018 Financial Years				
Aircraft type	31 March 2016	31 March 2017	31 March 2018	% growth between 2017 and 2018
Piston engines	3 805	3 804	3 823	0.5%
Turboprop	532	534	552	3.3%
Turbojet	511	522	521	(0.19%)
Helicopters	1 268	1 318	1 357	3%
Recreational	6 198	6 287	6 332	0.7%
Remotely Piloted Aircraft Systems	252	517	796	54%
Total	12 566	12 982	13 381	3%

Table 03: South African Aircraft Register – comparison between 2016, 2017, and 2018



Review of Type and Non-Type Certified Aircraft

Aeroplanes consist of two categories, i.e. non-type certified aircraft (NTCA) and type certified aircraft (TCA). NTCA are regarded as experimental aircraft. Not all NTCA are experimental aircraft. Experimental refers to construction, being mainly amateur-built. There are also production-built NTCA that are built to a standard. Type certified aircraft are typically used for commercial activities, are regulated under stricter conditions and require a more intense approval process, referred to as a certificate of airworthiness.

On the other hand, NTCAs are given what is referred to as an 'authority to fly'. The maintenance of type certified aircraft is also more strictly controlled and is regulated through aircraft maintenance organisations, whereas maintenance matters regarding non-type certified aircraft are less stringent. In order to monitor trends, the SACAA keeps a register and statistics, as outlined in the next table, in relation to these two types of aeroplanes.

Statistics of Type Certified Aircraft versus Non-type Certified Aircraft					
Year	Month	Type Certified A/C	Non-type Certified A/C	Total Aircraft	Type Certified %
2013	31 March	5 914	5 889	11 803	50.1%
2014	31 March	5 994	5 992	11 986	50.0%
2015	31 March	6 053	6 106	12 159	49.8%
2016	31 March	6 126	6 203	12 589	48.7%
2017	31 March	6 165	6 293	12 936	47.7%
2018	31 March	6 253	7 128	13 381	46.7%

Table 04: Comparison between type certified and non-type certified aircraft

Legislative policies and regulation developments

Amendment of the Civil Aviation Act

The amendment of the Civil Aviation Act, (Act No.13 of 2009) is a function of the Department of Transport, however the SACAA has contributed proposals to the amendment of the Act and the finalisation of Chapter Four. This relates to the independence of the Accident and Incident Investigation Division (AIID). Currently the AIID reports to the Department of Transport in relation to its operations, i.e. incident and accident investigations. The SACAA fulfils the administrative requirements of the AIID.

In 2016, the Minister of Transport issued a Ministerial Order in terms of section 100 of the Civil Aviation Act, 2009, to deal with governance matters relating to the AIID. Prior to the issuing of the Ministerial Order, the functional independence of the AIID was governed by a Memorandum of Agreement (MoA) signed between the SACAA and the Department of Transport in 2013. The Ministerial Order prescribes that the AIID shall report to the Department of Transport in relation to the functional matters pertaining to accident investigations, and to the SACAA on administrative matters. Subsequent to the issuing of the Ministerial Order, a framework that unpacks the details of the functional and the administrative reporting was developed and the SACAA and the Department of Transport agreed to the framework.

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

Promulgated Civil Aviation Regulations

During the reporting period, the following proposals were promulgated.

- During the reporting period, a Fourth Amendment of the Civil Aviation Technical Standards (CATS), relating to Part 67, was approved by the DCA and has been promulgated.
- The Eighteenth Amendment, containing the CPI-related increase of the PSC and User Fees for the financial year commencing on 1 April 2018, was approved by the Minister of Transport and promulgated in the Gazette on 12 January 2018.
- The Fuel Levy increase for the financial year, commencing on 1 April 2018, was promulgated in the Gazette.
- The proposal for the Amendment of Mortgage Regulations, which is intended to factor in the CPI-related increase in the fees, was approved by the Minister and promulgated in the Gazette. The amendment came into operation on 1 April 2018.



- Part 177 of the Civil Aviation Regulations was promulgated in the Sixteenth amendment and currently has no prescribed fees. This amendment deals with aeronautical charts fee relating to Part 177. The amendment was promulgated in the Gazette on 19 May 2017.
- The proposal for the CPI-related increase of the PSC, User Fees, and Fuel Levy for two consecutive financial years has been approved by the Minister of Transport in agreement with the Minister of Finance. The Seventeenth Amendment (containing the User Fees) was promulgated in the Gazette on 29 May 2017 and came into operation on the 1 July 2017. The Fuel Levy amendment was promulgated in the Gazette in June and came into operation on 1 August 2017.
- The Fifteenth Amendment of the Civil Aviation Regulations, which contained proposals approved by the Civil Aviation Regulations Committee (CARCom) in its meetings in August 2016, September 2016 and November 2016, was approved by the Minister and was promulgated by publication in the Gazette on 5 May 2017. The effective operational date of this Amendment was 5 June 2017.
- The Sixteenth Amendment of the Civil Aviation Regulations, which contained proposals approved by CARCom in its meetings in January 2017, March 2017 and April 2017, was approved by the Minister and was promulgated in the Gazette on 19 May 2017. The effective operational date of this Amendment was 19 June 2017.
- Three sets of Technical Standards, one associated with the Fifteenth Amendment, one associated with the Sixteenth Amendment and another which is a stand-alone, were approved by the DCA and published on the SACAA website.

Enforcement of regulations

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

To achieve this objective, the SACAA applies a multi-pronged approach. One of the approaches entails issuing licences and permits and conducting oversight audits. The second approach entails encouraging and reminding aviators about the importance of unquestionable airmanship. The third approach focuses on applying corrective and punitive measures against lawbreakers.

During this review period, some aviators did not comply with the applicable civil aviation regulations, leaving the SACAA with no choice but to administer appropriate punitive measures. The SACAA issued penalties, warnings and suspensions against 95 licence holders.

Strategic outcome-oriented goals

In compliance with the National Treasury guidelines on the development of strategies and annual performance plans for Schedule 3A entities, the organisation commenced with a situational analysis comprising a SWOT (strengths, weaknesses, opportunities and threats), a PESTLE (political, economic, social, technological, legal and environmental) and stakeholder analyses to ensure relevance. The end result was a slight adjustment of organisational goals, and a significant adjustment of objectives and targets. It is hoped that these changes will escalate the pace of service delivery.

In revising the strategy and developing the 2017/18 Annual Performance Plan, the SACAA ensured alignment to, and support of, the National Development Plan and Department of Transport outcomes. Cognisance was also given to the national priorities as articulated on various government platforms such as the State of the Nation Address by the President of the Republic and the Nine-Point Plan. Even though not all the aspects of these interventions apply to the SACAA environment, ongoing progress reports are being shared with the shareholder where applicable.

The SACAA's 2017/18 goals were as follows:

1. Regulate the aviation industry effectively and efficiently
2. Increase the accessibility of regulatory services
3. Secure financial sustainability
4. Accelerate transformation
5. Drive organisational efficiency and effectiveness
6. Improve communication and stakeholder management
7. Significantly improve client service experience.

Performance Information

As outlined in the table below, the SACAA has once again, and for the fourth year in succession, achieved a 100% performance against set targets. This achievement by team SACAA attests to the fact that the SACAA continues to be a well-run entity that is supported by a solid leadership team and committed staff.

Achieved	
In progress	
Not achieved	
Not applicable	n/a

Organisational Goal 1: Regulate aviation safety and security effectively and efficiently											
Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
Achieve a step-change in regulating aviation safety and security	No Significant Safety Concern (SSC) as an audit outcome	Audit outcome with no SSC	USOAP-CMA conducted by ICAO	ICAO USOAP -CMA audit took place on 8-18 May 2017 and no SSC was attracted. RSA preliminary EI level rose to 86.71% from 83.83%	Submit comments on draft ICAO Report for EXCO approval and submission to DoT	EXCO approved South Africa's comments on the ICAO USOAP-CMA draft audit report and the comments were submitted to DoT on 6 September 2017	Final report from ICAO with no SSC	The 2017 USOAP-CMA final audit report received on 19 October 2017 confirmed that RSA attracted no SSC	n/a	n/a	The final ICAO report incorporating the off-site audit conducted in December indicated that RSA had attracted no SSC and the EI level had risen to 87.39%
	Approved Corrective Action Plan (CAP) and submission to Department of Transport (DoT)	Develop CAP to be approved by EXCO and submitted to DoT	n/a	n/a	Develop USOAP-CMA CAP and present to EXCO for approval and submit to DoT	The draft ICAO USOAP CAP was developed and submitted to EXCO for noting during the 4 October 2017 meeting	n/a	A final CAP was approved by EXCO in Quarter 3 after the final ICAO audit report was received on 19 October 2017 and this was also submitted to the DoT	n/a	n/a	The ICAO USOAP CMA audit CAP was developed after the audit and it was approved by EXCO and submitted to DoT

Performance Information (continued)

Organisational Goal 1: Regulate aviation safety and security effectively and efficiently (continued)											
Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
	EXCO- approved ICAO-USAP-CMA readiness and implement-ation plan	Develop and implement an ICAO-USAP-CMA readiness plan and submit to EXCO	Develop a USAP-CMA readiness plan to be approved by EXCO	USAP-CMA readiness plan approved by EXCO in June 2017	Implement USAP-CMA readiness plan according to milestones and report to EXCO	A progress report on the USAP-CMA readiness plan is included in the AvSec Quarterly Report and was approved by EXCO	Implement USAP-CMA readiness plan according to milestones and report to EXCO	The progress report on the readiness plan was approved by EXCO	USAP-CMA state of readiness report approved by EXCO	The organisation is currently implementing the CAP according to milestones	The USAP readiness plan was developed and approved by EXCO. Implement-ation was reported to EXCO quarterly
	EXCO- approved project plan	Develop and implement project plan to extend examinations to all Annex 1 licences	n/a	n/a	The scope of outstanding Annex 1 examinations approved by EXCO	The scoping of Annex 1 licences was completed and approved by EXCO	EXCO approved project plan to extend examinations to all Annex 1 licences	EXCO approved the project plan to extend examinations to all Annex 1 licences	Implement project according to milestones and report to EXCO	Milestones achieved as per the project plan. The progress report was approved by EXCO in March 2018	The examinations project plan was developed and approved. Implement-ation was reported quarterly
	EXCO- approved benchmarking report	Conduct benchmarking for the introduction of practical competency assessments of targeted personnel in the licensing value chain	n/a	n/a	EXCO- approved benchmarking ToR for introducing practical competency assessments	ToR developed and approved by EXCO	Commence benchmarking and provide progress report to EXCO	Benchmarking exercise has commenced and the progress was reported to EXCO	EXCO approval of the finalised benchmarking report	Benchmarking exercise was completed and the report was approved by EXCO in March 2018.	The benchmarking of the introduction of practical competency assessments for Annex 1 licence holders was conducted. The report was approved by EXCO



Performance Information (continued)

Organisational Goal 1: Regulate aviation safety and security effectively and efficiently (continued)									
Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Status
Revise and implement C-FARP and align to international best practice	Revise C-FARP and achieve a minimum of 90% of C-FARP annual deliverables and report quarterly to EXCO	90% of the annual C-FARP deliverables achieved and reported to EXCO quarterly	Revise C-FARP and solicit approval from EXCO	Revised C-FARP was approved by EXCO	Implement revised C-FARP according to EXCO-approved roll-out milestones and report to EXCO	Revised C-FARP implementation commenced in quarter 2 and progress was reported to EXCO	Implement revised C-FARP according to EXCO-approved milestones and report to EXCO	The implementation of the C-FARP is under way and the progress was reported to EXCO for approval. 82% completed at the end of March 2018	C-FARP deliverables were reported quarterly. 100% of the deliverables were met by the end of March 2018
Establish a platform to manage safety risk	Framework approved by EXCO	Develop a framework for industry input and data analysis on safety management systems	Develop draft framework for industry input and data analysis on safety management systems. Present to EXCO	The draft Framework was developed and presented to EXCO for comments	Conduct industry input workshops on draft framework. Report to EXCO	Industry workshops were conducted and the report of the workshop was presented to EXCO	Revise initial draft with industry inputs and develop final framework for EXCO approval	Draft framework was revised with industry inputs, these inputs were approved by EXCO	The safety risk framework was developed, workshopped with industry and approved by EXCO
Establish a platform to manage security risk	Framework approved by EXCO	Develop a framework for industry input and data analysis on security information systems	Develop draft framework for industry input and data analysis on security information systems	A draft Framework for industry input into security risk management has been developed and approved by EXCO	Conduct industry workshops on draft framework	Consultation on the framework was conducted with the one division as well as the industry	Revise initial draft with industry inputs and develop final framework for EXCO approval	The revised draft framework with industry input approved by EXCO	The security risk framework was developed, consulted with industry and approved by EXCO

Performance Information (continued)

Master Surveillance Plan 2017/18												
Aviation Safety Operations MSP	2017/18		Indicator	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
	Target	Actual		104	104	104	124	104	84	104	139	
	416	451		5	6	6	11	6	6	11		
	23	34		84	64	86	71	86	113	120		
	342	368		78	104	79	89	79	100	82		
	315	375										
	1 096	1 228		271	278	275	295	275	303	352		
Master Surveillance Plan 2017/18												
Aviation Security MSP	2017/18		Indicator	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
	Target	Actual		63	67	65	64	60	55	61	68	
	249	254		94	94	94	101	94	95	94		
	377	384										
	420	454		103	104	103	113	103	107	130		
	130	148		33	41	32	41	33	43	23		
	1 176	1 240		293	306	294	319	290	300	299		





Performance Information (continued)

Master Surveillance Plan 2017/18													
2017/18		Indicator											
Actual													
Target													
Aviation Infrastructure MSP													
Air Traffic Services		59	58	Achieve 95%	18	19	13	13	15	15	12	12	Status
Aerodrome Licence Inspections		140	131	Achieve 95%	30	31	45	50	30	36	26	23	
Aerodrome Surveillance		29	14	Achieve 95%	4	11	0	2	5	5	5	11	
CNS		59	53	Achieve 95%	15	16	15	12	10	18	13	13	
Aviation Environmental Protection		14	12	Achieve 95%	3	3	4	4	2	4	3	3	
Total Minimum 95% of annual target		301	268	Achieve 95%	70	80	77	81	62	78	59	62	

Organisational Goal 2: Increase access to regulatory services

Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
Establish an optimum distribution of office presence nationwide	EXCO-approved decentralisation business case	Develop a business case for decentralisation of the SCAA services for approval by EXCO	Develop business case and submit progress report to EXCO	Progress on the development of the business case was reported monthly to EXCO	Develop business case and submit progress report to EXCO	Data was collected from internal divisions and the RAASA consultation took place	Draft business case submitted to EXCO for comments	Draft business case submitted to EXCO for comments	Decentralisation business case submitted to EXCO for approval	Decentralisation business case was approved by EXCO	The decentralisation business case was developed and approved by EXCO

Organisational Goal 3: Secure financial sustainability

Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
Diversify and expand sources of revenue	Progress report on implementation of funding model	Implement Board-approved funding model project plan and report progress quarterly	Funding model project plan submitted to EXCO for approval	Progress report submitted to EXCO and was sent back for revision	Progress report to EXCO on the implementation of the funding model project plan	Progress report was submitted and approved by EXCO	Progress report to EXCO on the implementation of the funding model project plan	The progress report on the funding model project plan was approved by EXCO in Quarter 3	Progress report to EXCO on the implementation of the funding model project plan	Report on the implementation plan was submitted and approved by EXCO	The funding model project plan was submitted and approved by EXCO Progress reports were submitted quarterly

Organisational Goal | Goal 3: Secure financial sustainability (continued)

Strategic objectives	Establish a culture of prudent financial management
Indicators	EXCO approved cost containment plan
Annual targets	Develop and implement an annual cost containment plan as per National Treasury Instruction
Quarter 1 target	Develop a cost containment plan for approval by EXCO
Quarter 1 actual	Cost containment plan submitted to EXCO in June 2017 and was approved with changes
Quarter 2 target	Implement cost containment plan and report quarterly to EXCO
Quarter 2 actual	Progress on the implementation plan was submitted and approved by EXCO
Quarter 3 target	Implement cost containment plan and report quarterly to EXCO
Quarter 3 actual	Cost containment plan has been implemented and the report was approved by EXCO in Quarter 3
Quarter 4 target	Implement cost containment plan and report quarterly to EXCO
Quarter 4 actual	Progress report submitted and approved by EXCO
Status	The cost containment plan was developed and progress reported to EXCO quarterly

Performance Information (continued)

Organisational Goal 4: Improve communication and stakeholder management											
Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual	Status
Increase stakeholder engagement	Achieve 90% of annual set targets	Implement Stakeholder Management Plan (SMP) and achieve 90% of annual targets set	Implement SMP according to set milestones and report to EXCO	SMP report submitted to EXCO and was approved in July 2017	Implement SMP according to set milestones and report to EXCO	Quarter 2 progress report was submitted and approved by EXCO	Implement SMP according to set milestones and report to EXCO	The SMP progress report was approved by EXCO. 66% of the annual SMP deliverables were achieved by the end of Quarter 3	Implement SMP according to set milestones and report to EXCO	The implementation of the SMP reached 90% by the end of the Quarter	The SMP implementation reached 90% by the end of the financial year and was approved by EXCO

Organisational Goal 5: Significantly improve client service experience

Strategic objectives	Improve customer experience	Indicators	Change management programme to be approved by EXCO	Annual targets	Develop and implement a change management programme (CMP) to inculcate a customer-centric culture	Quarter 1 target	Develop CMP and submit progress report to EXCO	Quarter 1 actual	CMP submitted to EXCO and approved in July 2017	Quarter 2 target	Implement approved CMP milestones and report progress to EXCO	Quarter 2 actual	Quarter 2 progress report was submitted and approved by EXCO	Quarter 3 target	Implement approved CMP milestones and report progress to EXCO	Quarter 3 actual	The progress report on the CMP was approved by EXCO in Quarter 3. 72% of annual deliverables were achieved in Quarter 3	Quarter 4 target	Implement approved CMP milestones and report progress to EXCO	Quarter 4 actual	The organisation achieved all approved targets for the current FY in the CMP	Status	The client services CMP was implemented successfully and the progress report was approved by EXCO
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Performance Information (continued)

Organisational Goal 6: Drive organisational efficiency and effectiveness										
Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual
Drive a performance culture	Achieve 85% of HR strategy deliverables	Implement Board-approved HR strategy in accordance to roll-out plan milestones	Implement HR strategy according to approved milestones and report to HRC	Detailed progress report on HR plan submitted and approved by EXCO and HRC	Implement HR strategy according to approved milestones and report to HRC	Detailed progress report on HR plan submitted and approved by EXCO and HRC	Implement HR strategy according to approved milestones and report to HRC	84% of HR deliverables achieved in Quarter 3	Implement HR strategy according to approved milestones and report to HRC	The organisation achieved an actual implementation of 100% against the target of 85% by the end of the financial year
Optimise ICT technical system	Board-approved EBS project plan	Achieve a minimum of 80% of planned ICT EBS technical system implementation	Implement EBS roll-out according to approved milestones and report progress to EXCO	EBS progress report submitted to EXCO and was approved with changes	Implement EBS roll-out according to approved milestones and report progress to EXCO	EBS project implementation was at 77% by the end of the quarter	Implement EBS roll-out according to approved milestones and report progress to EXCO	EBS roll-out was on 83% of the extended project plan by the end of Quarter 3	Implement EBS roll-out according to approved milestones and report progress to EXCO	EBS roll-out was at 90% by the end of the financial year
										100% of the HR plan targets were implemented and reported to EXCO by the end of the financial year
										EBS implementation reached 90% by the end of the financial year. The report was approved by EXCO in March 2018



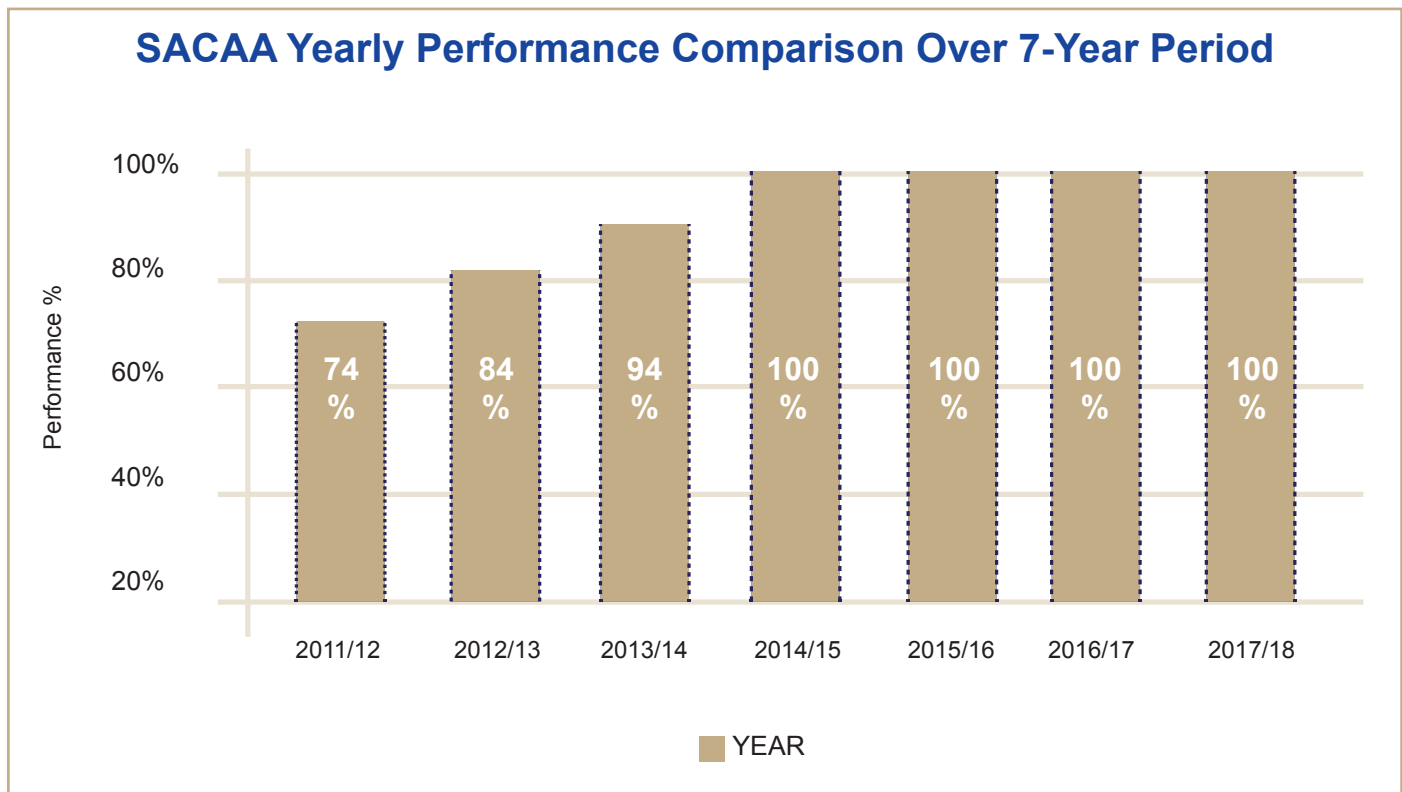
Performance Information (continued)

Organisational Goal 7: Accelerate transformation										
Strategic objectives	Indicators	Annual targets	Quarter 1 target	Quarter 1 actual	Quarter 2 target	Quarter 2 actual	Quarter 3 target	Quarter 3 actual	Quarter 4 target	Quarter 4 actual
Ensure compliance to Transport Sector Codes	Achieve 85% of HR strategy deliverables	Develop a B-BBEE plan aligned to the new Transport Public Sector Codes for approval by EXCO	B-BBEE committee training on the Transport Sector Codes	Training for the B-BBEE Committee took place on 29 June 2017	Develop a B-BBEE plan approved by EXCO	The B-BBEE plan was submitted and approved by EXCO	Implement approved B-BBEE plan according to milestones and report to EXCO	The progress report on achieved targets against the B-BBEE plan was approved by EXCO	Implement approved B-BBEE plan according to milestones and report to EXCO	The B-BBEE implementation plan was submitted and approved by EXCO
										The B-BBEE plan was developed and approved by EXCO following a gap analysis against the new draft sector codes. Implementation was tracked and reported to EXCO quarterly

Table 05: SACAA performance against its Annual Performance Plan



The next graph delineates the SACAA's organisational performance over the last seven financial years - from the 2011/12 financial year through to the 2017/18 reporting period. Notably, the SACAA has managed to attain a 100% performance for four consecutive years as confirmed by the Internal Audit Division. This position is yet to be confirmed by the Auditor-General.



Graph 03: Organisational performance comparison over a seven-year period

Key operational highlights and initiatives

Below is a summary of the SACAA's operational highlights and accolades.

Remarkable operational performance

The SACAA achieved 100% against its set targets for four consecutive financial years as confirmed by the Internal Audit Division. The performance for the year under review still has to be verified and confirmed by the Auditor-General.

Ingrained good corporate governance

The SACAA received the Clean Audit Award from the Auditor-General of South Africa for five years in succession.

Best performing entity

The SACAA was named, for the fourth year in a row, the Best Performing Institution in Transport at the Annual Transport Awards.

The SACAA won the Public Service Award at the 16th Annual Oliver Empowerment Awards.

Best leadership

The DCA was named Best Chief Executive Officer in Transport at the 2018 annual Transport Awards.

At the 17th Oliver Top Empowerment Awards, the DCA was named the 2018 Business Leader of the Year.

Compliance with international standards

In terms of compliance with ICAO's Eight Critical Elements, preliminary results from the ICAO audit that took place in May 2017 indicated that South Africa's level of Effective Implementation is currently rated at 87.39%, which is significantly higher than the world's average of 60%.

As a result of the exceptional audit outcomes, South Africa is currently ranked number one in Africa, and number 32 in the world.



Impeccable safety records in commercial operations

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

Excellent oversight performance

A review of the 2017/18 Master Surveillance Plan indicated that the SACAA met and exceeded its targets across all technical divisions by between 5% and 13%.

Buoyant financial position

The SACAA reported a net operating surplus of R46.4 million for the year ending 31 March 2018 compared to a budgeted surplus of R20 million. This resulted in a positive variance of R26.4 million.

B-BBEE compliance

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

Operational highlights

The table on page 37 details some of the SACAA's operational highlights for the year ending 31 March 2018.





Operational highlights during the 2017/18 financial year

Assessment of US-bound flights

The United States Transportation Security Administration conducted an assessment of US-bound flights in South Africa between 5 and 9 February 2018. An assessment of security operations was conducted at OR Tambo International Airport on the three airlines with US-bound flights, namely South African Airways, Delta and Qatar.

The assessment took place as planned with no findings.

Enhancement of K9 capabilities

The first practical K9 assessments for purposes of certification took place in January 2018 with the assistance of the SAPS bomb squad. Valuable information was gleaned on how the training of explosive detection dog teams can be enhanced.

Assessment of aviation security measures on Australia-bound flights

In November 2017, the Australian Office of Transport Security carried out an assessment of aviation security measures implemented at OR Tambo International Airport as they related to the operations of Qantas Airlines and South African Airways to Australia. There were no findings identified during the audit.

SACAA becomes a member of the International Academy of Aviation and Space Medicine

The SACAA was presented with a corporate member plaque at the International Academy of Aviation and Space Medicine Conference held in Rome in September 2017. This makes the SACAA the first entity to receive such recognition and presents South Africa with a platform to participate in a discourse that will provide solutions to Aerospace Medicine issues globally.

National Aviation Pandemic Preparedness Plan

The National Aviation Pandemic Preparedness Plan in line with ICAO Annex 9 and Part 113 of the Civil Aviation Regulations was developed and approved by the Director of Civil Aviation. This is a plan in preparation for any outbreak of a communicable disease posing a public health emergency of international concern.

Enterprise Business System's Module for Aircraft Registration goes live

In relation to the EBS, the Aircraft Registration and Type Certificate module went live on 1 April 2017. All new aircraft registration and airworthiness certificates are now issued on this new system.

Table 06: SACAA organisational highlights during 2017/18

Strategy to overcome areas of underperformance

The SACAA has achieved 100% against all targets set in its 2017/18 Annual Performance Plan.





Review of SACAA programmes and activities

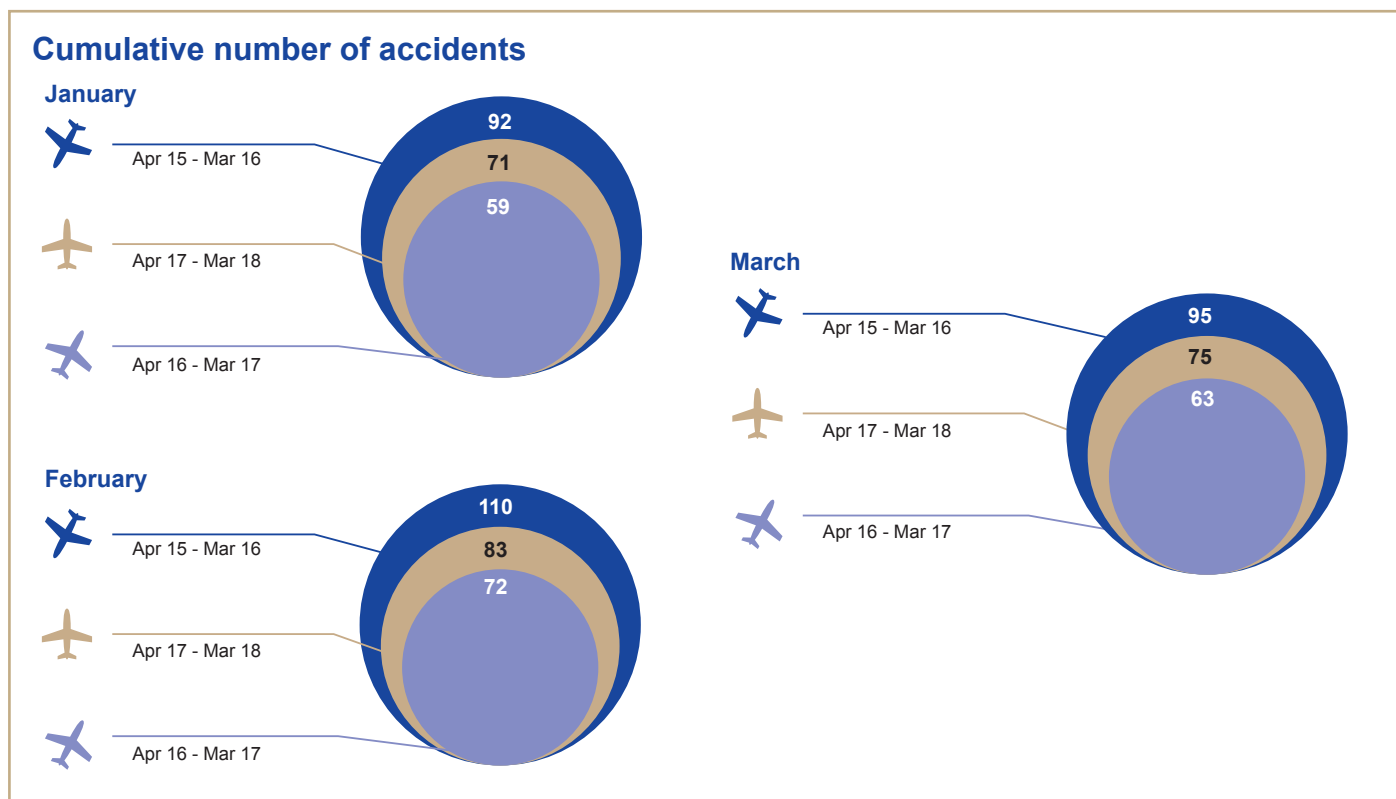
Aircraft incidents and accidents

Aircraft accidents and serious incident statistics are a good basic barometer that indicate the presence or otherwise of adequate civil aviation safety and security oversight in a country.

For over 30 years, South Africa has not had a fatal accident by an airline or scheduled commercial operator. This impeccable 0% safety record attests to the high standard of aviation safety and security in South Africa. Small aircraft and/or private flying activities continue to be a challenge, though there is a significant improvement compared to a few years ago.

Number of aircraft accidents

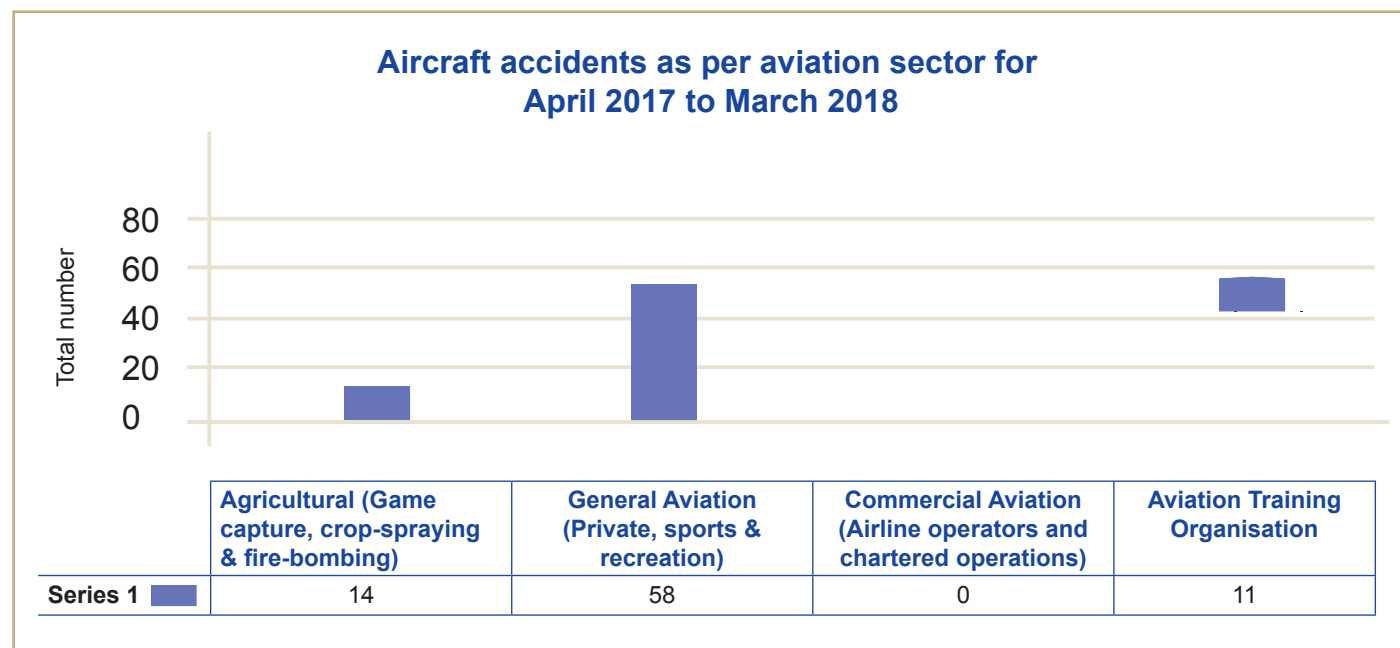
As outlined in the next graph, a total of 83 accidents were reported from 1 April 2017 to 31 March 2018, which has increased the accident rate by 11 when compared to the same period in 2016/17. Regardless, the 83 accidents recorded during the 2017/18 financial year are still far less than the 110 recorded three years ago, i.e. during the 2015/16 financial year.



Graph 04: Accumulative number of accidents: a three-year comparison



The next graph shows that all the accidents happened in the General Aviation sector, which incorporates, among others, private, sports and recreational flying.



Graph 05: Aircraft accidents per aviation sector

As per the next table, most of the accidents involved type-certified, fixed-wing aircraft.

Accident per aircraft category - 1 April 2017 to 31 March 2018				
Aircraft category	Commercial	Private	Training	Total number
Glider	0	0	0	0
Gyrocopter	2	1	0	3
Type-certified aircraft (helicopter)	5	14	3	22
Type-certified aircraft (fixed-wing)	4	24	6	34
Non-type certified aircraft (helicopter)	3	19	2	24
Non-type certified aircraft (fixed-wing)	0	0	0	0
Parachute	0	0	0	0
Total	14	58	11	83

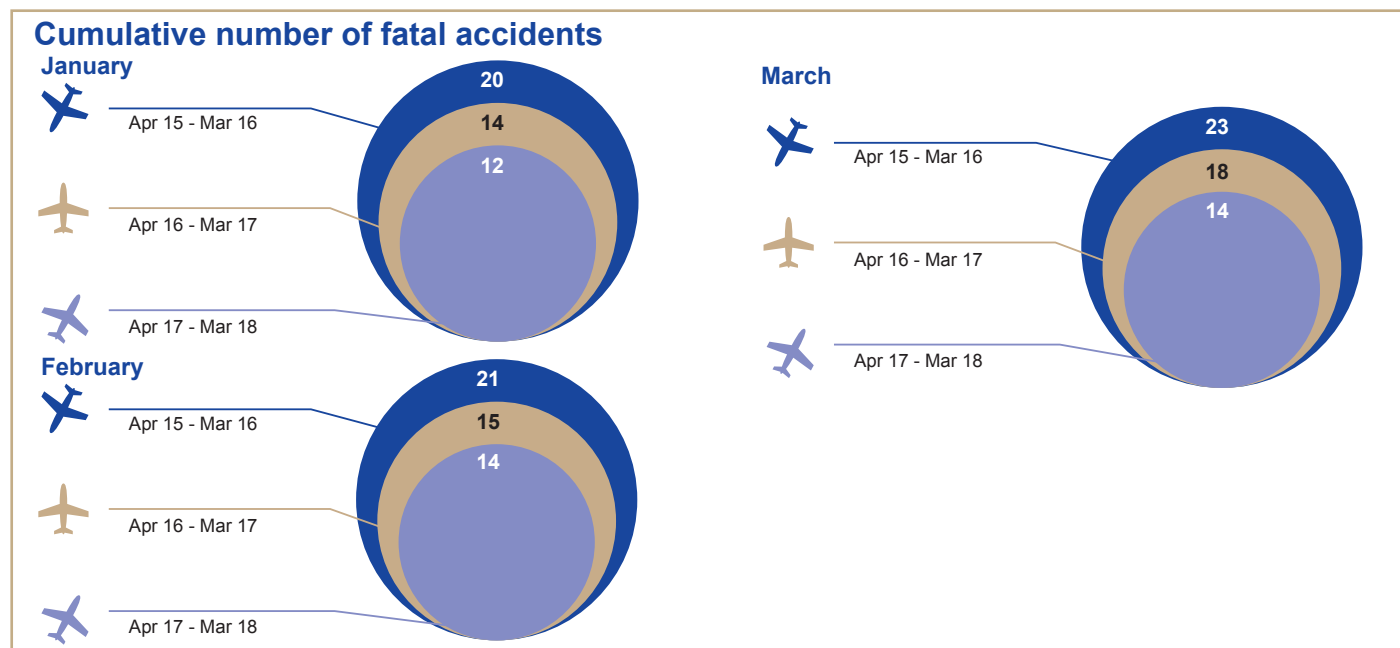
Table 07: Aircraft accidents per aircraft category

Number of fatal aircraft accidents

The number of fatal accidents has decreased by 22% when compared with the 2016/17 financial year. A total of 14 fatal accidents were reported from 1 April 2017 to 31 March 2018, which indicates a decrease of four when compared with the same period in 2016/17.



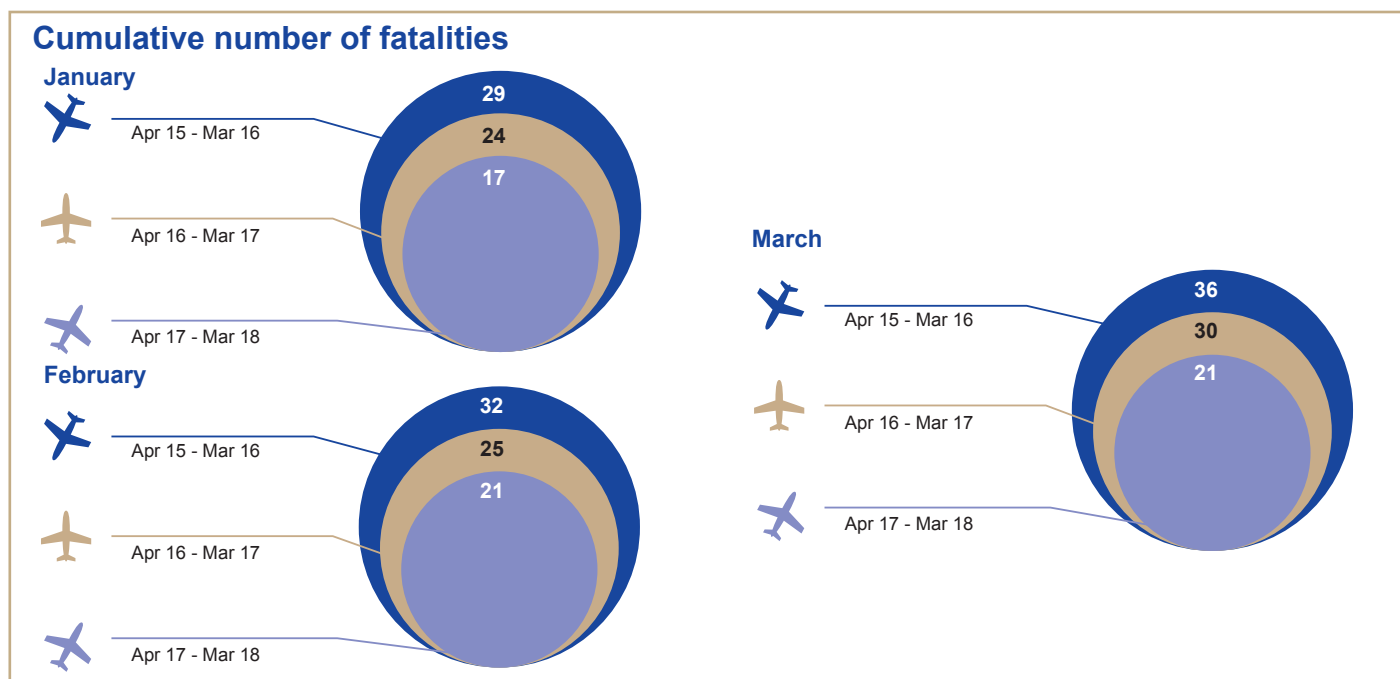
The next graph indicates a three-year cumulated comparison of fatal accidents.



Graph 06: Number of fatal aircraft accidents: a three-year comparison

Cumulative number of fatalities

The number of fatalities has decreased by 30% when compared with the 2016/17 financial year. A total of 21 cumulative fatalities were reported from 1 April 2017 up to 31 March 2018, which indicates a decrease by 9% when compared with the same period during the 2016/17 financial year. The next graph indicates a three-year cumulative comparison of fatalities.



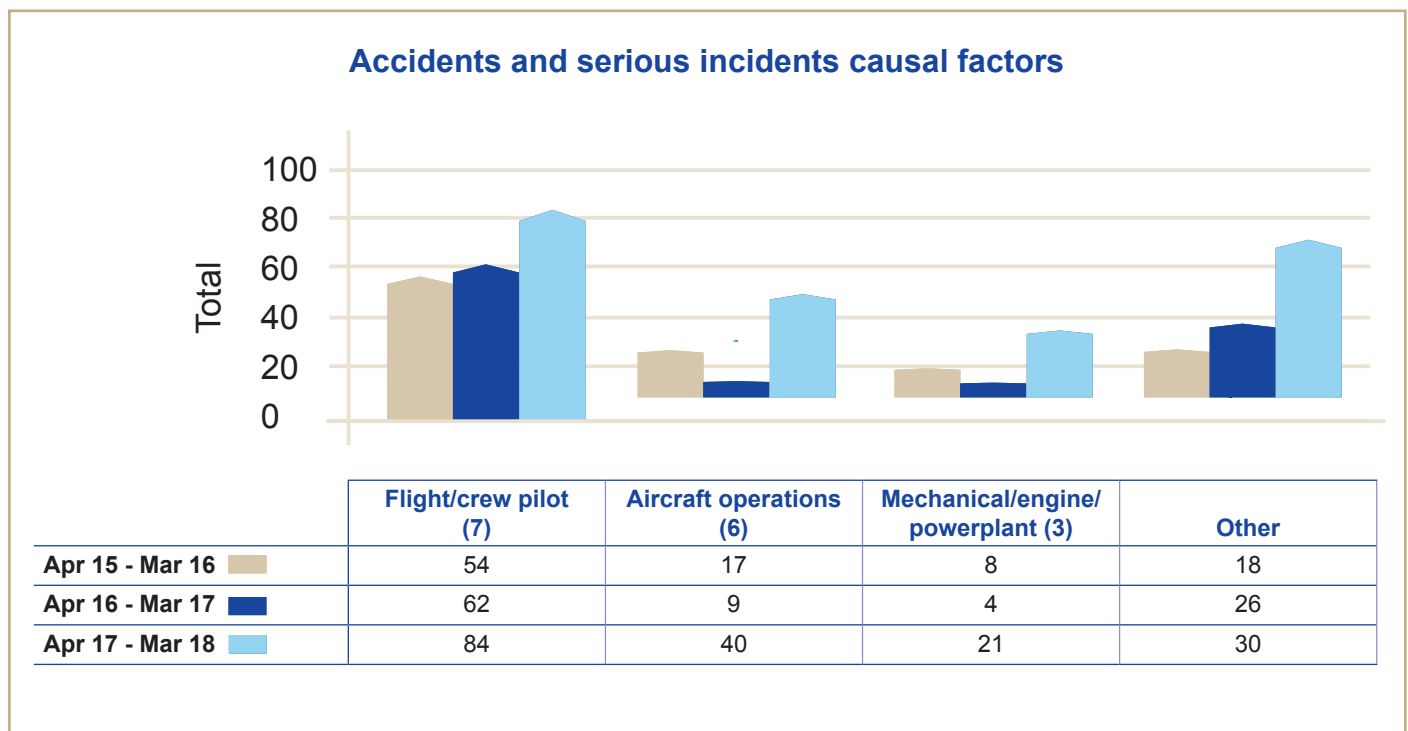
Graph 07: Number of fatalities: a three-year comparison



Causal factors of accidents and serious incidents

As outlined in the next graph, flight crew/pilot, aircraft operations and mechanical/engine/power plant remain the leading causes of accidents and serious incidents.

Further analysis of causal factors indicates poor training and pilot attitude (i.e. poor airmanship) as contributory factors. The outcome of the analysis is based on approved accident and serious incident reports released during the 2015/16, 2016/17 and 2017/18 financial years.



Graph 08: Aircraft accidents - causal factors: a three-year comparison

Surveillance and oversight auditing activities

In order to ensure adequate oversight over civil aviation matters, the SACAA uses a Master Surveillance Plan (MSP) to keep track of surveillance and auditing tasks that need to be undertaken by its various technical departments. A review of performance against the SACAA's MSP indicates that the SACAA has met, and in some instances even exceeded, the set audit targets. Several additional and *ad-hoc* inspections resulted in targets being exceeded.

A review of the SACAA's annual MSP indicates that all annual audit targets were met, and in most instances exceeded, as reflected in the next table.



SACAA Master Surveillance Plan Report - Quarter 4 March 2018							
Department	Division	Annual budget	Annual actual	Quarter 4 budget	Quarter 4 actual	Annual variance	Annual variance %
Aircraft Maintenance Organisation	Aviation Safety Operations	416	451	104	139	35	8.4%
Manufacturing Organisations		23	34	6	11	11	47.8%
Air Operator Certificate		342	368	86	120	26	7.6%
Aviation Training Organisation		315	375	79	82	60	19%
Total:		1 096	1 228	275	352	132	12.04%
Airports & Airlines	Aviation Security	249	254	61	68	5	2%
Regulated		377	384	95	94	7	1.9%
Dangerous Goods Safety Oversight		420	454	111	130	34	8.1%
Training Organisations		130	148	32	23	18	13.8%
Total:		1 176	1 240	299	315	64	5.4%
Air Traffic Services	Aviation Infrastructure	58	59	12	12	1	2%
Aerodrome Licence Inspection		131	143	26	23	9	7%
Aerodrome Surveillance		14	29	5	11	15	107%
Communication, Navigation & Surveillance		53	59	13	13	6	11%
Aviation Environmental Protection		12	14	3	3	2	17%
Total		268	301	59	62	33	12%

Table 08: SACAA Master Surveillance Plan report



The table below explains variances reported in the Master Surveillance Plan table on the previous page.

Master Surveillance Plan variance explanation	
Aviation Infrastructure	Variance explanation
Aerodrome Licence Inspection	Three additional inspections performed on game farm aerodromes with the intention to license them. Additional inspections performed on a number of existing aerodromes, including military aerodromes, for purposes of upgrading licences to a higher category or oversight for diversion aerodromes.
Aerodrome Surveillance	Aerodrome Surveillance was exceeded by 15 (29 vs 14 on APP) of which six are due to MSP additions as a result of new scheduled services to game farm airports and an additional four inspections were due to rescheduling from March 2017 to April 2017 to achieve a lower cost on trips. Additional surveillance inspections were performed on a number of aerodromes due to follow-up activity.
Communication, Navigation and Surveillance	Additional inspections were performed for the purpose of first-time certification of electronic service organisation service providers.
Aviation Security	Variance explanation
Airports and Airlines	Airports and Airlines recorded a positive variance, mainly due to unplanned <i>ad-hoc</i> audits to ensure compliance.
Cargo Security	Cargo Security recorded a positive variance, mainly due to unplanned new applications for Regulated Agents status and other unplanned <i>ad-hoc</i> audits to ensure compliance.
Dangerous Goods	The Department recorded a positive variance due to applications received for instructor certification.
Training Organisations Oversight	Dangerous Goods recorded a positive variance of 8.1%. The additional inspections were due to unplanned inspections and follow-up inspections.
Aviation Safety Operations	Variance explanation
Aircraft Maintenance Organisations	The Master Surveillance Plan was achieved, and 19 additional AMO were certified/approved, and 88 inspections were undertaken as follow-ups in order to verify implementation of the Corrective Action Plans proposed by the approval holders.
Manufacturing Organisations	The Master Surveillance Plan was achieved, one new organisation was certified/approved, and 10 inspections were undertaken as follow-ups in order to verify implementation of the Corrective Action Plans proposed by the approval holders.
Air Operator Certificates	The Master Surveillance Plan was achieved, a total of 19 new Air Operators were certified/approved, and an additional seven inspections took place as it was necessitated by the levels of findings of non-conformance of some operators.
Aviation Training Organisations	The Master Surveillance Plan was achieved, and a total of 60 additional inspections took place, as was necessitated by the levels of findings of non-conformance by some Aviation Training Organisations.

Table 09: Master Surveillance Plan Variance Explanation



Information and Communication Technology

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

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

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

During the reporting period, the implementation of the EBS progressed very well, and remains on schedule, and within budget. The EBS is a best practice system compliant with ICAO regulations and ensures that the SACAA's processes are aligned with those of the international aviation administration body. Additional modules, which will enhance the effectiveness of the system and improve client experience at SACAA, have been procured and will be implemented in the next financial year.

The Aviation Medical Module has been rolled out to all Designated Aviation Medical Examiners (DAMEs) with good feedback and inputs. This module is integrated with the Flight Crew Licensing Module, which means it sends the medical information required to process the licensing application to the Flight Crew Licensing Module.

The Examination Module has been implemented and piloted for the Cabin Crew, Private Pilot Licence, Aviation Security Screeners and Aviation Security Instructors. These tested examinations will be rolled out in a phased approach in the next few months.

The Aircraft Registration and Type Certification Module was piloted and rolled-out successfully. The system is being fully utilised for the registration of aircraft at the SACAA.

The Aircraft Maintenance Organisation Module has been implemented and it is being used to issue certificates for the respective organisations.

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

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

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

Review on stakeholder relations

One of the primary goals of the SACAA is to evolve into a customer-centric entity that has solid relations with its multiple stakeholders. Each year the SACAA implements a myriad of communication and stakeholder management activities. Key among the initiatives are information face-to-face sharing sessions that can be amplified depending on the need and desired outcome.



Key stakeholder engagement activities during 2017/18		
Type of engagement	Date	Details
RPAS round table discussion	29 September 2017	CUAASA submitted a paper for discussion at the Industry Liaison Forum (ILF) meeting in which they tabled challenges to the RPAS industry in relation to Part 101 compliance. A decision was then made to convene a round table discussion with affected Divisions within SACAA to address them, and find a way forward. The round table discussion dry run was held on 28 September 2017 in preparation for the discussion with industry. The discussion was attended by approximately 20 people, including members of CAASA, a SACAA delegation from LAC, ASO and RPAS integration.
SADC Civil Aviation Committee extraordinary meeting	2 – 3 October 2017	The SADC Civil Aviation Committee meeting was held in Durban from 2 – 3 October 2017. Approximately 30 Civil Aviation Committee officials from the SADC region were in attendance. The meeting was an extraordinary meeting with a focus on the formalisation of the SADC Aviation Safety Organisation, currently based in Swaziland. Operational requirements for the way forward for the organisation were discussed. A follow-up workshop of the Working Group was held in Botswana in November 2017.
JARUS	2 – 6 October 2017	The SACAA hosted the second JARUS Plenary Meeting, which took place in Cape Town in October 2017. The Joint Authorities for Rulemaking on Unmanned Systems (JARUS) is a group of experts from various national aviation authorities and regional aviation safety organisations. Its purpose is to recommend a single set of technical, safety, and operational requirements for the certification and safe integration of Unmanned Aircraft Systems into the airspace and at aerodromes. The ultimate objective of JARUS is to provide guidance material, aimed at assisting authorities to write their own requirements and to avoid duplicate efforts.
LOCI UPRT training	16 – 19 October 2017	The ICAO regional office requested South Africa to host the LOCI UPRT training held in Johannesburg. The four-day training session was attended by about 60 delegates. Simulator training was done by SAA and presentations were delivered by the SACAA management, ICAO, and experiences were shared by other organisations and airlines.
Airlines Association of Southern Africa (AASA) round table discussion	12 February 2018	Following a meeting between the SACAA senior management and the Airlines Association of South Africa on 5 December 2017, a round table discussion was held to address critical issues around the issuing of licences, their delays and other service delivery issues. The discussion was attended by AASA and the represented airlines.
Captains of industry forum	22 March 2018	The Captains of Industry Forum was held at Emperors Palace to create a platform for engagement between captains of industry and the DCA, to deliberate on the strategic aviation agenda.
Carbon Offset and Reduction Scheme for International Aviation (CORSIA) breakfast	24 November 2017	Stakeholders invited to the CORSIA breakfast meeting were domestic and international airline operators, industry associations and other relevant Aviation Environmental Protection (AEP) stakeholders. They were provided with information on how the CORSIA scheme will work i.e. emissions coverage, calculation and distribution of offsetting requirements, how to develop a CORSIA CO2 emissions report, emissions units, and how to use the CORSIA registry system. This was in preparation of the ICAO regional seminar on CORSIA in April 2018.

Table 10: Key stakeholder engagement activities during 2017/18



Safety promotion campaigns

During the reporting period, the SACAA continued conducting safety promotion campaigns across the country with the aim of raising safety awareness in the aviation community. The target audience of the safety campaigns are mainly pilots, aircraft maintenance personnel and aviation managers.

The main objective of the safety campaign is to help change the hazardous attitudes of aviators. This will eventually help reduce the number of aircraft accidents and serious incidents in South Africa's general aviation sector. Most of the events were held at various airports and clubs. The figure below provides a breakdown of the number of people reached per province:

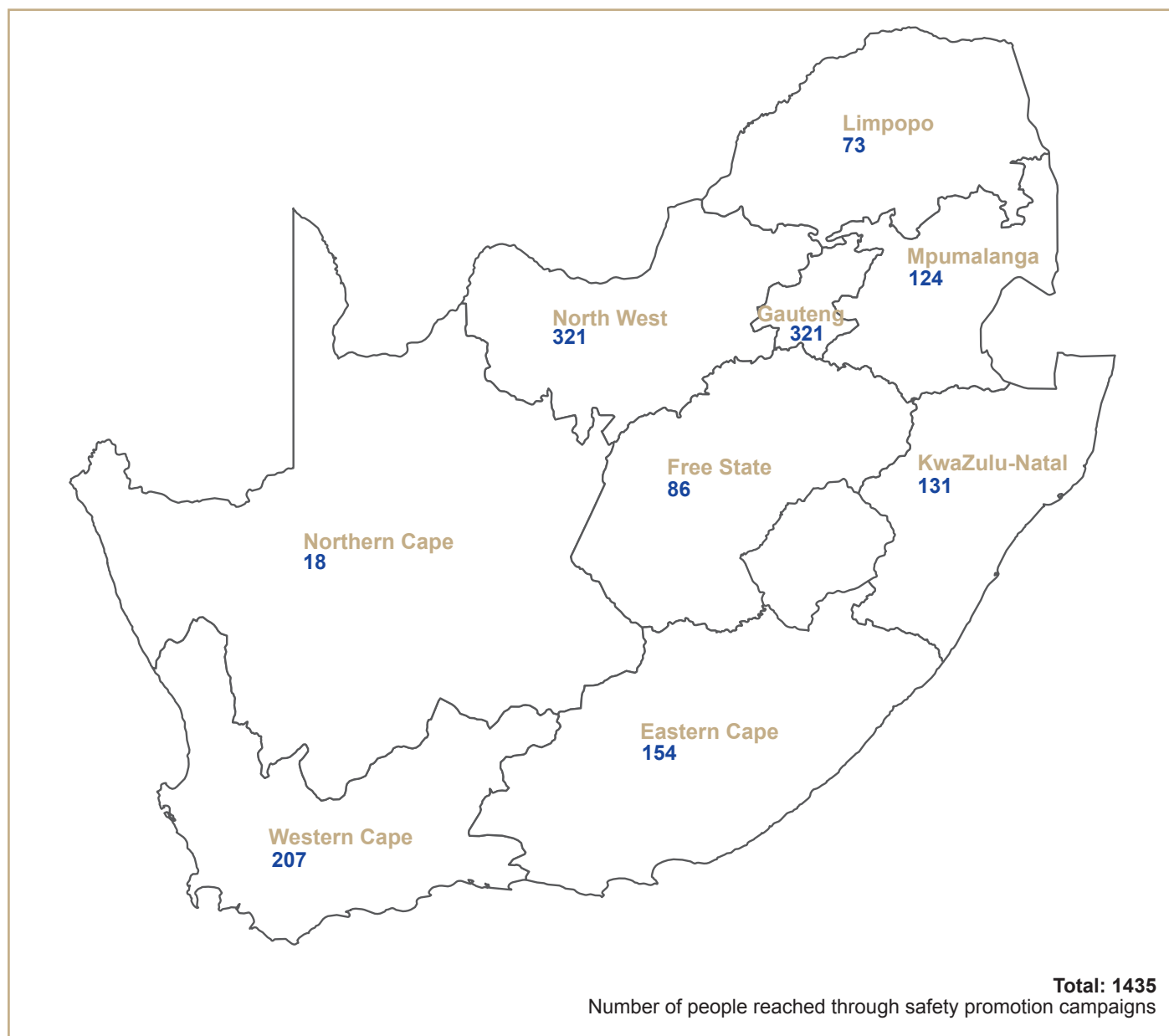


Figure 01: Number of people reached through safety promotion campaigns



Assistance and cooperation missions

Through the SACAA, South Africa continues to make inroads in terms of contributing to Africa's aviation safety and security record. During the reporting period, the SACAA championed technical cooperation that will benefit the organisation's peers across the continent and the globe. The following table outlines the assistance offered.

Technical Cooperation Missions		
Country	Type of assistance	Outcome
Tanzania	South Africa was requested to assist with OJT for AOC re-certification	The training was implemented successfully and played a role in complementing the classroom instruction already available under the GSI training, or equivalent, thus enhancing the competency of inspectors.
Botswana	CAAB requested OJT for PBN and RSVM certification	The programme was completed successfully and the Civil Aviation Authority of Botswana (CAAB) was satisfied.
Zambia	Zambia requested technical support for initial ATO certification	There are five phases to the training and at the time of compiling this report the training has been completed up to the third phase, namely document evaluation.
Swaziland	Swaziland requested South Africa to conduct AOC oversight training	The training was conducted for six inspectors at Lanseria Airport.
SADC (through iASO)	South Africa was requested to conduct Dangerous Goods OTJ	Fifteen (15) inspectors from across the SADC region were trained by the Aviation Security Division. Practical work was conducted at Lanseria airport.
Botswana	Botswana requested PAN/OPS training for its inspectors	The training was conducted over two weeks by the Aviation Infrastructure Division.

Table 11: Technical Cooperation Missions





SACAA revenue collection

The next table illustrates that the total revenue of R647.6 million for the financial year under review increased by 7.7% when compared to the R600.8 million in 2016/17. It is 0.5% lower than the budgeted revenue collection of R651.1 million of the current financial year under review. The revenue from the Passenger Safety Charge increased by 9.2% when compared to the previous year, mainly as a result of a 4.7% increase in passenger numbers and an increase in the passenger safety charges from R20.23 to R22.29 on 1 July 2017.

Interest revenue from financial institutions increased by 18.1% due to an increase in cash and cash equivalents of R57.9 million, as well as improved cash flow management during the year.

Revenue collection						
Sources of revenue	2017/18			2016/17		
	Budget	Actual	Variance	Budget	Actual	Variance
	R'million	R'million	R'million	R'million	R'million	R'million
Passenger Safety Charge	486.1	486.7	0.6	447.1	445.8	(1.3)
User Fees	96.8	93.1	(3.7)	94.9	90.9	(4)
Fuel Levy	28.2	26.5	(1.7)	25.3	24.9	(0.4)
Accident and incident investigation grant	20.7	20.7	-	19.7	19.7	-
Interest received	15.7	17.6	1.9	9	14.9	5.9
Other income	3.6	3	(0.6)	3.4	4.6	1.2
Total	651.1	647.6	(3.5)	599.4	600.8	1.4

Table 12: SACAA revenue collection

Capital expenditure of R22.4 million, as detailed in the next table, was incurred during the year compared to the budgeted R64.1 million, resulting in an underspend of R41.7 million. The underspend is largely as the result of a delay in implementing the EBS modules, as well as the acquisition of an Electronic Document Management system (EDMS). A complete business case for the EDMS system is currently being developed.

Capital investment						
Capital projects	2017/18			2016/17		
	Budget	Actual	Variance	Budget	Actual	Variance
	R'million	R'million	R'million	R'million	R'million	R'million
Furniture and fittings	7.3	1.3	(6)	3	0.5	(2.5)
Motor vehicles	0.5	-	(0.5)	0.5	0.7	0.2
Computer equipment	6.3	3.6	(2.7)	7.5	4.8	(2.7)
Generator	-	-	-	-	-	-
Canteen equipment	-	0.1	0.1	-	-	-
Calibration equipment	-	-	-	-	-	-
Computer software	50	16.2	(33.8)	20.9	10	(10.9)
Aircraft	-	1	1	-	-	-
Land and buildings	-	0.2	0.2	-	-	-
Total	64.1	22.4	(41.7)	31.9	16	(15.9)

Table 13: Capital investment



GOVERNANCE



Introduction

“A strategic board has a view of looking ahead, an insight to look deeper, and competency to look beyond.”

— Pearl Zhu, Digitizing Boardroom: The Multifaceted Aspects of Digital Ready Boards

Despite the challenging economic and political environment in South Africa, the country continues to make inroads into solidifying sound corporate governance practices through the application of the King IV Report on Corporate Governance™ (King IV Report™) on 1 April 2017. For the Board, this milestone was welcomed and culminated in an in-depth gap analysis of the King IV Report™ during June 2017, which ultimately led to the formal adoption by the SACAA Board of Directors of the King IV Report™ at its Board Meeting on 26 July 2017. The King IV Report™ gap analysis enabled the Board to gauge its readiness in terms of the implementation of best practices. The outcome of the King IV Report™ gap analysis also positively revealed that the entity was materially compliant to the King IV Report™ principles. To this end the Board developed a King IV Report™ gap analysis implementation plan to ensure that all its principles are fully explained and applied.

As is evident from the above, the Board remains the bedrock for sound corporate governance at the SACAA and has remained highly compliant to the PFMA, as a Schedule 3A public entity in terms of the PFMA. The SACAA Board is the Accounting Authority, whilst the Minister of Transport is the Executive Authority.

As part of ingraining its governance mandate in terms of the above legal instruments, the Board underwent combined assurance training and approved the combined assurance model in July 2017. This ensures an effective control environment, thereby supporting the integrity of the information used for decision-making by management, the Board and its committees.

As part of the King IV Report™ gap analysis implementation plan, the Board also reviewed and approved the Ethics Framework and policy together with the Code of Conduct in March 2018. This heightened the intent of both the Board and management to foster excellence at SACAA in terms of integrity, ethical values and sound governance.

These initiatives have continued to make governance pervasive throughout the SACAA and ensures that the entity conducts its affairs with accountability, transparency, fairness and prudence. As a strategic Board, and as alluded to earlier, the Board subscribes to the principles of the King IV Report on Corporate

Governance™, which continues to be underpinned by the regulatory principles reflected in the SACAA strategic plan. The Board remains firmly committed to achieving all the governance outcomes enunciated in the King IV Report™ namely:

- Ethical culture
- Good performance
- Effective control
- Legitimacy.

The Board 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 trailblazing.

The Board of Directors' term ended on 31 March 2018, having been appointed retroactively on 1 October 2014. This term is inclusive of a six-month extension by the Minister of Transport in terms of section 77(2)(c) of the Civil Aviation Act.

The Minister of Transport appointed an interim Board with effect from 1 April 2018 for a period of six-months. The interim Board has now undergone board induction and is acclimatised to the core business of the SACAA.

The Board continues to remain the focal point of corporate governance at the SACAA and has concerned itself in the past year with the following:

- Reviewing the 2018/19 Annual Performance Plan, including the vision, mission, strategic goals and objectives
- Oversight of the ICAO USOAP audit and consideration of the preliminary report
- Enhancing stakeholder value through oversight of the implementation of the approved three-year stakeholder management plan
- Oversight of the EBS and relocation of the SACAA head office projects
- Reviewing of various policies
- A full review of the Ethics and Compliance Management Policy
- Review and approval of the RAASA transitional and implementation plan
- Preparation for the ICAO USOAP Audit.

The Board steadfastly applies a stakeholder-inclusive model of corporate governance, whereby the interests of all stakeholders are taken into account in developing and implementing the SACAA strategy and the annual performance plan.

The following governance events and activities are worth noting:

- The Board held a two-day strategic planning session during August 2017. The session was attended by Board members and executive management. This session culminated in the 2018/19 Annual Performance Plan for the SACAA.

- The Board deepened its understanding of the King IV™ by having a training session on the King IV report and conducting a King IV gap analysis. Additionally, the Board underwent Combined Assurance training.
- A comprehensive plan was prepared to address gaps in terms of the implementation of King IV.
- The Corporate Governance Plan was reviewed and submitted to the Minister of Transport as the Executive Authority, representing the Shareholder.
- The Board successfully held its Annual General Meeting on 1 September 2017, and all resolutions tabled were approved by the Shareholder.
- The Board also submitted its performance agreement with the Minister of Transport during March 2018.
- The Executive Authority approved the SACAA's Strategic Plan and the Annual Performance Plan for the 2018/19 financial year.
- All Committee terms of reference were reviewed during the year.
- The Board prepared a Board handover report for the incoming Board.
- Approval of the RAASA transitional plan.

Executive Authority

The Accounting Authority confirms that in compliance with the PFMA and the Board Performance Agreement, all four quarterly reports were submitted timeously to the Executive Authority. The reports were reviewed and approved by the Accounting Authority prior to submission. At year-end, the SACAA has yet again met 100% of its annual targets, which demonstrates the Board's commitment in terms of King IV™ i.e. to realise the governance outcome of good performance. The Accounting Authority remains open and transparent in all its engagements with the Executive Authority and regularly informs the Executive Authority of progress, milestones and challenges facing the SACAA. It communicates through written correspondence and interfaces with the Minister and Deputy Minister of Transport.

Accounting Authority

The Accounting Authority continues to receive favourable and constructive written feedback from the Executive Authority on its reported performance. The Board as Accounting Authority remains committed to delivering on its obligations as stated in the Annual Performance Plan and the performance agreement. The Accounting Authority presented its Annual Report to the shareholder at the Annual General Meeting on 1 September 2017. The feedback received from the shareholder was both constructive and positive.

Role and responsibilities of the Board

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

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

The above-mentioned is not an exhaustive list, but it does provide a high-level summary of the roles and responsibilities of the Board as stipulated in the Civil Aviation Act and the Board Charter.

Board Charter

The Board has adopted a formal Charter, which clearly articulates the objectives and responsibilities of the Board and is reviewed and approved annually to ensure that it is relevant and aligned with best practice. It was reviewed and aligned with the King IV Report™, during January 2018. The Board confirms that, during 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.



Board composition

The Board has remained stable over the reporting period, comprising six non-executive directors and one Executive Director, namely the DCA, at the commencement of the current financial year-end. All the Directors were appointed by the Minister of Transport, in accordance with the Civil Aviation Act. The Members of the Board as at 31 March 2018 were:

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

All Non-Executive Directors are independent and appointed for a term of three years; with the exception of Mr India, her term remains as is until further notice. The DCA, and only Executive Director, is appointed on a five-year contract and her term of office comes to an end on 30 November 2018. The Board has duly informed the Minister of Transport of the contract end date of the current DCA.

The previous Board's term came to an end on 31 March 2018 and the Minister of Transport appointed an interim Board for a period of six months. Members of the interim Board, appointed on 1 April 2018, are as follows:

- Mr SS Mokoena – Chairperson (Non-Executive) – **Reappointed**
- Professor NV Dyani-Mhango (Non-Executive) – **Reappointed**
- Mr M India (Non-Executive) – **Reappointed**
- Mr S Sooklal (Non-Executive)
- Mr E Khosa (Non-Executive)
- Dr BC Suckling (Non-Executive)
- Ms T Phewa (Non-Executive) – shareholder representative
- Ms P Khoza – Director of Civil Aviation (Executive)

The roles of the Chairperson of the Board and the DCA are kept separate and distinct. Mr SS Mokoena was appointed, by the Board, as an independent Non-Executive Chairman of the interim Board, and he is free from any conflict of interest. The interim Board appointed Mr SS Mokoena as an independent Non-Executive Chairman of the Board pending the Minister's determination. The Board's composition and dynamism goes a long way towards ensuring proper and seamless achievement of the regulatory mandate of the entity as contained in the Civil Aviation Act and the strategic objectives approved by the Executive Authority. A mix of skills facilitates sound decision-making and enriches the discussions and deliberations at Board and committee meetings.

A total of eight Board meetings were held in the year under review.



The table below delineates the composition of the SACAA Board during the 2017/18 financial year, as well as meeting attendance:

Board composition								
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees
Mr SS Mokoena	Non-Executive Director/Member	1/10/14	-	BSc (Engineering) MBA Government Certificate of Competency as Electrical Engineer for the Mines & Works in SA (GCC)	Energy Infrastructure Policy and Regulation Engineering and Governance	Best Infrastructure and Investments CC (Bii) Service Delivery Solutions (Pty) Ltd (SDS) Minerals and Petroleum Board (MPB)	Institute of Directors of South Africa (IoDSA)	ASC and ASEC
	Chairperson of the Board							8/8
Ms D Dondur	Non-Executive Director/Member	1/07/2013	31/03/2018	BAcc Honours BCompt MBA Certificate in Labour Relations	Finance Business Administration Enterprise Risk Management Corporate Governance	Basil Read Holdings Joburg Market (SOC) Limited National Lotteries Commission ATKV	Institute of Directors (SA) (IoDSA) - Fellow member Institute of Internal Auditors (IIA) South African Institute of Chartered Accountants (SAICA)	ARC, HRC and POC
	Chairperson of the Audit and Risk Committee (ARC)	Reappointed 1/10/2014		Certificate in International Executive Development Programme Gaming Executive Development Programme Professional Designation: CA (SA), Chartered Director (SA)®	Investment Management Auditing IT Governance Labour Relations and Human Resources Business Acumen	Gauteng Growth and Development Agency (GGDA) Professional Provident Society (PPS)		7/8



Board composition									
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees	Board meeting attendance
Major - General NLJ Ngema	Non-Executive Director/Member Chairperson of the Aviation Safety and Environmental Committee (ASEC)	1/10/14	31/03/2018	Diploma in Aviation Studies International Diploma in Defence Resource Management Airline Transport Pilot's Licence Senior Defence Management Certificate Certificate in the Aviation Leaders Programme in Public Policy - Singapore Aviation Academy	Aviation Operations	None	Institute of Directors of South Africa (IoDSA)	ASEC, HRC	7/8
Prof. NV Dyani Mhango	Non-Executive Director/Member Chairperson of the Procurement Oversight Committee (POC)	1/10/14	-	LLB LLM LLD Associate Professor of Law	Legal	None	Institute of Directors of South Africa (IoDSA)	POC, ASC	8/8



Board composition									
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees	Board meeting attendance
Ms L Diepu	Non-Executive Director/Member Chairperson of the Human Resources and Remuneration Committee (HRC)	1/10/14	31/03/2018	BA (Psychology) Certificate in Telecommunications, Regulations and Regulatory Environment	Human Resources	Nojoli Wind Farm Board of Trustees	Institute of Directors of South Africa (IoDSA)	HRC, ARC, ASEC,	7/8
Mr M India	Non-Executive Director/Member Shareholder Representative Chairperson of the Aviation Security Committee (ASC)	1/10/14	-	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 Former Military/Defence/Police Officer	Aviation Security	Incomar Aerospace and Defence Systems South African National Parks (SANPARKS) Safety at Sports and Recreation Events Appeal Board (SASREA) Skymore Defence Systems Evilox Holdings Evilox Security Risk Company Inala Technologies	Institute of Directors Institute of Directors South Africa (IoDSA) Former SA Representative of the AvSec Panel of Experts of ICAO United Nations Specialised Agency	ARC, ASC	7/8



Board composition								
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees
Ms P Khoza	Executive Director* Director of Civil Aviation	1/11/2013	-	B Management and Advanced Business Programme International Executive Development Programme (Wits and London Business School) International Visitor's Programme (USA) Civil Aviation Chief Executive Programme Certificate (Singapore Aviation Academy) Certificate in Aviation Safety for Directors-General (Singapore Aviation Academy with ICAO) Various Civil Aviation Certificates from ICAO and International Air Transport Association (IATA) Certificate in Travel and Tourism Certificate in Emerging Women Management Programme	Leadership and Aviation	Chairman of the ICAO Aviation Security Panel 2015/16 and 2016/17	Institute of Directors of South Africa (IoDSA)	None
								7/8

Table 14: Board composition

Board composition							
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations
Mr SS Mokoena	Non-Executive Director/(NED)	Reappointed 1/04/18	-	BSc (Engineering)	Energy	Best Infrastructure and Investments CC (Bii)	Institute of Directors of South Africa (IoDSA)
	Chairperson of the Interim Board			MBA Government Certificate of Competency as Electrical Engineer for the Mines & Works in SA (GCC)	Infrastructure Policy and Regulation Engineering and Governance	Service Delivery Solutions (Pty) Ltd (SDS) Minerals and Petroleum Board (MPB)	ASC & ASEC
Mr S Sooklal	Non-Executive Director/(NED)	1/04/18	-	Post Graduate Diploma: Taxation	Finance	Mobile Telephone Networks Sudan	South African Institute of Chartered Accountants
	Chairperson of the Audit and Risk Committee (ARC)			Public Accountants' and Auditors' Board Examinations Chartered Accountant (SA)	Tax Risk Management Corporate Governance	878 Mobile Telephone Networks Afghanistan Limited Mobile Telephone Networks Ivory Coast	Independent Regulatory Board for Auditors
				Diploma: Accounting and Auditing(Post Graduate)	Due Diligence Reviews	Mobile Telephone Networks Uganda Limited	Institute of Directors (SA) (IoDSA)
				Bachelor of Commerce	Assurance (Internal and External)	Mascom Wireless Botswana Limited	Durban Country Club
					Mergers and Acquisition	Econet Wireless Citizens Limited	Country Club Johannesburg
					Listing and Delisting of companies on the JSE	Lunar Capital (Pty) Ltd	
					Regulatory	Member of the Disciplinary Committee : Public Accountants and Auditors Board	



Board composition

Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees
Prof. NV Dyani Mhango	Non-Executive Director/(NED) Chairperson of the Procurement Oversight Committee (POC)	Reappointed 1/04/18	-	LLB LLM LLD Associate Professor of Law	Legal	None	Institute of Directors of South Africa (IoDSA)	POC, ARC, ASC
Mr M India	Non-Executive Director/Member Shareholder Representative Chairperson of the Aviation Security Committee (ASC)	1/10/14	-	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 Former Military/Defence/Police Officer	Aviation Security	Incomar Aerospace and Defence Systems South African National Parks (SANPARKS) Safety at Sports and Recreation Events Appeal Board (SASREA) Skymore Defence Systems Evilox Holdings Evilox Security Risk Company Inala Technologies	Institute of Directors South Africa (IoDSA) Former SA Representative of the AvSec Panel of Experts of ICAO United Nations Specialised Agency	ARC, ASC

Board composition								
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees
Dr BC Suckling	Non-Executive Director/(NED) Chairperson of the Aviation Safety and Environmental Committee (ASEC)	1/04/18	-	B IUR MBA DBA SAQA rated assessor IATA – IOSA auditor IFALPA: Airport runway and airport safety representative Family and divorce mediation LLB ALTP ICAO subject matter expert Commercial mediation Admitted Advocate of the High Court, South Africa	Aviation law Flight operations and airports Law	None	None	ASEC POC

Board composition								
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations	Committees
Mr E Khosa	Non-Executive Director/(NED) Chairperson of the Human Resources and Remuneration Committee (HRC)	1/04/18	-	PhD (Management) In progress Higher Diploma: Company Law Master of Science (International Development) Master of Arts (Development) BA Honours BA Humanities	Development Finance Realignment of organisations Compliance Management Organisational and Development	Mavone Forensics Shipoyilla Khosa Associates	Rixaka Forum	HRC, POC, ARC
Ms T Phewa	Non-Executive Director/(NED) Shareholder Representative	1/04/18	-	Diploma in Airport Management Managing Integrated Development Service Delivery MA in Rural Development Honours: B Social Science B Social Science majored in Sociology and Political Science	Research: Policy and Strategy Development Aviation	None	None	HRC, SEC



Board composition							
Name	Designation	Date appointed	Date retired	Qualifications	Area of expertise	Board directorship	Membership of professional associations
Ms Poppy Khoza	Executive Director Director of Civil Aviation	1/11/2013	-	B Management and Advanced Business Programme International Executive Development Programme (Wits and London Business School) International Visitor's Programme (USA) Civil Aviation Chief Executive Programme Certificate (Singapore Aviation Academy) Certificate in Aviation Safety for Directors-General (Singapore Aviation Academy with ICAO) Various Civil Aviation Certificates from ICAO and IATA Certificate in Travel and Tourism Certificate in Emerging Management Programme	Leadership and Aviation	Chairman of the ICAO Aviation Security Panel 2015/16	Institute of Directors of South Africa (IoDSA)
							None

Table 15: Interim Board Composition



Board committees

In terms of principle 8 of the King IV Report™, the Board should delegate certain functions to well-structured committees, but without abdicating its own responsibilities. The Board Committees form an integral part of the SACAA governance model. They allow for more in-depth deliberation on crucial and complex matters, and enable the Board to make more informed decisions on such matters, based on the recommendation of its committees.

All committees operate within the framework of the Board-approved terms of reference, which are reviewed annually by each committee 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.

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

Audit and Risk Committee (ARC)

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

The members were nominated by the Board and their appointments were ratified at the AGM on 1 September 2017.

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

- The committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, including checking 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, coordination 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 present a balanced assessment of the SACAA's position, performance and prospects before recommending them to the Board for approval.

Human Resources and Remuneration Committee (HRC)

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

This Committee provides independent and objective oversight over, amongst others, the human resources issues, labour relations, collective bargaining issues, remuneration, performance management systems, reward strategy, retention policy, succession planning and any other issues relating to the workforce of the SACAA. The HRC's duties and responsibilities are detailed in its Board-approved terms of reference and the committee confirms that it has discharged all its duties and responsibilities in accordance with the approved terms of reference.

Aviation Safety and Environmental Committee (ASEC)

The ASEC was constituted to ensure that the Board is aware of aviation safety and environmental matters. It provides oversight on aviation safety and environmental matters and mobilises the requisite resources for safety and environmental matters, including audits. Using the year-end review, the ASEC continued to review key strategies that have an impact on safety in the aviation industry.

Aviation Security Committee (ASC)

The role of the ASC is to assist the Board to ensure that it is aware of aviation security matters; and the Board allocates funding and mobilises the resources for security matters, including audits where required.

Procurement Oversight Committee (POC)

The purpose of the POC is to advise the Board on the awarding of bids/tenders that equate to R10 million and above. The POC operates in accordance with duly approved terms of reference and is an ad-hoc Committee of the Board.

The following table indicates the attendance of Committee Meetings for the period under review.



Other Board sessions

Committee	Total meetings held	Attendance	Name of members	Meetings attended
Audit and Risk Committee	6	4	Ms D Dondur (Chairperson)	6/6
			Mr M India	6/6
			Ms L Dlepu	6/6
			Mr Z Fihlani (specialist member appointed on 17 January 2017 and retired on 26 April 2017)	0/1
Procurement Oversight Committee	5	3	Prof. N Dyani-Mhango (Chairperson)	5/5
			Ms D Dondur	5/5
			Ms A Kumalo (independent specialist member appointed on 22 March 2017 and retired on 30 September 2017)	3/3
Human Resources and Remuneration Committee	6	3	Ms L Dlepu (Chairperson)	6/6
			Ms D Dondur	5/6
			Major-General NJL Ngema	6/6
Aviation, Safety and Environmental Committee	4	3	Major-General NLJ Ngema (Chairperson)	4/4
			Mr SS Mokoena	4/4
			Ms L Dlepu	2/4
Aviation Security Committee	4	3	Mr M India (Chairperson)	4/4
			Mr SS Mokoena	4/4
			Prof. Dyani-Mhnago	4/4





Other Board sessions				
Other sessions/workshops	Total meetings held	Attendance	Name of members	Meetings attended
Board strategy session	2	7	Mr SS Mokoena (Chairperson)	2
			Mr M India	1
			Prof. N Dyani Mhango	2
			Ms L Dlepu	2
			Ms Dondur	0
			Major-General NLJ Ngema	2
			Ms P Khoza	2
Annual General Meeting	1	7	Mr SS Mokoena (Chairperson)	1
			Prof. N Dyani-Mhango	0
			Ms D Dondur	1
			Mr M India	1
			Ms L Dlepu	1
			Major-General NLJ Ngema	1
			Ms P Khoza	1
Board training workshops	2	7	Mr SS Mokoena	2
			Ms D Dondur	2
			Ms L Dlepu	2
			Prof. N Dyani-Mhango	2
			Mr M India	0
			Major-General NLJ Ngema	2
			Ms P Khoza	2

Table 16: Other Board sessions

Board remuneration

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

Board remuneration				
Name	Annual remuneration (R)	Other allowance (R)	Other reimbursements* (R)	Total (R)
Mr SS Mokoena	350 478	N/A	3 212	353 690
Ms D Dondur*	350 217	N/A	4 102	354 319
Ms L Dlepu	302 067	N/A	3 906	305 973
Mr M India	271 510	N/A	2 695	274 205
Major-General NLJ Ngema	285 396	N/A	21 441	306 837
Prof NV Dyani-Mhango	275 910	N/A	4 593	280 503

*Fees include 14% VAT in terms of the SARS rules effective on 1 June 2017.

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

Table 17: Board remuneration

Risk Management

The Board and shareholder rely on the Strategic Risk Register as a means of monitoring risk mitigation efforts and getting the necessary assurance that those risks identified as strategic by management are attended to. As outlined in the Strategic Risk Register matrix below, progress has been realised in terms of the identified actions.



Extreme Risk	17 to 25
High Risk	10 to 16
Moderate Risk	5 to 9
Low Risk	1 to 4

SACAA Strategic Risk Register – 2017/18										
Risk No.	Strategic goals	Strategic Objective	Risk Description	Evaluation before Considering Current Control Strategies			Evaluation after Considering Current Control Strategies			Residual Risk Rating (RRR)
				Consequence	Likelihood	Inherent Risk Rating (IRR)	Consequence	Likelihood		
1	Regulates the aviation industry effectively and efficiently	Achieve a step-change in regulating Aviation Safety and Security	Inadequate and ineffective aviation safety & security measures	5	5	25	5	2	10	
2	Drive organisational efficiency and effectiveness	Optimise ICT technical system	Inadequate SACAA ICT Strategy (hacking or losing critical data)	4	5	20	4	4	16	
3	Regulates the aviation industry effectively and efficiently	Achieve a step-change in regulating Aviation Safety and Security	Limited and ineffective aviation safety & security oversight (dual reporting of the DCA)	5	5	25	4	3	12	
4	Drive organisational efficiency and effectiveness	Achieve a step-change in regulating Aviation Safety and Security	Unethical Behaviour	5	5	25	3	3	9	
5	Regulates the aviation industry effectively and efficiently	Achieve a step-change in regulating Aviation Safety and Security	Decreased ICAO EI to below ICAO 2017 target score of 60%	5	5	25	5	2	10	
6	Regulates the aviation industry effectively and efficiently	Achieve a step-change in regulating Aviation Safety and Security	Inadequate skills in some technical divisions	5	5	25	3	3	9	
7	Regulates the aviation industry effectively and efficiently	Revise and implement the C-FARP and align to international best practice	Misaligned safety and security interventions causing accelerated accident rates	5	5	25	4	2	8	
8	Secure financial sustainability	Diversify and expand sources of revenue	Lack of a sustainable funding model	4	5	20	3	3	9	
9	Increase accessibility to regulatory services	Establish an optimum distribution of office presence nationwide	Lack of adequate oversight coverage and limited accessibility to SACAA offices	3	4	12	3	4	12	
10	Improve communication and stakeholder management	Increase stakeholder engagement	Lack of buy-in by internal and external stakeholders	4	4	16	4	3	12	
11	Accelerate transformation	Ensure compliance to Transport Sector Codes	Lack of compliance to the BBBEE New Codes	3	5	15	3	3	9	

Table 18: SACAA Strategy Risk Register





Internal control unit

The SACAA does not have an internal control unit as such, functions and activities are dealt with by the Internal Audit Division and the ARC.

Internal audit

The SACAA has established an Internal Audit Division in line with the PFMA and Treasury Regulations.

Internal audit is an independent and objective assurance and consulting activity established to (1) monitor organisational performance results (2) verify financial processes and records (3) evaluate internal controls (4) assist with increasing efficiency and effectiveness of operations, and (5) detect fraud and corruption. Internal Audit can identify control problems and recommend corrective actions before they are discovered by an external audit.

Internal Audit assists the SACAA to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance systems, which must be managed in a manner that ensures:

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

The Internal Audit Division reports functionally to the Board's ARC and administratively to the DCA.

Key activities and objectives of internal audit

The Internal Audit Division is responsible for maintaining an adequate and effective system of internal control within the SACAA. In line with the PFMA, Treasury Regulations and King IV™, the Division provides the ARC and SACAA management with the assurance that internal controls are appropriate, adequate and effective.

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

In addition, Internal Audit constantly and regularly monitors organisational performance to ensure that the Annual Performance Plans are achieved.

Furthermore, Internal Audit prepares a risk-based, three-year coverage plan and Annual Audit Plan for approval by the ARC. Progress reports against the plans are presented to the EXCO every month and quarterly to the ARC by the Chief Audit Executive, to enable it to discharge its oversight responsibility.

The internal audit coverage plan ensures that the internal audit function focuses on high and significant risk areas within the organisation. The plan is balanced, since it covers both strategic and operational risks, as well as issues of compliance.

Summary of audit work undertaken

The 2017/18 financial year focused on data analytics work on payments management, payroll and declaration of interests by employees and this was initiated in 2016/17. The exercise yielded positive results in that it assisted management to adequately improve the internal control environment. The 2017/18 Annual Audit Plan made provision for consultancy work aimed at assisting technical divisions with resolving the ICAO Protocol Questions and Corrective Action Plans.

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

A tracking register of findings was developed and monitored on a monthly basis for progress made by management in addressing the agreed management action and implementation plans; and 78% of the findings for the previous financial year were resolved by management. The outstanding 22% of findings are awaiting the finalisation of the EBS project. Internal Audit is satisfied with the effort that management made to ensure speedy resolution of the outstanding findings.

Audit and Risk Committee

The ARC derives its mandate from the PFMA, with specific reference to section 51 and to Treasury Regulations. In terms of the above legislation, the Board is required to appoint the ARC and the appointment of the members is ratified by the Executive Authority at the AGM.

The ARC has adopted appropriate, formal terms of reference that are reviewed annually and approved by the Board.

The ARC is independent and carries out its functions without any influence or interventions from the Board or management of the SACAA.

Independent and objective oversight are maintained over, among others, financial and sustainability reporting, financial management, risk management, the internal audit function, external audit, procurement processes, information technology, governance and integrated reporting within the SACAA. The ARC meets at least five times a year to consider the quarterly financial management report, internal audit quarterly report, risk management report, performance management, external audit strategy and any other statutory requirements. (See also the ARC report on page 94)

all assurance providers will ensure operational effectiveness in 2018 and beyond. In-depth training for the combined assurance implementation team, in line with the Combined Assurance Plan was held during April 2018. High-level combined assurance training for management and the Combined Assurance Committee (CAC) will be conducted in line with the Combined Assurance Implementation Plan.

Combined assurance model

The SACAA Combined Assurance Model, approved by the Board on 31 October 2017, paved a way to ensure that the Model is implemented across the SACAA by following a risk-based approach. King IV expands on the combined assurance concept by indicating that a combined assurance model must incorporate and optimise all assurance services and functions so that, taken as a whole, these enable:

- an effective control environment
- support the integrity of information used for decision-making by management, the governing body and its committees
- support the integrity of the organisation's external reports.
-

It is against this background that alignment efforts are under way to ensure an effective combined assurance across SACAA operations, as outlined in the Combined Assurance Plan.

The alignment effort will ensure that there is increased collaboration and the development of a shared and holistic view of the organisation's risk profile, whilst eliminating 'assurance fatigue' which usually results from an uncoordinated assurance approach.

The development of the Ethics and Compliance Frameworks by the Company Secretary's office further aids the alignment process. All the actions identified in the compliance and ethics plans, including risk registers, will be coordinated by the Risk Specialist to ensure value-added outcomes for the SACAA.

The combined assurance terms of reference are aligned to the approved Combined Assurance Strategy and framework. Institutionalisation of the Combined Assurance Framework by

Combined Assurance Implementation Plan

The implementation of combined assurance will be performed in a multi-year staged manner, as outlined in the next table.

Ref no	Implementation Action	2017/18	2018/19	2019/20	Responsibility	Progress
Immediate priority items						
1	Approved combined assurance framework	X			Executive: Corporate Services	Combined assurance framework approved by EXCO and ARC/Board.
2	Approved combined assurance matrix	X			Combined Assurance Committee	Approved combined assurance matrix approved by EXCO and ARC/Board.
Pre-implementation Actions						
3	Revised Combined Assurance Committee terms of reference	X			Combined Assurance Committee	Combined Assurance Committee met on 10 January 2018. The terms of reference have been approved by the DCA.
4	Combined assurance training	X			Executive: Corporate Services	Combined assurance training for management will be held in the next financial year.
5	Ensure alignment and consideration of combined assurance plan in risk governance documents and key charters of SACAA	X			Executive: Corporate Services and Chief Audit Executive	Review of risk governance documents and alignment thereof with key charters of SACAA is under way.
Implementation Actions						
6	Integrated compliance management	X			Company Secretary	Meeting took place on 17 January 2018 between Risk and Compliance and Company Secretary's office.
7	Combined assurance implementation and ongoing monitoring	X	X	X	Combined Assurance Committee	Planned Combined Assurance Committee dates: <ul style="list-style-type: none"> • Last week in April 2018 • Last week in July 2018 • Last week in Oct 2018 • Last week in January 2019
8	Review and optimisation of combined assurance		X		Combined Assurance Committee	During Combined Assurance Committee meetings as per above dates.
9	Stage reviews – assessment of implementation progress		X	X	Combined Assurance Committee	During Combined Assurance Committee meetings as per above dates.

Table 19: Combined Assurance Implementation Plan

Combined Assurance Implementation Plan

Compliance with laws and regulations

In terms of the King IV Report™, the Board is required to ensure that the SACAA complies with the applicable laws and considers adherence to non-binding rules, codes and standards. This has remained an ethical imperative for the Board and the SACAA. Quarterly reporting on compliance with the PFMA, as well as international codes and standards, have been ongoing.

During the year under review, the Board approved the compliance policy, which included the regulatory universe. The policy was aligned with the King IV Report™ and the relevant compliance standard.

Fraud and corruption

The Fraud and Corruption Prevention Framework has been reviewed and approved by the Board and is currently being implemented by the SACAA. It should be appreciated that fraud and corruption within the organisation and the aviation industry has the potential to undermine aviation safety and security. Accordingly, the Internal Audit Division successfully implemented almost all the initiatives as directed by the ARC.

The implementation of the Framework initiatives has yielded positive results within the organisation; fraud and corruption incidents have reduced and the industry's confidence in the SACAA's willingness and ability to address issues of fraud and corruption has also improved. The evidence of this is visible in the number of actual investigations conducted and the number of incidents reported on the fraud hotline. In the previous financial year, a total number of 122 incidents were reported, compared to 50 incidents in the current financial year, translating into a reduction rate of 59%.

The reduction is also attributed to continuous management commitment to fully implement all recommendations made on forensic investigation reports. This commitment has been consistent with the Board's zero tolerance stance on fraud and corruption. Furthermore, the Board and management have created an environment where forensic investigations can be conducted without fear, favour or prejudice, including managers taking decisive actions against staff who are found guilty of misconduct.

The SACAA continues to embrace and promote the Protected Disclosures Act by creating and maintaining an environment where employees, stakeholders and members of the public can report concerns without fear of victimisation or occupational detriment.

To this end, the fraud hotline has been re-launched, following the appointment of a new service provider, as well as the amendment of the Protected Disclosures Act. The provisions of the amended Act have been incorporated into the fraud hotline process.

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

Minimising conflict of interest

Conflict of interest is managed through mandatory annual declarations of interest by all employees. This is over and above the requirement that employees disclose matters of conflict of interest as and when they arise. During the year under review the Board ensured compliance with the conflict of interest policy. The policy ensures alignment with the Civil Aviation Act and best practice in terms of dealing with conflict of interest. During the latter part of the financial year, the SACAA introduced an automated system in respect of the declaration of interest in an effort to enhance the process.

The declarations are verified by the Internal Audit Division for validity, accuracy and completeness and, where discrepancies exist, such discrepancies are subjected to a full forensic investigation. The Internal Audit Division 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.

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

Code of conduct

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

During the year, the SACAA conducted an ethics survey, developed an ethics risk register and revised the Ethics Policy and Code of Conduct as part of the alignment to the King IV™ implementation of the Ethics Policy which commenced in 2018.



Health, safety and environmental matters

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

The Health and Safety Unit successfully discharged its duties in line with its annual performance plan. In this regard, the unit was successful in undertaking continuous organisation-wide occupational health and safety hazard identification and risk assessments. The Health and Safety Unit also successfully

reviewed the organisation’s occupational health and safety policy. The Health and Safety Unit offered continuous training and capacity-building for the occupational health and safety representatives. Moreover, the SACAA was issued with a Letter of Good Standing from the Department of Labour’s Compensation Commissioner.

On the other hand, the Health and Safety Unit has noted the need to intensify awareness across the organisation in relation to occupational health and safety.

The number of on-duty incidents shows a one-digit increase during the reporting period, compared to the 2016/17 financial year. As the table below illustrates, there were three minor injury cases and one ill-health case reported during the review period, compared with two minor injuries in the previous year. All reported incidents were minor and met the reporting requirements of the Compensation for Occupational Injuries and Diseases Act 130 of 1993. All incidents were duly processed and submitted to the Department of Labour’s Compensation Commissioner.

Two-year comparison of reported injuries on duty		
Category of injury	Period 2016/17	Period 2017/18
Fatal	0	0
Minor Injury	2	3
Major injury	0	0
Dangerous occurrence	0	0
Ill health	0	1
Total reports	2	4

Table 20: Register of injuries on duty



Company Secretary

The Board continues to be supported by a competent Company Secretary. The Company Secretary plays an instrumental role in advising the Board on its roles and responsibilities, amongst other duties. The roles and responsibilities of the Company Secretary are defined in the Board Charter, read together with the King IV report™ and the Company Secretary is evaluated annually as part of the Board Evaluation. The Directors have full access to the services and advice of the Company Secretary and all information and records necessary for the discharge of their duties. In addition, the Board of Directors has 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.

The duties of the Company Secretary include:

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

Corporate social responsibility

The organisation evaluates and supports identified projects, proposals and requests received from various community-based organisations, government structures and entities on a monthly basis. Decisions are made based on the organisation's approved policy, programme, available budget and the SACAA priority areas.

This report is in line with the strategic objective: **Improve stakeholder engagement**. One of the deliverables in the Stakeholder Management Plan is to implement an approved corporate social investment (CSI) programme that promotes SACAA as a good corporate citizen. The CSI programme also ensures that the organisation meets the targets of its B-BBEE plan.

Below is a summary of approved sponsorships, donations and CSI activities for the financial year 2017/18.

Sponsorships

The SACAA continues to utilise sponsorships as a way to strengthen mutual stakeholder relationships with its industry, as well as to increase the SACAA's brand visibility among key industry players. During this financial year-end the following initiatives were supported.

- Avi Afrique, hosted by Air Traffic Navigation Services (ATNS)
- Mayday SA
- General aviation safety campaigns
- The Children's Flight.

The Children's Flight is an initiative by a group of aviators that aims to give children from selected charity homes a once-in-a-lifetime opportunity to fly in an aircraft. This year, 400 children were invited to make their flying dreams come true.

A sponsorship of Children's Flight branded T-shirts and caps to the value of R41 030 was approved, based on the Sponsorship Policy that targets aviation-related projects. The initiative also contributes to the CSI priority areas of transformation, and women and children. The campaign yielded the ensuing benefits- the SACAA logo was printed on the T-shirts and certificates that were provided to the children, the company name was listed on the campaign's website, and the DCA was invited as a guest of honour.

Donations

The SACAA strives to contribute to the alleviation of poverty in line with the National Development Plan. Various donations were made to women and children in need during the 2017/18 financial year, namely:

Mini toiletry bags - 70 toiletry bags were collected at the SACAA Women In Aviation Indaba from SACAA female employees.

The bags were donated to the New Jerusalem Children's Home and Kaalfontein High School.

Grocery packs and school shoes - The SACAA partnered with the Department of Transport to deliver grocery packs and school shoes to families who are part of the Road Safety Child-Headed Household Educare Initiative in Mpumalanga and KwaZulu-Natal.

1-million shoes project - A cash donation of R20 000 was made to support the project.



Corporate social investment - responsibility projects

The CSI budget is limited and can only cater for a certain number of interventions over a period of 12 months. The following is a long-term project of the SACAA, which will be reviewed annually at the end of each calendar year:

Child/youth headed household family project

The organisation is supporting a total of 38 vulnerable and disadvantaged children and youth through this project. Each family receives a monthly grocery voucher valued at R2,500. All of the families identified are barely surviving on social grants and a few cannot even access social grants, as they do not have birth certificates. An example of the extent of the vulnerability experienced by these children is a family identified in Glencoe, KwaZulu-Natal, comprising eight family members headed by a TVET college student, 21-year-old Mbali, whose mother was murdered by the father of two of her youngest siblings. She is now left with the responsibility to take care of her siblings and other children aged 14, 16, 12, 10, eight, five, six and two years-old. They live in a rented RDP house and the owner (Mbali's paternal grandmother) constantly reminds Mbali that their accommodation arrangement is only temporary, since the other children do not belong to the family clan. Mbali, like all the other children/youth heading these families, is struggling to make ends meet to ensure that all of their basic needs are met. Most of the children are reported to be doing fairly well at school, despite the challenges they face.

Families in seven provinces are under the guidance of the Isibindi programme. This programme is supported by the Department of Social Development. Through the programme, each family is allocated a childcare worker who connects with the children and builds relationships with them through the use of daily life events, for example, they help the family with basic household chores and educate them about general hygiene, gardening, health, nutrition and household care. They cook with children and teach them basic life skills, including identifying income-generating opportunities.

Transformation and career awareness activities

In a quest to mitigate the slow pace of transformation of the aviation industry, the SACAA has adopted a multi-pronged approach that includes, among others, a career awareness programme. Other initiatives include financial aid for training, as well as skills programmes. These are outlined in detail under the Human Resources section of this report. The schools' outreach programme is critical in exposing historically disadvantaged individuals to careers in aviation. During the year under review, the SACAA visited 246 schools in the nine provinces, which resulted in an interaction with 28,301 learners. Most of the schools visited are based in deep rural areas.





School career awareness programme				
Date	Province	District and area	Number of schools	Number of learners
21 - 22 April 2017	Mpumalanga	Matibidi Village Sabie	9	400
8 - 12 May 2017	Mpumalanga	Nelspruit Barberton	19	4 200
5 June 2017	Gauteng	Mamelodi	1	43
29 May - 4 Jun 2017	KwaZulu-Natal	Msinga Pomeroy Nquthu Dundee	17	383
29 May - 2 Jun 2017	Western Cape	Knysna Plettenberg Bay Oudtshoorn Mossel Bay	12	957
12 - 15 June 2017	Gauteng	Kempton Park	11	500
Sub-total Quarter 1			69	6 843
24 - 28 July 2017	North West	Vryburg Morokweng Taung Kgomotso Village	14	1 580
26 - 28 July 2017	Eastern Cape	Willowvale Elliotdale	16	1 497
31 Jul - 04 Aug 2017	Limpopo	Mankweng	11	1 401
14 - 18 Aug 2017	Northern Cape	Rietfontein Kakamas Keimoes Upington	13	891
21 - 25 August 2017	Free State	Harrismith Bethlehem	11	1 021
21 - 24 August 2017	Limpopo	Giyani	14	1 423
11 August 2017	Limpopo	Mokopane	12	318
28 Aug - 1 Sep 2017	Gauteng	Vosloorus Katlhohong Boksburg	11	1 083
Sub-total Quarter 2			102	9 214



School career awareness programme (continued)				
Date	Province	District and area	Number of schools	Number of learners
28 October 2017	Eastern Cape	Mthatha	22	1 084
7 October 2017	Limpopo	Polokwane	20	1,000
24 November 2017	Mpumalanga	Nkomazi	1	400
7 - 9 December 2017	Western Cape	Langebaan	5	600
Sub-total Quarter 3			48	3 084
13 - 16 February 2017	Western Cape	Worcester Wellington Malmesbury Porterville Steynville	14	1 017
19 - 23 February 2018	Mpumalanga	Middelburg	15	3 399
6 March 2018	Limpopo	Mankweng	1	60
12 - 16 March 2018	KwaZulu-Natal	Nkandla	15	4 894
14 March 2018	Mpumalanga	Luphisi Village	1	150
Sub-total Quarter 4			46	9 520
Totals			265	28 661

Table 21: School career awareness programme





HUMAN RESOURCES

Overview of Human Resources Matters

SACAA is a human-capital-intensive organisation and in this regard human capital is an important asset to the organisation. Therefore we strive to ensure that we have the right people, with the right skills, in the right positions. The focus for the 2017/18 financial year was entrenching the talent management initiatives. The following initiatives were prioritised:

- The development of the SACAA Leadership Development programme
- Roll-out of the talent engagement improvement initiatives
- Defining the SACAA corporate culture and Employee Value Proposition
- An improved focus on skills development
- Implementation of the bursary, internship and trainee programmes
- Benchmark and revise remuneration strategy and policy
- Review and enhance employee wellness programme.

Leadership Development

The leaders went through 360° assessments to identify the gaps between the existing and desired leadership competencies, based on the SACAA leadership framework. An organisational picture emerged, giving insights into leadership strengths and development areas. The SACAA partnered with Henley Business School to deliver a customised 3-tier leadership development programme aimed at Executives, Senior Managers and Middle Managers. The programme was developed and customised in line with the competencies in the framework, and will be fully implemented in the 2018/19 financial year.

Talent Engagement

The objective for the 2017/18 year was to communicate and formulate improvement plans, based on the talent engagement survey conducted in 2016/17. Divisional and organisational improvement plans were compiled; based on the survey results. There was a big drive towards implementing these improvement actions throughout the year.

Organisational Culture

The organisation went on an organisation-wide initiative to define the SACAA culture. The focus group sessions gave employees an opportunity to participate in defining the perceived current

culture, as well as identified elements of the desired culture. Key themes emerged that form the pillars underpinning the desired culture, which is crucial in supporting the achievement of the SACAA strategic objectives. The focus in the new financial year would be to institutionalise and measure the implementation of the desired culture.

Talent Management

As part of ensuring that our talent is valued and fully engaged, talent and career discussions were held with each employee. Talent was then plotted, using the 9 box matrix. The process culminated in critical and scarce positions being identified as well as the identification of organisational talent (talent pool) and succession plans; based on performance and potential.

Employee Value Proposition

As part of positioning the SACAA as an employer of choice, the process of defining the SACAA employee value proposition was concluded. Critical attraction, retention and engagement factors that inform the SACAA employer brand were identified. These are factors that will ensure that SACAA becomes a competitive employer brand and will inform the human capital agenda. Key to the success of the process is ensuring that the SACAA value proposition is communicated and is well known internally and externally, while also making sure that it is used to attract the best talent in the market.

The SACAA also participated in the Most Attractive Employer Survey, as conducted by Universum SA, the results of which will be available in Quarter 1 of 2018/19. The insights from the survey will help inform further strategies to position the SACAA employee brand, in order to attract and retain talent.

Recognition of Excellence

The SACAA fosters an outstanding workplace where employees are not only productive, but fully engaged, and recognition is at the heart of this. The SACAA successfully hosted its annual Employee Excellence Awards where deserving employees were recognised and acknowledged for outstanding performance in various categories.

Human Resources Information System

As part of the improvement of Human Resources processes and Human Resources analytics, the Human Resources system was enhanced with additional modules, namely Recruitment, Performance, Employment Equity and Skills modules. In

addition, a system to automate the Declaration of Interest process was developed and implemented.

Bursary Programme

The SACAA has successfully implemented the bursary programme through the sponsorship of students in the following programmes, namely the Commercial Pilot Training Programme, Aeronautical Engineering Programme and Aircraft Maintenance Engineering programme. A total of twenty-four (24) students participated in these training programmes in the period of 2017/18. The SACAA has also developed a trainee programme to create pipeline skills for critical and scarce technical jobs. The bursars who have successfully completed their training programme will be given priority for the trainee positions that become available.

Internship Programme

The SACAA continued to provide opportunities for young graduates to receive experiential training in line with their qualifications, through the Internship programme. A total of twenty (20) students were hosted in the various Divisions and some of the students hosted, were young graduates living with disabilities. All the interns who completed their twelve-month training programme received a certificate of completion as evidence of the experience they had gained within the organisation.

Remuneration Policy review and Future Focus

In our quest to continue to attract and retain the best talent for the purposes of achieving our strategic objectives, we conducted a benchmark and review of our remuneration policy. The focus in the new financial year will be to implement and continue with the salary normalisation journey to improve equity and fairness in our remuneration practices.

Employee Wellness

At SACAA we recognise that employees perform their best when they are healthy and that optimal employee performance is necessary for the organisation to be a leader in its field. It is for this reason that the organisation reviewed and enhanced its employee wellness programme. The wellness interventions focused on educating employees on women and children abuse, the management of chronic illnesses and financial management, to mention but a few.

Employee Relations

The SACAA recognises that open communication and engagement with staff and labour is critical to ensure sound employee relations. As part of the labour engagement interventions, the SACAA continued with the implementation of the Relationship By Objectives (RBO) with the National Union of Metal Workers of South Africa (NUMSA) leadership. Through engagements, consultations and training, the SACAA and the NUMSA managed to resolve the majority of the issues identified in the RBO Action Plan. The SACAA and the NUMSA will continue to engage on important labour issues.

Human Resource Oversight Statistics

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

Personnel Costs by Division

The personnel costs in the table below are inclusive of fixed and variable pay for permanent, fixed-term, and part-time contracted employees; a stipend for bursars, and interns. The amount reflected relates to the payments made through the payroll system, and thus excludes temporary employees employed through the services of recruitment agencies as well as accruals and provisions as disclosed in the Annual Financial Statements.



Personnel cost by division				
Programme	Personnel expenditure (R)	% of Personnel expenditure to total	Number of employees	Average personnel cost per employee (R)
Accident and Incident Investigations Division	17 433 608	4.6%	26	670 523
Aviation Infrastructure	36 603 755	9.6%	47	778 803
Aviation Safety Operations	157 818 564	41.6%	209	755 113
Aviation Security	30 219 504	8.0%	41	737 061
Finance	38 215 296	10.1%	55	695 824
Human Resources	14 505 831	3.8%	36*	402 940
Company Secretary	3 961 915	1.0%	4	990 479
Legal and Aviation Compliance	23 315 367	6.1%	24	971 474
Internal Audit	9 093 058	2.4%	11	826 642
Flight Inspection Unit	7 804 091	2.1%	8	975 511
Cape Town Regional Office	6 913 472	1.8%	9	768 164
Corporate Services	33 906 784	8.9%	48	706 391
Total	379 791 245	100%	518	733 188

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

Table 22: Personnel Cost by Division

Personnel Cost by Salary Band

The personnel costs reflected in the table below depict all positions according to the different occupational levels in the organisation.

Personnel cost by salary band				
Level	Personnel expenditure (R)	% of Personnel expenditure to total	Number of employees	Average personnel cost per employee (R)
Top management	4 715 757	1.2%	1	4 715 757
Senior management	25 882 515	6.8%	10	2 588 252
Professional qualified	123 450 874	32.5%	96	1 285 947
Skilled	186 739 352	49.2%	318	587 231
Semi-skilled	36 368 451	9.6%	59	616 415
Unskilled	2 634 296	0.7%	34	77 479
Total	379 791 245	100%	518	733 188

Table 23: Personnel cost by salary band

Performance rewards

Performance rewards for the 2016/17 financial year were implemented in August 2017, following approval from the Board. The amount paid was R51 578 659.

Performance rewards by salary band			
Level	Performance reward	Personnel expenditure (R)	% of performance rewards to total
Top management	1	1 201 633	2.3%
Senior management	10	5 051 045	9.8%
Professional qualified	95	17 632 722	34.2%
Skilled	267	24 790 738	48.1%
Semi-skilled	58	2 835 420	5.5%
Unskilled	2	67 101	0.1%
Total	433	51 578 659	100%

Table 24: Performance rewards by salary band

Skills Development Costs

Skills development continues to be at the forefront of the human capital people agenda at the SACAA. A total of R20 898 367 was invested in skills development and this is a significant increase from the R15m spent in the previous financial year; 78% of those trained being Black employees, while 34% were employees under the age of 35, and 47% were women.

Training costs per division				
Divisions	Personnel expenditure (R)	Training expenditure (R)	Number of employees trained	Average training cost per employee (R)
Accident and Incident Investigations Division	17 433 608	467 083	10	46 708
Aviation Infrastructure	36 603 755	1 247 057	27	46 187
Aviation Safety Operations	157 818 564	7 822 726	139	56 279
Aviation Security	30 219 504	1 098 219	41	26 786
Finance	38 215 296	941 124	48	19 607
Human Resources	14 505 831	6 223 362	37	168 199
Company Secretary	3 961 915	184 487	4	46 122
Legal and Aviation Compliance	23 315 367	743 086	18	41 283
Internal Audit	9 093 058	345 986	7	49 427
Flight Inspection Unit	7 804 091	312 664	7	44 666
Corporate Services *	33 906 784	1 512 573	38	39 805
Cape Town Regional Office **	6 913 472	-	-	-
Subtotal	379 791 245	20 898 367	376	55 581

* Corporate services includes the Office of the DCA.

** The training expenditure for staff members based in the Cape Town Regional Office is allocated in the Divisions to which they report.

Table 25: Training Costs per Division

Employment and Vacancies

The filling of vacant positions in the organisation was in line with the targets determined in the employment equity plan. Most of the fixed-term contracts in the organisation are positions within the technical divisions which are being filled permanently as the fixed-term contracts expire. Employment of people living with disabilities is still a priority, as it forms part of the employment equity plan.

Employment vacancies per division					
Programme	2016/17 Number of employees	2017/18 Approved posts	2017/18 Number of employees	2017/18 vacancies	% of vacancies
Accident and Incident Investigation Division	24	29	26	3	10.3%
Aviation Infrastructure	46	49	47	2	4.1%
Aviation Safety Operations	198	224	209	15	6.7%
Aviation Security	39	49	41	8	16.3%
Finance	67	56	55	1	1.8%
Human Resources	40	17	36	**(19)	(111.8%)
Company Secretary	4	5	4	1	20.0%
Legal and Aviation Compliance	26	27	24	3	11.1%
Flight Inspection Unit	8	8	8	0	0.0%
Internal Audit	9	9	11	*(2)	(22.2%)
Cape Town Regional Office	9	9	9	0	0.0%
Office of the DCA	3	3	3	0	0.0%
Corporate Services	41	44	45	*(1)	2.3%
Total	514	529	**518	11	2.1%

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

* This number includes fixed-term contract employees and interns.

Table 26: Employment and vacancies per division.

Employment changes

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

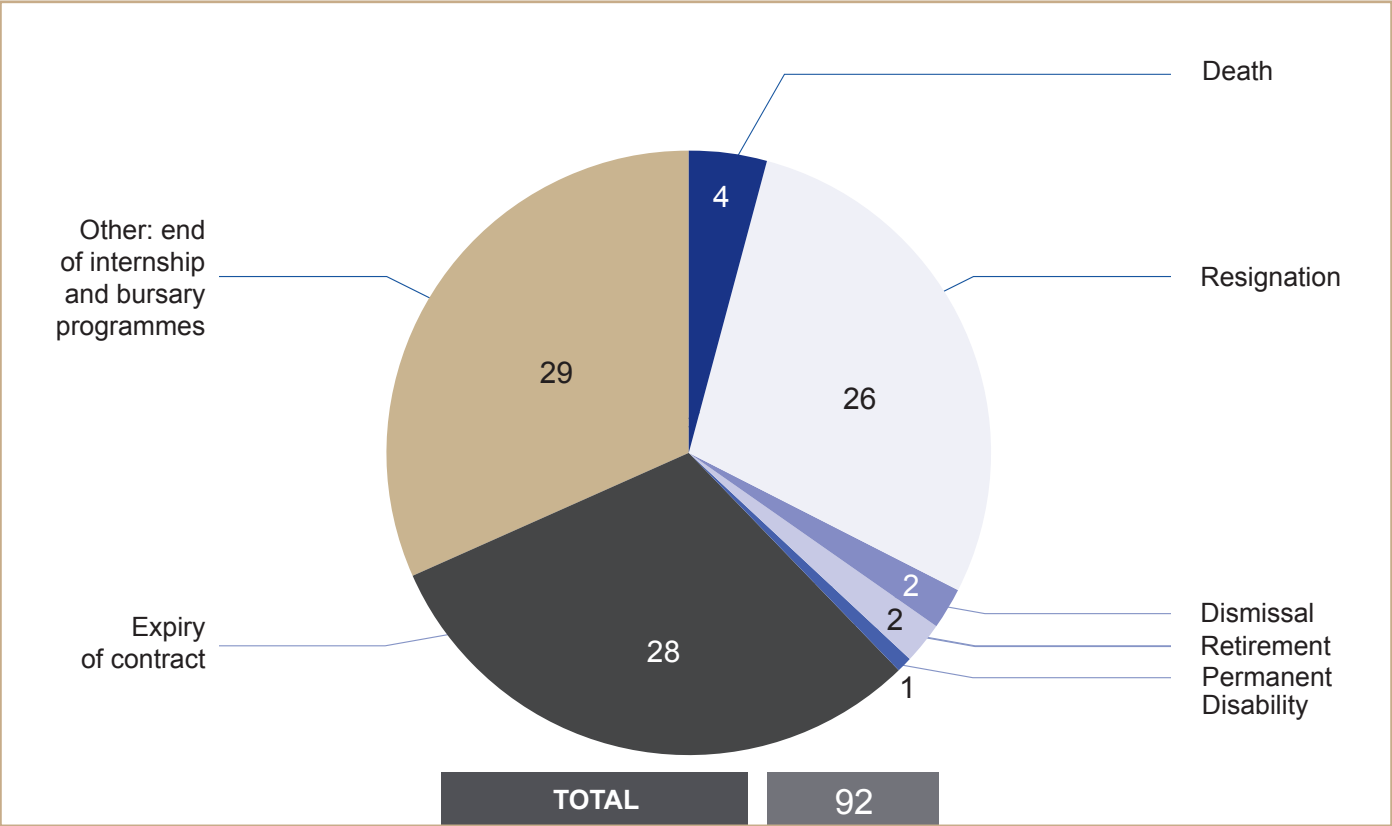
Total Employment Changes per salary band									
Employment at beginning of period	1	TOP MANAGEMENT	SENIOR MANAGEMENT	Employment at beginning of period	10				
Appointments	0			Appointments	0				
Terminations	0			Terminations	0				
Employment at end of period	1			Employment at end of period	10				
Employment at beginning of period	107	PROFESSIONAL QUALIFIED AND MIDDLE MANAGEMENT	SKILLED	Employment at beginning of period	294				
Appointments	10			Appointments	48				
Terminations	21			Terminations	24				
Employment at end of period	96			Employment at end of period	318				
Employment at beginning of period	66	SEMI-SKILLED	UNSKILLED	Employment at beginning of period	36				
Appointments	12			Appointments	26				
Terminations	19			Terminations	28				
Employment at end of period	59			Employment at end of period	34				
TOTAL		514	96	92	518				

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

Table 27: Employee changes per salary band

Reasons for staff exits

The graphic below indicates the attrition rate and reasons for staff exits. Information gained from the exit interviews feeds into the organisational retention plan.



Graph 9: Reasons for staff exits

Labour Relations: Misconduct and Disciplinary Action

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

NATURE OF DISCIPLINARY ACTION			
VERBAL WARNING	2	WRITTEN WARNING	2
		FINAL WRITTEN WARNING	1
		DISMISSAL	2
TOTAL = 7			

Table 28: Misconducts and Disciplinary Action

Equity Targets and Employment Equity Status

The tables below detail the current status of employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – MALE								
Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	4	4	0	0	1	1	1	1
Professional qualified	33	42	2	7	4	5	11	13
Skilled	136	118	9	12	16	18	37	40
Semi-skilled	11	10	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	184	174	11	19	21	24	49	54

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

Table 29: Employment Equity Status - Male Staff

EMPLOYMENT EQUITY STATUS – FEMALE								
Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0
Senior management	3	3	0	0	1	1	0	0
Professional qualified	33	33	2	3	1	3	5	6
Skilled	89	96	9	15	8	15	24	26
Semi-skilled	44	42	1	6	3	4	1	2
Unskilled	2	2	0	0	0	0	0	0
Total	172	177	12	24	13	23	30	34

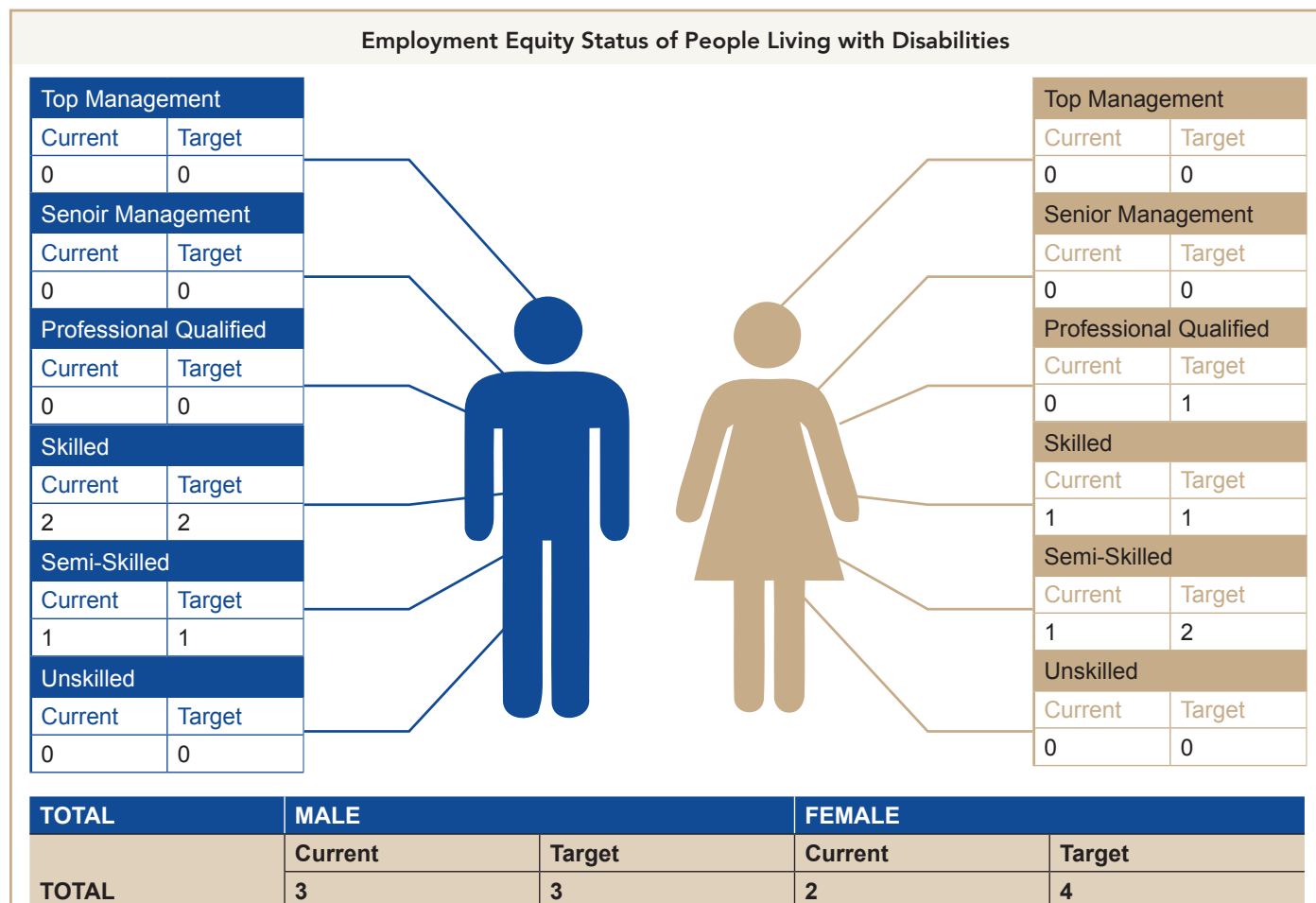
*The table includes fixed-term contract employees but excludes interns and bursars.

Table 30: Employment equity status - Female Staff



Equity Targets and Employment Equity Status

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



*The graphic excludes fixed-term contract employees, interns and bursars
 Table 31: Employment equity status of people living with disabilities.



F

FINANCIAL STATEMENTS



Index

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

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

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the South African Civil Aviation Authority set out on pages 103 to 150, which comprise the consolidated and separate statement of financial position as at 31 March 2018, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the South African Civil Aviation Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

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



9. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes/ objectives/ development priorities	Pages in the annual performance report
Objective/ Goal 1 – Regulate the aviation industry effectively and efficiently.	26
Objective/ Goal 2 – Increase accessibility of regulatory services.	30
Objective/ Goal 4 – Improve communication and stakeholder management	32

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Regulate the aviation industry effectively and efficiently.
 - Increase accessibility of regulatory services.
 - Improve communication and stakeholder management

Other matters

15. There were no other matters to be reported.

Achievement of planned targets

16. Refer to the annual performance report on page(s) 26 to 34 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets. This information should be considered in the context of the opinion expressed on the usefulness and reliability of the reported performance information in paragraph(s) 12; 13; 14 of this report.



Report on the audit of compliance with legislation

Introduction and scope

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

19. The South African Civil Aviation Authority and its subsidiaries accounting authority are responsible for the other information. The other information comprises the information included in the annual report which includes the General Information (DCA report), reported performance information, the audit committee's report and human resource management information. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
20. 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.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.
22. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor-General

Pretoria

31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Accounting Authority's Responsibilities and Approval

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

The consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The consolidated annual financial statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The Board has reviewed the group's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

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



The external auditors are responsible for independently reviewing and reporting on the SACAA's consolidated annual financial statements. The consolidated annual financial statements have been examined by the SACAA's external auditors and their report is presented on page 89 to 91.

The consolidated annual financial statements set out on pages 103 to 150, which have been prepared on a going concern basis, were approved by the Board on 31 July 2018 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mokoena'.

Mr SS Mokoena
Chairperson: SACAA Board

A handwritten signature in black ink, appearing to read 'Sooklal'.

Mr S Sooklal
Chairperson: Audit and Risk Committee

A handwritten signature in black ink, appearing to read 'Khoza'.

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 2018.

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 Regulation . 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 for 2017/18 comprised three non-executive members and was chaired by an independent non-executive member, Ms Doris Dondur. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General 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. The term of the previous Audit and Risk Committee ended on 31 March 2018.

Effective from 1 April 2018, the Minister of Transport appointed an interim Board, that will be confirmed at the next AGM, for a period of six months and on 16 April 2018, the Interim Board appointed the following members to the Audit and Risk Committee:

Mr. S Sooklal (Chairperson of Audit and Risk Committee)
Prof. NV Dyani-Mhango
Mr. E Khosa

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 and one special meeting. 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 (2017/18)

Ms D Dondur	6 out of 6
Mr MG India	6 out of 6
Ms L Dlepu	6 out of 6
Mr Z Fihlani*	0 out of 1

* Retired on 26 April 2017

Work of the committee in 2017/18

At our meetings held during the financial year, the Committee focused on financial reporting, internal controls, internal audit, external audit, ICT governance, risk, ethics, compliance and combined assurance. The committee constantly received presentations from management which covered key accounting judgements and estimates, internal control and risk management. We also reviewed the committee's own Terms of Reference and which were duly approved by the Board in January 2018.

The effectiveness of internal control

Internal Audit provides the Audit and Risk Committee with reasonable assurance that the internal controls are adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal and external auditors, we noted that matters which indicated any deficiencies in the system of internal control have been brought under management's attention and corrective measures have been implemented. Accordingly, we can report that the systems of internal control over financial reporting for the period under review was adequate and effective.

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

Governance of risk

Evaluation of consolidated annual financial statements

The Audit and Risk Committee reviewed the consolidated annual financial statements of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate. The consolidated annual financial statements were reviewed with the following focus:

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



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

Financial reporting

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

- Compliance with financial reporting standards and governance reporting requirements;
- Areas requiring significant 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 SACAA's business model, strategy and performance.

The Committee focused 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 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 three year 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 on a quarterly basis.

The Audit and Risk Committee considered and recommended the internal audit charter for approval by the Board.

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

Whistle-blowing

In compliance with the Protected Disclosures Act, 2000 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 the SACAA's financial statements, the internal financial controls and other matters.

The Audit and Risk Committee has reviewed reports from the Chief Audit Executive on fraud and corruption and is satisfied with progress and the implementation of the fraud framework.

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

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

- Monitor the integrity, accuracy and reliability of the financial position of the SACAA;
- Review the management accounts of the SACAA to provide the Accounting Authority with an authoritative and credible view of the SACAA's financial position;



- Review the disclosures made in the financial reports of the SACAA and the context in which statements on the financial health of the SACAA are made;
- Review all material information presented together with the management account; and
- Compliance to the PFMA.

The quality of budgets submitted in terms of the PFMA

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

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

Auditor-General of South Africa

The Audit and Risk Committee 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 2016/17 financial year. All the action items were closed by the end of the 2017/18 financial year.

The Audit and Risk Committee concurs with, and accepts the conclusions and the audit opinion of the Auditor-General of South Africa on the consolidated annual financial statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General of South Africa.

Chairperson of the Audit and Risk Committee

Mr S Sooklal

Date: 31 July 2018



Accounting Authority's Report

The Board hereby submit its report for the year ended 31 March 2018.

1. Introduction

The Board presents its twentieth Annual Report in terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009), (previously governed by the South African Civil Aviation Authority (Act No. 40 of 1998)) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which forms part of the consolidated audited annual financial statements for the year ended 31 March 2018.

2. Principal activities

Main business and operations

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

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

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

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

The Group recorded a net surplus of R 46 330 694 for the year ended 31 March 2018 (2017: R 64 158 275).

3. Going concern

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

4. Events after the reporting date

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

5. Accounting policies

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



6. Accounting Authority

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

Mr SS Mokoena	Re-appointed 1 April 2018
Mr MG India	Re-appointed 1 April 2018
Prof. NV Dyani-Mhango	Re-appointed 1 April 2018
Ms GNB Khoza	Appointed 1 December 2013
Mr S Sooklal	Appointed 1 April 2018
Ms T Phewa*	Appointed 1 April 2018
Dr BC Suckling	Appointed 1 April 2018
Mr E Khosa	Appointed 1 April 2018
Ms DLT Dondur	Retired 31 March 2018
Ms L Dlepu	Retired 31 March 2018
Major-Gen NL J Ngema	Retired 31 March 2018

*Ms T Phewa was appointed as shareholder representative in terms of the Civil Aviation Act.

7. Company secretary

The company secretary of the SACAA is Ms N Naraindath of:

Business address

Ikhaya Lokundiza
Building 16, Treur Close
Waterfall Park, Bekker Street
Midrand
1685

Postal address

Private Bag X73
Halfway House
1685

8. Interests of Board Members

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

9. Corporate governance

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board subscribes to 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 with due regard for the governance outcomes. 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:

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

Chairperson and Director of Civil Aviation

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

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

Remuneration

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

Board meetings

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

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

10. Controlled entities

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

The SACAA's control relates to its power to govern the financial resources and operating policies of RAASA so as to obtain benefits from its activities. The SACAA also appoints four of the eight directors of RAASA including the chairperson, whilst receiving non-financial benefits as described below.

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



11. Auditors

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

The Executive Authority confirmed the appointment of the Auditor-General as the external auditors of the SACAA at the Annual General Meeting held on 1 September 2017.

12. Number of Employees

The number of employees for the entity and group as at 31 March 2018 is 518 (2017: 514) and 537 (2017: 536) which includes permanent, fixed-term, part-time and contracted employees.

13. Materiality Framework

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

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



Company Secretary's Certification

In my capacity as Company Secretary, I hereby confirm that the SACAA has lodged all returns as required by the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, for the year ended 31 March 2018.

Ms N Naraindath
Company Secretary
Midrand



Statement of Financial Position

As at 31 March 2018

Description	Notes	Group		SACAA	
		2018 R	2017 Restated* R	2018 R	2017 Restated* R
ASSETS					
Current Assets					
Cash and cash equivalents	3	306 339 587	248 464 280	305 564 494	247 679 029
Trade and other receivables from non- exchange transactions	4	60 378 356	60 894 422	60 339 120	60 830 713
Trade and other receivables from exchange transactions	5	-	134 716	-	134 716
		366 717 943	309 493 418	365 903 614	308 644 458
Non-Current Assets					
Property, plant and equipment	6	37 188 867	41 096 982	36 901 405	40 703 055
Intangible assets	7	72 568 619	57 030 938	72 568 134	57 022 747
		109 757 486	98 127 920	109 469 539	97 725 802
Total Assets		476 475 429	407 621 338	475 373 153	406 370 260
LIABILITIES					
Current Liabilities					
Trade and other payables	9	73 617 883	60 074 685	73 252 951	59 688 447
Operating lease liability	10	966 979	396 144	966 979	396 144
Provisions	11	65 745 529	57 336 166	65 745 529	57 333 490
Total Liabilities		140 330 391	117 806 995	139 965 459	117 418 081
Net Assets		336 145 038	289 814 343	335 407 694	288 952 179
Total Net Assets		336 145 038	289 814 343	335 407 694	288 952 179

*See note 30



Statement of Financial Performance

For the year ending 31 March 2018

Description	Notes	Group		SACAA	
		2018 R	2017 Restated* R	2018 R	2017 Restated* R
Revenue					
Revenue from non-exchange transactions	13	628 737 320	582 993 798	627 020 626	581 377 031
Interest revenue from exchange transactions	14	17 650 966	14 967 972	17 600 959	14 907 992
Other revenue from exchange transactions	15	3 157 782	4 698 730	3 002 638	4 596 223
Total revenue		649 546 068	602 660 500	647 624 223	600 881 246
Expenditure					
Personnel cost	16	(421 084 505)	(371 189 696)	(415 354 196)	(366 152 507)
Operating expenses	17	(136 117 089)	(118 685 128)	(140 491 673)	(122 366 852)
Lease rentals on operating lease		(27 721 422)	(23 798 483)	(27 241 031)	(23 346 041)
Depreciation and amortisation		(10 141 193)	(8 893 497)	(10 027 466)	(8 768 316)
Finance costs	18	(5 647)	(72 614)	(5 448)	(72 354)
Repairs and maintenance	6	(8 262 298)	(12 575 887)	(8 176 083)	(12 504 150)
Bad debts written off	19	(2 640 396)	(223 309)	(2 640 396)	(223 309)
Decrease/(increase) in debt impairment provision	19	3 366 404	(2 889 906)	3 366 404	(2 889 906)
Total expenditure		(602 606 146)	(538 328 520)	(600 569 889)	(536 323 435)
Operating surplus		46 939 922	64 331 980	47 054 334	64 557 811
Loss on disposal of assets		(609 228)	(173 705)	(598 819)	(173 705)
Surplus for the year		46 330 694	64 158 275	46 455 515	64 384 106

*See note 30



Statement of Changes in Net Assets

For the year ending 31 March 2018

Description	Accumulated Surplus R	Total Net Assets R
GROUP		
Opening balance as previously reported	225 183 881	225 183 881
Correction of prior period error (refer to note 30)	472 187	472 187
Balance at 01 April 2016 as restated	225 656 068	225 656 068
Changes in net assets		
Surplus for the year as previously stated	63 965 186	63 965 186
Correction of prior period error (refer to note 30)	193 089	193 089
Total changes	64 158 275	64 158 275
Balance at 01 April 2017	289 814 344	289 814 344
Changes in net assets		
Surplus for the year	46 330 694	46 330 694
Total changes	46 330 694	46 330 694
Balance at 31 March 2018	336 145 038	336 145 038
SACAA		
Opening balance as previously reported	224 095 886	224 095 886
Correction of prior period error (refer to note 30)	472 187	472 187
Balance at 01 April 2016 as restated	224 568 073	224 568 073
Changes in net assets		
Surplus for the year as previously stated	64 191 017	64 191 017
Correction of prior period error (refer to note 30)	193 089	193 089
Total changes	64 384 106	64 384 106
Balance at 01 April 2017	288 952 179	288 952 179
Changes in net assets		
Surplus for the year	46 455 515	46 455 515
Total changes	46 455 515	46 455 515
Balance at 31 March 2018	335 407 694	335 407 694



Cash Flow Statement

For the year ending 31 March 2018

Description	Notes	Group		SACAA	
		2018 R	2017 Restated* R	2018 R	2017 Restated* R
Cash flows from operating activities					
Receipts					
Receipts from customers and Department of Transport		633 271 892	572 650 184	631 375 581	570 959 594
Interest revenue	14	17 650 966	14 967 972	17 600 959	14 907 992
		650 922 858	587 618 156	648 976 540	585 867 586
Payments					
Payments made to suppliers and employees		(570 661 917)	(522 367 095)	(568 715 605)	(520 473 118)
Finance costs	18	(5 647)	(72 614)	(5 448)	(72 354)
		(570 667 564)	(522 439 709)	(568 721 053)	(520 545 472)
Net cash inflows from operating activities	22	80 255 294	65 178 447	80 255 487	65 322 114
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(6 226 352)	(6 327 879)	(6 216 387)	(5 951 102)
Proceeds from sale of property, plant and equipment		74 979	145 000	74 979	145 000
Purchase of intangible assets	7	(16 228 614)	(10 009 685)	(16 228 614)	(10 006 775)
Net cash flows from investing activities		(22 379 987)	(16 192 564)	(22 370 022)	(15 812 877)
Net increase in cash and cash equivalents		57 875 307	48 985 883	57 885 465	49 509 237
Cash and cash equivalents at the beginning of the year		248 464 280	199 478 397	247 679 029	198 169 792
Cash and cash equivalents at the end of the year	3	306 339 587	248 464 280	305 564 494	247 679 029

*See note 30



Statement of Comparison of Budget and Actual Amounts

For the year ending 31 March 2018

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 reference
SACAA Statement of Financial Performance Revenue Revenue from exchange transactions						
Interest received	5 234 874	10 506 169	15 741 043	17 600 959	1 859 916	35
Other income	3 508 425	32 035	3 540 460	3 002 638	(537 822)	35
Accident and incident investigation	20 720 719	281	20 721 000	20 720 720	(280)	
Total revenue from exchange transactions	29 464 018	10 538 485	40 002 503	41 324 317	1 321 814	
Revenue from non-exchange transactions Transfer revenue						
Passenger safety charge	492 478 508	(6 337 507)	486 141 001	486 655 307	514 306	
User fees	101 539 371	(4 732 862)	96 806 509	93 074 815	(3 731 694)	35
Fuel levy	27 283 408	945 324	28 228 732	26 569 784	(1 658 948)	35
Total revenue from non-exchange transactions	621 301 287	(10 125 045)	611 176 242	606 299 906	(4 876 336)	
Total revenue	650 765 305	413 440	651 178 745	647 624 223	(3 554 522)	



Statement of Comparison of Budget and Actual Amounts (continued)

For the year ending 31 March 2018

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 reference
Expenditure						
Personnel	(445 361 781)	11 020 761	(434 341 020)	(415 354 196)	18 986 824	35
Operating expenses	(147 249 212)	(2 172 061)	(149 421 273)	(140 491 673)	8 929 600	35
Lease rentals on operating lease	(27 998 370)	641 824	(27 356 546)	(27 241 031)	115 515	
Depreciation and amortisation	(19 128 919)	6 759 327	(12 369 592)	(10 027 466)	2 342 126	35
Finance costs	(5 841 000)	5 841 000	-	(5 448)	(5 448)	
Repairs and maintenance	(7 733 538)	61 104	(7 672 434)	(8 176 083)	(503 649)	
Bad debts written off	-	-	-	(2 640 396)	(2 640 396)	35
Decrease in debt impairment provision	-	-	-	3 366 404	3 366 404	35
Total expenditure	(653 312 820)	22 151 955	(631 160 865)	(600 569 889)	30 590 976	
Operating surplus	(2 547 515)	22 565 395	20 017 880	47 054 334	27 036 454	
Loss on disposal of assets	-	-	-	(598 819)	(598 819)	
Surplus	(2 547 515)	22 565 395	20 017 880	46 455 515	26 437 635	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(2 547 515)	22 565 395	20 017 880	46 455 515	26 437 635	



Notes to the Consolidated Annual Financial Statements – Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

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

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

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

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

1.1 Consolidation

Basis of consolidation

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

The results of controlled entities are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences, to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

The consolidated annual financial statements of the SACAA and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

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

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

1.2 Significant judgments and accounting estimates

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

Loans and receivables

The group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an



impairment loss should be recorded in surplus or deficit, the entity 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 group for similar financial instruments.

Impairment testing

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

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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 entity determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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

Provisions

Provisions were raised and management determined an estimate based on the information available, as well as past experience. Additional disclosure of these estimates of provisions is included in the Notes to the Annual Financial Statements under Provisions (Note 11).

1.3 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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



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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or 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.

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

	Group	
	2018	2017
Aircraft	Refer below	Refer below
Calibration equipment	15 - 27 years	15 - 27 years
Furniture, fixtures and canteen equipment	4 - 21 years	4 - 21 years
Computer equipment	5 - 16 years	5 - 16 years
Generator and motor vehicles	6 - 15 years	6 - 15 years
Leasehold improvements	Period of lease	Period of lease
Aircraft	2018	2017
Airframe	7 years	8 years
Left engine	1 046 hours	1 434 hours
Right engine	1 099 hours	1 547 hours
Avionics	3.5 years	4.5 years
Undercarriage	18 205 cycles	18 403 cycles
Interior	1 year	1 year



1.3 Property, plant and equipment (Continued)

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

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

The depreciation charge for each period is recognised in surplus or deficit.

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

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

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable

assets or liability, regardless of whether the Group intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the group or from other rights and obligations.

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

An intangible asset is recognised when:

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

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

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;



1.4 Intangible assets (Continued)

- there are available technical, financial and other resources to complete the development and to use or sell the asset;
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

	Group	
	2018	2017
Computer Software	5 - 17 years	5 - 17 years

1.5 Financial instruments

Classification

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

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

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

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

Initial recognition

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



1.5 Financial instruments (Continued)

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

Financial assets measured at amortised cost:

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

Derecognition

Financial assets

The group derecognises a financial asset only when

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



1.5 Financial instruments (Continued)

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

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.

Financial liabilities

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

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

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

Presentation

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

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

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

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

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

1.6 Leases

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

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

Finance leases - lessee

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



1.6 Leases (Continued)

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

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

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

Operating leases - lessee

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

1.7 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value-in-use.

Useful life is either:

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

Identification

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

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



1.7 Impairment of non-cash-generating assets (Continued)

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

Value-in-use

Value-in-use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that it is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying



1.7 Impairment of non-cash-generating assets (Continued)

amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

1.8 Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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



1.8 Employee benefits (Continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.



1.9 Provisions and contingencies (Continued)

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

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

1.10 Revenue recognition from exchange transactions

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

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

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

Measurement

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

Interest

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

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

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

1.11 Revenue recognition from non-exchange transactions

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

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

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

Measurement

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

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

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

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



1.11 Revenue recognition from non-exchange transactions (Continued)

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

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

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

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

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.13 Comparative figures

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



1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

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

1.16 Conditional grants and receipts

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

1.17 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit, only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.18 Budget information



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

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

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

The approved budget covers the fiscal period from 2017/04/01 to 2018/03/31.

The annual financial statements and the budget are compiled on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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

Explanation is provided for all variances between actual and budgeted above 5% in the notes to the financial statements.

1.19 Related Parties

The group has processes in place to aid in the identification of related parties. Related parties are defined as persons or entities with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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



2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The Group has not applied the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2019	Not expected to impact results but may result in additional disclosure
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2019	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2019	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Cash on hand	5 000	5 007	3 000	3 000
Bank balances	9 267 492	7 176 439	9 173 229	7 072 018
Short-term deposits	297 067 095	241 282 834	296 388 265	240 604 011
	306 339 587	248 464 280	305 564 494	247 679 029

Cash and cash equivalents held have not been encumbered.

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

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

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



4. Trade and other receivables from non-exchange transactions

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Trade receivables	65 115 607	64 355 862	65 080 604	64 346 972
Provision for impairment of trade and other receivables	(9 278 400)	(12 644 804)	(9 278 400)	(12 644 804)
Unallocated receipts	(430 601)	(438 608)	(430 601)	(438 608)
Other debtors	1 302 840	1 860 893	1 298 607	1 825 863
Prepayments	1 659 863	5 794 178	1 659 863	5 794 178
Deposits	1 947 347	1 892 960	1 947 347	1 877 960
Staff advances	61 700	73 941	61 700	69 152
	60 378 356	60 894 422	60 339 120	60 830 713

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

Trade receivables ageing

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

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Current	48 012 961	42 227 805	47 973 714	42 227 805
0 to 30 days	4 495 998	2 056 026	4 495 090	2 056 026
31 to 60 days	972 522	3 438 233	971 101	3 438 233
61 to 90 days	1 317 584	1 168 308	1 314 399	1 168 308
Over 90 days	10 316 542	15 465 490	10 326 300	15 456 600
	65 115 607	64 355 862	65 080 604	64 346 972

Credit quality of trade and other receivables

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

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

**4. Trade and other receivables from non-exchange transactions (Continued)****Fair value of trade and other receivables**

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Trade and other receivables	60 378 356	60 894 422	60 339 120	60 830 713

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

Trade and other receivables past due but not impaired

The Group trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2018 R 8 867 203 (2017: R 11 309 116) were past due but not impaired.

The SACAA trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2018, R8 861 690 (2017: R 11 300 226) were past due but not impaired.

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

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
One month past due	4 495 998	2 052 623	4 495 090	2 052 623
Two months past due	962 522	3 314 049	961 101	3 314 049
Three months past due	1 317 583	976 204	1 314 399	976 204
Older than three months past due	2 091 100	4 966 240	2 091 100	4 957 350
	8 867 203	11 309 116	8 861 690	11 300 226

Trade and other receivables impaired

As at 31 March 2018, the Group and SACAA trade and other receivables of R 9 278 400 (2017: R 12 644 804) were impaired and provided for.

The ageing of these receivables is as follows:

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Less than two months past due	-	124 184	-	124 184
Less than three months past due	-	192 104	-	192 104
Over three months past due	9 278 400	12 328 516	9 278 400	12 328 516
	9 278 400	12 644 804	9 278 400	12 644 804



4. Trade and other receivables from non-exchange transactions (Continued)

Reconciliation of provision for impairment of trade and other receivables

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Opening balance	12 644 804	9 638 503	12 644 804	9 638 503
Provision for impairment	432 860	3 229 610	432 860	3 229 610
Provision reversal	(1 158 868)	-	(1 158 868)	-
Provision utilised	(2 640 396)	(223 309)	(2 640 396)	(223 309)
	9 278 400	12 644 804	9 278 400	12 644 804

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

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

5. Trade and other receivables from exchange transactions

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Trade and other receivables from exchange transactions	-	134 716	-	134 716

Trade and other receivables from exchange transactions are carried at cost, which normally approximates their fair value due to the short-term maturity thereof.



6. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment

Group - 2017	Opening balance restated	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6 372 568	532 031	(105 160)	(1 268 244)	5 531 195
Motor vehicles	1 655 973	992 786	(25 764)	(556 617)	2 066 378
Computer equipment	9 857 882	4 803 062	(185 689)	(2 632 350)	11 842 905
Generator	859 291	-	-	(73 175)	786 116
Aircraft	9 497 668	-	-	(1 300 267)	8 197 401
Calibration equipment	13 501 076	-	(607)	(886 347)	12 614 122
Canteen equipment	69 377	-	(1 486)	(9 026)	58 865
	41 813 835	6 327 879	(318 706)	(6 726 026)	41 096 982

Reconciliation of property, plant and equipment

SACAA - 2018	Opening balance restated	Additions	Disposals	Depreciation	Total
Leasehold improvement	-	169 253	-	(7 052)	162 201
Furniture and fixtures	5 423 542	1 318 748	(207 651)	(1 617 130)	4 917 509
Motor vehicles	1 813 927	-	-	(521 019)	1 292 908
Computer equipment	11 809 082	3 635 677	(464 525)	(4 537 487)	10 442 747
Generator	786 116	-	-	(73 176)	712 940
Aircraft	8 197 401	1 046 795	-	(1 450 935)	7 793 261
Calibration equipment	12 614 122	-	-	(1 110 369)	11 503 753
Canteen equipment	58 865	45 914	(1 621)	(27 072)	76 086
	40 703 055	6 216 387	(673 797)	(9 344 240)	36 901 405

Reconciliation of property, plant and equipment

SACAA - 2017	Opening balance restated	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6 284 897	476 987	(105 160)	(1 233 182)	5 423 542
Motor vehicles	1 655 972	695 787	(25 765)	(512 067)	1 813 927
Computer equipment	9 819 195	4 778 328	(185 689)	(2 602 752)	11 809 082
Generator	859 291	-	-	(73 175)	786 116
Aircraft	9 497 668	-	-	(1 300 267)	8 197 401
Calibration equipment	13 501 076	-	(607)	(886 347)	12 614 122
Canteen equipment	69 377	-	(1 486)	(9 026)	58 865
	41 687 476	5 951 102	(318 707)	(6 616 816)	40 703 055

**6. Property, plant and equipment (Continued)****Expenditure incurred to repair and maintain property, plant and equipment**

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Motor vehicles repairs and maintenance	65 620	50 394	-	-
Furniture and fixtures repairs and maintenance	-	7 704	-	4 914
Generator repairs and maintenance	-	39 137	-	39 137
Aircraft repairs and maintenance	3 471 996	9 095 167	3 471 996	9 095 167
Calibration equipment repairs and maintenance	2 080 285	1 457 129	2 080 285	1 457 129
Other operational repairs and maintenance	2 644 397	1 926 356	2 623 802	1 907 803
	8 262 298	12 575 887	8 176 083	12 504 150

7. Intangible assets

Group	2018			2017 (Restated)		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Work in progress*	37 659 111	-	37 659 111	41 253 889	-	41 253 889
Total	80 133 728	(7 565 109)	72 568 619	63 905 115	(6 874 177)	57 030 938

SACAA	2018			2017 (Restated)		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Work in progress*	37 659 111	-	37 659 111	41 253 889	-	41 253 889
Total	80 048 548	(7 480 414)	72 568 134	63 819 935	(6 797 188)	57 022 747



7. Intangible assets (Continued)

Reconciliation of intangible assets

	Opening balance restated	Additions	Transfers	Amortisation	Total
Group 2018					
Computer software	15 777 049	1 720 572	18 102 820	(690 933)	34 909 508
Work in progress*	41 253 889	14 508 042	(18 102 820)	-	37 659 111
Total	57 030 938	16 228 614	-	(690 933)	72 568 619

Reconciliation of intangible assets

	Opening balance restated	Additions	Amortisation	Total
Group 2017				
Computer software	17 941 610	2 910	(2 167 471)	15 777 049
Work in progress*	31 247 114	10 006 775	-	41 253 889
Total	49 188 724	10 009 685	(2 167 471)	57 030 938

Reconciliation of intangible assets

	Opening balance restated	Additions	Amortisation	Total	Total
SACAA 2018					
Computer software	15 768 858	1 720 572	18 102 820	(683 227)	34 909 023
Work in progress*	41 253 889	14 508 042	(18 102 820)	-	37 659 111
Total	57 022 747	16 228 614	-	(683 227)	72 568 134

Reconciliation of intangible assets

	Opening balance restated	Additions	Amortisation	Total
SACAA 2017				
Computer software	17 920 359	-	(2 151 501)	15 768 858
Work in progress*	31 247 114	10 006 775	-	41 253 889
Total	49 167 473	10 006 775	(2 151 501)	57 022 747

* Work in progress includes Customer automated queuing system and other software of R309 589 as well as software licence and installation costs of the Enterprise Business System (EBS) of R37 349 522. As the phases of the EBS project are completed and implemented over the next two years, they are transferred to computer software.



8. Change in estimate

Property, plant and equipment

GRAP 17 - Property, plant and equipment requires the review of the residual value and useful life of an asset at least at each financial year end. The SACAA extended the estimated useful lives of certain assets. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the SACAA for the current financial year have been decreased by R1 597 884.

Description	Previous carrying value	Current carrying value	Net effect
Calibration equipment	1 074 115	2 639 882	1 565 767
Furniture and fittings	90	5 178	5 088
Office equipment	5 710	32 739	27 029
Total	1 079 915	2 677 799	1 597 884

9. Trade and other payables

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Trade payables	6 389 779	12 070 048	6 388 515	12 051 057
Income received in advance*	407 934	595 306	407 934	595 306
Sundry accruals	41 148 613	26 292 285	40 784 945	25 925 038
Salary-related accruals	236 284	306 236	236 284	306 236
13th Cheque accrual	597 214	647 290	597 214	647 290
Leave pay accrual	24 838 059	20 163 520	24 838 059	20 163 520
	73 617 883	60 074 685	73 252 951	59 688 447

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	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Operating lease liability	966 979	396 144	966 979	396 144

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



11. Provisions

Reconciliation of provisions - Group - 2018

Description	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision*	57 333 490	60 000 000	(51 587 961)	65 745 529
Provision for directors' remuneration	2 676	-	(2 676)	-
Total	57 336 166	60 000 000	(51 590 637)	65 745 529

Reconciliation of provisions - Group - 2017

Description	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision*	48 615 903	52 994 308	(44 276 721)	57 333 490
Provision for directors' remuneration	110 074	2 676	(110 074)	2 676
Total	48 725 977	52 996 984	(44 386 795)	57 336 166

Reconciliation of provisions - SACAA - 2018

Description	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision*	57 333 490	60 000 000	(51 587 961)	65 745 529

Reconciliation of provisions - SACAA - 2017

Description	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision*	48 615 903	52 994 308	(44 276 721)	57 333 490

* The performance bonus provision is calculated in line with the remuneration policy as approved by the Board.

Uncertainties and assumption

Provisions are recognised when the group has a present obligation, whether legal or constructive, because of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some, or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset. Where the group has a joint and several liability with one or more other parties, no provision is recognised to the extent that those parties are expected to settle part or all of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.



11. Provisions (Continued)

Performance bonus provision

The performance bonus provision is calculated based on the performance of the SACAA as well as individual performance ratings of each employee for the financial year ended 31 March 2018. 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) exists for this purpose.

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

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
The amount recognised as an expense for defined contribution plan is	45 504 256	39 278 823	45 504 256	39 278 823

13. Revenue from non-exchange transactions

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Passenger safety charge*	486 655 307	445 882 542	486 655 307	445 882 542
User fees	94 791 509	92 484 417	93 074 815	90 867 650
Fuel levy	26 569 784	24 883 839	26 569 784	24 883 839
Accident and incident investigation grant	20 720 720	19 743 000	20 720 720	19 743 000
	628 737 320	582 993 798	627 020 626	581 377 031

* The passenger safety charge for the current year increased by 9.1% as a result of a 4.7% increase in passenger numbers and an increase in the passenger safety charge from R20.23 to R22.29.

14. Interest revenue from exchange transactions

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Interest revenue				
Financial institutions*	17 056 790	14 608 987	17 006 783	14 549 007
Trade and other receivables	594 176	358 985	594 176	358 985
	17 650 966	14 967 972	17 600 959	14 907 992

* Interest revenue from financial institutions increased by 16.8% for the group and by 16.9% for the SACAA due to an increase in cash and cash equivalents during the financial year of R57.9m for the Group and R57.9m for the SACAA, as well as improved cash flow management during the year.



15. Other revenue from exchange transactions

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Sundry income*	1 563 445	2 926 468	1 413 801	2 840 875
Sponsorship income	1 530 280	1 448 000	1 530 280	1 448 000
Insurance claim received	64 057	324 262	58 557	307 348
	3 157 782	4 698 730	3 002 638	4 596 223

Sundry income decreased as a result of no secondment income received in the current financial period. An employee was seconded to PRASA and National Treasury in the prior period.

16. Personnel cost

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Basic salary*	277 206 331	246 474 565	271 722 968	241 628 560
Bonus**	60 000 000	53 221 279	60 000 000	53 221 279
Pension fund contributions	45 504 256	39 278 823	45 504 256	39 278 823
Medical aid contributions	16 530 713	13 812 451	16 328 883	13 647 789
Other employee benefit costs	8 313 145	6 764 976	8 313 145	6 764 976
Temporary staff	2 049 349	1 771 557	2 049 349	1 771 557
Acting allowances	720 766	2 060 343	720 766	2 060 343
Leave pay provision charge	6 156 419	3 478 184	6 156 419	3 478 184
Travel and other allowances	2 292 878	2 119 345	2 286 766	2 125 345
Compensation for occupational injuries and diseases fund	1 364 139	1 328 181	1 352 755	1 321 254
Unemployment Insurance Fund	946 509	879 992	918 889	854 397
	421 084 505	371 189 696	415 354 196	366 152 507

* Basic salary costs increased by 12.4% for the Group and the SACAA. This increase is as a result of a 7.5% salary increase effective from 1 April 2017 as well as an increase in employee numbers for the year from 536 to 537 for the group and from 514 to 518 for SACAA at the end of the current financial year.

** The bonus provision for the year increased by R6 778 721. The performance bonus is calculated in line with the remuneration policy as approved by the Board.

**17. Operating expenses**

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Aircraft operating expenses	4 098 537	3 160 546	4 098 537	3 160 546
Auditors' fees	2 359 821	2 292 544	2 320 316	2 256 684
Bank charges	721 204	711 538	676 589	670 855
Bursaries	2 879 283	2 655 121	2 879 283	2 655 121
Cleaning	1 439 808	1 299 081	1 434 771	1 292 022
Conferences, seminars and venue hire	3 107 140	3 574 824	3 070 088	3 499 981
Consulting and professional fees *	10 794 001	9 298 303	10 594 456	9 007 781
Consumables	946 720	598 052	946 720	598 052
Electricity	4 742 082	4 464 934	4 633 774	4 364 463
Fuel and oil	245 995	288 514	245 995	288 514
Insurance	1 620 473	1 968 423	1 553 555	1 852 176
IT expenses	5 006 678	3 576 381	4 908 007	3 474 715
Legal fees	1 368 097	4 795 873	1 368 097	4 795 873
Magazines, books and periodicals	1 082 375	2 881 782	1 036 974	2 837 825
Motor vehicle expenses	17 633	26 686	17 633	26 686
Placement fees	1 530 837	2 574 475	1 530 837	2 574 475
Postage and courier	572 519	780 298	566 044	773 230
Printing and stationery	2 771 212	3 346 885	2 670 794	3 230 926
Public relations	4 937 775	3 488 435	4 899 812	3 425 617
Recreation Aviation Administration of South Africa	-	-	5 642 256	5 309 685
Refuse	164 737	156 397	164 737	156 397
Regulation development	539 557	418 594	434 557	206 548
Safety and promotion	7 412 530	2 027 035	7 382 530	2 002 035
Security	4 109 945	3 465 529	4 096 354	3 453 586
Skills development levy	3 525 723	3 150 811	3 470 821	3 102 308
Software expenses	12 439 020	5 493 048	12 439 020	5 493 048
Sponsorships	2 629 309	4 596 561	2 629 309	4 596 561
Staff events	1 335 872	1 491 717	1 294 249	1 373 216
Staff welfare	379 374	158 804	343 335	149 744
Telephone and fax	4 457 969	4 578 753	4 381 657	4 493 388
Training	18 068 032	13 132 401	18 019 084	13 082 871
Travel - international	11 562 477	10 560 862	11 526 790	10 523 381
Travel - domestic	18 560 300	17 376 729	18 524 638	17 343 350
Uniforms	393 414	54 213	393 414	54 213
Other expenses	296 640	240 979	296 640	240 979
	136 117 089	118 685 128	140 491 673	122 366 852

*Included in consulting and professional fees is an amount for co-sourced services for internal audit of R361 487 (2017: R1 687 937).



18. Finance costs

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Interest and penalties paid to the South African Revenue Services	5 448	72 354	5 448	72 354
Other interest paid	199	260	-	-
	5 647	72 614	5 448	72 354

19. Debt impairment and write-off

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Bad debts written off	2 640 396	223 309	2 640 396	223 309
(Decrease)/Increase in debt impairment provision	(3 366 404)	2 889 906	(3 366 404)	2 889 906
	(726 008)	3 113 215	(726 008)	3 113 215

The SACAA received a final liquidation dividend of R591 485 from Nationwide airlines. The full debt of R1 825 862 was previously provided for and the remainder of R1 234 377 has been written off.

20. Taxation

No provision for taxation has been made for the 2018 tax year, as the entity is exempted in terms of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

21. Auditors' fees

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Fees	2 359 821	2 292 544	2 320 316	2 256 684

**22. Cash flows from operating activities**

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Surplus	46 330 694	64 158 275	46 455 515	64 384 106
Adjustments for:				
Depreciation and amortisation	10 141 193	8 893 497	10 027 466	8 768 316
Loss on disposal of assets	609 228	173 705	598 819	173 705
Debt impairment	(3 366 404)	2 889 906	(3 366 404)	2 889 906
Movements in operating lease liability	570 835	(784 318)	570 835	(784 318)
Movements in provisions	8 409 363	8 610 189	8 412 039	8 717 587
Changes in working capital:				
Trade and other receivables from non-exchange transactions	516 066	(11 794 414)	491 593	(11 765 729)
Movement in debt impairment added back	3 366 404	(2 889 906)	3 366 404	(2 889 906)
Trade and other receivables from exchange transactions	134 716	(134 716)	134 716	(134 716)
Trade and other payables	13 543 199	(3 943 771)	13 564 504	(4 036 837)
	80 255 294	65 178 447	80 255 487	65 322 114

23. Commitments

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Authorised capital and maintenance expenditure				
Contracted for and authorised by the Board				
• Property, plant and equipment	-	1 394 029	-	1 394 029
• Intangible assets	30 068 434	32 686 612	30 068 434	32 686 612
	30 068 434	34 080 641	30 068 434	34 080 641

The capital and maintenance expenditure commitment for intangible assets relates to the installation and implementation of an Enterprise Business System and license card hardware & software and will be financed by retained surpluses, existing cash resources and funds internally generated.

The capital expenditure budget for the year ending 31 March 2019 is R170 866 461 which includes capital expenditure for the replacement of the flight inspection aircraft for an amount of R116 600 000. This capital expenditure has been approved by the Board. The Executive authority also approved the acquisition of the FIU aircraft on 19 March 2018. This expenditure has not been contracted for as yet.



Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Operating leases - as lessee (expense)				
Minimum lease payments due				
- within one year	25 722 707	7 396 248	25 657 668	6 929 280
- in second to fifth year inclusive	9 727 856	4 908 715	9 714 548	4 908 715
	35 450 563	12 304 963	35 372 216	11 837 995

Operating lease payments represent rentals payable by the group and SACAA for certain of its office properties and equipment. Leases are negotiated for an average term of between three to five years. No contingent rent is payable.

24. Contingencies

The SACAA is currently dealing with a litigation matter relating to a civil claim for damages against it. Summons have been issued by the plaintiff, claiming damages for loss of earnings as well as damages to its business reputation and good name. The SACAA is defending the civil claim and the quantum of this exposure is not disclosed, as these matters are still sub judice.

One of the Pilots participating in an airshow died. A plaintiff in a suit against seven respondents, of which RAASA is listed as the first, is claiming compensation in the amount of R17 713 398. Based on the legal opinion received, RAASA is confident that it can successfully defend the suit.

25. Related parties

Related party balances

Receivables and payables owing (to)/by related parties

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Department of Transport	(298 288)	(250)	(298 288)	(250)
South African Airways	86 106	156 217	86 106	156 217
Air Traffic and Navigation Services	2 713 032	1 693 286	2 713 032	1 693 286
Airports Company South Africa (licences)	112 427	(23 756)	112 427	(23 756)
SA Express (passenger safety charge and general aviation)	653 689	170 005	653 689	170 005
Mango Airlines	14 966	21 204	14 966	21 204
Passenger Rail Agency of South Africa (Secondments)	-	134 716	-	134 716
	3 281 932	2 151 422	3 281 932	2 151 422

**25. Related parties (Continued)**

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/(sales to) related parties**

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Department of Transport (accidents and incidents)	(22 251 000)	(21 191 000)	(22 251 000)	(21 191 000)
Department of Transport (secondment allowance)	1 998 589	-	1 998 589	-
Air Traffic and Navigation Services	(6 698 538)	(11 367 614)	(6 698 538)	(11 367 614)
Airports Company South Africa (licences)	(1 810 860)	(1 449 798)	(1 810 860)	(1 449 798)
Airports Company South Africa (rentals)	1 870 969	1 048 566	1 870 969	1 048 566
South African Airways	(105 098 889)	(105 619 193)	(105 098 889)	(105 619 193)
SA Express (safety fees and general aviation)	(24 573 877)	(24 027 818)	(24 573 877)	(24 027 818)
Mango Airlines (safety fees)	(67 931 952)	(58 920 727)	(67 931 952)	(58 920 727)
Recreation Aviation Administration of South Africa	-	-	5 642 256	5 309 684
Passenger Rail Agency of South Africa	-	(1 343 539)	-	(1 343 539)
	(224 495 558)	(222 871 123)	(218 853 302)	(217 561 439)

These transactions are carried out on commercial terms and conditions.



26. Members' emoluments

Executive Management Group 2018		Salary R	Medical aid R	Provident fund R	Lumpsum / leave pay / bonus R	Total R
Ms G Khoza	DCA	2 883 333	129 438	501 353	1 201 634	4 715 758
Mr A Seedat	Executive: Finance	1 660 599	125 602	375 580	569 124	2 730 905
Mr S Segwabe	Executive: Aviation Safety Operations	1 931 575	69 339	339 768	577 953	2 918 635
Mr G Bestbier	Executive: Aviation Infrastructure	1 960 984	64 872	434 649	621 015	3 081 520
Ms T Masooa	Executive: Human Resources	1 722 895	94 158	244 910	531 431	2 593 394
Ms P Gwebu	Executive: Corporate Services	1 353 853	108 612	252 728	448 068	2 163 261
Mr P Kewana	Chief Audit Executive	1 486 145	81 549	274 961	479 970	2 322 625
Ms M Mamabolo	Executive: Legal and Aviation Compliance	1 635 772	65 226	295 360	513 686	2 510 044
Ms N Naraindath	Company Secretary	1 397 415	108 612	263 733	472 822	2 242 582
Mr L Gqeke	Executive: Aviation Security	2 074 382	-	339 768	574 168	2 988 318
Mr P Mashaba	Executive: Accident and Incident Investigation	1 676 607	44 121	299 029	311 472	2 331 229
Mr N de Lange	Chief Executive: RAASA	1 065 620	32 446	-	210 447	1 308 513
		20 849 180	923 975	3 621 839	6 511 790	31 906 784



Executive Management Group 2017		Salary R	Medical aid R	Provident fund R	Lumpsum / leave pay / bonus R	Total R
Ms G Khoza	DCA	2 754 222	109 431	441 091	1 379 642	4 684 386
Mr A Seedat	Executive: Finance	1 546 504	126 561	319 668	528 962	2 521 695
Mr S Segwabe	Executive: Aviation Safety Operations	1 733 539	54 162	315 477	484 136	2 587 314
Mr G Bestbier	Executive: Aviation Infrastructure	1 828 633	85 995	337 876	571 191	2 823 695
Ms T Masooa	Executive: Human Resources	1 581 467	86 133	227 400	1 762	1 896 762
Ms P Gwebu	Executive: Corporate Services	1 230 556	99 183	234 660	375 281	1 939 680
Mr P Kewana	Chief Audit Executive	1 372 119	74 598	255 303	445 492	2 147 512
Ms M Mamabolo	Executive: Legal and Aviation Compliance	1 494 378	59 667	274 243	474 805	2 303 093
Ms N Naraindath	Company Secretary	1 288 456	99 183	244 878	438 664	2 071 181
Mr A Morudi (Acting from 1 April 2016 to 31 August 2016)	Executive: Accident and Incident Investigation	448 923	35 020	72 591	-	556 534
Mr L Gqeke	Executive: Aviation Security	1 755 345	-	315 477	469 653	2 540 475
Ms A Makhoba (Acting January 2017 to March 2017)	Executive: Aviation Security	84 048	5 342	11 850	-	101 240
Mr P Mashaba (Appointed September 2016)	Executive: Accident and Incident Investigation	865 363	23 952	161 962	-	1 051 277
Ms S Ngidi (Acting in April 2016 and September 2016)	Executive: Aviation Security	173 776	8 934	30 074	2 293	215 077
Mr N de Lange	Chief Executive: RAASA	979 763	18 260	-	175 113	1 173 136
		19 137 092	886 421	3 242 550	5 346 994	28 613 057



Non-executive Directors' fees

2018

	Members' Fees R	Reimbursive expenses R	Total R
SACAA Board			
Mr SS Mokoena	350 478	3 212	353 690
Ms DLT Dondur	350 217	4 102	354 319
Ms L Dlepu	302 067	3 906	305 973
Major-Gen. NL J Ngema	285 396	21 441	306 837
Mr MG India	271 510	2 695	274 205
Prof. NV Dyani Mhango	275 910	4 593	280 503
	1 835 578	39 949	1 875 527

	Members' Fees R	Reimbursive expenses R	Total R
RAASA Board			
Mr C Linakis (Resigned 12 July 2017)	14 647	3 500	18 147
Mr J Morrison	32 629	7 500	40 129
Mr C Jordaan	9 705	2 000	11 705
Mr R Wheeldon (Appointed 15 August 2017)	17 469	4 000	21 469
Ms M Mochoele (Appointed 13 April 2017)	20 358	3 500	23 858
	94 808	20 500	115 308

2017

	Members' Fees R	Reimbursive expenses R	Total R
SACAA Board			
Mr SS Mokoena	322 915	961	323 876
Ms DLT Dondur	315 405	5 221	320 626
Major-Gen. NL J Ngema	287 384	18 542	305 926
Mr MG India	259 642	2 873	262 515
Prof. NV Dyani-Mhango	296 559	5 689	302 248
Ms L Dlepu	270 009	2 814	272 823
Adv. RR Dehal (Resigned 19 October 2016)	130 520	56 891	187 411
	1 882 434	92 991	1 975 425

	Members' Fees R	Reimbursive expenses R	Total R
RAASA Board			
Mr C Linakis	25 936	6 000	31 936
Mr J Morrison	23 920	6 000	29 920
Mr C Jordaan	11 040	2 500	13 540
Mr P Dhamini (Resigned 14 December 2016)	16 080	2 000	18 080
	76 976	16 500	93 476

*Reimbursable expenses are disclosed in terms of Treasury Regulation 28 (1) (4) of the PFMA as reimbursable costs paid to Board members. The costs include flights, car hire, accommodation and travel costs for all meetings of the Board and its committees.



27. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for its owner and benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As the group is not exposed to debt, there is no meaningful debt to equity ratios, such as gearing ratio, to be disclosed.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital. The strategy for capital maintenance or externally imposed capital requirements remained the same as in the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Management meets on a regular basis to analyse interest rate exposures and evaluate treasury management strategies against revised economic forecasts. Compliance with policies and exposure limits is reviewed by management on a continuous basis. Management believes that, to the best of its knowledge, there are no significant undisclosed financial risks.

Liquidity risk

Liquidity risk refers to the risk that SACAA will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management is satisfied that the group will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The liquidity ratio below illustrates:

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Current assets	366 717 943	309 493 418	365 903 614	308 644 458
Current liabilities	140 330 391	117 806 995	139 965 459	117 418 081
Current ratio	2.61:1	2.63:1	2.61:1	2.63:1



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 Group is exposed to interest rate risk, as it invests funds in the money market at floating interest rates. At 31 March 2017, no derivative financial instruments were used to manage the Group's exposure to interest rate risk.

The Group has adopted a policy of investing the majority of surplus cash in call account investments as a means to safeguard and mitigate interest rate risk. The risk is further managed through the fact that the surplus funds are invested in reputable financial institutions.

Credit risk

The Group is exposed to credit risk, which is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade and other receivables.

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set, based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Certain credit limits were exceeded during the reporting period, and where management considered these debtors to be impaired, a provision for doubtful debts was raised.

Financial assets exposed to credit risk at year-end were as follows:

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Financial instrument				
Trade receivables less unallocated receipts	64 685 006	64 051 970	64 650 003	64 043 080
Other debtors	1 302 840	1 860 893	1 298 607	1 825 863
Staff advances	61 700	73 941	61 700	69 152
Cash and cash equivalents	306 339 587	248 464 280	305 564 494	247 679 029
	372 389 133	314 451 084	371 574 804	313 617 124

Default

Default occurs when:

- a) credit limits are exceeded;
- b) payments are not received within the approved period.

**27. Risk management (Continued)**

In such cases the necessary collection measures were taken with due regard to the financial risk connected to a specific debtor account. Collection measures included handing accounts over to the Legal Department for follow-up.

As at 31 March 2018, the group did not consider that any significant concentration of credit risk existed in the receivable book which had not been adequately provided for.

The table below provides an analysis of credit risk exposure inherent in the loans and receivables book at the year-end reporting dates, reconciled to the carrying value of net trade receivables as reported in note 4 and 5.

GROUP 2018	Direct charges	Indirect charges	Total
Trade Receivables			
Current balance	236 854	47 776 107	48 012 961
Overdue balance	12 221 606	4 881 040	17 102 646
Subtotal	12 458 460	52 657 147	65 115 607
Impairment provision	(6 291 150)	(2 987 250)	(9 278 400)
Net trade receivables	6 167 310	49 669 897	55 837 207

GROUP 2017	Direct charges	Indirect charges	Total
Trade Receivables			
Current balance	313 493	41 914 313	42 227 806
Overdue balance	16 623 367	5 639 405	22 262 772
Subtotal	16 936 860	47 553 718	64 490 578
Impairment provision	(9 657 555)	(2 987 249)	(12 644 804)
Net trade receivables	7 279 305	44 566 469	51 845 774

SACAA 2018	Direct charges	Indirect charges	Total
Trade Receivables			
Current balance	197 607	47 776 107	47 973 714
Overdue balance	12 225 850	4 881 040	17 106 890
Subtotal	12 423 457	52 657 147	65 080 604
Impairment provision	(6 291 150)	(2 987 250)	(9 278 400)
Net trade receivables	6 132 307	49 669 897	55 802 204



27. Risk management (Continued)

SACAA 2017	Direct charges	Indirect charges	Total
Trade Receivables			
Current balance	313 493	41 914 313	42 227 806
Overdue balance	16 614 477	5 639 405	22 253 882
Subtotal	16 927 970	47 553 718	64 481 688
Impairment provision	(9 657 555)	(2 987 249)	(12 644 804)
Net trade receivables	7 270 415	44 566 469	51 836 884

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 Group incurs currency risk as a result of expenses in foreign currencies, hence exposure to exchange rate fluctuations arises. The currency in which the Group primarily deals is the US Dollar. No forward cover is taken out for these transactions. Management considers the foreign currency risk to be insignificant.

28. Going concern

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

29. Events after the reporting date

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

30. Prior Period Errors

During the financial year under review, it was discovered that an asset was incorrectly classified as Computer software instead of Calibration equipment in the prior years.

The comparative amounts relating to the statement of financial position and statement of financial performance have been restated as follows:

**30. Prior Period Errors (Continued)**

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Statement of Financial position				
Increase in property, plant and equipment	-	894 968	-	894 968
Decrease in intangible assets	-	(229 692)	-	(229 692)
Increase in opening accumulated surplus	-	(472 187)	-	(472 187)
Statement of Financial Performance				
Increase in depreciation	-	82 541	-	82 541
Decrease in amortisation	-	(275 630)	-	(275 630)

31. Irregular expenditure

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Opening Balance	-	101 989	-	101 989
Add: Irregular Expenditure - current year	161 500	177 877	161 500	177 877
Add: Irregular Expenditure incurred in prior year and identified in current year	10 830	-	-	-
Less: Amounts condoned	(10 830)	(279 866)	-	(279 866)
Irregular expenditure to be condoned	161 500	-	161 500	
Details of irregular expenditure – current year	161 500		161 500	

The irregular expenditure for the current year relates to a service provider that was utilised that was not tax compliant. The service provider fraudulently confirmed that he was tax compliant. This matter has subsequently been reported to the South African Police Services for fraud and to National Treasury.

Management is currently busy with its internal processes to establish if there is any disciplinary action that may need to be taken against any employee for the irregular expenditure in line with the PFMA requirement



32. Fruitless and wasteful expenditure

Description	Group		SACAA	
	2018 R	2017 R	2018 R	2017 R
Interest and penalties paid to the South African Revenue Services	5 448	72 354	5 488	72 354

The fruitless and wasteful expenditure in the current financial year relates to the interest and penalties charged for the short-payment of PAYE during the current financial period. The matter is still under investigation.

The fruitless and wasteful expenditure in the prior financial year related to the historic reconciliation differences with the South African Revenue Services (SARS) in terms of PAYE, UIF and SDL and interest and penalties levied as a result. The differences related to the 2000 to 2012 and was resolved with SARS in the prior financial year. This expenditure was condoned by the Board on 26 April 2017.

33. Segment information

The SACAA is a statutory body which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry. Although revenues do have certain streams, they are not related to any segments or specific divisions within SACAA. SACAA's expenditure relates mainly to salaries and the rest relates to operational activities and cannot be linked to any specific segments. Resources are not allocated, nor is reporting done or performance measured for any separate activities.

Management is of the opinion that any attempt to divide the SACAA into further separate activities or geographical information will not add any additional value to its stakeholders. The entire SACAA should be viewed as a single reportable segment.

34. Consolidation of RAASA

The SACAA consolidate the results of Recreation Aviation Administration South Africa NPC (RAASA) in accordance with the requirements of GRAP 6 (Consolidated and Separate Financial Statements).

The SACAA's control relates to its power to govern the financial resources and operating policies of RAASA so as to obtain benefits from its activities. The SACAA also appoints four of the eight directors of RAASA including the chairperson, whilst receiving non-financial benefits as described below.

The RAASA is incorporated in South Africa. The purpose of RAASA is to ensure compliance with the South African Civil Aviation regulations affecting sport and recreational aviation and to liaise with non-profit bodies that represent sport aviation.

The group results are fully disclosed in the accompanying consolidated annual financial statements.

35. Budget variances

Material differences between budget and actual amounts

The material differences are only provided for the SACAA as the group budget is not publicly available. The GRAP statement of comparison of budget and actual amounts does not require that the financial statements disclose information about, or make comparisons with, approved budgets that are not made publicly available.



35. Budget variances (Continued)

The material differences can be explained as follows:

Interest received

Interest received is R1 859 916 higher than budget as a result of an increase in cash and cash equivalents.

Other income

Other income is R537 822 lower than budget due to lower event sponsorship income from aviation partners.

User fees

User fees is R3 731 694 lower than budgeted due to lower activity levels in some areas as well as a shortfall of flight inspection revenue as a result of the non-availability of the aircraft during the year due to major maintenance work.

Fuel levy

Fuel levy is R1 658 948 lower than budget due to lower volume growth in aviation fuel supply to general aviation and cargo.

Personnel cost

A saving of R18 986 824 on personnel cost was realised, mainly due to vacant positions created by resignation not being filled immediately.

Operating expenses

A saving of R8 929 600 against budget as a result of cost containment measures. Savings realised in travel, uniforms, communication, conference attendance, professional fees, subscriptions, placement fees and printing work.

Depreciation and amortisation

Depreciation and amortisation is R2 342 126 lower than budget due to lower than expected capital expenditure as well as longer timeframes to fully implement the EBS computerised system.

Bad debts written off and debt impairment

Bad debts written off for the year amounted to R2 640 396 and it included an amount of R1 234 377 relating to Nationwide airlines. The debt impairment provision for the year was reduced by R3 366 404 as a result of receipt of payments that were previously considered doubtful, including amounts owed by neighbouring countries.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. These adjustments and reallocations were necessary to align the revenue budget with actual trends in activity levels and the expense budget with business needs.

36. Comparative figures

Certain comparative figures have been reclassified.

SOUTH AFRICAN



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