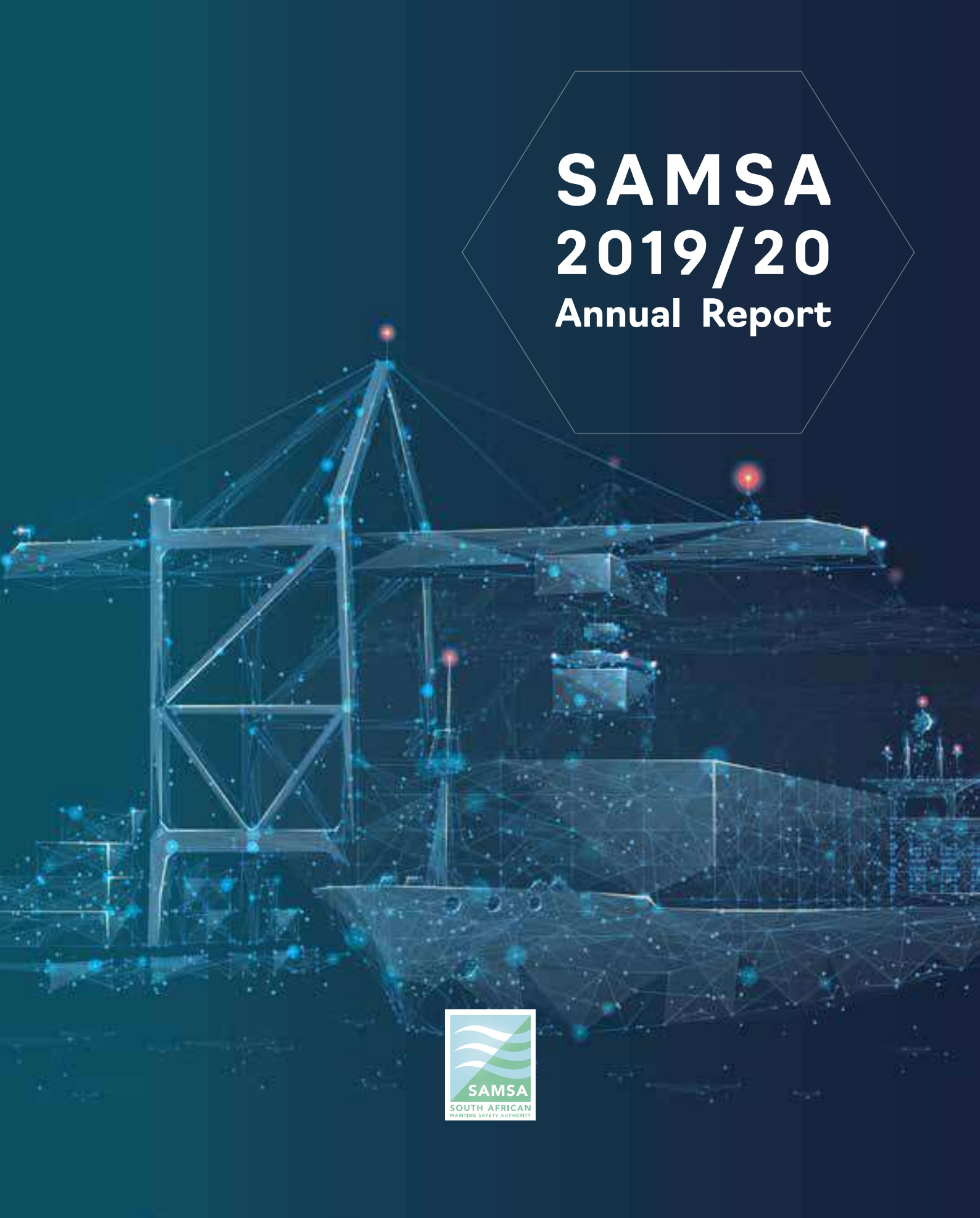
SAMSA 2019/20 Annual Report



SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

Absolute
Bearing

SAMSA General Information

The Nature of Business and Principal Activities:

The South African Maritime Safety Authority (SAMSA) is a public entity under the Department of Transport established on the 1st of April 1998 in terms of the SAMSA Act (Act No.5 of 1998) and has the mandate of ensuring the safety of life and property at sea, prevention and combating of pollution of the marine environment by ships and promotion of the Republic's maritime interests.

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Auditors	Auditor-General of South Africa
Bankers	ABSA and FNB
Secretary	Mr. Moyahabo V. Raphadu

transport
Department:
Transport
REPUBLIC OF SOUTH AFRICA

SAMSA
SOUTH AFRICAN MARITIME SAFETY AUTHORITY

South Africa Maritime Safety Authority
Annual Report for the year ended 31 March 2020

Introduction

The South African Maritime Safety Authority (SAMSA) is a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA").

SAMSA was established on the 1st of April 1998, following the enactment of the South African Maritime Safety Authority Act No.5 of 1998 ("the Act"). The Act provides for the establishment of an authority charged with the responsibility for regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa's maritime interests. It is governed and controlled by the Board of Directors, appointed by the Minister of Transport in terms of the Act.

Table of Contents

Board Approval

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

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

Mr. Mavuso Msimang
(Board Chairperson)

Mr. Sobantu Tilayi
(Acting Chief Execitive Officer)

Mr. Devendra Erriah
(Chief Financial Officer)

Board
Ms. Nomsa Cele
Mr. Mervyn Burton
Ms. Sekabiso Molemane

SAMSA Core Operating Model

A Snapshot of our Performance

191
Medical Assistance Services

Fatalities
21

Admission of Contraventions
24

Ship Register
1320
on Register

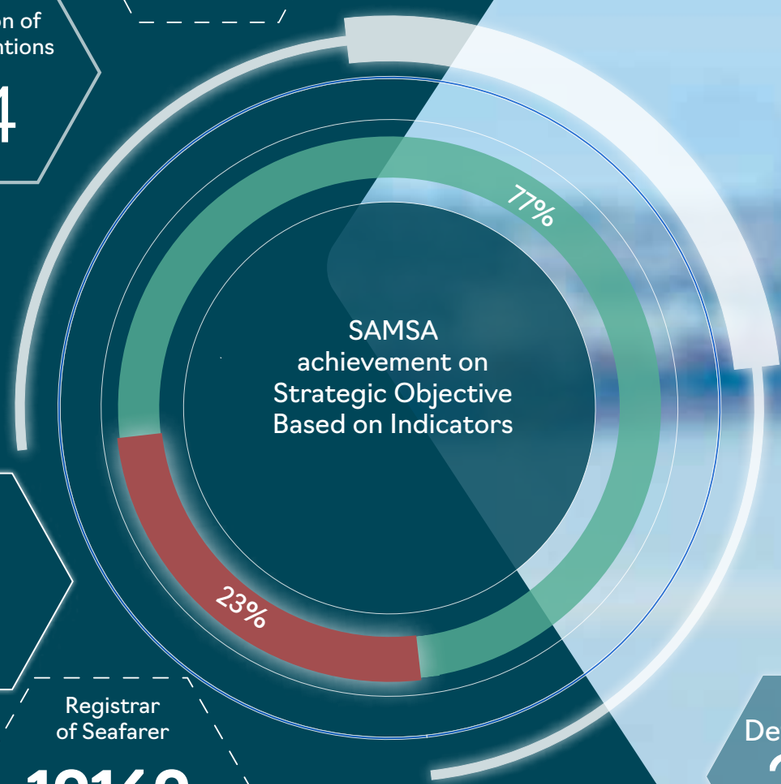
Maritime Pollution Incidents
17

135
Casualties

AD-hoc Inspections
331

Registrar of Seafarer
10160
Certificates Issued

Statutory Surveys
14 499



411
Lives Saved

South Africa still on IMO whitelist

ZERO
Ship Losses for 2019/2020

275
Alerts
Responded to

Detentions
24

Port State Inspections
335

1

Overview of SAMSA

Vision

"The Authority championing South Africa's maritime ambitions to be an International **Maritime Centre** by 2030".

Mission

"To provide leadership in maritime safety, prevent and combat marine pollution for a sustainable maritime environment whilst supporting an innovative, progressive and a vibrant maritime economy"

Our Values

The core philosophy and values that guide and underlie each activity we undertake and how we behave as individuals and collectively when creating value for our stakeholders.

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

Value Chain

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

Our Core Processes

Develop Maritime

Undertake activities to cause the maritime transport system to grow, transform and support its sustainable development.

Promote Maritime

Undertake activities to support and actively encourage the registration of ships onto the SA ship registry.

Authorise Maritime

Undertake activities to register and authorise people, vessels, equipment, courses, agencies, recognised organisations, training institutions and shipping operations.

Monitor Compliance

Undertake activities to encourage and monitor the compliance of all authorised maritime actors through audits surveilance, support, survey and inspection activities.

Enforce Compliance

Undertake activities to register and authorise people, vessels, equipment, courses, agencies, recognised organisations, training institutions and shipping operations.

Maritime Special Projects

Undertake facilitating the creation of maritime jobs, contributing to the reduction of unemployment, poverty and inequality, increasing the number of highly competent and globally competitive South African Seafarers

Manage Compliance

Undertake activities to manage mairitime transport outcomes such as incident management, accident management and maritime interventions through among others the Emergency Towing Vessel.

Support Process

- Finance & Supply Chain
- Human Capital
- Corporate Affairs and Government Relations
- Legal Policy and Regulation
- Information Technology

Outcomes

1. Safe and Sustainable Maritime Transport System
2. Clean Seas
3. A Globally Competitive South Maritime System
4. Highly Competitive Maritime Authority
5. Satisfied International and National Stakeholders
6. A Transformed Maritime Industry
7. South African Maritime Industry that Contributes to National GDP and Creates Job
8. Sustainable Maritime Social Investment to Address Socio - Economic Challenges

Stakeholders to whom we provide value

- Maritime Industry
- Partners
- Beneficiaries
- Employees
- Customers
- Government
- Interested Parties
- Society
- Trade Associations
- Suppliers

Stakeholders

The ultimate outcome of SAMSA is to maximise the value generated for all our stakeholders. The stakeholders of SAMSA include the International and National stakeholders categorised as follows; shipping industry, communities, partners, trade associations, suppliers, employees, customers, beneficiaries, interested parties and government who can be affected by or may affect, the delivery of a safe and sustainable maritime transport system.

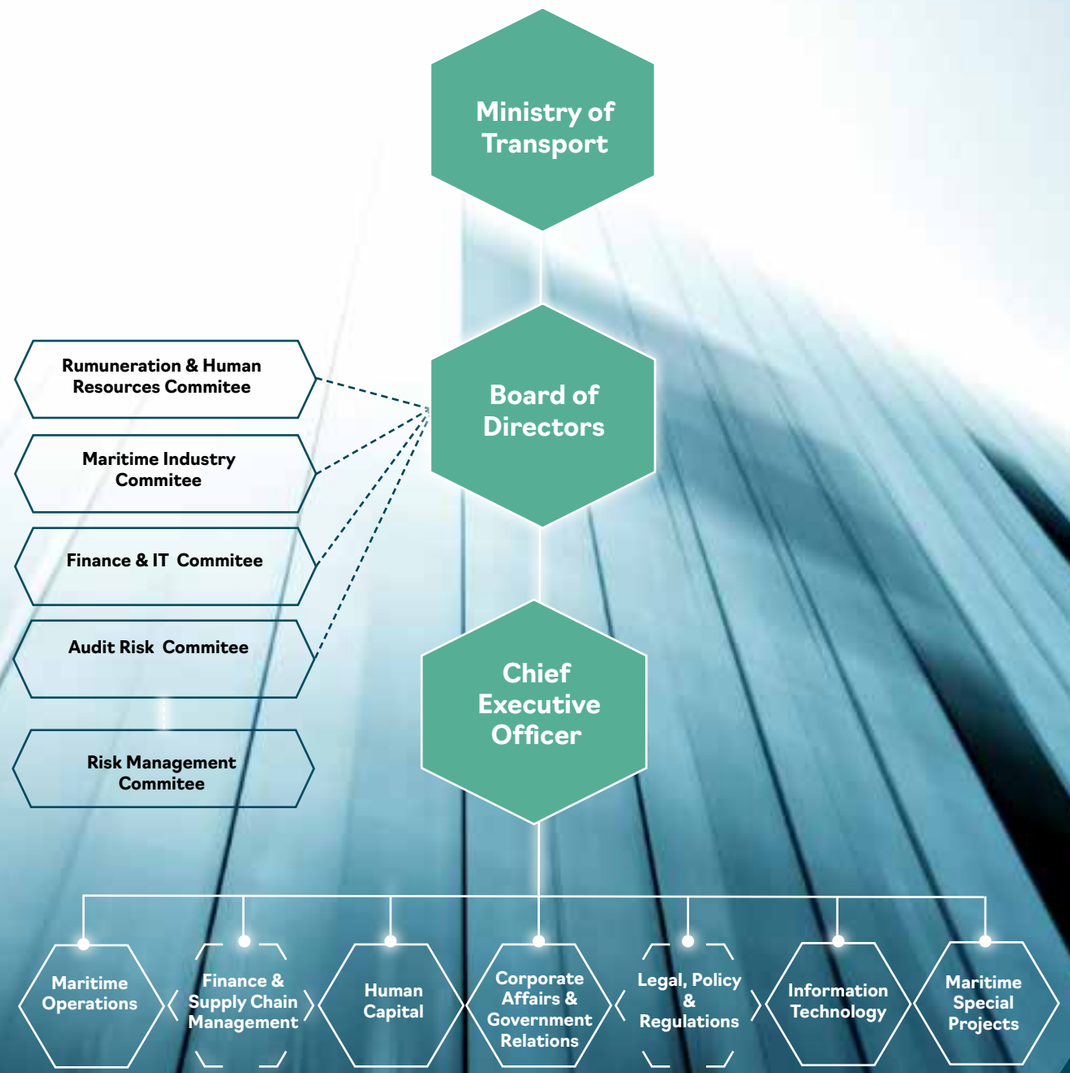
Exceeding the expectations of our valued stakeholders underlies SAMSA's sustainable value creation model

SAMSA Footprint

SAMSAS offices of operations are divided by regions along South Africa's coastal lines.

Organisational Structure

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



Board of Directors

Mr. Mavuso Msimang
Chairperson

Ms. Nomsa Cele
Deputy Chairperson

Ms. Sekabiso Molemane
Board Member

Mr. Mervyn Burton
Board Member

Mr. Mthunzi Madiya
Shareholder Representative

Mr. M Raphadu
Company Secretary

Executive Management Team

Mr. Sobantu Tilayi
Acting Chief Executive Officer

Captain Saroor Ali
Acting Deputy Chief Operating Officer
1 April - 15 August 2019

Mr. Devendria Erriah
Chief Financial Officer
Until August 2020

Mr. Mosala Mosegomi
Chief Information Officer
Until August 2020

Ms. Lesego Mashishi
Chief Human Capital Officer

Mr. Ian Calvert
Executive: Maritime Special Projects

Mr. Boetse Ramahlo
Executive: Legal, Policy & Regulations

Mr. Vusi September
Executive: Corporate Affairs & Government Relations

Captain Vernon Keller
Deputy Chief Operations Officer
Appointed: August 2019

Executive Management Team

Ms. Zama Chonco
Chief Financial Officer
Appointed: 1 September 2020

Mr. Ndzimeni Ramugondo
Chief Information Officer
Appointed: 1 September 2020

Post Reporting Material Key Events

On the 11th of August 2020 a new SAMSA Board was appointed by the Minister of Transport

The new Board consists of the following members:

Ms. Nthato Minyuku
Chairperson

Captain Bheka Zulu
Deputy Chairperson

Ms. Lindelwa Dlamini
Board Member

Mr. Lucas Haluodi
Board Member

Ms. Eva Khosa
Board Member

Chairperson's Statement

Mr. Mavuso Msimang

I am pleased to present on behalf of the SAMSA Board and SAMSA, the Chairpersons report for the 2019/20 financial year.

The South African Maritime Safety Authority (SAMSA) is a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA"). SAMSA was established on the 1st of April 1998, following the enactment of the South African Maritime Safety Authority Act No.5 of 1998 ("the Act").

It is responsible for executing the following legislative objectives as set out in the Act:
Section 7 (1) of the Act provides that "the Minister may give the Authority written directions regarding the performance of its duties" and in terms of section 356 of the Merchant Shipping Act, 1951 (Act no: 57 of 1951), the Minister promulgated the Merchant Shipping (National Small Vessel Safety) regulations 2007. This expanded SAMSA's obligation to include small vessel activities across South Africa's inland waters.

SAMSA is also responsible for Maritime Domain Awareness (MDA) through monitoring the activities of sea going vessels traversing South African waters, and providing maritime search and rescue services as well as ensuring safe navigation through our Maritime Rescue and Co-ordination Centre (MRCC).

SAMSA, led by the Department of Transport (DoT) and amongst other national public entities, forms an important part of South Africa's participation on global, continental and regional maritime transport platforms aimed at developing and regulating maritime transportation. Maritime transport is international in nature and requires strong multinational cooperation to make sure that standardised approaches, international conventions and systems for safe, clean, sustainable and secure shipping and seafaring are established and adhered to across the globe.

Maritime Safety and Security

Given that the global shipping industry is responsible for transporting as much as 80% of world trade, the safety of its vessels is critical. The sector saw the number of reported total shipping losses of over 100GT decline again during 2019 to 41 - the lowest total this century and a close to 70% fall over 10 years. Improved ship design and technology, stepped - up regulation and risk management advances such as more robust safety management systems and procedures on vessels are some of the factors behind the long-term improvement in losses. Cargo vessels (15) accounted for more than a third of all total losses during 2019 with the majority occurring in South East Asian waters.

In South Africa there were zero ship losses recorded for the third consecutive year with the maritime incidents rate also declining significantly due to continuous work to ensure that all stakeholders observe applicable maritime safety, security and pollution legislation and regulations. During the financial period under review SAMSA responded to 275 alerts and 411 lives were saved through the Maritime Rescue Co-ordination Centre, a part of the SAMSA Centre for Sea Watch and Response, which monitors the coast from a safety and security perspective and environmental issues as well as monitoring the implementation of international standards for Aids to navigation.

In our endeavour to ensure that our South African waters remain safe we conducted 14,499 statutory surveys (compared to 13,324 for 2018/19 financial year), which are surveys meant to ascertain the seaworthiness of ships that fly the South African flag. All ships are required to comply with regulations that govern the operation of the vessel including safe manning, operating, maintenance, loading, marine pollution and security. In line with our international obligations we conducted 335 Port State inspections (compared to 324 for 2018/19 financial year) of eligible foreign flagged vessels visiting South Africa in accordance with the Indian Ocean Memorandum of Understanding (IOMOU) and the Abuja Memorandum of Understanding.

Maritime Economy - Promoting the Republic's Interests

The global seaborne trade expanded at a slower pace in the year 2019, with global total volumes reaching 11.1 billion tons nearly half of which was made of dry bulk commodities. The positive trend is that developing countries as a group are today exporting more than they are importing due to participation in globalized production and manufacturing, admittedly a lot of this is happening in Asia. The key message emanating from the global maritime trade for South Africa is that trade facilitation is ever more critical for manufactured goods, globalized production, participation network, efficient procedures and fast and transparent reliable movement of goods is far more crucial today than it was years ago.

One of the functions of the Authority is to manage the South African Ship Registry as well promote the Register with a view to attracting investors to register their ships under the South African Flag. The adoption of the South Africa's Comprehensive Maritime Transport Policy (CMTP) will provide basis for the revamping of the Ship Registry to generate revenue for the country and provide employment for South African Seafarers. The number of operational ships now carrying the South African Flag is currently at 5.

Maritime Legislation and Regulation

Recent regulatory developments relate to the reduction of greenhouse gas emissions from international shipping and other ship-source pollution control and environmental protection measures, including those concerning air pollution, marine litter, the protection of biodiversity in areas beyond national jurisdiction, oceans and climate change mitigation and adaptation, ballast water management and the shipment of hazardous and noxious substances. SAMSA on behalf of South Africa took the decision to implement regulation 14.1.3 of MARPOL Annex VI related to ensuring that the sulphur content of marine fuel oils is capped to the maximum of 0.50%.

SAMSA on behalf of the country has a responsibility to ensure that the training and certification of seafarers is in line with the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended (STCW Convention). As of the end of the financial year South Africa maintained its STCW White List status which provides a platform with which a a country may negotiate with other countries to permit (on signing of a Memorandum of Understanding - MOU) seafarers from that country to work on ships flying the flag of that Party. South African certificates are recognised through these MOU's by at least 25 Parties to the STCW Convention increasing the employability of our seafarers across the globe.

Corporate Performance and Financial Sustainability

At the close of the financial year under review, the Board of SAMSA consisted of four (4) non-executive directors with diverse skills and expertise. Accordingly, two vacancies existed, the Board was barely constituted but was able to discharge its mandate as per the SAMSA Act and the PFMA. All SAMSA Board members continued to enhance their understanding of the industry and their responsibilities as Board members by enrolling for appropriate corporate governance training programmes.

All the Board Committees were fully functional and assisted the Board in discharging its fiduciary duties. I take this opportunity to commend all the Committee Chairpersons for the sterling work in driving their various mandates as per their terms of reference.

On the 11th of August 2020 SAMSA a new SAMSA Board was appointed by the Minister of Transport. The new Board consistes of the following members:

Board Chairperson: Ms N.Minyuku
Board Member: Ms L. Dlamini
Board Member: Capt B.C Zulu
Board Member: MS E.D Khosa
Board Member: Mr.L. Haluodi
Shareholder Representative: Mr Z. Thwala

I would like to also extend my appreciation to all the outgoing Board Members who too served with dedication and commitment notwithstanding the considerable challenges encountered during their tenure.

Key Challenges Faced by the Board

The SAMSA Board therefore must continuously deal with business challenges, such as having outdated maritime legislation which needs to be prioritised for urgent reviewing and International Conventions that South Africa recently acceded to that are not domesticated expeditiously into local laws to ensure execution of enforcement. The key issue of legislation has hugely limited the full execution of South Africa's domestic and international maritime obligations.

The issue of SAMSA funding to fully execute its mandate remains troublesome with the entity having lost approximately R68,5 million in the late approvals of its tariffs therefore affecting the long-term financial sustainability of the entity. The long-term capability of SAMSA to fully execute its national mandate is hugely hampered by lack of resources for aerial surveillance and response such as helicopters, emergency towing vessels with the country having only one ETV and lack of patrol capability such as drones and vessels.

The entity did not a have a permanently appointed Chief Executive Officer for the past 52 months, with the Board having had to take extra ordinary actions with its sub committees in order to ensure the achievements of the entity's strategic outcomes and delivery of services to all our stakeholders.

Acknowledgement

I would like to express my gratitude to the outgoing Board and its members for the support they offered SAMSA in ensuring that we assist South Africa in its journey to be an International Maritime Centre.

I also wish to express appreciation to the Management team and staff in assisting the Board to continue to execute SAMSA's mandate as guided by its Strategic Plan and Annual Performance Plan.

SAMSA continues to enjoy the support of the Shareholder, the Department of Transport which continues to play an active and crucial role in the affairs of SAMSA and for this we are indeed grateful. We are also delighted with the support and assistance received from the industry in assisting us in implementing the country's Maritime agenda across all engagements platforms.

I thank you all.

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Mr Mavuso Msimang
Board Chairperson

CEO's Report

Mr. Sobantu Tilayi

On behalf of the South African Maritime Safety Authority (SAMSA) Management and Staff, I am pleased to present to you the entity's Annual Report for the financial year ending 31 March 2020. I present this report in my capacity as SAMSA's Acting Chief Executive Officer, a position I have occupied since May 2016.

The report details our corporate performance, operations and financial results, and has been prepared in accordance with the South African Maritime Safety Act (Act 5 of 1998), the Annual Report Guide for Schedule 3A and 3C Entities and relevant provisions of the Public Finance Management Act of South Africa 1999 (Act No 1 of 1999).

The South African Maritime Safety Authority is responsible for fulfilling its mandated and legislated objectives which are to ensure safety of life and property at sea, to prevent and combat pollution on the sea by ships and promote the Republic's maritime interests.

Inspired by the country's National Development Plan (NDP), the 1996 White Paper on National Transport Policy, and the 2017 Comprehensive Maritime Transport Policy, our vision is "the Authority championing South Africa's maritime ambitions to be an International Maritime Centre by 2030".

We further interpreted this vision to comprise the following two main components:

1. continuously striving towards creating a competent maritime authority characterised by a skilled and motivated workforce, a modern entity employing the latest available assets, equipment and technology, supported by national regulations necessary to fulfil its mandate, and
2. contributing to the establishment and growth of a vibrant maritime industry capable of competing globally and characterised by steady growth, resilience, agility and ability to create the much needed human capital development opportunities and meaningful jobs for South Africans, especially youth and women.

The 2019-20 financial year ends with encouraging achievements and restatement of SAMSA's commitment to continued improvement, a necessary and solid foundation in our journey as we navigate the entity towards excellence.

Operating Environement

According to earlier forecasts, the global economy was poised for a steady recovery in the year 2020, until the outbreak of COVID-19 towards the end of 2019, in the City of Wuhan, China, rapidly spreading across the world. The impacts of COVID-19 were felt almost immediately worldwide, with severe economic implications for many countries, more so developing and less developed countries.

Owing to the significance of the Chinese economy to global production and international trade (with about 22% share of global imports) closure of international borders and movement and transportation restrictions, ports and yards closures or downscaling, and disruptions of global logistical value chains soon translated to economic implications for the rest of the world. According to the International Monetary Fund (IMF), the global economy is now set to contract by 4.4% (revised downwards) in 2020, already considering better than expected growth in advanced economies and China during the second quarter of the year, with signs of a more rapid recovery in the third quarter. Maritime shipping has seen COVID-19 associated drops in activity of up to 30% in some regions. For instance, European ports experienced 16.3% reduction on ships calls from March to the beginning of August 2020.

Although since the start of the COVID-19 crisis, the South African government and shipping industry have been taking measures to ensure continuity of operations in the ports and thus the security of supply, the country was not spared. It is worth noting that some key elements of the port system were affected at different stages e.g. the port authority went down to about 25% of their operations at the beginning of the COVID-19 induced national lockdown, but quickly ramped up back to 100%. SAMSA itself was also negatively affected in the beginning due to significantly reduced port calls, resulting in about 70% loss of its revenue however has not shed any jobs. SAMSA offices closed to the public as we looked at innovative ways to deliver some of our services remotely, with staff mainly working from home, thereby contributing to the national call of flattening the curve.
Further, the COVID-19 pandemic saw a fundamental change to the way we live and work. Social distancing, lockdowns, border

closures and the associated impacts, hampered our scheduled participation at key international engagements and events, with the International Maritime Organisation (IMO) cancelling and/or postponing some of its statutory sessions. Some of key affected IMO programmes are engagements on the IMO Whitelist, IMO Mandatory Audit preparations and the 2020 World Maritime Day Parallel Event (2020 WMDPE) which was to be organised in South Africa during the month of October 2020. The event has since been postponed to 2021, subject to the COVID-19 pandemic subsiding.

In order to enable our entity to meet its objectives, we continued to implement our human capital and stakeholder management strategic priorities of increasing the attraction and retention levels of scarce and critical skills, creating a high-performance culture, and improving the quality of SAMSA services and products to our stakeholders from an 80% to a 90% satisfaction rating.

We continued to mature our individual performance management systems by ensuring strict alignment with SAMSA strategic goals and ensuring collective responsibility. The utilisation rate of our Employee Assistance Programme (EAP) services also recorded an increase of 27.1% compared to 2019.

Maritime Operations

Our continued effort to deliver maritime safety and pollution prevention programmes to the diverse users of our waters out at sea, in our coastal and inland waters has yielded positive results during the reporting period.

SAMSA responded to 275 (2019: 413) alerts, whilst 411 (2019: 199) lives were saved through the Maritime Rescue Coordination Centre (MRCC), a prominent element of the SAMSA Centre for Sea Watch and Response (CSWR) which monitors the coast from a safety and security and environmental matters, as well as monitoring the implementation of international standards for Aids to Navigation.

During the reporting period, the entity conducted 14 499 Flag State surveys and 335 (2019; 324) Port State inspections, a number reflecting a gradual increase in our Port State control efforts, escalating from 252 in 2016. The vessels to inspect, under normal circumstances, are those that have not been inspected in the previous six months in any of the countries that are members of the Indian Ocean Memorandum of Understanding (IOMOU) on Port State Control, of which South Africa is a member.

A total of 135 (2019: 149) incidents, 21 (2019: 18) fatalities, whilst the number of detentions was recorded at 24 (2019: 14) ships for non-compliance with various applicable legislation. International and national laws strictly prohibit pollution of the marine environment; however such incidents persist consequently one of SAMSA's responsibilities is to investigate such incidents as and when they occur.

During the financial year under review, 17 (2019: 7) oil pollution incidents were reported. Additionally, 24 (2019: 47) Admission of Contraventions penalties were levied for different contraventions, yielding a collection of R3 032 820.00 (2019: R3 503 750.00). These include oil pollution spillages, services rendered without the necessary accreditation, operating with expired certificates and non-compliance with Safe Manning Regulations.

Corporate Dasboard

SAMSA continued to pursue fulfilment of its Mandate and Strategic objectives, and I am pleased to report that for the financial year ending 31 March 2020, the entity achieved 77% (2019: 73,33%) on its strategic objectives. Whilst we are pleased with the entity receiving an unqualified audit opinion on its Pre-determined Objectives (PDOs) as outlined in the 2019-20 Annual Performance Plan, we remain concerned with yet another qualification on our financial performance information. The corporate performance information represents consistent improvement over a period of four (4) years, from a base of 62% achievement in 2016.

Financially, 2020 was a challenging year, but we have been able to once again show our resolve. A summary of the entity's financial performance for the year ending 31 March 2020 shows that the entity generated a surplus of R13.6m, slightly down from a surplus of R18m (restated) in 2019. Revenue of R423.3m reflects an increase of R14m compared to R416.3m of the previous financial year, whilst expenses of R417.2m show a slight increase of R1.2m from R416m recorded in 2019.

The financial position of the entity remains steady. SAMSA's accumulated surplus increased from R84.7m (restated) in the previous financial year to R98.3m, with the entity's total assets exceeding its liabilities by R98.4m, suggesting that funds will be available to finance future operations. At the end of the reporting period, our cash position decreased marginally from R68.3m in 2019 to R60.9m in the period but remains healthy.

Facilitation of the establishment and growth of the South African maritime industry, including Small, Medium and Macro Enterprises (SMMEs) can be described as work-in-progress, and we are in the beginning of this journey. Strategically aligned to the National Development Plan, Ocean Economy programme of government (Operation Phakisa), and the Comprehensive Maritime Transport Policy, the Ship-to-Ship service in Algoa Bay (Port Elizabeth) is probably the highlight of successful maritime transformation activities in the sector.

The Ship-To-Ship services activities now boast three (3) operators, two (2) of which are majority owned by Black South African women. Additionally, three (3) local companies have been granted permission to conduct cargo transfer operations in Algoa Bay. The success of these activities is evident in the economic injection in the Nelson Mandela Bay, including snowballing effects to the SMMEs and subsequently job creation in the Bay.

SAMSA also places great importance to its Corporate Social Investment and Sustainability programme, which depicts our core values (D-ETHICS) and the quality of our work and service. As reflected in our annual flagship projects such as the Nelson Mandela Day relief interventions, implementation of our Rural Maritime Economic Development Programme and Maritime Youth Development. The entity endeavours to operate in a manner that respect laws, contribute to learning and sharing of knowledge, different cultures and human dignity and human rights, show consideration for local communities of which we are part.

In a bid to continue showcasing the capabilities of female seafarers and women in the sector, SAMSA organised South Africa's first all-female cadets and training officers' team to journey onboard the country's only dedicated vessel, the SA Agulhas, to the Indian and Southern Oceans for a scientific research and training mission, over a period of three months. This milestone was achieved under the guidance and leadership of two training female officers.

Internal Controls and Risk Management

In accordance with the underlying value-based management and clean governance, the SAMSA Board places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but to also to ensure the entity's governance in a highly regulated and dynamic environment we operate in, by identifying existing and potential risk exposure. Through quarterly reviews, management guidelines and appointment of Internal Auditors, regular management updates to the Audit and Risk Committee, the Board of Directors, the SAMSA Board and Executive Management aim to ensure that the entity has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the entity's activities.

Whilst we made significant inroads in tightening our internal controls, and managing subsequent and emergent risks, the audit outcome still pointed to a number of gaps, including lack of proper record keeping, lack of internal controls around daily processing and reconciling of transactions, lack of compliance controls and inadequate design and implementation of IT controls.

Where to from here?

In collaboration with our strategic partners, guided and supported by our Board, there is still a lot more we must do to achieve our stated vision. This work includes sustained emphasis on stakeholder engagement, facilitating development and communicating regulatory requirements, making it easier for industry to understand and comply with regulations, introducing and implementing a wide range of compliance tools and enabling systems such as the Quality Management System.
We will also continue to develop, attract and retain scarce and critical skills by implementing our retention strategy.

Acknowledgement

In my 2020 report, I thanked the Shareholder department, Board and the Executive Management team for the support and leadership that they provided through ever changing and challenging times. At the time, no one knew that such challenges would be aggravated by the impacts the COVID-19 pandemic that we now are all ceased with.

On behalf of the National Department of Transport, SAMSA Board, I would like to thank the SAMSA Executive Management team for their guidance, professionalism, resilience and continued support over the past four years.

I want to recognise all the SAMSA'ites for their enormous efforts behind our results. Their dedication, talent and adaptability have enabled us to successfully navigate a tough industry to achieve growth and sustainability.
In conclusion, I wish to thank each of our partners and stakeholders for your unwavering support.

Sincerely,

Mr Sobantu Tilayi

Acting Chief Executive Office

2

Our Business Operational Context

The Global, Continental and National Perspective

Maritime transport is international in nature and requires strong multinational cooperation to make sure that standardized approaches, international conventions and systems for safe, clean, sustainable and secure shipping and seafaring are established and adhered to across the globe.

South Africa is a signatory to numerous bilateral and multilateral agreements that advance the development and technical maritime cooperation with other countries and their relevant institutions.

SAMSA, led by the DoT - among other national public entities - forms an integral part of South Africa's participation on global, continental and regional maritime transport platforms aimed at developing and regulating maritime transportation.

SAMSA therefore participates and executes nationally adopted obligations flowing from the following institutions and critical agreements:

South Africa is a signatory to numerous bilateral and multilateral agreements that advance the development and technical maritime cooperation with other countries and their relevant institutions.

1. International Maritime Organisation — IMO
2. International Labour Organization — ILO
3. International Association of Marine Aids to Navigation and Lighthouse Authorities — IALA
4. International Communication Union — ITU
5. The Abuja and Indian Ocean Port State Control Memorandum of Understanding — MOU
6. The Association of African Maritime Administrations — AAMA
7. African Union Agenda 2063 — Agenda 2063
8. 2050 Integrated Maritime Strategy — 2050 AIMS
9. Revised African Maritime Transport Charter

1 International Maritime Organisation (IMO)

The purposes of the IMO, as summarized by Article 1(a) of the Convention, are "to provide machinery for cooperation among governments in the field of governmental regulation and practices relating to technical matters of all kinds affecting shipping engaged in international trade; and to encourage and facilitate the general adoption of the highest practicable standards in matters concerning maritime safety, the efficiency of navigation and prevention and control of marine pollution from ships". The Organization is also empowered to deal with administrative and legal matters related to these purposes.

South Africa is a member of the IMO since 1995. The IMO is a specialized agency of the United Nations for setting international standards and regulations for international shipping covering ship safety, seafarer qualifications, prevention of pollution from ships, maritime security, search and rescue, and the efficiency of shipping.

2 International Labour Organization (ILO)

The ILO is a specialized agency of the United Nations for promoting workers' rights. It encourages decent employment opportunities, enhances social protection and strengthens dialogue on work-related issues.

3 International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA)

IALA ensures that all seafarers are provided with effective and harmonized marine Aids to Navigation services worldwide that ensure the safety of life and property at sea.

4 International Communication Union (ITU)

ITU is a specialized agency of the United Nations that is responsible for issues concerning information and communication technologies, including coordinating the shared global use of the radio spectrum, promoting international cooperation in assigning satellite orbits, and assisting in the development and coordination of worldwide technical standards.

5 The Abuja and Indian Ocean Port State Control Memorandum of Understanding (MOU)

South Africa is a signatory and active member of two regional MoU's, the Indian Ocean MOU and Abuja MOU on Port State Control (PSC). The two MoU's on Port State Control enable SAMSA to exercise control over foreign ships visiting South African ports by conducting inspections, which are meant to verify compliance with the international maritime conventions. The IMO's resolution guides the inspection regime on Procedures for Port State Control.

6 The Association of African Maritime Administrations (AAMA)

The Association of African Maritime Administrations (AAMA) was officially established at the Second Heads of Maritime Administrators held on 23 November 2013. All countries that are members of the African Union are welcomed as members of AAMA. Although 33 of the 54 member states are coastal countries, the Association took a firm decision to ensure the inclusion of landlocked countries because of the importance of the inland waterways that they administer. South Africa is the Secretariat of AAMA. The aim of the Association is:

- To promote the development of Africa's maritime safety and environmental regulatory framework;
- To collaborate in the development of Africa's maritime technical competence;
- To promote the harmonization of Africa's maritime system for greater competitiveness on a global basis;
- To promote the sharing of best practices among Africa's Maritime Administrations in order to enable the growth of the African maritime sector; and
- To enhance continental collaboration to build consensus on issues of common interest in the maritime sector.

7 African Union Agenda 2063 (Agenda 2063)

Agenda 2063 seeks to deliver on a set of Seven Aspirations each with its own set of goals which if achieved, will move Africa closer to achieving its vision for the year 2063.

On Prosperity

Article 6: "A desire for shared prosperity and wellbeing, for unity and integration, for a continent of free citizens and horizon, where the full potential of women and youth are realized…."

Article 15: "Africa's Blue/Ocean Economy shall be a major contributor to continental transformation and growth….."

On Climate Change

Article 16: "Africa shall address the global challenge of climate change by prioritizing adaptation in all our actions…"

Article 17: Africa will **participate in global efforts for climate change mitigation** that support and broaden the policy space for sustainable development…"

8 2050 Integrated Maritime Strategy (2050 AIMS)

The overarching vision of the 2050 AIM Strategy is to foster increased wealth creation from Africa's oceans and seas by developing a sustainable, thriving blue economy in a secure and environmentally sustainable manner.

In keeping with the African Union (AU) principles and the deep-rooted values enshrined in the Constitutive Act of the AU with applicable programs, the following objectives will guide the 2050 AIM Strategy's activities:

i. Establish a Combined Exclusive Maritime Zone of Africa (CEMZA);
ii. Engage civil society and all other stakeholders to improve awareness on maritime issues;
iii. Enhance political will at the community, national, regional and continental levels;
iv. Enhance wealth creation and regional and international trade performance through maritime-centric capacity and capability building;
v. Ensure security and safety of maritime transportation systems;
vi. Minimize environmental damage and expedite recovery from catastrophic events;
vii. Prevent hostile and criminal acts at sea, and coordinate/harmonize the prosecution of the offenders;
viii. Protect populations, including Africa's Maritime Domain (AMD) heritage, assets and critical infrastructure from maritime pollution and dumping of toxic and nuclear waste;
ix. Improve Integrated Coastal Zone/ Area Management in Africa;
x. Promote the ratification, domestication and implementation of international legal instruments;
xi. Ensure synergies and coherence between sectoral policies within and between the RECs/RMs; and
xii. Protect the right of access to sea and freedom of transit of goods for land-connected States.

9 Revised African Maritime Transport Charter

The Member States of the Organization of African Unity, Parties to the Charter adhere to the following fundamental principles of maritime cooperation:

- Solidarity and independence of States;
- Harmonization and co-ordination of Member States policies in all areas connected with international maritime transport and ports;
- The need to make maritime and port activities and services more efficient in order to promote economic and social development; and
- The right of free access to the sea for every land-locked Member States with the proviso that they comply with the laws and regulations of the transit States.

The objectives of African maritime co-operation are as follows:

- To define and implement harmonized shipping policies capable of promoting harmonious and sustained development of the African fleet and to foster on a pragmatic basis close co-operation between the States of the same region or sub-region and between the regions or sub-regions of Africa;
- To hold regular consultations with a view to determining African common positions on all issues of international maritime policy and to define, for each given problem, concerted solutions;
- To harmonize Member States' views as regards the implementation of international maritime conventions to which they are parties.
- To promote bilateral and multilateral co-operation between the maritime administrations of Member States, their respective operational organizations in the field of maritime transport;
- To undertake studies that will encourage the promotion and the development of co-operation in maritime transport and port operations between countries, regions or sub-regions of Africa; and
- To encourage the establishment of regional and/or sub-regional shipping lines.
- To build consensus on issues of common interest in the maritime sector.

Our Mandate

Legislative Mandate

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

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

Section 52 of the Act provides for certain functions of Authority to be performed by Department of State:

"52. (1) The responsibility for matters relating to the combating of pollution mentioned in Marine Notice No. 2 of 1996 issued by the Department on 24 January 1996 as amended from time to time is, for all purposes, regarded as having been assigned to the Department of Environmental Affairs and Tourism by this Act. (2) The Minister may, with the concurrence of the Minister of Environmental Affairs and Tourism, by notice in the Gazette, amend or repeal this section in accordance with the further development of rationalisation policy."

Section 7 (1) of the Act provides that "the Minister may give the Authority written directions regarding the performance of its duties" and in terms of section 356 of the Merchant Shipping Act, 1951 (Act no: 57 of 1951), the Minister promulgated the Merchant Shipping (National Small Vessel Safety) regulations 2007. This expanded SAMSA's obligation to include small vessel activities across South Africa's inland waters.:

SAMSA is also responsible for monitoring the activities of seagoing vessels traversing South African waters, providing maritime search and rescue services and ensuring safe navigation through our Maritime Rescue and Coordination Centre (MRCC) and Maritime domain awareness.

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

- South African Maritime Safety Authority Act 5 of 1998
- South African Maritime Safety Authority Levies Act 6 of 1998
- Ship Registration Act 58 of 1998
- Merchant Shipping Act 57 of 1951
- Marine Traffic Act 2 of 1981
- Maritime Zones Act 15 of 1994
- Wreck and Salvage Act 94 of 1996
- South African Maritime and Aeronautical Search and Rescue Act 44 of 2002
- Merchant Shipping (Safe Container Convention) Act 10 of 2011
- Merchant Shipping (Civil Liability Convention) Act 25 of 2013
- Marine Pollution (Control and Civil Liability) Act 6 of 1981
- Marine Pollution (Prevention of Pollution from Ships) Act 2 of 1986
- Marine Pollution (Intervention) Act 64 of 1987

Policy Mandate

The Comprehensive Maritime Transport Policy 2017

The Comprehensive Maritime Transport Policy (CMTP) serves as the embodiment of Government's commitment to the growth, development and transformation of South Africa's maritime transport sector. It represents South Africa's long-term vision, the underpinning philosophy and principles that inform its development and the direction that the Government has committed to take the sector to reach its full potential. The CMTP provides an elaboration to the declared policy directives as of the White Paper on National Transport policy of 1996; the subsequent macro national policies; the National Development Plan and the other coterie of interventionist programmes including Operation Phakisa in the ocean economy.

The fundamental theme of the CMTP is the proper governance, management, and development of the Maritime Transport sector to serve the country, the industry and be of service to the world. The CMTP realises the vision of developing a maritime transport sector in South Africa that will build on its historical potential and contribute to the economic growth, new business germination, and entrepreneurship and employment creation opportunities in the country. It considers domestic, regional and global challenges and imperatives.

The CMTP creates an environment that is conducive to facilitating the development and growth of the South African maritime transport sector that supports economic growth and well-being of the people of South Africa. The CMTP takes cognisance of the heightened safety, security and environmental concerns at an international level. It articulates that Maritime Transport must be harmonised with the broader transport policy framework to complement the goals and strategies of Government
The CMTP recognises further that the Revised African Maritime Transport Charter of the African Union is a key instrument with potential to restructure maritime transport policy and strategy in Africa. The CMTP also recognises the strategic importance of partnerships at all levels of the international system.

The strategic objectives of the CMTP are:

a. To develop and grow South Africa to be an international Maritime Centre (IMC) in Africa serving its maritime transport customers and world trade in general.

b. To contribute to Government's efforts of ensuring the competitiveness of South Africa's international trade by providing customer-focused maritime transport infrastructure and services through an innovative, safe, secured, reliable, effective, profitable and integrated maritime supply chain, infrastructure and systems including the safety of navigation;

c. To promote the growth and broadening of participation by local entrepreneurs in the shipping industry and marine manufacturing and related services while, vigorously through incentives and continuous improvement in ship registration, promoting the increase of ships under the South African flag registry;

d. To Promote marine transport, manufacturing and related services;

e. To guide the maritime transport sector stakeholders and customers about institutional arrangements, governance and regulatory interventions while ensuring effective and efficient coordination across Government on matters of common interest to the growth of the maritime transport sector;

f. To provide a clear framework around which operators, customers, investors and funders can freely participate in the maritime transport market to improve growth, performance and competitiveness of the total Maritime Transport sector.

g. Establish where feasible a sustainable funding and financing mechanisms and or facility for the growth of the broader maritime transport sector to facilitate infrastructure development and possible acquisition of ships and equipment necessary to meet the needs of customers in particular, and the South African economy in general.

h. To create and enhance viable and sustainable opportunities for historically disadvantaged entrepreneurs, especially women and youth, to participate in maritime transport initiatives.

i. To ensure efficient and effective regulation and clear separation between maritime operations and maritime regulation and these to be reflected in the institutional and governance frameworks.

j. From an economic development perspective, create a conducive climate for South African perishable goods businesses to take part in the global perishable products market either as producers or as consumers.

k. Develop modalities for the creation of a national shipping carrier to serve the SA's economic and trade interests.

l. Develop and maintain a competitive ship registration system.

Strategic Mandate

The Medium-Term Strategic Framework (MTSF), a government strategic plan for the 2019-24 electoral term, reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the 5-year National Development Implementation Plan (NDP). The MTSF sets out the targeted outcomes for the medium term and provides a national framework for all government plans at the national, provincial and local Government to deliver within their scope of competence. The MTSF highlights government's support for a competitive economy, creation of decent work opportunities and encouragement of investment.

The 2019-24 MTSF is therefore meant to enable policy coherence, alignment and coordination across government plans as well as ensuring an effective system for allocating government resources to its priority outcome areas. Performance agreements between the President and each Minister will reflect the relevant actions, indicators, and targets set out in this MTSF.

The Seven Priorities derived from the State of the National Address (SONA) 2019

Priority 1
A Capable, Ethical and Developmental State.

Priority 2
Economic Transformation and Job Creation

Priority 3
Education, Skills and Health

Priority 4
Consolidating the Social Wage through Reliable and Quality Basic Services

Priority 5
Spatial Integration, Human Settlements and Local Government

Priority 6
Social Cohesion and Safe Communities

Priority 7
A better Africa and World

The Department of Transport's Strategic Outcomes

The Department of Transport in its 2020- 25 strategic plan defined fundamental topical areas that the Department will prioritise over the next five years in response to the Medium-Term Strategic Framework (2019 – 2024).

A. Safety as an Enabler of Service Delivery

This area covers all safety issues across the four modes of transport (road, rail, civil aviation and maritime), including the safety of public transport; and appropriate interventions that will be designed and employed to address such. The DoT's desired outcome is to reduce all transport-related incidences and accidents, which will ultimately lead to a significant reduction in injuries and fatalities

1. Maritime Safety and Security

Countries across the globe are witnessing unprecedented times for maritime-related economic development. However, to enable these opportunities, risk management strategies must be prioritised. Determining threats, vulnerabilities and consequences to personnel assets, operations and critical infrastructure, it will be crucial that these risks are mitigated, and that performance is improved.

To this effect, the development and application of risk assessment and management techniques to maritime safety and security must consider the complex regulatory and operational context in which the maritime industry exists. The DoT will thus strive to create an effective safety and security platform that will outline current concerns, provide 'fit-for-purpose' tools and management mechanisms, and enable focused operational programmes aimed at building capacity and critical mass.

Over the medium term, the DoT will focus on ensuring 100% compliance with the International Ship and Port Facility Security (ISPS) Code. The Code, developed in response to the perceived threat to ships and ports after the 9/11 attacks in the United States of America, encompasses a set of measures to enhance the security of ships and port facilities. The Code is part of the Safety of Life at Sea (SOLAS) Convention and compliance is mandatory for South Africa as part of the Contracting Parties to SOLAS.

As part of ensuring compliance with the ISPS Code, the DoT will focus mainly on addressing the 'stowaway' problem, which seems to be an ever-present for the shipping industry. This problem is closely linked to vessels and cargo-type, as well as to the security training and awareness of the crew. The costs involved in looking after and repatriating stowaways can be substantial and generally involves moving affected people across several continents.

The DoT will aim to reduce stowaways by addressing inadequacies in security and watchkeeping. Stringent measures will be put in place to ensure that no unauthorised personnel can gain access to vessels and that all those who have been authorised to board disembark before sailing.

B. Building a Maritime Nation, Elevating the Oceans Economy

Building a maritime centred nation by elevating the oceans economy presents a strategic opportunity for South Africa, as the ocean borders South Africa on three sides. In 2010, the ocean contributed approximately R54 billion to SA's GDP and accounted for approximately 310 000 jobs. Studies suggest that the ocean has the potential to contribute up to R177 billion to the GDP and between 800 000 and 1 000 000 direct jobs.

The DoT will, as part of its contribution to unlocking the economic potential of the ocean, look at several key areas. These include regional coastal shipping agreement within the Southern African Development Community (SADC), the establishment of a national shipping carrier and corporatisation of the Transnet National Ports Authority (TNPA).

One of the key strategic objectives of the CMTP is to develop South Africa to be an **International Maritime Centre in Africa**. In considering the bold objective, it is important to note that the proposed Maritime Transport Strategy 2030 envisages that this status may be achieved by 2030. Elements that are required to achieve this status involve a few factors that are required and these include that South Africa's maritime sector must develop beyond its ability to serve national interest and be more occupied in providing efficient services to the global industry.

South Africa, as with most countries in Africa, has begun investing in and utilising resources to explore and grow its maritime sector. The investments into port and logistics infrastructure including warehousing infrastructure have grown exponentially with the most recent major development

With the onset of the 4th Industrial Revolution, South Africa should promote maritime analytical skills and tools to embrace the new industrial era. There is a need to learn from the ship and boat building industry where South Africa is already highly recognised in the world and ranking second after France as a leader in the manufacture and distribution of Catamarans and other sophisticated luxury yachts.

The first five years of the next decade are crucial in taking South Africa exactly five (5) years closer in achieving the IMC Status. One of the areas requiring a better marine footprint is shipping and the CMTP. The draft Strategy 2030 identifies coastal shipping as a key instrument laying a firm foundation to build and grow the maritime sector. The focus in the coming decade will be in the building a strong maritime industry. South Africa must take steps to promote the development of a national shipping company in the light of the renewed momentum brought about by the CMTP.

Steps will be initiated to configure the structure to deliver on the mandate of the Oceans Programme and all its agencies. There is an ongoing need to monitor the staff profile of all maritime entities across the board. Internal institutional factors that may impact on the achievement of the institution's outcomes must be reflected.

The delayed appointment of the B-BBEEE Charter Council is delaying transformation. There will continued efforts at promoting the implementation of the 2019 Women in Maritime Dialogue Declaration.

C. Environmental Protection – Recovering and Maintaining a Healthy Natural Environment

This area will cover the effects of transport activities on climate change and the environment as a whole and engage in approaches to avoid or mitigate those effects.

New IMO energy efficiency regulations and cleaner fuels are came into force in January 2020. These regulations have brought about a new marine fuel economy. The South African industry must take advantage of this reality by ensuring the enforcement and looking at the opportunity brought about by the regulation.

Under the new global limit, ships will have to use fuel oil on board with a sulphur content of no more than 0.50%. This is a significant reduction compared to the previous limit of 3.50%, which had been in effect since January 2012. The interpretation of 'fuel oil used on board' includes fuel used in main and auxiliary engines and boilers. The transport sector has welcomed the introduction of the sulphur cap, which came into effect in January 2020, as an important step in reducing the impact of global supply chains on people's health and the environment. The DoT has committed to ensuring full implementation of the MARPOL Annex VI, to limit main air pollutants contained in the ship exhaust gas, including sulphur and nitrous oxides. The implementation of the MARPOL Annex VI will also prohibit deliberate emissions of ozone depleting substances and regulate shipboard incineration and emission of volatile organic compounds from tankers.

South Africa lies in one of the world's busiest shipping lanes. The peculiar waters of South Africa explain the treacherous sailing conditions. The large traffic volume transiting around the Cape horn and the large number of ships sailing towards the country's ports make the coast vulnerable to oil pollution. It is with this view in mind that the country's marine pollution prevention measures be reviewed regularly to ensure that oil pollution is minimised. Over the medium term, the DoT aims to acquire a pollution prevention tug that will ensure timely response to emergency callouts and high-risk maritime emergencies.

The Sulphur limit regulatory requirements imposed by IMO in of suwill certainly have an economic effect on shipping with the bunker prices constantly fluctuating due to market forces and the cost of crude oil. Overall, the effect of the MARPOL Annex VI agreement may be costly for the participants in the shipping industry. Based on historical price differences it could imply a cost increase per ton of bunker fuel at an average of at least 3% in fuel operating costs.

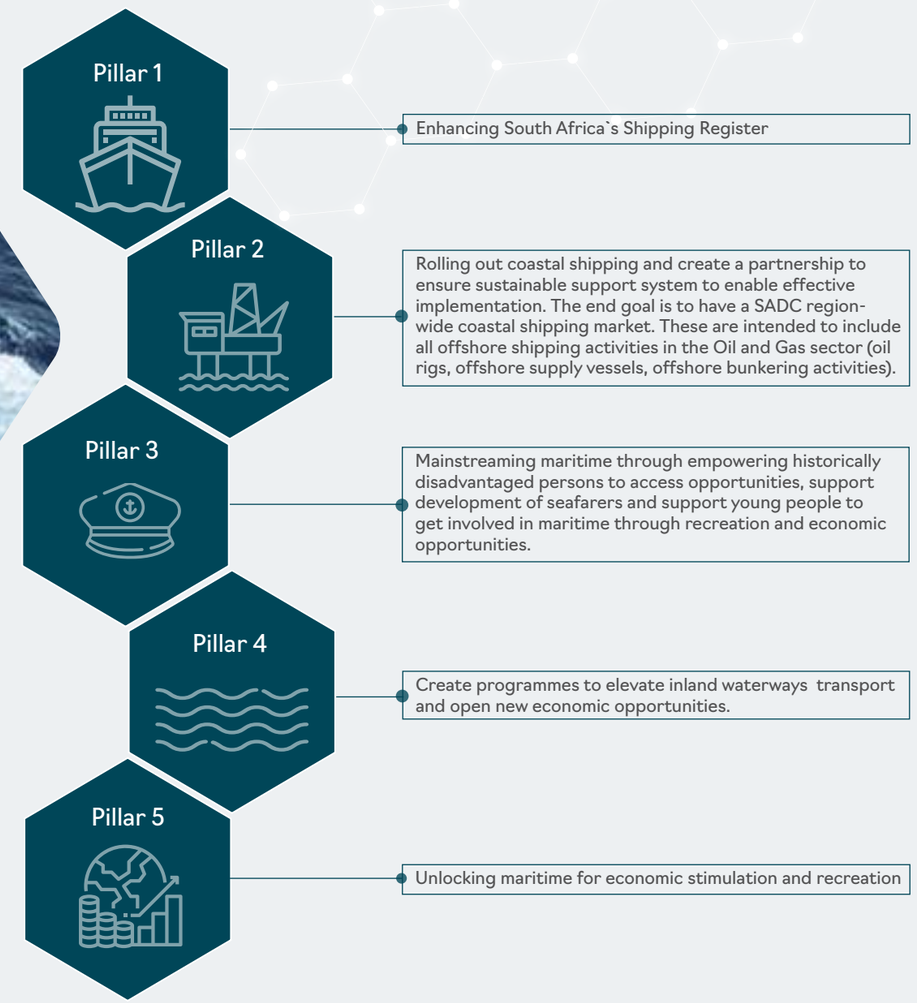
Ship operators will face higher vessel operating costs in the implementation of the IMO energy efficiency regulations. Shipping companies could, in principle, decide to absorb these additional costs, such a strategy would negatively affect the financial base and attractiveness of the short sea business. The resulting lower margins would undermine innovation in the industry and prolong the operating lifespan of (older) short sea vessels. A more logical strategy for operators is increased charges to their customers to recuperate the additional fuel costs linked to the use of low sulphur fuel.

The country will continue to implement the South Africa 2020 Global Sulphur Cap Resolutions. There will be a special focus on research to understand the economic impact of the compliance effect and try to implement initiatives that will ensure that there is minimum impact on the maritime economy.

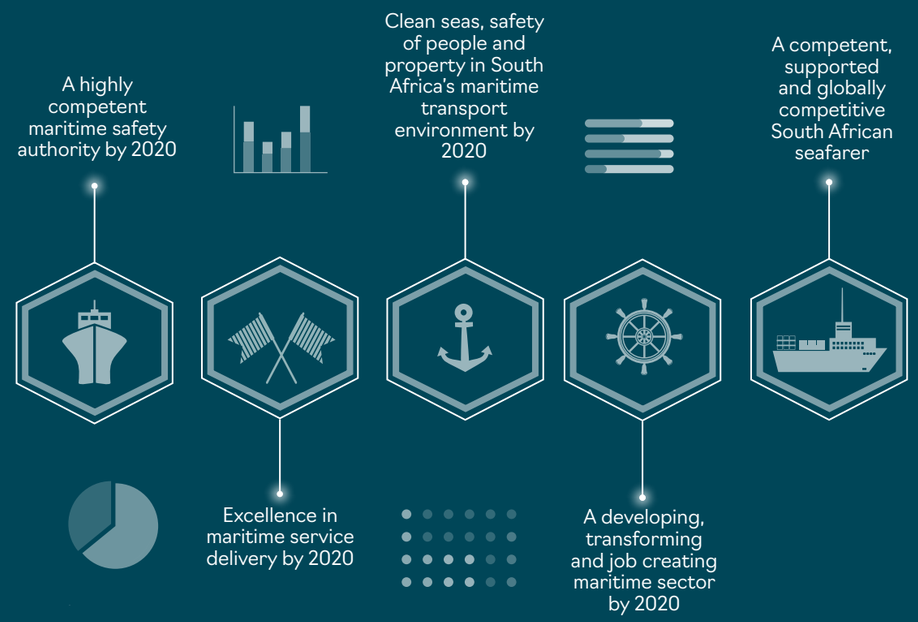
Minister of Transport Five Strategic Thrusts

The Minister of Transport identified five strategic thrusts that will guide the department for the next five (c) years. These are the prioritised strategic thrusts.

The Building Blocks for the Maritime Programmes Five Focus Areas



3 SAMSA Strategy



Strategic Outcome-Oriented Goal

1

A highly competent maritime safety authority by 2020

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

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

2 Excellence in maritime service delivery by 2020

Service delivery excellence is a critical driver for SAMSA's success and a key part of our approach to successfully executing our strategy. It represents the systematic management and continuous improvement of SAMSA business processes, focusing on the effective performance of processes, delivering value for money, efficiency and reliability so that we achieve an above-average stakeholder satisfaction with our products and services. Our strategic intent over the MTSF period is to enhance the quality, efficiency, reliability, and value for money of the products and services we deliver to all our stakeholders.

3 Clean seas, safety of people and property in South Africa's maritime transport environment by 2020

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

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

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

Vessel operations pose a risk to the marine environment as they can discharge harmful emissions of various substances. Intentional and unintentional discharges of oil, chemical cargo residues, garbage, and cleaning

Agents, anti-fouling paint, exhaust and other air emissions and non-indigenous species from ballast water have an ongoing adverse impact on life in the world's seas. Marine exhaust emissions have damaging consequences on both the marine and the shore-based environment as the health of people in coastal and harbour areas can be negatively affected by the operation of ships. The IMO states that a clean and sustainable maritime transportation system must minimise the environmental impact of shipping and activities of maritime industries. Environmental stewardship should be reflected in the development and implementation of global standards for pollution prevention and protection of the marine environment. The SAMSA goal, therefore, seeks to ensure that there is a reduction in the loss of lives, pollution of our waters, air, loss of property and assets from marine-related transportation (vessel) activities.

4 A developing, transforming and job creating maritime sector by 2020

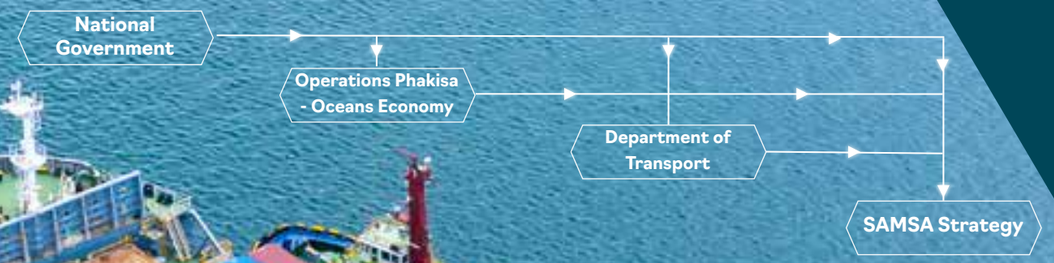
The maritime sector is of huge importance to the country as it represents the blue frontier for its growth and development. It offers offshore natural resources, food, energy, trade, employment, industry, research, sciences, tourism, and recreational activities. It is estimated that 98% (volume) of international trade is transported to market by sea and that this component of trade contributes approximately 49% (2016) to the gross domestic product of South Africa. Over the years, South Africa's maritime sector has been neglected with inadequate investments being channelled towards the sector, largely due to a lack of knowledge about the country's maritime endowments. Recent studies have confirmed the potential of South Africa's maritime sector, which have led to a renewed focus by Government to unlock the economic opportunities that are inherent in the broader oceans economy with the potential for jobs creation, poverty alleviation and driving sustainable economic growth. Marine transportation is one of the core focus areas for SAMSA in contributing to the achievement of this goal.

5 A competent, supported and globally competitive South African seafarer

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

Strategic Alignment

Strategic outcome-oriented goals alignment



Strategic Alignment

The SAMSA strategic outcome-oriented goals are in alignment with the legislated mandate of the Authority, the national priorities and initiatives of Government, the Department of Transport strategic goals as depicted in the table below:

	National Government	Operations Phakisa - Oceans Economy	Department of Transport	SAMSA Strategy		
	National Priorities		Strategic Goals	SAMSA Mandate	Strategic Goals	Strategic Objectives
1	An efficient, effective, and development-oriented public service		Effective and efficient management and support	Batho Pele Principles, PFMA Act, Skills Development Act, SAMSA Act, etc	A highly competent Maritime Safety Authority by 2020.	To improve the level of organisational resources and capabilities from 2016-17 baseline to level 4[1] by 2020.
	Theme 2: Improved service delivery				Excellence in maritime service delivery by 2020	To improve the quality of SAMSA services and products to our stakeholders from Good (3) to Very Good (4[2]) by 2020.
2	All people in South Africa are and feel safe	Marine Protection and Governance Lab	A transport sector that is safe and secure	To ensure safety of life and property at sea	Clean seas, safe people, and property in South Africa's maritime transport environment by 2020	To reduce the incidence of reportable marine casualties in South African waters over the years 2015 and 2020.
				Administration of inland small vessel regulations		
				The monitoring of ships traversing South African waters and ensuring their safe navigation at distance for purposes of securing our country and its territorial interests.		
				Maritime security regulations in line with the ISPS Code		

1. Based on the SAMSA Organisational Capability Maturity Model which describes an evolutionary improvement path from an ad hoc state of processes, practices and capabilities (Level1), to developing (Level 2), Defined (Level 3), Managed (Level 4), Optimised (Level 5) and finally Thought leadership (Level 6).
2. Rating on a Likert Rating Scale of 1 to 5) where <2 =Poor, 2 – 2.9 = Below Expectations, 3-3.99 Good, 4 – 4.49 =Very good and Above 4.5=Excellent)

Strategic Alignment

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

Overview Performance of the Programme

Programme 1
Organisational Capability Development Programme

Programme 2
Service Delivery Excellence Programme

Programme 3
Maritime Operations Programme

Programme 4
Maritime Governance Enhancement Programme

Programme 5
Maritime Sector Development Support Programme

Programme 6
Seafarer Development and Welfare Programme

Organisational Capability Development Programme

The purpose of this programme is to develop adequate and suitable resources, capabilities, and core competencies to aid the achievement of our mandate. As part of our ongoing investment in our people, and promoting career development at SAMSA, an emphasis will be made in developing our next generation of leaders with a primary focus on developing women and youth involvement.

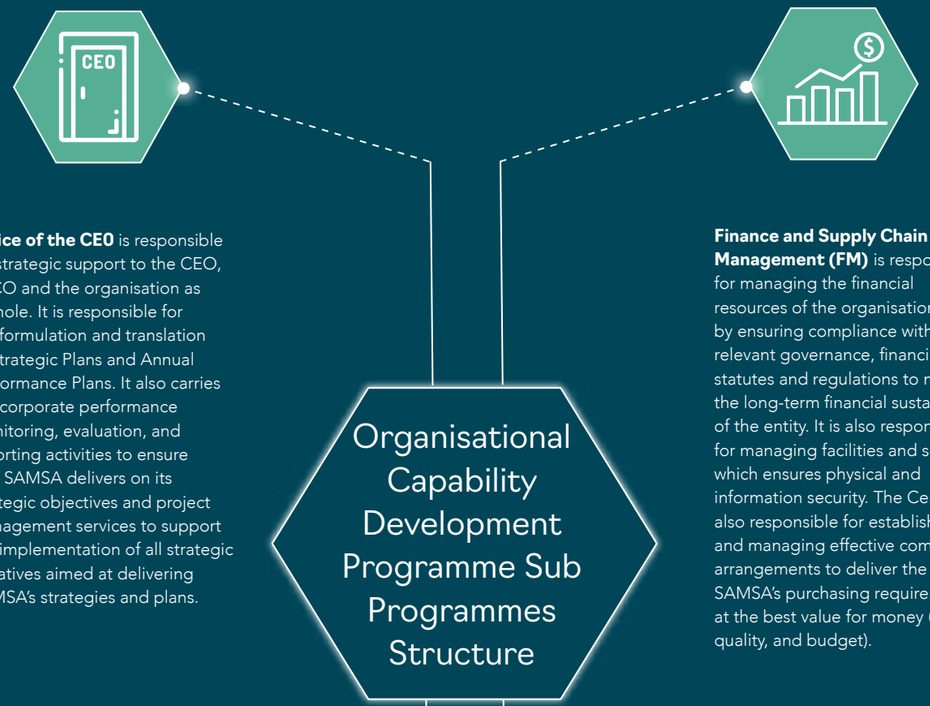
We will also continue to establish initiatives for recognition and reward to celebrate our achievements and successes. We will also concentrate on recruiting a high calibre of staff and continuing our important interventions in employee retention and well-being programmes. The intention over the next five years is to develop best practice governance and strategic control systems, administrative capability and a financially resourced, properly staffed and structured SAMSA with the required physical infrastructure to fully execute its mandate. To this end SAMSA has adapted a Capability Maturity Model (CMM), which is used to support organisational improvement. CMM is focused on the improvement of organisational processes (SEI 2002). CMM describes an evolutionary improvement path from processes and capabilities characterised as ad hoc (Level1) Developing (Level 2) Defined (Level 3), Managed (Level 4) Optimised (Level 5) to, finally; Thought Leadership (Level 6). The levels provide the key practices for activities in selected administrative and support service areas that enhance the resource and process capability in an area of focus. By focusing on the issues and implementing the common features, the organisation matures. The main point of CMM is the objective evaluation of the "ability to perform" and has been applied to many areas beyond technology and engineering, notably risk management and business process optimisation (Hamel, 2009). A "Maturity Level" means that an organization or sub-unit, when appraised, is found to be achieving the goals required by that level (X). These goals are a combination of specific and generic goals from a specific set of Process and Capability Areas (PCAs). Each "Maturity Level" has a specific set of PCAs associated with it, and in turn, within those PCAs have a specific set of goals.

Programme 1:

Organistaional Capability Development Programme

Expected Outputs

IT and Physical Infrastructure Improvement
Implementation of the People Performance Management System
Implementing a SAMSA Talent Management Strategy (including Succession planning, mentoring etc.)
Implement a Long Term Financial Sustainability Strategy (Funding model, revenue enhancement, cost reduction)
Develop and implement a SAMSA Knowledge Management System
Organisational Culture and Change Management initiative
Implementation of the New Organisational Structure
Implementation of Enterprise Corporate Governance, compliance and Risk Management systems



Office of the CEO is responsible for strategic support to the CEO, EXCO and the organisation as a whole. It is responsible for the formulation and translation of Strategic Plans and Annual Performance Plans. It also carries out corporate performance monitoring, evaluation, and reporting activities to ensure that SAMSA delivers on its strategic objectives and project management services to support the implementation of all strategic initiatives aimed at delivering SAMSA's strategies and plans.

Finance and Supply Chain Management (FM) is responsible for managing the financial resources of the organisation by ensuring compliance with all relevant governance, financial statutes and regulations to maintain the long-term financial sustainability of the entity. It is also responsible for managing facilities and security, which ensures physical and information security. The Centre is also responsible for establishing and managing effective commercial arrangements to deliver the SAMSA's purchasing requirements at the best value for money (time, quality, and budget).

Human Resource Management (HRM) is responsible for transactional and transformational HR support enabling SAMSA to attract, develop, support, and retain skilled people towards the achievement of the mandate.

Information and Communication Technology (ICT) is responsible for providing the long-term development and maintenance of SAMSA's IT infrastructure and information processing capabilities. It further provides day to day support in respect of ICT needs, services, and systems

Programme Outcome
IT infrastructure and Systems Improvement

In the outlining of the ICT strategy, SAMSA took into consideration the five strategic outcome goals of the organisation to formulate an aligned approach to mapping out the current needs to address what SAMSA requires to function, deliver as expected, and also looks at the future to plan as to how SAMSA will be able to take advantage of new and emerging technologies to meet the dynamism of the evolving client needs. A **nine-point plan** was established, which addresses the five strategic initiatives directly and indirectly in different ways. For example, one initiative can relate to two, three or even more strategic challenges of the Strategic Plan. Embedded in the plan are some of the points that address the objectives set by Medium-Term Strategy Framework 2014 – 2019 that outlines the role of Information Technology in the Public Service.

1 Highly Integrated Systems
A centrally managed systems knitted into one rendering a system integrated at three levels; first within itself, secondly with other modules, and thirdly, with others thereby forming a single repository to ensure integration at the lowest level of information.

Strategic Impact: To give operations and management full view of the entire organisation from all perspectives and dimensions.

2 Mobile-Enabled

To provide the ability to use different devices to access office systems and perform work without any geographical limitations. This enables access and works on systems from any location, with workers such as surveyors and inspectors being able to execute and close transactions remotely on SAMSA devices.

Strategic Impact: Users to work in an environment that is not defined by space or distance.

3 Paperless Environment

To digitalise information in hard copies in order to allow files to be captured, stored and accessed from any region and also externally. This includes the ability to convert hardcopy files to electronic (or soft copy) documents, the electronic scanning of all new applications and provision of an ability to store all documentation electronically.

Strategic Impact: Organisational mind shift transformation from managing document flow to managing information flow.

4 Client Managed Processes
The aim is to shift administrative tasks and responsibilities to their place of origin for execution. The goal is the creation of space on SAMSA systems for trusted users, authorised and appointed services providers to submit electronically, all completed applications online through the website and for SAMSA to manage verification and authentication of a process utilising the system.

Strategic Impact: Organisational focus on core functions and quality of outcomes instead of unnecessary administrative tasks.

5 Client Service Process
Build a platform that support SAMSA clients in order to improve service. The goal is for clients to interact with focused areas support and monitor and evaluate delivery of services.

Strategic Impact: Enhancement of service excellence and continuous improvement through performance monitoring systems

6 Communicating Environment
Facilitate an easy flowing interactive communication systems infrastructure by integrating different devices at the organisation's disposal. The introduction of video conferencing and utilisation of other interactive technologies.

Strategic Impact: Utilisation of available technologies to enhance inter-office communication.

7 Knowledge and Decision Driven Processes
Information base with appropriate and informative reporting, support knowledge-based systems, support backend systems, integration and utilisation of Business Intelligence for management reports

Strategic impact: Properly supported knowledge and intelligence system

8 Internal and External Integration
Facilitate an easy flowing interactive communication systems infrastructure by integrating different devices at the organisation's disposal. The introduction of video conferencing and utilisation of other interactive technologies.

Strategic Impact: Position SAMSA as a hub of maritime information and knowledge.

9 Technology Infrastructure
Information base with appropriate and informative reporting, support knowledge-based systems, support backend systems, integration and utilisation of Business Intelligence for management reports

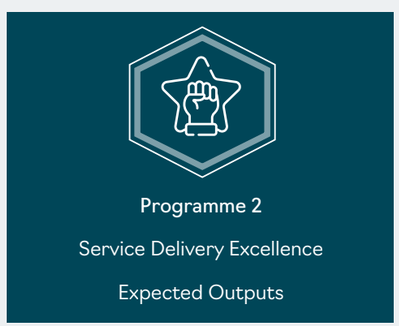
Strategic Impact -Platform from which SAMSA can launch its programs to meet its objectives.

Service Delivery Excellence Programme

Our vision and corporate values place the highest priority on embedding a culture of high performance in line with our mantra of being "an enterprise of integrity". We believe that it is not enough to have High Performance as a value but to demonstrate it through the quality of our service delivery system and to meet expectation of our customers and broader stakeholders when accessing products and services.

We contend that our stakeholder value proposition, properly delivered, can make a significant contribution towards entrenching sustainable value and benefits to our stakeholders. It is steeped on excellent high-performance service execution as the principal value-creating process that is our core focus in transforming our service delivery approach. To this end, SAMSA has adopted a phased approach to implementing a SAMSA Integrated Operations Management System (SIOMS), which aims to translate our values and objectives into the necessary tangible and implementable change through automated operational process excellence. SIOMS is a comprehensive system through which SAMSA seeks to improve the quality of service provision, faster throughput, efficiency use of resources, less waste and operational excellence. We believe that people are the lifeblood of SAMSA and that our processes enable them to do their work effectively and thus a drive towards achieving accreditation and subsequently a standard of excellence in respect of the management of quality across the entity is essential. We believe that our corporate culture is the typical way of doing things. It particularly relates to our strategy enabling idiosyncratic behavioural patterns and relationships that create value for our stakeholders.

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



Develop and Implement a SAMSA Service Charter
Develop and Implement the Stakeholder Management Strategy and Plan
Implement initiatives that enhance stakeholder experiences and satisfaction levels with SAMSA when accessing our services and products
Management of corporate events and promotions
Corporate Social Investment

Maritime Operations Programme

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

In addition, maritime security is concerned with the prevention of damage and disturbance to the South African and global maritime supply chain network, trade security, elimination of sabotage in the sea environment, acts of piracy, illegal exploitation of South African sea-based resources, vessel security, etc. Although SAMSA is a key role player and has a significant interest in the effective governance of the maritime sector, ensuring maritime security however rests on the existence of a collaborative and functional coordinating mechanism with key stakeholders such as the South African National Defence Force (SANDF) , South African Police Services (SAPS), Department of Transport, Telkom, Department of Home Affairs etc. for effective delivery of maritime security. Maritime systems are always exposed to a variety of organisational and environmental risks that may disrupt services and potentially result in large amounts of direct and indirect financial losses. These threats range from natural to man-made disasters. The aim of the programme is to ensure the security of the national maritime infrastructure, the maritime economy (incl. trade and supply chains) and the broader maritime domain, which we have defined as all areas and things of, on, under, relating to, adjacent to, or bordering on a sea, ocean, or other navigable waterways, including all maritime-related activities, infrastructure, people, cargo, and vessels and other conveyances.

The infrastructure and systems that span the maritime sector have increasingly become a target for the conveyance of dangerous and illicit activities. [The spread of Piracy and other illegal maritime activity, impacts of climate change and an environmental consequence of toxic biochemical discharge unto the sea and broader environment continues to threaten the sustainability of maritime. The impact and likelihood of such events have risen significantly over the past few years and has emerged as a key focus area of our strategy moving forward. These factors, as well as any other avoidable disruptions to South African trade, demand an effective coordination mechanism with multi-stakeholder activities to ensure that we effectively respond to these threats to maritime. SAMSA will ensure that best practice technologies are implemented to enhance maritime security awareness and detection through the implementation of maritime security regulations, AIS systems and Long-Range Identification and Tracking Systems to monitor maritime traffic in our waters. The programme is aimed at developing and enforcing regulations to avert the introduction of invasive species into the maritime environment, stop unauthorised ocean dumping of hazardous substances and prevent oil and chemical spills from vessels. The pollution sources include ships (tankers and other vessels), offshore installations (fixed and floating), exploration rigs and pipelines. The programme is primarily about enhancing regulatory activities in and on South African waters to prevent pollutants and waste from being deposited by vessels during their leisure and commercial operations and to competently combat such pollution in the event of a discharge.

The programme is also about enhancing policy and regulatory activities in and on South African waters to prevent climate change and pollution impacts by setting up control and monitoring measures in line with MARPOL Conventions and other legislations.

SAMSA through this programme endeavours to regulate the manner in which potential pollutants are handled and discharged and improve the standards relating to managing noxious, oil and other chemical discharges by providing a framework for the disposal of waste, ballast water, and hazardous and noxious substances at sea.

To help achieve these outcomes, SAMSA shall also undertake multi-stakeholder research and analysis to provide technical policy and environmental advice to government that reflects international standards set by the IMO, leading to the development of marine protection rules, codes of practice and industry guidelines. In addition, SAMSA shall undertake inspections of visiting foreign ships each year and, where appropriate, detain or impose conditions on these vessels if they fail to meet the environmental protection standards that South Africa is party to, mainly the MARPOL convention. South Africa has acceded to MARPOL IV and VI Annexes and will give effect when legislation has been domesticated, which will introduce new aspects of marine protection and further develop the management of pollution risk from ships. This program is complemented by the SAMSA maritime safety programme pollution prevention activities. The multi-stakeholder multi-disciplinary approach involves, among other interventions, the development of integrated policies and regulations, national contingency plans, and joint oil spill preparedness interventions as well as other related multi-stakeholder strategies.

Maritime Operations Programme

Programme 3

Maritime Operations Programme

Programme Expected Outputs

Shipping Operations

Maritime Environment Protection

Safe Boating

Safe Fishing

Seawatch & Response

Shipping Operations

- Maritime Safety awareness campaigns (safe fishing, safe shipping, boating and safe navigation interventions and seminars)
- Improve safety standards and vessel inspection rates (Port and Flag State)
- Maritime Incident investigations and reviews
- Safe seafaring, stevedoring and ship repair workers - improved compliance with Occupational Health and Safety requirements for employees in the maritime sector (Stevedores and Ship repair workers).
- ISSC security certification
- Implementation of a quality management system.

Maritime Environment Protection

- Prepare and implement the DoT resolution on reassignment of the objective number 2 of the SAMSA Act 1998 No 5.
- Support MARPOL Annex (IV & VI) implementation programme
- Develop and implement the SAMSA Maritime Environmental Protection and Climate Change Strategy
- Conduct research and scientific analysis of Ships Energy Efficiency Demands and related Climate Change impacts.
- Conduct research on impacts of the implementation of the 0.5% Sulphur content cap on the South African maritime industry and the economy at large

Safe Boating

- Maritime Safety awareness campaigns (Boating)
- Implement up to date legislation and regulations

Safe Fishing

Safe Fishing – Improved fishing safety practices in collaboration with the National Fishing Forum

Seawatch & Response

- Implementation of AIS System
- Maritime search and rescue operations – enhanced ability to coordinate responses to calls of distress
- Implement amended maritime security regulations
- An updated and Draft National Oil Spill Contingency Plan for DoT
- Provision of a timely and effective emergency response capability
- Effective management of pre-arrival notifications by ships when entering South African waters.

Overview of the Performance of the Programme

Ensuring safety of lives and property at sea

SAMSA has the authority and responsibility to enforce regulations over vessels registered under the South African Flag (Flag State Responsibility), and over foreign registered vessels that visit the South African ports (Port State Responsibility). SAMSA discharges these requirements through adopted national legislation such as the Merchant Shipping Act, Marine Traffic Act, Marine Pollution (Control and Civil Liability) Act, Marine Pollution (Prevention of Pollution from Ships) Act, Marine Pollution (Intervention) Act, Maritime Zones Act, Wreck and Salvage Act, SAMSA Act and the SAMSA Levies Act.

During the financial period under review SAMSA responded to 275 alerts and 411 lives were saved through the Maritime Rescue Co-ordination Centre (MRCC), a part of the SAMSA Centre for Sea Watch and Response, which monitors the coast from a safety and security perspective and environmental issues as well as monitoring the implementation of international standards for Aids to navigation. SAMSA assisted in 131 medical advice incidents by connecting passing vessels along the coast to local telemedical services. The number of Maritime Assistance Services (MAS) incidents were 191 during this financial year.

Also, during the period under review SAMSA conducted 14,499 Flag State surveys. These are surveys that clients book SAMSA to carry out for them to comply with legislation that affects their operations. The surveys could be for initial certification, renewal certification, or to be issued with a certificate of approval to carry out an operation

Flag State Survey Activities

Key Performance Indicator – Statutory Surveys	Surveys									
Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Quarter Reported	Annual 2019/20
Passenger Ship Safety Certificate	0	0	0	0	0	0	0	0	0	0
Safety Construction	0	0	0	0	0	0	0	0	0	0
Safety Equipment	0	0	1	1	0	0	0	0	1	1
Safety Radio	0	0	1	1	0	0	0	0	1	1
Safe Manning	0	0	0	0	0	0	1	1	1	1
Loadline	0	0	1	1	0	0	0	0	1	1
Loadline Assignment	0	0	0	0	0	0	0	0	0	0
IOPP	0	0	0	0	0	0	0	0	0	0
ISM Code Certificate (DOC)	0	0	0	0	0	0	0	0	0	0
ISM Code Certificate (SMC)	0	0	0	0	0	0	0	0	0	0
ISSC	0	0	0	0	0	0	0	0	0	0
MLC	0	0	0	0	0	0	1	1	1	1
INLS	0	0	0	0	0	0	0	0	0	0
IGC Code Certificate	0	0	0	0	0	0	0	0	0	0
IBC Code Certificate	0	0	0	0	0	0	0	0	0	0
BCH Code Certificate	0	0	0	0	0	0	0	0	0	0

Flag State Survey Activities

Key Performance Indicator – Statutory Surveys	Surveys									
Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Quarter Reported	Annual 2019/20
Offshore Installation	0	0	0	0	1	1	0	0	1	1
CLC Certificate	0	0	0	0	1	1	0	0	1	1
Incline Experiment	0	0	0	0	0	0	0	0	0	0
Approval of Stability Books	0	0	0	0	0	0	0	0	0	0
Tonnage Measurement	0	0	0	0	0	0	0	0	0	0
Tonnage Computation	0	0	0	0	0	0	0	0	0	0
Suitability to be Registered	0	0	0	0	0	0	0	0	0	0
Registration of Vessels	0	0	0	0	0	0	0	0	0	0
Carving and Marking Inspection	0	0	0	0	0	0	0	0	0	0
Conducting Oil Free Survey	0	0	0	0	0	0	0	0	0	0
Approval of Plans / Manuals / Books	0	0	1	1	0	0	0	0	1	1
Local Vessel										
Issue of Licence to Vessel > 25GT	0	0	0	0	0	0	0	0	0	0
LGSC (>25GT)	30	28	40	42	34	34	23	23	127	127

Flag State Survey Activities

Key Performance Indicator – Statutory Surveys	Surveys									
Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Quarter Reported	Annual 2019/20
LGSC Fishing Vessel (>25GT≤400GT)	77	77	70	69	92	92	53	53	292	291
LGSC Fishing Vessel (>400GT)	11	11	21	21	16	14	10	10	58	56
LGSC (Passenger Ship)	9	7	3	4	7	9	4	4	23	24
LGSC Internal (Small Vessel)	633	629	668	702	1075	1074	443	443	2819	2848
CoF Internal	30	31	28	28	98	100	40	40	196	199
Hull Survey Internal	146	146	156	155	140	139	111	111	553	551
LGSC External (Small Vessel)	40	37	150	115	151	150	56	56	397	358
CoF External	0	0	6	6	0	0	6	6	12	12
Hull Survey External	2	2	0	0	3	3	2	2	7	7
Suitability to be Registered	1	1	1	1	4	4	1	1	7	7
Registration of Vessels	0	0	0	0	0	0	0	0	0	0
Carving and Marking Inspection	4	4	4	4	4	4	2	2	14	14
Approval of Plans / Manuals / Books	25	25	27	26	26	26	20	20	98	98
New Building / Modifications	9	9	10	10	10	10	26	26	26	26

Flag State Survey Activities

Key Performance Indicator – Statutory Surveys	Surveys									
Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Quarter Reported	Annual 2019/20
Incline Experiment / Heeling Test	10	10	11	11	11	11	10	10	42	42
Approval of Stability Book	10-	14	15	15	6	6	10	10	41	45
Buoyancy Certificate	0	0	0	0	0	0	0	0	0	0
Tonnage Measurement	0	0	0	0	5	5	0	0	5	5
Tonnage Computation	5	6	5	5	2	2	4	4	16	17
Safe Manning	2	2	1	1	1	1	0	0	4	4
Loadline	20	19	24	24	26	26	14	14	84	83
Loadline Assignment	2	2	2	2	4	4	4	4	12	12
IOPP	21	20	24	24	23	23	11	11	79	78
Radio Survey	137	137	134	148	127	127	70	70	468	482
Shaft / Sea Valve Insp / Blueing	32	31	18	17	17	18	10	10	77	76
Tank Inspection	4	4	3	3	1	1	0	0	8	8
Conducting Oil Free Survey	0	0	1	1	0	0	0	0	1	1

Flag State Survey Activities

Key Performance Indicator – Statutory Surveys	Surveys									
Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Quarter Reported	Annual 2019/20
Approval of Controlled Event	3	3	2	2	5	5	7	7	17	17
Scrutiny of CoF Returns	635	590	742	747	2016	2016	2492	2492	5885	5845
Scrutiny of CoC Returns	106	106	79	83	108	108	164	164	457	461
Cargoes										
Dangerous Goods	37	38	34	34	47	47	46	46	164	165
Grain	18	18	21	20	8	8	3	3	50	49
Timber	0	0	0	0	1	1	0	0	1	1
Annex II, Cargo Spaces	1	1	0	0	0	0	0	0	1	1
Provisional Assessment NLS	0	0	0	0	0	0	0	0	0	0
STS / Transhipment Operation	7	7	7	7	9	9	12	12	35	35
Bunkering Operation	199	199	244	244	196	196	264	264	903	903
IMSBC Authorisation to Load	42	42	64	643	53	53	46	46	205	205
Approvals / Accreditation										
Approval of Safety Equipment	3	3	2	2	2	2	2	2	9	9
SAMFAS Station	11	11	10	11	9	8	8	8	38	38

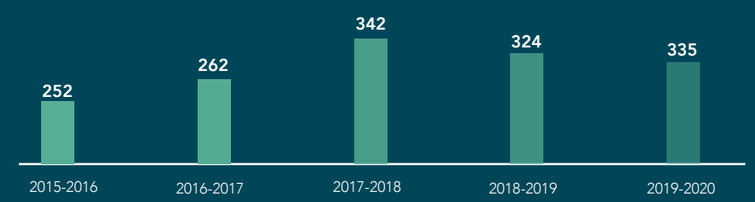
Flag State Survey Activities

Key Performance Indicator – Statutory Surveys	Surveys									
Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Quarter Reported	Annual 2019/20
Liferaft Servicing Station	6	6	4	4	1	1	3	3	14	14
Medical Practitioners	8	9	3	3	8	8	11	11	30	31
Third Party for VGM of Containers	0	0	0	0	0	0	0	0	0	0
Appointment of Ext. Surveyor / Examiner	3	2	5	5	1	1	1	1	10	9
TOTAL	2339	2288	2643	2664	4349	4348	3991	3991	13322	13291

Port State Inspection

SAMSA conducted 335 Port State inspections The inspections are a process by which a nation exercises its authority over foreign vessels when those vessels are in waters subject to its jurisdiction. The vessels to inspect, in normal circumstances, are those that have not been inspected in the previous six months in any of the countries that are members of the Indian Ocean Memorandum of Understanding (IOMOU) on Port State Control, in which South Africa is a member. The inspections seek to ensure that the ships visiting South African waters comply with applicable conventions that deal with maritime safety, maritime security, and the protection of the marine environment from pollution by ships.

Port State Inspections

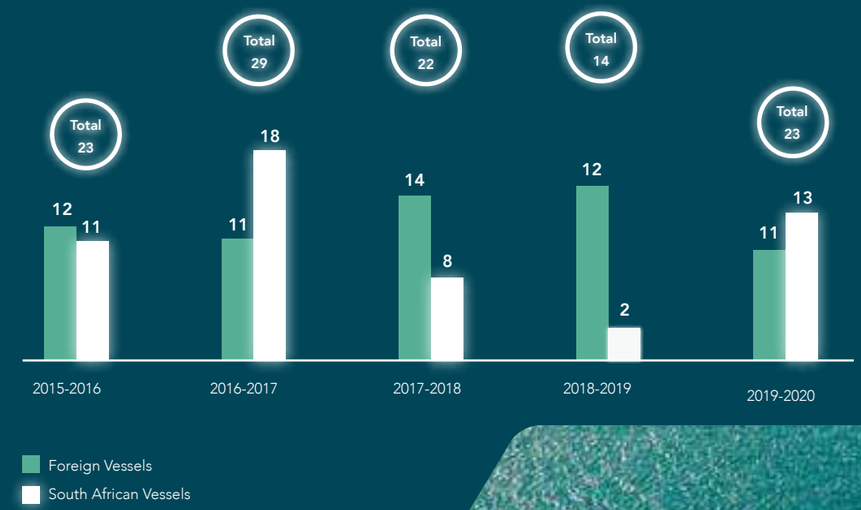


Convention Vessel	1st Quarter Reported	Annual 1st Quarter	2nd Quarter Reported	Annual 2nd Quarter	3rd Quarter Reported	Annual 3rd Quarter	4th Quarter Reported	Annual 4th Quarter	Total Quarters	Total Annual 2019/20
Richards Bay	3	3	9	9	7	7	14	14	33	33
Durban	63	63	19	19	24	24	9	9	115	115
East London	0	0	5	5	0	0	7	7	12	12
Port Elizabeth	2	2	31	31	16	16	11	11	60	60
Mossel Bay	0	0	1	1	0	0	2	2	3	3
Cape Town	15	15	11	11	2	2	17	17	45	45
Saldanha	8	8	11	11	6	6	4	4	29	29
Ngqura	7	7	5	5	15	15	11	11	38	38
TOTAL	98	98	92	92	70	70	75	75	335	335

Detentions

SAMSA has the authority and responsibility to detain a ship if, because of its non-compliance with applicable legislation, poses a threat to safety of life at sea, or maritime security, or poses a serious risk of pollution of the marine environment. Detention can be carried out on a foreign ship under the port State control regime, or on a South African registered ship under domestic legislation.

5 year Detention Overview



Vessel Inspections and Detentions

SAMSA conducted 335 Port State inspections The inspections are a process by which a nation exercises its authority over foreign vessels when those vessels are in waters subject to its jurisdiction. The vessels to inspect, in normal circumstances, are those that have not been inspected in the previous six months in any of the countries that are members of the Indian Ocean Memorandum of Understanding (IOMOU) on Port State Control, in which South Africa is a member. The inspections seek to ensure that the ships visiting South African waters comply with applicable conventions that deal with maritime safety, maritime security, and the protection of the marine environment from pollution by ships.

Date	Vessel Name	Port of Inspection	Type of Vessel	Port of Registery	Reason for Detention
07 Apr 2019	BORONIA	Cape Town	Fishing Vessel	Cape Town	Oil pollution during bunkering operations resulted in heavy fuel oil entering the water.
16 Apr 2019	ORYONG	Cape Town	Fishing Vessel	Busan	Fuel oil was caused to enter the sea in the Port of Cape Town.
06 May 2019	UMLOBI	Cape Town	Class X Fishing Vessel	Cape Town	Vessel detained for purpose of investigation into a possible oil pollution. No oil pollution found. No charge for detention
31 May 2019	KOEI MARU NO.1	Port Elizabeth	Fishing Vessel	Kushikino	Unseaworthy -Vessel had deficiencies under a C188 Inspection due to insufficient manning and a radio deficiency.
31 May 2019	JACK ROBYN	Port Elizabeth	Squid Fishing Vessel	South Africa	Discharge of oil prohibited. Reporting of discharge and damage causing discharge or likelihood of discharge.
09 Jun 2019	DE LAREY	Port Elizabeth	Small Vessel	Port St Francis	Non-compliance with conditions for radio operator's certificate. Vessel proceeded to sea with a defective radio installation.
28 Jun 2019	TRIAD	Port Elizabeth	Fishing Vessel (Squid)	Port Elizabeth	Vessel undergoes major structural alterations that affect her seaworthiness without informing SAMSA (the Authority)
04 Jul 2019	KOEI MARU No1	Port Elizabeth	Fishing Vessel	Kushikino	Vessel was prohibited from operating due to a radio deficiency.
06 Jul 2019	CHRYSANTHI S	Ngqura	Bulk Carrier Vessel	Liberia	Oil pollution during bunkering operations.

Vessel Inspections and Detentions

Date	Vessel Name	Port of Inspection	Type of Vessel	Port of Registery	Reason for Detention
25 Jul 2019	PORTIA 1	Port Elizabeth	Longline Fishing Vessel	Cape Town	Deviation card expired. Appointed safety officer not duly certified. 8 Seafarers medicals not onboard. No Ordinary Seafarer and PISC employed (A "Certificate of Proficiency" called Proficiency in Survival Craft needs to be onboard) on vessel. Mate and crewman under the influence of alcohol. Guards to fit on all moving shafts and belts.
09 Aug 2019	STAR PRIMA	Cape Town	Reefer Vessel	Monrovia	Vessel suffered hull failure due to heavy weather conditions.
13 Aug 2019	SEE DELWER XI	Port Nolloth	Diamond Recovery Vessel	Port Nolloth	Failure to maintain lifesaving appliances in good order. Failure to maintain a proper crew list with proper safe manning. Failure to have regular safety drills as per regulations.
17 Sep 2019	KISHORE	Richards Bay	Bulk Carrier Vessel	Limassol	Submerged loadline.
11 Oct 2019	VUKANI	Port Elizabeth	Fishing Vessel	Port Elizabeth	Skipper sailed without a Mate, Driver, Safety Officer and a second Radio Officer. Four crewmembers without valid Seafarers medical certificates. No crew contracts were onboard, and no proof of crew's induction were found.
04 Dec 2019	LADY STANFORD	Cape Town	Small Passenger Vessel	Cape Town	Skipper was not certified to operate a small passenger vessel.
13 Dec 2019	YONG QUNG FA NO 666	Cape Town	Fishing Vessel	Kaohshung	No crew documentation present namely qualifications, medicals, contracts. No vessel plans drawings or stability information. Life-saving and firefighting equipment service intervals expired.

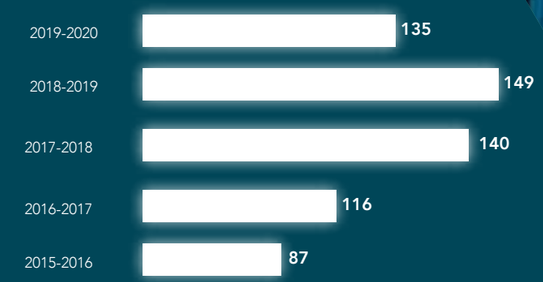
Vessel Inspections and Detentions

Date	Vessel Name	Port of Inspection	Type of Vessel	Port of Registery	Reason for Detention
13 Jan 2020	BELLA	Cape Town	Small Commercial Vessel	Cape Town	Skipper's lack of knowledge with relation to safety equipment and unsafe access.
13 Jan 2020	PAULA	Cape Town	Small Commercial Vessel	Cape Town	Skipper's lack of knowledge with relation to safety equipment and unsafe access.
16 Jan 2020	CRESTA 1	Port Elizabeth	Small Vessel	Port Elizabeth	Vessel sailed without a valid Local General Safety Certificate (LGSC).
05 Feb 2020	ARTIC TERN	Mossel Bay	Harbour Tug Vessel	South Africa	Evidence of oil found in the engine room bilges
07 Feb 2020	CHAPEL	Cape Town	Oil Tanker Vessel	Majuro	During discharge of sludge/waste oil via cube containers there was a loss of control over the movement of container which resulted in an undisclosed quantity of sludge/waste oil entering the Harbour waters.
10 Feb 2020	CORSAIR	Durban	Bulk Carrier Vessel	Panama	Certificate of competency for the Chief Engineer not onboard. Boiler manual gauge glass and automatic level indicator defective.
25 Feb 2020	MSC MARINA	Durban	Container Vessel	Panama	Oily water separator monitor not operational.
26 Mar 2020	KAE FENG No 101		Fishing Trawler Vessel	Kaohsiung	Port and starboard anchors not operational. Galley vent heavily contaminated with oil and grease. Main deck watertight doors no longer watertight. Stern tube leaking excessively. Oil in bilges and numerous drip trays in use. Starboard upper deck vent missing both vent trunking and closing arrangement. Crew unable to identify hydrants and fire hoses as per safety equipment list. Vessel may pose a risk to the environment.
24 DETENTIONS					

Casualties and Incidents

SAMSA is required to investigate casualties or incidents in terms of Section 264 of the Merchant Shipping Act 57 of 1951. A total of 135 incidents with 25 fatalities were reported for the financial period.

Five Years Casualties to Ship and Personnel Summary



Fatalities	2015-2016	2016-2017	2017-2018	2018-19	2019-20
Small Vessels	10	4	8	5	5
S A Fishing Vessels	19	6	17	11	11
Other	2	10	3	10	7
Ship Repairers	1	0	0	0	0
Stevedores	1	0	2	2	1
Incidental persons	0	0	2	0	1
TOTAL	**33**	**20**	**32**	**28**	**25**

Casualties and Incidents

Date of Incident	Vessel Name	Port of Inspection	Type of Vessel	Port of Registry	Brief Description
13 April 2019	PORTIA 1	Port Elizabeth	Fishing Crayfish Vessel	Cape Town	Crewman suspected to have had a stroke
27 April 2019	PAPA DUCK	Richards Bay	Rigid Inflatable Boat.	Richards Bay	During a spearfish dive the deceased did not resurface. He was later found on the seabed deceased.
12 May 2019	SRG2757 E	Pretoria (Kwena Dam)	Jet Ski	Unknown	The deceased fell off the jet ski and drowned.
31 May 2019	SIKAMANZI	Richards Bay	Ski-Boat	Richards Bay	Boat was launched through the surf and capsized in the surf zone shortly thereafter. Six crewmen were on board including Skipper. One crewmember died.
14 June 2019	AFROS	Richards Bay	Bulk Carrier	Majuro	Chief Officer showed signs of a cold, cough and low fever. He was declared deceased by the Master after he failed to respond.
17 June 2019	SONOP	Cape Town	Fishing Vessel	Cape Town	Three crew members were engaged in poaching operations off the coast of Hawston when their vessel capsized resulting in three crew members missing at sea.
23 June 2019	NEW HYRDA	Richards Bay	Bulk Carrier	Panama	Chief Engineer was found lying in bed unconscious with no pulse and not breathing.
27 June 2019	STARLIFE	Cape Town	Fishing Vessel <25gt	Cape Town	Vessel capsized in deteriorating weather throwing all three crew into the water. Two were declared deceased.
3 July 2019	DOLOREZE	Saldanha	Pelagic Fishing Vessel	Kimberly	Vessel ran into trees, 2 passengers deceased and one person slightly injured.

Casualties and Incidents

Date of Incident	Vessel Name	Port of Inspection	Type of Vessel	Port of Registry	Brief Description
7 July 2019	TONG DA	Durban	General Cargo	Cape Town	The two crew members were involved in washing out the fish hold, upon entering the port aft fish hold they collapsed, and their bodies had to be retrieved.
14 July 2019	SC DRACO	Durban	Oil/Chemical Tanker	Hong Kong	Three crew members were exposed to the tank atmosphere whilst conducting a final check on the cargo tanks. They had to be evacuated to the open deck. One was declared deceased and the remaining two were taken to hospital.
2 Aug 2019	CANOE	Durban	N/A	N/A	Missing passenger sank with part of the broken canoe and has not been found since.
4 Aug 2019	MAERSK LETTICIA	Ngqura	Container Vessel	Hong Kong	The deceased complained of abdominal pains, his condition deteriorated and was moved to the ship's hospital. He stopped breathing and Cardiopulmonary Resuscitation (CPR) with oxygen therapy was started. It failed and the crewmember was declared deceased.
12 Oct 2019	SHAKA	Port Elizabeth	Pleasure Ski Boat	Noordhoek	Crewman drowned after his vessel experienced engine failure and capsized under strong waves.
24 Nov 2019	MEGHNA ROSE	Durban	Bulk Carrier	Chattogram	The deceased (3rd Engineer Officer) was found lying down on his bed and not responding. Body was found in a stiff condition and no carotid pulse was felt.
23 Jan 2020	SILVER LEADER	Saldanha	Crayfish Vessel	N/A	Missing passenger sank with part of the broken canoe and has not been found since.

Casualties and Incidents

Date of Incident	Vessel Name	Port of Inspection	Type of Vessel	Port of Registry	Brief Description
13 Feb 2020	SYMI I	Richards Bay	Container Vessel	Container Vessel	A crew member was found dead in his cabin.
18 Feb 2020	#1	Richards Bay	Ski Boat	St Lucia	The owner heard the deceased calling for help as he collapsed back into the water
2 Mar 2020	SANTA CLARA	Ngqura	Container Vessel	Kobenhavn	Master complained of mild body aches and was later found dead in his cabin.
8 Mar 2020	NOORDEVELD	Saldanha Bay	Fishing Pelagic Vessel	Cape Town	Crewman suffered a stroke onboard.
12 Mar 2020	LIGUGU	Port Elizabeth	Squid Fishing Vessel	Cape Town	Crew member returning from ashore slipped whilst boarding the vessel and fell in the water. He was found dead the next day.
21 FATALITIES					

Ad- Hoc Inspections

The ad-hoc inspection is a process that ensures that skippers, seafarers and vessels owners discharge their responsibility in line with maritime safety procedures and standards. It is the experience of the Authority, however, that vessels are prepared for survey and what appears on the day of survey is not how the vessel is always operated and maintained during the period of validity of a safety certificate.

A safety certificate issued by SAMSA confirms that on the day the vessel was surveyed, and after the rectification of any defects, the vessel was in a seaworthy condition. The onus lies with the Skipper/ Owner, to ensure the vessels is maintained in that state. The ad-hoc inspection campaign was introduced in 2001 to ensure that skippers and owners discharge their responsibility. The reports have been correlated and compared to previous years. The trends should be used when reviewing safety procedures and structures vessels

Port	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Richards Bay	4	5	5	15	**29**
Durban	10	2	8	7	**27**
East London	1	1	12	7	**21**
Port Elizabeth	3	9	11	18	**41**
Mossel Bay	1	24	0	17	**42**
Cape Town	6	23	8	8	**45**
Saldanha	10	3	2	35	**50**
Ngqura	0	0	4	3	**7**
Pretoria	0	3	1	22	**26**
Port Nolloth	18	1	0	24	**43**
TOTAL	**53**	**71**	**51**	**156**	**331**

Casualties and Incidents

Maritime Pollution Incidents: Pollution of the marine environment is strictly prohibited by international and national laws. However, such incidents still occur, and as a result, one of SAMSA's responsibilities is to investigate such incidents.There were 17 oil pollution incidents reported for the period under review.

Date of Incident	Vessel Name	Port of Inspection	Type of Vessel	Port of Registry	Brief Description
1st Quarter					
07 Apr 2019	Cape Town	BORONIA	Fishing Vessel	Cape Town	During bunkering operations from a road tanker the vessel's staff over flowed a bunker tank resulting in an undisclosed quantity of heavy fuel entering the water.
16 Apr 2019	Cape Town	ORYONG	Fishing Vessel	Busan	While conducting bunkering activities fuel oil was caused to enter the Port of Cape Town.
27 May 2019	Cape Town	AVRO WARRIOR	Fishing Vessel	Cape Town	While conducting bunkering activities fuel oil was caused to enter the Port of Cape Town.
16 Jun 2019		BLUE JAY	Fishing	Cape Town	While conducting bunkering activities fuel oil was caused to enter into the sea in the port of Cape Town
29 Jun 2019	Cape Town	DESSERT DIAMOND	Stern Trawler	Cape Town	Discharge of oil or oily mixtures from ship into the sea..
The Below Pollution Incidents did not result in any detention or admission of contravention (AOC) bieng raised.					
26 Apr 2019	Richards Bay	UNKOWN	No Details	No Details	TNPA specialist Marine Safety Manager reported an oil pollution SAMSA investigated and no oil sighted.
27 Apr 2019	Ngqura	UNKNOWN	No Details	No Details	A call was received from Port of Ngqura Port Control reporting that an oil slick was seen 2nm offshore in number 1 anchorage. Bunkering operations were suspended until a full appraisal of the slick could be made. Upon reaching the slick the Oil Spill Service Provider informed all parties that the slick was not oil but in fact caused by soot that looked very similar to oil.
08 Jun 2019	Durban	POLONIA	Fishing Vessel	Busan	While conducting bunkering activities fuel oil was caused to enter the Port of Cape Town.

Casualties and Incidents

Date of Incident	Vessel Name	Port of Inspection	Type of Vessel	Port of Registry	Brief Description
2nd Quarter					
06 Jul 2019	Ngqura	CHRYSANTHI S	Bulk Carrier Vessel	Liberia	After bunkering operations, the starboard tank was found overflowing. Approximately 200- 400 litres of oil was spilled into the water.
The Below Pollution Incidents did not result in any detention or admission of contravention (AOC) bieng raised.					
29 Aug 2019	Port Elizabeth	ROBBERG	Squid Fishing Vessel	Port Elizabeth	Oil spill during the diesel oil bunkering operations.
21 Sep 2019	Saldanha	PETRIE-HEIN	Fishing Vessel	Cape Town	Vessel sank on 26th Nov.2016 on 21st Sep. 2019 gas oil was noted to be escaping from the vessel.
3rd Quarter					
The Below Pollution Incidents did not result in any detention or admission of contravention (AOC) bieng raised.					
02 Nov 2019	Richards Bay	N/A	N/A	N/A	Principal Officer received a call from Port Control informing him of a reported sighting of oil sheen in the water at Small Craft Harbour.
4th Quarter					
07 Feb 2020	Cape Town	CHAPEL	Oil Tanker Vessel	Majuro	During discharging of sludge an undisclosed quantity of sludge/waste oil entered the harbour waters.
27 Feb 2020	Richards Bay	MINERVA ANNA	Tanker Vessel	Piraeus	Spill emanated from a shore provided cargo hose which was on the ship's side.
10 Mar 2020	Durban	ACTIVE	Fishing Vessel	RSA	Oil Spill whilst bunkering.
20 Mar 2020	Ngqura	SABETTA	Oil/Chemical Tanker	Hong Kong	Fuel Spillage onboard the vessel. Spillage was cleaned up
31 Mar 2019	Port Elizabeth	JACK ROBYN	Squid Fishing	RSA	Oil pollution.
17 OIL POLLUTIONS					

Admission of Contraventions

Part of the Authority's mandate in enforcing safety standards is to impose an admission of contravention fee on ships for safety related offenses. After the offender has paid a fine which is taken as a deposit, SAMSA decides based on the legislations, regulations and other legal instruments whether the offender should forfeit the whole or part of the deposit. At the close of the financial year as depicted in the table below, **25** penalties amounting to a total of **R3 054,320.00** were collected for different contraventions. The fines imposed were the result of contraventions of various sections of SAMSA administered Acts and/or Regulations that include oil pollution spillage; services rendered without the necessary accreditation, operating with expired certificates, non-compliance with Safe Manning Regulations

Admission of Contraventions Five Year

Admission of Contraventions

Vessel	Date	Amount	Offence
ORYONG	16 Apr 2019	R150 000	While conducting bunkering activities fuel oil entered into the sea in the port of Cape Town.
UBUNTU	16 May 2019	R40 000	The owner knowingly and fraudulently supplied a signed inspection report to ensure issue of his LGSC.
AVRO WARRIOR	27 May 2019	R300 000	While conducting bunkering activities fuel oil entered the sea in the port of Cape Town.
BLUE JAY	16 Jun 2019	R100 000	While conducting bunkering activities fuel oil entered the sea in the port of Cape Town.
TRIAD	28 Jun 2019	R10 000	Vessel underwent alterations that affected her seaworthiness without informing the Authority.
DESSERT DIAMOND	29 Jun 2019	R750 000	Oil pollution, any discharge into the sea of oil or oily mixtures from ships is prohibited. Master and Owner charged.
CHRYSANTHI S	06 Jul 2019	R375 000	Oil spill during bunkering operations
PORTIA 1	25 Jul 2019	R150 000	Unseaworthy vessel. Deviation card expired. Appointed safety officer not duly certified. 8 Seafarers medicals not onboard. No Ordinary Seafarer and PISC A "Certificate of Proficiency" called Proficiency in Survival Craft needs to be onboard) (employed on vessel. Mate and crewman under the influence of alcohol. Guards to fit on all moving shafts and belts.
SATISFACTION	07 Aug 2019	R5000	Failure to maintain safety appliances and equipment on board and operating without a valid Certificate of Fitness (COF)
ADVANTAGE CHARTER II (OWNER)	03 Jul 2018	R5000	Operating a vessel without a valid LGSC and no dry-docking certificate on-board.
ADVANTAGE CHARTER II (SKIPPER))	14 Aug 2019	R5000	Operating a vessel without a valid LGSC and no dry-docking certificate on-board.
JANNAS	12 Apr 2019	R1500	Operating as Skipper of the vessel without a valid Local General Safety Certificate (LGSC).
JANNAS	12 Apr 2019	R1500	Allowing vessel to operate without a valid Local General Safety Certificate LGSC

Admission of Contraventions

Vessel	Date	Amount	Offence
KISHORE	17 Sep 2019	R108 320	Submerged loadline
VUKANI	11 Oct 2019	R225 000	Proceeded to sea without a Mate (Fisherman Grade 4 watch keeper). Proceeded to sea without a Driver (Marine Motorman Grade 2). Proceeded to sea with only one (1) radio operator. Four crewmembers without valid Seafarers medical certificates. No crew contracts were onboard, and no proof of crew's induction were found. Master and Owner charged.
CL LINDY	14 Oct 2019	R10 000	BPO allowed unqualified crane operators to operate equipment on board in that their ship crane operators' certificates of training allowed them to operate ships cranes of 30t and 30.5 t.
WILLEM W	07 Nov 2019	R15 000	Official logbook and articles of agreement not being properly kept.
PRESCADOR V	29 Nov 2019	R3000	Carrying persons in excess of the permitted capacity of the vessel's LGSC
FUJIAN ANDA PELAGIC FISHERY	30 Nov 2019	R270 000	8 x trawlers anchored without permission.
DAWN	27 Dec 2019	R20 000	Operating vessel without the required Skipper's qualification which is required for the small passenger vessel.
JACK ROBYN	30 May 2019	R80 000	Discharged harmful substance from ship into the sea and failure to report incident to the authority (SAMSA). Master and Owner charged.
JUMBO	29 Jan 2020	R10 000	Failure to endorse loadline certificate annually as required
CHAPEL	07 Feb 2020	R375 000	Undisclosed quantity of sludge oil entered the harbour waters during sludge discharge operations.
ACTIVE	10 Mar 2020	R25 000	Oil Pollution
24 ADMISSIONS OF CONTRAVENTIONS			

Ship Registration

One of the functions of the Authority is to manage the South African Ship Registry as well promote the Register with a view to attracting investors to register their ships under the South African Flag. The adoption of the South Africa`s Comprehensive Maritime Transport Policy will provide basis for the revamping of the Ship Registry to generate revenue for the country and provide employment for South African Seafarers.

At the close of the financial year under review, **1320 ships** with a gross tonnage of **453709.12 tons** were registered under the South African flag. The table below reflects the number of ships and tonnage registered over the years in their various categories.

SA Ships Registers Detail										
Year	2015 - 2016		2016 - 2017		2017 - 2018		2018 - 2019		2019 - 2020	
Ship Types	No	Tonnage	No	Tonnage	No	Tonnage	No	Tonnage	No	Tonnage
Convention	13	245600.70	15	237588.90	15	237588.90	16	269506.87	15	266221.48
Non-convention over 25 GT	755	185714.50	747	186338.66	753	1900515.16	738	187356.10	730	184978.25
Sailing and under 25 GT	687	3113.73	678	3043.35	680	3029.14	594	2556.68	575	2509.39
TOTAL	1455	434428.93	1440	426.970.91	1448	431133.20	1348	289419.65	1320	453709.12

Ship Register

Ships Register Activities		
21	Ships were registered anew	
50	Ships were deleted from the Register	
43	Mortgage Bonds were registered or discharged	
19312	Other Activities: Revalidation of Certificates Of Registration and requests for Register details, Transfer of Ownership, consultations regarding registration, telephone calls, e-mails etc.	
At the end of March 2020 there were:		
15	Convention ships totalling	266221.48
730	Non-convention under 25GT vessels totalling	184978.25
575	Sailing and under 25GT vessels totalling	2509.39
Breakdown of vessels on the register for year end March 2020		
15	Convention Vessels	
539	Fishing Vessels	
110	Harbour Craft	
32	Passenger Vessels	
5	Patrol and Research Vessels	
10	Diamond Mining Vessels	
34	Other Vessels	
426	Yachts – Under 100 Gross Tons Sport and Recreation	
79	Under 25 Gross Ton Fishing Vessels	
8	Other Under 25 Gross Ton Vessels	
62	Under 25 Gross Ton Commercial Vessels	

Maritime Governance Enhancement Programme

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

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

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

Programme 4

Maritime Governance Enhancement Programme

Expected Outputs

Compliance with applicable national laws, and that South Africa adheres to the relevant regional, Continental and International Instruments
Implement and provide technical support to the Oceans Economy Development Initiatives (Marine Protection and Governance)
Technical support to the DoT on the drafting of maritime policies, legislation, strategies and regulations
Implement approved National maritime policies, legislation, strategies and regulations
Participation at country to country bi-literals and Implementation of maritime agreements
Implementation of technical cooperation at a continental and regional level
Conduct an evaluation of all applicable maritime legislation and regulations

Overview of the Performance of the Programme

1

Draft Merchant Shipping Bill ('MS Bill")

During the period under review, South African Maritime Safety Authority (SAMSA) participated and contributed to the overhaul of the Merchant Shipping Act 57 of 1951. The first Draft Merchant Shipping Bill ('MS Bill") was made available on 22 March 2018.
The MS Bill seeks to provide for the powers and duties of the Minister and SAMSA in the administration of the Merchant Shipping Act, the registration and licensing of ships in the Republic; to provide for the application of the labour laws to seafarers, the conditions of employment of seafarers and the health and well-being of seafarers on board a vessel; to promote the safety of life at sea; to establish inspection and enforcement mechanisms including those for marine casualties and crimes committed on ships; to provide for the regulation of marine traffic, to provide for legal proceedings and jurisdictional matters, to recognise and incorporate international conventions to which the Republic is bound in terms of the provisions of the Constitution and its incorporation into domestic law in terms of laws repealed by this Act; to provide a transition framework to the new requirements of this Act; and to provide for matters incidental thereto.

The final Draft Merchant Bill has been submitted to the Office of the State Law Advisor and is currently being processed through the appropriate Parliamentary processes with the view to Gazetting the MS Bill in the financial year (2019/2020) for public comment.

2

Maritime Policy

An approved SAMSA Policy Monitoring and Evaluation Plan 2020/2021 in line with Comprehensive Policy Universe by March 2020 – The Policy Monitoring and Evaluation Plan was approved by EXCO on 7 April 2020. The expected impact of the Policy M & E Plan is better implementation of policies to ensure that there is good corporate governance within SAMSA and to reach the desired compliance maturity level 4. The objectives of the Policy M & E Plan are::-

- To provide an oversight of how compliance is being embedded into the management of the corporate policies; with the aim of mitigating the overall compliance risk status of the entity.
- To assist the entity in maturing key elements of corporate governance and management by ensuring that all facets/areas of business have guiding policies and guidelines which are consistently monitored, evaluated and reported upon on agreed periodic interventions.
- To integrate monitoring and evaluation principles in the corporate policy development, review and implementation with the continuous aim of managing the outcomes/results/ lessons learnt into the compliance process for future improvements.

3

Maritime Research Advisory

Following the establishment of the Research Unit, ExCO approved the SAMSA Research Framework, Research Strategy and a delivery model. Under the research delivery model, SAMSA is working with interested research Institutions to develop research papers, aimed at promoting the Maritime Sector. SAMSA is open to enter Memorandum of Understanding (MoUs) with research institutions for purposes of collaborating, partnering and commissioning research studies in line with the SAMSA Strategy and the Annual Performance Plans (APPs). The Centre also lead and coordinate preparations for the South African position at the IMO engagements of the Marine Environment, Protection Committee (MEPC) meeting. This is done by engaging with various relevant stakeholders which include National Department of Transport, Department of International Relations and Cooperation, Department of Environment, Forestry and Fisheries, Minerals and Energy and Transnet National Ports Authority.

The Centre led and coordinated SAMSA input in various industry initiatives and public consultations such as Marine Science Curriculum and Climate Change Bill'.

Maritime Sector Development Support Programme

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

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

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

Programme 5

Maritime Sector Developement Support Programme

Expected Outputs

Develop and implement Ship Registry Development Strategy
Promote meaningful participation of black people, youth and women entrepreneurs in South Africa's maritime sector
Implement the Comprehensive Maritime Transport Policy
Conduct an evaluative study to assess the registered vessels contribution to the SA economy Develop Vessels recapitalization project
Participation at country to country bi-literals and Implementation of maritime agreements
Implementation of technical cooperation at a continental and regional level
Conduct an evaluation of all applicable maritime legislation and regulations

Overview of the Performance of the Programme

Develop and implement Ship Registry Development Strategy

The Maritime Sector Development Programme (MSDP) continued its focus on delivering Operation Phakisa initiatives in 2019/20. The programme is focused on three primary areas at SAMSA:

1 Shipping and Ship Logistics

Shipping and Ship Logistics: with the main focus being on growing the South African ship register.

2 Maritime Manufacturing

Marine Manufacturing: focused on two initiatives, investigating the viability of a fishing fleet renewal program and its potential impact on the marine manufacturing environment; and the centralisation of the management of the government fleet; It also expanded its scope to include the promotion of the offshore ship-to-ship bunkering industry on the back of the pilot that started in 2016 off the coast of Port Elizabeth.

3 Seafarer Developement

Seafarer Development: growing employment opportunities for South Africans on the global fleet through the development of a South African Seafarer brand. The program also looks at enhancing the Seafarer Welfare program, as comprehensive support mechanism for seafarers while on duty.

In addition to these Operation Phakisa initiatives SAMSA was involved in other maritime sector related activities, these included:

- The work done in the (National) Port Consultative Committees (NPCC/PCC), which is mandated to SAMSA through the National Ports Act.
- Coastal & Marine Tourism (CMT), which is aimed at increase the socio-economic impact of the marine tourism on South Africa's economy.

Seafarer Development and Welfare Programme

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

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

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

Certificates Issued 2019/2020

Competency (Deck and Engine)	2629	Radio Certificates (GMDSS, Short/Long Range)	2480
Ratings Qualification	412	Small Vessel CoC	3760
STCW I/10 Endorse /agreement	29	Seafarers Record Books)	850

Registrar of Seafarers

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

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

Performance Information

Below is the variance noted in the performance information during the financial period .
Key Performance Indicator: Number of Flag State surveys completed

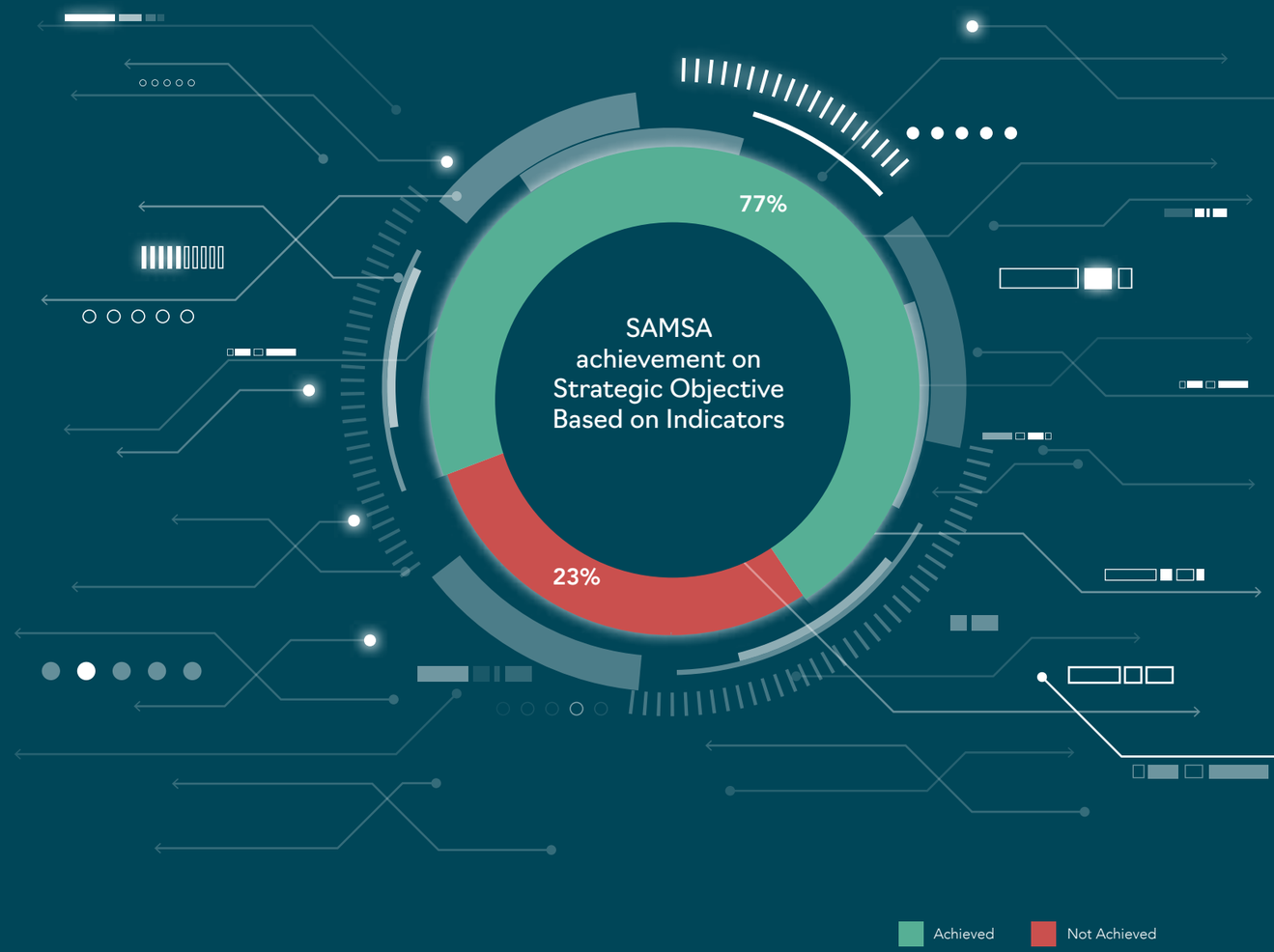
Flag State Surveys	1		
	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter
TOTAL	2 489	2473	16

Flag State Surveys	Quarter 2		
	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter
TOTAL	2839	2831	-8

Flag State Surveys	Quarter 3		
	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter
TOTAL	5581	5682	101

Flag State Surveys	Quarter 4		
	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter
TOTAL	3495	3513	16

Performance Information by Programme



Performance Information

Strategic Objective 1	To improve the level of organisational resources and capabilities from the 2016-17 baseline to level 4[3] by 2020.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Level achieved on the SAMSA Long Term Financial Sustainability (LTFS)	Level 4 of the SAMSA Long Term Financial Sustainability (LTFS) Model	**Achieved** Leve 4 of the SAMSA LTFS model achieved.	No deviation	None	None
2	Percentage of Audit findings for 2018-19 financial period (Auditor General) that have been addressed	100% of Audit findings addressed	**Not Achieved** 9% of Audit findings addressed as per SAMSA Audit Corrective Action Plan	7% of Audit findings not addressed as per SAMSA Audit Corrective Action Plan	Certain audit findings required Executive authority interventions such as the appointment of a permanent CEO	None
3	Level of contribution achieved on the BBBEE scorecard	Level 3 on the BBBEE scorecard	**Achieved** Level 3 on the BBBEE scorecard (Independent assessment)	No deviation	None	None

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

Performance Information

Strategic Objective 1	To improve the level of organisational resources and capabilities from the 2016-17 baseline to level 4[3] by 2020.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
4	Level achieved on the SAMSA Capability Maturity Framework.	Level 4 achieved on the SAMSA Capability Maturity Framework	**Achieved** Level 4 achieved on the SAMSA Capability Maturity Framework	No deviation	None	None
5	Ratings achieved on the 2019-20 SAMSA Climate survey	Level 3 Ratings achieved on the 2019-20 SAMSA Climate survey	**Achieved** Level 3 Ratings achieved on the 2019-20 SAMSA Climate survey.	No deviation	None	None

Achieved Not Achieved

Performance Information

Strategic Objective 2	To improve the quality of SAMSA services and products to our stakeholders from Good (3) to Very Good (4) [4] by 2020.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Rating achieved on the SAMSA Stakeholder satisfaction survey.	Achieve Level 4 rating of the SAMSA Stakeholder satisfaction ratings	**Achieved** Level 4 rating of the SAMSA Stakeholder satisfaction ratings	No deviation	None	None

Achieved Not Achieved

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

Performance Information

Strategic Objective 3	To reduce the incidence of reportable marine casualties in South African waters over the years 2015 and 2020					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Number of Port State Inspections conducted	320 Port State inspections	**Achieved** 335 Port State inspections	15 Port State inspections - over achievement	A focus on Port State inspections with additional resources allocated to ensure service provisions to foreign vessels	None
2	Number Flag State surveys completed	13,000 Flag State surveys	**Achieved** 14,499 Flag State surveys done for the year	1,499 Flag State surveys - over achievement	Continued increase in customer demand especially from Oct 2019 – Jan 2020.	None
3	Number of Ad-hoc inspections conducted	200 Ad-hoc inspections conducted	**Achieved** 331 Ad-hoc inspections conducted done for the year.	131 Ad-hoc inspections conducted - over achievement	A focus on the inspection with additional resources (time) allocated.	None
4	Percentage of vessels found to be polluting that have been successfully held accountable for pollution	100% of vessels reported polluting held accountable	**Not Achieved** 89% of vessels reported polluting held accountable	11% of vessels reported polluting held accountable	Due to the COVID 19 lockdown after the declaration of the National State of disaster meant that the incident investigation process couldn't be concluded on time by the end of the financial year.	None

Performance Information

Strategic Objective 3.2	To strengthen the regulation of South Africa's Maritime transport system from a fragmented (2) level to early maturity status (4) by 2020					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Rating achieved on the SAMSA Stakeholder satisfaction survey.	Achieve Level 4 rating of the SAMSA Stakeholder satisfaction ratings	**Achieved** Level 4 rating of the SAMSA Stakeholder satisfaction ratings	No deviation	None	None

Achieved Not Achieved

Performance Information

Strategic Objective 4	To increase the number of merchant vessels on the SA Ships Register from zero (0) to ten (10) ships by 2020.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Number of merchant vessels on the South Africa Ships Register.	Ten merchant vessels on the South Africa Ships Register	**Not Achieved** Five merchant vessels on the South Africa Ships Register	Five merchant vessels not registered as planned onto the South Africa Ships Register	Due to key challenges encountered with the interpretation on how Customs & Excise Act (1964) ("C&E Act") and the Value Added Tax Act (1994) ("VAT Act") is applied in respect of the acquisition by a South African company of one or more ships which will be used to undertake exclusively 'international shipping' operations	None

Achieved Not Achieved

Performance Information

Strategic Objective 3.2	To strengthen the regulation of South Africa's Maritime transport system from a fragmented (2) level to early maturity status (4) by 2020					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	IMO Whitelist status	Maintain the South Africa IMO Whitelist status.	**Achieved** South Africa still on the IMO Whitelist as per MSC.1-Circ.1164-Rev.20 - Promulgation of information related to reports of independent evaluation submitted by Parti... (Secretariat) Achieved	No deviation	None	None

Achieved Not Achieved

5 Human Capital Management Perfomance

SAMSA's 5 year Capacity Plan

The Human Capital's core function is to source, develop and retain talented workforce to fulfil SAMSA's core mandates. It is further to manage the effectiveness of the contribution, which is achieved through Human Capital interventions that include Organizational Design, Workforce Planning, Talent Management, Employee Engagement, Performance Management and Rewards & Recognition.

In this financial year, SAMSA' Annual Performance Plan had five strategic programmes to achieve its objectives. Of the five strategic programmes, only the first two that relate to organizational capability development and service delivery excellence programme have a direct relationship with Human Capital functions. In order to enable SAMSA to meet its objectives, the strategic priorities for Human Capital were as follows:

- To increase the attraction and retention levels in scarce and critical positions from 2018/19 baseline in line with transformational objectives.
- To create a high-performance culture within SAMSA.
- To improve the quality of SAMSA services and products to our stakeholders from good (3) to very good (4)

The staff complement as at the end March 2020 was 305. In order for the organization to achieve the strategic objectives set for the five years business planning period, a capacity plan was developed in alignment with the SAMSA's 5 year strategy as illustrated above.

The achievement of strategic objectives is dependent on sourcing the human resources according to the capacity plan by attracting and selecting the right skills in line with transformation objectives. This is done by promoting competent employees from within the organisation, recruiting externally through different targeted platforms to attract the most suitable candidates. Furthermore in order to drive a high-performance culture a high degree of focus is placed on reinforcing and embedding the performance management process. In order to successfully realize this, a talent management framework was developed and implemented to give rise to potential candidates for succession, development and retention opportunities. The talent management framework is based on the effective implementation of the updated Performance Management Policy which included the alignment and cascading of EXCO Performance Contracts to reflect SAMSA Strategic goals and ensure collective responsibility. It also included the behavioural assessment for Managers as part of the performance management process.

Employee Wellness Programme (EAP)

Since the establishment of the EAP in SAMSA through ICAS, the utilisation rate of the services has increased to 27.1% while the national ICAS rate is 19.1%. Awareness program of the services is run throughout the year with electronic desk drops on relevant topic distributed to all employees on National Health days to create awareness on healthy living habits for the prevention of sickness and maintenance of emotionally balanced employees.

Policies

There were 10 priority policies which were reviewed and are still undergoing the approval process. The following policies were reviewed and approved:

1. Job Evaluation policy
2. Performance Management and Development Policy
3. Remuneration Policy
4. Relocation policy

Achievements

The following highlights were achieved in the reporting period:

1. Implemented the SAMSA Talent Management Framework
2. Implemented the CEO's Excellence Awards
3. Conducted a Climate Survey (Managed by Deloitte through the Best Company Survey)
4. Retirement Fund Section 14 transfer was completed
5. Employment Equity and Skills Development targets contributed to the achievement of level 3 BBBEE status
6. Developed and implemented Retention mechanism

Challenges

1. Lack of integrated and automated HR systems
2. Limited supply of scarce and technical skills from previously disadvantaged groups
3. Lack of representation of females at management level as well as employees living with disabilities at all levels which has a serious impact on employment equity and transformation.

Future HC plans/goals

1. To implement an integrated talent management programme that links succession planning with leadership development and retention for potential successors in line with the transformation initiatives set out in the Employment Equity strategy
2. To implement Targeted Female Leadership/technical skills development programme to increase representation of females in the workplace;
3. To roll out the Change Management Framework to improve the success of change efforts;
4. To continue implementing the Retention Strategy to allow for greater retention of scarce and critical skills in line with transformation and diversity objectives;
5. To embed the SAMSA values throughout the organisation.

Human Resource Oversight Statistics

Personnel Cost by Programmme/ Activity / Objectives					
Programmes	Total Expenditure for the entity ('R000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	No of employees	Average personnel cost per employee (R'000)
Programme 1 Organisational Capability Development	424 036	57 527	14%	69	834
Programme 2 Service Delivery Excellence	424 036	9 288	2%	10	929
Programme 3 Maritime Operations	424 036	143 791	34%	184	781
Programme 4 Maritime Governance Enhancement	424 036	11 600	3%	10	1 160
Programme 5 Maritime Sector Development Support	424 036	5 366	1%	5	1 073
Programme 6 Seafarer Development and Welfare	424 036	16 421	4%	27	608
Total		**R243 993**	**305**		

Human Resource Oversight Statistics

Personnel Cost by Salary Band				
Level	Personnel Expenditure ('000)	% of personnel exp to total personnel cost	No of employees	Personnel Costs per level (R'000)
Top Management	243 993	1%	1	3 182
Senior Management	243 993	10%	11	25 198
Professional Qualified	243 993	55%	111	133 633
Skilled	243 993	20%	77	48 109
Semi-skilled	243 993	11%	77	26 944
Unskilled	243 993	2%	19	3 720
Temporary Workers	243 993	1%	9	3 206

Performance Rewards			
Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel costs
Top Management	109	243 993	0,05%
Senior Management	783		0,32%
Professional qualified	4 097		1,68%
Skilled	1 441		0,59%
Semi-Skilled	914		0,38%
Unskilled	117		0,05%
Total	**7 461**		**3,07%**

Human Resource Oversight Statistics

Employment and Vacancies					
Occupational Level	2018/2019	2017/2018 Approved Posts	2019/2020 No of employees	2019/2020 Vacancies	% of Vacancies of Total Approved Posts
Top Management	1	2	1	1	0,3%
Senior Management	9	13	9	4	1,1%
Professional Qualified	95	138	104	34	9,2%
Skilled	76	94	76	18	4,9%
Semi-Skilled	66	78	71	7	1,9%
Unskilled	19	20	19	1	0,3%
Fixed Term	38	25	25	0	0,0%
TOTAL	304	*370	305	65	17,6%

***The total approved permanent positions are 353. The total approved posts stated above at 370 include all non-permanent staff (i.e. contract workers, temporary workers, interns, workplace exposure).**

There is a 17, 6% vacancy rate in the reporting year. Internal recruitment did not prove successful particularly for positions that are at management level. In order to mitigate this risk, we began to roll out the implementation of the Talent Management Framework which allows for the analysis of the current talent profiles and gaps, identification of high potential employees who can fill roles immediately and those who can be developed for future key positions. This strategy will increase retention rate and keep valuable core knowledge and skills in-house while supporting employee career progression.

External recruitment strategy was implemented to enable the attraction of candidates with the relevant, critical and/or scarce skills sets not available in the organisation. This strategy was also applied to attract candidates from the designated groups as an Employment Equity measure to accelerate diversity in line with the SAMSA's transformation agenda.

Human Resource Oversight Statistics

Training Cost					
Programme/Activity/Objective	Personnel Expenditure ('000)	Training Expenditure	Training Expenditure as a % of Personnel Cost	No of employee trained	Avg training cost per employee (R'000)
Long Term Training (6months-3years)	R243 993	R1 306015, 00	18%	66	20
Short Term Training (1-5 days)		R5 769759, 00	82%	189	31
Total		**R7 075 774,00**		**225**	**51**

Employment Changes				
Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	1	0	0	1
Senior Management	9	0	0	9
Professional Qualified	96	16	8	104
Skilled	76	1	1	76
Semi -Skilled	65	6	0	71
Unskilled	19	0	0	19
Fixed	38	4	17	25
TOTAL	304	27	26	305

There were no considerable changes in the employment profile due to the number of terminations with majority being the end of fixed term contractors.

Human Resource Oversight Statistics

Reasons For Staff Leaving		
Reason	Number	% of total no .of staff leaving
Death	2	0,7%
Resignation	9	2,9%
Dismissal	2	0,7%
Retirement	0	0,0%
Ill Health	0	0,0%
Expiry of contract	13	4,3%
Other	0	0,0%
TOTAL	26	8,5%

The total number of exits for this financial year is 8.5 % compared to the last financial year 9.2%.
3% of the resignations were from voluntary resignations due to incompatible salaries and limited career prospects. The Reward & Recognition Policy as well as the Retention strategy have been put in place to mitigate the risks of turnover.

Labour Relations: Misconduct and Disciplinary Action	
Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	0
Final written Warning	1
Dismissal	2

Human Resource Oversight Statistics

Equity Target and Employment Equity Status

EE Committee quarterly meetings for the financial year under review dealt with the following:

- The annual EE Report submitted to the Department of Labour
- Progress against the objectives for the year 1, 2 & 3 of the EE Plan
- Organisational and Regional EE Targets and movement towards the targets
- The SAMSA Employment Equity Strategy

Equity Target and Employment Equity Status										
Females										
Occupational Levels	African		Coloured		Indian		White		Foreign National	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0	0	0
Senior management	2	3	0	0	0	0	0	1	0	0
Professionally Qualified	15	27	2	7	2	1	7	8	2	0
Skilled Technical	34	30	3	3	1	4	2	4	0	0
Semi-Skilled	34	37	8	10	1	2	7	9	0	0
Unskilled	16	14	1	1	0	0	0	0	0	0
Temporary Workers	4	0	0	0	0	0	0	0	0	0
TOTAL	105	112	14	21	4	7	16	22	2	0

Human Resource Oversight Statistics

Equity Target and Employment Equity Status										
Males										
Occupational Levels	African		Coloured		Indian		White		Foreign National	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0	0	0
Senior management	4	5	3	3	1	1	1	2	2	0
Professionally Qualified	43	44	13	11	1	3	25	31	8	0
Skilled Technical	27	32	7	7	1	3	2	4	1	0
Semi-Skilled	24	26	4	4	0	1	1	2	0	0
Unskilled	2	2	0	1	0	0	0	0	0	0
Temporary Workers	1	0	0	0	0	0	0	0	0	0
TOTAL	102	110	27	26	3	8	29	39	11	0

Human Resource Oversight Statistics

Employees with Disabilities				
Occupational Levels	Males		Females	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professionally Qualified	1	0	0	0
Skilled Technical	2	0	0	0
Semi-Skilled	0	0	1	1
Unskilled	0	0	0	0
Temporary employees	0	0	0	0
TOTAL	3	0	1	1

SAMSA experienced challenges in meeting targets for Black female representation at management level as well employees living with disabilities. This is largely due to the maritime industry in general being a male dominated industry, making it difficult to recruit and retain suitably technically qualified females. Although a slight improvement with employees living with disabilities was seen during the year under review, representation remains low. Some of the reasons for this include the lack of disclosure due to fear of stigmatisation, lack of awareness, special accommodation seen as an inconvenience, and employees with disabilities often underestimated by their employers and co-workers.

A comprehensive Employment Equity strategy is being implemented to increase and enhance efforts to achieve transformational objectives including Employment Equity targets.

6

Corporate Social Investment Report

SAMSA's vision and objective is to lead and champion South Africa's maritime interests as custodian and steward of maritime policy, to be the vigorous promoter of the maritime sector and give full and complete effect to its obligations for the benefit of all stakeholders. A key item in SAMSA's mission is to 'deliver services related to public awareness and education in marine safety and pollution prevention.'

A key item in SAMSA's mission is to 'deliver services related to public awareness and education in marine safety and pollution prevention and as such ,CSI projects at SAMSA , encompasses projects that are outward for the purpose of achieving a sustained improvement in socio-economic conditions of the target beneficiaries. Projects at SAMSA adhere and driven towards a credible developmental approach. The CSI programme at SAMSA aim to support an operating environment that is conducive to doing sustainable business in South Africa.

SAMSA Corporate Social Investment Report

SAMSA's CSI FOCUS AREAS

SAMSA's CSI strategy is based on Education, Water Sport Development, Entrepreneurial Development, Employee Voluntarism and Special Projects. Special projects involving partnerships funds, resides in the CEO's office, where projects are identified mostly with the shareholder . SAMSA as a State entity (parastatal) has focus areas of implementation that are closely alight to the overall objectives of Government that are guided by the Batho Pele principles as follows:

1 Education

Education is the most powerful weapon which can use to change the world –Nelson Mandela

To bring awareness of maritime industry to the generality of South Africa communities as there is currently only three institutions in the country that offers maritime courses. To equip communities where SAMSA operates in with all Education geared at exposing beneficiaries of SAMSA to maritime opportunities.

2 Water Sport Development

No water, no life, no blue, no green-Sylvia Earle

Across the world, water is fast becoming one of the scarcest resources and as a result one of the most sought after commodities. SAMSA, through its CSI has identified water sport as a developmental initiative, as it has an opportunity to bring talent to those communities leaving next to dams. It also offers an opportunity to open up tourism initiatives that can also create jobs around communities. It also covers safety aspects as most children, in particular in African communities drown in dams, due to the lack skills in waterways. Water skills that SAMSA's CSI offers in terms of awareness is Life Guard Training, Deep Sea Diving and Swimming to those candidates who have failed assessments on life guard and diving.

3 Entrepreneurial development

Every enterprise is a learning and teaching institution. Training and development must be built on it on all levels, training and development that never stops- Peter Drucker

Over the past decade, there has been a gradual shift in CSI practices, especially towards practices of more strategic and impactful programs. Furthermore the government had made it their duty to accelerate economic growth and Job creation. In this regard the growth path becomes the corporates reference point to stimulate growth through developmental programmes driven by CSI in terms of projects and programs that target previously disadvantaged communities. Entrepreneurship looks at empowerment related to communities in SAMSA's area of operation, to start businesses relating to maritime, such as boat building and repair.

4 Employee Voluntarism

The project encourages SAMSA employees to identify projects and programs that render community assistance programs within the confines of their community. Whilst the concept of CSI is still very new within SAMSA, the organisation has made significant charitable donations, year in and year out, SAMSA encourages staff to join forces with the organisation, to create awareness of what is done in the CSI's space. The project allows the employees to be seasoned ambassadors in their own communities.

Corporate Social Investment and Sustainability in line with the National Priorities On Economic Growth and Transformation

1. International Mandela Day

On 23 July 2019, SAMSA, in partnership with the King Sabata Dalindyebo Municipality in Mthatha, Eastern Cape, hosted about 250 elderly people during a function to mark the international Mandela Day at the Mthatha dam.
The choice of the massive dam (or lake, by some accounts) for the function was consistent with SAMSA's expanded mandate to promote the environmental and economic potential value of the country's inland waterways within context of the development of the country's maritime and marine economic sector as espoused through the Operation Phakisa (Oceans Economy) programme.

2. Boat Repair Structure In Mapuzi, Coffee Bay, Eastern Cape Province

Partnership with Moses Kotane Research Institute (MRI): discussions to enter into a Memorandum of Agreement are at an advanced stage. Key pillars and areas of cooperation include funding of co-projects, Skipper's Licence Training, Research projects and entrepreneurial development. SAMSA is currently vetting a draft MoA prepared by MKI to this effect.

7 Corporate Governance Report

SAMSA, led by the Board, understands that adhering to the good corporate governance principles and basics is key to the sustainability of the entity and its activities. The SAMSA Board is committed to complying with good governance principles and guidelines, in particular, the King Governance Code and national legislation as well as governance and compliance directives from the Shareholder department, the Department of Transport and National Treasury. The Board directs the affairs and business of the entity through a clear governance structure and established committees to assist it in discharging its responsibilities as outlined in the Board Charter. The Board gives strategic direction to the entity and monitors the executive management team in implementing plans and strategies.

All board members are suitably qualified for their roles as Directors and have extensive business experience and specialist skills across a range of sectors and as prescribed by founding legislation. This enables them to provide balanced and independent advice and judgement in the decision making process.

The Board of SAMSA is the Accounting Authority in terms of the PFMA, 1999 and is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that the affairs and resources of the entity are safeguarded and properly accounted for, used economically, efficiently and effectively. In discharging its overall responsibility, the Board has approved and adopted a code of conduct, which is consistent with the King Corporate Governance Principles and the SAMSA Act.

Access to records and independent advice

Board members have unrestricted access to all the entity's information. All directors have access to the advice and services of the Company Secretary, and Board members may obtain independent professional advice at the entity's expense, should such a need arise.

Company Secretary

The Board is aware of the duties of the Company Secretary who is accordingly experienced and qualified to fulfil those duties. The Company Secretary fulfils the following functions in line with the Board Charter:

- induction of directors
- provides the Board with guidance as to fiduciary responsibilities;
- provides guidance to the Board matters of ethics and good governance; and
- acts as the primary point of contact between Shareholder Minister and the Board.

The Board and its committees are governed by charters which are reviewed and updated annually. They set out the:

i. authority,
ii. roles and responsibilities,
iii. composition and
iv. scope and functioning of the Board and its committees.

The Board members and the CEO are appointed by the Shareholder Minister. The Shareholder has not yet appointed the CEO since the resignation of the former CEO, Mr Tsietsi Mokhele in June 2016. Mr Sobantu Tilayi was appointed Acting CEO pending the Shareholder Minister's decision on the permanent CEO appointment. The Board composition was as follows:

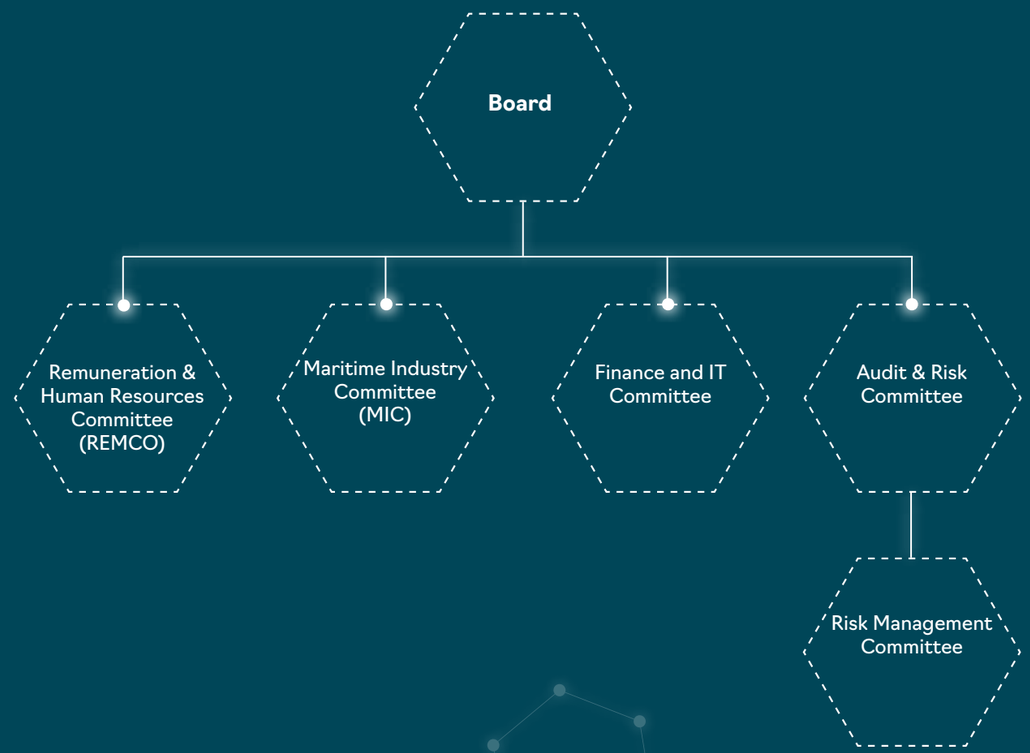
i. Mr Mavuso Msimang (Chairperson)
ii. Ms Nomsa Cele (Deputy Chairperson)
iii. Ms Sekabiso Molemane
iv. Mr Mervyn Burton
v. Mr Mthunzi Madiya (Shareholder Representative)
vi. Mr Sobantu Tilayi (Acting CEO)
vii. Mr Devendra Erriah (CFO)

SAMSA's Governance Structure

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

Board and its Committees

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



SAMSA's Governance Structure

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

- That in the preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material disclosures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit or loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records
- That the Directors, had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

- **Audit & Risk Committee,**
- **Remuneration & Human Resources Committee (REMCO)**
- **Maritime Industry Committee (MIC) and**
- **Finance and IT Committee**

In addition to Board members appointed to the committees, external non-Board members to its committees. The committees are composed as follows:

Audit and Risk Committee members:

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

Risk Management Committee is the sub-committee of the Audit and Risk Committee, it is responsible for overseeing the adequacy and effectiveness of the entity's risk management function and advices the Audit and Risk Committee accordingly.

REMCO

REMCO is responsible for the development, approval and assessment of the remuneration strategy for the entity, determination of the pay structures, the organogram, HR policies and recently approved the salary grades. The membership of the Committee is as follows:

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

MIC

i. Ms Sekabiso Molemane (Chairperson)
ii. Mr Fred Jacobs
iii. Mr Brian Williams
iv. Ms Doreen Mgoduka and
v. Mr Greg Christy

Finance and IT Committee

i. Dr Michael Hendricks (Chairperson)
ii. Mr Mervyn Burton and
iii. Mr. Faizal Docrat

SAMSA'S Governance Structure

The Finance and IT Committee established the IT Steering Committee in November 2018 as its sub-committee to help in dealing with specific IT related matters. IT Governance is taken seriously by the Board and is essential to support the growth and sustainability of the entity. The Chief Information Officer oversees the day-to-day technology and information operations and the Board has delegated the responsibility to the Finance and IT Committee for overseeing its governance and direction.

The Audit and Risk Committee

- The Audit Committee operates within written guidelines to assist the Board in fulfilling its oversight responsibilities for:
- The integrity of the entity's financial statements;
- The entity's compliance with legislative, regulatory and governance requirements;
- The performance of the external audit(Auditor-General's) function and independence; and
- The performance of the entity's internal audit function and independence; and
- The entity's risk management process
- Review and agrees on the terms of engagement and annual fees for the external auditor;
- Review the external auditor's annual audit scope and audit approach,
- Provides a forum for communication between the Board, management and both the internal and external auditors; and
- makes recommendations to the Board on audit, risk management and compliance matters.

Audit and Risk Committee Composition

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

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

Whistle-blower function

The Board approved the appointment an independent service provider to operate a whistle-blowers' function to enable employees and other stakeholders to report, confidentially and anonymously, any unethical behaviour. There are procedures in place to ensure that each whistle-blowing report is investigated and a report is availed to the Board.

Board and Committee Meetings

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

Board	Audit & Risk Committee	REMCO	MIC	Finance & IT	AGM
19/09/2019 15/11/2019	20/05/2019 17/07/2019 29/07/2019 22/11/2019 24/02/2020	29/10/2019 10/12/2019 11/12/2019 25/02/2020	30/04/2019 05/07/2019 05/11/2019 17/02/2020	16/05/2019 14/08/2019 05/11/2019 20/02/2020	05/11/2019

BOARD	Details of the individual members attendance			
MEMBER	19/09/2019	15/11/2019	AGM 05/11/2019	Total Attendance
Mr Mavuso Msimang	✓	✓	✓	3
Ms. Nomsa Cele	✓	✓	*	3
Mr. Mervyn Burton	✓	✓	✓	3
Ms. Sekabiso Molemane	✓	✓	✓	3
Mr. Sobantu Tilayi	✓	✓	✓	3
Mr. Mthunzi Madiya	✓	✓	✓	3
Mr. Devendra Erriah	✓	✓	✓	3

Legend

- ✓ Present
- * Absent with apology
- • Not yet appointed

Board and Committee Meetings

AUDIT AND RISK COMMITTEE						
MEMBER	20/05/2019	17/07/2019	29/07/2019	22/11/2019	24/02/2020	Total Attendance
Mr Mervyn Burton	✓	✓	✓	✓	✓	5
Ms Sekabiso Molemane	✓	✓	*	✓	✓	4
Mr Sobantu Tilayi	✓	✓	✓	✓	✓	5
Ms. Adila Chowan	*	✓	✓	✓	✓	5
Mr Siyakhula Simelane	*	✓	*	✓	✓	4
Mr Devendra Erriah	✓	✓	✓	✓	✓	5

REMCO					
MEMBER	29/10/2019	10/12/2019	11/12/2019	25/02/2020	Total Attendance
Ms Nomsa Cele	✓	✓	✓	✓	4
Mr Fred Jacobs	✓	✓	*	✓	3
Mr Sobantu Tilayi	✓	✓	✓	✓	4
Ms Ndileka Nobaxa	✓	✓	✓	✓	4
Ms Hazel Devraj	✓	✓	✓	✓	4

Legend

- ✓ Present
- * Absent with apology
- • Not yet appointed

Board and Committee Meetings

FINANCE AND ICT COMMITTEE					
MEMBER	16/05/2019	14/08/2019	05/11/2019	20/02/2020	Total Attendance
Dr Michael Hendricks	✓	✓	✓	*	3
Mr Mervyn Burton	✓	✓	✓	✓	4
Mr Faizal Docrat	✓	✓	✓	✓	4
Mr Sobantu Tilayi	✓	✓	✓	✓	4
Mr Devendra Erriah	✓	✓	✓	✓	4
Mr Mosala Mosegomi	✓	✓	✓	✓	4

MIC					
MEMBER	30/04/2019	05/07/2019	05/11/2019	17/02/2020	Total Attendance
Ms Sekabiso Molemane	✓	✓	✓	✓	4
Mr Fred Jacobs	✓	✓	✓	*	3
Ms Dorothy Mgoduka	✓	✓	✓	✓	4
Mr Brian Williams	✓	✓	✓	*	3
Mr Greg Christy	✓	✓	*	✓	3
Mr Sobantu Tilayi	✓	✓	✓	✓	4
Mr Mthunzi Madiya	*	*	✓	✓	2

Legend

- ✓ Present
- * Absent with apology
- • Not yet appointed

Chairperson of the Audit Committee

Mr. Mervyn Burton

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

Audit Committee members and attendance

The Audit Committee consisted of the members listed hereunder and meets at least four (4) times per annum as per its approved terms of reference. During the 2019/20 financial year, five (5) meetings were held. The Audit and Risk Committee was effective for the whole year ending March 2020. For the year under review which is from the 1st April 2019 to the 31st March 2020, five (5) meetings were held as follows:

AUDIT AND RISK COMMITTEE						
MEMBER	20/05/2019	17/07/2019	29/07/2019	22/11/2019	24/02/2020	Total Attendance
Mr Mervyn Burton	✓	✓	✓	✓	✓	5
Ms Sekabiso Molemane	✓	✓	*	✓	✓	4
Mr Sobantu Tilayi	✓	✓	✓	✓	✓	5
Ms. Adila Chowan	✓	✓	✓	✓	✓	4
Mr Siyakhula Simelane	✓	✓	*	✓	✓	5
Mr Devendra Erriah	✓	✓	✓	✓	✓	5

Audit Committee Responsibility

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

The Committee has complied with all the respective requirements.

The Effectiveness of Internal Control

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

SekelaXabiso CA Inc. is the appointed Internal Auditor to the South African Maritime Safety Authority (SAMSA) for the period.

SAMSA received a qualified opinion on its Annual Financial Statements due to the AG (SA) being unable to verify the completeness of the Accounts Receivable number in the AFS due to the fact that there were material unallocated deposits. Although the financial statements were qualified there was a major improvement regarding Irregular Expenditure and Commitments. The prior year's qualification was based on three key elements, namely Accounts Receivable. Commitments and Irregular Expenditure. Management is

confident that the Accounts Receivable matter should be resolved by the end of the 2021 financial year. The aim is to attain an unqualified audit opinion on the AFS.

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

In line with the Public Finance Management Act (PFMA) and the King Governance Code on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. Internal Audit has carried out reviews in 2019/20. Some of the audits highlighted fundamental or significant issues in respect of risk, governance and control.

Based on the assessments conducted we found that overall SAMSA has fair governance and risk management procedures in place. Management and the Audit and Risk Committee have both been involved in ensuring the focus of the internal audit effort aligns to SAMSA's key strategic and operational risks.

From the various reports of the Internal Auditors and the AGSA Audit Report on the Annual Financial Statements, the management report of the Auditor-General, it was noted that matters were reported indicating that material deficiencies in the system of internal control and deviations continue to exist on compliance matters. Despite the major effort made by management we still have major short-comings within Supply Chain Management (SCM). These consist of a combination of human resource capacity, non-performance and business process failures. The CFO and the finance team have implemented all findings from prior years however there's still a long way to go before we are where we need to be regarding the underlying route causes which lead to control failure. Controls were implemented to address these route-causes however there is still further work that is required. Controls implemented needs to be sustainable. There are several issues that compromise this sustainability. These include systems. Processes and Capacity. All business processes have and are continuously being reviewed and amended where necessary. All business processes not documented are now being recorded as part of the Total Quality Management System Project. This is an on-going process. A new CFO has been appointed, and a Project Team has been set-up to implement appropriate governance, risk management and control procedures. Accordingly, we are not satisfied that the current system of internal control for the period under review was efficient and effective. The impact of these actions should manifest in the new financial year. We are pleased to announce that there were no material findings as to the usefulness and reliability of the entity`s Pre-determined Objectives for a third year running.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

We have:

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

External Auditor's Report

We have reviewed the Board's implementation plan for audit issues raised in the prior year however we are not satisfied with the progress made to date. This is an on-going project as mentioned above.

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

This Audit and Risk Committee is very concerned that the Chief Executive Officer (CEO) position remains vacant. This severely impacts leadership. In order for this entity to be successful, SAMSA needs to ensure that best practice governance principles are in place.

The Audit Committee is very concerned about the going concern status of the entity and the ability of the entity to sustain service delivery due to the fact that the entity has failed to achieve required approved tariff adjustments despite mammoth efforts by The Board and Management dealing with the appropriate authorities, namely the Executive Authority together with National Treasury. In addition, the advent of COVID related lock-down regulations has had a serious impact on SAMSA's financial health. These will have a major impact on the financial sustainability of the organisation going forward.

The Audit and Risk Committee is committed to ensuring that the appropriate control measures are effective, efficient and transparent, however this can only be achieved through the dedicated commitment of management. The Audit and Risk Committee will endeavour to use combined assurance principles to follow up on all assurance providers findings in order to attain "clean" governance especially within SCM. However, we cannot be effective if management does not implement the agreed recommendations.

Mr. Mervyn Burton
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

Compliance with Laws and Regulations

SAMSA complied with all the necessary financial reporting standards and legislation during the 2019/20 financial year. These include the Public Finance Management Act No 1 of 1999, National Treasury Regulations, Preferential Procurement Policy Framework Act, and standards of Generally Recognised Accounting Practice.

IMO Conventions to which South Africa Is a Party

IMO Conventions	Domestic Legislation	Remarks
SOLAS Convention SOLAS Protocol	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that the amendments to SOLAS could be addressed through this process.
Load Line Convention 1966	Merchant Shipping Act, 1951	Tonnage Measurement of South African Registered vessels is carried out in terms of 1966 Convention. South Africa will have to consider acceding to the 1988 protocol with a view to bringing our load line assignment regime in line with latest international regime.
TONNAGE Convention 1969	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that any amendments to SOLAS could be addressed through this process.
COLREGS Convention 1972	Merchant Shipping (Collision Regulations) 1996	No remark
CSC Convention 1972	Merchant Shipping (Safe Container Convention) Act 2011	There is an existing legislation:Merchant Shipping (Safe Container Convention) Act, 2011 which emanates from the 1972 Convention. Therefore, South Africa may need to review its legislation against the 1993 amendments.
SEARCH AND RESCUE Convention 1971	South African Maritime Aeronautical Search and Rescue Act 2002	No remark
STCW - Convention 1978	Merchant Shipping Act, 1951	Merchant Shipping (Manning,Training, and Certification) Regulations 2013

Compliance with Laws and Regulations

IMO Conventions	Domestic Legislation	Remarks
MARPOL 73/78 (Annexures I,II,III & V)	Marine Pollution (Prevention of Pollution from Ships) Act, 1986	Act 2 of 1986 was last amended in 1996. This has the effect that any amendments to MARPOL since 1996 do have force of law in South Africa and in the circumstances need the Act urgent amendment.
LONDON Convention	Dumping at Sea Control Act 1980	Act is administered by the DEA
INTERVENTION Convention 1969 INTERVENTION Convention 1973	Merchant Shipping (Intervention) Act 1987	No remark
CLC Protocol 1992	Merchant Shipping (CLC) Act 2013	South Africa is not a party to the 2001 Bunker convention which imposes similar obligations on ship owners as those imposed under the CLC protocol. It would be prudent to accede 2001 Bunker Convention.
IOPC	Merchant Shipping (IOPC Fund) Act 2013 Merchant Shipping Contribution Act 2013-Treasury legislation Merchant Shipping (IOPC Fund)	South Africa has already adopted Protocols to CLC and IOPC Fund and came up with national legislation. However, the cover from IOPC Fund may not be sufficient in other circumstances to pay for damage caused by pollution of marine environment. Therefore, the 2003 Protocol serves as a top-up cover by the Fund.
-	Wreck and Salvage Act	There has been many salvage operations in South Africa either from the ship that is stranded or seeking salvage assistance. The laws governing salvage and its operations sometimes are rendered insufficient. If the Convention is adopted, it may require the enactment of a stand-alone Act which will deal with salvage only. Further, there would be a need to repeal provisions of salvage activities under the current Wreck and Salvage Act. South Africa has acceded to the Nairobi Convention on Wreck Removal as such the current Act may have to be amended in future to address NWR convention.

Compliance with Laws and Regulations

IMO Conventions	Domestic Legislation	Remarks
MARPOL 73/78 (ANNEXURE VI)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way greenhouse emissions.
MARPOL 73/78 (ANNEXURE IV)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way of sewage.
Cape Town Agreement 2012 / Safety in Fishing Convention.	No Domestic Legislation	South African Ship Register is dominated by fishing vessels. However, there are no fishing industry specific legislated safety and construction standards. The standards currently imposed are those drawn from a body of Regulations dating back to 1961. Section 356 of the MSA empowers the Minster to make regulations to address safety in fishing. The MSA is currently subject to a review process and it is envisaged that regulations addressing safety in fishing could be incorporated into law through this process.
Ballast Water Management Convention	No Domestic Legislation	The DoT is the process of reviewing a previous draft Bill with the view to domesticating the Convention once it comes into force in September 2017.
STCW-F 1995	No Domestic Legislation	The MSA is currently the subject of a complete review and it is envisaged that STCW-F would be incorporated into our domestic legislation during this process.
LLMC 1996	No Domestic Legislation	South Africa has never been a State Party to LLMC. However, the Merchant Shipping Act has provisions for limits of the shipowner's liability but is still based on the 1976 provisions. This may put the shipowner in danger of not being able to benefit from the latest limits of liability as provided for by the 1996 Protocol. DoT has elected to amend the Merchant Shipping Act to align with the new LLMC limits.

Compliance with Laws and Regulations

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

Legislation currently with the State Law Advisor

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

Fraud and Corruption

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

The main principles of the Fraud Prevention Plan are the following:

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

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

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

Minimising Conflict of Interest

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

Furthermore, the Recruitment and Selection policy provides for pre-screening of candidates to ensure that only suitable individuals are brought into the organisation. Once employees join the Authority, they are further required to complete their Declaration of Interest forms. SAMSA staff also participate in various Supply Chain Management (SCM) related internal committees such as Bid Evaluation

Compliance with Laws and Regulations

Committee (BEC), Bid Adjudication Committee (BAC), etc. and their participation in these committees is preceded by the completion and signing of disclosure of interest forms. In the year under review, SAMSA implemented a targeted vetting project covering mainly the SCM environment.

An investigation was conducted and when conflict of interest was detected the (affected employee(s)…? employment contract was ended.

Code of Conduct

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

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

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

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

Health, Safety and Environmental Issues

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

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

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

8 Enterprise Risk Management Report

SAMSA adopted an Enterprise Risk Management (ERM) approach to the management of risk. Essentially the ERM approach is a process effected by the Board of Directors, Management and staff, applied in strategy setting across the entity, with the intention to identify potential risk/opportunity events that may affect or be affected by the entity, and contribute to management of risks within the entity's risk appetite, as well as provide reasonable assurance regarding the achievement of the mandate objectives and strategic outcomes.

Enterprise Risk Management Report (ERM)

SAMSA adopted an Enterprise Risk Management (ERM) approach to the management of risk. Essentially the ERM approach is a process effected by the Board of Directors, Management and staff, applied in strategy setting across the entity, with the intention to identify potential risk/opportunity events that may affect or be affected by the entity, and contribute to management of risks within the entity's risk appetite, as well as provide reasonable assurance regarding the achievement of the mandate objectives and strategic outcomes.

Below is an Overview of SAMSA Risk Management and Governance Structures

Roles and Responsibilities Matrix on ERM assurance

Oversight

Implementation

External Assurers

Oversight of the Entity Risk Management System

1 The Minister of Transport

The Executive Authority takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the entity against significant risks and enable it to take value creating opportunities in a prudent and value preserving way.

2 Accounting Authority – Board of Directors

The Executive Authority takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the entity against significant risks and enable it to take value creating opportunities in a prudent and value preserving way.

3 Audit and Risk Committee

Board of Directors of SAMSA, which are appointed by the Minister of Transport and held accountable for the overall governance of risk. The board is responsible for overseeing risk and compliance across the entity and provides an integrated approach to govern and manage risk.

4 Risk Management Committee

The Audit and Risk Committee is a Board subcommittee that assists the Board to fulfil its risk oversight responsibilities in accordance with prescribed legislation and corporate governance principles.

Enterprise Risk Management Report (ERM)

Enablement (Implementation) of the Risk Management System

5 Accounting Officer – Chief Executive Officer

The Accounting Officer is accountable for the overall management of risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

6 Executive Management

Management is responsible for executing the responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines.

7 Risk Management Unit

The unit responsible for Risk Management is the custodian of SAMSA's Risk Management framework, strategy, implementation plan, and coordinator of risk management activities throughout the authority. Its primary responsibility is to lead and develop SAMSA's risk management capability and bring to bear their specialist expertise to assist the entity in embedding risk management and leverage its benefits to enhance performance.

8 SAMSA Officials – Line Managers

They are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress

External Assurers on the Risk Management System

9 Internal Audit

The role of the Internal Audit in risk management is to provide an independent, objective assurance on the effectiveness of the SAMSA's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary

10 External Audit (Auditor-General)

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

Covid-19 Outbreak

On Sunday, 15th of March 2020, in his address to the nation, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act due to the outbreak of COVID 19 pandemic. The declaration enabled the government to have an integrated and coordinated disaster management mechanism that focuses on preventing and reducing the outbreak of the virus, through the implementation of extraordinary and radical measures to curb the spread of infections.

SAMSA, following to comprehensive deliberations, put together key actions plans to assist with the continuity of the business during and after the COVID-19 pandemic. Some of the actions plans implemented included a cancellation of all travels (international & domestic), suspension of all statutory surveys, inspections, initiated and encouraged working from home arrangements for all non-essentials staff, established a SAMSA COVID 19 Task Team to assist with continuous tracking and communication to EXCO on any key issues pertaining to the pandemic.

The initial assessment of the impact of this pandemic on the entity is already showing in reduction of the budgeted revenue, a decline attributable to reduced activity at our seaports – a clear indicator that the lockdown period significantly affected the delivery of the 2020-21 strategic outcomes and outputs.

In order to ensure that impacts of COVID 19 on the long-term going concern of the entity including financial sustainability, strategy and mandate objectives implementation are properly managed, the entity adopted a Risk adjusted approach to return to work in line with the National Risk Adjusted Strategy for Economic Activity.

Implementation of the South Africa Maritime Risk Workshop – Programme of Actions

South Africa as a coastal state, has the responsibility of managing a vast coastline extending up to the Antarctic. There are several vessels that traverse our coastline daily, with the ever-increasing potential of an incident occurring. Past realities of causalities have consistently challenged our readiness to deal with such. The South African Maritime Safety Authority (SAMSA) shall budget and allocate the necessary resources to rendering, investigating enhanced and efficient response mechanisms in cases of major marine incidents, with focus to improving maritime risk management and mitigation measures. This includes SAMSA having the required resources, funding in terms of pollution preparedness and response, research, and modelling.

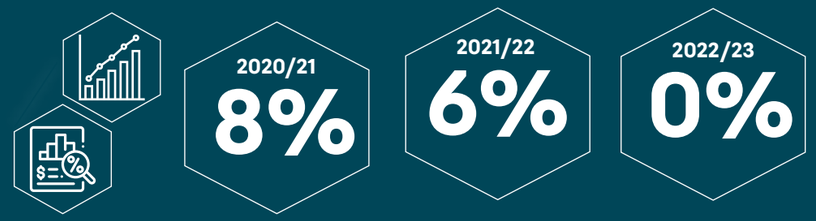
A South African Maritime Risk Workshop held at the Protea Hotel- Marriot in Umhlanga, Durban resolved on key Programme of Actions to ensure proper mitigation of the country`s risk maritime exposure through the following:

- Development of dequate maritime emergency response capacity to vessels in need, such as the positioning of two emergency towing vessels (ETVs) – one more than at present – at strategic locations along South Africa's coastline, as well as centralising technologies for monitoring of South Africa's oceans at the South African Maritime Safety Authority (SAMSA).
- Development of Aerial capability for oceans monitoring with a detailed feasibility study to determine the requirements and the current capacity status
- Ensure deployment of advanced technologies for day to day monitoring and management of vessel traffic and related matters such as accurate identification of ocean areas affected bypollution,
- A precise definition of the country's state of readiness spelling out exactly what oceans emergency situations the country should be ready for, and indicators thereof
- Institutional arrangements: relating to enhancement of cooperation and collaboration among various key role-players in the sector,
- Development of Legislation to ensure that all relevant laws governing management of the country's maritime sector is up to date along with related regulations.
- Secure funding through repositioning of the Maritime Fund as envisaged in the Comprehensive Maritime Transport Policy.
- ReinforceMaritime security imperatives in terms of piracy and armed robbery against ships

Approval and Implementation of Tariffs

The entity`s long term financial sustainability has been under threat due to underfunding in line with the mandates objectives requirements with non-approval for tariff adjustments for the last two and half years leading to lower forecasted SAMSA revenue by at least R34.4millions.

The National Treasury has since approved the tariff application for the entity with an 8% increase in the 2020/21 period, a 6% increase in 2021/22 and no increase in the 2022/23 financial period.



Approval and Implementation of the SAMSA Business Continuity Management Strategy

The SAMSA Business Continuity Management Strategy was approved during the financial period. The Strategy provided guidance in the following areas:

- Crisis management and communication – designed to enable an effective response to an event. Crisis management, process focus on stabilising the situation and preparing the business for recovery operations through effective planning, leadership, and communication protocols.
- Business resumption planning or business recovery planning involves the recovery of critical business functions and process that relates to or support the delivery of core product or services to our stakeholders.
- IT Disaster recovery address the recovery of critical IT process including systems, applications, data bases, storage and network assets

Consequently, during the reporting period due to COVID 19 SAMSA invoked the Business Continuity Management activation in line with the requirements of the Disaster Management Act, 2002. The activation meant that the entity implements plans and take actions that provide protection or alternatives modes of operations for the business in order to avoid serious damag or significant loss to employees and other stakeholders that we service as an entity.

The Business Continuity Management communication protocols were invoked in order to avoid confusion, miscommunication, and chaos, and management resolved that all COVID-19 related communication be managed in terms of the Board approved Communication policy, as well as provisions of the Business Continuity Management guidelines.

A budget of R1-million to fund the resource requirements for an effective Action Plan would cater for expenditure items such as: 3G Cards, Personnel costs - prioritisation of functions and critical employees overtime, and Occupation healthy and safety costs.

Overview of Risk Management Journey

Risk Appetite Threshold (RAT)

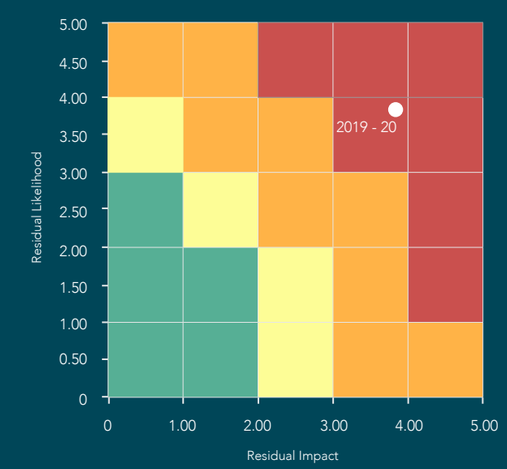
The organisation has embarked on a process to setting Risk Appetite Threshold to assist in improving the Board's risk oversight responsibilities and communicates the Board's risk exposure expectations to management about business decisions. This should encourage conscious risk decisions by management and improve the allocation of resources, thereby realising the best possible options for the achievement of SAMSA's mandate and objectives commensurate with risk.

SAMSA must make calculated and reasonable risk exposure decisions to achieve the level of service delivery envisaged by its strategy. The RAT measures should be an input to strategic and operational decision-making by management and should link risk exposure decisions (based on comprehensive and forward-looking risk-based information) to the support and evaluation of sustainable strategic outcomes. Decisions around RAT could potentially have far-reaching consequences for SAMSA. Ultimately SAMSA should determine if any specific activity fits within its risk appetite or risk tolerance or not. This should be answered at a level commensurate with the level of risk in question.

2019-20 Strategic Risk Performance

The organisation`s risk overview has not much changes in the mitigation of the strategic risks compared to the previous financial period. The overall strategic risk profile is still above the deemed tolerance levels in line with our current risk methodology. Management has committed to continuously enhance the current controls and additional risk treatment plans has been envisage for most of the strategic risks and these will assist in mitigating against the risks once implemented.

SAMSA Overall Heat Map and Top Risks Table



Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	Overview	Progress	Conclusion and Way Forward
1 **SAMSA cannot meet its funding obligations**	This risk emerged as a result of the unfunded mandates which puts a strain on financial resources of the organisation such as expenses relating to the SA Agulhas, delays and non-approval for tariff adjustments from the Minister of Transport and National Treasury leading to lower SAMSA revenue.	During the reporting period the Department of Transport confirmed that the tariffs application is currently with National Treasury for approval. The non-approval of the tariffs since the 2017-18 financial year has resulted in an estimated loss in revenue of R34,4 million.	The risk remains high even though National Treasury has approved the tariff application for the entity with an 8% increase in 2020/21 period, a 6% increase in 2021/22 and no increase in the 2022/23 financial period. SAMSA 5-year financial planning model in place
2 **Limited Technical Maritime skills to deliver on the SAMSA mandate**	The risk arises from SAMSA`s remuneration and benefits being considered relatively low as compared to other maritime industry players and also the lack of a structured talent management programme resulting in SAMSA not being able to attract and retain maritime technical skills, the following skills have been identified as critical: Vessels (Deck and Engine and radio) surveyors, Naval Architects, Chief examiner, Senior examiners, Registrar of Seafarers, Registrar of Ships and Principal Officers.	The entity has just started implementing succession planning process to prioritize critical technical skills and leadership roles.	In the reporting period under review SAMSA issued a Deloitte Best Company survey to identify the management gaps and assist with an improved retention strategy.
3 **IT systems failures**	The risk may arise due to failure to network as a result to external forces like cable theft, power failure or Service interruption, internal forces such as generator failure, UPS (Uninterrupted Power Supply) due to maintenance failure and no SLA agreements with service providers in some instances and non-management of the signed off SLA.	The following is in place to mitigate the risk: continuous maintenance of the UPS, continuous monitoring of Network infrastructure and Business Applications and continuous back-ups of systems being performed daily and monitored. The risk remains high considering the consequences of an IT system for a service entity such as SAMSA. Additional controls have been considered to mitigate the risk to a lower level.	The review all IT SLA to ensure alignment with the IT requirements as part of additional treatment plans to mitigate against the risk is still in progress with only Great Plains and EMERSON still outstanding.

Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	Overview	Progress	Conclusion and Way Forward
4 **A serious or very serious maritime and pollution incident occurs**	The risk could emerge as a result of human error, vessels technical issues, act of God, lack of resources to attend to incidents and failure to detect vessel activities in the maritime domain.	The controls implemented include the Port state control inspections, flag state surveys, adhoc inspections (SA Vessels) and conducting maritime safety awareness campaigns	Management plans to lobby for the establishment of the Maritime Disaster Fund (engagement with the Guarantees Certificate Committee at National Treasury (NT). The implementation of the resolutions of the Maritime Risk Workshop will also assist in mitigating the maritime risks.
5 **Non – compliance to regulatory requirements**	Failure to comply with prescribed regulatory requirements to effectively regulate SAMSA due to lack of awareness and capacity to implement regulatory requirements, ineffective evaluation and monitoring of regulatory requirements and inadequate training on the interpretation and implementation of legislation.	The compliance awareness workshops were conducted cross the entity.	The following mitigation action plans were implemented to reduce the risk exposure: Analysis and implementation plan of the CMTP and Draft CMTP Strategy by March 2020 1. Submit two (2) SAMSA administered Regulations to Executive Authority by March 2020. 2. Developed and implemented a SAMSA Information Management Plan by March 2020 3. Regulatory Compliance Management Plan by March 2020. 4. Developed Policy Monitoring and Evaluation Plan, in line with Comprehensive Policy Universe, by March 2020. 5. Developed 4 Research Projects/Papers, in line with SAMSA Strategy/ APP, by March 2020.

Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	Overview	Progress	Conclusion and Way Forward
6 **Loss of ships on the South African Register.**	Loss of ships registered on the SA ships register due to among other factors such as: 1. Business factors as: financial viability, investment decision, operating country factors such as the political risk of a country. 2. Circumstances that can lead to a vessel being written off such as accidents. 3. SAMSA internal efficiency in the ship registration process: turnaround time, easiness of the registration process (automation of the ship registration process), uncompetitive ship registration costs 4. Uncompetitive incentives scheme to ship owners: preferential treatment, port charges discounts, taxation (income tax, customs and excise and Customs VAT, PAYE for seafarers).	The continuous implementation of the Comprehensive Maritime Transport Policy through such work as the alignment of the Shipping Incentives policy statement with other relevant government instruments such as tax laws, duty and excise, Mining Charter, Transport Charter and continuous engagements with stakeholders including government and the shipping companies to secure long term commitment on the ship register.	Management undertakes to implement a couple of risk treatment actions and plans to further mitigate the risk including continuous engagements with stakeholders as per the Ship Registry stakeholder plan, monitor and evaluate the implementation by ensuring that elements within the entity controls such as internal efficiency in the ship registration process are further improved upon

Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	Overview	Progress	Conclusion and Way Forward
7 **Other Maritime Administrations and the Maritime Industry cease to recognise the Certificates issued by SAMSA for Seafarers;**	Other Maritime Administrations and the Maritime Industry may not recognise the certificates issued by SAMSA for Seafarers this could emerge as a result of the absence of a quality standard system in place to ensure compliance with the IMO reporting obligations, STCW Conventions and respective STCW I/10 agreements.	The risk profile remains high as the STCW project will focus on the improving the following: • Amend two sets of regulations giving effect to the STCW Convention • Review and amend the SAMSA Code to ensure full coverage of the STCW Code and the STCW -F Convention; • Review and amend all the procedures, or create new ones, required to give effect to the STCW.	"[Review all STCW Regulation 1/10 Agreements where SAMSA failed to receive approval due to IE/IMO reporting failures, if need be, arrange for re-submission:Malta, France, New Zealand Luxembourg Determine the outline of a QMS that would be feasible for SAMSA, based on either a Departmental need or Organisational needs. QSS to form part of QMS Covid severely impacted on the deliverable. Draft Regulations was gazetted, however these were incorrect. SAMSA have approached the DOT to conduct a workshop to reach mutual agreement of the Training Regulations going forward so that the final regulations can be gazetted once corrected.] Will continue with the implementation of the QMS on an incremental approach during the lockdown, including where appropriate - online training for those elements which are being rolloed out. [31 October 2020] Work with the DOT to ensure draft_regulations are assented to by the minister and promulgated for implementation [timeline controlled by the DOT]"

Overview of the Other Material and Emerging Risks

Risk Identified	Details of Risk	Progress and Action Plans
Inadequate contract management 1	This risk due to the lack of effective contract management which might as a result lack of oversight on the use of manual processes to manage contracts, lack of accountability on the management of contracts and business entering into contracts without notifying the Supply Chain Management unit. As a result, the entity would encounter financial losses, delays in service delivery, litigation from aggrieved service providers, negative audit findings and non-compliance with PFMA, PPPFA etc	The Board term has been extended until the next appointment of the permanent board by the Minister of Transport. The entity still does not have a permanent CEO and the SAMSA Board complied with the SAMSA Act provisions on their role on the appointment of the CEO to the shareholder.
SAMSA 's strategic direction compromised 2	The risk is since SAMSA's strategic direction compromised due to the absence of a permanent CEO for the last 48 months (4 years)..	The Board term has been extended until the next appointment of the permanent board by the Minister of Transport. The entity still does not have a permanent CEO and the SAMSA Board complied with the SAMSA Act provisions on their role on the appointment of the CEO to the shareholder.
Unreliability and integrity of financial information 3	Unreliability and integrity of financial information resulting in compromising decision making resulting in non compliance with Treasury regulations and PFMA, negative audit opinion, lack accurate financial insights to assist management in decision making	SAMSA has implemented a couple of controls including the monthly reviews of financial information, use of case ware in the preparation of annual financial statements and training of SAMSA employee.
Non-compliance to the IMO Instruments Implementation Code (III Code) 4	The risk is due to the requirements in the IMO audit scheme on IMO Instruments Implementation Code (III Code) The old voluntary IMO audit scheme, VIMSAS, is now superseded by a new Mandatory Audit Scheme using the III Code as a basis. SAMSA is expected to be audited in the year 2021, the official date is not yet known, SAMSA needs to put measures in place to comply with the III Code requirements.	The South Africa III Code Project has commenced, the project been recently aligned to take cognisance of the impacts of COVID 19 pandemic.

Overview of the Other Material and Emerging Risks

COVID-19 Outbreak 5

On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 a pandemic (an infectious disease outbreak that spreads on a global scale). On Sunday, 15 March 2020, in his address to the nation, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act.

Consequently, considering the enormity of the health risk imposed by the COVID-19 virus SAMSA EXCO invoked the Business Continuity Management Plan in line with the requirements of the Disaster Management Act, 2002. The activation meant that we were required to implement plans and take actions that provided protection of SAMSA employees including alternative modes of operations for our business in order to avoid serious damage or significant loss to the employees and other stakeholders that we service as an entity.

Progress and Action Plans

The entity adopted a Risk Based approach in returning to work in response in implementation of "National Risk Adjusted Strategy for Economic Activity" on COVID 19.

The key drivers in the risk-based approach were the following:

1. Risk of transmission of the virus (including the ease of implementing mitigation measures) incorporating the national and the entity's alert level with clearly defined restrictions which can adapt to the changing pandemic.
2. Expected impact of COVID 19 on the long-term going concern of the entity including financial sustainability, strategy and mandate objectives implementation.
3. The extent of readiness of the entity to mitigate further spreading the virus at the workplace in line with the requirements set out for Level four (4) in the Draft Framework of the COVID 19 National Risk Based Strategy.
4. The Healthy and Safety of the SAMSA`s employees in line with the aim of flattening the curve on the spread of COVID 19 virus.
5. The expected impact of continued non provision of services to the different stakeholders and iturn the impact to the national economy.
6. The Provincial's COVID 19 Risk Exposure Levels as communicated by the different Provinces.

9 Stakeholder Management

Stakeholder Management Approach and Achievements

The SAMSA Stakeholder Management Policy premised on the government of South Africa Batho Pele principle and other national legislative prescripts, has the overall objective of developing strong and positive relationships, and mutual understanding of stakeholders.

SAMSA Stakeholder Objectives

- To **improve** the way, we communicate and engage with stakeholders;
- To **enhance our ability** to understand stakeholder needs, concerns and interests, and incorporate them into our strategic decision-making processes
- To **increase the transparency** of our management operations, day-to-day operations and activities that impact directly on our stakeholders
- To **build stakeholder confidence** in SAMSA and our management processes in a manner that strengthens our corporate image and brand in the communities we operate within
- To **enhance** SAMSA internal and external service delivery

Key Stakeholder Engagements Events

International Day of the Seafarer

The 2019 Day of the Seafarer was held jointly with the Department of Transport, on the 25th of June. To bring the event to the people and maximise on maritime awareness, the celebrations were hosted in three coastal cities across South Africa, namely, Cape Town, Durban and Port Elizabeth.

The purpose of the day is to give thanks to seafarers for their contribution to the world economy and civil society, and for the risks and personal costs they bear while carrying out their jobs. The 2019 edition of the Day of the Seafarer celebrations were held under the theme "I am On Board with gender equality", with the tag line: #I Am on Board. The main message, in line with the theme, was about celebrating the role women play in the maritime industry, the gender-based challenges and discrimination they face, as well as calling all decision makers in the industry to open opportunities for women to showcase their abilities in this male dominated industry.

22nd Indian Ocean Memorandum of Understanding (IOMOU) Committee Meeting

On 19-23 August 2019, South Africa (SAMSA), hosted Members and Observers to the 22th Committee Meeting of the Indian Ocean Memorandum of Understanding (IOMOU), which was held at the Cullinan Hotel, Cape Town.

Just over two dozen delegates from about 20 countries of the Indian Ocean rim region gathered in the city for the 22nd Indian Ocean Memorandum of Understanding (IOMOU) Port State Control Committee five-day meeting. The meeting is also an occasion to mark its 20th founding anniversary, and whose inauguration meeting was also held in South Africa in 1998.

Represented countries included Australia, Bangladesh, Comoros, Eritrea, France (La Reunion), India, Iran, Kenya, Madagascar, Maldives, Mauritius, Mozambique, Myanmar, Oman, Seychelles, Sri Lanka, Susan, Tanzania, Yemen and South Africa.

South Africa National Workshop on the Implementation of MARPOL ANNEXURE VI on 0.50% Sulphur

On 24-25 July 2019, SAMSA hosted a National Consultative Workshop on the Implementation of MARPOL ANNEXURE VI on 0.50% Sulphur, which is effective from 01 January 2020.

Following healthy discussions and a detailed assessment of the South African environment in relation to the global low sulphur regulation, the workshop resolved that South Africa will be ready to implement the new regulation when it becomes effective on 01 January 2020. The regulation is aimed at prevention of pollution by ships at sea. The workshop also sharply raised concerns around the absence of an enabling piece of legislation at that late stage.

Among those attending were representatives of various sub-sectors of the maritime transport industry, fuel producers and distributors, bunkering services providers, ship owners and shipping agents, cargo owners, academics, various government departments representatives including the Environmental Affairs, Forestry and Fishing, the Department of Energy, the Department of Transport as well as Transnet National Ports Authority (TNPA).

Key Stakeholder Engagements Events

The South African Implementation of the Work In Fishing Convention (South East Asian C188 Workshop)

On 25-28 August 2019, South Africa (SAMSA) hosted the Workshop on the South African Implementation of the Work in Fishing Convention, Convention 188 and the Demonstration of the South African Flag State Inspections at work, at the Southern Sun Cape Sun Hotel in Cape Town.

The delegations represented were from the following countries: Indonesia, Philippines and Thailand. The purpose of the workshop was to provide an opportunity for South East Asian Administrations to engage SAMSA on the effective implementation of the ILO the Work in Fishing Convention (C188).

This was also an opportunity for SAMSA to demonstrate to the delegation a successful working Flag State System where the Authority has buy-in from all social partners. The ultimate objective was to facilitate information and knowledge exchange amongst countries and administrations.

The three days session was delivered through a combination of formal presentations, ports visits (Port of Saldanha) fishing vessel inspections as well as tours to some of South Africa's large fishing companies, such as I & J, and Sea Harvest.

Flagging of Vuka Marine's Windsor Adventure

SAMSA in partnership with Vuka Marine hosted the arrival of the latest addition to the South African Ship Register "The Windsor Adventure". The Windsor Adventure docked in our shores on 18 June 2019 at the Port Elizabeth Harbour.

South Africa's ship registry was given a boost with the registration of yet another vessel operated by Vuka Marine, bringing to close on half a dozen the number of operational ships now carrying the South African flag in world oceans. The Vuka Marine cargo vessel known as the Windsor Adventure: Port Elizabeth, was formally welcomed into the country's ship registry at a ceremony held in the city of its registry and home, the port of Port Elizabeth.

All-Female Voyage To The Indian And Southern Oceans

The 22 women- two officers and 20 young female cadets sailed from the port of Cape Town on Friday, 27 December 2019, headed for Mauritius where they were joined by a group of Indian scientists for their three months sojourn into the Indian Ocean and Antartica region.

According to SAMSA – owners and operators of the SA Agulhas, the country's only dedicated cadet training vessel – and the South African International Maritime Institute (SAIMI) – the country's agency for cadet training – the latest of three such training opportunities for the country's cadets out sea was partly made possible by the out hiring of the SA Agulhas ship to the Indian National Centre for Antarctic Ocean Research (ICAOR).

Scientists from the ICAOR conducted research of the Indian and Southern Oceans waters over a period of two months through to the beginning of March 2020. During this period, the all-female 18 deck and two engine cadets received extensive training and earned crucial sea time to advance them through their studies as future mariners

Key Stakeholder Engagements Events

SAMSA, TNPA, Eastern Cape Provincial Government, and Partners Host The Maritime Industry Oversight Visit by The Deputy Minister in the Presidency

On 05 February 2020, Deputy Minister in the Presidency, led a Department of Planning, Monitoring and Evaluation (DPME) oversight delegation to the Nelson Mandela Bay, Eastern Cape Province. The visit was aimed at:

- Assessing the progress and the impact that has been made by Operations Phakisa's Maritime Transport and Manufacturing delivery lab and get a sense of the needed sustainable interventions to existing challenges;
- Visiting other Oceans Economy projects identified as having a potential of unlocking economic growth and address the challenges of unemployment, poverty and inequality;
- Engaging the business community on existing opportunities in supporting and partnering with government and gain understanding of the challenges experienced by the business community with a view of identifying possible solutions.

SAMSA formed part of a planning steering committee led by DPME and the Eastern Cape Provincial government. SAMSA, TNPA and industry players led a visit to bunkering operations in the Bay. Other projects visited were: the Relocation of the Oil Farm near the Port of Ngqura, the Aquaculture Development Zone, the DEDISA Peaking Power Plant, the Liquefied Natural Gas Energy and the Relocation of Manganese site.

Some of the key themes that came out of the Business Imbizo were shipping taxation matters raised by shipowners and operators, which also inhibit growth of the SA Ship Register, whilst local small businesses lamented limited opportunities to participate in the industry. Government pledged its commitment to addressing the two prominent matters.

AAMA Executive Council Meetings in Casablanca, Morocco and Accra, Ghana

In its capacity as Head Secretariat of AAMA, SAMSA delegations attended and participated in the above meetings on 17-18 April 2019 (Morocco) and 10-11 February 2020 (Ghana). The two meetings were hosted by the Merchant Marine Directorate of Morocco and the Ghana Maritime Authority, respectively. Below are some of the key resolutions taken at the two meetings, aimed at taking the association forward:

- Resolved that South Africa should host the 2020 AAMA Conference and Assembly, to be held alongside the IMO World Maritime Parallel Event. This conference is also set to hold elections for the AAMA Chairmanship and host awards for best performing Maritime Administrations, in various categories.
- Adoption of the Implementation of Article 11 (Budget and Expenses) of the association's Constitution, aimed at formally establishing a funding mechanism for the association, to fund its programmes and projects.
- Establish AAMA Head Office (location to be decided at the 2020 AAMA Conference and General Assembly)
- Establish full-time Secretariat, starting with three members (1-South Africa, 1-Liberia, and 1-Mozambiques)
- Strengthen ties with the AUC for purposes of assisting with the implementation of Africa's Integrated Maritime Strategy (AIMS 2050), as well as participating in the establishment and running of the envisaged Blue Economy programme of the AU.

Key Stakeholder Engagements Events

2019 World Maritime Day Parallel Event

As a member of the Ministry of Transport delegation led by the Minister of Transport: Mr Fikile Mbalula, MP, SAMSA attended and participated at the 2019 World Maritime Day Parallel Event 2019 (WMDPE) held in Cartagena, Colombia, on 15-17 September 2019.

The United Nations (UN), through the International Maritime Organisation (IMO), created World Maritime Day (WMD) to celebrate the contribution made by the international maritime industry towards the global economy, especially in shipping. The WMD focuses on the importance of shipping safety, maritime security and the marine environment. The WMDPE is commemorated globally, with many organisations and organised labour holding special events and activities to celebrate this day.

Subsequent to South Africa (as represented by the DoT) being awarded rights to host the IMO 2020 WMDPE, the DoT established a multi-stakeholder National Steering Committee, of which SAMSA is one of the key members. SAMSA serves in various capacities within the SteerCo, including the Secretariat function, and member of the Contents and Communications Work Streams.

Launch of The Eastern Cape Oceans Economy Roadmap And Handing Over Of Fishing Rig

The awarding of fishing permits for the first time ever to more than 4 000 subsistence fishermen in the Eastern Cape on 06 March 2020, along with the launch of the province's 'Oceans Economy Masterplan' marked a major positive economic turning point for one of South Africa's poorest regions

This is according to both the Province's government in Bisho as well as national Minister of Environment, Forestry and Fisheries, during a function to both launch the province's maritime economy development masterplan – the first of its kind focused expressly on the sector – as well as the handing over of fishing permits to 53 rural community fishing cooperatives in Mthatha.

The 53 cooperatives with a total membership of some 4361 members, are part of a group of 78 cooperatives recently formed in the province representing as many as 5335 artisanal rural community fishermen now accorded long term fishing rights spanning a 15-year period.

10

SAMSA Annual Financial Statements

Statement of Responsibility

Statement of Responsibility and confirmation of accuracy for the Annual report

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

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

- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity

Yours faithfully

Mr. Sobantu Tilayi
ACTING CHIEF EXECUTIVE OFFICER

Mr. Mavuso Msimang
BOARD CHAIRPERSON

Auditor-General's Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the South African Maritime Safety Authority set out on pages 165 to 171, which comprise the statement of financial position as at 31 march 2020, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report the financial statements present fairly, in all material respects, the financial position of the South African Maritime Safety Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with SouthAfrican Standards of Generaily Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act no 1 of1999) (PFMA)

BASIS FOR QUALIFIED OPINION

Receivables from Exchange Transactions

3. Included in receivables from exchange transaction is R7.8 million (2019: R11.2 million) forunknown deposits which reduces the receivable from exchange transactions balance. The public entity did not maintain adequate internal controls relating to the management of receivables from exchange transactions, as receipts from customers were not allocated to their related receivables. As a result, I was unable to obtain sufficient appropriate audit evidence that unknown deposits included in receivables from exchange transactions are appropriately accounted for. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the receivables from exchange transactions stated at R14.5 million (2019: R7.1 million) in the financial

Context for the Opinion

4. I conducted my audit in accordance with the internationail Standards on Auditing (1SAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

5. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the international *Code of Ethics for Professional Accountants* (intcuding Intemational Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements 1 that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

Auditor-General's Report

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

GOING CONCERN

8. We draw attention to note 34 in the financial statements, which indicate how Covid-19 pandemic has affected the public entity to date and had a negative effect in the revenue volumes of the public entity. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. The pandemic has caused significant reduction in the maritimne indusiry travel localy and globaliy hence an impact in revenue of the entity. Management have indicated that they have implemented cost containment measures to continue operating as a going concern.

EMPHASIS OF MATTERS

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

Irregular Expenditure

10. As disclosed in note 37 to the financial statements, the entity incurred irregular expenditure of R 437 million, as it did not follow a proper tender process.

Restatement of Corresponding Figures

11. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2019 were restated as a resuit of errors in the financial statements of the entity at, and for the year ended 31 March 2020.

OTHER MATTERS

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

Non-compliance with South African Maritime Safety Act 5 of 1998

13. The public entity did not have a Chief Executive Officer as required by section 22(1) of the South African Maritime Safety Authority Act since July 2016.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

14. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act no 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting authority is responsible for assessing the South African Maritime Safety

Auditor-General's Report

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

Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

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

19. My procedures address the usefuiness and reliablity of 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/ measures included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures also do 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.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2020

Programmes	Pages in the annual performance report
Programme 3 – Maritime Operations	47 - 74

21. 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.

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for these

Auditor-General's Report

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

programmes:

- Programme 3 – Maritime Operations

Other Matters

23. I draw attention to the matters below.

Achievement of Planned Targets

24. Refer to the annual performance report on page(s) 82 to 91 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

Adjustment of Material Misstatements

25. I identified material misstatements in the annual performance report submitted for auditing.These material misstatements were on the reported performance infomation of programme 3: Maritime Operations. As management subsequentiy corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

26. 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 public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings on compliance with specific matters in key legislations are as follows

Annual financial Statements, performance report and annual report

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

29. Materiai misstatements of current assets identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements or supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Procurement and Contract Management

30. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.Similar non-compliance was also reported in the prior year.

31. Some of the quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.

32. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by treasury regulations 16A6.1 and 16A6.4 Similar non-compliance was also reported in the prior year.

Auditor-General's Report

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

33. In some instances, persons in service of the public entity whose close family members, partners or associates had a private or business interest in contracts awarded by the public entity, failed to disclose such interest, as required by treasury regulation 16A8.4

Expenditure Management

34. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R75,6 million as disclosed in note 37 to the annual financial statements, as required by section 51(1 b)(i) of the PFMA. The majority of the irreguiar expenditure was caused by the entity not obtaining the appropriate level of approval for deviations above R500 000 and a lack of contracts for critical services leading to a high number of deviations from procurement processes.

Consequence Management

35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)Meii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to suppot the investigations into irregular expenditure

36. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by sedtion 51(1ei) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

OTHER INFORMATION

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

38. 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.

39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other infomation is materially inconsistent ith the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

40. If based on the work I performed, I conclude that there is a material misstatement in this other information, I am required to report the fact. However, I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

42. The accounting authority did not fully exercise oversight responsibilities to ensure that an action plan is developed, implemented and monitored to effectively address internal control deficiencies This is evidenced by repeat findings which resulted in an unchanged audit outcome.

43. Effective controls have not been adequately designed and implemented to ensure that there are no material misstatements in the financial statements.

Auditor-General's Report

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

44. Effective controls have not been adequately designed and implemented to ensure that all relevant laws and regulations are being complied when procuring goods and services.

Pretoria
30 October 2020

Annexure: Auditor-General's responsibility for the audit

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the pianned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Chief Financial Officer Report
for the year ended 31 March 2020

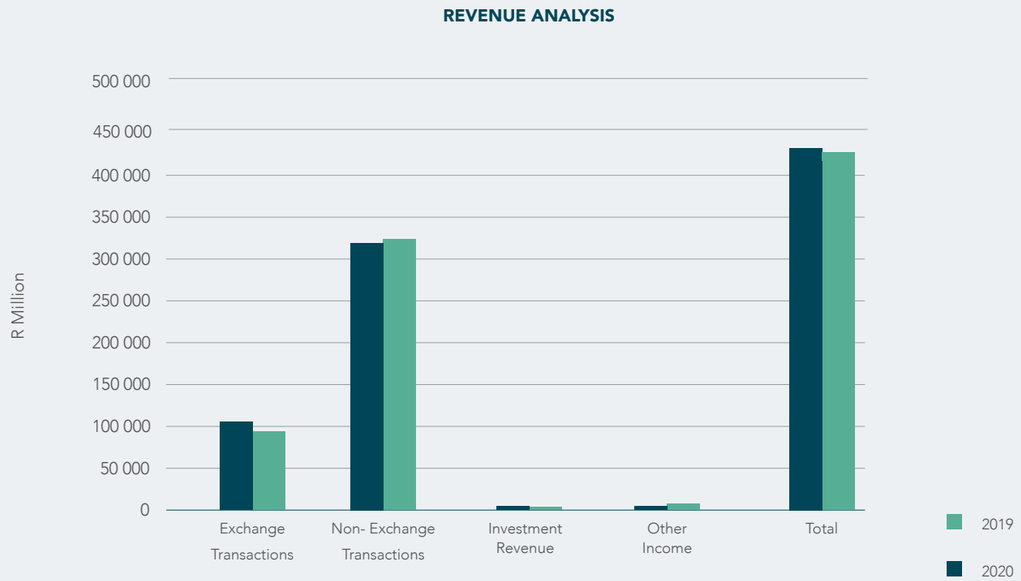
Chief Financial Officer
Mr. Devendra Erriah

The analysis of the financial performance for the year ended 31 March 2020 focuses on the key line items of the statements of financial performance and financial position which management consider material to shareholders' understanding of SAMSA's performance. The following review should be read together with the annual financial statements as well as the summary of the statement of financial performance and financial position, and cashflow statement respectively.

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue for the period rose by 1.7% to R423.3m (2019: R416.3m). This increase is attributable to an increase in exchange revenue, with the SA Agulhas revenue being R11.3m higher than the previous financial year. These results are creditable in the context of extremely changing conditions were SAMSA levies were slightly lower (R1.3m) due to lower sea volumes. Further no tariff increase was approved and implemented during the financial year under review.



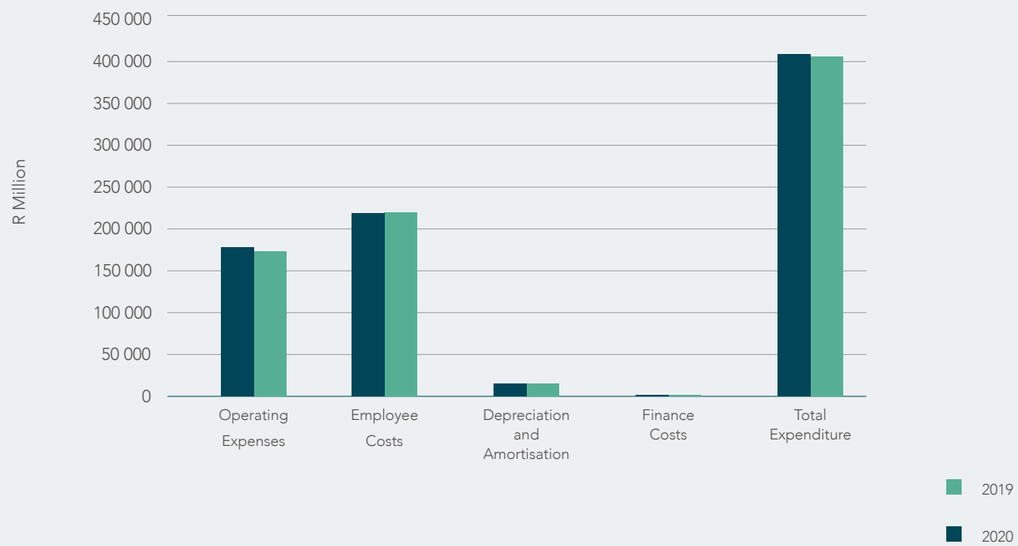
Chief Financial Officer Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

EXPENDITURE

Expenditure for the period rose by 0.3% to R417.2m (2019: R416.0m). The increase is attributable to employee related costs which increased by 0.3% when compared to the previous financial year. Whilst we recorded a slight increase in the expenditure, the entity remained committed in implementing cost containment measures which resulted in the increase in the operating expenses (1%) being below inflation.

EXPENDITURE ANALYSIS



SURPLUS

SAMSA generated a surplus of R13.6m compared with a surplus of R18.0m (restated) the previous financial year. The decrease in the surplus is attributable to the lower SAMSA levies revenue and the that no tariff increase were approved during the financial year under review.

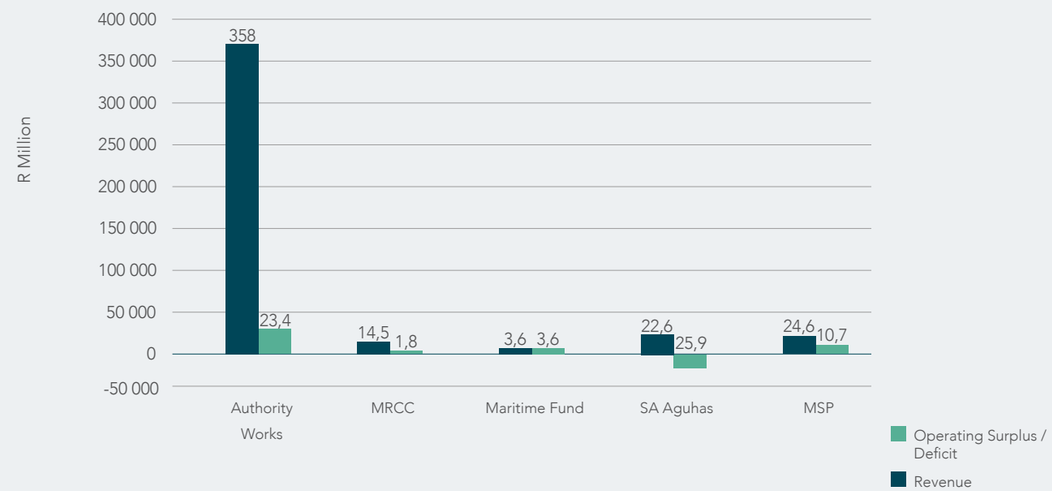
Chief Financial Officer Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

SEGMENTAL PERFORMANCE

The Authority work of SAMSA resulted in an operating surplus of R23.4m, despite the SAMSA levies being 9% lower than budget (4% lower volumes and 5% lower tariff). This was achieved through cost savings, most notably on labour costs, where vacancies were not filled.

The SA Agulhas made a deficit of R25.9m. No cadet training funding was received during the year, due to SAIMI waiting for the funding to be approved. The gross profit from the charter of R17m alleviated the negative effect of the fixed costs of the SA Agulhas. The deficit from the SA Agulhas operations was partially offset by the surplus realised by Maritime Special Projects (MSP).



OVERVIEW: STATEMENT OF FINANCIAL POSITION

The accumulated surplus increased from R84.7m (restated) in the previous financial year to R98.3m in the current financial year, which further alleviated the concerns about the Authority's ability to continue as a going concern.
The SAMSA cash position has decreased from R68.3m in the previous financial year to R60.9m in the current financial year. This is due to an increase in debtor balances, as well as capital expenditure during the year. The Maritime Fund cash position has increased from R15.4m to R19.7m, due to additional fines and penalties received during the year.

LIQUIDITY REVIEW

Our cash flow forecasts, which take into account the impact of COVID-19 global pandemic, are reviewed on a regular and ongoing basis. Our forecasts indicate that the entity's liquidity remains under pressure, with the continued non-funding of the SA Agulhas and

Chief Financial Officer Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

the non-approval of the full tariff increases as supported by the funding model. Further, we have noted the negative impact on revenue volumes due to the Covid19 pandemic, which exacerbates the situation. Severe cost containment measures will continue however we raise the detrimental risk that this will have on SAMSA's ability to deliver on its mandate.

OUTLOOK

Alignment with our five-year strategic roadmaps and cognisant of the severe and ongoing impact of COVID-19 global pandemic on our business, our primary activities in the year ahead will be centred on streamlining the business by prioritising our core mandate, reducing cost and preserving cash. We are committed to the following priorities:

- Optimising cash flow management (including finding sustainable funding for the SA Agulhas);
- Driving cost containment initiatives and
- Continuing to align the supply chain/ procurement and cost drivers to support our mandate.

It is inevitable that the business will undergo transformation as we navigate the new and uncertain environment created by the COVID-19 global pandemic, but we are confident that we use the learning to strengthen our business.

APPRECIATION

I would like to extend my appreciation to my colleagues on the Finance team for their commitment and continued efforts in improving the performance even though we did not achieve our target of an unqualified audit opinion. My thanks also go to the Board for their input and support during the year.

We value the relationships with our shareholder, stakeholder and industry partners who recognise the opportunities that our business affords to South Africa at large. We continue to strive to reward your support for our mandate.

.....

Mr. Devendra Erriah
CHIEF FINANCIAL OFFICER

Financial Statements

for the year ended 31 March 2020

Accounting Authority's Responsibilities and Approvals

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

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

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to March 31, 2020 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 146.

The financial statements set out on pages 165 to 250, which have been prepared on the going concern basis, were approved by the accounting authority on October 31, 2020 and were signed on its behalf by:

…….....

Mr. Mavuso Msimang
BOARD CHAIRPERSON

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The Accounting Authority submit their report which forms part of the audited financial statements of the Authority for the year ended 31 March 2020

1. INCORPORATION

SAMSA was incorporated under Act No 5 of 1998.

2. REVIEW OF ACTIVITIES

Main business and operations

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

Regulatory, Enforcement and Compliance Services

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

Strategic Maritime Interests Promotion

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

The Authority is also the custodian of the Maritime Fund.

Net surplus of the entity is R13 565 000 (2018/19: R18 019 000 (restated).

3. GOING CONCERN

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

4. SUBSEQUENT EVENTS

The Accounting Authority is not aware of any matter or circumstance arising since the end of the financial year.

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

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

N Cele	Board Member	Resigned 12 August 2020
M Burton	Board Member	Resigned 12 August 2020
A Molemane	Board Member	Resigned 12 August 2020
M Msimang	Board Chairperson	Resigned 12 August 2020
N Minyuku	Board Chairperson	Appointed 12 August 2020
LN Dlamini	Board Member	Appointed 12 August 2020
L Haluodi	Board Member	Appointed 12 August 2020
ED Khosa	Board Member	Appointed 12 August 2020
CB Zulu	Board Member	Appointed 12 August 2020
S Tilayi	Acting Chief Executive Officer	Appointed 1 Decemeber 2018

7. SECRETARY

The secretary of the entity is Moyahabo Raphadu.

8. CORPORATE GOVERNANCE

General

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

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Board of directors

The Board:

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

Chairperson and Chief Executive

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

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

Non-Executive Meetings

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

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

Audit and risk committee

The Audit and Risk Committe is chaired by Mr M Burton and comprises of one other non-executive director, Mr L Haluodi

Internal Audit

The entity has outsourced its internal audit functionj to Sekela Xabiso Charted Accountants

9. CONTROLLING ENTITY

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

10. BANKERS

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

11. AUDITORS

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

Statement of Financial Position

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R '000	2019 Restated* R '000
Assets			
Current Assets			
Inventories - Books	7	306	272
Receivables from exchange transactions	8	14,519	7,195
Receivables from non-exchange transactions	9	46,503	39,979
Prepayments	5	3,809	1,056
Cash and cash equivalents	10	80,616	83,748
		145,753	**132,250**
Non-Current Assets			
Property, plant and equipment	2	24,648	28,371
Intangible assets	3	34	817
		24,682	**29,188**
Total Assets		**170,435**	**161,438**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	45,778	45,458
Taxes and transfers payable (non-exchange)	15	1,061	1,313
Employee benefit obligation	4	487	498
Unspent conditional grants and receipts	12	5,809	367
Provisions	13	11,413	19,566
		64,548	**67,202**
Non-Current Liabilities			
Employee benefit obligation	4	7,443	9,357
Total Liabilities		**71,991**	**76,559**
Net Assets		**98,444**	**84,879**
Reserves			
Revaluation reserve	11	136	136
Accumulated surplus		98,308	84,743
Total Net Assets		**98,444**	**84,879**

Statement of Financial Performance

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R '000	2019 Restated* R '000
Revenue - exchange transactions	16	103,169	89,682
Revenue - non exchange transactions	16	320,159	326,622
Cost of sales	22	(92)	(23)
Gross Surplus		**423,236**	**416,281**
`Other income	17	4,088	14,088
Operating expenses		(178,351)	(176,822)
Employee Costs	20	(228,594)	(229,434)
Depreciation and amortisation	2	(10,296)	(9,716)
Operating surplus	26	**10,083**	**14,397**
Investment revenue	19	3,601	3,561
Fair value adjustments	23	(82)	145
Finance costs	21	(37)	(84)
Surplus for the year		**13,565**	**18,019**

Statement of Changes in Net Assets

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Revaluation reserve R '000	Accumulated surplus/(deficit) R '000	Total net assets R '000
Opening balance as previously reported	136	61,781	16, 917
Adjustments			
Prior year adjustments	-	4,945	4,945
Balance at 01 April 2018 restated*	**136**	**66,726**	**66,862**
Changes in net assets			
Surplus for the year	-	18, 019	18,019
Other adjustments	-	(2)	(2)
Total changes	**-**	**14,855**	**14,855**
Opening balance as previously reported	136	77,318	77,454
Adjustments			
Correction of errors	-	7,425	7,425
Balance at 01 April 2019 as restated*	**136**	**84,743**	**84,879**
Changes in net assets			
Surplus for the year	-	13,565	13,565
Total changes	-	13,565	13,565
Balance at 31 March 2020	**136**	**98,308**	**98,444**
Notes	**11**		

Cash Flow Statement

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R '000	2019 Restated* R '000
Cash flows from operating activities			
Receipts			
SAMSA Levies		307,812	337,158
Other Charges		103,003	106,701
Interest income		3,601	3,561
		414,416	**447,420**
Payments			
Employee Costs		(228,594)	(229,434)
Finance costs		(37)	(84)
Other payments		(183,093)	189,118)
		(411,724)	(418,636)
Net cash flows from operating activities	27	**2,692**	**28,784**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5,824)	(8,186)
Net (decrease) / increase in cash and cash equivalents		**(3,132)**	**20,598**
Cash and cash equivalents at the beginning of the year		83,748	63,150
Cash and cash equivalents at the end of the year	10	**80,616**	**83,748**

Statement of Comparison of Budget and Actual Amounts

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Government Service Fees	14,776	-	**14,776**	14,475	**(301)**	
Direct User Charges	73,391	-	**73,391**	66,064	**(7,327)**	
SA Agulhas Fees	23,018	-	**23,018**	22,630	**(388)**	
SA Agulhas training revenue	44,084		**44,084**	-	**(44,084)**	
Interest received - investment	2,159	-	**2 159**	3 601	**1,442**	
Total revenue from exchange transactions	**157,428**	**-**	**157,428**	**106,770**	**(50,658)**	
Revenue from non-exchange transactions						
Taxation revenue						
SAMSA Levies	346,896	-	**346,896**	314,336	**(32,560)**	
Contributions	4,552	-	**4,552**	2,239	**(2,313)**	
Transfer revenue						
Fine, Penalties and Forfeits	-	-	**-**	3,584	**3,584**	
Total revenue from non-exchange transactions	**351,448**	**-**	**351 448**	**320,159**	**(31 289)**	
Total revenue	**508,876**	**-**	**508,876**	**426,929**	**(81 947)**	
Expenditure						
Personnel	(275,229)	-	**(275,229)**	(228,594)	**46,635**	
Advertising & Promotions	(3,523)	-	**(3,523)**	(5,216)	**(1,693)**	
Audit Fees - External	(4,461)	-	**(4,461)**	(6,634)	**(2,173)**	
Audit Fees - Internal	(1,935)	-	**(1,935)**	(927)	**1,008**	
Depreciation and amortisation	(10,252)	-	**(10,252)**	(10,296)	**(44)**	
Computer Expenses	(4,935)	-	**(4,935)**	(5,023)	**(88)**	
Commission Paid	(9,884)	-	**(9,884)**	(9,037)	**847**	
Lease rentals on operating lease	(1,041)	-	**(1,041)**	(1,293)	**(252)**	
Conferencing costs	(4,237)	-	**(4,237)**	(1,314)	**2,923**	

Statement of Comparison of Budget and Actual Amounts

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Consulting fees	(5,837)	-	**(5,837)**	(5,618)	**219**	
Directors Remuneration	(1,549)	-	**(1,549)**	(1,372)	**177**	
Donations/Social Responsibility	(1,079)	-	**(1,079)**	(4)	**1,075**	
Implementation costs	(2,502)	-	**(2,502)**	(3,251)	**(749)**	
Insurance	(2,789)	-	**(2,789)**	(1,953)	**836**	
Legal Fees	(1,803)	-	**(1,803)**	(2,387)	**(584)**	
Staff Recruitment	(2,280)	-	**(2,280)**	(756)	**1,524**	
SA Agulhas (excluding salaries)	(53,003)-	-	**(53,003)**	(28,985)	**24,018**	
Licence fees	(7,050) -	-	**(7,050)**	(5,565)	**1,485**	
Office Alterations	(2,567)	-	**(2,567)**	(307)	**2,260**	
Office Security	(2,451)	-	**(2,451)**	(1,451)	**1,000**	
Printing & sationery	(4,010)	-	**(4,010)**	(2,958)	**1,052**	
Rent, Water & Electricity	(38,787)	-	**(38,787)**	(39,315)	**(528)**	
Partnership programme	(743)	-	**(743)**	(2,239)	**(1,496)**	
Projects	(1,875)	-	**(1,875)**	(2,511)	**(636)**	
Research programme	(2,112)	-	**(2,112)**	(29)	**2,083**	
Scholarship programme	(1,800)	-	**(1,800)**	(931)	**869**	
Staff Training	(6,293)	-	**(6,293)**	(8,107)	**(1,814)**	
Surveyor costs	(1,720)	-	**(1,720)**	(2,690)	**(970)**	
Cleaning services	(1,028)	-	**(1,028)**	(512)	**516**	
Telephone & Fax	(6,360)	-	**(6,360)**	(2,889)	**3,471**	
Travel & Accomodation - Local	(22,258)	-	**(22,258)**	(23,247)	**(989)**	
Travel - Accomodation - Overseas	(8,315)	-	**(8,315)**	(6,941)	**1,374**	
Workmen Compensation	(1,527)	-	**(1,527)**	(618)	**909**	
Other Exependiture	(10,467)	-	**(10,467)**	(4,400)	**6,067**	
Total expenditure	**(505,702)**	**-**	**(505,702)**	**(417,370)**	**88,332**	
Operating surplus	**3,174**	-	**3,174**	**9,559**	**6,385**	
Gain on foreign exchange				336	336	
Fair value adjustments	-	-	**-**	(82)	(82)	
Other Income	-	-	**-**	3,752	3,752	
	-	**-**	**-**	**4,006**	**4,006**	
Surplus	**3,174**	**-**	**3,174**	**13,565**	**10,391**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**3,174**	-	**3,174**	**13,565**	**10,391**	

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Fair value estimation

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

Provisions

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

Post retirement benefits

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

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

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

Effective interest rate

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

Allowance for doubtful debts

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.5 PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.5 PROPERTY, PLANT AND EQUIPMENT CONTINUED

determined using fair value at the end of the reporting period.

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

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

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.5 PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

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

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

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

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.6 INTANGIBLE ASSETS CONTINUED

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.6 INTANGIBLE ASSETS CONTINUED

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

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

1.7 FINANCIAL INSTRUMENTS

A financial instrument ls any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective Interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment,

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.7 FINANCIAL INSTRUMENTS CONTINUED

call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity .

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.7 FINANCIAL INSTRUMENTS CONTINUED

prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

- equity instruments or similar forms of unltlsed capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.7 FINANCIAL INSTRUMENTS CONTINUED

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.7 FINANCIAL INSTRUMENTS CONTINUED

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

Gains and losses

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

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

Impairment and uncollectibilty of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Presentation

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.7 FINANCIAL INSTRUMENTS CONTINUED

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

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

1.8 STATUTORY RECEIVABLES

Identification

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

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

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

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

1.9 LEASES

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.9 LEASES CONTINUED

value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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 on the remaining balance of the liability. Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

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

1.10 INVENTORIES - BOOKS

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

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.10 INVENTORIES - BOOKS CONTINUED

The cost of inventories - books is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories - books having a similar nature and use to the entity.

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

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

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

Identification

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate forthe products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

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

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

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

Foreign currency future cash flows

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

Discount rate

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

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

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

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

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cashgenerating.The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cashgenerating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.his accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity 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.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

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 current 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 entity 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 the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for 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.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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 entity recognises a liability only to the extent that 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 entity 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 entity estimates the recoverable

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

service amount of that asset.

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

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

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

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

Redesignation

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

1.13 SHARE CAPITAL / CONTRIBUTED CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.14 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.14 EMPLOYEE BENEFITS CONTINUED

responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.14 EMPLOYEE BENEFITS CONTINUED

employee benefits relating to employee service in the current and prior periods.determined without regard to the identity of the entity that employs the employees concerned.

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

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

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

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.14 EMPLOYEE BENEFITS CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.14 EMPLOYEE BENEFITS CONTINUED

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

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

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

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

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

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.14 EMPLOYEE BENEFITS CONTINUED

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

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

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

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

Termination benefits

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.15 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

The discount rate is a pre·tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
Where some or all of the expenditure required to settle a provisfon is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.15 PROVISIONS AND CONTINGENCIES CONTINUED

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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

After their initial recognition contingent liabllities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

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

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

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

Determining whether an outflow of resources is probable in relation to financfal guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financlal guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets;and\
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.15 PROVISIONS AND CONTINGENCIES CONTINUED

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:
- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.16 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.17 REVENUE FROM EXCHANGE TRANSACTIONS CONTINUED

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

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entitles, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Taxes are economic benefits or service potential compulsorily paid or payable to entitles, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non· exchange

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.19 TURNOVER

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.20 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective Interet method.

1.21 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 ACCOUNTING BY PRINCIPALS AND AGENTS

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.22 ACCOUNTING BY PRINCIPALS AND AGENTS CONTINUED

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.22 ACCOUNTING BY PRINCIPALS AND AGENTS CONTINUED

arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 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 financial statements are recognised in surplus or deficit in the period in which they arise.

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

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

1.24 COMPARATIVE FIGURES

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

1.25 FRUITLESS AND WASTEFUL EXPENDITURE

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.25 FRUITLESS AND WASTEFUL EXPENDITURE

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.

1.26 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including;

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action ts also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.27 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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

- for which separate financial information is available.

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only 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.

1.28 RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research is recognised as an expense when it is incurred. An asset arising from development is recognised when:

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

1.29 BUDGET INFORMATION

Entity is subject to budgetary limits in the form of appropriations or budget authorisations by the Accounting Authority and the Executive.

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

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from1/04/2019 to 31/03/2020.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.29 BUDGET INFORMATION CONTINUED

The budget for the economic entity includes all the entities approved budgets under its control.

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

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.30 RELATED PARTIES

A related party is a person or an entity 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1.31 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.32 ROUNDING OFF

All figures in the financial statements were rounded off to the nearest thousand and are indicated by R'000.

1.33 USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.34 BAD DEBT

It is the policy of the Authority to handle each potential bad debt case or impairment allowance on merit. A provision is made for all debtors which are likely not going to be paid over to SAMSA. Where there is objective evidence and indications to the impairment of a debt, such debts are written off.

1.35 TAX

The Authority is exempt from income tax in terms of section 10(1)(CA)(i) of the Income Tax Act, 1962 (Act No. 58 of 1962).
The Authority is registered as an employer in terms of the PAYE provisions of the Income Tax Act. As from 01 April 2005 the Authority has been de-registered from VAT.

1.36 PREPAYMENTS

Prepayments are payments made in advance for products and services that have not been delivered for which SAMSA expects the

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

1.37 CONDITIONAL GRANTS

The Authority recognises the asset (cash) upon receipt of the grant and will recognise a corresponding liability to the extent that the Authority has not yet met the conditions attached to the grant. When conditions of the grant have been met, the applicable amounts will be recognised in the statement of financial performance.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020			2019		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
2. PROPERTY, PLANT AND EQUIPMENT						
Land	525	-	525	525	-	525
Buildings	3,945	(1,468)	2,477	3,945	(1,252)	2,693
Leasehold property	9,150	(6,113)	3,037	8,595	(4,996)	3,599
Furniture and fixtures	16,945	(10,543)	6,402	15,682	(9,151)	6,531
Motor vehicles	4,689	(3,704)	985	4,261	(3,138)	1,123
Office equipment	5,521	(3,449)	2,022	4,265	(2,995)	1,270
IT equipment	31,219	(24,713)	6,506	29,296	(20,567)	8,729
SA Agulhas - Ship	30,653	(27,959)	2,694	30,653	(26 752)	3,901
Total	**102,647**	**(77,999)**	**24,648**	**97,222**	**(68,851)**	**28,371**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

	Opening balance R '000	Additions R'000	Disposals R '000	Depreciation R '000	Total R '000
Land	525	-	-	-	525
Buildings	2,693	-	-	(216)	2,477
Leasehold property	3,599	555	-	(1,117)	3,037
Furniture and fixtures	6,531	1,352	(27))	(1,454)	6,402
Motor vehicles	1,123	428	-	(566)	985
Office equipment	1,270	1,311	-	(559)	2,022
IT equipment	8,729	2,178	(7)	(4,394)	6,506
SA Agulhas - Ship	3,901	-	-	(1,207)	2,694
	28,371	**5,824**	**(34)**	**(9,513)**	**24,648**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

	Opening balance R '000	Additions R'000	Disposals R '000	Other Changes Movements	Depreciation/ Amortisation R '000	Total R '000
Land	525	-	-		-	525
Buildings	2,909	-	-		(216)	2,693
Leasehold property	4,037	479	-		(917)	3,599
Furniture and fixtures	7,298	679	(15)	7	(1,438)	6,531
Motor vehicles	1,204	389	-		(470)	1,123
Office equipment	1,128	594	-	2	(454)	1,270
IT equipment	7,040	5,735	(101)	62	(4,007)	8,729
Ship - SA Agulhas	4,763	310	-		(1,171)	3,901
	28,904	**8,186**	**(116)**	**71**	**(8,674)**	**28,371**

Revaluations

Land and buildings are re-valued independently every 5 years.

No revaluations were done during the current financial year. Land was last revalued in 2017 and buildings in 2016.

Details of properties

	2020 R '000	2019 R '000
East London Property		
Terms and conditions		
- Purchase price	4,334	4,334
- Additions since purchase or revaluation	136	136
	4,470	**4,470**

A register containing the information required by the Public Finance Management Act (PFMA) is available for inspection at the registered office of the entity.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020			2019		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
3. INTANGIBLE ASSETS						
Computer software, other	16,837	(16,803)	34	16,837	(16,020)	817

	Opening balance R '000	Additions R'000	Amortisation R '000	Total R '000
Reconciliation of intangible assets -2020				
Computer software, other	817		(783)	34

	Opening balance R '000	Additions R'000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2019				
Computer software, other	1,859		(1,042)	817

4. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plan
Post retirement medical aid plan

The Authority operates a defined benefit plan for qualifying employees. The most recent actuarial valuation of assets and the present value of the defined benefit obligation were carried out in March 2020 by Arch Actuarial Consulting Actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Changes in the present value of the defined benefit obligation are as follows:

	2020 R '000	2019 R '000
Opening balance	9,855	19,001
Current service cost	119	251
Interest cost	909	1,721
Acturial (gain)/loss	(2,456)	(2,830)
Expected Employer Payments/(Benefit)	(498)	(942)
Correction due to incorrect assumptions used		(7,346)
	7,929	9,855
Net expense recognised in the statement of financial performance		
Current service cost	119	251
Interest cost	909	1,721
Acturial (gain)/loss	(2,456)	(2,830)
Expected Employer Payments/(Benefit)	(498)	(942)
Correction due to incorrect assumptions used	-	(7 346)
	(1,926)	(9,146)
:**Calculation of acturial and losses**		
Acturial (gains) losses - Obligationr	(2 456)	(2 830)
Key assumptions used		
Assumptions used at the reporting date:		
Average retirement age - years	65	65
Discount rates used	11.27 %	9.46 %
Medical cost trend rates	6.97 %	6.98 %
Expected increase in salaries	6.50 %	6.50 %
Continuation of membership at retirememnt	11.00 %	12.00 %
In service members	11.00 %	12.00 %

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Other Assumptions

Amounts for the current and previous 4 years are as follows:

	2020 R '000	2019 R '000	2018 R '000	2017 R '000	2016 R '000
Defined benefit obligation	7,929	9,855	19,001	21,757	20,025
Present obligations in excess of plan assets	7,929	9,855	19,001	21,757	20,025
In respect of present value of obligations	(599)	203	170	(546)	(339)

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

Health Care Cost Inflation (Sensitivity Analysis)

Assumption	Change	In-service members R '000	Continuation members R '000	Total R '000	% change
Central Assumptions		2,484	5,445	7,929	-
Health care inflation	+1%	2,635	5,652	8,287	5
	-1%	2,292	5,254	7,546	(5)
Discount rate	+1%	2,124	5,027	7,151	(10)
	-1%	2,936	5,931	8,867	12
Post retirement mortality	-1yr	2,539	5,608	8,148	3
Average Retirement Age	-1yr	2,697	5,445	8,142	3
Continuation of membership at retirement	-10%	2,249	5,445	7,694	(3)

5. PREPAYMENTS

The amount represents goods and services which were paid for In advance and were delivered or provided for after year-end respectively. In each and every instance, there was a requirement for payment to be made In advance and thus in compliance of Treasury Regulations.

The prepayments were for products and services which had been paid for but not yet delivered or provided respectively, and for Insurance for the assets and resources of the organisation.

	2020 R '000	2019 R '000
Prepayments	3 809	1 056

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

6. CHANGE IN ACCOUNTING ESTIMATES

The useful ives of all the asset classes have been reveiwed which resulted in the extension of the useful lives of certain assets. The effect of this change in accounting estimate has resulted in a decrease in depreciation. The effect on the current and future periods is shown below:

	2020 R '000	Future Periods
Statement of Financial Performance and Statement of Financial Position		
Motor vehicles: Accumulated Depreciation	34	(34)
Motor vehicles: Depreciation	(34)	34
Equipment: Accumulated Depreciation	18	(18)
Equipment: Depreciation	(18)	18
Computer Equipment: Accumulated Depreciation	547	(547)
Computer Equipment:Depreciation	(547)	547
Furniture & Fittings : Accumulated Depreciation	79	(79)
Furniture & Fittings : Depreciation	(79)	79
	-	-

7. INVENTORIES - BOOKS

	2020 R '000	2019 R '000
Finished goods	306	272
Inventories recognised as an expense during the year	92	23

This represents the books that are used by SAMSA in its course of business and in line with the certifications and accreditations it provides.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8. RECEIVABLES FROM EXCHANGE & NON-EXCHANGE TRANSATIONS

	2020 R '000	2019 R '000
Trade debtors	7,507	6,833
Deposits	2,539	2,513
Sundry Recievables	471	-
Maritime Fund Receivables	83	62
Other debtors - DEFF	5,453	980
Provision for doubtful debts	(1,229)	(2,868)
Staff travel advances	129	92
Discounting of receivables	(434)	(417)
	14,519	**7,195**
Statutory receivables included in receivables from non-exchange transactions above are as follows		
Direct User charges	1,957	3,902
Financial asset receivables included in receivables from exchange transactions above	**12,562**	**3,293**
Total receivables from exchange transactions	**14,519**	**7,195**

Statutory receivables general information

Transaction(s) arising from statute
Direct user charges are charged based on section 44 of the SAMSA Act (Act No. 5 of 1998), which states: The Authority may make determinations imposing charges and specifying the persons by whom, and the times when, such charges are payable.

Determination of transaction amount
The direct user charges included in the financial statements are based on the Determination of charges issued on 26 September 2017.

Basis used to assess and test whether a statutory receivable is impaired
Statutory receivables older than 120 days have been impaired.

Fair value of trade and other receivables
The fair value of trade debtors have been derived by calculating the present value of the amounts owing using the current prime interest rate on the assumption that they will be paid within 30 days after year-end.

Trade and other receivables past due but not impaired
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2020, the following amounts were past due but not impaired.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

	2020 R '000	2019 R '000
1 month past due	17,706	163
2 months past due	180	137
3 months past due	208	287

Trade and other recievables provision

As of 31 March 2020, a portion of trade and other receivables were imparied and provided for.

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	14,519	7,195

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2020 R '000	2019 R '000
Receivables from non-exchange transactions SAMSA Levies	46,503	39,979
Statutory receivables included in receivables from non-exchange transactions above are as follows: SAMSA Levies	46,503	39,979
Total receivables from non-exchange transactions	**46,503**	**39,979**

Statutory receivables general information

Transaction(s) arising from statute
SAMSA levies are charged based on section 2 of the SAMSA Levies Act (1998), which states: The Authoirty may make determinations imposing levies and specifying the persons by whom, and the times when, such levies are payable.

Determination of transaction amount
The SAMSA levies included in the financial statements are based on the Determination of levies issued on 26 September 2017.
Basis used to assess and test whether a statutory receivable is impaired
Statutory receivables older than 120 days have been impaired.

Currencies

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The carrying amount of other receivables from non-exchange transactions are denominated in the following currencies:

	2020 R '000	2019 R '000
Rand	46,503	39,979

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	59	53
Bank balances	80,557	83,695
	80,616	83,748
Cash and cash equivalents held by the entity that are not available for use by the economic entity	19,676	15,406

11. REVALUATION RESERVE

No revaluations were carried out during the current financial year, the balance below relates to the revaluation of the East London building in previous financial years

Balance	136	136

12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

The amounts recognised in the income statement during the course of the financial year related to the grant given to SAMSA by the Office of the Premier: Eastern Cape which was utilised in line with the grant conditions.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Office of the Premier: Eastern Cape	5,809	367
Movement during the year		
Balance at the beginning of the year	367	
Additions during the year	7,681	6,878
Income recognition during the year	(2,239)	(6,511)
	5,809	367

These amounts are invested in a ring-fenced investment until utilised

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13. PROVISIONS

Reconciliation of provisions - 2020	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Reversed during the year Total R '000	Total R '000
Leave pay provision	10,343	2,206	(1,136)	-	11,413
Provision for bonuses	9,223	-	(7,853)	(1,370)	-
	19,566	**2,206**	**(8,989)**	**(1,370)**	**11,413**

Reconciliation of provisions - 2019	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Leave pay provision	10,446	2,000	(2,103)	10,343
Provision for bonuses	17,011	-	(7,788)	9,223
	27,457	**2,000**	**(9,891)**	**19,566**

The leave pay provision and performance bonus provision are based on the liability for the current leave cycle not utilised and performance bonus payable respectively.

The leave and performance provision balances are expected to be settled during the next financial year.

The performance bonus provision is based on the amount that is projected to be payable should the entity meet its organisational and individual performance targets.

14. PAYABLES FROM EXCHANGE & NON-EXCHANGE TRANSACTIONS

	2020 R '000	2019 R '000
Trade payables	10,983	16,249
Lease liability	13,718	14,168
Other payables	18,585	13,691
Creditors discounting	(55)	(120)
Travel credit card	2,547	1,470
	45,778	**45,458**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

15. TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

Trade payables from non-exchange transactions	2020 R '000	2019 R '000
Maritime Fund unallocated deposits	1,061	1,313

The funds for non-exchange transactions were collected for the Maritime Fund fines and penalties, the cases have not been finalised as yet.

16. REVENUE

	2020 R '000	2019 R '000
Direct user charges	66,064	64,699
SA Agulhas Fees	22,630	11,276
Government Service Fees	14,475	13,707
Revenue (non-exchange)	314,336	315,672
Contributions	2,239	6,511
Fines, Penalties and Forfeits	3,584	4,441
	423,328	**416,306**

The amount included in revenue arising from exchanges of goods or services are as follows:

Direct user charges	66,064	64,699
SA Agulhas Charter Fees	22,630	11,276
Government Service Fees	14,475	13,707
	103,169	89,682

The amount included in revenue arising from non-exchange transactions is as follows:

SAMSA Levies	314,336	315,670
Contributions	2,239	6,511
Fines & Penalties	3,584	4,441
	320,159	326,622

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Invoices on which no charges were levied

In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges (revenue of the Authority) amounting to R381 940 (2018/19: R245 000) to deserving organisations.

17. OTHER INCOME

	2020 R '000	2019 R '000
Decrease in post retirement medical liablity	1,925	9,146
Decrease in provision for bad debts	1,639	5,080
Write-off of credit balances	188	-
Foreign exchange differences	336	(138)
	4,088	**14,088**

18. LEASE RENTALS ON OPERATING LEASE

Premises		
Contractual amounts	34,924	32,035

19. INVESTMENT REVENUE

Interest revenue		
Bank	3,601	3,561
	3,601	**3,561**

The amount included in investment revenue arising from exchange transactions amounted to R 3 601 000

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

20. EMPLOYEE RELATED COSTS

	2020 R '000	2019 R '000
Basic	176,488	171,364
Bonus	(1,370)	-
Medical aid - company contributions	3,110	2,313
UIF	609	591
WCA	618	722
SDL	2,002	1,961
Leave pay provision charge	2,206	2,000
Cellphone allowance	1,606	1,523
Other short term costs	61	
Defined contribution plans	26,621	25,005
Long-service awards	153	199
13th Cheques	15,807	22,570
Car allowance	515	586
Housing benefits and allowances	168	168
	228,594	**229,434**

21. FINANCE COSTS

Trade and other payables	37	84

These finance costs are related to trade and other payables as well as interest on the travel credit card.

22. COST OF SALES

The cost relates to books that were used in generating revenue for the entity

Sales of books		
Cost of goods sold	92	23

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. FAIR VALUE ADJUSTMENTS

	2020 R '000	2019 R '000
Fair value - creditors	(65)	(27)
Fair value - debtors	(17)	172
	(82)	**145**

24. AUDITORS' REMUNERATION

Fees	6,634	5,267

25. OPERATING LEASE

Office Buildings

Port Nolloth

The Authority entered into a lease agreement with South African Post Office SOC Limited, the initial lease agreement is for 5 (five) years which commenced on 1st March 2017. The termination date is 28th February 2022 with an escalation rate of 8% per annum

Pretoria

The Authority entered into a lease agreement with All Top Properties. The initial lease period is for 9 years and 11 months which commenced on the 1 September 2013. The termination date is 31 July 2023 with an escalation rate of 7.5% per annum..

Saldanha

The Authority entered into a lease agreement with National Port Authority for its offices in Saldanha Bay. The initial lease is for 5 years which commenced on the 1st October 2014. The contract expired on 30 September 2019 and the Authority is currently on a month to month arrangement while the lease agreement is being finalized.

Durban

The Authority entered into a lease agreement with Old Mutual Life Assurance Company (SA) Ltd for its offices in Durban. The initial lease is for 5 years which commenced on the 1st of October 2016. The termination date is 30th September 2021 with an escalation rate of 6.5% per annum.

Richards Bay

The Authority entered into a lease agreement with Tuzi Gazi Waterfront (Pty) Ltd, the initial lease agreement is for 5 (five) years which commenced on 1st January 2017. The termination date is 31st December 2021 with an escalation rate of 7% per annum.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

25. OPERATING LEASE CONTINUED

Mossel Bay

The Authority entered into a lease agreement with Plaza Aquada cc. The initial lease agreement is for 5 (five) years which commenced on 1st February 2017. The termination date is 31st January 2022 with an escalation rate of 7% per annum

Port Elizabeth

The Authority entered into a lease agreement with Rikett Sales for Port Elizabeth port office, the initial lease period is for 5 years which commenced on 1 June 2018 and the termination date 31 May 2023 with the escalation of 7% per annum.

Port Elizabeth - Regional

The Authority entered into a lease agreement with Rickett Sales SA (Pty) Ltd for premises in Port Elizabeth to house the regional office. The initial lease period is five years which commenced on 1 July 2018 and the termination date 30 June 2023. The escalation percentage in the lease agreement is 7%.

Port of Ngqura

The Authority entered into a lease agreement with Transnet National Port Authority for Port of Ngqura. Initial lease period is for 5 years which commenced on the 1 December 2015 and the termination date 30 November 2020. The escalation rate is 9% per annum with a renewal period of 1 year on the same terms and conditions.

Cape Town

The Authority entered into a lease agreement with Spear One for Cape Town offices. The initial lease agreement is for 3 years and 9 months which commenced on 1st July 2017. The termination date is 31st March 2021 with an escalation rate of 7% per annum.

Cape Town - DCOO office

The Authority entered into a lease agreement with Spear One for the DCOO's offices in Cape Town (22nd floor). Then initial lease agreement is for 18 months which commenced on 1st October 2019. The termination date is 31st March 2021 with an escalation rate of 7% per annum.

MRCC Cape Town

The Authority entered into a lease agreement for part of Tyger Hills Office Park with Parkdev. Initial lease period is for 5 years which commenced on the 1 February 2018 and will expire on 31st January 2023 with an escalation rate of 8% per annum.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Port St Johns

The Authority entered into a new lease agreement with Mainstream Property Group for its offices in Port St Johns. The initial lease period is 3 years which commenced on the 1st of January 2020. THe termination date is 31 December 2022 with an escalation rate of 8% per annum.

	2020 R '000	2019 R '000
Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2020 are as follows:		
Up to 1 year	31,944	27,254
2 to 5 years	54,865	82,667
	86,809	109,921

Office Equipment

The Authority has commercial leases on certain office equipment. These leases have an average of between 2 and 5 years with no renewal option included in the contracts. There are no renewal restrictions placed upon the lessee by entering into these leases

Future minimum lease rentals payable under non-cancellable operating leases on equipment as at 31 March 2020 are as follows:		
Up to 1 year	71	309
2 - 5 years	59	-
	130	309

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

26. OPERATING SURPLUS

	2020 R '000	2019 R '000
Operating surplus for the year Is stated after accounting for the following:		
Operating lease charges		
Premises	-	-
- Contractual amounts	34,924	32,035
Equipment	-	-
- Contractual amounts	1,293	976
	36,217	33,011
Advertising	5,216	5,084
Auditors Remuneration	6,634	5 267
Computer Expenses	5,023	4,310
Consulting Fees	5,618	5,833
Conferencing & Seminars	1,314	836
Legal Fees	2,387	405
Telephone & Fax	2,889	4,010
Training	8,107	7,397
Travel - overseas	6,941	4,141
Travel - local	23,247	22,561
Internal audit fees	927	1,835
Printing & Stationery	2,959	4,583
Office alteration/repairs & maintenance	1,506	2,135
Partnership programmes	2,239	6,031
Projects	2,511	1,910
Commission paid on SAMSA Levies	9,037	9,090
Surveyor/mileage claims	2,690	2,685
Insurance	1,953	1,470
Donations/corporate social responsibility	4	168
Implementation costs	3,251	2,770

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020 R '000	2019 R '000
SA Agulhas costs	28,985	34 327
Scholarship Programmes	931	1 610
Discount Allowed	-	325
Depreciation on property, plant and equipment	10,296	9 716
Employee costs	228,594	229,434
Research and Developement	29	-

27. CASH GENERATED FROM OPERATIONS

	2020 R '000	2019 R '000
Surplus	13,565	18,019
Adjustments for:		
Depreciation and amortisation	10,296	9,719
(Gain) /Loss on foreign exchange	(336)	138
Fair Value Adjustments	-	(145)
Movements in retirement benefit assets and liabilities	(1,925)	(9,146)
Movements in provisions	(8,150)	(7,830)
Loss on disposal of assets	33	116
Changes in working capital:		
Inventories - Books	(34)	(33)
Receivables from exchange transactions	(7,324)	52,383
Other receivables from non-exchange transactions	(6,524)	(39,979)
Prepayments	(2,753)	1,061
Payables from exchange transactions	654	4,339
Taxes and transfers payable (non-exchange)	(252)	(668)
Unspent conditional grants and receipts	5,442	367
Prior period Adjustement	-	387
	2 692	**28 784**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

28. FINANCIAL INSTRUMENTS DISCLOSURE

In the course of the Authority's business operations, it is exposed to interest rates. The risk management process relating to each of these risks is discussed under the headings below:

Financial risk management
The company's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk), credit, foreign exchange and liquidity risk.

Liquidity risk
The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared to give an indication of periods during which liquidity problems are expected.

Interest rate risk.
The Authority's exposure to interest rate risk and the effective rates on financial instruments at statement of financial position date are as follows:

	2020 R '000	2019 R '000
Cash and cash equivalents	80,616	83,748
Trade and other receivables	61,022	47,174
Trade and other payables	(46,839)	(46,771)
	94,799	**84,151**

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade receivable comprise a large individual customer and numerous small customers. Management evaluated credit risk relating to customers on an ongoing basis. Assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors are used to asses credit risk of trade receivables. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Financial assets exposed to credit risk at year end were as follows:

Trade receivables - 2019/20 - R59.2 million (2018/19 - 58.4 million)

The age analysis below excludes creditors which has debit balances and were classified as debtors in the annual financial statements. It also reflects the amounts before provisions for bad debts and other adjustments are accounted for:

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020 R '000	2019 R '000
Current	40,040	35,244
31 - 60 days	17,706	13,136
61 - 90 days	180	137
91 - 120 days	208	289
Over 120 days	1,040	9,611
	59,174	**58,417**

Foreign exchange risk
The entity does not hedge foreign exchange fluctuations. Fair values. The Authority's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets.The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents
The carrying amount of cash and cash equivalents approximate fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables
The carrying amount of trade receivables, net of provision for bad debt, approximates fair value due to the relatively short term maturity of this financial asset.

Trade payables
The carrying amount of trade payables approximate fair value due to the relatively short term maturity of this financial liability.

29. COMMITMENTS

	2020 R '000	2019 R '000
Authorised capital expenditure		
Authorised operational expenditure		
Already contracted for and provided for		
• Expenditure	139,984	152,655
Total operational commitments Already contacted for but not provided for	139,984	152,655
Total commitments Authorised operational expenditure	139,984	152,655

This committed expenditure relates to operational expenditure and will be financed by retained surpluses, existing cash resources and funds internally generated. The comparative amounts have been adjusted.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

30. CONTINGENCIES

All necessary steps are taken to manage risks inherent in contracting with third parties and other stakeholders. An assessment was carried out at financial year end to determine the probability of a dispute that could lead to financial loss to SAMSA.

A former SAMSA employee has lodged a claim at the CCMA against SAMSA. It is estimated that the possible claim will not exceed R1 million. It is not yet possible to ascertain the likelihood of the claim being successful.

31. RELATED PARTIES

During the year, the Authority continued to provide maritime and rescue coordination and other services on behalf of the Department of Transport as agreed in the memorandum of understanding signed between the Authority and the department respectively. Fees for those services received from the department amounted to R14.5 million in the current financial year (2018/19: R13.7 million).

The Authority also has an agreement with the National Ports Authority (NPA) for the collection of SAMSA levies. NPA charges a commission of 2.5% for the collection of the levies and the revenue collected during this period was R314.3 million (2018/19: R315.7 million). Commission charged on the transactions amounted to R9.0 million (2018/19: R9.1 million).

The transactions handled on behalf of the Department of Transport which relates to our administration of the Maritime Fund and the financial statements are disclosed as part of this annual report. Emoluments and other payments made to executives and board members are shown on a separate disclosure below.

The Authority has a contract with the Department of Environment, Forestry and Fisheries (DEFF) for the management of their vessels. A management fee of R24.6 million (2018/19: R23.1 million) was received during the financial year.

The related party balances are disclosed as follows:

	2020 R '000	2019 R '000
Related party balances		
Transnet National Ports Authority (TNPA))	46,503	39,979
Department of Environment, Forestry and Fisheries	9,444	980
The amount receivable from DEFF includes an amount of R5.5 million for expenses incurred by SAMSA on behalf of DEFF due to funding shortages.		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Transnet National Ports Authority (TNPA))	46,503	39,979
Department of Environment, Forestry and Fisheries	3,991	980

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

32. MEMBER'S EMOLUMENTS

Executive

2020	Basic Salary R '000	Cellphone Allowance R '000	Pension paid R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Performance Bonus R '000	Long service award R '000	Total R '000
S Tilayi - Chief Operatons Officer/Acting CEO	1,969	36	381	358	60-	202	109	-	3,115
B A Ramahlo - Executive (Legal)	1 645	24	316	-	30	163	88	-	2,266
I Calvert - Executive (Maritime SpecialProjects)	1,233	24	239	-	-	123	65	-	1,684
M V Raphadu - Company Secretary	1,723	24	331	-	9	171	-	-	2,350
M Mosegomi -Chief Information Officer	1,455	24	280	-	-	145	78	-	1,982
L Mashishi - Chief Human Capital Officer	1,481	24	286	-	-	148	80	-	2,019
D Erriah - Chief Financial Officer	1,480	--	286	-	3	148-	80-	-	1,997
V Keller - Deputy Chief Operations Officer (appointed 15 Aug 2019)	931	5	181				53		1,170
S Ali - Acting Deputy Chief Operations Officer	441	9	85	119	39		-	-	693
VG September - Acting Executive: Corporate Affairs (from 1 Aug 2019)	638	7	122	152	11	95	89	3	1,117
	12,996	**177**	**2,507**	**629**	**152**	**1,195**	**734**	**3**	**18,393**

2019	Basic Salary R '000	Cellphone Allowance R '000	Pension paid R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Performance Bonus R '000	Long service award R '000	Total R '000
S Tilayi - Chief Operatons Officer/Acting CEO	1,970	36	367	161	-	185	-	2	2,721
B A Ramahlo - Executive (Legal)	1,645	24	316	-	16	164	-	-	2,165
I Calvert - Executive (Maritime SpecialProjects)	1,210	24	231	-	-	120	-	-	1,585
M V Raphadu - Company Secretary	1,723	24	331	-	10	171	-	-	2,259
M Mosegomi -Chief Information Officer	1,455	24	280	-	-	145	-	-	1,904
L Mashishi - Chief Human Capital Officer	1,491	24	286	-	-	148	-	-	1,949
D Erriah - Chief Financial Officer	621	-	119	-	3	-	-	-	743
N Campbell - Deputy Chief Operations Officer	1,394	18	184	-	7	164	61	-	1,828
S Ali - Acting Deputy Chief Operations Officer	1,226	24	221	145	12	121	-	8	1,757
	12,735	**198**	**2,335**	**306**	**48**	**1,218**	**61**	**10**	**16,911**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

32. MEMBER'S EMOLUMENTS CONTINUED

Non-executive remuneration

2020	Member's fees R '000	Committees fees R '000	Total R '000
Board member:			
M Msimang - Board Chairperson	213	19	232
M R Burton	160	108	268
N M Cele	160	30	190
A S Molemane	160	145	305
Audit and Risk Committee members:			
A Chowan	-	78	78
S P Simelane	-	38	38
REMCO members			
F A Jacobs	-	77	77
H V Devraj	-	29	29
R N Nobaxa	-	29	29
MIC members			
B A Williams	-	67	67
N D B Mgoduka	-	77	77
G D Christy	-	48	48
Finance and IT Committee members			
M H Hendriks	-	40	40
F Docrat	-	68	68
	693	**853**	**1,546**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

32. MEMBER'S EMOLUMENTS CONTINUED

Non-executive remuneration

2019	Member's fees R '000	Committees fees R '000	Travel allowance R '000	Total R '000
Board member:				
M Msimang - Board Chairperson	213	20	-	233
M R Burton	160	128	-	288
N M Cele	160	90	-	250
A S Molemane	160	98	-	258
Audit and Risk Committee members:				
A Chowan	-	88	-	88
S P Simelane	-	38	-	38
REMCO members				
F A Jacobs		115	6	121
H V Devraj	-	115	-	115
R N Nobaxa	-	86	-	86
MIC members				
B A Williams		48		48
N D B Mgoduka		38		38
G D Christy		29		29
Finance and IT Committee members	-			
M H Hendriks		59	-	
F Docrat	-	48	1	49
	693	**1,000**	**7**	**1,700**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33. PRIOR YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

	Note	As Previously Reported R '000	Correction of error R '000	Reclassification R '000	Restated R '000
Statement of financial position					
2018					
Accumulated Surplus		(61,781)	(4,945)		(66,726)
2019					
Employee benefit obligation		(17,201)	7,346	-	(9,855)
Other payables		(17,595)	(8,027)	11,931	(13,691)
Trade debtors from exchange transactions		18,076	688	(11,931)	6,833
Maritime Fund unallocated deposits		(8,730)	7,417	-	(1,313)
Accumulated surplus		(77,318)	(7,425)	-	(84,743)
Statement of financial performance					
2019					
Direct user charges		(64,613)	(86)	-	(64,699)
Decrease in Post retirement medical aid liability		(1,800)	(7,346)	-	(9,146)
Fines, penalties and forfeits		(1,365)	(3,076)	-	(4,441)
13th Cheques Accruals		14,543	8,027	-	22,570

The errors related to the following:

- Incorrect assumptions were used for the post retirement medical aid valuation in the previous year. The maximum amount to be contributed to the eligible former employees was not provided to the actuaries.
- No accrual was done in the previous year for 13th cheques. The 13th cheque is a guaranteed payment, which accrues each month that an employee is employed by SAMSA.
- Incorrect classification of Unknown deposits in the previous year. It was classified as trade payables instead of trade receivables.
- Revenue incorrectly included in Unknown deposits relating to the previous years. This included Maritime Fund revenue, TETA contributions and tender fees received.
- Maritime Fund revenue not recognised in previous years. It was still incorrectly included in the Maritime Fund unallocated deposits account.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

34. GOING CONCERN

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R98.3 million and that the entity's total assets exceed its liabilities by R98.4 million.

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

It is expected that the Covid-19 pandemic will have a negative impact on revenue volumes during the national lockdown period, although it is not certain to what extent the impact will be. Direct user charges and the SAMSA levies will be affected, as the pandemic has caused significant reduction in the maritime industry travel locally and internationally. Cost containment measures have been introduced to ensure the financial sustainability of the entity.

35. EVENTS AFTER THE REPORTING DATE

There are no reportable events which occurred after the reporting date.

36. FRUITLESS AND WASTEFUL EXPENDITURE

	2020 R '000	2019 R '000
Opening balance as previously reported	9,985	9,964
Opening balance as restated	**9,985**	**9,964**
Add: Expenditure identified - current	643	21
Closing balance	**10,628**	**9,985**

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	2020 R '000
Contravention - SA Agulhas	Under Determination	20
SARS penalty - late payment	Under Determination	576
Interest on late payment of provident fund contributions	Under Determination	10
Interest on late payment of travel credit card	Under Determination	37
		643

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

37. IRREGULAR EXPENDITURE

	2020 R '000	2019 R '000
Opening balance as previously reported	362,168	286,014
Prior year adjustment	29,424	-
Opening balance as restated	**391,592**	**286,014**
Add: Expenditure identified - current	46,219	76,154
Closing balance	**437,811**	**362,168**

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	2020 R '000
Contracts expired	Under Determination	35,344
Contracts signed after commencement date	Under Determination	6,483
Declaration of interest not submitted	Under Determination	2,730
Tax clearances not obtained		117
No tender processes		10,897
RFQ process not followed	Under Determination	10,142
Purchase order not properly authorised		9,930
		75,643

Cases under investigation		
Details of irregular expenditure under investigation (not yet condoned)		
No Tender processes	180,102	169,205
No valid tax clearance certificate	292	175
No RFQ processed	34,274	24,132
Purchase order not properly authorised	24,100	14,170
Contract management	140,474	98,647
Bonus not approved	24,325	24,325
Declaration of interest not submitted	2,730	-
Salary increase not approved	6 186	6,186

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

37. IRREGULAR EXPENDITURE CONTINUED

	2020 R '000	2019 R '000
Travel not properly authorised	115	115
Budget overspend not approved	25,213	25,213
Salary increase not approved	**437,811**	**362,168**

38. IN-KIND DONATIONS AND ASSISTANCE

Donations & corporate social responsibility	4	168

SAMSA's spend on corporate social investment investments was R4 000 as shown above.

In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges to deserving organisations as disclosed in note 2.

39. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	13,565	18,019
Adjusted for:		
Fair value adjustments	82	(145)
Impairments/provisions recognised or reversed	(1,639)	(5,080)
Under/overspending of expenditure	(88,332)	(43)
Under/over recovery of income	81,947	(2,107)
Acturial gains and losses	(1,925)	(9,146)
Sundry income	(524)	
Net surplus per approved budget	**3,174**	**1 498**

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

40. GUARANTEES

	2020 R '000	2019 R '000
81059816160 SA Mutual Life Assurance	36	36
81059926905 Portnet Saldanha	3	3
81059928876 Tuzl Gazi Waterfront	5	5
81059928877 Lofty Nel Efendomme	3	3
	47	**47**

These guarantees are held with ABSA Bank and they were taken up for office rentals as a susbsitute for the deposits system. The Authority however, still uses the deposits systems for the bulk of its lease agreements for office space.

41 - NEW STANDARD AND INTERPRETATIONS

New GRAP standards and Interpretations
At the date of authorisation of these financial statements, there are GRAP standards and interpretations which were gazetted by the Minister of Finance but were not effective for the financial year under review. These standards are as follows:

GRAP 104 - Financial Instruments

The objective of this Standard is to establish pronciples for recognising, measuring, presenting and disclosing financial instruments. It is not expected to have a material effect on the entity.

Issued by the ASB in April 2019 and no effective date has been determined by the Minister of Finance.

42. BUDGET DIFFERENCES

Material differences between budget and actual amounts
Material variances are explained in Appendix 1 to the annual financial statements.

43. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to two principal-agent arrangements. The first arrangement is with the Marine Living Resources Fund, a Schedule 3A Public Entity under the auspices of the Department of Environment, Forestry and Fisheries (DEFF).

The entity is an agent in this arrangement. The second arrangement is with Transnet National Ports Authority. The entity is the principal in this arrangement.

Details of the arrangment(s) is|are as follows:

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

43. ACCOUNTING BY PRINCIPALS AND AGENTS CONTINUED

Marine Living Resources Fund (MLRF)

SAMSA was appointed to perform vessel management functions of the MLRF fleet of six vessels on behalf of the MLRF. The vessel management function shall include the following: the crewing of the vessels, the technical management of the vessels, the provisioning of the vessels, the bunkering of the vessels, the operation of the vessels, the Manning and maintenance of the Scientific Net and Gear Store which includes all fishing gear and fishing equipment and small boats/craft related to the Research Vessels and housed at the Scientific Net and Gear Store and the accounting of all aspects relating to these functions. There has been no changes to the terms and conditions during the reporting period.

The entity is the agent, as the transactions with third parties are undetaken for the benefit of the MLRF to fulfill its legislative mandate, and not for SAMSA's own benefit. The risks related to the arrangement are the risk of not operating the vessels to the standard required, and the risk that the MLRF does not have adequate funds to settle all amounts. The benefit for SAMSA is an additional revenue source, utilising the infrastructure that is already there to maintain and operate the SA Agulhas.

Transnet National Ports Authority (TNPA):

TNPA collects the SAMSA levies from vessels entering South Africa's territorial waters, and pays the levies over to SAMSA. There has been no changes to the terms and conditions during the reporting period.

The entity is the principal, as it directs the TNPA to undertake transactions (collection of the SAMSA levies) on behalf, and for the benefit, of SAMSA. The risks related to the arrangement is that TNPA could pay over less than the allocated amount to SAMSA, or that all levies are not collected from the vessels. The benefit to SAMSA is that it would require a significant investment in resources to collect the levies on its own.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements.
There are no resources held on behalf of the principal, but recognised in the entity's own financial statements.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R24.6 million- (2019: R23.1 million).

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal that have been recognised by the entity relates to the payment of operating expenses and SARS amounts owing during a time when the MLRF did not have adequate funds.

Corresponding rights of reimbursement that have been recognised as assets amount to R7.0 million, and is included in current assets on the Statement of Financial Position.

Notes to Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent
There are no resources that have been recognised by agent in its financial statements.

Fee paid

	2020 R '000	2019 R '000
Fee paid as compensation to the agent	9,037	9,091

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated
The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, will include additional employees to be appointed and the procurement of a system to track all vessels entering South Africa's territorial water, or to interface with the TNPA system.

Appendix 1: Budget Variances

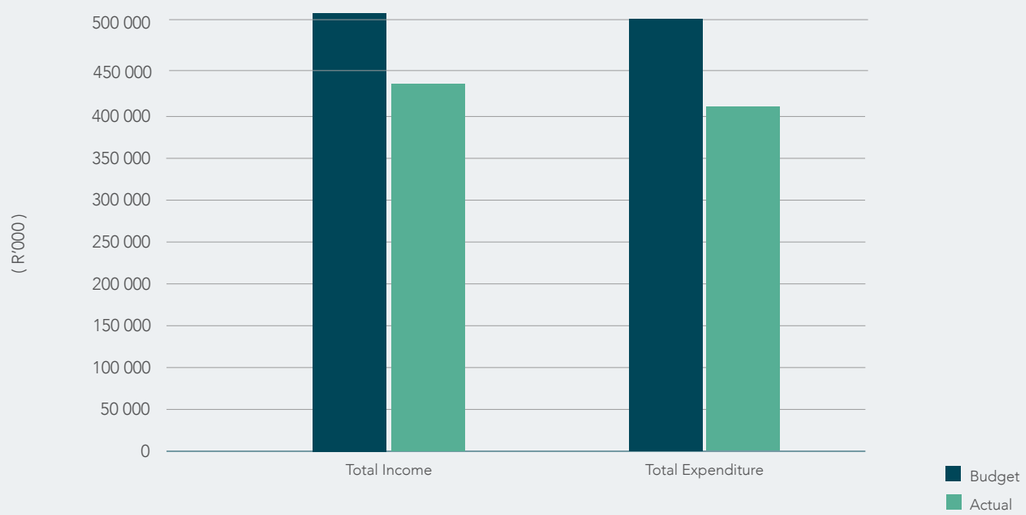
Explanations for the year ended 31 March 2020

Appendix 1: Budget Variances

EXPLANATIONS FOR THE YEAR ENDED 31 MARCH 2020

1. SUMMARY

	Budget R '000	Actual R '000	Variance R '000	Variance %
Total Income	508,876	431,017	(77,859)	(15.3%)
Total Expenditure	505,702	417,452	88,250	17.4%



2. TOTAL INCOME

2.1 Government service fees

The amount received from the Department of Transport (DoT) for the running of the MRCC was R0.3 million lower than budget. This was due to an input error on the ENE worksheet, resulting in slightly lower allocation received from the DoT.

2.2 Direct user charges

The budget shortfall of R7.3 million is partially due to no tariff increases being approved for the year. Covid-19 also had a negative effect on volumes for March 2020.

Appendix 1: Budget Variances

EXPLANATIONS FOR THE YEAR ENDED 31 MARCH 2020

2.3 SA Agulhas training revenue

The training revenue budget was based on the planned agreement with SAIMI, in which they would contribute to the training of cadets on the SA Agulhas. This revenue was not realised, as SAIMI was still waiting for their funding to be approved. This is partially off-set by savings on variable cost such as fuel and catering.

2.4 Interest received

The budget for interest received was too conservative, resulting in a positive difference of R1.4 million.

2.5 Interest received

SAMSA levies was R32.6 million (9.4%) below budget. Vessel tonnages were 5.0% below budget. The budgeted tonnages were based on the previous year volumes. The shortfall was also affected by the fact that no tariff increases were approved for the year.

2.6 Contributions

The expenditure on the Maritime Youth Development Programme (MYDP) was lower than the previous year, resulting in lower revenue recognised.

2.7 Fines & penalties

Fines & penalties relates to amounts paid to the Maritime Fund, which is not budgeted for.

2.8 Other income

The Other income amount consists mainly of the decrease in post medical liability (R1.9 million) and the decrease in the provision for bad debts (R1.6 million). The decrease in post medical liability is based on the annual actuarial valuation performed. The decrease in the provision for bad debts is due to a focus on collecting outstanding debt.

3. TOTAL EXPENDITURE

The total actual expenditure was R88.3 million (17.4%) lower than budget. The reasons for the over and under expenditure in different cost line items will be analysed below:

3.1 Personnel

A saving of R46.6 million was realised against budget. This was mainly due to vacancies during the financial year. The budget was based on a headcount of 391 (including the SA Agulhas crew), while the average headcount of the entity was 343. There was also no incentive bonus provision made due to the fact that the entity did not realise adequate surplus in the current year.

Appendix 1: Budget Variances

EXPLANATIONS FOR THE YEAR ENDED 31 MARCH 2020

3.2 Advertising & Promotions

Advertising & promotions were R1.7m higher than budget. This was due to increased promotional activity required during the year, including events organised by the DoT.

3.3 Audit fees – External

External audit fees were R2.2 million higher than budget. The budget was not adequate, as the Audit Strategy for the prior year reflected a cost of R5.6m.

3.4 Audit fees – Internal

The saving on internal audit fees is mainly due to the timing of the work done.

3.5 Commission paid

The commission paid is lower than budget due to the lower SAMSA levies for the year.

3.5 Commission paid

The commission paid is lower than budget due to the lower SAMSA levies for the year.

3.6 Implementation costs

Implementation costs exceeded the budget by R0.7 million. This is mainly due to a 3 year contract signed for Satellite AIS services, used by the Seawatch and Response unit, which was not adequately provided for in the budget.

3.7 Legal fees

Legal fees was R0.6 million higher than budget. The budget is an estimate based on historical spending, as it is not possible to accurately budget for legal expenses. The current year legal expenses are mainly human capital related.

3.8 SA Agulhas costs

The SA Agulhas cost was R24.0 million lower than budget. This was due to less training activity, as no funding was received from SAIMI. Variable cost such as fuel and catering was thus lower than budget.

3.8 SA Agulhas costs

Appendix 1: Budget Variances

EXPLANATIONS FOR THE YEAR ENDED 31 MARCH 2020

The SA Agulhas cost was R24.0 million lower than budget. This was due to less training activity, as no funding was received from SAIMI. Variable cost such as fuel and catering was thus lower than budget.

3.9 Rent, water and electricity

The overspending of R0.5 million on rent, water and electricity is mainly due to additional office space rented for the newly appointed Deputy Chief Operating Officer in Cape Town.

3.10 Staff training

Staff training was R1.8 million higher than budget. This was due to increased training requirement, as well as an increase in international training attended. The underspending on scholarship programme and other expense items was utilised for this purpose.

3.11 Surveyor Costs

This relates to mileage claims by all employees. The spending is R1.0 million higher than budget, although it is in line with the previous year's expense. The envisaged savings did thus not realise.

3.12 Travel and accommodation

Local travel and accommodation was R1.6 million higher than budget, while overseas travel and accommodation was R2.0 million lower than budget, resulting in a net saving of R0.4 million against budget.

3.13 Cost containment and optimisation

The entity continued with its focus on cost containment and optimisation. This resulted in underspending against budget on the following line items:

- Conferencing costs
- Consulting fees
- Donations / social responsibility
- Insurance
- Staff recruitment
- Licence fees
- Office alterations
- Office security
- Printing & stationery
- Research programme
- Scholarship programme

Appendix 1: Budget Variances

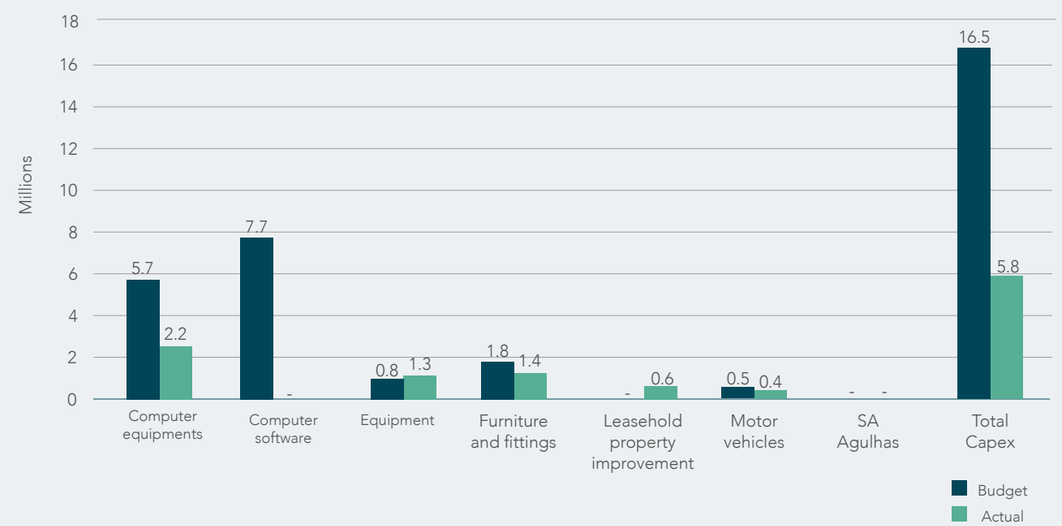
EXPLANATIONS FOR THE YEAR ENDED 31 MARCH 2020

- Cleaning services
- Telephone & fax
- Other expenditure

4. CAPITAL EXPENDITURE

4.1 Capital Expenditure for the financial year is analysed below

	Budget R '000	Actual R '000	Variance R '000	Variance %
Computer equipment	5,707	2,178	3,529	61.8%
Computer software	7,741	-	7,741	100.0%
Equipment	782	1,311	(529)	(67.6%)
Furniture and fittings	1,782	1,352	430	24.1%
Leasehold property	-	555	(555)	0%
Motor vehicles	470	428	42	8.9%
SA Agulhas	=	-	-	-
Total Expenditure	**16,482**	**5,824**	**10,658**	**64.7%**



Appendix 1: Budget Variances

EXPLANATIONS FOR THE YEAR ENDED 31 MARCH 2020

4.2 The reason for the variance between the actual and budgeted capex is that the actual capex spending was not carried out in line with the approved capex budgets and plans, in part in order to conserve cash due to non-approval of the tariff increase.

4.3 The main reason for the underspending on Computer Software was delays in the tender process. It was budgeted to procure a new budgeting and reporting software, but this has also been budgeted for in the 2020/21 financial year.

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