ANNUAL REPORT 2022/23

SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

GEARING UP FOR GROWTH

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). The entity's mandate is to ensure 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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Transport
REPUBLIC OF SOUTH AFRICA

SAMSA
SOUTH AFRICAN MARITIME SAFETY AUTHORITY

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INTRODUCTION

OUR PATH TO SUCCESS

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”).

South African Maritime Safety Authority (SAMSA) is governed and controlled by a Board of Directors, appointed by the Minister of Transport in terms of the Act. SAMSA is responsible for executing the following legislative objectives as set out in the Act:

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 7 (1) of the SAMSA 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 safety and navigation across South Africa’s inland water ways.

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

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”).

OUR VISION

“The Authority championing South Africa’s maritime ambitions to be an International Maritime Centre by 2030”.

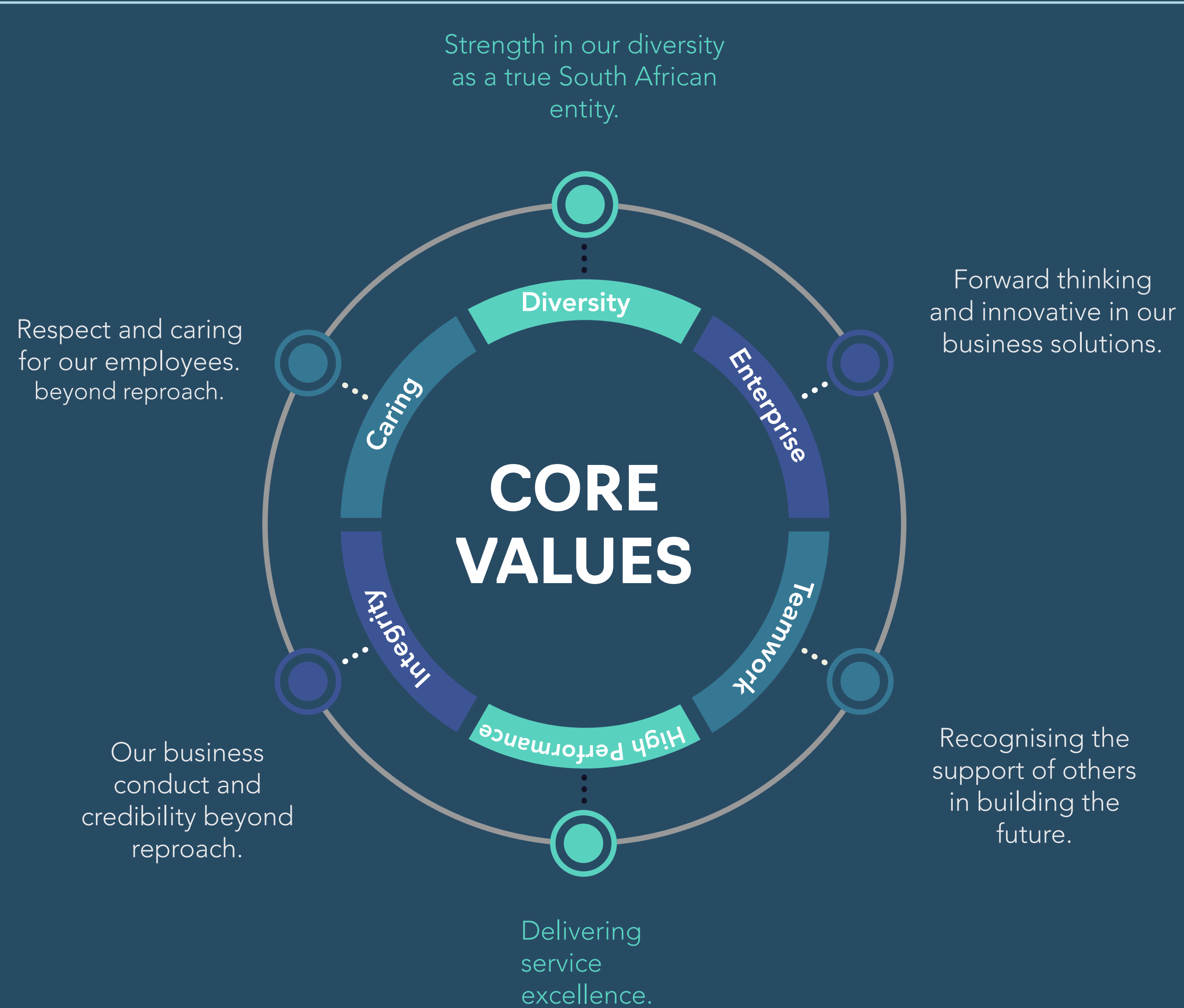
OUR MISSION

“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 are as follows:

The underlying mantra of SAMSA is to be "An Entity inspiring excellence and mastering sustainable development"



OUR STAKEHOLDERS

The ultimate outcome of SAMSA is to maximise stakeholder's value proposition. Our stakeholders include the shipping industry, communities, partners, trade associations, suppliers, employees, customers, beneficiaries, interested parties, and the government who can be affected by or may affect, the delivery of a safe and sustainable maritime transport system.

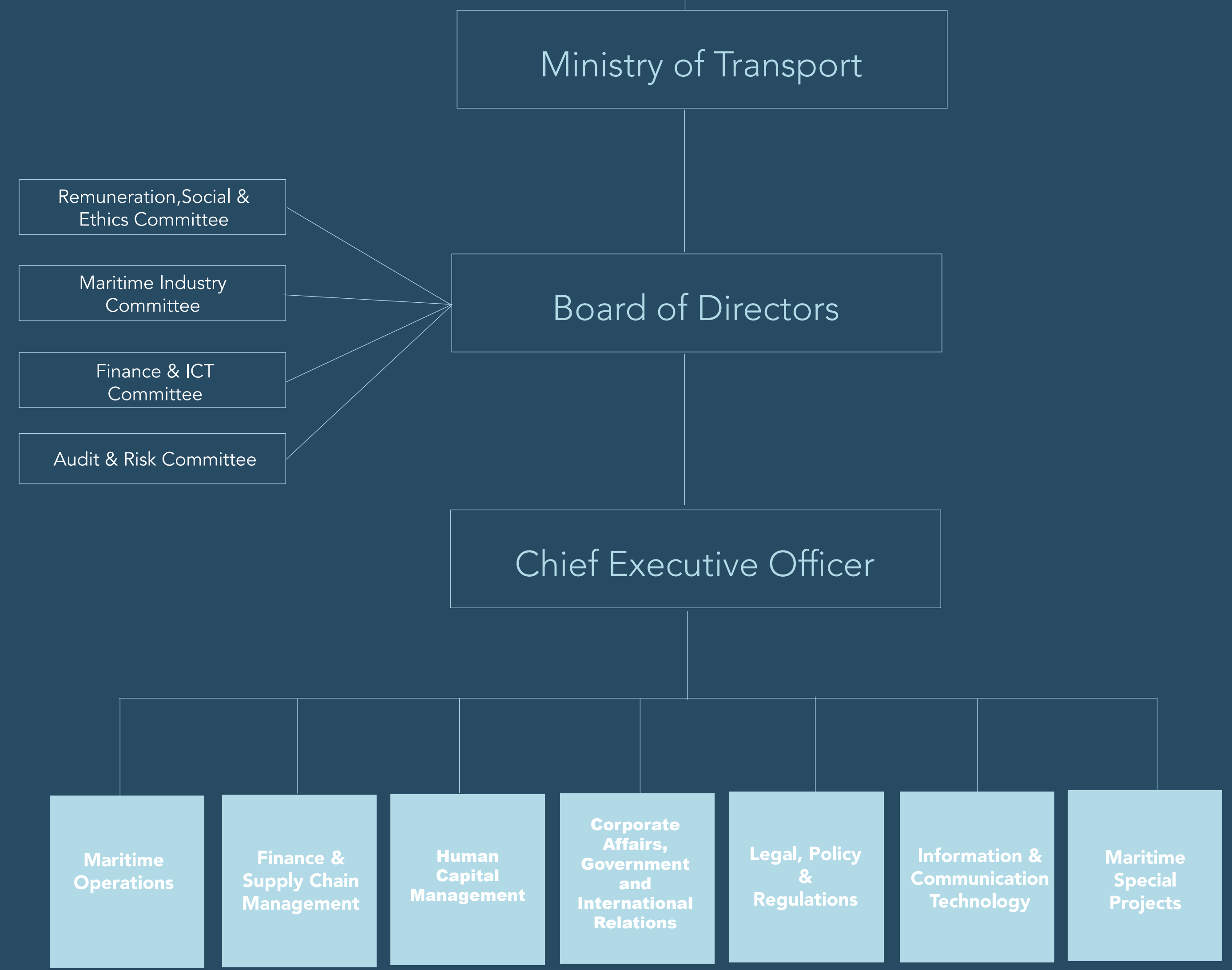
THE CORE BUSINESS OF SAMSA

Manage Compliance	Enforce Compliance	Promote Maritime	Develop Maritime	Authorise Maritime	Monitor Compliance
Undertake activities to manage maritime transport outcomes such as incident, accident management and maritime interventions.	Undertake activities to compel observance of compliance through fines, detentions, warnings, administering of conventions and any other disincentive for non-compliance.	Undertake activities to support and actively encourage the registration of ships onto the SA ship register.	Undertake activities to support the maritime transport system to grow, transform.	Undertake activities to register and authorise people, vessels, equipment, courses, agencies, recognised organisations, training institutions and shipping operations.	Undertake activities to encourage and monitor the compliance of all authorised maritime sectors through audits surveillance, support, survey and inspection activities.

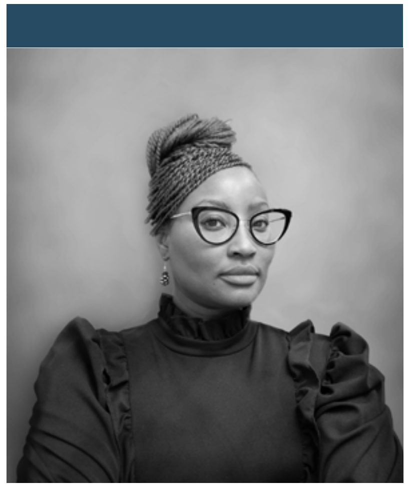
The SAMSA Value Chain depicts an orchestrated system of core primary processes which various parts of SAMSA performs in order to deliver and exceed stakeholder expectations in a manner consistent with corporate governance, international best practices and mandate requirements. It further demonstrates 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 that meets and exceeds our customers and broader stakeholders expectations.

OUR ORGANISATIONAL STRUCTURE

The PFMA appoints the Minister of Transport as the Executive Authority for SAMSA and the only Shareholder in SAMSA on behalf of the South African Government. The Accounting Authority, which is represented by the SAMSA Board of Directors reports to the Minister of Transport. The Board is made up of six non-executive members and the Chief Executive Officer. The Chief Executive Officer is the Accounting Officer who manages SAMSA under the strategic guidance of the Board of Directors.

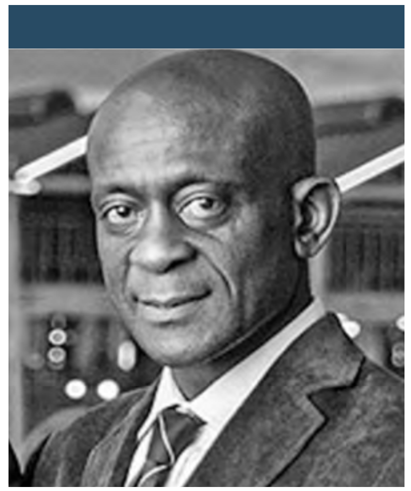


OUR BOARD

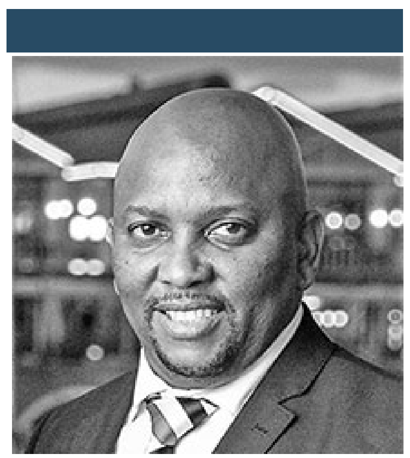


Ms Nthato Minyuku
Board Chairperson

Mr Tau Morwe
Deputy Chairperson



Mr Lucas Haluodi
Board Member



Dr. Bhekha Zulu
Board Member

Adv. Dorothy Khoza
Board Member

Ms Lindelwa Dlamini
Board Member

OUR EXECUTIVE MANAGEMENT

Mr Ndzimeni Ramugondo
Acting Chief Executive Officer

Ms Zama Chonco
Chief Financial Officer

Mr Walter Simakani
Acting Chief Operations Officer

Mr Vernon Keller
Deputy Chief Operations Officer

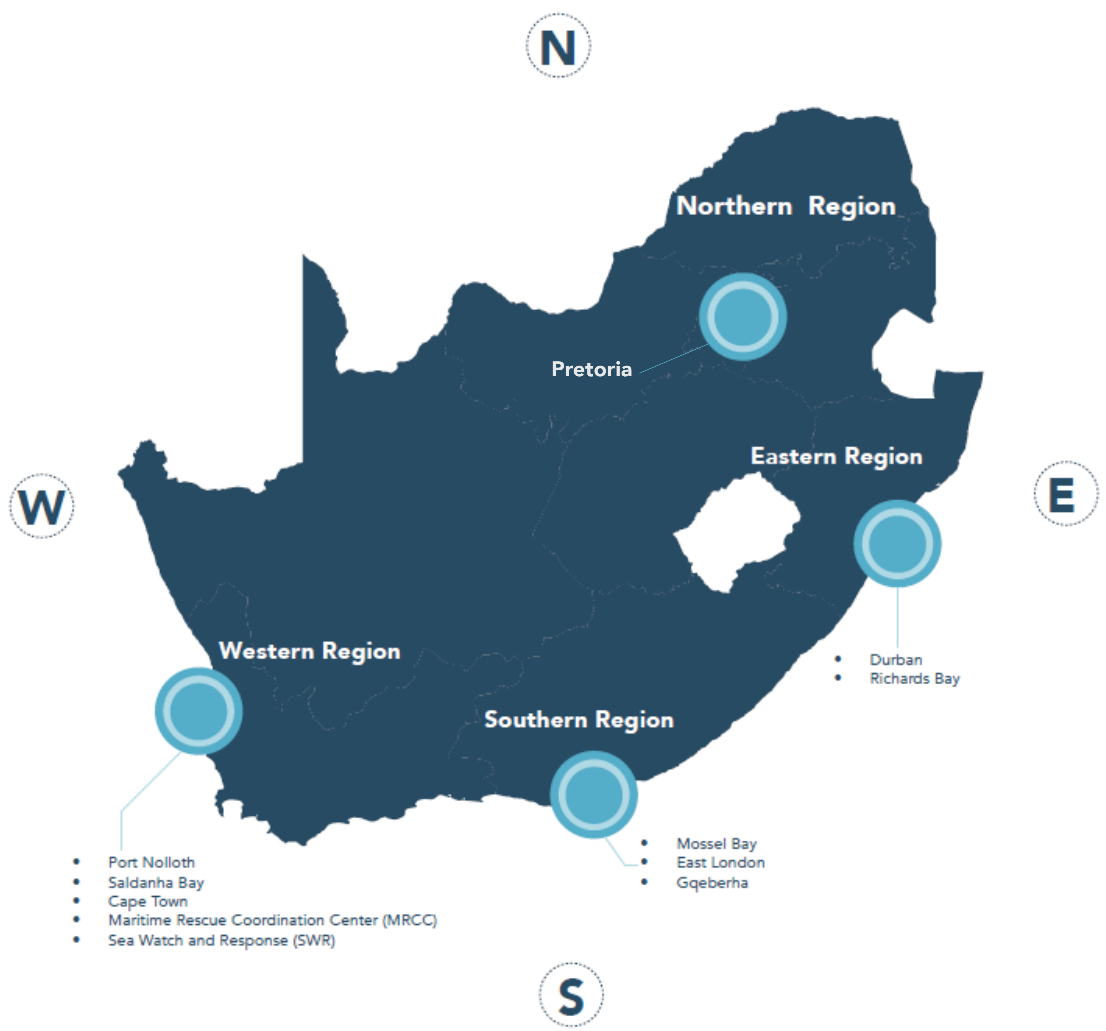
Mr Boetse Ramahlo
Executive: Legal, Policy & Regulations

Mr Roland Shortt
Acting Executive: Maritime Special Projects

Mr Phumlani Nhlabathi
Acting Executive: Human Capital Management

Ms Mapitso Dlepu
Acting Executive: Corporate Affairs

OUR FOOTPRINT



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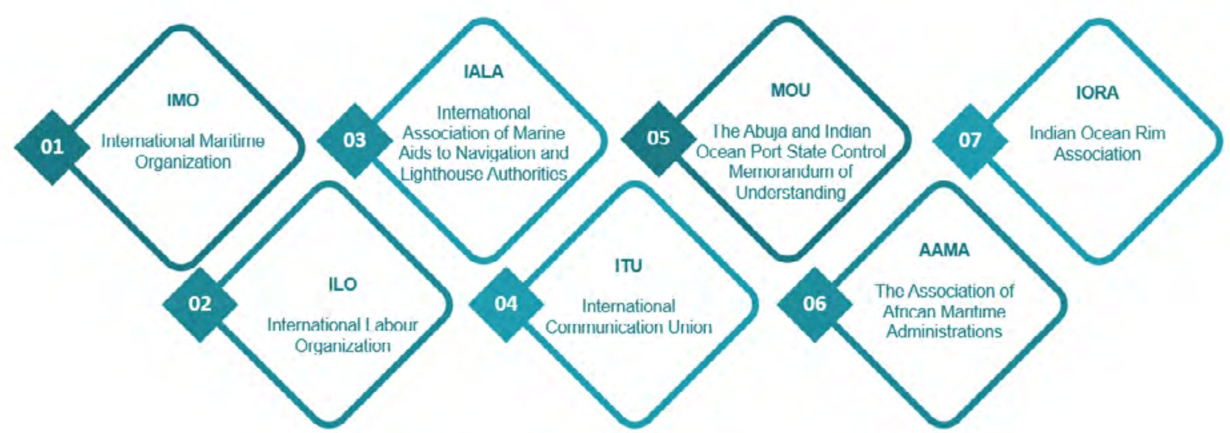
SECTION B: OPERATIONAL CONTEXT: *THE GLOBAL, CONTINENTAL AND NATIONAL PERSPECTIVE*

OPERATIONAL CONTEXT: THE GLOBAL, CONTINENTAL AND NATIONAL PERSPECTIVE

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.

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

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



1. International Maritime Organization (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, 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, which is a specialised agency of the United Nations for setting international standards and regulations for international shipping covering ship safety, seafarer qualifications, preventing pollution from ships, maritime security, search and rescue, and the efficiency of shipping.

2. International Labour Organization (ILO)

The ILO is a specialised 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 harmonised marine Aids to Navigation services worldwide that ensure the safety of life and property at sea.

4. International Communication Union (ITU)

ITU is a specialised 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 inspection regime is guided by the IMO's resolution on Procedures for Port State Control.

6. The Association of African Maritime Administrations

The Association of African Maritime Administrations (AAMA) was officially established at the 2nd 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 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 realised…."

- **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 prioritising 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 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 landly-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.

10. OUR MANDATE

10.1 OUR LEGISLATIVE MANDATE

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

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. SAMSA is also responsible for monitoring the activities of sea going vessels traversing South African waters, providing maritime search and rescue services and ensuring safe navigation 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, 1998 (Act 5 of 1998)
- South African Maritime Safety Authority Levies Act, 1998 (Act 6 of 1998)
- Ship Registration Act, 1998 (Act 58 of 1998)
- Merchant Shipping Act, 1951 (Act 57 of 1951)
- Marine Traffic Act, 1981 (Act 2 of 1981)
- Maritime Zones Act, (Act 15 of 1994)
- Wreck and Salvage Act, 1996 (Act 94 of 1996)
- South African Maritime and Aeronautical Search and Rescue Act, 2002
- Merchant Shipping (Safe Container Convention) Act 2011
- Merchant Shipping (Civil Liability Convention) Act 2013
- Marine Pollution (Control and Civil Liability) Act 6 of 1981
- Marine Pollution (Prevention of Pollution from Ships), 1986 (Act 2 of 1986)
- Marine Pollution (Intervention) Act 64 of 1987

10.2 OUR POLICY MANDATE

THE COMPREHENSIVE MARITIME TRANSPORT POLICY 2017

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 Government has committed to take the sector to reach its full potential. The current and desired future state of the sector demands CMTP. In being more comprehensive, CMTP provides an elaboration to the declared policy directives as of the White Paper on National Transport policy of 1996 and the subsequent macro national policies; and 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 historic 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 in 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 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 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 in Government's efforts of ensuring the competitiveness of South Africa's international trade by providing customer focussed maritime transport infrastructure and services through an innovative, safe, secured, reliable, effective, profitable and integrated maritime supply chain, infrastructure and systems including safety of navigation;

(c) To promote the growth and broadened participation of local entrepreneurs in the shipping industry and marine manufacturing and related services while vigorously through incentives and continuous improvement in ship registration to promote the increase of ships under the South African flag registry;

(d) To Promote marine transport, manufacturing and related services;

(e) To provide guidance to the maritime transport sector stakeholders and customers about institutional arrangements, governance and regulatory interventions while ensuring effective and efficient co-ordination 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 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 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.

The CMTP directs the vision of developing a maritime transport sector in South Africa

10.3 OUR STRATEGIC MANDATE

The Medium-Term Strategic Framework (MTSF) is a government strategic plan for the 2019-24 electoral term. It 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 Electoral Mandate + SONA:

- ***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 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 will cover all safety issues across the four modes of transport (road, rail, civil aviation and maritime), including safety of public transport; and applicable interventions that will be designed and employed to address such. The DoT's desired outcome will be 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 phenomenal growth for maritime-related economic activities. 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 operates. The DoT will thus strive to create a safe 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, encompasses a set of measures to enhance 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 to 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/or 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 reluctant people across several continents.

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

B. ENVIRONMENTAL PROTECTION – Recovering and Maintaining a Healthy Natural Environment

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

In the Maritime Transport space, new IMO energy efficiency regulations and cleaner fuels are coming into force in January 2020. These regulations will bring about a new marine fuel economy. The South African industry must take advantage of this reality not only by ensuring the enforcement, but also looking at 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%. That compares with the current limit of 3.50%, which has 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 welcomes the introduction of the sulphur cap, which comes into effect in January 2020, as an important step in reducing the impact of global supply chains on people's health and the environment. To this effect, the DoT will ensure full implementation of the MARPOL Annex VI, to limit main air pollutants contained in 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 incinerations 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 on a regular basis to ensure that oil pollution is minimised.

Over the medium term, the DoT will target to acquire a pollution prevention tug that will ensure that it timeously responds to emergency callouts and high-risk maritime emergencies.

The sulphur limit regulation that came into effect on January 1 2020 proved the maritime industry's seriousness on the protection of the maritime environment. The regulation brought about requirements that have had 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 new Annex VI agreement may be quite costly for the participants in the shipping industry. Based on historical price differences could well imply a cost increase per ton of bunker fuel of an average by at least 3% in the fuel operating costs.

Ship operators will face higher vessel operating costs due to the use of low sulphur fuel. The shipping companies could in principle decide to absorb some of these additional costs, but such a strategy would negatively affect the financial base and attractiveness of the short sea business. The resulting lower margins

C. Building a MARITIME Nation, Elevating the Oceans Economy

This area presents a strategic opportunity for South Africa. South Africa is bordered by the ocean on three sides. In 2010, the ocean contributed approximately R54 billion to SA's Gross Domestic Product (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 one million direct jobs.

The DoT, as part of its contribution to unlock the economic potential of the ocean, will look at several key areas. These include regional coastal shipping agreement within the Southern African Development Community (SADC), 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, and most countries in Africa, has begun investing and utilizing resources to explore and grow their maritime sectors. The investments into port and logistics infrastructure including warehousing infrastructure has grown exponentially with the most recent major development

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 and draft Strategy 2030 identifies coastal shipping as a key instrument laying a firm foundation to build and grow the maritime sector. We must also clarify during the coming Medium-Term Expenditure Framework trade policy as it relates to some of our commodities and on a gradual scale to be shipped by South African ship owners. Our focus in the coming decade is going to 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 impetus brought about by the CMTP.

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

The nature of transformation of the maritime sector requires context and must also be informed by the fact that structurally a developing industry and therefore, part of what we need is modernization and innovation through smart technologies. The delayed appointment of the B-BBEEE Charter Council is delaying transformation. We will continue promoting the implementation of the 2019 Women in Maritime Dialogue Declaration.

would undermine innovation in the industry and would prolong the operating lifespan of (older) short sea vessels. A more logical strategy for operators is to charge their customers to recuperate the additional fuel costs linked to the use of low sulphur fuel.

Therefore, 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 to the maritime economy (jobs).

MINISTER OF TRANSPORT FIVE STRATEGIC THRUST

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

- ST 1: Safety as an enabler of service delivery
- ST 2: Public transport that social emancipation and an economy that works
- ST 3: Infrastructure built that stimulates economic growth and job creation
- ST 4: Building a maritime nation, elevating the oceans economy
- ST 5: Accelerating transformation towards greater economic participation

THE BUILDING BLOCKS FOR THE MARITIME PROGRAMMES CONSTITUTE FIVE FOCUS AREAS (PILLARS)

03 SECTION C: CHAIRPERSON'S STATEMENT

Ms N. minyuku
Board Chairperson

I am honoured to present the Chairperson's Report for the South African Maritime Safety Authority (SAMSA) for the financial year 2022/23.

This report highlights our significant achievements, challenges, and strategic direction during this period.

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:

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 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, led by the Department of Transport and amongst other national public entities, forms an important part of South Africa's participation in 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.

> *During the financial period under review SAMSA responded to **164 alerts** and **138 lives** were saved through the Maritime Rescue Co-ordination Centre (MRCC), a part of the SAMSA Centre for Sea Watch and Response*

OVERVIEW OF KEY HIGHLIGHTS
FOR THE 2022-23 FINANCIAL PERIOD

1. MARITIME SAFETY AND SECURITY

Given the global shipping industry is responsible for transporting as much as 80% of world trade, the safety of its vessels is critical. Since the COVID-19 pandemic, disruption to global logistics, in particular shipping and ports has been reshaping trade flows and supply chains. The ongoing war in Ukraine continues to affect maritime transport and trade. It has disrupted fossil fuel markets, as the Russian Federation is the leading exporter of natural gas and the second-largest exporter of oil.

Improvements have been significant over the past decade in particular. Thirty years ago, the global fleet was losing 200+ vessels a year. At the end of 2022 fewer than 40 losses were reported. It has now been six years since a triple-digit total loss year. The review shows 38 total losses of vessels (over 100 gross tonnage [GT]) during 2022, compared with 59 a year earlier, down by 36%. Annual shipping losses have declined by 65% over the past decade (109 total losses in 2013) reflecting the positive effect of an increased focus on safety measures over time, such as regulation, improved ship design and technology and risk management advances.

In South Africa there were zero ship losses recorded for the third consecutive year with the maritime incidents rates also declining significantly due to continued 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 164 alerts and 138 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.

In our endeavour to ensure that our South African waters remain safe we conducted 10,530 statutory surveys, 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 159 Port State inspections of eligible foreign flagged vessels visiting South Africa in accordance with the Indian Ocean Memorandum of Understanding (IOMOU) and the Abuja Memorandum of Understanding.

2. MARITIME ENVIRONMENT PREVENTION AND COMBATING

The shipping sector is at the centre stage of the debate on sustainability. Like other economic sectors, shipping generates greenhouse gas (GHG) emissions and must reduce its carbon footprint. International shipping, which carries over 80 per cent of the world merchandise trade by volume, is responsible for nearly 3 per cent of all global GHG emissions. Decarbonizing shipping will require a shift in technology and operations and an uptake of alternative low and zero GHG fuels. The transition entails potential increase in maritime logistics costs, shipping rates and voyage times. Investments required to adjust ship designs, engines, and operations, generate alternative low and zero carbon fuels at scale and implement green on-board technologies all have a price tag. This will drive up costs for ship owners, industry and, ultimately trade and the final consumer.

The IMO Marine Environment Protection Committee (MEPC) 80 adopted by acclamation on 7 July 2023 resolution MEPC.377(80) on the 2023 IMO Strategy on reduction of GHG emissions from ships .The 2023 IMO GHG Strategy includes an enhanced common ambition to reach net-zero GHG emissions from international shipping close to 2050, a commitment to ensure an uptake of alternative zero and near-zero GHG fuels by 2030, as well as indicative checkpoints for 2030 and 2040: (a) To reduce the total annual GHG emissions from international shipping by at least 20 per cent, striving for 30 per cent, by 2030, compared to 2008; (b) To reduce the total annual GHG emissions from international shipping by at least 70 per cent, striving for 80 per cent, by 2040, compared to 2008. The Vision has been revised to include a reference to promoting a just and equitable transition for international shipping.

3. MARITIME ECONOMY – PROMOTING THE REPUBLIC `S MARITIME INTERESTS

Global continues to navigate the post COVID-19 pandemic trends, the legacies of the 2021–2022 crunch in global logistics, the softening in the container shipping market since the second half of 2022,and the shift in shipping and trading patterns arising from the war in Ukraine. The sector is facing growing operational complexities, volatility and uncertainty amid a global economic climate coming under stress and the impact of the ongoing war in Ukraine. The sector is also facing the need to shift to a more sustainable future, to decarbonize and take up digitalisation.
International seaborne trade volume contracted by 0.4 per cent in 2022, reaching 12,027 million tons, down from 12,072 million tons in 2021. This drop in performance comes after a strong rebound in 2021 but is dwarfed by the sharp decline observed in 2020 at the onset of the COVID-19 pandemic. The 2022performance reflects the normalization that followed the extraordinary market surge in 2021.

One of the functions of the Authority is to manage the South African Ship Registry as well as promote the register with a view of attracting investors (ship owners) to register their ships under the South African Flag. SAMSA anticipate that the promulgation of the Comprehensive Maritime Transport Policy will provide the basis for the revamping of the Ship Registry to generate revenue for the country and provide employment for South African Seafarers.

Ship Registration Summary

VESSEL TYPE	TOTAL	TOTAL GT	TOTAL NT
CONVENTION	26	305924,32 T	104644,99 T
NON-CONVENTION	515	133711,49 T	40008,77 T
SMALL VESSEL <100GT	121	53,65 T	36,48 T
SMALL VESSEL <25GT	37	24,18 T	
GRAND TOTAL	699	439713,64 T	144690,24 T

4. MARITIME LEGISLATIONS AND REGULATIONS

Important legal issues affecting international maritime transport and trade include regulatory developments to facilitate the use of electronic bills of lading and regulatory responses to environmental challenges - notably air pollution from shipping, plastic pollution, marine litter, protecting the marine environment, and biodiversity.

A robust regulatory framework to protect the environment from the impact of shipping is critical for the effective implementation of the 2030 Agenda for Sustainable Development and its 17 interconnected Sustainable Development Goals, in particular affordable and clean energy (Goal 7); industry, innovation and infrastructure (Goal 9); climate action (Goal 13); sustainable use of the oceans, seas and marine resources (Goal 14); and related partnerships (Goal 17). This is reflected in the theme of the International Maritime Organization's 2023 World Maritime Day, MARPOL at 50 – Our commitment goes on. It spotlights the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), which covers prevention of pollution of the marine environment by ships from operational or accidental causes. MARPOL is considered one of the most important legal instruments relating to international shipping, complementing SOLAS 1974, STCW 1978 and MLC 2006. MARPOL Technical Annexes I and II, which address pollution by oil and noxious liquid substances in bulk are mandatory for all Contracting States to MARPOL, covering 98.89 per cent of the global feet.

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 provide 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.

5. CORPORATE PERFORMANCE AND FINANCIAL SUSTAINABILITY

We have now consistently continued to improve on our overall corporate performance in line with the set strategic objectives, with a reported performance of 62% compared to 67% in the previous financial period. This performance is a decline in comparison with our last three financial periods and is testimony to the turnaround plan implemented by the SAMSA Board working together with management.

SAMSA generated a net surplus of R38.3m. The main reason for the surplus this financial year is the continued cost containment measures implemented by the entity. SAMSA levies revenue remained under pressure, with a slight decrease in volumes compared to the previous year. The 6.16% tariff increase implemented in January 2023 assisted in improving the revenue for the year. The financial position of the entity has continued to improve, and renewed focus can now be given to operational effectiveness. The work to optimise the entity's current revenue streams and realise new revenue generating opportunities will continue to ensure the financial sustainability of the entity. We are committed to the following priorities:

- Optimising revenue management by unlocking new revenue streams and maximising revenue fully within the existing streams;
- Finalisation of the disposal of the SA Agulhas;
- Transitioning from the robust cost containment initiatives to more sustainable cost saving strategies to ensure SAMSA has adequate resources to implement its mandate and other global initiatives;
- Continuing to align the supply chain / procurement and cost drivers to support our mandate.

6. CORPORATE GOVERNANCE

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 on 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 their sterling work in driving their various mandates as per their terms of reference.

On the 28th of September 2023, SAMSA's new Board was appointed by the Minister of Transport
The new Board comprises the following members: Board Chairperson: Mr M Fakir, Board Member: Ms N.F. Nojozi, Board Member: Dr N Skeepers, Board Member: Adv. A. N Sobekwa, Board Member: Mr. S Nguse, Shareholder Representative: Mr M. Ralephenya.

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

7. 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 are not domesticated expeditiously into local laws to ensure execution of enforcement. The key issue of legislation has hugely limited the full execution of its domestic and international maritime obligations.

The long-term capability of SAMSA to fully execute its national mandate is hugely hampered by a lack of resources for aerial surveillance and response such as helicopters, and emergency towing vessels with the country having only one ETV and a lack of patrol capabilities such as drones and vessels.

The entity does not have a permanently appointed Chief Executive Officer for the last seventy two (72) months and the Board had to take extra actions with its sub-committees to ensure the achievements of the entity`s strategic outcomes and delivery of services to all our stakeholders.

8. ACKNOWLEDGMENTS

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 for 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 engagement platforms.

I thank you all.

MS N.MINYUKU
BOARD CHAIRPERSON

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SECTION D: CHIEF EXECUTIVE OFFICER'S REPORT

Mr Ndzimeni Ramungondo

Acting Chief Executive Officer

On behalf of SAMSA Management and staff, it gives me great pleasure to present the Annual Report for the 2022/23 Financial Year (FY), doing so in my capacity as the Acting Chief Executive Officer.

This report presents our corporate performance, operations, and financial results for the financial year under review which have 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 FY 2022/23 was yet another difficult year which as an organisation, we are proud to report achievements made in fulfilling the SAMSA mandate and strategic objectives aimed at ensuring safety of life and property at sea, prevent and combat pollution of the marine environment by ships and promote the Republic's maritime interests. In doing so, I would also like acknowledge the leadership provided by Ms. Zamachonco Chonco who was the Acting Chief Executive Officer for the first half of the financial year for setting the foundation for the entity to implement the planned deliverables in which the FY was concluded having maintained the unqualified audit opinion and achievement of 61% of planned corporate performance targets.

THE MARITIME OPERATING ENVIRONMENT

Strategically, SAMSA's performance is guided by the National priorities as set out in the Medium-Term Strategic Framework (MTSF 2019-2024). The entity has the responsibility of transforming the fortunes of our maritime Industry whilst ensuring that the country becomes a recognised International Maritime Centre by 2030. The International shipping industry is responsible for the carriage of around 80% of world trade which makes issues of vessel safety to remain critical. SAMSA is responsible for the safety of maritime trade for the country and the management of 27.7 square km search and rescue area. Based on this huge responsibility it is paramount that maritime safety and security become the critical elements in the country` maritime trade. In the reporting period the international maritime sector continued its long-term positive safety trend with thirty eight (38) reported total losses compared to fifty nine (59) in the prior reporting period. Annual shipping losses have declined by 36% compared to last

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SAMSA achieved an overall corporate performance of ***61%*** *against its set strategic outputs.*
SAMSA reported a net surplus of ***R40.9m.*** *The main reason for the surplus this financial year is the continued cost containment measures implemented by the entity.*

financial period reflecting the positive effect of an increased focus on safety measures over time, such as regulation, improved ship design and technology and risk management advances.

More than a year after Russia's invasion of Ukraine the ripple effects continue to be felt. As of March 2023, around 300 seafarers, and some 40 or more vessels, remained trapped in the region, in addition to several vessels that were damaged or destroyed in Ukrainian ports during the war. Meanwhile, embargoes and sanctions severely limit trade with Russia. The longer vessels are trapped, the higher the likely loss. Owners and operators have no access for maintenance or repairs while the passage of time means salvage values decline. The one-year mark is an important trigger for marine insurance policies. Under a war risk policy, a vessel could be considered a total loss when trapped or blocked for a defined period. However, insureds are expected to have taken reasonable measures to try to minimize the loss or secure the vessel's release, such as making use of any safe passage arrangements, for example the Black Sea Grain Agreement

South Africa saw a total of one hundred and twenty-one (121) maritime incidents for the financial year that commenced from 01 April 2022 to 31 March 2023. As a country, South Africa needs to implement an effective Maritime Domain Awareness to improve the management of maritime incidents, which includes both prevention and response. From the one hundred twenty-one (121) accidents, twenty-five (25%) percent were classified as very serious maritime incidents. Maritime accidents and incidents can occur in any part of South Africa's oceans and investigating them is crucial for preventing recurrence. Investigating accidents and incidents is necessary for preventing future incidents including issues of legal and regulatory compliance.

CORPORATE PERFORMANCE OVERVIEW

For the reporting period, SAMSA achieved an overall corporate performance of 61% against its set strategic outputs for the financial year, We attribute the critical non achievement of our corporate performance to the challenges encountered by the entity which include amongst other, financial constraints to fund key strategic and mandate objectives, slow growth of the South Africa Ship Registry due to the slow progress in resolving shipping taxation, customs and excise issues. These challenges coupled with outdated and slow ratification of legislation and processing of the convention, protocols, bills and subsidiary instruments negatively affected the entity's performance.

On the positive side, SAMSA has received its fourth consecutive unqualified audit opinion from the Auditor General South Africa (AGSA). This is a significant achievement that bears testimony to the continued improvement in the controls that are continuously being implemented to mature governance and compliance while ensuring that the entity delivers on its strategic mandate. we remain committed to resolve the outstanding audit issues and aiming towards attainment of clean audit opinion.

SAMSA reported a net surplus of R40.9m. The main reason for the surplus this financial year is the continued cost containment measures that were implemented by the entity. . SAMSA revenue from levies remained under pressure, with a slight decrease in volumes compared to the previous year. The 6.16% tariff increase implemented in January 2023 assisted improving revenue for the year. Additional Direct User Charges revenue streams were introduced during the financial year, which also contributed to the improved performance.

Notwithstanding the strong challenges in the internal and external operating environments, SAMSA is paying strong attention to the following key factors to ensure that the country becomes an International Maritime Centre.

KEY CHALLENGES ENCOUNTERED

The following are some of the key challenges encountered in the 2022/2023 financial year:

- Maritime Enforcement Resources: The capacity to respond to incidents lies outside the control of SAMSA which includes availability of emergency tug, pollution control vessels and helicopter capabilities. This negatively affects SAMSA's capacity to ensure maritime safety and combat pollution.
- Outdated and slow ratification of legislation. There has been very slow progress in processing some of the conventions, protocols, bills and subsidiary instruments. This is likely to have a huge effect on the forthcoming IMO Mandatory Member State audit scheduled for November 2023.
- Funding of the SAMSA due to slow pace of tariff approval which has an impact on the financial sustainability of SAMSA.
- No Permanent Chief Executive Officer since 2016.
- Slow growth of the South African Ship Registry due to slow progress in resolving Shipping Taxation, Customs and Excise challenges with SARS.
- Slow transformation of the Maritime Industry to enable blacks, youth and women participation.
- Negative media publicity and court cases on some of the executive members of the entity

LOOKING AHEAD

Established on the 01 April 1998 as a maritime safety authority, I am excited that SAMSA will be celebrating its 25th anniversary during the FY 2023/24 which over the years, the organisation has grown from strength to strength and remained committed to deliver on its strategic mandate.

There is a need for a continued and renewed effort in pursuing our intentions to contribute to South Africa's vision of being an International Maritime Centre by 2030 which will be characterised by a vibrant maritime. This vision is in line with Agenda 2063, aspirations of the Africa Integrated Maritime Strategy 2050 (AIMS2050) including our own national imperatives such as the National Development Plan and the Comprehensive Maritime Transport Policy. (CMTP). The following are some of the key initiatives to look forward to in the FY 2023/24.

The following are some of the key initiatives to look forward to in the FY 2023/2024:

- Enhanced efforts in promoting and growing the SA Ship Register.
- Entrenching South Africa as a maritime nation that it is and reaffirming its status as a Whitelisted nation by the IMO.
- Heightened maritime awareness and education systems and standards initiatives in collaboration with our partners.
- Development and deployment of the South Africa Maritime Growth Strategy and Transformation Plan.
- Ensuring complete readiness for the IMO Mandatory Audit scheduled confirmed to take place in November 2023.
- Development and implementation of the SAMSA Long term Financial Strategy and Plan.
- Roll out of the Quality Standards System on all STCW and STCW-F obligations.
- South Africa Green House Gas IMO Technical submission.
- Implementation of the SAMSA Digital Strategy that is aimed to improve the ease of doing business with SAMSA through technology.

In implementing these initiatives, we will continue to work closely with national government and industry partners across the maritime sector to promote the vital importance of the sector to the benefit of the South African economy domestically and internationally.

ACKNOWLEDGEMENTS

I would like to thank all SAMSA employees who remained committed to make their inputs towards achieving our mandate despite the experienced challenges and not forgetting the SAMSA Executive team, regional management teams, our customers, and South Africa at large.

Our sincere thanks go to the Minister of Transport Ms. Sindisiwe Chikunga, Deputy Minister of Transport Mr Lisa Mangcu, Director-General Adv James Mlawua and the senior management team of the Department of Transport for their guidance provided over the FY. To ensure that we remain guided on the strategic direction, we extend our sincere gratitude to the SAMSA Board of Directors and its committees for their unwavering commitment and support of the SAMSA Executive and the organisation at large.

We remain grateful to the continued support from our stakeholders and industry partners. You remain available when we need you for your wisdom and guidance noting the fast-paced change in our environment and your support is highly appreciated.

Regards,

Mr Ndzimeni Ramugondo
Acting Chief Executive Officer

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SECTION E: OUR OPERATING ENVIRONMENT – *A SITUATIONAL ANALYSIS*


THRIVE
TODAY AND TOMORROW...

SAMSA's business is impacted by a wide range of factors, which are internal and external to the entity. Understanding how these current and emergent factors interact with each other to create an organisational context, is central to devising an appropriate strategy and way to navigate the future.

To this end, SAMSA has undertaken an analysis of its operating environment to assess both the internal and external environments to gain material insights into the strategic options facing the entity. This analytical tool has been used to engage and agree on the set of strategic options available to SAMSA. The following section presents a summary of the strategic analysis conducted through the SWOT analytical framework:

INTERNAL ANALYSIS

The internal situational analysis interrogates the level, quality and appropriateness of current organisational resources and capabilities against optimal organisational requirements for gaining a sustainable advantage and maximising the achievement of the SAMSA mission. This analysis has been undertaken to develop a deep insight into the strategic strengths and weaknesses of SAMSA.

The strengths of our resources and capabilities

- SAMSA is viewed as a go to authority in terms of Maritime industry knowledge and expertise.
- SAMSA has operating offices well positioned in all the commercial Ports in South Africa enables it to fully execute its mandate and reach all its stakeholders.
- Diverse Maritime Industry knowledge and skill base within the entity. The entity employs more than two hundred maritime technical experts in different roles ranging from vessels surveying, port state inspections, maritime environment protection, maritime search and rescue, maritime domain awareness, casualty investigations, maritime examinations and certification, maritime legislation and maritime industry development.

The weakness in our resources and capabilities

- Scarce and aging skilled maritime technical workforce to assist the entity to deliver on its core mandate. The maritime technical human resources required to fully execute the mandate is scarce due low base of qualified marine engineers and deck officers within the country and due to fact that most of qualified seafarers are employed at sea by shipping companies.

- Inadequate funding to capacitate and resource maritime infrastructure and equipment to the full requirements of the entity`s mandate as per the Act. The limitation on funding also has had a huge impact on the entity ability to attract and retain scarce technical skills in critical positions.

- SAMSA enabling Information Communication Technology (ICT) systems and business processes are not fully integrated to support the entity to fully optimise the existing information for decision making including Customer Relation Management (CRM) to improve corporate performance in relation to effectiveness and efficiency of its standard of delivery to enhance customer and stakeholder experience.

- Lack of leadership culture and values systems to provide the entity with direction, delivery on the SAMSA strategy and capacity to motivate employees to perform at their optimal performance.

EXTERNAL ANALYSIS

Shipping, as the key element around which much of SAMSA's mandate revolves, is a cyclical business on its own but is also largely linked to the real economies of South Africa's trading partners. However, shipping as contemplated in the SAMSA strategy is broader than the element of transportation as would be ordinarily envisaged. SAMSA's broader maritime business model incorporates a wide range of stakeholders who in turn form a large opportunity pool of subsectors and industries from which SAMSA can derive and capture socio economic value.

The macro-environmental variables (economic, political, technological, regulatory, etc.) remain stable in the medium to long term.

The Threats from our external operating environment

- Inadequate maritime regulatory and legislative framework (due to slow ratification, domestication and review of maritime legislation environment). The slow domestication has resulted in huge risks such as having an ineffective penalty system (low value penalty charges) to deter non-compliance on all maritime transgressions.

- Inadequate national maritime incident response system due to a lack of availability of assets and resources to respond effectively and efficiently to maritime incidents (Aerial capabilities, patrol vessels, helicopters) within the South African Exclusive Economic Zone.

- Non-compliance in line with the PFMA, National Treasury regulations and SAMSA Act requirements with critical organisational issues that threatens the entity`s corporate management and governance objectives of attaining a clean audit opinion The implementation of Marine Protected Areas under the National Environment Management Protected Act 57 of 2003 would impact on the maritime economic initiatives being implemented within the South African exclusive economic zone.

- Non-integration and collaboration of maritime issues within government in the implementation of key initiatives in line with the national priorities.
- The effect of emergence of autonomous vessels and cyber security on the maritime ecosystem, legislation, labour force, port state responsibility readiness and funding of the required systems to monitor and enforce compliance.
- The impact of COVID-19 on job security, health of the working force, economy, ways of working, service delivery and customer experience.
- The increase of marine traffic, especially that of scrapped tankers and cargo vessels sailing or being towed around South Africa's coastline on the way to Asian Scrapyards, combined with SAMSA's inability to effectively and resolutely respond to maritime incidents thereby seen an increased country maritime safety risk exposure.to

The Opportunities from our external operating environment

- Implementation of the Comprehensive Maritime Transport Policy (CMTP) in focused areas of maritime transport.
- Exploiting the extensive global focus on South Africa as a significant international maritime economy and International Maritime Organisation (IMO) Technical Programs to build capacity for all member states.
- South Africa's re-election to the IMO Council as" one of "20 States which have special interests in maritime transport or navigation, and whose election to the Council will ensure the representation of all major geographic areas of the world."
- To fully execute marine environmental protection and combating function transferred from the Environment, Forestry and Fisheries (Ministry of) to the Department of Transport and then effectively to SAMSA.
- Integrated Partnership with Environment, Forestry and Fisheries (Ministry of) on the sharing of national resources and capabilities (aerial capabilities and vessels).
- Initiate/ Build on bilateral and multilateral agreements with South Africa that focus on technical collaboration and development initiatives.
- The effect of emergence of technological advancements would bring up new business opportunities in the maritime ecosystem i.e. autonomous vessels, alternatives fuels, business intelligence, etc.

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SECTION F. CORE BUSINESS OVERVIEW

CORE BUSINESS OVERVIEW

In delivering on this mandate SAMSA has organised its functions in a way that fully aligns with its strategy and its corporate value chain, with the focus on following core business functions such as:

Flag State Survey Activities: these are surveys that customers book in order to comply with legislation that affects their operations. The surveys could be for initial certification, renewal certification, or for issuing of a certificate of approval to carry out an operation.

Port State Control Inspections: it is 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 be inspected, 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) and ABUJA 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.

Casualties and Incidents: SAMSA is required to investigate casualties or incidents in terms of Section 264 of the Merchant Shipping Act 57 of 1951.

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.

Detentions: a ship/vessel is detained 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.

Admission of Contraventions it is part of a procedure followed by SAMSA after investigating a contravention such as a pollution incident. In such a case, after the investigation, the master of a vessel is given all the relevant facts that show that some prescribed piece of legislation or procedure was not complied with. With such evidence at hand the master, vessel owner, owner representative, master, agent on behalf of shipping company, etc. is requested to sign the "Admission of Contravention" form on which the contravention is stated as well as the fine imposed.

Fishing

SAMSA's focus is to administer safety at sea, promote maritime awareness, implementation of international and national maritime policies and regulations to improve the living conditions of seafarers at sea; and ensure a competitiveness of the South African Fishing Industry.

Boating

The function ensures compliance with the National Small Vessel Safety Regulations and responsible for surveying all small vessels, certify skippers, writing and amending policy, training, appointing and auditing external surveyors, auditing schools, examiners and authorised agencies as well as assisting other authorities with implementation.

Seafarer Training and Certification

In compliance with the STCW Convention, STCW-F Convention and local legislation, appointed examiners scrutinize seafarer's applications for certificates of competencies, certificates of qualifications and certificates of proficiency. Applicants are examined to ensure that vessels are manned by competent officers and engineers. Examiners also scrutinizes training institutions applications to conduct various courses that must be attended by seafarers, the approval of medical practitioners for seafarers accredited courses of international standards are available for seafarers. Training institutions are also audited on regular basis to ensure that standards are maintained.

Maritime Occupational Health and Safety and Seafarer Welfare

Surveyors perform audits of stevedoring and ship repair facilities to ensure that safety standards are adhered to whilst performing work on ships in port through application of the maritime Occupational Safety Regulations and the relevant codes and undertaking audits and safety awareness campaigns in this sector.

The Seafarer Welfare Unit is responsible for dealing with seafarer complaints relating to Chapter 4 of the MSA and the MLC and Work in Fishing Convention. In times of tragedy, the Unit assists affected families in dealing with government departments, insurers and owners.

Naval Architecture

The office of the Naval Architect is responsible for ensuring that all vessels comply with the requirements of the Load Line Regulations and Tonnage Regulations, working closely with the Surveyors and the Registrar of Ships. The Naval Architect liaises closely with external Naval Architects, ship builders regarding the verification of all Stability Books, Tonnage measurements and calculations to ensure compliance with the relevant regulations.

Ship Registration

The Registrar of Ships is responsible for the maintenance of the South African Ships Register by ensuring that all vessels that are required to be registered onto the South African flag, complies with the Ship Registration Act 58 of 1998 (SRA). The Registrar of Ships receives and record all information and documents required or permitted to be lodged with the Registrar of Ships in the South African Ships Register grants, issues, vary or revoke the certificates and other documents that are required or permitted to be granted or issued in terms of the Act.

The Registrar of Ships is the custodian of the Ship Registration Database and ensures that this database is always up to date.

Radio Services

SAMSA discharges its radio survey and inspection mandate as legislated in terms of the Merchant Shipping Act, MS Radio installations Regulations, MS National small vessel safety Regulations, MS EPIRB registration Regulations, MS Automatic Identification System Regulations and MS Long Range Identification and Tracking Regulations.

In addition, SAMSA discharges its marine radio operator certification responsibilities in terms of a Memorandum of Understanding concluded with the Independent Communications Authority of South Africa (ICASA) and as legislated by the Electronic Communications Act, MS Safe manning, training and certification Regulations and the South African Code of Qualifications. SAMSA provides an inter-governmental marine radio technical consultancy service including service level agreement audits (Department of Transport and Telkom Maritime Safety Information Equipment provisions).

SAMSA provides stakeholder engagement at national and international level to assist in ensuring compliance with the IMO (SOLAS, STCW, STCW-F, and HTW) and ITU (Radio Regulations) Conventions to which the South African government is a party.

Maritime Industry Development

This function facilitates the growth of the maritime sector with a focus on domestic and international priority areas. Domestic maritime sector development focuses on Fishing through the National Fishing Forum and Boating through the Small Vessel Technical Committee by exploiting the existing opportunities within the sector for the benefit of identified national stakeholders.

International maritime sector development focuses on opportunities that could be derived from the registration of international trading ships on the South African Ships Register with an anticipation to increase the number of South African seafarer's employment opportunities working onboard ships trading internationally.

Sea Watch and Response

In executing its responsibility for contributing towards ensuring safety of life and property at sea and the protection of the marine environment. This function includes the Maritime Rescue Co-ordination Centre (MRCC), Intervention and Safety of Navigation.

The MRCC is fully functional, operates 24/7, with the focus primarily of the safety of life at sea, and complies with the requirements of the Department of Transport's (DoT) South African Search and Rescue (SASAR) Act. This entails interaction with the various government and non-government entities involved with maritime rescue at sea.

The Intervention section is being developed and capacitated to respond to situations developing at sea relating to marine environment protection and maritime security. This is where interaction with vessels at sea and organisations ashore are executed; through radio communication, tasking of emergency standby tug, initiating the National Oil Spill Contingency Plan (NOSCP) and the Hazardous and Noxious Substances (HNS) Response Plan for specific pollution situations and calling on Defence and other assets to assist.

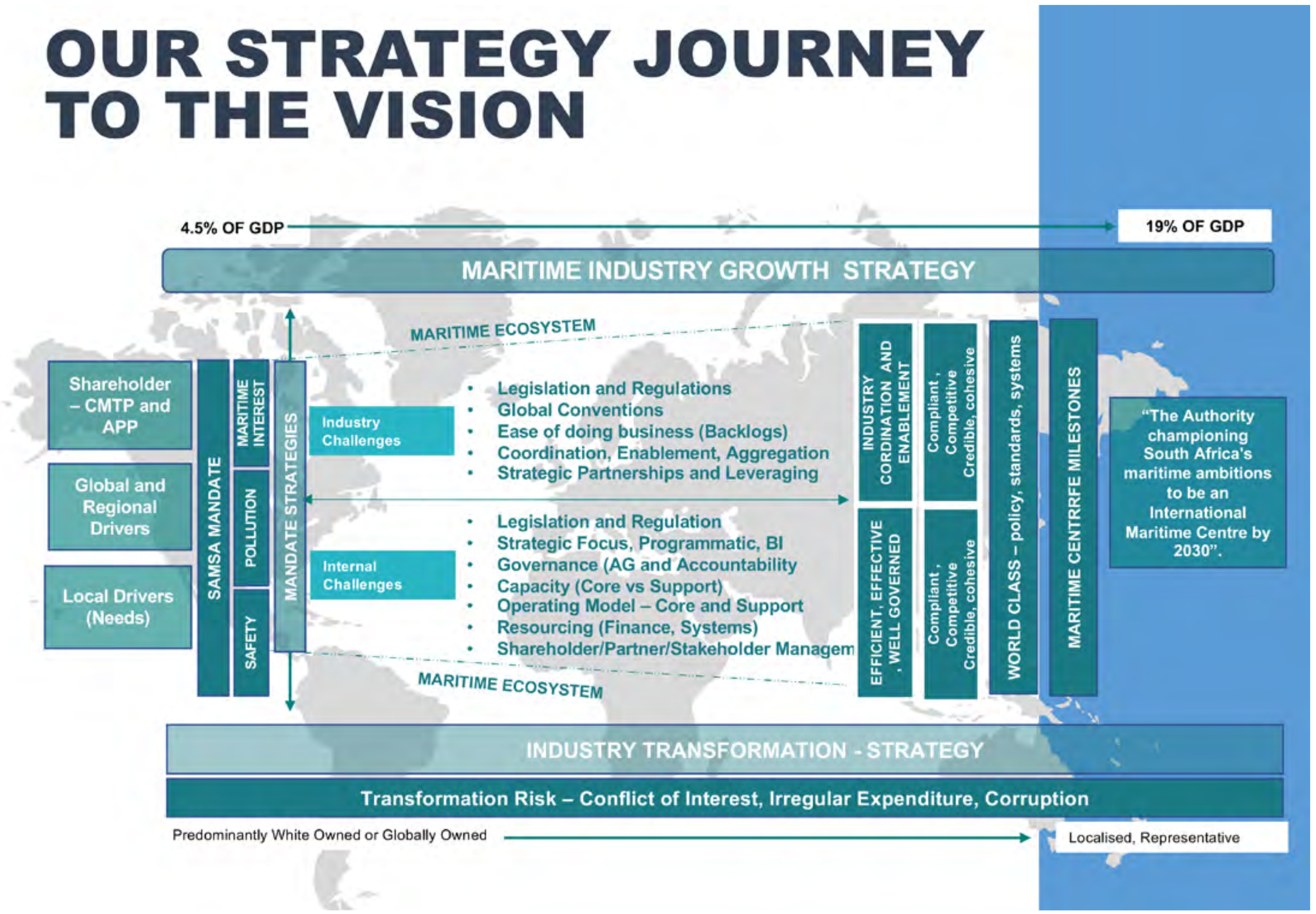
The Safety of Navigation section is also being developed and capacitated to ensure the safety of navigation in South African waters, both coastal and inland waterways through enhancing our maritime domain awareness (MDA) and regulation.

07

SECTION G: OVERVIEW OF THE *SAMSA STRATEGIC PLAN*

As part of the mid-term review of the current SAMSA Strategic Plan 2020-2025 SAMSA evaluated their internal resources (incl. capabilities) and the external driver of change (incl. emerging trends) in the Maritime ecosystem in order to counter the negative effects with responsive institutional arrangements to achieve the strategic outcomes in agreement with the shareholder, key stakeholders and customers.

The diagram below depicts the entity`s journey in order to achieve the Vision which at this stage requires a shift by SAMSA from a value protection (compliance) to value creation (Leadership) Framework as a Turnaround roadmap and a game changer adopted for the reminder of the the two years in the strategy cycle.. SAMSA has acknowledged that the organisation has been operating at a compliance and operational level for the longest time and the shift to value creation will need to be a concerted efforts by all the stakeholders (internal and external) with customers providing insights into their experience on service delivery standards agreed and executed.



The main objectives of the organisation are:

- To be an Authority of excellence in the global maritime space;
- To deliver good quality products or services consistently;
- To establish a continuous improvement capability and implement best practices;
- To standardise work and good practices;
- To generate additional revenues for short and long term financial sustainability; and
- To fully execute the mandate objectives and strategy priorities.

The SAMSA strategy is aligned with the government national priorities such as the APEX priorities, 2019-24 MTSF objectives, Department of Transport strategic outcomes, Minister of Transport strategic thrusts and Maritime programme as shown in the table below:

National Government Priorities	DoT Strategic Outcomes	Minister`s Strategic Thrusts	Maritime Minister`s Programme Pillars	SAMSA'S STRATEGY	
				Strategic Challenge	Strategic Outcomes
Social Cohesion and Safe Communities.	1. Safety as an Enabler of Service Delivery. 2. Environmental Protection - Recovering and Maintaining a Healthy Natural Environment.	Safety (and Security) as an Enabler of Service Delivery.	Pillar 1: Enhancing South Africa's Shipping Register.	Strategic Challenge: Managing risks with regards to maritime safety of life and property, equipment, seafarers and pollution.	1. A Safe South Africa Maritime Transport System - (Safer Lives and Property). 2. Clean Seas - Reduced reportable maritime pollution incidents by vessels.
Education, Skills and Health.	Improved Efficiency and Effectiveness of Support Services.	Improved Efficiency and Effectiveness of Support Services.	Pillar 2: Mainstreaming maritime through empowering historically disadvantaged persons to access opportunities, support development of seafarers and support young people to get involved in maritime through recreation and economic opportunities.	Strategic Challenge: The State of the South Africa Maritime Education Training and Certification system to give full and complete effect has been given to the relevant provisions of the STCW Convention in South Africa, in accordance with regulation I/8 of the Convention and section A-I/7, paragraphs 4 to 6 of the Code.	A Globally Competitive South Africa Maritime Education and Training System.
A capable, ethical and developmental state.	Building a MARITIME Nation, Elevating the Oceans Economy.	ST 4: Building a maritime nation, elevating the oceans economy.	**Pillar 4:** Create Programmes to elevate fluvial transport and open new economic opportunities by maximising the use of inland waterways.	**Strategic Challenge 5:** To be an International Maritime Centre by the year 2030, capable of delivering on its mandate, SAMSA needs to be appropriately resourced and capacitated, with complete and correct financial resources, manpower, competencies (processes, systems, leadership, structures, management approaches, etc.) ICT infrastructure and able to retain the inherent institutional knowledge.	A Highly Competent Maritime Authority with a Certified Quality Management System in place. A Highly Competent Maritime Authority with engaged, diverse and sustainable workforce capable of delivering on SAMSA's mandate and other global initiatives. A Digitalised SAMSA with all systems fully optimised with new technologies embraced to ensure better work practices and greater synergies, allowing for integrated systems. A Financially sustainable SAMSA with enough resources to implement SAMSA's mandate other global initiatives. Improved governance and strengthened control environment.
Economic Transformation and Job Creation.	Building a MARITIME Nation, elevating the oceans economy.	Building a maritime nation, elevating the oceans economy.	**Pillar 1:** Enhancing South Africa`s Shipping Register. Rolling out coastal shipping and create partnership to ensure sustainable support system to enable effective implementation. **Pillar 5:** Unlocking maritime for economic stimulation and recreation. **Pillar 4:** Create programme to elevate fluvial transport and open new economic opportunities by maximising the use of inland waterways.	**Strategic Challenge 6:** To enhance the competitiveness of South Africa's Maritime industry and exploit the potential for job creation, transformation and economic contribution to the country's Gross Domestic Product.	1. South Africa's Maritime industry that contributes to the National Gross Domestic Product And creates jobs. 2. A Transformed South Africa's Maritime industry.

WHAT WE PLANNED TO ACHIEVE IN THE 2022-23 FINANCIAL YEAR

FOCUS AREA 1. MARITIME SAFETY

1. **STRATEGIC CHALLENGE 1:** Managing risks with regards to maritime safety of life and property, equipment and seafarers.

WHAT WE AIM TO ACHIEVE AND CONTRIBUTE

Impact Statement:	To safeguard life and property across the maritime transportation system such that we have a reduced occurrence of maritime fatalities and maritime incidence and accidents in South African waters. We anticipate ensuring safe shipping in South African waters with minimum safety incidents occurrence from vessels and a secure maritime environment. The ultimate result will be to ensuring the welfare and observation of safe practices by seafarers and fishermen, compliance and safe operation of ships and all small vessels, the safe performance of commercial activities at sea and the safety of goods being transported by vessels.				
	Outcomes	Outcomes Indicator	Baseline Performance		Five Year Target
1.	A Safe South Africa Maritime Transport System- (Safer Lives and Property)	State of Maritime Transport Safety Index (Trend analysis) – including variables such as 1. Reportable Maritime Incident rate from all types of vessels. 2. Maritime fatalities rate reported from all types of vessels	10 Reportable Incident Rate reported in 2018-19 (April 2018- March 2019) financial period.		Below 5 Reportable Maritime Incident Rate
			New Indicator		Below 2 Reportable Maritime fatalities rate reported from all types of vessels
	Key Initiatives to be implemented to ensure the achievement of the Outcome 1. IMSAS III Code Audit in year 2023 2.Safety of navigation programme to include terrestrial AIS, satellite AIS and LRIT capacity enablement 3. Safe Shipping Improvement Project – Adherence to safety standards, practices and international conventions in our waters (foreign and national flagged vessels). 4.Port State Performance Improvement Initiative (including increasing the number of SAMSA surveyors and training) 5. Implementation of the National Inland Waterways Strategy in partnership with key stakeholders 6. Safety awareness campaigns (safe fishing, safe shipping, boating and safe navigation interventions and seminars) 7. Maritime Risk Workshop Business Case implementation 8.State of South Africa Maritime Safety Report				

FOCUS AREA 2.

SOUTH AFRICA MARITIME EDUCATION TRAINING AND CERTIFICATION SYSTEM

STRATEGIC CHALLENGE 2: The State of the South Africa Maritime Education Training and Certification system to give full and complete effect has been given to the relevant provisions of the STCW Convention in South Africa, in accordance with regulation I/8 of the Convention and section A-I/7, paragraphs 4 to 6 of the Code. South Africa's last report on Independent Evaluation accepted by the Panel of Competent persons was in September 2006, thus posing the risk of being removed from the STCW White List if an acceptable report is not submitted before the MSC implements the provision of Regulation I/7.3 of the STCW Convention.

WHAT WE AIM TO ACHIEVE AND CONTRIBUTE

Impact Statement:	To ensure that all seafarers within the maritime sector have the knowledge, skills and competency to effectively perform their roles in safely operating vessels, in a manner that protects lives, property and the environment. This competency is at the core of seafarer development, seafarer registry, seafarer employment, seafarer/ stevedore welfare and its administration. The following outcomes will he achieved such as the development and maintenance of an excellent maritime education and training system that is current, flexible and supports industry needs and South Africa's national maritime development aspirations, maintain IMO Whitelist Status, a World class Seafarer Welfare programme and South African Seafarers qualifications that are accepted in most maritime jurisdictions across the globe.				
	Outcomes	Outcomes Indicator	Baseline Performance		Five Year Target
1	A Globally Competitive South Africa Maritime Education and Training System. A Globally competitive and supported South African Seafarer.	A Globally Competitive South Africa Maritime Education and Training System through confirmation of being on STCW Whitelist.	Maintain South Africa Whitelist Status		Maintain South Africa Whitelist Status Mature the South Africa Maritime Education Training and Certification System to ensure alignment with the SAQA requirements.
	Key Initiatives to be implemented to ensure the achievement of the Outcome 1. National Qualification (SAQA) accreditation alignment initiative 2. Roll out of the Quality Standards System on all STCW and STCW-F obligations. 3. Training Institutions Mandatory Audits 4. Automation of the South Africa Maritime Education Training and Certification System				

FOCUS AREA 3.

INTERNATIONAL CONVENTIONS AND NATIONAL MARITIME LEGISLATIONS AND REGULATIONS

STRATEGIC CHALLENGE 3: South Africa has outdated maritime legislation which needs to be prioritised for urgent reviewing and International Conventions that South Africa recently acceded to are not domesticated expeditiously into local laws to ensure execution of enforcement. A structured and documented training regime to train surveyors to enforce regulations consistently must also be prioritised. Penalties for transgression of legal requirements are also very low in comparison with other countries and environmental laws and thus not a real deterrent for offenders.

BACKGROUND AND CONTEXT OF THE STRATEGIC CHALLENGE:

For SAMSA to realise the above mandates all acceded conventions must be ratified and domesticated into national laws. Current principal Acts and Regulations are also outdated and must be emended to ensure standards of surveys are consistent and in line with latest technological developments and industry best practice.

Our maritime legislative framework and legislation needs to be reviewed. As a coastal state, South Africa has several national and international obligations. In its current form, several pieces of our legislation cannot be enforced as the instruments are either outdated or no national legislation exists for implementation and enforcement of obligatory international conventions. Understanding that South Africa is a signatory to a few IMO conventions, there needs to be a rethink on the way legislation is drafted so that it is enabled to adopt changes or amendments to the conventions and codes to which South Africa is a signatory.

Lack of regular updated checklists, Standing Operating Procedures (SOP) and a structured and documented training programme for surveyors cause inconsistence, non-compliance with IMO requirements (III CODE) and reputational damage.

Impact Statement:	To ensure 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. The outcomes will reflect the role played by SAMSA at international and regional levels of cooperation and partnerships, principally the IMO, ILO, IALA, Indian Ocean Memorandum of Understanding (IOMOU), the Abuja Memorandum of Understanding on Port State Control and other. SAMSA Memoranda of Understanding and agreements aimed at improving regional maritime governance and sector development.			
	Outcomes	Outcomes Indicator		
			Baseline Performance	Five Year Target
1	Enforcement of domesticated maritime legislation and regulations to ensure effective implementation of the entity`s responsibility.	Number of maritime legislation and regulations updated, implemented and monitored.	Three (3) sets of amendment Regulations finalised and submitted to the Department of transport for processing.	All maritime legislation and regulations updated. implemented and monitored in line with plan.

FOCUS AREA 4.

CORPORATE GOVERNANCE, MANAGEMENT, SUSTAINABILITY AND SERVICE DELIVERY

STRATEGIC CHALLENGE 4: To be an International Maritime Centre by the year 2030, capable of delivering on its mandate, SAMSA needs to be appropriately resourced and capacitated, with complete and correct financial resources, manpower, competencies (processes, systems, leadership, structures, management approaches, etc.), ICT infrastructure and able to retain the inherent institutional knowledge.

BACKGROUND AND CONTEXT OF THE STRATEGIC CHALLENGE:

The ever-developing maritime transport sector and the expectations of our core stakeholders place higher demands on our resources, skills and expertise across the maritime transport value chain. We therefore seek to reconcile our internal resource and capabilities with the services and technical support demands placed on the entity so that we are best able to meet current and future strategic obligations over the next 5 years. To this end the current strategic resource and capability challenges facing SAMSA include the rapid loss of critical senior technical skills and expertise due to retirement, increasingly complex service demands from our stakeholders, long running unfunded mandates and obligations, , and the displacement of key maritime infrastructure, and inadequate recovery of costs associated with delivering core services, the need to upgrade our technologies and systems, rapid corporate governance systems requirements

Due to a lack of enough resources, a significant number of surveys are outsourced to third parties, such as Authorised Agencies (small vessels), External Surveyors or Recognised Organisations (Classification Societies), which could lead to SAMSA failing in providing effective oversight. Should any incident occur, the ability of SAMSA to respond is limited, due to a lack of resources and capability. Emergency Response capability such as vessels or aircraft are outsourced to third parties and does not always have these assets available for immediate use. No Sea or Air patrols have been conducted since early 2010 to monitor and combat pollution along the South African coast.

It is SAMSA's responsibility to provide the necessary resources to enable the execution of its mandate in a professional manner. Advancements in technology in the next five years is expected to rapidly change our operating environment. New Technologies, Autonomous ships, Remotely Operated Ships, the threat of cyber-attacks, the adoption of new environmental regulations in order to reduce emission from ships, will require a new type of skill for SAMSA to deliver on its mandate. Remote Surveying Technology provide new methods which will allow SAMSA to execute its mandate in safer and more efficient way, removing the risks which surveyors are exposed to daily. These new and emerging priorities for SAMSA will draw on the relationship management capabilities of our workforce, as it is recognised that technical knowledge coupled with strong negotiation and communication skills will be key to determining our success in these areas.

Building a sustainably resourced and dynamic set of organisational capabilities can assist us to integrate, build and reconfigure internal and external competencies to address SAMSA's rapidly changing environments for today and into the future. SAMSA's resources and capabilities are a source of long-term sustainable advantage and can effectively position the entity as it pursues its strategic aspirations. adopt an institute wide continuous improvement approach to managing SAMSA's business processes, systems and operational culture with the objective of streamlining operations and achieving superior stakeholder performance results. It will focus on the sustainable management of suppliers, system wide quality management, embedding lean operating principles and overseeing the performance of its broader partner network. It proactively identifies these requirements, monitors and maintains service levels and sets compliance standards in line with best practices

Impact Statement:	Without a competent, engaged workforce that is properly resourced and capable to fully execute the mandate, the entity will not able to promote South Africa's Maritime interests on a national and global platform to become a Maritime Centre. The entity will be able to retain scarce skills, become an employer of choice, and improve service delivery using an integrated management system with effective and efficient processes and systems, as well as using technology to improve our service delivery to all our Stakeholders.				
	Outcomes	Outcomes Indicator	Baseline Performance		Five Year Target
1.	A Highly Competent Maritime Authority with a Certified Quality Management System in place.	Certified Quality Management System. (ISO certified)	No Quality Management System in place.		Certified Quality Management System fully implemented in line with the plan.
2.	A Highly Competent Maritime Authority with engaged, diverse and sustainable workforce capable of delivering on SAMSA's mandate and other global initiatives.	Top Quality Workforce - Best Company to Work for Employee Survey Rating.	Number of Vacancies as per Human Resource Plan. Scarce Skills Turnover rate. Current employment equity ratio. 360 Degree evaluations.		An engage and highly competent staff complement with the right knowledge, skills and competencies capable of delivering on SAMSA's mandate other global initiatives.

Impact Statement:	Without a competent, engaged workforce that is properly resourced and capable to fully execute the mandate, the entity will not able to promote South Africa's Maritime interests on a national and global platform to become a Maritime Centre. The entity will be able to retain scarce skills, become an employer of choice, and improve service delivery using an integrated management system with effective and efficient processes and systems, as well as using technology to improve our service delivery to all our Stakeholders.				
	Outcomes	Outcomes Indicator	Baseline Performance		Five Year Target
3	A Digitalised SAMSA with all systems fully optimised with new technologies embraced to ensure better work practises and greater synergies, allowing for integrated systems, to prevent pollution incidents and safer ships and people and promoting the maritime interests for the country.	Percentage (%) implementation of Information Communication Technology (ICT) plan in line with the Digital Strategy.	70% implementation of Information Communication Technology (ICT) plan in line with the Digital Strategy.		100% implementation of Information Communication Technology (ICT) plan in line with the Digital Strategy. Better MDA with the coastline monitored 24/7 through integrated intelligence systems.
4	A Financially sustainable SAMSA with enough resources to implement SAMSA's mandate and other global initiatives.	Cash cover period.	Level 4 of the SAMSA's Long term financial sustainability model.		Cash cover of three months.
5	Improved governance and strengthened control environment.	Institutionalise Governance Oversight Framework incorporating inclusive businesses approach to capable, ethical and developmental state requirements.	90% resolution of reported incidents of corruption. Ethics Committees operationalised.		100% resolution of reported incidents of corruption. Ethics Committees operationalised and optimised.

FOCUS AREA 5.

INTERNATIONAL AND NATIONAL STAKEHOLDER MANAGEMENT

STRATEGIC CHALLENGE 5: To be an International Maritime Centre by the year 2030, SAMSA will have to be focused on creating awareness on the role and value of South Africa `s oceans and maritime sector as well as addressing the impact it can have in addressing the socio-economic challenges facing the country. SAMSA will have to systematically identify, understand and interact with its stakeholders to solicit for collaboration and support in the implementation of initiatives to promote the country`s maritime interests.

BACKGROUND AND CONTEXT OF THE STRATEGIC CHALLENGE:

South Africa has placed the maritime economy on the socio-economic development agenda of the country with a clear and detailed programme of action for accelerating a process to unlock the economic potential of the industry. This is an industry, government and community multi stakeholder approach, which proposes a collaborative development and implementation of agreed upon targeted initiatives to effectively realise the aspirations for increased contribution to GDP and job creation for South Africans.

SAMSA`s main task will be to ensure the promotion of South Africa's maritime sector, the coordination of maritime safety, maritime environment protection at all regional and international platforms and to be the country knowledge hub on maritime matters. This is premised on a strong collaboration and stakeholder participation framework to ensure that all role players participate in advancing SAMSA's work and contribute their resources and capabilities towards the development of South Africa's maritime sector. In this way SAMSA would help unlock the country's maritime potential and contribute to the socio-economic development of the country by aligning the maritime industry and government and international stakeholders into an International Maritime Centre and jointly implement high impact interventions.

SAMSA will follow a Stakeholder Centric approach to designing, creating and delivering value to all our customers, service users, partners, the shareholder ministry, employees, targeted communities, industry associations and the general public. Putting our stakeholders at the heart of SAMSA's service design and delivery will result in ensuring that every individual stakeholder can access services with ease and that they experience attentiveness and responsiveness to their specific needs. Designing services around stakeholders also means that all the different services that contribute to this particular outcome are seamlessly integrated in their delivery. Ensuring a stakeholder focus will mean greater attention to stakeholder experiences and perceptions of services as a valuable indicator of service performance.

FOCUS AREA 6.

MARITIME SECTOR GROWTH AND TRANSFORMATION

STRATEGIC CHALLENGE 6: To enhance the competitiveness of South Africa's Maritime industry and exploit the potential for job creation, transformation and economic contribution to the country's Gross Domestic Product.

BACKGROUND AND CONTEXT OF THE STRATEGIC CHALLENGE:

South Africa is strategically positioned where the Indian Ocean, the Atlantic oceans and the Southern Seas meet to create a unique sea trade route, oceans and marine ecosystem. The country has jurisdiction over one of the largest Exclusive Economic Zones (EEZ) in the world, where its waters stretch 200 nautical miles (370,4 km), a depth of 5,700m with more than 65% of this area deeper than 2,000m.The EEZ is traversed by international merchant ships transporting global trade from the far east to Africa, the Americas and Europe as well as ships performing a diverse number of knowledge gathering, recreational and economic offshore operational activities.

The South African oceans economy and coastal economic assets, resources, goods and services of the country, which includes fisheries, ports, harbours, trade, recreation and tourism makes up approximately 43% of the country's Gross Domestic Product (GDP) production system of which 25% is from direct economic benefits whilst 18% is derived from indirect benefits.

The following are the key drivers of change in SA's Maritime Sector:

(a) International environment

- Global and regional economic environment
- The deepening spread of political instability in many key economic regions
- Heightened demands for environmental protection (MARPOL) and interventions to reduce carbon emissions and integrate sustainable practices in ocean related industries.

(b) Market Conditions

- Shipping market performance (supply vs demand conditions) as well as the advent of bigger and more technology enabled ships.
- Commodity prices and trade conditions
- Oil price instability and the advent of sustained low oil price conditions
- Increase demands for infrastructure to transport and handle alternative forms of energy, such as LPG and LNG

- Technological advancements and innovations across all sub sectors of the oceans economy including, amongst others, the transformation of big ocean data, robotics, automation, materials, the advent of remotely operated vessels, possibilities of deep-sea operations, communication technologies, etc.
- New mega container vessels forcing dramatic upsizing of ports and maritime channels around the world, decreasing ship call frequencies and causing implications for smaller operators in the global shipping industry.

(c) National Policy and Strategic Environment

1. **The National Development Plan** Developed by the National Planning Commission of the South African Government and published in 2012. The broad strategic framework aims to eliminate poverty and reduce inequality by 2030.

2. **The 2017 Comprehensive Maritime Transport Policy**

   The CMTP was approved by government in May 2017 and represents South Africa's medium to long-term vision, the underpinning philosophy and principles that inform maritime development and the direction that government together with industry will be taking for the sector to reach its full potential. The overarching aim of the CMTP is to facilitate growth and development of South Africa's maritime transport system in support of socio-economic development of the country whilst contributing to international trade. The policy broadly defines "maritime transport" as "an integrated system that involves the design, construction, operation, management, servicing and maintenance of merchant, leisure and other ships in the service of seaborne trade and contemplates overland logistics corridors facilitating the movement of people and goods through port connected road and rail infrastructure.

3. **The Industrial Policy Action Plan Commonly referred to as IPAP,** these plans were launched by the Department of Trade and Industry with the aim of preventing industrial decline and supporting the growth and diversification of South Africa's manufacturing sector through key action programmes such as Special Economic Zones (SEZs) and Industrial Development Zones (IDZs).

   The SEZ programme was established to address challenges and weaknesses identified within the current IDZ programme. SEZs were established as key contributors to economic development that aim to bring mainstream economic activity to poor and isolated parts of South Africa by leveraging the commercial potential of regions. The projects listed in the SEZ Act of 2014 seem to have limited and indirect opportunity for port interaction, other than the SEZ's implied interaction within the relevant IDZ.

4. **The New Growth Path -** This plan was formulated by the Economic Development Department (EDD) in 2010 with the aim to address three key aspects of the South African economy: job creation, economic growth, and decline in poverty levels. The key job driver; Spatial Development; contains port initiatives and performance indicators to assist South Africa to create strong partner-ships with other African countries on the continent to succeed in regional development. Proposals centre on:

   - A strategy for improving logistics; including a smart ports network that integrates common systems, people and technology platforms across several countries to improve port efficiencies and costs.

5. **THE OCEANS ECONOMY PROGRAMME: OPERATION PHAKISA**

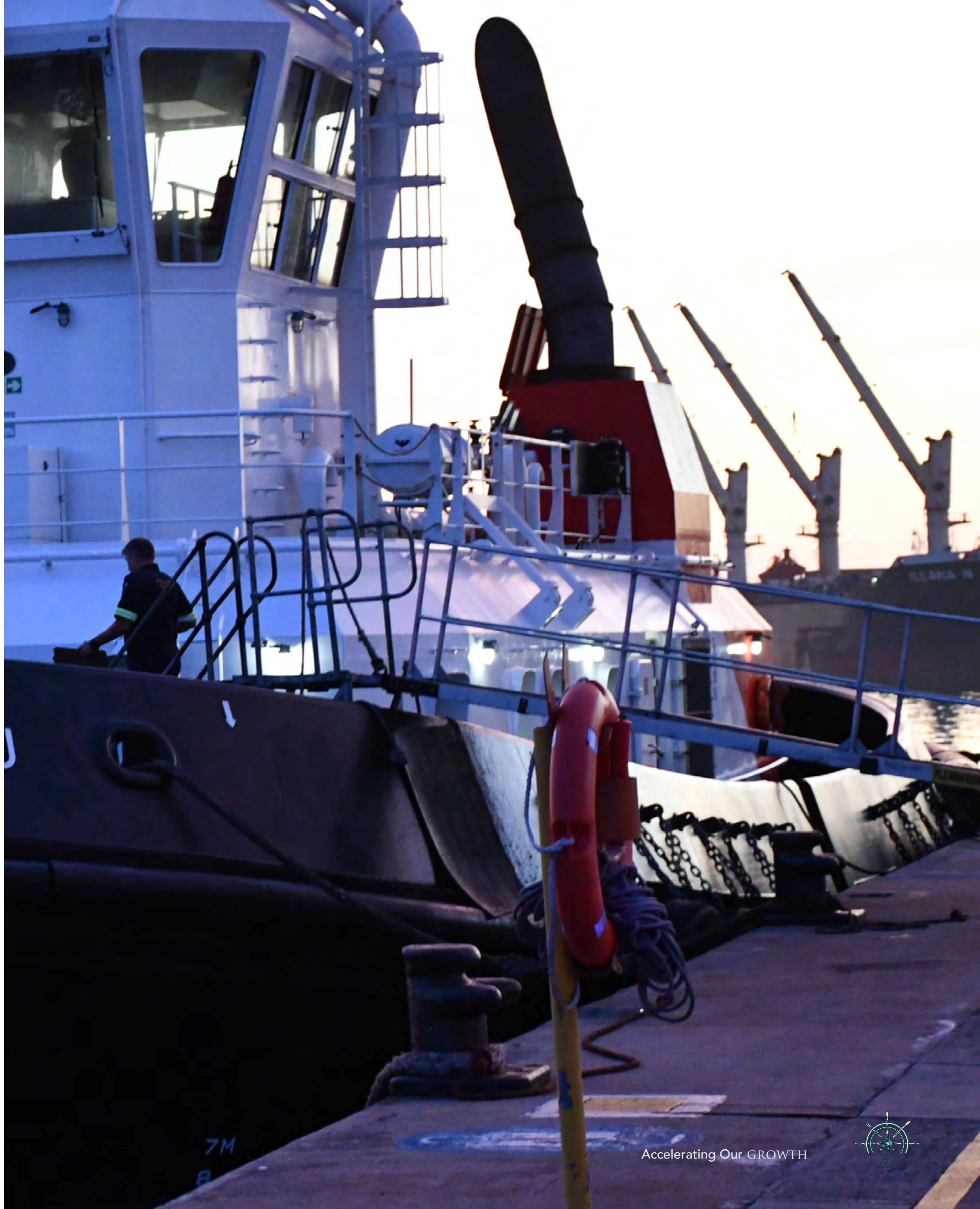
   The oceans economy initiatives by government in partnership with the private sector is envisaged to enhance the oceans economy's contribution to GDP from R57 billion in 2013 to R234 billion to GDP by 2033. This will be achieved by adding an additional R177 billion to GDP by 2033, which is expected to create between 800,000 and 1 million direct jobs. Forty-seven (47) detailed initiatives have been identified, which on implementation, will increase the oceans economy's contribution to GDP by between R14 and R23 billion and lead to the creation of 40 - 50,000 direct new jobs by 2019.

Impact Statement:	To grow and transform the South Africa maritime industry to ensure jobs creation in line our maritime global ambitions priorities whilst ensuring growth of the maritime contribution to the country`s gross domestic product.			
	Outcomes	Outcomes Indicator	Baseline Performance	Five Year Target
	South Africa's Maritime industry that contributes to the National Gross Domestic Product And creates jobs.	Facilitate Jobs in the South Africa maritime industry	Facilitated the creation of 132 Jobs	Facilitated 500 jobs in South Africa maritime industry
	Value of Maritime contribution to South Africa Gross Domestic Product (GDP).	Value of Maritime contribution to South Africa Gross Domestic Product (GDP).	No study conducted.	Contribute to the 3% increase in value of Maritime contribution to South Africa Gross Domestic Product (GDP).
		Number of merchant vessels registered onto the South Africa Ship Register.	Five of merchant vessels registered onto the South Africa Ship Register.	Ten new merchant vessels registered onto the South Africa Ship Register.
	A Transformed South Africa's Maritime industry.	Small, Medium and Micro-Enterprises (SMME`s) assisted in South Africa maritime industry.	None.	Ten new SMME`s assisted in South Africa maritime industry.

08

SECTION H: 2022-23 CORPORATE PERFORMANCE

STRATEGIC HIGHLIGHTS



2022-23 CORPORATE PERFORMANCE STRATEGIC HIGHLIGHTS

KEY STRATEGIC HIGHLIGHTS

A. MANDATE OBJECTIVE ONE (1) IN LINE WITH THE SAMSA ACT NO.5 OF 1998: ENSURING SAFETY OF LIFE AND PROPERTY AT SEA.

MARITIME SAFETY

It is SAMSA's responsibility to ensure that all partners and stakeholders operating within the South African maritime environment, responsibly observe the applicable maritime safety, security and pollution legislation, regulations, and practices to effectively facilitate a maritime environment that is clean, safe, sustainable and economically viable. SAMSA, as per its mandate must promote a safe and secure culture, fostered through the application of global and local safety and security standards and their rigorous enforcement.

The people at risk include South African communities, national and international seafarers, fishers, stevedores, shipyard workers, sport and recreational workers, and passengers on a vessel at sea and inland. The risk on board a vessel includes all cargoes (dry cargo, wet cargo, and bulk containers) being conveyed by a vessel as well as the vessel's bunkers. The Property at risk refers to the vessel and its related equipment (i.e., firefighting appliances, life-saving equipment, marine engines, and electronic equipment) at risk from vessel activities at sea.

The ultimate test of the state of maritime safety will be the reduction in the reportable maritime incidents under the jurisdiction of South Africa.

This modification in the factor methodology affects the total calculation as indicated below, which means that the original KPI target is now not achievable (especially for Maritime Incident Rates):

$$Frequency\ \ Rate = \frac{Number\ \ of\ \ Incidents}{Total\ \ SA\ \ Registered\ \ vessels + Total\ \ PAN\ \ vessels\ \ (excl.SA\ \ vessels)} \times 1000$$

$$\approx \frac{Number\ \ of\ \ Incidents}{Incident\ \ Rate\ \ Factor} \times 1000$$

$$= Incident\ \ Rate$$

	ANNUAL FINAL TOTALS	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YTD	FINAL
	# Maritime Incidents	9	8	8	10	11	8	10	11	19	6	8	13	121	121
	# Pollution Incidents	1	1	2	2	1	0	2	2	1	1	2	1	16	16
	# Fatalities Incidents	0	1	0	2	2	0	0	0	2	1	0	0	8	8
	INCIDENT RATE FACTOR														
	Ship on SA Register	717	713	712	709	708	707	714	716	713	707	707	699	699	699
	PAN Vessels (Single excl. SA)	686	684	711	685	690	662	656	649	601	604	599	657	7884	7884
	INCIDENT RATE FACTOR	1403	1397	1423	1394	1398	1369	1370	1365	1314	1311	1306	1356	8583	8583
KPI Target	ANNUAL INCIDENT RATES	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YTD	FINAL
10	MARITIME INCIDENT RATE	6,41	5,73	5,62	7,17	7,87	5,84	7,30	8,06	14,46	4,58	6,13	9,59	14,10	14,10
2	POLLUTION RATE	0,71	0,72	1,41	1,43	0,72	0,00	1,46	1,47	0,76	0,76	1,53	0,74	1,86	1,86
2	FATALITY RATE	0,00	0,72	0,00	1,43	1,43	0,00	0,00	0,00	1,52	0,76	0,00	0,00	0,93	0,93

ANNUAL FINAL TOTALS	Q1	Q2	Q3	Q4
# Maritime Incidents	25	29	40	27
# Pollution Incidents	4	3	5	4
# Fatalities Incidents	1	4	2	1
INCIDENT RATE FACTOR				
Ship on SA Register	712	707	713	699
PAN Vessels (Single excl. SA)	2081	2037	1906	1860
INCIDENT RATE FACTOR	***2793***	***2744***	***2619***	***2559***
ANNUAL INCIDENT RATES	**Q1**	**Q2**	**Q3**	**Q4**
MARITIME INCIDENT RATE	8,95	10,57	15,27	10,55
POLLUTION RATE	1,43	1,09	1,91	1,56
FATALITY RATE	0,36	1,46	0,76	0,39

During the financial year under review, 138 lives were saved through the Maritime Rescue Co-ordination Centre (MRCC) Section which monitors the coast from a safety, security and environmental issues perspective as well as monitoring standards for Aids to Navigation. SAMSA assisted in 164 SAR incidents response and in 95 MEDEVAC operations (i.e.to medically evacuate crew/passengers from vessels offshore to local hospitals). The Authority also provided 117 Maritime Accident Services (MAS) which involves the monitoring of towing operations, vessels not under command, pollution reports and vessels aground around the coast within the South African SRR and EEZ.

SAMSA maintains the national database with approximately 7 712 beacons as at the end of the reporting period.

SAMSA has the authority and responsibility to enforce legislation, over vessels registered under its flag, including those relating to inspection, certification, and issuance of safety and pollution prevention certificates. 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 period under review, SAMSA conducted 10 530 Flag State responsibility activities. These are surveys that client's book SAMSA to carry out in order 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.

SAMSA conducted 159 Port State inspections which is 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 (6) 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 Summary

PORT	KPI	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YTD	Q1	Q2	Q3	Q4
Cape Town	25	1	2	2	1	2		1	4	1	3	4	6	27	5	3	6	13
Saldanha Bay	20			3		3	2	4	2		1		7	22	3	5	6	8
Mossel Bay	4										1	1		2				2
Port Elizabeth	25	1	2			4	4	1	1	3		6	4	26	3	8	5	10
Port of Ngqura	15					1	3	1			1	2	6	14		4	1	9
East London	4			2	2			2		1		1		8	2	2	3	1
Durban	45		6	3	5	4	4	6	7	1		1	11	48	9	13	14	12
Richards Bay	12	1	1						3	3	1		3	12	2		6	4
Total	150	3	11	10	8	14	13	15	17	9	7	15	37	159	24	35	41	59

SAMSA will focus on inspecting High-Risk vessel which are vessels that have been declared by the Indian Ocean Memorandum of Understanding as high-risk vessel that is on a watch list kept by the IOMOU. To date, zero high-risk vessels, as defined by the Protocol Indicator Sheets, have called to a South African port, therefore the performance ratings are 100% year to date.

Port State Control Inspections are conducted on vessels listed on the IOMOU Ship Watch list.

HIGH RISK VESSELS PSCI	
REPORTED BY	**ANNUAL**
MRCC	0
PORT	0
TOTAL	**0**

[1] No watch list vessels called in South Africa during the financial period under review.

MARITIME SAFETY INCIDENTS AND CASUALTIES

SAMSA is required to investigate casualties or incidents in terms of Section 264 of the Merchant Shipping Act 57 of 1951.

The table below provides a brief detail of the total incidents reported during the financial period.

EVENT SEVERITY	NUMBER	FATALITIES	INJURIES
Marine Incident Total	88	2	4
Capsize/Listing	7	0	0
Collision	3	0	0
Contact	2	0	2
Fire/Explosion	3	0	0
Flooding/ Foundering	6	0	0
Loss of Control	51	0	0
Occupational Accident	13	2	2
Other	2	0	0
Ship/Equipment Damage	1	0	0
Marine Casualty Total	27	4	9
Capsize/Listing	3	1	
Collision	2	0	1
Contact	2	1	1
Fire/Explosion	3	0	0
Flooding/ Foundering	2	0	0
Grounding	1	0	0
Loss of Control	1	0	0
Occupational Accident	9	2	7
Other	1	0	0
Ship/Equipment Damage	3	0	0
Very Serious Marine Casualty Total	6	2	2
Collision	1	1	0
Fire/Explosion	1	0	0
Flooding/ Foundering	1	0	0
Occupational Accident	1	0	2
Ship/Equipment Damage	1	0	0
Unknown	1	1	0
GRAND TOTAL INCIDENTS (YTD)	121	8	15

AD-HOCS INSPECTIONS

The Ad-hoc inspections ensures that skippers, seafarers and vessel owners discharged their operations accordance with the maritime safety procedures and standards.

AD-HOCS Inspections Summary (360 Inspections conducted)

PORT	KPI	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YTD	Q1	Q2	Q3	Q4
Cape Town	25	21			1	17		3		7	11	3	7	70	21	18	10	21
Saldanha Bay	20	1	8	15	1		2	1						28	24	3	1	
Port Nolloth	20	19	5							19			4	47	24		19	4
Mossel Bay	20			1	19	1								21	1	20		
Port Elizabeth	20		1	10			3	2		8				24	11	3	10	
Port of Ngqura	5							1				1	3	5			1	4
East London	20	6		2	10	13	2	4	4	5	14	3	4	67	8	25	13	21
Durban	20				1		1		9	1		1	19	32		2	10	20
Richards Bay	20	2	1		2			3			4	3	5	20	3	2	3	12
Pretoria	30							19			3	20	4	46			19	27
Total	200	49	15	28	34	31	8	33	13	40	32	31	46	360	92	73	86	109

SMALL VESSELS SAFETY (INLAND WATERWAYS)

SAMSA was able to embark on a journey to conduct various safety campaigns on small passenger commercial vessels in three (3) regions of SAMSA. The first safety inspection was carried out in the Northern region where the SAMSA team managed to cover areas such as Vaal and Hartbeespoort dam followed by the Eastern region (Durban harbour) and the Western region (Breede river). As a result of the above safety campaigns, the team managed to conduct an ad hoc inspection of at least 33 vessels during the financial e period under review. It is important to point out that most of these safety campaigns were conducted during public holidays and weekends since these are typically the periods when passenger commercial vessels operate most frequently.

Further in the current financial year, SAMSA provided a refresher Built-in Buoyancy workshop to sixty-three (63) Safety officers and appointed ninety-two (92) external examiners.

MANDATE OBJECTIVE 2 IN LINE WITH THE SAMSA ACT NO.5 OF 1998: TO PREVENT AND COMBAT POLLUTION OF THE MARINE ENVIRONMENT BY SHIPS.

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 where they have occurred.

Table 6. Maritime Pollution Incidents Year to Date Summary

There were sixteen (16) oil pollution incidents reported in the financial year under review.

VESSEL'S NAME	PORT	DATE OF INCIDENT	TYPE OF SPILL	QTY OF SPILL IN M3	DETAINED	AOC ISSUED	AOC AMOUNT
Christina Debora	Cape Town	23 Apr 22	Oil	0,0100 m3	Yes	Yes	R 60 000
Mt Lefkas and Umnenga II	Port of Ngqura	23 May 22	Oil	2,0000 m3	No	Yes	R 750 000
Fuschia	Cape Town	02 Jun 22	Oil	0,0500 m3	No	Yes	R 100 000
Ferox	Cape Town	27 Jun 22	Oil	0,0600 m3	No	Yes	R 250 000
Avro Warrior	Cape Town	18 Jul 22	Oil	0,0100 m3	No	Yes	R 225 000
Die Malgassie	Mossel Bay	25 Jul 22	Oil	0,0200 m3	No	Yes	R 2 500
Deep Oriental	Durban	06 Aug 22	Oil	0,0600 m3	No	Yes	R 100 000
Antarctic Endurance	Cape Town	17 Oct 22	Oil	0,0050 m3	No	Yes	R 40 000
Harvest Kristina	Saldanha Bay	28 Oct 22	Bunker	0,0100 m3	No	Yes	R 100 000
Chiho Maru no 18	Cape Town	15 Nov 22	Oil	0,0200 m3	No	Yes	R 750 000
Sae In Champion	Cape Town	21 Nov 22	Oil	0,0030 m3	Yes	Yes	R 390 000
Coral Sea	Cape Town	14 Dec 22	Oil	0,0060 m3	No	Yes	R 150 000
Vuna Elita	Mossel Bay	26 Jan 23	Bunker	0,0200 m3	No	Yes	R 10 000
Isandlwana	Port Elizabeth	16 Feb 23	Oil	0,0100 m3	No	No	R 15000
Good Wind	Cape Town	01 Mar 23	Oil	0,0400 m3	No	Yes	R 350 000
Ivubu	Port of Ngqura	09 Feb 23	Bunker	0,0100 m3	No	Yes	R 375 000

MANDATE OBJECTIVE 3 IN LINE WITH THE SAMSA ACT NO.5 OF 1998: TO PROMOTE THE REPUBLIC'S MARITIME INTERESTS.

SHIP REGISTRATION

One of the functions of the Authority is to manage the South African Ship Registry as well as promote the register with a view of attracting investors (ship owners) to register their ships under the South African Flag.

SAMSA anticipate that the promulgation of the Comprehensive Maritime Transport Policy will provide the basis for the revamping of the Ship Registry to generate revenue for the country and provide employment for South African Seafarers.

Table 8. Ship Registration Summary

VESSEL TYPE	TOTAL	TOTAL GT	TOTAL NT
CONVENTION	26	305924,32 T	104644,99 T
NON-CONVENTION	515	133711,49 T	40008,77 T
SMALL VESSEL <100GT	121	53,65 T	36,48 T
SMALL VESSEL <25GT	37	24,18 T	
GRAND TOTAL	699	439713,64 T	144690,24 T

REGISTRAR OF SEAFARERS

The Registrar of Seafarers is an Office designated by SAMSA and whose functions are: to issue certificates of competency and qualification, endorsements to certificates in accordance with the Act; maintain a register of all certificates of competency and of qualification issued or recognized under the Act, and all matters affecting them.

Further the office of Registrar of Seafarers is 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.

Registrar of Seafarers Summary

CERTIFICATES ISSUED													
TYPE	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	ANNUAL
Certificate of Competency (Deck and Engine)	55	77	74	123	161	252	81	85	16	34	130	73	1161
Certificate of equivalent Competency (STCW I/10)	1	1	1	0	12	5	7	0	1	0	0	2	30
Certificate of Proficiency (Ratings)	75	56	57	87	141	188	81	113	27	31	104	77	1037
Seafarer Records Books	201	138	107	77	201	204	115	14	200	198	147	380	1982
GMDSS Radio Certificates	30	78	28	55	22	61	89	9	12	13	51	47	495
Short-Range Radio Certificates	46	547	164	331	60	541	165	159	68	238	117	223	2660
Long Range Radio Certificates	0	15	4	12	2	7	9	2	4	10	11	9	85
Small Vessel Certificates of Competence	824	1825	1602	1597	1067	674	780	912	500	327	1280	1500	12888
TOTAL	1232	2737	2037	2282	1666	1932	1327	1294	828	851	1840	2311	20337

KEY STRATEGIG EVENTS AND INITIATIVES REPORT

1. PARTICIPATION IN THE THIRD (3RD) IMO COUNCIL CAMPAIGN STEERING COMMITTEE STRATEGIC SESSIONS.

The international and Intergovernmental Relations unit, together with representatives from SAMSA, participate in the IMO Council Campaign Committee Strategic Sessions.

In 2021, South Africa was not elected to IMO Council, due to the non-election into the Council, it became important that South Africa strategizes its way back to the IMO Council. The Department of Transport (DOT) working in a coordinated manner and in partnership with the Department of International Relations and Cooperation (DIRCO) supported by the South Africa Maritime Safety Authority (SAMSA), Transnet National Ports Authority (TNPA), Ports Regulator of South Africa (PRSA), Department of Forestry, Fishery and Environment and Department of Minerals and Energy will drive the campaign for the re-election of South Africa to the membership of the IMO Council for 2023-2024 biennium.

The campaign is set to be a multi-prong approach, highlighting details of the South African team and the Alternate Permanent Representative (APR) to the IMO in the London office activities. The Strategic Plan will detail the key activities to rally national and international public opinion and support for the campaign. The work included for the Implementing Rules and Regulations (IIR) is to coordinate the inputs of SAMSA to the draft IMO Council Campaign Strategy document, as well as to assist in secretariat duties for the Steering Committee in support of the Department of Transport, as the lead Department of the Committee.

2. INTERNATIONAL MANDELA DAY INTERVENTION DELIVERED IN PARTNERSHIP WITH THE LIMPOPO DEPARTMENT OF TRANSPORT AND COMMUNITY SAFETY

The SAMSA Mandela Day intervention was held in Matshumane High School in Glen Cowie, Sekhukhune District, in the Limpopo province. In delivering the event, SAMSA partnered with the Limpopo Provincial Department of Transport and Community Safety. The SAMSA offering, delivered over three (3) days, entailed provision of Online Career Guidance for 300 learners from Rantobeng and Nkgonyeleti High Schools (23-24 August), and culminated in a full day Maritime Careers and Skills Exhibition programme by the Limpopo MEC for Transport and Community Safety and the SAMSA Acting CEO. This main event, held on Friday, 25 August 2022, attracted attendance and participation of over 1000 participants which included, learners and educators from local schools, as well as participation of Exhibitors, including SAMSA, SAIMA, RSR and other public entities.

3 INTERNATIONAL DAY OF THE SEAFARER CELEBRATED IN SOUTH AFRICA ON MONDAY, 27 JUNE 2022, SIMULTANEOUSLY IN THREE COASTAL CITIES: CAPE TOWN, GQEBERHA AND DURBAN

The Port of Durban, N Shed Old Habour Durban was one of three venues for this year's South African marking of the Day of the Seafarer – the other being Cape Town in the Western Cape (hosted by the Department Transport) and Gqeberha in the Eastern Cape (hosted by the South African International Maritime Institute) – under the International Maritime Organisation (IMO) theme: #Your Voyage. Then & now. Share Your Journey. SAMSA hosted the leg in Durban and the event lived up to its billing, with a mixed crowd of attendants ranging from school children, seafarers, academic institutions, maritime private sector business as well as officials of State entities – SAMSA, Transnet, Port Regulator etc, under leadership of the DoT.

Also present were students of the United States of America, Buzzards Bay based Massachusetts Maritime Academy, who happened to be in the South Africa's second biggest city on the Indian Ocean coastline on the day as part of their maritime education tour of the country. The programme for the day was shaped into three components: the official statements by the key institutions, DoT, SAMSA, Transnet as well as the Moses Kotane Institute, followed by presentations of seafarers on their "Voyage, then and now" during which they all shared their journeys, thereafter followed by maritime sector businesses, i.e. employers of seafarers – with responses also sharing their respective journeys, inclusive of current activities they are engaged into improve the lives of seafarers.

4 WORLD MARITIME DAY PARALLEL EVENT

The World Maritime Day Parallel is hosted in a different country each year. The event provides a global stage to bring together critical international actors and stakeholders in the maritime sector and community to discuss matters of mutual concern. South Africa demonstrated her leadership ambition by putting up her hand to host the WMDPE In 2020. However due to the advent of the global Covid 19 pandemic, the event was could not take place that year including in 2021. The 2022 WMDPE was eventually held in Durban South Africa from the 12th to the 14th of October 2022.

The South Africa leg of the WMPDE of 2022, proved to be a significant period as this would be the first time that the WMDPE was held in an African country, this created a historical milestone for both the country and the continent. South Africa was able to showcase its rich culture and its exceptional hospitality to the participants: highlighting the event as an apex item on the maritime calendar.

The theme was " New technologies for Greener Shipping', the event provided an opportunity to bring to the forefront the importance of inclusive collaboration pitched towards innovative solutions to address mitigation strategies to reduce the maritime transport carbon footprint. Attended and led by the IMO Secretary General, several IMO officials, and various institutions led by the Transport Minister and Deputy Minister, it promised to uphold the prestigious nature of the event.

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5 Hosting the 5th AAMA General Assembly Conference, in Durban, South Africa

The 5th General Conference of The Association of African Maritime Administrations (AAMA), was held on the on 10 October 2022. South Africa, is a member state of AAMA, as was as holding the role of the Head Secretariat of the Association, as represented SAMSA.

South Africa, represented by SAMSA, in AAMA, committed the country to host the 5th General Assembly Conference, during the 5th AAMA Executive Council Meeting which took place on the 26 July 2022 earlier in the year. The General Assembly Conference was fully hosted by SAMSA and supported by The International Maritime Organization (IMO).

Key to the 5th elective conference was the nomination of the new AAMA Chair to take over the reigns as the term of the then Chair had come to an end. In the meeting Kenya was unanimously elected as the new AAMA chair, which will continue for a period of two years, taking the baton from Nigeria. Continuing with secretarial services, South Africa remains as the Head of Secretariat, supported by the two Co-secretariats Liberia and Mozambique. Furthermore, in keeping with the spirit of collaboration with international bodies, AAMA signed a Memorandum of Understanding with the Intergovernmental Standing Committee on Shipping (ISCOS), which is a regional maritime body mandated with the promotion, protection, and coordination of the shipping interests of Eastern, Southern and Northern Africa. This MOU highlights the continuous efforts made by AAMA in promoting intra-African trade and trade between African States.

The Conference was successfully held, with the combined total of both physical and virtual attendance resulting in meeting the requirements to hold a quorum allowing for the Conference to convene.

6 Signing of the STCW MOU on the Recognition of Certificates of Competence (COC) between South Africa, represented by SAMSA two Countries.

The signing of the STCW MOU on recognition of Certificates of Competency (COC) between SAMSA and the Panama Maritime Authority (PMA).

The formal signing of the STCW MOU, took place on 13 October 2022, on the side-lines of the WMPDE. SAMSA was represented by the IIR unit, the Executive Head of Corporate Affairs, the Acting Chief Executive Officer (ACEO), and the Acting Head of Policy, Legal and Regulation. Panama was represented by the Ambassador of Panama to South Africa as well as a representative from the Panama Maritime Authority of the Republic of

Panama (PMA).

The signing of the STCW MOU on recognition of Certificates of Competency (COC) between SAMSA and the Ghana Maritime Authority (GMA).

The formal signing of the STCW MOU on recognition of Certificates of Competency (COC) between SAMSA and GMA took place on 13 October 2022, on the sidelines of the WMPDE. SAMSA was represented by the IIR unit, the Executive Head of Corporate Affairs, the Acting Chief Executive Officer (ACEO), and the Acting Head of Policy, Legal and Regulation. Ghana was represented by the delegation from Ghana Maritime Administration including the Director General of the Administration.

7 Gender-Based Violence at Sea Seminar

SAMSA, through the Occupation Health Safety and Maritime Welfare office successfully hosted the inaugural Gender Base Violence at Sea Seminar in Cape Town. The seminar was aimed at obtaining assistance in developing and delivering a series of spot checks to ensure mitigation measures are properly implemented in line with the guideline regarding the code of conduct for seafarers. Its plan was to ensure the monitoring and reporting of all activities related to the GBV/SEA action plan. To have close consultation with the government, donors as well as implementation partners on finding solution for the migitation of Gender Based Violence at Sea.

The Seminar was a two-day activation which was scheduled for the 24 and 25 November 2022 in Cape Town.

The attendance included government officials, maritime stakeholders and among the dignitaries, the Deputy Minister of Transport graced the seminar with her presents. On the first day the programme focused meanly on seafarers' experiences, as well as their recommendations and the second day, was the awareness activation at the port where pamphlets on GBV were distributed. The Deputy Minister of Transport, Hon. Sindisiwe Chikunga played a big role in giving support to the GBV programme and being present at the seminar to listen first-hand to the challenges that women seafarers face. The event came just a day before the 16 days of activism against violence against women and children in South Africa began and received great coverage from the media in the form of live TV interviews with seafarers and key stakeholder on the actual day of the event. Some of the media houses that attended the event included the SABC, ENCA and Cape Talk.

GREEN VOYAGE 2050 ROUND TABLE DISCUSSIONS

The country participates as a Pioneer Pilot Country for the IMO Norwegian funded GreenVoyage2050 project. South Africa was selected to be one of the countries to participate in this two (2) year global project aimed at supporting the IMO Initial Greenhouse Gas Strategy, with thEevision of decarbonising shipping by the end of this century.

The Greenvoyage2050 roundtable was held in partnership with the IMO and the Department of Transport on 11 October 2022 as one of the World Maritime Day Parallel Events in Durban. The workshop identified projects to be considered for funding. This project brings together both private and public organisations, with the aim to ensure a collaborated and partnered approach to dealing with the climate change challenge. The focus by the South African project was to bring a voluntary cooperation between shipping and ports to ensure green ports and clean shipping. The maritime industry including TNPA, Department of Fisheries, Forestry and Environment (DFFE) and Department of Transport are critical role players in success of this project..

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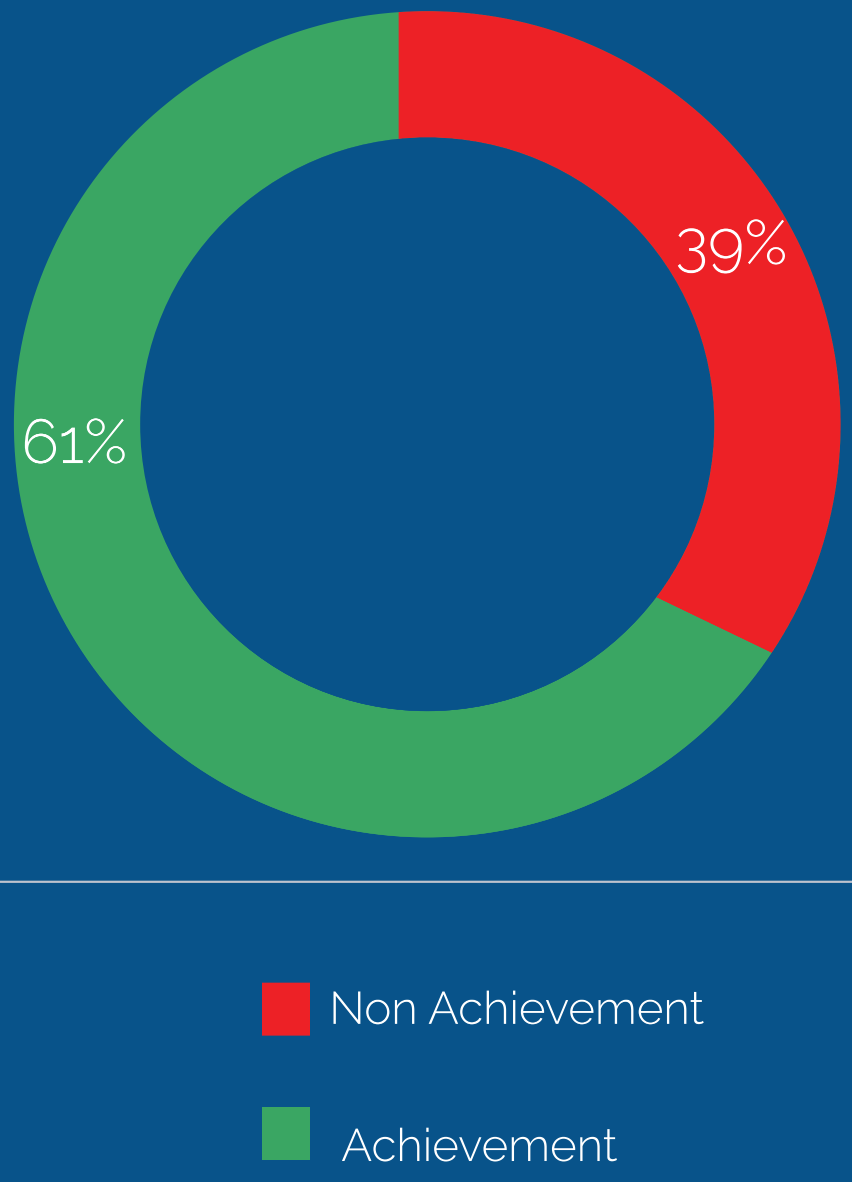
SECTION I: 2022-23 CORPORATE PERFORMANCE INFORMATION REPORT

CORPORATE PERFORMANCE INFORMATION DASHBOARD



DETAILED 2022-23 ANNUAL PERFORMANCE INFORMATION REPORT

The following report provides an account of progress on SAMSA's predetermined objectives as outlined in the 2022-23 Annual Performance Plan.

STRATEGIC FOCUS AREA 1.

Managing risks with regards to maritime safety of property, equipment, seafarers and pollution incidents from vessels.

Key Performance Indicator		Annual Plan		Annual performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance	Last Year Performance		Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/ correct)	Additional Comments
1	Reportable Maritime Incident rate from all types of vessels.	12.96 Maritime Incident rate.	Below 10 Reportable Maritime Incident Rate.	14.10 Maritime Incident rate Not Achieved	14.66 Maritime Incident rate Not Achieved			+ 4,66 Reportable Maritime Incident Rate.	Increase in Maritime incidents for the period with a total of 44 maritime incidents recorded for the period.	SAMSA to continue with the key safety initiatives across the country, incorporate a new enforcement plan with our partners in the maritime safety value chain, provision of safety resources and retention of key technical skills with the Authority.	Ensure finalisation of the SAMSA Enforcement plan including signing off the official agreements of all the key partners in the maritime safety value chain. The partnership through the MoU will ensure that SAMSA can adequately respond to all Maritime incidents.
2	High priority foreign vessels inspected under Port State responsibility.	100% High priority Foreign vessels Inspected under Port State responsibility.	100% High priority Foreign vessels inspected under Port State responsibility.	Achieved (100% high priority Foreign vessels) No watch list vessels called in South Africa during the period.	Achieved (100% high priority Foreign vessels) No watch list vessels called in South Africa during the period.			None.	None.	No variance.	None.
3	Reportable Maritime fatalities rate reported from all types of vessels.	1.77 Maritime Fatality rate.	Below 2 Reportable Maritime fatalities rate reported from all types of vessels.	Achieved 0.93 Maritime Fatality rate.	Achieved 1.77 Maritime Fatality rate.			-1.07 Maritime Fatality rate.	Maritime Safety campaigns and other safety Initiatives that are beginning to bear results.	SAMSA to continue with the Maritime Safety campaigns and other safety Initiatives to ensure the reduction in the Maritime fatalities.	None.
4	Number of reportable Gender Based Violence cases attended and resolved.	New Indicator.	All reportable GBV cases attended and resolved.	Achieved All reportable GBV cases attended and resolved.	New Indicator.		-	None.	None All reportable GBV cases attended to and resolved.	No variance.	SAMSA hosted a Gender Base Violence (GBV) at Sea Seminar in Cape town as a key engagement on the GBV matters as Sea.

STRATEGIC FOCUS AREA 2:

The State of the South Africa Maritime Education Training and Certification system to give full and complete effect has been given to the relevant provisions of the STCW Convention in South Africa, in accordance with regulation I/8 of the Convention and section A-I/7, paragraphs 4 to 6 of the Code. South Africa's last report on Independent Evaluation accepted by the Panel of Competent persons was in September 2006, thus posing the risk of being removed from the STCW Whitelist if an acceptable report is not submitted before the MSC implements the provision of Regulation I/7.3 of the STCW Convention.

Key Performance Indicator		Annual Plan		Annual performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance		Last Year Performance	Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/correct)	Additional Comments
1	Status of South Africa International Convention of Standards of Training, Certification and Watch keeping for Seafarers (STCW) White List.	South Africa on the International Convention of Standards of Training, Certification and Watch keeping for Seafarers (STCW) Whitelist.	Maintain the South Africa International Convention of Standards of Training, Certification and Watch keeping for Seafarers (STCW) Whitelist Status.	Achieved South Africa on the IMO Whitelist.		Achieved South Africa on the IMO Whitelist.		None.	No Variance.	SAMSA to continue with the maturity of the Maritime Education Training System through the continuous improvement of the Quality Standard System.	Re-establishment of the Syllabus Committee as an advisory body to the Chief Examiner Office to assist with the maturity of South Africa MET system.

STRATEGIC FOCUS AREA 3:

Managing risks with regards to prevention and combating of maritime environment pollution by ships. Vessel operations pose a risk to the marine environment as they discharge harmful emissions from daily release 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 nonindigenous species from ballast water have an ongoing adverse impact on life in the world's seas.

Key Performance Indicator		Annual Plan		Annual performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance		Last Year Performance	Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/correct)	Additional Comments
1	Reportable Maritime Pollution incidents rate from all types of vessels.	1.12 Reportable Maritime pollution incidents rate from all types of vessels.	Below 2 Reportable Maritime pollution incidents rate from all types of vessels.	Achieved 1.86 Maritime Pollution Incident rate.		Not Achieved 2.14 Maritime Pollution Incident rate.		0.14 Maritime Pollution Incident rate.	Implementation of various key maritime pollution initiatives across the country to ensure the reduction of the Maritime Pollution incidents.	SAMSA to continue with key maritime pollution initiatives across the country, incorporate a new enforcement plan with our partners in the maritime pollution value chain, provision of safety resources and retention of key technical skills.	None.

STRATEGIC FOCUS AREA 4:

South Africa has outdated maritime legislation which needs to be prioritised for urgent reviewing and International Conventions that South Africa recently acceded to be not domesticated expeditiously into local laws to ensure execution of enforcement. Penalties for transgression of legal requirements are also very low in comparison with other countries and environmental laws and thus is not a real deterrent for offenders. For South Africa through SAMSA to realise the above mandates all acceded conventions must be ratified and domesticated into national laws. Current principal Acts and Regulations are also outdated and must be emended to ensure standards of surveys are consistent and in line with latest technological developments and industry best practice.

Key Performance Indicator		Annual Plan		Annual performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance		Last Year Performance	Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/correct)	Additional Comments
1	Number of maritime legislations, regulations updated and submitted to the Department of Transport.	Three (3) sets of amendment Regulations namely. The Amendment Marine Traffic Regulations 1985, The Amendment Construction Regulations 1968; and The Amendment Lifesaving Equipment Regulations 1968.	Three (3) sets of amendment Regulations namely. Amendment MS (Dangerous Goods) Regulations,1 997. Amendment MS (Safety of Navigation) Regulations,1 968; and Draft MS (Crew Accommodation on) Regulations, 2023 (Repeal 1961 Regulations).	Achieved Three (3) sets of amendment Regulations namely. Amendment MS (Dangerous Goods) Regulations,1997. Amendment MS (Safety of Navigation) Regulations,1 968; and Draft MS (Crew Accommodation on) Regulations, 2023 (Repeal 1961 Regulations).		Achieved The Amendment Marine Traffic Regulations 1985, The Amendment Construction Regulations 1968 and The Amendment Lifesaving Equipment Regulations 1968.		No Variance.	No Variance.	No Variance.	None.

STRATEGIC FOCUS AREA 5:

To be an International Maritime Centre by the year 2030, capable of delivering on its mandate, SAMSA needs to be appropriately resourced and capacitated, with complete and correct financial resources, manpower, competencies (processes, systems, leadership, structures, management approaches, etc.), ICT infrastructure and able to retain the inherent institutional knowledge. SAMSA therefore seek to reconcile its internal resources and capabilities with the services and technical support demands placed on the entity so that it is best able to meet current and future strategic obligations over the next five (5) years.

Due to a lack of enough resources, a significant number of surveys are outsourced to third parties, such as Authorised Agencies (small vessels), External Surveyors or Recognised Organisations (Classification Societies), which could lead to SAMSA failing in providing effective oversight. In the event of any incident occurring, the ability of SAMSA to respond is limited, due limitation in resources and capability. Emergency Response capability such as vessels or aircraft are outsourced from third parties and these assets are not readily available for immediate use.

Key Performance Indicator		Annual Plan		Annual Performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance		Last Year Performance	Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/ correct)	Additional Comments
1	Percentage (%) achievement against the approved ICT Plan.	New Indicator.	95% implementation of the approved ICT Plan.	Not Achieved 70% of the annual ICT Plan Achieved.		-	-	25% of the Annual ICT Plan Achieved.	Not all deliverables within the Annual ICT Plan were completed due to resource constraints.	Finalise implementation of the outstanding deliverables while planning for the implementation of new deliverables.	None
2	Cash Cover.	1.84 Cash cover period.	Cash cover for two (2) months.	Achieved 3.05 months Cash cover period.		Not Achieved 1.84 months Cash cover period.		+1-month Cash cover period.	Improvement due to continued cost containment measures, and improved debtor collection.	SAMSA to continue to implement revenue enhancement initiatives. SAMSA to continue to implement the cost containment measures.	None.
3	Percentage resolution of reported incidents of corruption.	No cases reported through the formal Whistle blowing channel.	100% resolution of reported incidents of corruption	Achieved No cases reported through the formal Whistleblowing channel.		Achieved No cases reported through the formal Whistle Blowing channel[1].		No Variance.	None.	None.	None.
4	Ethics committees established and operationalised	REMCO Charter been extended to include social and ethics incidents and frequent reports provided.	Operations of ethics committees monitored in line with the Plan.	Achieved Annual Report on the status and operations of ethics Committees.		Achieved Annual Report on the status and operations of ethics committees[2]		No Variance.	No Variance.	None.	None.

Key Performance Indicator		Annual Plan		Annual Performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance		Last Year Performance	Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/ correct)	Additional Comments
5	Percentage Implementation of action plans to address audit findings.	53% Implementation of action plans to address audit findings.	100% implementation of action plans to address audit findings.	Not Achieved 75% implementation of action plans to address audit findings.		Not Achieved 53% implementation of action plans to address audit findings.		25% of the action plans not implemented to address prior year audit findings.	Implementation of some action plans is reliant on new finance system and the approval of outdated policies.	New Finance system – specifications are in progress. Internal processes have commenced for the approval of outdated policies.	None.
6	Percentage reduction of cases of wasteful and fruitless expenditure.	77,2% reduction of cases of reduction of cases of wasteful and fruitless expenditure.	75% reduction of cases of wasteful and fruitless expenditure.	Not Achieved 24% reduction in cases of wasteful and fruitless expenditure.		Achieved 77, 2% reduction of cases of reduction of cases of wasteful and fruitless ex- penditure.		24% decrease of cases of wasteful and fruitless expendit ure.	Due to interest charges on outstanding creditors accounts.	Focus to be played on improved payment processes, new finance system to assist. Ensure that proper planning done when a lease agreement is close to termination. Proper process to be put in place with regards to the signing of the AGSA Audit Strategy.	None.
7	Percentage reduction of cases of irregular expenditure.	14.2% reduction of cases of Irregular expenditure.	75% reduction of cases of ir- regular expenditure	Not Achieved 61.8% reduction of cases of irregular expenditure.		Not Achieved 14.2% reduction of cases of irregu- lar expenditure.		13.2 % reduction of cases of irregular expen- diture	Delays in the procurement processes resulted in the use of expired contracts that incurring irregular. expenditure. The expired contract could not be exited as the services are a critical function of the Authority.	Procurement processes are being finalised to eliminate the irregular expenditure: i.e., new contracts signed to replace contract incurring irregular expenditure.	None.
8	Percentage compliance to 30day payment requirement.	88,3% compliance to 30-day pay- ment requirement.	100% compliance to 30-day payment requirement.	Not Achieved 97,36% compliance.		Not Achieved 88.3% compli- ance.		-2.64 % non compliance to 30-day payment re- quirement.	Payment process inefficiencies as a result of delays in signing of invoic- es by User Departments.	Focus to be played on im- proved payment processes, new finance system to assist. Consequence management to be place for delayed signing of invoices by User Departments.	None.

1 The SAMSA Board instituted an investigation against three Executives after receiving complaints from various Stakeholders. The entity is also currently investigating Management to have a comprehensive understanding of the key issues raised by employees during a Human Resources Focus Group engagements.

2 The SAMSA Board Remuneration Committee (REMCO) Charter has been extended to include Social and Ethics incidents and reporting.

STRATEGIC FOCUS AREA 6:

To enhance the competitiveness of South Africa's Maritime industry and exploit the potential for job creation, transformation, and economic contribution to the country's Gross Domestic Product. South Africa is strategically positioned where the Indian Ocean, the Atlantic oceans and the Southern Seas meet to create a unique sea trade route, oceans, and marine ecosystem. The country has jurisdiction over one of the largest Exclusive Economic Zones (EEZ) in the world, where its waters stretch 200 nautical miles (370,4 km), a depth of 5,700m with more than 65% of this area deeper than 2,000m. The EEZ is traversed by international merchant ships transporting global trade from the far East to Africa. The Americas and Europe as well as ships performing a diverse number of knowledge gathering, recreational and economic offshore operational activities. The South African oceans economy and coastal economic assets, resources, goods and services of the country, which includes fisheries, ports, harbours, trade, recreation and tourism makes up approximately 43% of the country's Gross Domestic Product (GDP) production system of which 25% is from direct economic benefits whilst 18% is derived from indirect benefits.

Key Performance Indicator		Annual Plan		Annual performance						Comments on Progress	
No	Description	Baseline	Annual Target	Actual Performance		Last Year Performance	Trend	Annual Variance	Reasons for Variance	Planned Actions (augment/ correct)	Additional Comments
1	Number of Jobs (Women, Youths etc) created in South Africa maritime industry.	132 Jobs (Women, Youths etc.) created in South Africa maritime industry.	200 Jobs (Women, Youths etc) created in South Africa maritime industry.	Achieved 220 Jobs facilitated (Women, Youths etc) created in South Africa maritime industry		Not Achieved 132 Jobs Facilitated (Women, Youths etc.) created in South Africa maritime industry)		+20 more Jobs facilitated during the financial period	Maritime Special Project created at least 130 permanent and contract jobs for the financial year.	Sign off the Maritime Youth Development Programme MOU and implementation of the project. Continue with the implementation of Maritime Special Project on job creation.	None.
2	Number of merchant vessels registered onto the South Africa Ship register.	One merchant vessel registered onto the South Africa Ship register.	One merchant vessel registered onto the South Africa Ship register.	Achieved One merchant vessel registered onto the South Africa Ship register.		Achieved One Merchant Vessel registered onto the South African Ship register.		No Variance.	None	The Ship Registry Promotional Strategy and Plan to be approved and showcased with all key stakeholders.	Continuous engagements with the key stakeholders to resolve issues on taxation.
3	Percentage Implementation of the Maritime Transformational Strategy Action Plan.	New Indicator.	25% implementation of the Maritime Transformational Strategy Action Plan.	Not Achieved Maritime Transformational Strategy Action Plan not signed off by EXCO.		New Indicator	-	25% implementation of the Maritime Transformational Strategy Action Plan not signed off and implemented.	Maritime Transformational Strategy Action Plan not signed off by EXCO and implemented.	Maritime Transformational Strategy Action Plan to be signed off by the EXCO. Stakeholder engagements on the Transformational Strategy Action Plan to be initiated by the Maritime Industry development Unit.	None.

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SECTION J: HUMAN CAPITAL MANAGEMENT PERFORMANCE REPORT

HUMAN CAPITAL MANAGEMENT PERFORMANCE

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 their contribution, which is achieved through Human Capital interventions that include Organizational Design, Workforce Planning, Talent Management, Employee Engagement, Performance Management and Rewards & Recognition.

We will achieve this by doing the following:

1. Design and implement strategies to attract and retain maritime technical skills
2. Good governance in line with National legislation and framework.
3. Ensure that SAMSA receive an Unqualified Audit Opinion.
4. Design and implement the Culture Shaping Programme
5. The Business Continuity Management (BCM) Project
6. The Information Management System Project
7. Certified Quality Management System in place

The staff complement as at the end March 2023 was 313.

Human Capacity Plan (Planned number of Staff)	Actual number of Staff	Vacancies	Comment
345	313	32	The entity implemented a moratorium on hiring new employees due to financial constrains

EMPLOYEE WELLNESS PROGRAMME (EAP)

Company Wellness Solutions assist SAMSA employees with EAP and the following hits for 2022/23 were captured as illustrated in the table below:

Hits	Number of Hits
Grief/Bereavement	28
Family Relationships	42
Stress and burnout	24
Work-Related Stress	36
Anxiety	1
Legal	1
Depression	2
Trauma	34
Fitness	1
Suicide	2
Total	**171**

- Looking at the above table you will notice that there is great improvement in the utilisation of this EAP Programme at 171 (57%) hits.
- The 3 most issues employees consulted on are Family Relationships, work related stress and Trauma respectively, however these were addressed as the year ended.
- Grief/bereavement and stress /burnout were also successfully addressed as they were very low at the 4th quarter.
- There were 2 cases of suicide, and they were successfully addressed.
- Managers were made aware about the is high number of employees consulting on Family Relationships, Work Related Stress, Trauma, grief/burn out and maybe encourage Company Wellness Solution to conduct a workshop for them and employees.

POLICIES

The following Policies are currently under review by the Board .

NUMBER	POLICY NAME	STATUS
1	Acting Policy	Under review as per Remco Recommendations
2	Education Training & Development Policy	Under review as per Remco Recommendations
3	Remuneration Policy	Under review as per Remco Recommendations
4	Retirement Fund Policy	Under review
5	Remote Work Policy	Developed submitted to the Board for approval

ACHIEVEMENTS

The following highlights were achieved in the reporting period:

1. The submission of the WSP (Workplace Skills Plan) before the 30th of April 2023 to TETA.
2. Skills Audit completed.
3. Employment Equity plan for FY22/23 approved for implementation.
4. Board approval of the SAMSA Re-organisation/Realignment Business Case.
5. Appointment of a service provider to replace the current HRIMS with Sage 300.
6. Successful implementation of a pilot study of the Hybrid Work Model within SAMSA.

CHALLENGES

1. Lack of an integrated and automated HR systems to improve efficiency and productivity.
2. Limited supply of scarce and technical skills from previously disadvantaged groups and increasing attrition amongst technical skills.
3. Lack of representation of females at management level as well as employees living with disabilities at all levels which has an impact on employment equity and transformation.
4. Budgetary constraints impacted on the training initiatives aligned to the Culture Shaping project which was put on hold.
5. Budgetary constraints impacted negatively on Training. Furthermore, it has also affected Skills Development BBBEE input since only 13% was spent which will affect our score in THE BBBEE.
6. Increased number of Surveyors resigning, due to dissatisfaction with their salary and benefits.

FUTURE HC PLANS/GOALS

1. To begin the implementation of the Re-organisation/Re-alignment Project to ensure that SAMSA is fit for purpose.
2. To implement the Culture Shaping Programme in stages and in areas of priority to address key training needs.
3. To embed the SAMSA Competency Framework within the organisation through training aligned to competency and skills gaps.
4. To roll out the Hybrid Model of working throughout the organisation upon approval of the Remote Work Policy.
5. To automate the current performance management system.
6. To implement a monthly Scarce skills allowance for designated positions.

HUMAN RESOURCE OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVES

Focus Areas	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	Number of Employees	Average Personnel Cost per Employee (R'000)
Focus Area 1	374 867	112 801	30,1%	137	823
Focus Area 2	374 867	12 726	3,4%	22	578
Focus Area 3	374 867	8 118	2,2%	5	1 624
Focus Area 4	374 867	12 132	3,2%	10	1 213
Focus Area 5	374 867	64 479	17,2%	91	709
Focus Area 6	374 867	32 689	8,7%	33	991
TOTAL		242 946		298	

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% Of Personnel Expenditure to Total Personnel Cost	Number of Employees	Personnel Costs per Level (R'000)
Top Management	242 946	1,4%	1	3 281
Senior Management	242 946	9,1%	10	22 051
Professionally Qualified	242 946	56,6%	114	137 487
Skilled Technical	242 946	21,6%	84	52 455
Semi-Skilled	242 946	9,0%	64	21 935
Unskilled	242 946	1,6%	19	3 802
Temporary Workers	242 946	0,8%	6	1 935

PERFORMANCE REWARDS

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% Of Performance Rewards to Total Personnel Costs
Top Management	0,00	242 946	0,00%
Senior Management	0,00		0,00%
Professionally Qualified	0,00		0,00%
Skilled Technical	0,00		0,00%
Semi-Skilled	0,00		0,00%
Unskilled	0,00		0,00%
TOTAL	**0,00**	**242 946**	**0,00%**

TRAINING COST

Programme	Personnel expenditure (R'000)	Training expenditure	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee (R'000)
Long term training (6months-3 years)		R715 681	8.9%	28	26
Short Term Training	R242 946				
(1-5 days)		R352 715	4.4%	110	3207
Grand Total Spending		**1 068 396**	**13%**	**138**	**7742**

EMPLOYMENT AND VACANCIES

Occupational Level	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% Of Vacancies of Total Approved Posts
Top Management	1	2	1	1	0,29%
Senior Management	12	13	10	3	0,87%
Professional Qualified	120	138	112	26	7,54%
Skilled Technical	89	99	83	16	4,64%
Semi-Skilled	66	74	64	10	2,90%
Unskilled	19	19	19	0	0,00%
Fixed Term	14		9		0,00%
TOTAL	**321**	**345**	**298**	**47**	**13,62%**

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SECTION K: SAMSA CORPORATE SOCIAL INVESTMENT REPORT


SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY
Each one - feed one

SAMSA CORPORATE SOCIAL INVESTMENT OVERVIEW AND APPROACH

An Overview of the SAMSA

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's CSI FOCUS AREAS

SAMSA's CSI strategy is based on Education, Water Sport Development, Entrepreneurial Development, Employee Voluntarism and Special Projects. Special project's or rather the partnership funds, resides in the CEO's office, where projects are identified mostly with the shareholder .Whilst SAMSA is a parastatal entity, its focus areas of implementation are aligned to the overall objectives of Government and the principles of Batho Pele in terms of the following focus areas:

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.

Water sport development now referred to Water Skills 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.

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.

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 (CSI) AND SUSTAINABILITY REPORT

1. HANDING OVER OF HIPPO ROLLERS IN THE NORTHERN CAPE – NELSON MANDELA DAY

During the 2022/23 financial year, SAMSA in partnered with the Northern Cape South African Local Government Association (SALGA) and Siyacuma Municipality in handing over 150 hippo rollers during Nelson Mandela Day activation in the Northern Cape . Communities that benefited came from Griekwastad,, Mahlomola Bongani, in Douglas, Northern Cape.

2. MARITIME AWARENESS, OUTREACH AND YOUTH DEVELOPMENT

DoT Youth in Transport Empowerment Initiative: Subsequent to the South African Youth Economic Council (SAYEC) Youth Day Festival and a Corporate Gala Dinner that was held at Melrose Arch in Johannesburg, on the 15th of June 2022, wherein the Minister of Transport made a commitment to support the work of the work of SAYEC and the involvement of youth in the transport sector, the DoT called a meeting on the 13 of September 2022, to discuss the drafted MoU between DoT and SAYEC with the entities.

Garden Route Maritime Careers Expo: SAMSA participated in the TNPA's Garden Route Careers Expo that took place on 26 July 2022, as well as during the National Science Week in Langebaan on 6 August 2022. The National Science Week was organised by the Arcelor Mittal Foundation Saldanha Bay Science Centre and provided SAMSA with a platform to strengthen its visibility and brand, as well as to further create awareness of the maritime sector to the public and youth.

Transport Careers Awareness and Exhibition in Limpopo: SAMSA, the Limpopo Department of Transport & Community Safety and the Limpopo Department of Education partnered to organise the Limpopo Maritime Careers and Skills Awareness Exhibition. The exhibition was held on the 25th of August 2022 and focused on providing career guidance and transport careers awareness to over one thousand (1000) learners from the Sekhukhune district Municipality. The event was a continuation of the marking of Mandela Day and was premised on empowering learners with relevant career guidance and exposing them to the exciting world of Maritime and other transport modes. In attendance was the Limpopo's MECs from both the provincial transport and education departments. The exhibitors that attended included South African International Maritime Institute (SAIMI), Road Accident Fund (RAF), SAPS Water Wing, Railway Safety Regulator (RSR), Limpopo Department of Transport & Community Safety, and the Limpopo Department of Education.

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SECTION L: OUR CORPORATE GOVERNANCE REPORT

A. SAMSA'S CORPORATE GOVERNANCE REPORT

SAMSA, led by the Board, understands that adhering to 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 the 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 approved 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 processes.

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.

The SAMSA Board consisted of the following members:

Ms N. Minyuku (Chairperson)

Mr Tau Morwe (Deputy Chairperson)

Ms L. Dlamini

Adv E.D. Khoza

Mr L. Haluodi and

Mr B.C. Zulu

Mr Mthunzi Madiya (DoT Shareholder Representative)

The term of this Board came to an end on the 31st of August, 2023.

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 EXCO. 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 their fiduciary responsibilities;
- provides guidance to the Board on matters of ethics, and good governance; and
- acts as the primary point of contact between the Shareholder Minister and the Board.

The Board and its committees are governed by charters, which the Board approves. These charters are reviewed and updated annually or as and when it is necessary. These charters set out the:

i. authority,

ii. roles and responsibilities,

iii. composition and

iv. scope and functioning of the Board and its committees.

The Shareholder Minister appoints the Board members and the CEO. The Shareholder has not yet appointed a CEO since the resignation of the former CEO, Mr Tsietsi Mokhele, in June 2016.

The following executives were appointed to act as the Chief Executive Officer and for the terms specified hereunder:

During that time, the Board submitted its recommendation to the Shareholder Minister for the permanent CEO. However, this recommendation was declined. The recruitment process for a permanent CEO has been restarted, and it is one of the priorities of the Board.

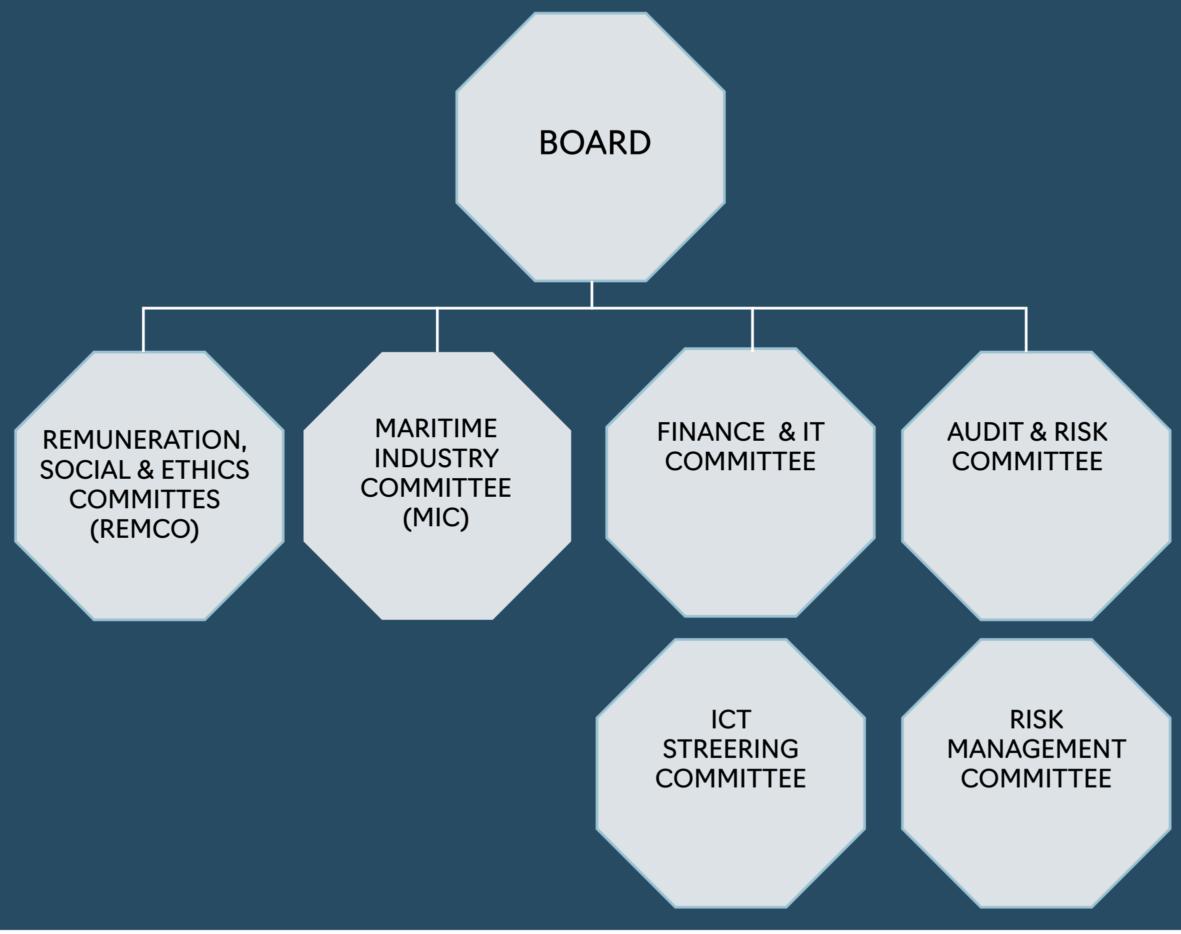
The Board composition for the financial year was as follows:

1 April 2022 to 31 March 2023
Ms Nthato Minyuku (Chairperson)
Mr Tau Morwe (Deputy Chairperson)
Ms Lindelwa Dlamini
Advocate Dorothy Khosa
Mr Lucas Haluodi
Mr Bheka Zulu
Mr Mthunzi Madiya (Shareholder Representative)

SAMSA's Governance Structure

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

The Board and its Committees



The 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 the 31st of March 2023, 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 judgements 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 (ARC): Risk Management Committee is a sub-committee of the ARC.
- Remuneration, Social & Ethics Committes (REMCO);
- Maritime Industry Committee (MIC); and
- Finance and ICT Committee (Fin & ICT): ICT Steering Committee is a sub-committee of the Fin & ICT.

In addition to Board members being appointed to these committees, external non-board members are recruited for and appointed to the committees.

The Audit and Risk Committee (ARC)

- The Audit and Risk Committee operates within written guidelines to assist the Board in fulfilling its oversight responsibilities for:
  - The integrity of the entity's financial statements;
  - The entity's compliance with legislative, regulatory and governance requirements;
  - The performance of the external audit(Auditor-General's) function and independence;

- The performance of the entity's internal audit function and independence;
  - The entity's risk management process;
  - The review and agreeing on the terms of engagement and annual fees for the external auditor;
  - Review of the external auditor's annual audit scope and audit approach;
  - The provision of a forum for communication between the Board, management and both the internal and external auditors; and
  - Making recommendations to the Board on audit, risk management and compliance matters.

The ARC comprises four (4) members in total, made up of three (3) independent non-board members one of whom is the Chairperson of the ARC and one Board member (Mr Haloudi). Each member is:

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

ARC composition:

1 April 2022 to 31 March 2023
Mr Mervyn Burton (Chairperson).
Mr Lucas Haluodi (Board member)
Mr RG Nicholls
Ms Fikile Mkhize

The Risk Management Committee is the sub-committee of the ARC, which is responsible for overseeing the adequacy and effectiveness of the entity's risk management function and advises the ARC accordingly. The ARC Chairperson is also the Chairperson of the Risk Committee.

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 the additional responsibility of Social and Ethics, effective from the 1st of April 2022.

REMCO composition:

1 April 2022 to 31 March 2023
Adv. ED Khosa (Chairperson) (Board member).
Dr. Vuyo Mthethwa;
Adv. Lindelwa Ndziba; and
Ms. Kokodi Morobe

MIC composition:

1 April 2022 to 31 March 2023
Mr. Bheka Zulu (Chairperson) (Board member);
Mr. Lucas Haluodi (Board member);
Ms. Lindelwa Dlamini (Board member);
Ms. Innocentia Mudau; and
Mr. Jeremy Marillier

The Finance and ICT Committee (Fin & ICT) established the ICT Steering Committee in November 2018 as its sub-committee to help it in dealing with specific ICT-related matters. ICT 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 Fin & ICT for overseeing its governance and direction.

Fin & ICT composition

1 April 2022 to 31 March 2023
Mr. Bheka Zulu (Chairperson) (Board member);
Mr. Faizal Docrat
Dr. Prittish Dala
Mr. Molefi Nkhabu

Whistle-blower function

The Board approved the appointment an independent service provider to operate its whistle-blower 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 Committees, sub-committees and the Board each quarter.

Forensic Investigation undertaken by the Board

On 27 April 2021, the Board precautionary suspended three Executives at SAMSA, pending the results of an independent forensic investigation. Morar INC was appointed via a tender process and commenced the investigation. Due to the extensive nature of the investigation to be undertaken by Morar INC, it was agreed the date for submission of their findings and final report be 30 March 2022. The report was received, and the findings have led to the conducting of disciplinary hearings. The report also revealed further irregularities within SAMSA, which will be addressed by the Board on conclusion of the precautionary suspended Executives' disciplinary hearings. As at the 31st of March 2023, the disciplinary cases had not yet been concluded.

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	ARC	REMCO	MIC	Finance & ICT	AGM
12 Apr 2022				04 May 2022	"AGMs for the financial years 2020/2021 and 2021/2022 were not held. Thus, AGM for the financial year 2022/2023, which was originally scheduled for 27 September 2023, is aimed to cover AGMs for the three financial years. The Board is aiming to hold AGM during the month of November 2023".
27 May 2022	8 Jul 2022	9 Jun 2022	25 Apr 2022	20 Jul 2022	
29 July 2022	14 Mar 2023	9 Sept 2022	25 Oct 2022	14 Feb 2023	
17 Feb 2023	17 Mar 2023	14 Mar 2023	15 Feb 2023	16 Mar 2023	
28 Mar 2023					

BOARD	Details of individual members attendance				
Member	12 Apr 2022	27 May 22	29 Jul 22	17 Feb0 23	28 Mar 23
Ms N Minyuku (Chairperson)	‡	‡	‡	‡	‡
Mr Tau Morwe (Deputy Chairperson)				‡	‡
Ms L Dlamini	‡	‡	‡	‡	‡
Adv D Khosa	‡	‡	‡	‡	‡
Mr L Haluodi	‡	‡	‡	‡	‡
Mr B Zulu	‡	‡	*	‡	‡
Mr M Madiya (Shareholder Rep)	‡	‡		‡	‡

Legend
‡ Present
* Absent with apology
• Not yet appointed

AUDIT & RISK COMMITTEE	Details of individual members attendance		
Member	08 July 22	14 Mar 2023	17 Mar 2023
Mr Mervyn Burton (Chairperson)	‡	‡	‡
Mr Lucas Haluodi	‡	‡	*
Mr RG Nicholls	‡	‡	‡
Ms Fikile Mkhize	‡	‡	‡

Legend
‡ Present
* Absent with apology
• Not yet appointed

REMCO	Details of individual members attendance		
Member	09 June 22	9 Sept 2022	14 Mar 23
Adv. D Khosa (Chairperson)	‡	‡	‡
Dr. Vuyo Mthethwa	‡	‡	‡
Adv. Lindelwa Ndziba	‡	‡	‡
Ms. Kokodi Morobe	‡	‡	‡

Legend
‡ Present
* Absent with apology
• Not yet appointed

FINANCE & ICT	Details of individual members attendance			
Member	4 May 22	20 July 22	14 Feb 23	16 Mar 23
Mr. Bheka Zulu (Chairperson)	‡	‡	‡	‡
Mr. Faizal Docrat	‡	‡	‡	‡
Dr. Prittish Dala	‡	‡	‡	*
Mr. Molefi Nkhabu	‡	‡	‡	‡

Legend
‡ Present
* Absent with apology
• Not yet appointed

MIC	Details of individual members attendance		
Member	25 April 22	25 Oct 22	15 Feb 23
Mr. Bheka Zulu (Chairperson)	‡	‡	‡
Mr. Lucas Haluodi	‡	‡	‡
Ms. Lindelwa Dlamini	‡	‡	‡
Ms. Innocentia Mudau	‡	‡	‡
Mr. Jeremy Marillier	*	‡	‡

Legend
‡ Present
* Absent with apology
• Not yet appointed

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SECTION M: AUDIT COMMITTEE REPORT

We are pleased to present our report for the Financial Year ended 31 March 2023.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and meets at least four (4) times per annum as per its board approved terms of reference. During the 2022/23 financial year, 3 meetings were held. The Audit and Risk Committee was effective for the whole year ending March 2023.

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. It has adopted appropriate formal terms of reference as its Charter, and developed an annual plan, has regulated its affairs in compliance with this charter/plan and has discharged all its responsibilities as contained therein. The Committee has complied with all the respective requirements of its prescripts as stated above.

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 are being implemented to minimise the risks.

SAMSA received an unqualified opinion on its Annual Financial Statements. The Auditor General reports improvements made regarding financial controls. We congratulate the entity for maintaining the unqualified opinion for a third year in a row.

The system of internal 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 Board with reports towards the internal controls becoming 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 as reported by both Internal Audit and the Auditor General. Internal Audit has carried out reviews in 2022/23 based on the risk profile of the entity. Some of the audits highlighted fundamental or significant issues in respect to risk, governance and control. Management has responded to the findings towards positive change.

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 assignments align to SAMSA's key strategic and operational risks.

From the audit reports of the Internal Auditors, and the AGSA management report, it was noted that significant matters were reported especially related to the Supply Chain and Information Technology areas. Controls implemented need 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. Accordingly, we are not satisfied that the current system of internal control for the year under review was efficient and effective. but there has been continuous improvement. The impact of these actions should continue to manifest.

In-Year Management and Monthly/Quarterly Report

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.

Evaluation of Financial Statements

We have:

1. 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;
2. Reviewed the Auditor-General's management report and management's responses thereto;
3. Reviewed the Board's compliance with legal and regulatory provisions; and
4. 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 Exco's implementation plan for audit issues raised in the prior year. We will monitor managements' responses to audit findings and Exco's improvement plan and report our progress findings quarterly to the board.

The Audit and Risk Committee concurs and accepts the Auditor's-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 concerned that long outstanding vacancies remain, the Chief Executive Officer (CEO) position is still vacant. This severely impacts leadership. For this entity to be successful, SAMSA needs to ensure that best-practice governance principles are in place and that both key positions are filled and effective succession is in place.

The Audit Committee is concerned that the going concern status of the entity negatively affects the ability of the entity to sustain mandated service delivery.

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 to attain "clean" governance, especially within the SCM and IT.

We thank Management for the continuous improvement to date and in achieving an unqualified opinion on the AFS. We thank the AGSA for assisting the organisation towards continuous improvement.

Mr Nick Nicholls

CA(SA)RA

Audit Committee Chairperson

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SECTION N: COMPLIANCE WITH LAWS AND REGULATIONS

SECTION M: COMPLIANCE WITH LAWS AND REGULATIONS

SAMSA complied with all the necessary financial reporting standards and legislation during the 2022/23 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 will have to consider acceding to the 1988 protocol in 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	•
• 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	•
• STCW- Convention 1978	• Merchant Shipping Act, 1951	• Merchant Shipping (Manning, Training, and Certification) Regulations 2013
• MARPOL 73/78 (Annexures I, II, III & V)	• Marine Pollution (Prevention of Pollution from Ships) Act, 1986	• Act 2 of 1986 was last amended in 1996. This has the effect that any amendments to MARPOL since 1996 do have force of law in South Africa and in the circumstances, need the Act urgent amendment.
• LONDON Convention	• Dumping at Sea Control Act 1980	• Act is administered by the DEA
• INTERVENTION Convention 1969 • INTERVENTION Convention 1973	• Merchant Shipping (Intervention) Act 1987	•
• 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 have 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.

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 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 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.

IMO CONVENTIONS	Domestic Legislation	Remarks
• STCW-F 1995	• No Domestic Legislation	• Accession to STCW-F by South Africa was effected by deposit of an instrument on 2 July 2018 • 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.
• 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 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	-

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:

5. Creating a culture which is intolerant to fraud and corruption;
6. Deterrence and prevention of fraud and corruption;
7. Detection of fraud and corruption;
8. Investigating detected fraud and corruption;
9. Taking appropriate action against fraudsters and corrupt individuals, e.g. prosecution, disciplinary action, etc;
10. 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 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 where conflict of interest was detected and the 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 one breach the code of conduct, the following procedure shall be followed:

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

Health, Safety and Environmental Issues

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

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

The above are amongst some of the major issues that makes 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.

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SECTION O: 2022-23 SAMSA ENTERPRISE RISK MANAGEMENT REPORT

THE TOP RISKS FACING SAMSA DURING THE REPORTING PERIOD

Item	Risk Identified	Risk Status
1	Financial Sustainability – Short and Long Term	
2	Limited Maritime Technical skills to deliver on the SAMSA mandate	
3	Cyber Security risk	
4	Serious and very serious maritime incident occurs involving the total loss and damage to property and loss of life	
5	Serious or very serious maritime and pollution incident occurs	
6	Compliance to National and International regulatory requirements.	
7	Third Party Reliance Risk	
8	No Permanent Account Officer /Chief Executive Officer for more than seven years	
9	Failure of IT Infrastructure and non-availability of Business applications	
10	Load shedding Risk (Non availability of power from Eskom)	

SAMSA RISK CONTEXT, PERFORMANCE AND MITIGATION PLANS

1. FINANCIAL SUSTAINABILITY: SHORT- AND LONG-TERM RISK

SAMSA has key an inherent structural short- and long-term financial sustainability risk, as result of the inadequacy of the way the entity funding structure is designed, per the SAMSA Levies Act and additional mandates, such as the Small Vessels Regulations obligations, which are not matched by funding.

SAMSA's funding is predominantly from its Levies, which constitutes about 75% of total revenue, Direct User Charges contributing 12% toward revenue and other revenue, MSP Management Fees, MRCC funding and Bunkering contributing 13% toward revenue.

The entity`s approved risk appetite for the financial period for this risk is provided below:

Threshold	Risk Tolerance Description
Zero Risk Tolerance	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/ activities. No variability in outcomes is acceptable when managing this risk. One of the strategic outcomes is to ensure a financially sustainable SAMSA with adequate resources to implement its mandate and other global initiatives so SAMSA has a zero appetite for financial risks which could result in fraud and corruption, fruitless and wasteful expenditure, or place its cash cover rate in jeopardy

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Cash Cover	Cash cover of two and half months (2.5)	Cash Cover of one month (3.08)	Improved cash cover due to cost containment strategy
Impact (loss or gain) on Revenue – Revenue trend	0,5% (R2 370 637) in line with the Significant and Materiality Framework)	15% variance on the Actual revenue amount YTD	Low shipping volumes year to date with a 14% decline YTD Late approval of the tariff with gazetting only done in January 2023

Key Challenges encountered in the management of the Risk:

1. Downturn of the economy resulting in reduced volumes of vessels calling into the South African Ports, (305MT tonnes as in year 2022 and now at 295 MT tonnes as of March 2023 as per TNPA Stats) there has been a decline of more than 14% on the volume of tonnage received, since the beginning of the year compared to the budget.
2. Approval of SAMSA Levies by National Treasury: The entity approval was received in December 2022 and effected only in January 2023 with an estimated revenue loss of approximately ZAR 11 600 000.
3. The Bunkering Stakeholders have not accepted the proposal for the entity to review the current discount arrangements, due to the other high fees being charged by Transnet Port Authority (TNPA).
4. The Minister has finally given the approval to sell SA Agulhas and the procurement process has started.

Key Controls Implemented and Forecast Actions

1. Continuous implementation of SAMSA's Cost Containment measures. The SAMSA cost containment plan has yielded potential savings against budget with saving such as ZAR 19m on overheads and ZAR 52m on labor with recruitment only focusing on core operations vacancies only
2. Lifting the moratorium on prohibiting >90000T vessels from bunkering in Algoa Bay, as this would improve Levy revenue from additional Bunkering in the Bay resulting in additional ZAR 789 000.
3. Development and implementation of the SAMSA Short- and Long-term Financial Strategy
4. Finalisation and submission of the SAMSA Determination of Charges regulations to the Executive Authority.
5. Continuous financial management monthly reviews and reporting with additional controls such as reconciliations, weekly cash flow management
6. Improved contract management and adherence to the procurement process to address issues of irregular expenditure and fruitless and wasteful expenditure

Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term fore-cast 6-12 months	Comments on the Status
			Cash Cover period (3.08 months) improved compared the last period (2.34 months) with a focus of 3 months cash cover by the end of the financial period.

2. LIMITED MARITIME TECHNICAL SKILLS TO DELIVER ON THE SAMSA MANDATE

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 risk arises as follows:

- Our current employee value proposition (EVP) to attract and retain these skills is not attractive or competitive.
- There is a limited pool of technical skills in the market, due to limited funding to compete globally for the critical skills and Global Maritime Economic activities i.e. oil price fluctuations.

The entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Low Risk Appetite	The organisation will RELUCTANTLY PURSUE with the activity/risk. However, in instances where such a risk/activity is pursued, reports, benchmarks, analyses, and decision-making tools will be adopted in informing the Board and its Executives in the best course to pursue. Recruitment and retention of core skills is difficult due to competition and limited supply in pool of qualified candidates internally and externally (time to hire between 3 and 6 months) - 5%< - >10% attrition rate among core income generating roles (e.g. surveyors); - Lack of attention to internal cross-training, multiskilling and rotation of existing staff - Serious grievances, or disputes or complaints raised and resolved internally - Moderate impacts on employee morale (i.e. between 60% and 65% of employees considered engaged) - Occupancy rate <95% more for maritime operations

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Attrition rate for Maritime technical skills	5%< Attrition rate	13% attrition rate for crtical skills	Resignation of surveyors and Ports State Officers
Recruitment of core skills	100% recruitment in line with Capacity Plan	70 % vacancy rate in line with Capacity Plan	Resignation of critical roles (Principal Officer of East London) Financial constraints to recruit in line with the plan Employee value proposition not attractive for potential candidates

Key Challenges encountered in the management of the Risk.

1. The SAMSA EVP is not attractive or competitive due to the current financial challenges being encountered by the entity.
2. Resignation by two surveyors and one Principal Officer during the period
3. The recruitment process turnaround time currently beyond the 60 days (an average 83 days).
4. The SAMSA Retention strategy could not be implemented due to financial constraints

Key Controls Implemented and Forecast Actions

1. Design and gain approval for a career path framework for technical operations.
2. Training and development is taking place to continuously develop Surveyors within the skills development pool such the implementation of the Marine Officers training
3. Implement a Bursary Programme for Naval Architects: Pilot a talent pipeline to attract these skills.
4. Implementation of the SAMSA reorganisation business case.

Current and Forecasted Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
●	●	●	• Increase in the attrition rate, due to the resignation of four Surveyors. • Financial remuneration to current and prospective employees not adequate in line with the market i.e average surveyors paid ZAR 1,3 mill whilst SAMSA average is around ZAR 800 000. • Maritime Technical Skills Allowance Scheme not yet approved as part of the SAMSA Retention Strategy

3. CYBER SECURITY RISK

Interruption of ICT services due to cybersecurity related incidents can be attributed to the lack of approved security procedures, lack of awareness about information security, computers hard drives not encrypted, lack of information security programme/ framework, the changing nature of cyber threats and inadequate patch and vulnerability management.
The entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Zero Risk Appetite	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/activities. No variability in outcomes is acceptable when managing this risk. SAMSA is exposed to several IT risks arising from the use of technology particularly when that technology interfaces and communicates with and through the external environment. The risk is managed by implementing technology based and physical controls to limit unauthorized access to systems and data. Disruption to critical IT systems may occur from time to time and deemed to be within appetite if they do not last longer than 24 hours and do not result in an appetite for the adoption of new and emerging technologies that offer it the best and appropriate solutions for service delivery.

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Cyber Security Incidents occurrence	Successful Containment of an ICT security environment.	Cyber security incident in April 2023	Detailed Cyber security port
Loss of ICT personnel supporting critical infrastructure and applications	No loss ICT personnel supporting critical infrastructure and applications	Recruitment process not yet complete for key personnel	Recruitment process on going

Key Challenges encountered in the management of the Risk

1. Resignation of the Information Security Officer and the recruitment was completed in May 2023.
2. Fishing impersonation incidents of the Accounting Officer during the reporting period.
3. ICT Cyber security incident in April 2023 (detail in ICT Cyber security incident report Annexure 1)

Key Controls Implemented and Forecast Actions

1. Quarterly awareness session to staff on information security are conducted.
2. Periodic security alerts from SSA are received and reviewed. In an event of security alert that aligns with the SAMSA environment, the alert is logged, and remediation implemented.
3. Renweals Qualys Licence Vulnerability Management solution is currently underway, which provides a State of the Security Risk Posture, based on assessed assets.
4. Implemented the Ransom Protect capability on the Crowd Strike Solution, which detects ransomware activities.

Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
			Qualys Vulnerability Management implemented with full scan conducted across SAMSA ICT assets, which provides a state of the security risk posture based on assessed assets. Currently restoring the ICT systems after the Cyber security incident .

4. SERIOUS AND VERY SERIOUS MARITIME INCIDENT OCCURS, INVOLVING THE TOTAL LOSS AND DAMAGE TO PROPERTY AND LOSS OF LIFE

The risk could emerge as a result of the unavailability of the emergency response tug, due to mechanical and other delays and only having one salvage tug on our Coastline. In addition, delays could be experienced due to the ineffective Maritime Domain Awareness Systems ("MDA") and assets.

The entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Zero Risk Appetite	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/activities. No variability in outcomes is acceptable when managing this risk.

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Maritime Incident Rate	Below 10 Maritime incident rate	10.92 Maritime incident rate from all types of vessels	Maritime incidents for the period with a total of 24 maritime incidents recorded for the period.
Maritime Fatality Rate	Below 2 Maritime Fatality rate	1.46 Maritime Fatality rate from all types of vessels	Maritime Safety campaigns and other safety Initiatives that are beginning to bear results

Key Challenges encountered in the management of the Risk

1. Maritime Enforcement Resources: The entire capacity to respond to incidents lies outside the control of SAMSA, which includes the emergency tug, pollution control vessels and helicopter capabilities and remain a significant constraint on the effectiveness of the Maritime Safety and Pollution capacity of SAMSA. The total required for the Managing of Risk Business Case estimated at ZAR 11, 3 billion.
2. Outdated legislative tools to enable for effective Maritime Compliance: There is a low limit set on the amount of fees that can be raised against an offender.
3. Limited Maritime technical skills to ensure complete provisions of Mandate obligations.
4. There is no maritime operations enforcement plan including sign off of memorandum of understandings with key maritime stakeholders.

Key Controls Implemented and Forecast Actions

1. Investigate alternative funding options such as Environmental Levies and other alternatives to fund MDA programs.
2. Contract in place for the provision of salvage tug services between DoT and a service provider: Contract has been awarded for a further 3 years to AMSOL.
3. Monitoring of the current MDA system: Monitoring the available and deployment of Air Assets to assist with Search and Rescue Operations.
4. Port State Control Inspections, Flag State surveys, adhoc inspection of SA Vessels and conducting maritime safety awareness campaigns.

Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
			The entity will also ensure that an enforcement strategy and plan is implemented including signing of formal agreements with key partners such as TNPA etc.

5. SERIOUS OR VERY SERIOUS MARITIME POLLUTION INCIDENT OCCURS

The risk could emerge as a result of human error, vessel technical issues, an Act of God, lack of resources to attend to incidents and failure to detect vessel activities in the Maritime domain.

The entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Zero Risk Appetite	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/activities. No variability in outcomes is acceptable when managing this risk.

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Maritime Pollution Rate	Below 2 Maritime pollution rate	1.64 Maritime pollution rate from all type of vessels	-None
Admission of contraventions accounted for	100% Admission of contraventions accounted for	95 % Admission of contraventions accounted for	-None

Key Challenges encountered in the management of the Risk

1. Introduction of the OPRC Bill will amend SAMSA Act Objective 3(b) from “Protecting and Combatting pollution of the Marine Environment” to “To prevent, prepare, respond and combat pollution of the marine environment by ships, seaports, oil handling facilities and offshore installations” and require SAMSA to fulfill additional functions in combating maritime pollution.
2. Slow finalisation of a National Maritime Climate Change Strategy incorporating key issues such as Carbon and Sulphur emissions, in line with the International Maritime Organisation (IMO) Green House Gas Strategy.

Key Controls Implemented and Forecast Actions

1. Consider Environmental Levies and other alternatives to fund Maritime Domain Awareness programs.
2. Continual training programs are in place to ensure Surveyors, Principal Officers and Regional Managers are appropriately trained in terms of Safety and Pollution Prevention.
3. Pollution awareness campaigns
4. Implementation of the Regional Coordination Centre to ensure pollution incidents sharing and profiling for decision making

Current and Forecasted Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
●	●	●	Three (3) reportable pollution incidents recorded compared to only one in the last reporting period.

6. COMPLIANCE TO NATIONAL AND INTERNATIONAL 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 entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Zero Risk Appetite	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/activities. No variability in outcomes is acceptable when managing this risk. SAMSA as a regulator is committed to a high-level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. SAMSA has no appetite or tolerance for deliberate or purposeful violations of legislative or regulatory requirements.

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Breach of law or regulation or policy/ procedure;	Non breach in line with the acceptable compliance thresholds	Increase in the Number of legal breach incidents noted and investigated	
Noncompliance to critical legislation that's impacts the SAMSA delivery of it mandate	Compliance to all key legislation in line with the plan	Non Compliance to CORPORATE GOVERNANCE– PFMA, PUBLIC AUDIT ACT AND COMPANIES ACT SUMBIMISSIONS	

Key Challenges encountered in the management of the Risk

1. MARPOL ANEX 1 , 2-6 yet to be adopted as currently they are at Cabinet for approval
2. Outdated legislative tools to enable for effective maritime compliance. All eight regulation submitted in the last two years have been approved by the Executive Authority.

Key Controls Implemented and Forecast Actions

1. Update of the SAMSA Compliance Report and implementation of the corrective plans to mitigate the compliance risk exposure.
2. The Legislation Priority List submitted to the Department of Transport for consideration

Current and Forecasted Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
			SAMSA compliance risk exposure is extremely high way above our thresholds and appetite. 1. The entity has not been able to have an Annual General meeting in line with the requirements of legislations for two years concurrently. 2. The entity has not been able to submit the Annual Financial Statements and the Annual Performance report in contravention of Section 55(1)(c)(i) of the PFMA and will result in a material finding on non-compliance being included in the auditor's report. 3. The entity has not been able to submit the Annual Financial Statements and the Annual Performance report in contravention of Section 15(2)(b) of the Public Audit Act 25 of 2004 (PAA) requires that the public entity must adhere to the following and comply with the applicable legislated auditing and tabling deadlines in the PFMA, to allow adequate time for conducting the audit in accordance with the relevant auditing standards.

7. THIRD PARTY RELIANCE RISK

The SAMSA revenue collection model for Levies is performed through a contractual agreement with TNPA, whereby the latter collects Levies on behalf of the entity, and would on a monthly basis remit to SAMSA. In the event of any delays on non-collection of Levies by TNPA, SAMSA's contractual obligations were affected which impacted the financial situation of the entity.

In its delivery of the mandated objectives and the Strategy, the entity has in some areas implemented a Partnership approach in the implementation of operational plans in the following areas:

- To enhance the competitiveness of South Africa's Maritime Industry and exploit the potential for job creation, transformation and economic contribution to the country's Gross Domestic Product: The function of the Maritime Industry Development area, where the entity planned to create jobs through a Maritime Youth Development Programme with MSC Shipping, was affected as the partnership could not deliver on the targets for nine months due to COVID-19 and lockdown restrictions on Cruise shipping.
- Managing risks with regards to Maritime safety of life and property, equipment, seafarers and pollution incidents from vessels: The entity has an Agency delivery model in the execution of its safety mandates. In small vessels areas, this been affected as some of the Authorised Agencies were not able to deliver due to Lockdown restrictions.
- Third Party Risk and Lack of management of outsourced systems/services in our ICT services and other areas where delivery is through a third party.
- The entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Low Risk Appetite	The organisation will RELUCTANTLY PURSUE with the activity/risk. However, in instances where such a risk/activity is pursued, reports, benchmarks, analyses, and decision-making tools will be adopted in informing the Board and its Executives in the best course to pursue.

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Management of the SLA and MOU in line with the contractual obligations and SCM regulations	All SLA managed in line with the contractual obligations and SCM regulations	Some SLA not managed in line with the contractual obligations and SCM regulations	To ensure effective contract management with all stakeholders

Key Challenges encountered in the management of the Risk

1. Downturn of the economy affecting the potential for job creation.
2. Remittance delays of Levies by TNPA.
3. Service Providers not adhering to the deliverables stipulated in Service Level Agreements.
4. Cyber security incident through the firewall managed by third party (service provider)

Key Controls Implemented and Forecasted Actions

1. Update of the monthly review of the SLA Register, to ensure that all Service Providers have complete and updated SLA's.
2. Ensure all new contracts are entered into the SLA Register and have SLA's with Service Delivery matrixes.
3. Constant engagements with TNPA on the contractual agreement obligations.
4. Implementation of comprehensive oversight in the management of Authorised agencies, training institutions and other key agencies.

Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
🔴	🔴	🔴	Critical

8. NO PERMANENT ACCOUNT OFFICER /CHIEF EXECUTIVE OFFICER FOR MORE THAN SIX YEARS

The SAMSA Act No 5 of 1998 Section 12 1(a) stipulates that the Minister must, after consideration of the recommendation from the Board, appoint a Chief Executive Officer.

The entity has been with a Permanent Chief Executive Officer for 75 months (six years) and this has drastically compromised the strategic direction of the entity, as there are key uncertainties in setting up the Strategy and implementation thereof.

Key Challenges encountered in the management of the Risk

1. The CEO appointment process has stalled without any timelines provided by the entity.

Key Controls Implemented and Forecast Actions

1. The SAMSA Board has made a recommendation of permanent CEO to the Executive Authority. Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk fore-cast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
🔴	🔴	🔴	The entity been without a Permanent Chief Executive for 84 months (six years) thereby affecting the perma-nent leadership requirement.

9. FAILURE OF IT INFRASTRUCTURE AND NON-AVAILABILITY OF BUSINESS APPLICATIONS

The risk may arise due to a network failure, as a result of external forces like cable theft, power failure or service interruption, internal forces such as maintenance failure of generators and UPS, no SLA agreements with Service Providers in some instances, and non-management of the SLA, including inadequate support agreements with the Original Equipment Manufacturer.

The entity`s approved risk appetite for the financial period for this risk provide below

Threshold	Risk Tolerance Description
Zero Risk Appetite	The organisation is NOT WILLING, UNDER ANY CIRCUMSTANCES, to bear such risk/activities. No variability in outcomes is acceptable when managing this risk. SAMSA is exposed to several IT risks arising from the use of technology particularly when that technology interfaces and communicates with and through the external environment. The risk is managed by implementing technology based and physical controls to limit unauthorized access to systems and data. Disruption to critical IT systems may occur from time to time and deemed to be within appetite if they do not last longer than 24 hours and do not result in an appetite for the adoption of new and emerging technologies that offer it the best and appropriate solutions for service delivery.

During the period a few key risk indicators in line with approved risk appetite and threshold framework were tracked against the targets so as to give an indication of effectiveness of the preventative controls implemented.

Indicators	Target	Actual Performance	Comments
Unavailability of one or two critical ICT system	100% availability (excl scheduled maintenance)	ICT system not available due to Cyber security incident	
Loss of ICT personnel supporting critical infrastructure and applications	No loss ICT personnel supporting critical infrastructure and applications	Recruitment process not yet complete for key personnel	

Key Challenges encountered in the management of the Risk

1. Inadequate server capacity that meets the SAMSA requirements and constant changes in demand.
2. Lack of Disaster Recovery Plan and Business Continuity Plan.
3. Cyber security incident

Key Controls Implemented and Forecast Actions

1. Implemented redundancy on WAN lines for all major lines (CT, PTA, DBN, PE, EL, RB, SB & MB) to minimize downtime.
2. Servers and Business Application installed on a virtual environment to speed up recovery time.
3. UPS SLA in place with continuous maintenance being effected.
4. Disaster Recovery Capability has been implemented.
5. Continuous monitoring of network infrastructure and Business Applications by use of monitoring systems like Solar Winds and other in-house systems.
6. Back-up of systems being performed daily and monitored to ensure no loss of information.
7. Testing of restored backups (Cloud and Tape), including testing of failover of the primary environment to VDC.

Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
			• All critical workload replicated to the Disaster Recovery facility and backups to the third party environment.

10. LOAD SHEDDING RISK

The state of not having electricity which comes after more frequent bouts of stage 6 load shedding that has damaged already precarious infrastructure. As a result, some parts of the country have been left without power for over 12 hours a day with little communication about when electricity will be restored. Although the risk of load shedding has long been a concern, its frequency and unpredictability as of late has caused further worry.

Key Challenges encountered in the management of the Risk

1. Lack of Business continuity management strategy and plans to address such incidents of power failures across the entity.
2. Lack of a comprehensive business continuity management insurance package (there are warrants cover for certain equipment only)
3. Poor facilities management including lack of a system to manage the provision of alternative power across the entity

Key Controls Implemented and Forecast Actions

1. Design and deployment of basic Facilities management controls such as ensuring the following

(a) Loadsheding schedule plan for the entity

(b) Establishing the fuel reorder levels and ensuring timely procurement of alternative sources of power such as fuel.

(c) Engagement for BCM insurance in line with the Strategy and Plans

Current and Forecast Risk Performance

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term fore-cast 6-12 months	Comments on the Status
●	●	●	Since August 2021 the entity has used approxaiametrly ZAR 2,4million

EMERGING RISK FOR THE PERIOD

1. South Africa being blacklisted after not meeting the audit requirement of IMO III Code audit. To promote the consistent and effective implementation of applicable IMO instruments and to ensure that South Africa improve its capabilities, whilst contributing to the enhancement of global and South Africa's overall performance in compliance with the requirements of the instruments to which it is a Party.

PART 1 – COMMON AREAS Objective Strategy General Scope Initial actions Communication of information Records Improvement

PART 2 – FLAG STATES Implementation Delegation of authority Enforcement Flag State surveyors Flag State investigations Evaluation and review

PART 3 – COASTAL STATES Implementation Enforcement Evaluation and review

PART 4 – PORT STATES Implementation Enforcement Evaluation and review

Key Issues

The recent assessments on the country`s readiness for the for coming mandatory audit scheduled for September 2023 have clearly indicated that the country will not meet the audit requirements in most of the areas listed above.

This will certainly result in the country to be blacklisted which will have an impact on the following

1. The employability of all South African Seafarers
2. The registration of vessels on our National Register
3. The reputation of the country affecting our participation at IMO platforms such as the Council, Technical meetings
4. Our Status as a Maritime Authority in the global context including our whole maritime transport safety system

Assessment of the Emerging risk Exposure rating (Current and Forecast Performance)

Current Residual Risk Status	Short term risk forecast 3-6 months	Medium term forecast 6-12 months	Comments on the Status
●	●	●	An immediate independent mock audit should done to assess the areas that need to be addressed by the country and should have already been done by end of April 2023. An emergency audit engagement forum to be stablished and managed by the Executive Authority

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SECTION P: STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF *ACCURACY FOR THE ANNUAL REPORT*

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

Acting Chief Executive Officer	Board Chairperson
MR NDZIMENI RAMUGONDO	MS. NTHATO MINYUKU

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SECTION Q: EXTERNAL AUDITORS REPORT

AUDITOR-GENERAL'S REPORT

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

Opinion

1. I have audited the financial statements of the South African Maritime Safety Authority set out on pages **200** to **279**, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Maritime Authority as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. Emphasis of matters

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

Contingencies

7. With reference to note 30 to the financial statements, the public entity is the defendant in a legal claim instituted by a supplier where SAMSA has filed an application for the review and setting aside of the Heads of Agreement. The matter is still in litigation and the ultimate outcome of the matter could not be determined as yet and no provision for any liability that may result from the claim was made in the financial statements.

Irregular expenditure

8. As disclosed in note 36 to the financial statements, irregular expenditure of R13 238 000 was incurred in the current year, due to non-compliance with procurement regulations.

Other matter

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 36 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of SAMSA. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.

11. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the public entity for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the 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.

13. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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.

Responsibilities of the auditor-general for the audit of the financial statements

14. 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.

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

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected strategic focus areas presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

17. I selected the specific material indicators on the following Strategic focus areas presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected those indicators that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Strategic focus area 1 - Maritime safety	88-89	Managing risks with regards to maritime safety of property, equipment, seafarers and pollution incidents from vessels.
Strategic focus area 3 - Maritime Pollution	90-91	Managing risks with regards to prevention and combating of maritime environment pollution by ships.
Strategic focus are 6- South African Maritime Sector Growth	98-99	To enhance the competitiveness of South Africa's Maritime industry and exploit the potential for job creation,transformation, and economic contribution to the country's Gross Domestic Product

18. I evaluated the reported performance information for the selected material indicators within the strategic focus areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

21. I did not identify any material findings on the reported performance information of the material indicators within the programmes as indicated above.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement's.

24. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Strategic Focus area 1: Maritime Safety *Targets achieved: 75%*		
Reportable Maritime incident rate from all types of vessels	Below 10 reportablemaritime incident rates	14.10 Maritime Incident rate

Reasons for the underachievement of targets are included in the annual performance report on page 88-89.

Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

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

Revenue management

30. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

31. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R13 238 000 as disclosed in note 36 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused by payments made on expired contracts.

Procurement and contract management

32. Some of the contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16 A9.1 (d). Similar non-compliance was also reported in the prior year.

Other information in the annual report

33. The accounting authority is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.

34. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

38. The matters reported below are limited to the significant internal control deficiencies that resulted in the opinion and the material findings on compliance with legislation included in this report.

39. Management did not implement adequate compensating controls around the revenue management system, to ensure that the debt collection process is carried out as intended by the finance policy.

38. The matters reported below are limited to the significant internal control deficiencies that resulted in the opinion and the material findings on compliance with legislation included in this report.

39. Management did not implement adequate compensating controls around the revenue management system, to ensure that the debt collection process is carried out as intended by the finance policy.

40. Effective controls have not been adequately implemented to ensure that all relevant laws and regulations are being complied when procuring goods and services and irregular expenditure continues to be incurred by the entity due to non-compliance of Treasury regulations.

41. Management did not implement adequate controls around logs monitoring, servers and IT infrastructure to prevent unauthorised access to SAMSA user accounts. As a result, there was a cyberattack incident and the submission of the annual financial statements and annual performance reports were delayed.

Other reports

42. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

43. An independent consultant investigated an allegation of financial misconduct and fraud by SAMSA officials. The investigation was concluded on 3 (three) executives suspended in April 2021, conclusions of investigations were made in April 2022 and resulted in disciplinary actions being conducted, which are still ongoing.

Auditor-General

Pretoria
16 October 2023

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence

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SECTION R: KEY EVENTS POST THE REPORTING PERIOD

STATEMENT FROM THE CURRENT BOARD CHAIR

The Minister of Transport Hon. Lydia Sindisiwe Chikunga (M.P.) appointed a new SAMSA Board for a period of three years with effect from 01 September 2023 in line with section 13 of the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998), with the term of the previous Board having come to an end on the 11th of August 2023 but extended until the appointment of the new Board was finalized.

The appointed members are as follows:

1. *Mr Mahesh Fakir (Chairman)*
2. *Mr Tau Morwe (Non-Executive Director) (Deputy Chairman) (returning)*
3. *Mr Sihle Nguse (Non-Executive Director)*
4. *Dr Natalie Skeepers (Non-Executive Director)*
5. *Adv Nosipho Sobekwa (Non-Executive Director)*
6. *Ms Feziwe Nojozi (Non-Executive Director)*

As Chairperson, it is my honour to welcome such a knowledgeable team with diverse skills at the helm of SAMSA to guide it in our 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".

The new Board has begun its work to stabilise the internal environment of SAMSA, as well as to align its efforts towards achieving its external mission and goals. At its inaugural meeting, having being presented with notice of the resignation of the previous Acting CEO and CFO, the Board took the important step of bringing immediate leadership stability to the organisation by unanimously recommending to the Minister of Transport that Mr Tau Morwe (the Deputy Board Chairperson) be appointed as the Acting CEO of SAMSA with effect 4 October 2023 for a term of six months. We thank Hon. Minister Chikunga for graciously accepting our nomination and duly appointing Mr Morwe as ACEO.

The Board has tasked Mr Morwe to provide stability to the organisation whilst undertaking a fair and impartial recruitment process for a permanent CEO and for other executive and senior positions that require filling. Mr Morwe brings a wealth of experience and a proven track record of leadership in our industry and experience as a CEO of TPT and TNPA previously. His dedication, vision, and strategic thinking have consistently driven success in previous roles, making Mr Morwe the ideal choice to guide us through this transitional period whilst the recruitment processes for key posts are expedited.

Also, in line with restoring the internal stabilisation and functioning of SAMSA, the Board, having duly applied itself to the various investigations and reports on the suspension of the COO for a long period, decided to implement the recommendations of Senior Counsel and has accordingly reinstated Mr Sobantu Tilayi back in his post at SAMSA as the Chief Operating Officer.

In line with improving the financial stability and sustainability of the organisation, by reducing high ongoing costs, and increasing revenue and value-for-money, the SAMSA board has in line with the Department of Transport pre-approval, concluded the sale of the SA Agulhas I, with preconditions on the continued training of South African seafarers as well as South African flagging.

These significant initial developments mark an exciting new chapter in SAMSA. We are confident that with Mr Morwe's leadership and Mr Tilayi's reinstatement, we will begin to chart a course for a more stable and sustainable SAMSA that achieves new heights of excellence and becomes an organisation that South Africa will speak of with pride.

Indeed attention needs to be given to ensure that in future SAMSA more fully delivers on its pre-determined objectives as set out in its Annual Performance Plan and Strategic Plan, as well as to initiating and coordinating processes to achieve full compliance on the many international maritime conventions of the IMO that our country is signatory to.

In addition to these, the focus on SAMSA's external mission of expanding the SA ship registry, SA seafarer training, coastal community development and SA maritime industry transformation and development, as well as contribution to Department of Transport maritime initiatives, are set to fully occupy our minds, and test the efforts of the new board for the next three years.

We are committed to working constructively with the Honourable Minister and shareholder department, other key government departments, SAMSA management, sister public enterprises and industry stakeholders during the upcoming term of office, in order to advance SAMSA's strategic objectives, in line with South Africa's developmental objectives.

Mr Mahesh Fakir
Board Chairperson

Mr Tau Morwe
Deputy Chairperson

Adv Nosipho Sobekwa
Board Member

Ms Feziwe Nojozi
Board Member

Mr Metse Ralephenya
Shareholder Representative

Mr Sihle Nguse
Board Member

Dr Natalie Skeepers
Board Member

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SECTION S: OUR FINANCIAL PERFORMANCE

CHIEF FINANCIAL OFFICER'S REPORT

The SAMSA cash position has improved ***to R97.9m*** *(2022: R58.6m). This is due to the improved financial performance for the year*

Ms Zamachonco Chonco

Chief Financial Officer

The analysis of the financial performance for the year ended 31 March 2023 focuses on the key line items of the statements of financial performance and financial position which management consider material to stakeholders 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.

FINANCIAL PERFORMANCE OVERVIEW

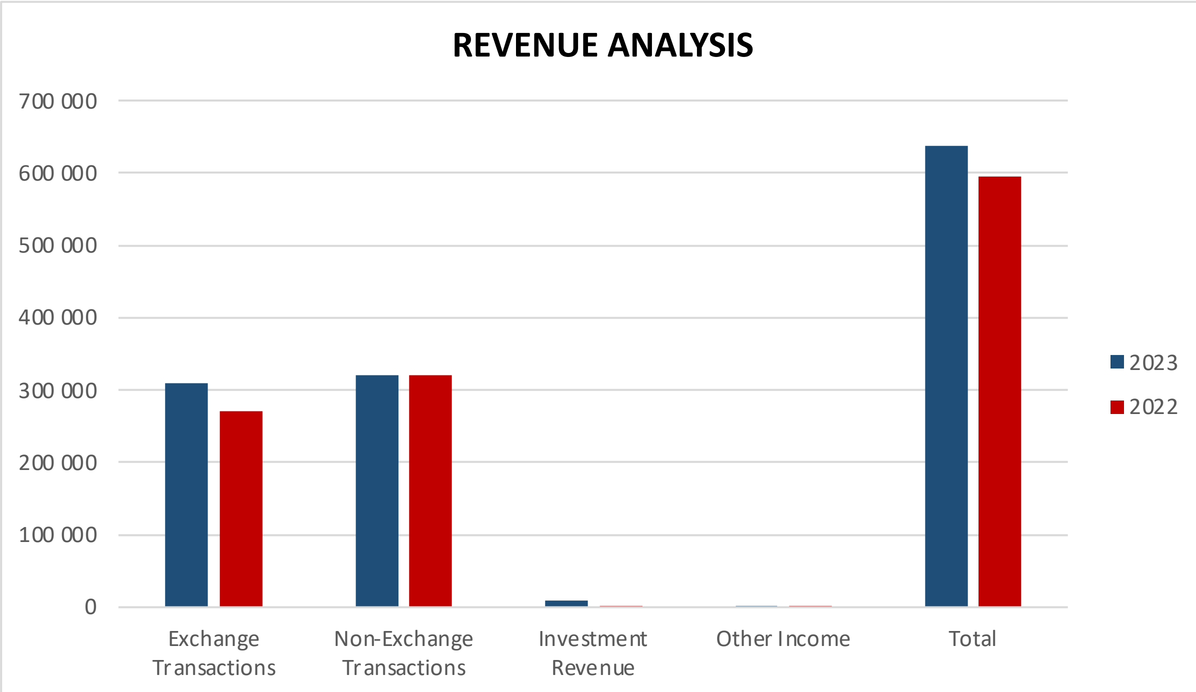
REVENUE **R629,0m** **6,4%**	**OPERATING EXPENDITURE** **R593,8m** **7,6%**
OPERATING SURPLUS **R30,0m** **(2022: R33,7m)**	**NET SURPLUS FOR THE YEAR** **R38,3m** **(2022: R36,1m)**
TOTAL NET ASSETS **R148,8m** **34,6%**	

A summary of the financial performance for the 2022/2023 financial year is as follows:

- SAMSA reported a net surplus of R38.3m. The main reason for the surplus this financial year is the continued cost containment measures implemented by the entity.
- SAMSA levies revenue remained under pressure, with a slight decrease in volumes compared to the previous year. The 6.16% tariff increase implemented in January 2023 assisted in improving the revenue for the year.
- Additional Direct User Charges revenue streams were introduced during the financial year, which also contributed to the improved performance.

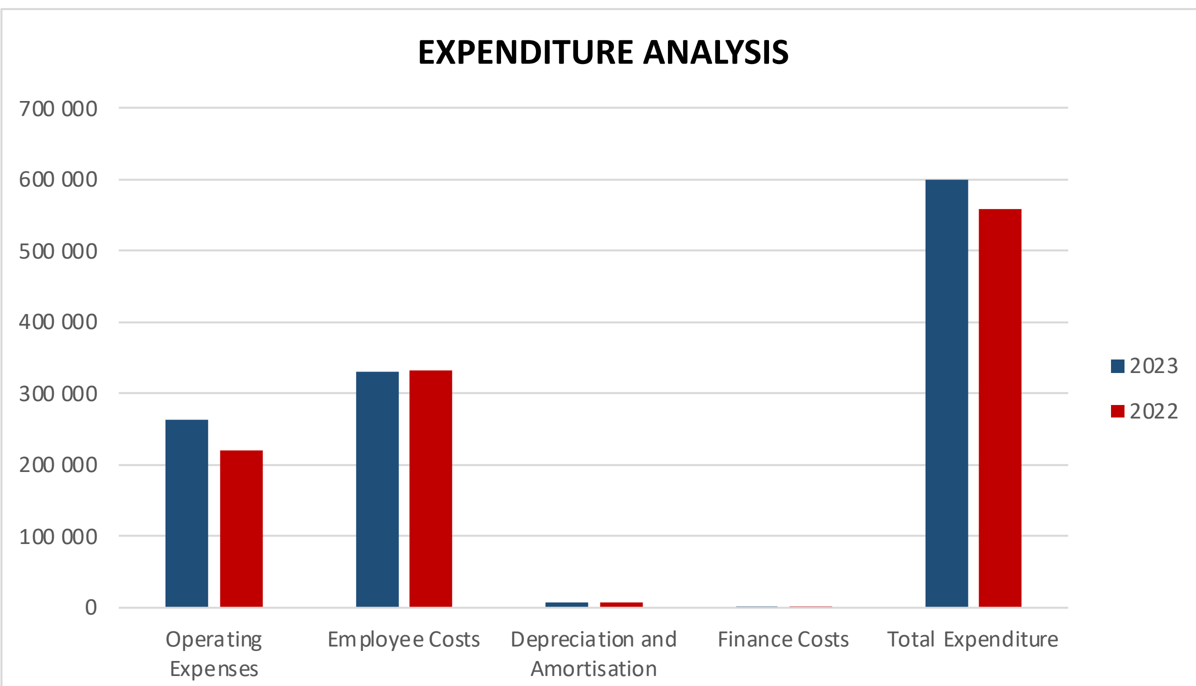
REVENUE ANALYSIS

- Revenue for the period increased by 6.4% to R629.0m (2022: R591.1m).
- SAMSA levies decreased with 0.7%, with the tariff increase off-set by lower volumes.
- Direct user charges increased by 11.6% from prior year due to the tariff increase and additional revenue streams implemented.
- Fines, penalties and forfeits relating to the Maritime Fund increased from R5.7m to R7.6m (34.7%).
- Vessel management revenue relating to the MLRF vessels was 17.6% higher than the previous year due to additional funding received for the Africana engines project.

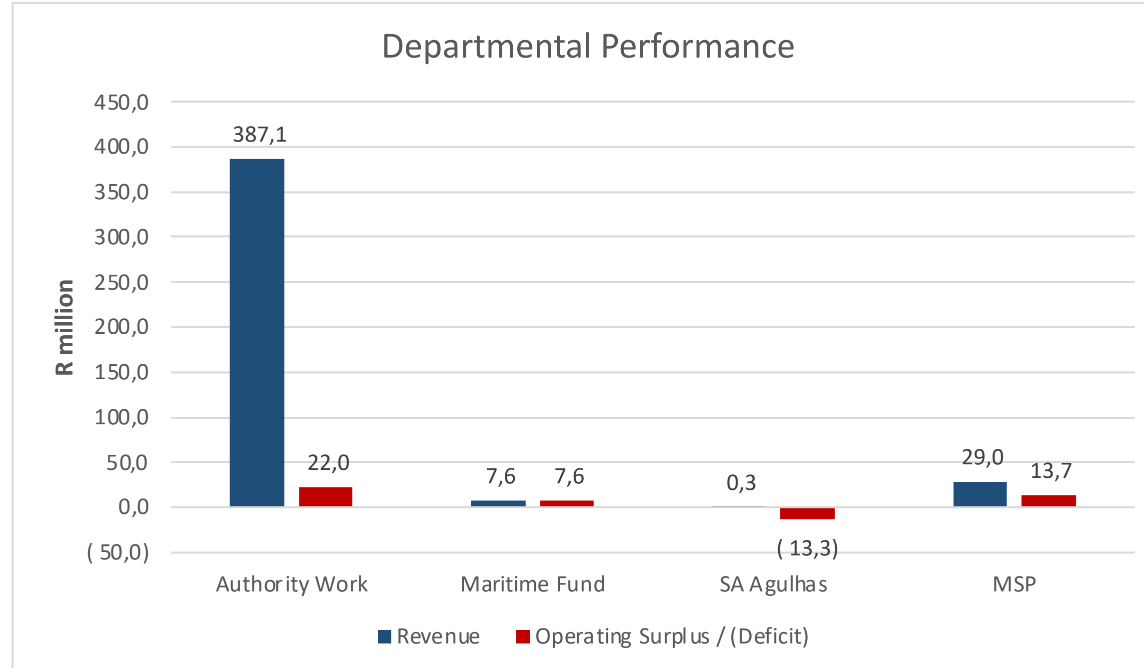


EXPENDITURE

Operating expenditure for the year increased by 7.6% to R593.8m (2022: R551.7m). This increase is mainly due to an increase of R34.4m in the MLRF vessel expenditure. The robust cost containment measures as implemented in the previous financial years continues to yield positive results.



DEPARTMENTAL PERFORMANCE



The Authority work of SAMSA resulted in an operating surplus of R22.0m. This was due to the cost containment measures implemented and the positive impact of the additional Direct User charges revenue streams introduced.

The SA Agulhas reported a deficit of R13.3m. No onboard cadetship training funding was received during the financial year and no charter revenue was generated. Some nominal revenue was generated from filming services done on the vessel, this remains insufficient to mitigate the operating costs incurred on the vessel. SAMSA is in the process of disposing of the SA Agulhas. The deficit from the SA Agulhas operations was offset by the surplus realised by Maritime Special Projects (MSP).

OVERVIEW: STATEMENT OF FINANCIAL POSITION

The accumulated surplus increased to R147.7m (2022 restated: R109.4m)

The SAMSA cash position has improved to R97.9m (2022: R58.6m). This is due to the improved financial performance for the year. The Maritime Fund cash position has increased to R36.8m (2022: R29.7m), while the MLRF bank account increased to R89.1m (2022: R71.9m).

Debtor turnover days improved to 37 days (2022: 47 days), due to an improvement in debt collection processes, especially with regards to cash collected from SAMSA levies by TNPA at the end of March 2023.

FUTURE OUTLOOK

The financial position of the entity has continued to improve, and renewed focus can now be given to operational effectiveness. The work to optimise the entity's current revenue streams and realise new revenue generating opportunities will continue to ensure the financial sustainability of the entity.

We are committed to the following priorities:

- Optimising revenue management by unlocking new revenue streams and maximising revenue fully within the existing streams;
- Finalisation of the disposal of the SA Agulhas;
- Transitioning from the robust cost containment initiatives to more sustainable cost saving strategies to ensure SAMSA has adequate resources to implement its mandate and other global initiatives;
- Continuing to align the supply chain / procurement and cost drivers to support our mandate.

APPRECIATION

I extend my gratitude to the SAMSA Board, the Board Committees, and my colleagues in the Executive Committee for their ongoing guidance and support throughout the year.

I also wish to thank the Finance and SCM team for the effort and commitment in maintaining an unqualified audit outcome.

Ms Zamachonco Chonco CA(SA)
CHIEF FINANCE OFFICER

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SECTION T: PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	605 574	646 095
Add: Irregular expenditure confirmed	13 238	30 545
Less: Irregular expenditure condoned	(29 405)	(70 066)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	590 407	606 574

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in previous year	-	-
Irregular expenditure that relates to prior year and identified in current year	-	1 302
Irregular expenditure for the current year	13 238	29 243
Total	13 238	30 545

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description[1]	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	13 238	30 545
Irregular expenditure under investigation	-	-
Total[2]	13 238	30 545

1 Group similar items
2 Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	29 405	70 066
Total	29 405	70 066

The Irregular Expenditure condoned relates to irregular expenditure for 2014 – 2016. National Treasury requested SAMSA to submit the irregular expenditure for condonement per year in order for them to process systematically. The request for condonement for the 2017 irregular expenditure is currently being processed by National Treasury

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
N/a
Total

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/2023	2021/2022
	R'000	R'000
Procurement relating to vessel management services on behalf of the MLRF	1 762	6 072
Total	1 762	6 072

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
None

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	11 011	10 953
Add: Fruitless and wasteful expenditure confirmed	32	58
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	11 043	11 011

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in the previous year	-	-
Fruitless and wasteful expenditure that relates to the previous year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	32	58
Total	32	58

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description[3]	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	32	58
Fruitless and wasteful expenditure under investigation	-	-
Total[4]	32	58

3 Group similar items
4 Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55 (2) (b) (i) & (iii))

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/2023	2021/2022
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

b) Details of other material losses

Nature of other material losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	-	-

c) Other material losses recovered

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	-	-

d) Other material losses written off

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	-	-

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	985	130 766
Invoices paid within 30 days or agreed period	959	127 620
Invoices paid after 30 days or agreed period	26	3 146
Invoices older than 30 days or agreed period (unpaid and without dispute)	19	2 182
Invoices older than 30 days or agreed period (unpaid and in dispute)	7	965

Late payment was mainly due to payment process inefficiencies as a result of delays in signing of invoices. The same reason applies to the unpaid invoices without dispute. The unpaid and in dispute relates mainly to delivery not having taken place, as well as outstanding documentation from the supplier.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Accredited technical training	Cape Peninsula University of Technology	Continuity/ Impractical	0015632 0015636 0015637 0015653	28
Accredited technical training	South African Maritime Training Academy	Continuity/ Impractical	0015638 0015639	17
Accredited technical training	STC-SA PTY LTD @ Tableway	Continuity/ Impractical	0015651	2
Accredited technical training	Tru4 SSTH AYMS DUE4 (Pyt) Ltd	Continuity/ Impractical	0015506 0015618	17
AIS license & maintenance support	OYNETEC (PTY) LTD	Sole supplier	0015463	841
Azure	Microsoft	Variation/ Extension	0015791	3 477
Bursaries	Lawhill Maritime Centre	Continuity/ Impractical	0015407	872

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Call-out fee	ADT Security	Continuity/ Impractical	0015628 0015629	2
Conference fees	DMG Exhibition Management Services (Pty) Ltd	Continuity/ Impractical	0015525	7
Conference fees	GOLDBERG & DE VILLIERS INC	Continuity/ Impractical	0015448	3
Conference fees	Skill Indawo (Pty) Ltd		0015582	15
Conference fees	Van Zyl Rudd and Associates SA (Pty) Ltd	Continuity/ Impractical	0015387 0015581	9
CPUT uniform	J & D Ship Services	Continuity/ Impractical	0015383	0
DFS WEBSERVICES CONFIGURATION	Datacentrix	Variation/ Extension	0015800	237
Disciplinary enquiry	Tokiso Dispute Settlement cc	Continuity/ Impractical	Various	1 786
Electrical work	CM ELEKTRIES	Continuity/ Impractical	0015481	5
Email management	Mimecast South Africa	Continuity/ Impractical	0015557	2 406
Exhibition	Messe Frankfurt South Africa	Sole supplier	0015600	20
Firefighting appliances annual service	Nor Marine Suppliers	Continuity/ Impractical	0015588	5
Footprints license	Onsoft (Pty) Ltd	Sole supplier	0015624	216
Fuel refill	Diesel Electric Services	Continuity/ Impractical	Various	1 356
Fuel refill	Timeless Energy and Petroleum (Pty) Ltd	Emergency	0015823 0015892	47
Government Gazette	Government Printing Works	Sole supplier	0015660 0015771 0015772	19
HR System	HR Focus Holdings (Pty) Ltd	Single source	0015626	65

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
HR System	HR Focus Holdings (Pty) Ltd	Continuity/ Impractical	0015845	4
Immersion suits annual service	Viking Life Saving Equipment	Sole supplier	0015619	23
IMO Parallel event: Catering	International Convention Centre Durban	Continuity/ Impractical	0015683	120
Increase letter communication	ADP South Africa (Pty) Ltd	Variation/ Extension	0015808	8
ISO/IEC 7501-1:2008	SABS Commercial	Sole supplier	0015549	6
IT tapes	Dell Computer(Pty)Ltd	Sole supplier	0015703	35
Laptop Repairs	Compufreak IT Solutions (Pty) Ltd	Continuity/ Impractical	0015948	13
Lease agreement - Durban Parking	Interpark (South Africa)	Variation/ Extension	0015736 0015935	334
Lease -building	Growthpoint Management Services (Pty) Ltd	Variation/ Extension	0015934	7 440
Lease -building	National Ports Authority	Continuity/ Impractical	0015472	2 381
Lease -building	SA POST OFFICE	Continuity/ Impractical	0015564	12
Lease -building	SA POST OFFICE	Variation/ Extension	0015876	196
Lease -building	Tuzi Gazi Waterfront	Variation/ Extension	0015715	2 717
LRIT Services	Pole Star Space Applications Ltd	Sole supplier	0015759	341
Maintenance / Service of air condition	EXLAND AIRCONDITIONING	Continuity/ Impractical	0015718	4
Maintenance / service of building	All Top Properties	Continuity/ Impractical	0015498	9
Maintenance /Service of radio equipment	Drager South Africa	Sole supplier	0015760	17
Maintenance & service of radion machine	Labcom Technologies	Sole supplier	0015449 0015452	27
Maintenance & service of UPS	Power Development Services	Continuity/ Impractical	0015552	4

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Maintenance & Support 6 months SIOMS Documentum	Afrisonga (Pty) Ltd	Variation/ Extension	0015602	122
Media publication	Outlook Publishing Ltd	Continuity/ Impractical	0015500	45
Netwrix License Renewal	Broadsmart (Pty) Ltd	Limited Sourcing: closed tender	0015950	1 116
Office Alterations	MAVUSANDILE CONSULTING	Variation/ Extension	0015937	165
Office Alterations	MYABA& ASSOCIATES ARCHITECTS	Variation/ Extension	0015938	180
Operational specific paper	Radio Holland Defence	Sole supplier	0015863	8
Patch management	Nascent Group (Pty) Ltd	Variation/ Extension	0015801	45
Perpetual Enterprise License for Templater Editor for Microsoft Office	Siwisa Business Solutions (Pty) Ltd	Variation/ Extension	0015949	144
Printing of official seaferer documents	Government Printing Works	Continuity/ Impractical	Various	3 383
Reporting tool software	QPR SOFTWARE OYJ	Sole supplier	0015713 0015888	91
Seaweb renewal license	IHS Markit	Sole supplier	0015553	1 201
Servicing of aircons	Pana-Ora Lugreeling	Emergency	015900 105907	7
Servicing of telephone lines	PLUS 1X COMMUNICATIONS (PTY) LTD	Urgent	0015478 0015751	12
Vmware	Ekwantu Consulting CC	Limited Sourcing: closed tender	0015850	1 909
Total				**33 570**

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Parking Space	Interpark	Expansion	32	1 667	200	401
Office Rental Richards Bay	Tuzi Gazi	Expansion	35	2 760	189	-
Office Rental Richards Bay	Kaywood Trust (Durban House)	Expansion	78	8 520	954	1 907
Miscellenous services	Renniesship Agency	Expansion	149	1 438	140	336
Payroll services	SAGE/ADP Limited	Expansion	226	3 101	334	1 363
IT - Software Licences - Caseware (Additional License)	Adapt IT (Pty) Ltd	Variation	234	68	-	31
IT - Software Licences - Software Maintenance	Datacentrix (PTY) LTD	Variation	248	5 945	825	-
Security Services- Alarm Montitoring	Fidelity ADT	Expansion	285	8	1	-
ICT Licence	Microsft	Variation	297	10 399	-	3 477
ICT Qualys Licence	Nacsent Gorup (Pty) Ltd	Expansion	303	660	-	66
Obsolete engines,Africana Vessel	Cummins SA (Pty) Ltd	Variation	324	47 371	-	2 655
IT - Software Licences - AIS Network	Oynetec (PTY) LTD	Expansion	331	841	-	16
CoC#,Java and Model-View	Siwisa Business Solutions (PTY) LTD	Expansion	351	960	-	80
Supply of Fuel	Panel of Service Providers	Expansion	205	76 900	-	11 535
Quantity Surveyor Services	MAVUSANDILE CONSULTING	Expansion	0015937	260	-	165
Space planning	MYABA& ASSOCIATES ARCHITECTS	Expansion	0015938	443	-	180
Total				**161 341**	**2 644**	**22 212**

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SECTION U:

2022-23 SAMSA *ANNUAL FINANCIAL STATEMENTS*

South African Maritime Safety Authority (SAMSA)

(Registration number Act No 5 of 1998)

Annual Financial Statements for the year ended 31 March 2023

General Information

Nature of business and principal activities Maritime	SAMSA was established in terms of the South African Safety Authority Act, 1998 (Act No. 5 of 1998), and has the objectives to ensure safety of life and property at sea, to prevent and combat pollution of the marine environment and to promote the Republic's maritime interests, in accordance with Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) and the South African Maritime Safety Authority Act, 1998 - Act No. 5 of 1998 (SAMSA Act).
Registered office	146 Lunnon Road Hillcrest PRETORIA 0083
Postal address	P O Box 13186 HATFIELD 0028
Bankers	ABSA FNB
Auditors	Auditor-General South Africa
Secretary	First Corporate Secretaries Pty (Ltd)

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

Accounting Authority's Responsibilities and Approval	158
Accounting Authority's Report	194 - 199
Statement of Financial Position	200
Statement of Financial Performance	201
Statement of Changes in Net Assets	202
Cash Flow Statement	203
Statement of Comparison of Budget and Actual Amounts	204 - 205
Accounting Policies	206- 249
Notes to the Annual Financial Statements	250 - 279

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
SARS	South African Revenue Services

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

ACCOUNTING AUTHORITY'S REPORT

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 annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual 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 annual financial statements and was given unrestricted access to all financial records and related data.

The annual 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 annual 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

ACCOUNTING AUTHORITY'S REPORT

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2024 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 internally generated revenue for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page **161-169**.

The annual financial statements set out on pages **200** to **279**, which have been prepared on the going concern basis, were approved by the Accounting Authority on 12 October 2023 and were signed on its behalf by:

Ms Nthato Minyuku

Board Chairperson

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

ACCOUNTING AUTHORITY'S REPORT

The Authority submits its report for the year ended 31 March 2023.

1. Incorporation

The entity was incorporated on 1 April 1998 and obtained its certificate to commence business on the same day.

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-sectors)
- 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 Rescue Coordination Center (MRCC)
- International Relations

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

ACCOUNTING AUTHORITY'S REPORT

- Represent South Africa's interests at key global maritime and regional forums. The Authority is also the custodian of the Maritime Fund.

Net surplus of the entity was 38,289,000 (2022: surplus 36,126,000 (restated, details included in Note 33)).

3. Going concern

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

4. Subsequent events

SAMSA experienced a cyber-attack on 17 April 2023. ICT services were only restored during the first week of June 2023. There was a delay in the finalisation of the financial statements. There was no financial impact in the 2022/23 financial year, and no financial information was lost due to the attack.

5. Accounting policies

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

6. Accounting Authority

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

Name	Changes
N Minyuku - Board Chairperson	
T Morwe - Deputy Chairperson	Appointed 10 January 2023
LN Dlamini - Board Member	
LHaluodi -Board Member	
ED Khosa - Board Member	
CB Zulu - Board Member	

ACCOUNTING AUTHORITY'S REPORT

N Ramugondo - Acting Chief Executive Officer	A ppointed 1 December 2022 - 31 May 2023
Z Chonco - Acting Chief Executive Officer	Appointed 1 April 2022 - 30 N vember 2022; and from 1 June 2023

7. Secretary

The position of secretary of the entity is currently outsourced to First Corporate Secretaries. 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.

Board of directors

The Board:

- retains full control over the entity, 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 entity;
- 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.

South African Maritime Safety Authority (SAMSA)
Annual Financial Statements for the year ended 31 March 2023
ACCOUNTING AUTHORITY'S REPORT

Non-Executive meetings

The Accounting Authority has met on seven (7) separate occasions during the financial year, which includes three (3) special board meetings. The Accounting Authority schedules to meet at least four (4) times per annum.

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

Audit and Risk Committee

The Audit and Risk Committee is chaired by Mr M Burton (independent member) and comprises of one non-executive director, Mr L Haluodi, as well as two (2) additional independent members, Ms F Mkhize and Mr RG Nicholls. Internal audit

The entity has outsourced its internal audit function to A2A Kopano Inc.

8. Executive Authority

The entity's Executive Authority is the Minister of Transport.

9. Bankers

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

10. Auditors

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

Ms Nthato Minyuku

Board Chairperson

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note(s)	2023 R '000	2022 Restated* R '000
Assets			
Current Assets			
Inventories	4	436	298
Receivables from exchange transactions	5	7,983	6,204
Receivables from non-exchange transactions	6	39,216	49,616
Prepayments	7	11,401	13,937
Cash and cash equivalents	8	228,855	165,254
		287,891	235,309
Non-Current Assets			
Property, plant and equipment	2	12,587	15,575
Intangible assets	3	226	404
		12,813	15,979
Total Assets		300,704	251,288
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	138,015	125,614
Taxes and transfers payable (non-exchange)	10	559	1,783
Employee benefit obligation	11	647	527
Unspent conditional grants and receipts	12	5,003	5,004
		144,224	132,928
Non-Current Liabilities			
Employee benefit obligation	11	7,670	7,839
Total Liabilities		151,894	140,767
Net Assets		148,810	110,521
Reserves			
Revaluation reserve	13	1,127	1,127
Accumulated surplus		147,683	109,394
Total Net Assets		**148,810**	**110,521**

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STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2023 R '000	2022 Restated* R '000
Revenue - exchange transactions	15	309,154	270,948
Revenue - non exchange transactions	15	319,879	320,195
Cost of sales	16	(106)	(131)
Net revenue		628,927	591,012
Other income	17	930	1,282
Operating expenses	18	(263,800)	(219,934)
Employee costs	19	(329,958)	(331,746)
Depreciation, amortisation and impairments	20	(6,061)	(6,939)
Operating surplus		30,038	33,675
Investment revenue	23	8,291	2,562
Fair value adjustments	24	(8)	(83)
Finance costs	25	(32)	(28)
Surplus for the year		38,289	36,126

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STATEMENT OF CHANGES IN NET ASSETS

	Revaluation reserve	Accumulated surplus / deficit	Total net assets
	R '000	R '000	R '000
Opening balance as previously reported	1,127	73,046	74,173
Adjustments			
Correction of errors (Note 33)	-	222	222
Balance at 1 April 2021 as restated*	**1,127**	**73,268**	**74,395**
Changes in net assets			
Surplus for the year	-	36,126	36,126
Total changes	**-**	**36,126**	**36,126**
Opening balance as previously reported	1,127	107,650	108,777
Adjustments			
Correction of errors (Note 33)	-	1,744	1,744
Balance at 1 April 2022 as restated*	1,127	109,394	110,521
Changes in net assets			
Surplus for the year	-	38,289	38,289
Total changes	-	38,289	38,289
Balance at 31 March 2023	1,127	147,683	148,810
Note	13		

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CASH FLOW STATEMENT

	Note(s)	2023 R '000	2022 Restated* R '000
Cash flows from operating activities			
Receipts			
SAMSA Levies		322,629	308,969
Other charges		318,491	278,129
Interest income		8,291	2,562
		649,411	589,660
Payments			
Employee costs		(329,958)	(331,746)
Finance costs		(32)	(28)
Other payments		(252,927)	(168,830)
		(582,917)	(500,604)
Net cash flows from operating activities	26	66,494	89,056
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2,901)	(2,692)
Proceeds from sale of property, plant and equipment	2	17	-
Purchase of other intangible assets	3	(9)	(550)
Net cash flows from investing activities		(2,893)	(3,242)
Net increase/(decrease) in cash and cash equivalents		63,601	85,814
Cash and cash equivalents at the beginning of the year		165,254	79,440
Cash and cash equivalents at the end of the year	8	228,855	165,254

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Direct User Charges	53,351	-	53,351	58,122	4,771	37
Vessel Management Services	30,159	-	30,159	234,052	203,893	
SA Agulhas Fees	29,923	-	29,923	259	(29,664)	
Government Service Fees	17,676	-	17,676	16,721	(955)	
Other income	604	-	604	656	52	
Interest received - investment	1,500	-	1,500	8,291	6,791	
Total revenue from exchange transactions	133,213	-	133,213	318,101	184,888	
Revenue from non-exchange transactions						
Taxation revenue						
SAMSA Levies	358,551	-	358,551	312,229	(46,322)	37
Grant revenue	-	-	-	1	1	
Transfer revenue						
Fines, Penalties and Forfeits	-	-	-	7,649	7,649	
Total revenue from non- exchange transactions	358,551	-	358,551	319,879	(38,672)	
Total revenue	491,764	-	491,764	637,980	146,216	
Expenditure						
Personnel	(308,132)	-	(308,132)	(329,958)	(21,826)	37
Advertising & Promotions	(3,192)	-	(3,192)	(1,748)	1,444	
Audit Fees - External	(6,551)	-	(6,551)	(6,766)	(215)	
Audit Fees - Internal	(1,554)	-	(1,554)	(1,427)	127	
Cleaning	(1,182)	-	(1,182)	(467)	715	
Commission paid	(10,308)	-	(10,308)	(8,976)	1,332	
Computer expenses	(4,409)	-	(4,409)	(5,811)	(1,402)	
Conferences and seminars	(1,066)	-	(1,066)	(148)	918	
Consulting fees	(7,745)	-	(7,745)	(7,084)	661	
Depreciation and amortisation	(9,548)	-	(9,548)	(6,061)	3,487	
Directors Remuneration	(1,422)	-	(1,422)	(2,157)	(735)	
Donations / Social Responsibility	(669)	-	(669)	-	669	
Insurance	(1,986)	-	(1,986)	(2,303)	(317)	
Lease rentals on operating lease	(1,149)	-	(1,149)	(470)	679	
Legal Fees	(3,452)	-	(3,452)	(6,558)	(3,106)	
License Fees	(7,341)	-	(7,341)	(13,067)	(5,726)	
Mileage Claims and Surveyor Costs	(1,971)	-	(1,971)	(1,432)	539	
Office Alterations & Repairs and maintenance	(3,494)	-	(3,494)	(2,789)	705	
Office Security	(1,758)	-	(1,758)	(1,633)	125	
Printing and stationery	(3,429)	-	(3,429)	(4,463)	(1,034)	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Provision of data	(2,188)	-	**(2,188)**	(800)	**1,388**	
Rent	(41,901)	-	**(41,901)**	(37,828)	**4,073**	
Research Programme	(3,600)	-	**(3,600)**	(1,653)	**1,947**	
SA Agulhas expenses (excluding	(14,915)	-	**(14,915)**	(4,881)	**10,034**	
salaries)		-	**(4,200)**			
Scholarship Programme	(4,200)			(2,662)	**1,538**	
Staff recruitment and relocation	(879)	-	**(879)**	(475)	**404**	
Staff training	(7,961)	-	**(7,961)**	(1,349)	**6,612**	
Staff welfare	(607)	-	**(607)**	(448)	**159**	
Telecommunication costs	(2,633)	-	**(2,633)**	(3,465)	**(832)**	
Travel - local	(9,196)	-	**(9,196)**	(8,174)	**1,022**	
Travel - overseas	(2,909)	-	**(2,909)**	(426)	**2,483**	
Vessel management expenses	-	-	-	(122,435)	**(122,435)**	
Water & electricity	(4,075)	-	**(4,075)**	(3,999)	**76**	
Other Expenditure	(11,586)	-	**(11,586)**	(7,576)	**4,010**	
Total expenditure	**(487,008)**	-	**(487,008)**	**(599,489)**	**(112,481)**	
Operating surplus	**4,756**	-	**4,756**	**38,491**	**33,735**	
Gain on disposal of assets and	-	-	-	2	**2**	
liabilities		-	-			
Loss on foreign exchange	-			(468)	**(468)**	
Fair value adjustments	-	-	-	(8)	**(8)**	
Other Income	-	-	-	272	**272**	
	-	-	-	**(202)**	**(202)**	
Surplus	**4,756**	-	**4,756**	**38,289**	**33,533**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**4,756**	-	**4,756**	**38,289**	**33,533**	

The reconciliation between the budgeted surplus and the actual surplus is included on Note 37. Material variances between actual and budget are explained in Appendix 1 to the Annual Financial Statements.

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ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period. 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 1 - Presentation on Financial Statements (amendments related to materiality and going concern)

The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The amendments related to materiality is effective from 1 April 2023. No effective date for the amendments related to going concern has been determined by the Minister of Finance. The entity will assess the impact of both amendments to the standard on its financial statements.

GRAP 25 - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. It is not

expected to have a material effect on the entity. Issued by the ASB in April 2021 and the effective date is 1 April 2023.

GRAP 103 - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements. This standard will replace the current GRAP 103. It is not expected to have a material effect on the entity. Issued by the ASB in June 2022 and no effective date has been determined by the Minister of Finance.

GRAP 104 - Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This standard will replace the current GRAP 104. The entity will assess the impact of the standard on its financial statements. Issued by the ASB in April 2021 and the effective date is 1 April 2025.

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ACCOUNTING POLICIES

GRAP 2020 - Improvements to the standards of GRAP 2020

The entity will assess the impact of the improvements to the standards of GRAP on its financial statements. Issued by the ASB in March 2020 and the effective date is 1 April 2023.

iGRAP 7 - Limit on defined benefit asset, minimum funding requirements and their interaction

This interpretation addresses issues in GRAP 25. It is not expected to have a material effect on the entity. Issued by the ASB in April 2021 and the effective date is 1 April 2023.

GRAP 21 - The effect of past decisions on materiality

This interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods. The entity will assess the impact of the interpretation on its financial statements. Issued by the ASB in June 2021 and the effective date is 1 April 2023.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual 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 or 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.

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ACCOUNTING POLICIES

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. 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 annual financial statements. Significant judgements include:

Fair value estimation

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

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Useful lives of assets

The entity assesses at each reporting date whether there is any indication that the entity expectations about 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 accordingly. The change is accounted for as a change in an accounting estimate.

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 11.

Effective interest rate

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

Allowance for doubtful debts

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ACCOUNTING POLICIES

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. An allowance for doubtful debt is raised for amounts owing in excess of 120 days.

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:

- 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.

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the 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.

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ACCOUNTING POLICIES

1.5 Property, plant and equipment (continued)

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

When an item of property, plant and equipment is revalued, any accumulated depreciation 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 derecognised.

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.

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ACCOUNTING POLICIES

1.5 Property, plant and equipment (continued)

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	4 - 10 years
Vessels	Straight-line	3 - 11 years
Furniture and fixtures	Straight-line	5 - 16 years
Motor vehicles	Straight-line	4 - 11 years
Office equipment	Straight-line	5 - 12 years
IT equipment	Straight-line	3 - 10 years

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 2).

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ACCOUNTING POLICIES

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.

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.

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ACCOUNTING POLICIES

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.

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	Straight-line	3 - 6 years

Intangible assets are derecognised:

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

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

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ACCOUNTING POLICIES

1.7 Financial instruments

A financial instrument is 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.

Derecognition 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 specified 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 specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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ACCOUNTING POLICIES

1.7 Financial instruments (continued)

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:

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

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

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

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

Interest rate risk 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.

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1.7 Financial instruments (continued)

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

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

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

- equity instruments or similar forms of unitised 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;

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1.7 Financial instruments (continued)

  - 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.

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset / liability measured at
amortised cost Receivables from non-exchange transactions	Financial asset / liability measured at
amortised cost Financial instruments	Financial asset / liability measured at fair
value	

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.

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.

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ACCOUNTING POLICIES

1.7 Financial instruments (continued)

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.

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 is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

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ACCOUNTING POLICIES

1.7 Financial instruments (continued)

Financial assets measured at cost:

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

Presentation

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

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

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

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 derecognition, the entity does not offset the transferred asset and the associated liability.

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ACCOUNTING POLICIES

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 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.

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

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

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

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

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

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

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ACCOUNTING POLICIES

1.10 Inventories (continued)

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

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

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

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

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

1.11 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 systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

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

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

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

ACCOUNTING POLICIES

1.11 Impairment of cash-generating assets (continued)

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.

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

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ACCOUNTING POLICIES

1.11 Impairment of cash-generating assets (continued)

future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and

- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

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 recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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1.11 Impairment of cash-generating assets (continued)

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

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1.11 Impairment of cash-generating assets (continued)

- zero.

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

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

Reversal of impairment loss

The entity 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.

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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.

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 cash- generating. 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:

1.12 Impairment of non-cash-generating assets (continued)

- 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 cash-generating 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.

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.

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

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1.12 Impairment of non-cash-generating assets (continued)

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 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

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ACCOUNTING POLICIES

1.12 Impairment of non-cash-generating assets (continued)

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 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)

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1.13 Employee benefits (continued)

that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

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

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 recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The 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.

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1.13 Employee benefits (continued)

The entity recognises 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.

Post-employment benefits: Defined contribution plans

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

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

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

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

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

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ACCOUNTING POLICIES

1.13 Employee benefits (continued)

assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises 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 recognises past service cost as an expense in the reporting period in which the plan is amended.

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

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

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

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

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

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ACCOUNTING POLICIES

1.13 Employee benefits (continued)

- 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 measures 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 determines 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 annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

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

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the

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ACCOUNTING POLICIES

1.13 Employee benefits (continued)

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 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.

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ACCOUNTING POLICIES

1.13 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.

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

1.14 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 material, 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 provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the 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 surplus.

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:

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ACCOUNTING POLICIES

1.14 Provisions and contingencies (continued)

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

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.

1.15 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-cancelable or only cancelable 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.

1.16 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 entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Revenue from exchange transactions include the following categories:

- Direct user charges
- Vessel management services
- SA Agulhas fees
- Government service fees

1.16 Revenue from exchange transactions (continued)

Measurement

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

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 services performed to date as a percentage of total services to be performed.

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.

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1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, 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.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, 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.

The main revenue from non-exchange transactions earned by the entity, is SAMSA levies, which are charged in terms of the SAMSA levies Act, 1998.

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

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ACCOUNTING POLICIES

1.17 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.

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.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 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.

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.

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1.19 Accounting by principals and agents Identification (continued)

- 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 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.

1.20 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 annual financial statements are recognised in surplus or deficit in the period in which they arise.

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

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency

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amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.21 Comparative figures

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

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year 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.

Fruitless and wasteful expenditure is recorded in the Annual Financial Statements when it is either:

- under assessment, determination, and investigation;
- transferred to receivables for recovery; or
- written off if it is not recoverable.

A separate register is maintained for historical fruitless and wasteful expenditure incurred in previous reporting periods and not addressed.

Refer to note 36 for details of fruitless and wasteful expenditure.

1.23 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

(a) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act.

Annexure A to the National Treasury instruction no. 4 of 2022/2023: PFMA Compliance and reporting framework requires the following:

For determining whether irregular expenditure occurred, the following must be present:

(a) expenditure incurred in contravention of, or not in accordance with legislation; and

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1.23 Irregular expenditure (continued)

(b) expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position (where expenditure is not reflected in the statement of financial performance). The earlier of an invoice or payment will trigger irregular expenditure for these transactions.

Irregular expenditure when incurred and confirmed is recorded in the annual financial statement disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- irregular expenditure incurred and confirmed in the previous financial year;
- irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year;
- irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year; and
- irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

1.24 Segment information

A segment is an activity of an entity:

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

SAMSA has only one reportable segment.

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

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1.24 Segment information (continued)

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.

1.25 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.

1.26 Budget information

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

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

South African Maritime Safety Authority (SAMSA)

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ACCOUNTING POLICIES

1.26 Budget information (continues)

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 1/04/2022 to 31/03/2023.

The annual 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 annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.27 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.

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ACCOUNTING POLICIES

1.27 Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person 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 annual financial statements.

1.28 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.

1.29 Rounding off

All figures in the financial statements were rounded off to the nearest thousand and are indicated by R'000.

1.30 Bad Debts

It is the policy of the Authority to handle each potential bad debt case or impairment allowance on merit. A provision is

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ACCOUNTING POLICIES

made for all debtors which are likely not going to be paid over to SAMSA, and is based on debtors older than 120 days. Where there is objective evidence and indications to the impairment of a debt, such debts are written off.

1.31 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, although the Authority is still liable for VAT on imported goods and services.

1.32 Prepayments

Prepayments are payments made in advance for products and services that have not been delivered for which SAMSA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

1.33 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	448	-	448	448	-	448
Buildings	4,935	(2,304)	2,631	4,935	(1,994)	2,941
Leasehold property	9,414	(8,842)	572	9,380	(8,292)	1,088
Furniture and fixtures	16,833	(13,453)	3,380	17,291	(12,965)	4,326
Motor vehicles	5,245	(4,894)	351	5,245	(4,596)	649
Office equipment	6,375	(5,022)	1,353	5,928	(4,589)	1,339
IT equipment	32,001	(28,313)	3,688	31,666	(27,690)	3,976
SA Agulhas - Ship	30,348	(30,184)	164	30,314	(29,506)	808
Total	**105,599**	**(93,012)**	**12,587**	**105,207**	**(89,632)**	**15,575**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	448	-	-	-	448
Buildings	2,941	-	-	(310)	2,631
Leasehold property	1,088	34	-	(550)	572
Furniture and fixtures	4,326	112	(10)	(1,048)	3,380
Motor vehicles	649	-	-	(298)	351
Office equipment	1,339	663	(2)	(647)	1,353
IT equipment	3,976	2,058	(3)	(2,343)	3,688
SA Agulhas - Ship	808	34	-	(678)	164
	15,575	**2,901**	**(15)**	**(5,874)**	**12,587**

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	**448**	**-**	**-**	**-**	**448**
Buildings	**3,252**	-	-	(311)	**2,941**
Leasehold property	**2,153**	-	-	(1,065)	**1,088**
Furniture and fixtures	**5,258**	273	(30)	(1,175)	**4,326**
Motor vehicles	**469**	556	-	(376)	**649**
Office equipment	**1,874**	69	(2)	(602)	**1,339**
IT equipment	**4,793**	1,794	(28)	(2,583)	**3,976**
SA Agulhas - Ship	**1,482**	-	-	(674)	**808**
	19,729	2,692	(60)	(6,786)	15,575

Pledged as security

No assets are pledged as security.

Revaluations

Land and buildings are re-valued independently every 5 years. No revaluations were done during the current financial year. Land and buildings were last valued in 2021.

The effective date of the revaluations was Wednesday, 31 March 2021. Revaluations were performed by independent valuer, Mr Stow (Professional Valuer, SACPVP Reg. No. 6651/0), of Spectrum Valuation & Asset Solutions (Pty) Ltd. Spectrum Valuation & Asset Solutions (Pty) Ltd is not connected to the entity.

The valuation was performed using the income capitalised method, and the following assumptions were used:

Capitalisation rate: 10.3%

Comparable rentals: R125 per square meter

Expenditures: 16.8%; R16.19 per square meter

Area vacancies: 3%.

These assumptions were based on current market conditions at the time of valuation.

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	2023 R '000	2022 R '000
2. Property, plant and equipment (continued)		
Details of properties		
East London office		
Terms and conditions		
- Purchase price: 1 December 2008	4,334	4,334
- Additions since purchase or valuation	1,050	1,050
	5,384	**5,384**

	2023	2022
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	1	1
Leasehold property	100	219
Furniture and fixtures	2	28
Motor vehicles	251	18
Office equipment	221	43
IT equipment	381	119
SA Agulhas - ship	304	1,373
	1,260	**1,801**

A register containing the information required by the PFMA is available for inspection at the registered office of the entity.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, other	17,308	(17,082)	226	17,387	(16,983)	404

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software, other	404	9	(187)	-	226

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software, other	23	550	(16)	(153)	404

	2023	2022
4. Inventories		
Finished goods	436	298
Inventories recognised as an expense during the year	106	131

This represents the seafarer record books that are used by SAMSA in its course of business and in line with the certifications and accreditations it provides.

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	2023 R '000	2022 R '000

5. Receivables from exchange transactions

	2023	2022
Trade debtors	5,853	5,085
Deposits	2,142	2,339
Sundry receivables	171	200
Maritime Fund receivables	1,157	66
Provision for doubtful debt	(1,087)	(1,148)
Staff debtors	156	14
Discounting of receivables	(409)	(352)
	7,983	6,204
Statutory receivables included in receivables from exchange transactions above are as follows:		
Direct User Charges	5,019	3,744
Financial asset receivables included in receivables from exchange transactions above	2,964	2,460
Total receivables from exchange transactions	7,983	6,204

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 19 March 2021, effective from 1 April 2021 until 31 January 2023, and the Determination of charges issued on 6 January 2023, effective from 1 February 2023.

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 2023, the following amounts were past due but not impaired.

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

	2023	2022
1 month past due	327	238
2 months past due	158	224
3 months past due	61	42

Trade and other receivables provisions

As of 31 March 2023, a portion of trade and other receivables were impaired and provided for.

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	2023 R '000	2022 R '000

5. Receivables from exchange transactions (continued)

The carrying amount of trade and other receivables are denominated in the following currencies:

	2023	2022
Rand	7,983	6,204
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	(1,148)	(700)
Provision for impairment	(300)	(448)
Amounts written off as uncollectible	361	-
	(1,087)	**(1,148)**

6. Receivables from non-exchange transactions

	2023	2022
SAMSA Levies	39,216	49,616
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
SAMSA Levies	39,216	49,616
Total receivables from non-exchange transactions	39,216	49,616

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 Authority 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 19 March 2021, implemented with effect from 1 April 2021 until 31 December 2022, and the Determination of levies issued on 15 December 2022, implemented with effect from 1 January 2023.

Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables older than 120 days have been impaired

The carrying amount of other receivables from non-exchange transactions are denominated in the following currencies:

	2023	2022
Rand	**39,216**	**49,616**

7. Prepayments

The amounts 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 with Treasury Regulations.

The prepayments were for goods and services which had been paid for but not yet delivered or provided respectively, consisting mainly of software licenses and insurance for the assets and resources of the entity. The decrease in the balance is due to lower software licenses prepaid amounts.

	2023	2022
Prepayments	11,401	13,937

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	2023 R '000	2022 R '000

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023 R '000	2022 R '000
Cash on hand	47	76
Bank balances	228,808	165,178
	228,855	**165,254**

Cash and cash equivalents held by the entity that are not available for use by the economic entity

	2023 R '000	2022 R '000
Maritime Fund	36,846	29,680
MLRF funds	89,103	71,892
Unspent conditional grants and receipts	5,003	5,004

The bank balances consist of current accounts and call accounts.

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2023 R '000	2022 R '000
Credit rating		
BB- (ABSA)	227,679	164,297
BB- (FNB)	1,129	881
	228,808	165,178

9. Payables from exchange transactions

	2023 R '000	2022 R '000
Trade payables	13,395	9,554
Lease liability	3,222	7,103
Accrued leave pay	28,491	25,147
Other payables	19,369	19,042
Creditors discounting	(122)	(72)
Travel credit card	635	629
Other Creditors - MLRF	73,025	64,211
	138,015	125,614

10. Taxes and transfers payable (non-exchange)

	2023 R '000	2022 R '000
Maritime Fund revenue received in advance	559	1,783

The funds for non-exchange transactions were collected for the Maritime Fund fines and penalties, but the cases have not been finalised as yet, or the appeal period of three (3) months has not lapsed at year-end.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The entity operates a defined benefit plan for qualifying employees. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out in March 2023 by Arch Actuarial Consulting Actuaries. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

The amounts recognised in the statement of financial position are as follows:

	2023 R '000	2022 R '000
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(8,317)	(8,366)
Non-current liabilities	(7,670)	(7,839)
Current liabilities	(647)	(527)
	(8,317)	**(8,366)**

	2023 R '000	2022 R '000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	8,366	8,143
Net expense recognised in the statement of financial performance	(49)	223
	8,317	**8,366**

	2023 R '000	2022 R '000
Net expense recognised in the statement of financial performance		
Current service cost	115	124
Interest cost	828	820
Actuarial (gains) losses	(437)	(237)
Expected employer payments / (benefits)	(555)	(484)
	(49)	**223**

Calculation of actuarial gains and losses

	2023 R '000	2022 R '000
Actuarial (gains) losses – Obligation	(437)	(237)

Key assumptions used

Assumptions used at the reporting date:

	2023	2022
Average retirement age	65.00	65.00
Discount rates used	11.19 %	10.21 %
Medical cost trend rates	6.76 %	6.54 %
Expected increase in salaries	4.00 %	4.00 %
Continuation of membership at retirement	100.00 %	100.00 %
In service members	9.00	11.00

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	2023	2022
	R '000	R '000

11. Employee benefit obligations (continued)

Other assumptions

Amounts for the current and previous four years are as follows:

	2023 '000	2022 '000	2021 '000	2020 '000	2019 '000
Defined benefit obligation	8,317	8,366	8,143	7,929	9,855
Surplus (deficit)	(8,317)	(8,366)	(8,143)	(7,929)	(9,855)
Experience adjustments on plan liabilities	242	59	(900)	(599)	203

Defined contribution plan

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		1,767	6,550	8,317	- %
Health care inflation	+1%	1,963	6,738	8,701	5 %
	-1%	1,542	6,339	7,881	(5)%
Discount rate	+1%	1,479	6,075	7,554	(9)%
	-1%	2,131	7,100	9,231	11 %
Post retirement mortality	+1 yr	1,718	6,327	8,045	(3)%
	-1 yr	1,816	6,774	8,590	3 %
Average retirement age	-1 yr	1,930	6,550	8,480	2 %
Membership continuation at retirement	-10%	1,609	6,550	8,159	(2)%
		15,955	59,003	74,958	2 %

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	2023	2022
	R '000	R '000

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:

	2023 R '000	2022 R '000
Unspent conditional grants and receipts		
Office of the Premier: Eastern Cape	5,003	5,004
Movement during the year		
Balance at the beginning of the year	5,004	5,005
Income recognition during the year	(1)	(1)
	5,003	**5,004**

These amounts are invested in a ring-fenced investment until utilised.

13. 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 years.

	2023 R '000	2022 R '000
Opening balance	**1,127**	**1,127**

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	2023 R '000	2022 R '000

14. Change in accounting estimates

The useful lives of all the asset classes have been reviewed 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:

Statement of Financial Performance and Statement of Financial Position	2023	Future periods
Motor vehicles: Accumulated depreciation	28	(28)
Motor vehicles: Depreciation	(28)	28
Leasehold improvements: Accumulated depreciation	167	(167)
Leasehold improvements: Depreciation	(167)	167
Equipment: Accumulated depreciation	18	(18)
Equipment: Depreciation	(18)	18
Computer equipment: Accumulated depreciation	490	(490)
Computer equipment: Depreciation	(490)	490
Furniture & fittings: Accumulated depreciation	73	(73)
Furniture & fittings: Depreciation	(73)	73
Computer software: Accumulated amortisation	1	(1)
Computer software: Amortisation	(1)	1
	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R '000	2022 R '000

15. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

	2023	2022
Direct user charges	58,122	52,089
Vessel management services - MLRF	234,052	198,943
SA Agulhas fees	259	3,794
Government service fees	16,721	16,122
	309,154	**270,948**

The amount included in revenue arising from non-exchange transactions is as follows:

	2023	2022
Taxation revenue		
SAMSA Levies	312,229	314,517
Grant revenue	1	1
Transfer revenue		
Fines, Penalties and Forfeits	7,649	5,677
	319,879	**320,195**

Invoices for which no charges were levied

In line with Regulation 70 of the Determination of Charges (Government Notice 44293 of 19 March 2021), SAMSA waived charges (revenue of the entity) amounting to R782 007 (2021/22: R538 102).

16. Cost of sales

	2023	2022
Sale of goods		
Cost of goods sold	**106**	**131**

17. Other Income

	2023	2022
Discount received	-	4
Decrease / (Increase) in provision for doubtful debts	61	(449)
Decrease / (Increase) in post retirement medical liability	49	(223)
TETA contributions	656	442
Credit balances prescribed	162	491
Gain on exchange differences	-	1,017
Gain or loss on disposal of assets and liabilities	2	-
	930	**1,282**

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		2023	2022
		R '000	R '000

18. Operating expenses

		2023	2022
Advertising		1,748	661
Auditors remuneration	21	8,193	7,381
Bank charges		407	395
Debt Impairment		361	-
Cleaning		467	578
Commission paid		8,976	9,049
Computer expenses		5,811	3,903
Consulting and legal fees		13,642	13,318
Discount allowed		2,269	-
Donations		-	375
Entertainment		1	1
Insurance		2,303	1,982
Conferences and seminars		148	82
Lease charges		470	616
Motor vehicle expenses		830	683
Recruitment and relocation costs		475	3,889
Publications		2,436	1,366
Postage and courier		153	97
Printing and stationery		4,463	4,682
Protective clothing		100	123
Repairs and maintenance		2,789	558
Lease rentals on operating lease	22	37,828	36,548
Research and development costs		1,653	800
Office security		1,633	1,606
Staff welfare		448	437
Subscriptions and membership fees		425	296
Telephone and fax		3,465	3,170
Parking expenses		1	1
Training		1,349	1,641
Travel - local		8,174	4,877
Travel - overseas		426	-
Partnership programme		1	1
Loss on disposal of assets		-	75
Water and electricity		3,999	4,273
Uniforms		9	-
SA Agulhas costs		4,881	6,086
Board remuneration and expenses		2,157	2,009
Vessel management expenses - MLRF		122,435	87,981
Bouquets and wreaths		165	167
Library books		20	63
Licences		13,067	11,894
Projects		75	318
Mileage claims and surveyor costs		1,432	1,518
Implementation costs		800	981
VAT on imports		159	517
Scholarship programme		2,662	4,889
Other expenses		26	47
Gain or loss on exchange differences		468	-
		263,800	**219,934**

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	2023	2022
	R '000	R '000

19. Employee related costs

	2023	2022
Basic	197,227	199,314
Medical aid	2,999	2,961
UIF	673	685
WCA	427	565
SDL	2,170	2,146
Leave pay provision charge	1,759	1,721
Cell phone allowance	1,838	1,834
Defined contribution plans	19,375	19,949
Long-service awards	263	253
13th Cheques	16,969	17,295
Car allowance	416	416
Housing benefits and allowances	158	158
Crew salaries - MLRF	85,684	84,449
	329,958	**331,746**
Average number of employees		
SAMSA	324	339
MLRF	163	160
	487	**499**

20. Depreciation and amortisation

	2023	2022
Property, plant and equipment	5,874	6,786
Intangible assets	187	153
	6,061	**6,939**

21. Auditors' remuneration

	2023	2022
Fees	6,766	6,762
Consulting	-	114
Internal audit fees	1,427	505
	8,193	**7,381**

22. Operating lease

Premises

	2023	2022
Contractual amounts	**37,828**	**36,548**

Office Buildings

Cape Town

The entity entered into a lease agreement with Spear One for Cape Town offices. The initial lease agreement is for 5 (five) years which commenced on 1 March 2022. The termination date is 28 February 2027 with an escalation rate of 7% per annum.

Cape Town - DCOO Office

The entity entered into a lease agreement with Spear One for Cape Town offices. The initial lease agreement is for 5 (five) years which commenced on 1 March 2022. The termination date is 28 February 2027 with an escalation rate of 7% per annum.

South African Maritime Safety Authority (SAMSA)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Operating lease (continued)

Cape Town - MRCC

The entity entered into a lease agreement for part of Tyger Hills Office Park with Parkdev. Initial lease period is for 5 (five) years which commenced on the 1 February 2018 and expired on 31 January 2023. The contract was renewed for a further 5 (five) years which commenced on 1 February 2023. The termination date is 31 January 2028 with an escalation rate of 8% per annum.

Durban

The entity entered into a lease agreement with Old Mutual Life Assurance Company (SA) Ltd for its offices in Durban. The initial lease is for 5 (five) years which commenced on 1 October 2016. The termination date is 30 September 2021 with an escalation rate of 6.5% per annum. The entity is currently on a month to month lease as the entity is in the process to conclude a new lease agreement.

Gqeberha

The entity entered into a lease agreement with Rickett Sales for Gqeberha port office, the initial lease period is for 5 years which commenced on 1 June 2018 and the termination date is 31 May 2023 with the escalation of 7% per annum.

Gqeberha Regional

The entity entered into a lease agreement with Rickett Sales SA (Pty) Ltd for premises in Gqeberha to house the regional office. The initial lease period is five years which commenced on 1 July 2018 and the termination date is 30 June 2023. The escalation percentage in the lease agreement is 7% per annum.

Mossel Bay

The entity entered into a lease agreement with Plaza Aquada cc. The initial lease agreement is for 3 (three) years which commenced on 1 February 2022. The termination date is 31 January 2025 with an escalation rate of 6% per annum.

Port Nolloth

The entity entered into a lease agreement with South African Post Office SOC Limited, the initial lease agreement is for 5 (five) years which commenced on 1 October 2022. The termination date is 30 September 2027 with an escalation rate of 8% per annum.

Port St Johns

The entity 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 1 January 2020. The termination date was 31 December 2022 with an escalation rate of 8% per annum. The contract was not renewed.

Pretoria

The entity 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.

Richards Bay

The entity entered into a lease agreement with Tuzi Gazi Waterfront (Pty) Ltd, the initial lease agreement is for 5 (five) years which commenced on 1 August 2022. The termination date is 31 July 2027 with no escalation.

South African Maritime Safety Authority (SAMSA)

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	2023 R '000	2022 R '000

22. Operating lease (continued)

Saldanha

The entity entered into a lease agreement with National Port Authority for its offices in Saldanha Bay. The initial lease was for 5 (five) years which commenced on 1 October 2014 and expired on 30 September 2019. National Treasury has approved an extension of the contract for a 5 (five) year period. The entity has entered into a contract with NPA which expires on 31 March 2024.

	2023 R '000	2022 R '000
Future minimum lease rentals payable under non-cancelable leases as at 31 March 2023 are as follows:		
Up to 1 year	17,809	35,512
2 to 5 years	31,024	53,417
	48,833	**88,929**

Office Equipment

The entity 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.

	2023 R '000	2022 R '000
Future minimum lease rentals payable under non-cancelable leases on equipment as at 31 March 2023 are as follows:		
Up to 1 year	29	77
2 to 5 years	-	19
	29	**96**

23. Investment revenue

	2023 R '000	2022 R '000
Interest revenue		
Bank	**8,291**	**2,562**

The full amount included in Investment revenue arose from exchange transactions.

24. Fair value adjustments

	2023 R '000	2022 R '000
Fair value - creditors	49	(14)
Fair value - debtors	(57)	(69)
	(8)	**(83)**

25. Finance costs

	2023 R '000	2022 R '000
Trade and other payables	**32**	**28**

These finance costs are related to trade and other payables.

South African Maritime Safety Authority (SAMSA)

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	2023 R '000	2022 R '000

26. Cash generated from operations

	2023 R '000	2022 R '000
Surplus	**38,289**	**36,126**
Adjustments for:		
Depreciation and amortisation	6,061	6,939
Movements in retirement benefit assets and liabilities	(49)	223
(Profit) / Loss on disposal of assets	(2)	75
Changes in working capital:		
Inventories	(138)	117
Receivables from exchange transactions	(1,779)	3,312
Other receivables from non-exchange transactions	10,400	(5,548)
Prepayments	2,536	(3,091)
Payables from exchange transactions	12,401	49,968
VAT	-	(565)
Taxes and transfers payable (non-exchange)	(1,224)	1,501
Unspent conditional grants and receipts	(1)	(1)
	66,494	**89,056**

27. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	Atamortised cost	Total
Trade and other receivables from exchange transactions	8,350	8,350
Other receivables from non-exchange transactions	39,216	39,216
Cash and cash equivalents	228,855	228,855
	276,421	**276,421**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	138,015	138,015
Taxes and transfers payable (non-exchange)	559	559
	138,574	**138,574**

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	6,081	6,081
Other receivables from non-exchange transactions	49,738	49,738
Cash and cash equivalents	165,254	165,254
	221,073	**221,073**

South African Maritime Safety Authority (SAMSA)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R '000	2022 R '000

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	125,613	125,613
Taxes and transfers payable (non-exchange)	1,783	1,783
	127,396	127,396

28. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity 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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables 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:

Financial instrument	2023	2022
Cash and cash equivalents	228,855	165,254
Trade and other receivables	47,199	55,820

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis.

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R '000	2022 R '000

29. Commitments

	2023 R '000	2022 R '000
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure - SAMSA	72,023	106,058
• Expenditure - MLRF	111,335	84,107
	183,358	**190,165**
Total operational commitments		
Already contracted for but not provided for	183,358	190,165

This committed expenditure relates to operational expenditure in future financial periods and will be financed by available retained surpluses, existing cash resources and funds internally generated.

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 combined summons was issued against SAMSA by a supplier for breach of a Heads of Agreement between SAMSA and the supplier. The supplier has instituted a legal claim in the amount of R10.6 million and ancillary costs. SAMSA has filed court papers with the intention to defend the claim. It is not possible at this stage to estimate the outcome of the matter.

SAMSA entered into a rebate agreement with a shipping company whereby the company will place cadets on their cruise ships, and will in turn receive rebates on the SAMSA levies. SAMSA queried the requested rebate for the financial year, as no evidence was provided for placements of cadets as per the signed MoU. This issue has not been finalised and the amount payable is estimated at R0.3 million.

Five (5) former SAMSA employees have lodged claims at the CCMA against SAMSA. It is estimated that the possible claims, if successful, will not exceed R5.6 million. It is not yet possible to ascertain the likelihood of the claim being successful.

Surrender of surpluses

The entity annually declares all surpluses or deficits to National Treasury from the period 1 August to 30 September of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The entity submits requests to National Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate.

Failure by the entity to submit a surplus retention request to National Treasury by 30 September each year will result in the entity having to surrender the surplus to the relevant Revenue Fund by 30 November, unless there has been a delay in the finalisation of the audit.

In the case of a delay in the finalisation of the audit –

(a) a letter is sent to National Treasury by the 30th September explaining the delay.

(b) a surplus retention request is submitted to National Treasury within 30 days of finalising the audit.

South African Maritime Safety Authority (SAMSA)

Annual Financial Statements for the year ended 31 March 2023

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	2023 R '000	2022 R '000

31. Related parties

SAMSA is a Schedule 3A public entity in terms of the Public Finance Management Act (Act 1 of 1999, as amended) and reports to the Department of Transport. It therefore has a number of related parties including other public entities reporting to the Department of Transport.

During the year, the entity 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 entity and the department respectively. Fees for those services received from the department amounted to R16.7 million in the current financial year (2021/22: R16.1 million).

The entity 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 R312.2 million (2021/22: R314.5 million). Commission charged on the transactions amounted to R9.0 million (2021/22: R9.0 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 entity has a contract with the Marine Living Resources Fund (MLRF), under the auspices of the Department of Forestry, Fisheries and the Environment (DFFE) for the management of their vessels. A management fee of R29.0 million (2021/22: R27.7 million) was received during the financial year.

Related party balances

Related party balances - Owing (to) by related parties

	2023 R '000	2022 R '000
Transnet National Ports Authority (TNPA)	39,216	49,616
Marine Living Resources Fund (MLRF)	(73,025)	(64,211)
Department of Transport (DoT)	318	190

The balances for MLRF excludes the effect of the purchase order commitments related to the MLRF agreement, which will reduce the amount payable by R12.4 million (2021/22: R9.4 million). The net amount payable, taking the commitments into account, will be (R60.6 million) (2021/22: (R54.8 million)).

Amounts included in Trade receivable (Trade Payable) regarding related parties

	2023 R '000	2022 R '000
Transnet National Ports Authority (TNPA)	39,216	49,616
Department of Transport (DoT)	196	190
Commitments with related parties		
Transnet National Ports Authority (TNPA)	1,297	118

South African Maritime Safety Authority (SAMSA)

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32 Management Emoluments

Executive Management 2023

	Basic salary	Cellphone allowance	Pension paid		Acting allowance	Travel allowance	13th cheque	Long service award	Other	Total
S Tilayi - Chief Operations Officer	2,175	38	409		-	60	221	-	18	2,921
B A Ramahlo - Executive: Policy, Legal and Regulations	1,934	25	218		-	4	179	-	19	2,379
I Calvert - Executive: Maritime Special Projects (Deceased Jan 2023)	1,244	20	254		-	-	193	5	261	1,977
M V Raphadu - Company Secretary (Dismissed Dec 2022)	1,422	19	265		-	-	206	-	383	2,295
Z Chonco - Chief Financial Officer (Acting CEO from 1 Apr 2022 - 30 Nov 2022)	1,516	25	284		233	-	150	-	17	2,225
N Ramugondo - Chief Information Officer (Acting CEO from 1 Dec 2022 - 31 Mar **2023)**	1,393	25	262		107	-	139	-	17	1,943
L Mashishi - Chief Human Capital Officer	1,742	25	197		-	-	163	-	18	2,145
V F Keller - Deputy Chief Operations Officer	1,709	25	320		66	3	169	3	18	2,313
V G September - Executive: Corporate Affairs	1,496	25	168		162	-	139	-	18	2,008
R Shortt - Acting Executive: Maritime Special Projects (Jan 2023 - Mar 2023)	328	3	-		60	-	101	-	-	492
Total	**14,959**	**230**	**2,377**		**628**	**67**	**1,660**	**8**	**769**	**20,698**

South African Maritime Safety Authority (SAMSA)

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32 Management Emoluments

Executive Management 2022

	Basic salary	Cellphone allowance	Pension paid		Acting allowance	Travel allowance	13th cheque	Long service award	Other	Total
S Tilayi - Chief Operations Officer	2,100	38	406		-	60	215	-	-	2,819
B A Ramahlo - Executive: Policy, Legal and Regulations	1,873	25	216		-	2	174	-	1	2,291
I Calvert - Executive: Maritime Special Projects	1,578	25	305		63	-	158	-	-	2,129
M V Raphadu - Company Secretary	1,835	25	353		-	-	182	5	-	2,400
Z Chonco - Chief Financial Officer	1,466	25	281		-	-	146	-	-	1,918
N Ramugondo - Chief Information Officer	1,346	25	260		-	-	135	-	-	1,766
L Mashishi - Chief Human Capital Officer	1,687	25	196		-	-	158	-	-	2,066
V F Keller - Depute Chief Operations Officer	1,653	25	317		296	-	164	-	-	2,455
V G September - Executive: Corporate Affairs	1,450	25	167		54	-	135	-	-	1,831
Total	**14,988**	**238**	**2,501**		**413**	**62**	**1,467**	**5**	**1**	**19,675**

South African Maritime Safety Authority (SAMSA)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Management Emoluments (continued)

Non-executive

2023

	Members' fees	Committees' fees	Total
Board members:			
N Minyuku (Chairperson)	250	50	300
T Morwe	47	10	57
L N Dlamini	187	79	266
L Haluodi	187	96	283
E D Khosa	187	89	276
B C Zulu	187	119	306
Audit and Risk Committee members:			
M R Burton	-	160	160
S F Mkhize	-	57	57
R G Nicholls	-	57	57
RemCo members:			
V L Mthethwa	-	29	29
K Morobe	-	48	48
P M Mthethwa	-	10	10
L Ndziba	-	57	57
MIC members:			
J M Marillier	-	38	38
I I S Motau	-	38	38
Finance and IT Committee members:			
P Dala	-	38	38
F Docrat	-	88	88
M D Nkhabu	-	48	48
Total	**1,045**	**1,111**	**2,156**

South African Maritime Safety Authority (SAMSA)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Management Emoluments (continued)

Non-Executive

2022

	Members' fees	Committees fees	Total
Board Members			
N Minyuku (Chairperson)	250	40	290
L N Dlamini	187	77	264
L Haluodi	187	96	283
E D Khosa	187	70	257
B C Zulu	187	118	305
Audit and Risk Committee members:			
M R Burton	-	138	138
S F Mkhize	-	57	57
R G Nicholls	-	57	57
RemCo members:			
V L Mthethwa	-	29	29
K Morobe	-	38	38
L Ndziba	-	38	38
MIC members:			
J M Marillier	-	38	38
I I S Motau	-	38	38
Finance and IT Committee members:			
P Dala	-	38	38
F Docrat	-	98	98
M D Nkhabu	-	38	38
	998	**1,008**	**2,006**

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:

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated
Accumulated Surplus		(73,046)	(222)	(73,268)

2022

	Note	As previously reported	Correction of errors	Restated
Trade receivables		5,200	(115)	5,085
Deposits held		2,338	1	2,339
Staff debtors		27	(13)	14
Receivables: Non-exchange		47,295	2,321	49,616
Trade payables		(8,986)	(568)	(9,554)
Accrued leave pay		(20,734)	(4,413)	(25,147)
Lease liability		(7,883)	780	(7,103)
Other payables		(19,202)	160	(19,042)
Other creditors - MLRF		(67,802)	3,591	(64,211)
Accumulated surplus		(107,650)	(1,744)	(109,394)
		(177,397)	**-**	**(177,397)**

Statement of financial performance
2022

	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions		267,375	3,573	270,948
Revenue from non-exchange transactions		317,813	2,382	320,195
Cost of sales		(131)	-	(131)
Other income		1,282	-	1,282
Operating expenses		(220,109)	175	(219,934)
Employee costs		(327,142)	(4,604)	(331,746)
Depreciation and amortisation		(6,939)	-	(6,939)
Other non-operating items		2,455	(4)	2,451
Surplus for the year		**34,604**	**1,522**	**36,126**

33. Prior-year adjustments (continued)

Adjustments

The main causes of the prior-year adjustments were as follows:

- Crew leave accrual adjustment.
- Expenses not accrued for in prior years.
- Older items on control accounts not cleared.

34. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R147.7 million and that the entity's total assets exceed its liabilities by R148.8 million.

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

The effects of the Covid-19 pandemic and resulting lock-down period are still being felt by the entity. The revenue volumes have not recovered to the levels prior to the pandemic. This was off-set by the tariff increase implemented in January 2023, additional revenue streams implemented by the entity, as well as the continued cost containment measures. The cost containment measures are, however, not sustainable, as it is impacting on the ability of the entity to service its mandate.

The effects of loadshedding and inefficiencies at the various ports have also negatively affected shipping volumes to South Africa, which in turn impacts negatively on the SAMSA levies.

The entity has applied for a multi-year tariff increase for the 2023/24 - 2025/26 financial years, which is still pending approval. The approval of the this request will greatly assist with easing the financial pressures.

35. Events after the reporting date

Cyber-attack:

On 17 April 2023 SAMSA reported the discovery of a compromise to its ICT environment through unauthorized access which negatively impacted the entire ICT environment and the entire SAMSA operations.

Following discovery of the incident, business continuity plans were invoked to ensure continuity of services. The response to the cyber incident was executed in line with the adopted Cyber Incident Management Process which provides processes for containment, eradication and restore of services with the need to have the incident properly investigated.

Access to the financial system was restored during the first week of June 2023 and resulted in a delay in the finalisation of the financial statements. As the incident occurred after year-end, there was no financial impact in the 2022/23 financial year.

The integrity of the financial information on the financial system was checked and it was concluded that no financial information was lost or impacted as a result of the incident.

Summons received:

SAMSA received a summons in July 2023 for approximately R44 million relating to bunkering activities. The validity of the summons is being legally assessed. At this stage SAMSA does not estimate any financial impact as a result of the summons.

36. Irregular expenditure and Fruitless and wasteful expenditure

Information regarding the opening balances of the irregular expenditure and fruitless and wasteful expenditure is included on the Annual Report.

South African Maritime Safety Authority (SAMSA)

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	2023 R '000	2022 R '000
36. Irregular expenditure and Fruitless and wasteful expenditure (continued)		
Irregular expenditure	11,476	24,473
Irregular expenditure - MLRF	1,762	6,072
Fruitless and wasteful expenditure	32	42
Fruitless and wasteful expenditure - MLRF	-	16
	13,270	**30,603**
Restatement of prior period balances		
Previously stated	-	23,171
Restatement - first-time application of National Treasury Instruction No. 4	-	209
Restatement - incurred in prior year, identified in current year	-	1,093
	-	**24,473**

Disciplinary steps taken/criminal proceedings

The investigation of the current and previous year irregular expenditure and fruitless and wasteful expenditure has been completed after year-end. Management is considering the investigation report, and will commence with the request for condonement and consequence management.

37. Reconciliation between budget and statement of financial performance

Material variances are explained in Appendix 1 to the annual financial statements. Reconciliation of budget surplus with the surplus in the statement of financial performance:

	2023 R '000	2022 R '000
Net surplus per the statement of financial performance	38,289	36,126
Adjusted for:		
Prior-year adjustments	-	(1,522)
Fair value adjustments	8	83
(Decrease) / increase in provision for doubtful debt	(61)	449
Loss / (gain) on foreign exchange	468	(1,017)
Overspending on expenditure	112,481	13,310
Over recovery of income	(146,216)	(45,794)
Net (income) / expense - Post retirement medical aid	(49)	223
Sundry income	(164)	(367)
Net surplus per approved budget	**4,756**	**1,491**

South African Maritime Safety Authority (SAMSA)

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	2023 R '000	2022 R '000

38. Accounting by principals and agents

The entity is a party to a principal-agent arrangement. The arrangement is with Transnet National Ports Authority (TNPA). The entity is the principal in this arrangement.

Details of the arrangment(s) is|are as follows:

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 principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent. There are no resources that have been recognised by the agent in its financial statements.

Fee paid

	2023	2022
Fee paid as compensation to the agent	8,976	9,049

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.

39. Guarantees

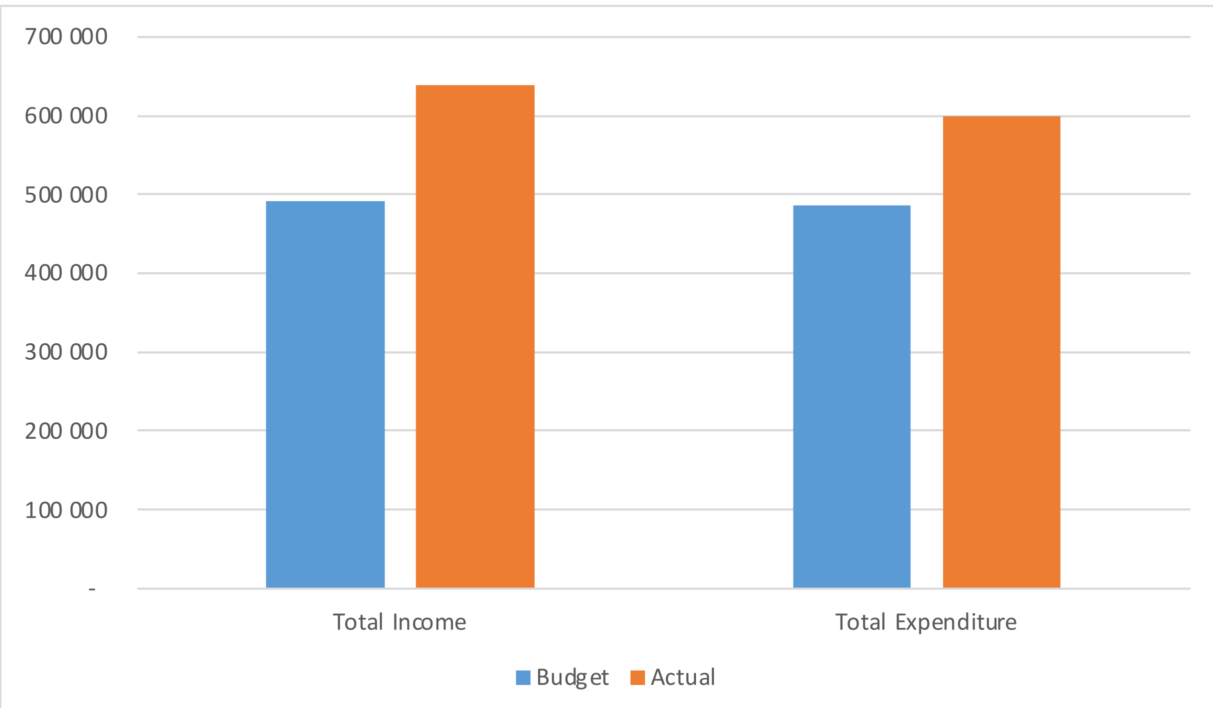
Description	2023	2022
81059816160 SA Mutual Life Assurance	36	36
81059928877 Lofty Nel Properties	3	3
81059928876 Tuzi Gazi Waterfront	5	5
81059926905 Portnet Saldanha	3	3
	47	47

APPENDIX 1 TO THE ANNUAL FINANCIAL STATEMENTS

SOUTH AFRICAN MARITIME SAFETY AUTHORITY (SAMSA)
BUDGET VARIANCES – EXPLANATION FOR THE PERIOD ENDED 31 MARCH 2023

1. Summary

	Budget R'000	Actual R'000	Variance R'000	Variance %
Total Income	491 764	639 503	147 739	30.0%
Total Expenditure	487 008	598 835	(111 827)	(23.0%)



1. Total Income

Total income of R639.5 million was 30.0% higher than the budget. This was mainly due to the inclusion of the MLRF contract in the actual results. The only revenue included in the budget for MLRF was the management fee, to the amount of R30.2m. The total revenue recognized on the MLRF contract was R234.0 million.

The remainder of the revenue was mainly lower than budget, due to the following:

1.1 SAMSA levies

SAMSA levies were R45.2 million (12.6%) below budget. Vessel tonnages were 10.0% below budget. The volumes remain lower than pre-Covid-19 levels. The shortfall was further caused by the late approval of tariff increases.

1.2 Direct user charges

Direct user charges were R5.1 million (9.6%) higher than budget. This was due to increased volumes, as well as additional revenue streams implemented.

1.3 SA Agulhas 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, and a decision was taken to dispose of the vessel. The lower revenue is partially off-set by savings on variable cost such as fuel and catering.

1.4 Fines & penalties

Fines & penalties relates to amounts paid to the Maritime Fund, which is not budgeted for.

2. Total Expenditure

The total actual expenditure was R111.8 million (23.0%) higher than budget. This is again mainly due to the inclusion of the MLRF vessel management expenses in the SAMSA results. The total MLRF expense amounted to R208.1 million, with no corresponding budget. If this is excluded, the remaining SAMSA expenditure was R95.0 million (19.5%) below budget.

The reasons for the over and under expenditure in different cost line items are analysed below:

2.1 Personnel

Personnel cost was slightly higher than budget, but the actuals includes R85.7 million related to the MLRF vessel crew costs. Excluding the above, a saving of R63.8 million was realised against budget. This was mainly due to vacancies during the financial year.

2.2 Commission paid

The commission paid is lower than budget due to the lower SAMSA levies for the year.

2.3 SA Agulhas costs

The SA Agulhas cost was R10.0 million lower than budget. This was due to less activity during the year, resulting in lower costs.

2.4 Legal fees

Legal fees were R3.1 million higher than budget. The budget for legal fees is an estimate based on historic costs. The current year legal requirements were higher than the past.

2.5 Licenses and computer expenses

Licenses and computer expenses were R7.1 million higher than budget. This is due to various software licenses procured or renewed during the year, including Microsoft licenses and additional security licences following the ransomware attack experienced in April 2021.

2.6 Printing and stationery

Printing and stationery cost was R1.0 million higher than budget. This was due to increased printing requirements in Certification.

2.7 Travel and accommodation

Local travel and accommodation was R1.0 million lower than budget, while overseas travel and accommodation was R2.5 million lower than budget. This was due to continuing cost containment measures.

2.8 Cost containment and optimisation

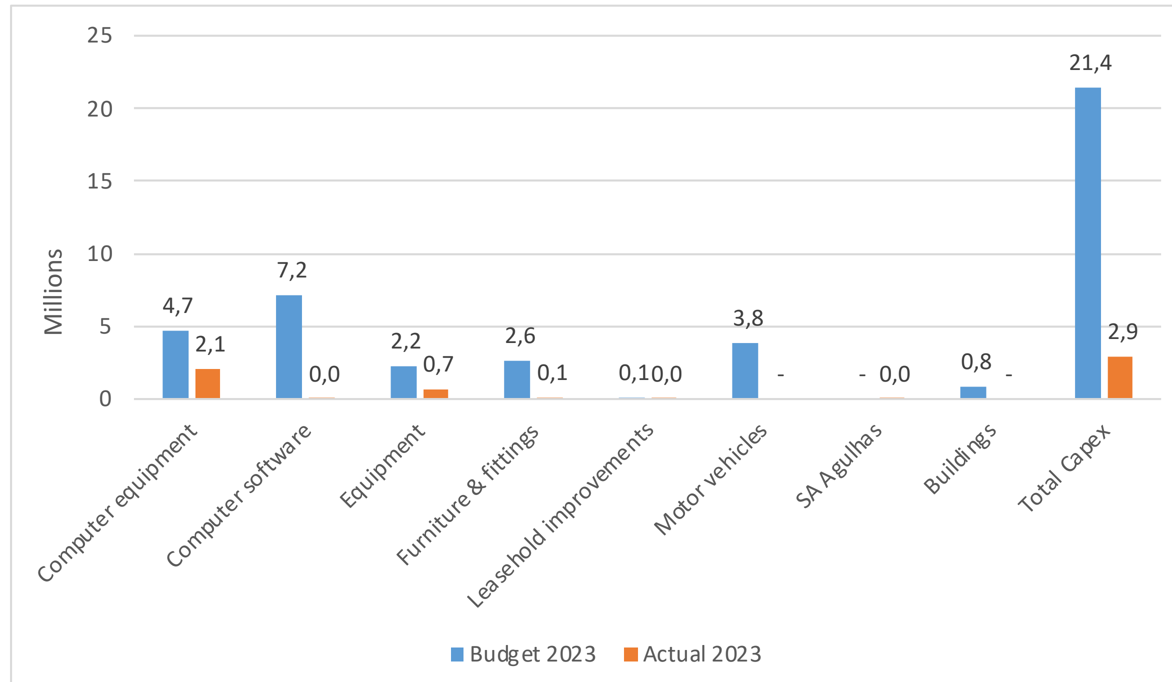
The entity continued with its focus on cost containment and optimisation. This resulted in underspending against budget on a number of line items, including the following:

- Advertising and promotions
- Conferencing costs
- Consulting fees
- Provision of data
- Rent
- Office alterations
- Research programme
- Staff training and scholarship programme
- Cleaning services
- Other expenditure

4. Capital Expenditure

4.1 Capital Expenditure for the financial year is analysed below:

Asset class	Budget 2023 R'000	Actual 2023 R'000	Variance R'000	Variance %
Computer equipment	4 694	2 058	2 636	56.2%
Computer software	7 165	9	7 156	99.9%
Equipment	2 226	663	1 563	70.2%
Furniture and fittings	2 608	112	2 496	95.7%
Leasehold property	120	34	86	71.7%
Motor vehicles	3 800	-	3 800	100.0%
SA Agulhas	-	34	(34)	-
Buildings	829	-	829	100.0%
Total	21 442	2 910	18 532	86.4%



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. This was due to the financial position of the entity, in line with the robust cost containment measures implemented to ensure the future financial viability of the entity.

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