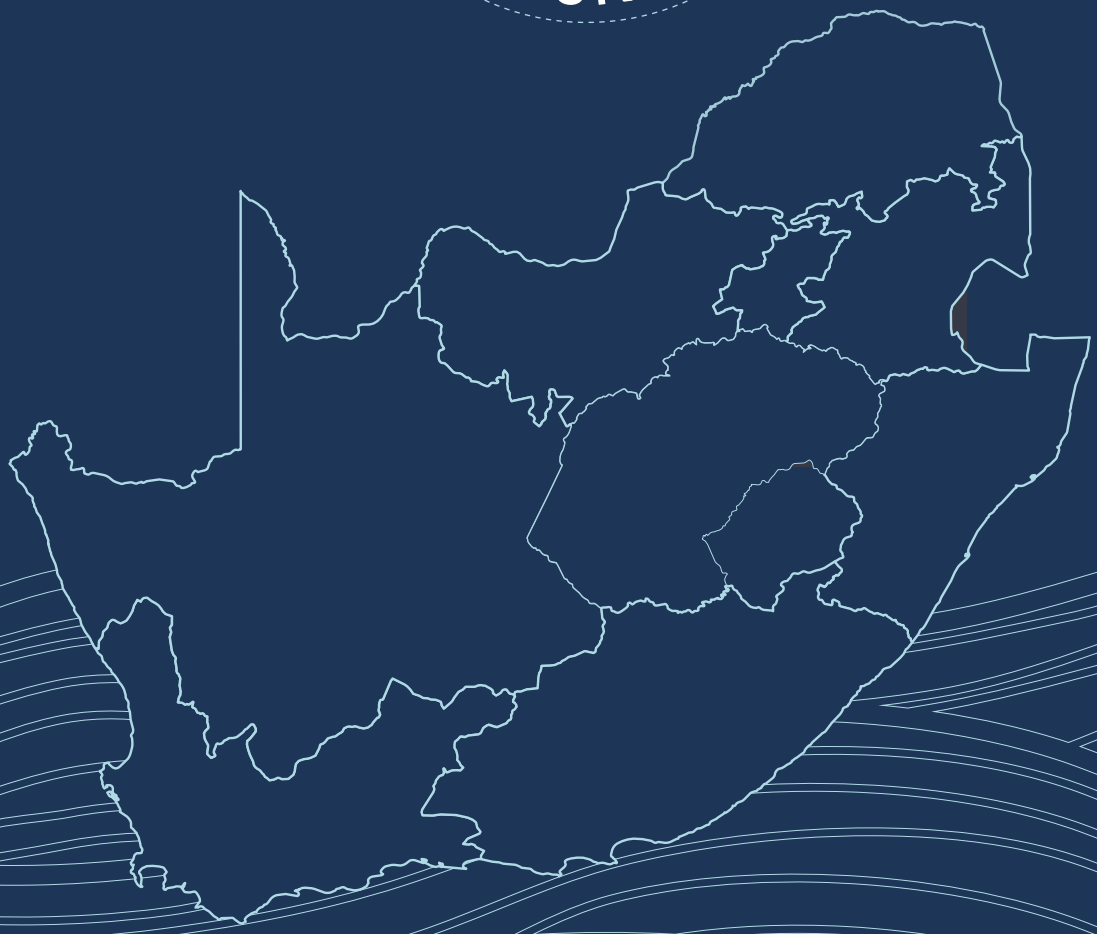
ARCHITECTS OF THE OCEANS ECONOMY

SAMSA
ANNUAL REPORT
2021/22



SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

SAMSA General Information

The Nature of Business and Principal Activities:

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

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transport
Department:
Transport
REPUBLIC OF SOUTH AFRICA

SAMSA
SOUTH AFRICAN MARITIME SAFETY AUTHORITY

Introduction

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 governed and controlled by a Board of Directors, appointed by the Minister of Transport in terms of the Act. The Maritime Safety Authority 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 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 activities across South Africa's inland waters.

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").

Board Approval

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

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

Our Board

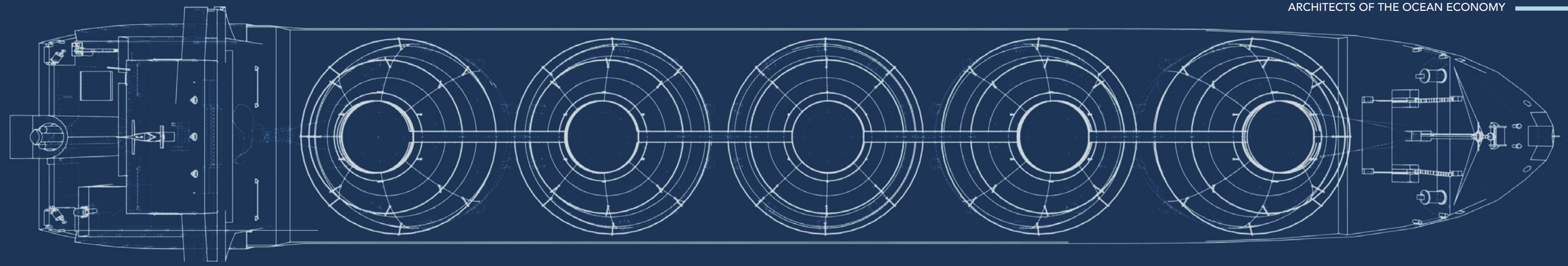
Ms. Nthato Minyuku
(Board Chairperson)

Ms. Zamachonco Chonco
(Acting Chief Executive Officer)

Ms. Okuhle Sidumane
(Acting Chief Financial Officer)

Board

Mr. Bheka Zulu
Ms. Lindelwa Dlamini
Mr. Lucas Haluodi
Adv. Dorothy Khosa



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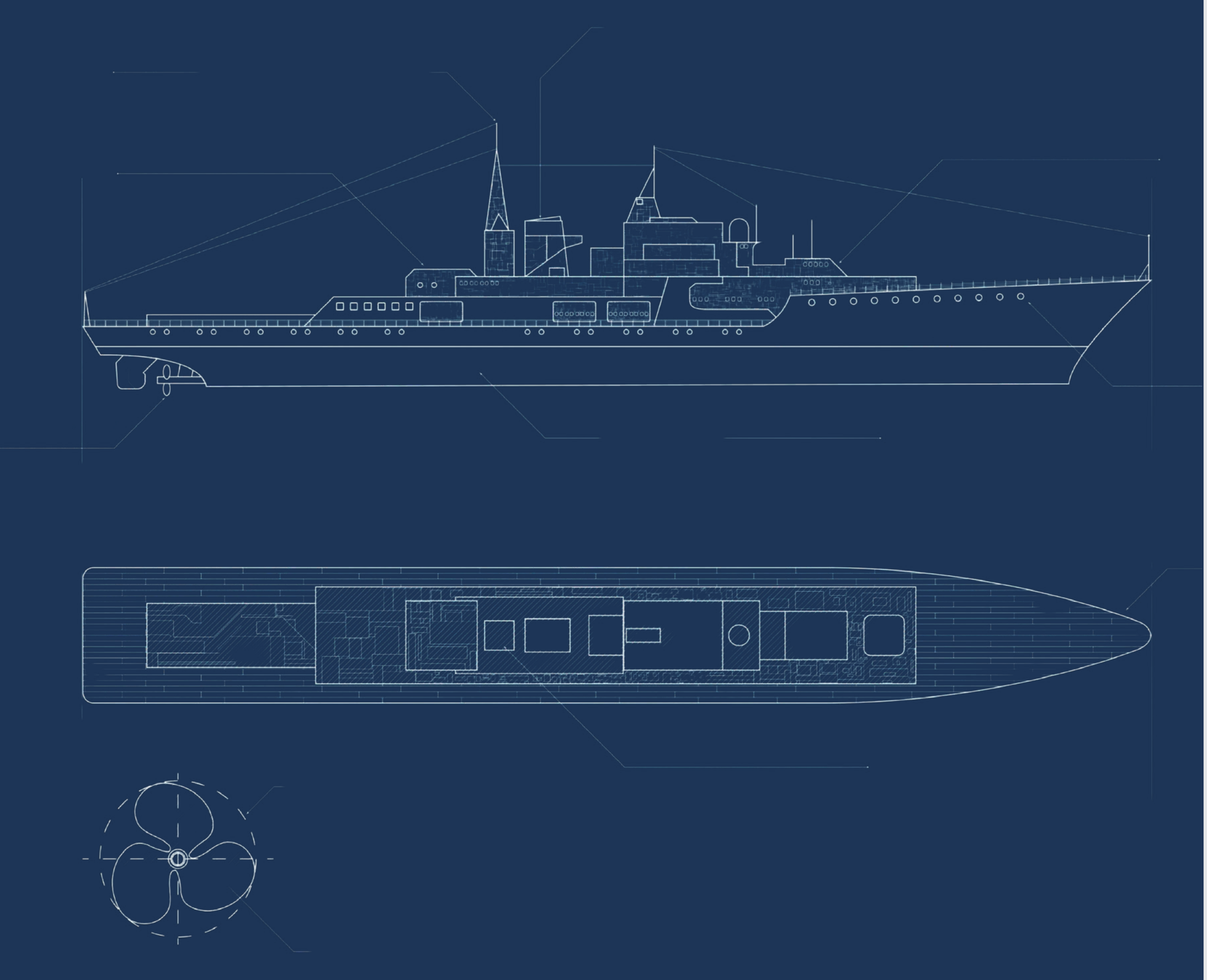
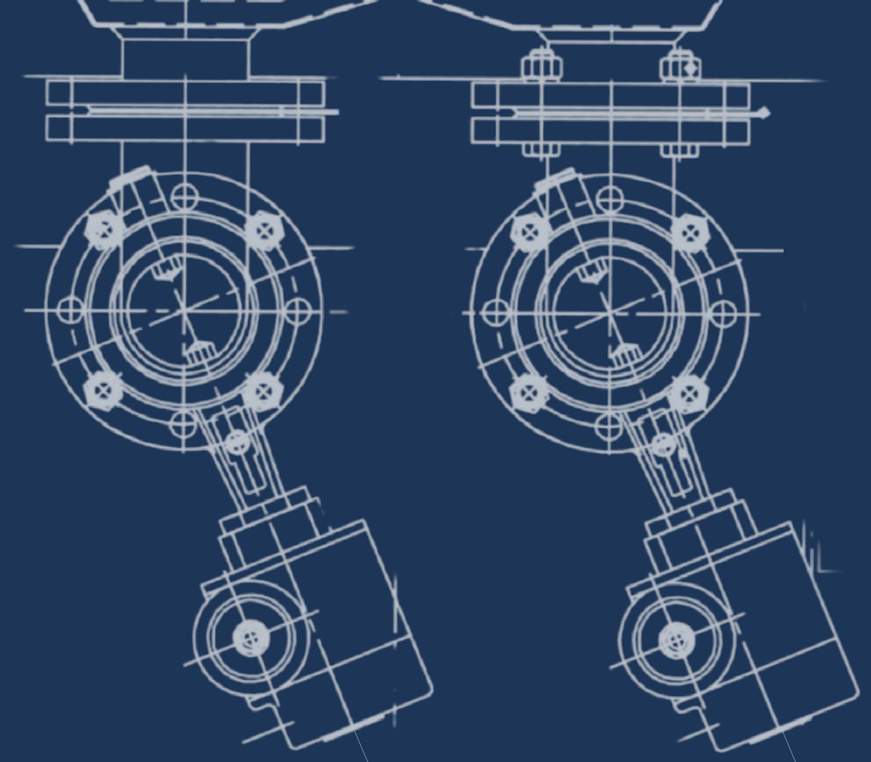


CHAPTER

1

OUR BUSINESS



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:

D - E T H I C S

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

OUR VALUE CHAIN

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

Core Process

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

Enforce Compliance
Undertake activities to compel observance of compliance through fines, detentions, warnings, administering of conventions and any other disincentives for non-compliance.

Promote Maritime
Undertake activities to support and actively encourage the registration of ships onto the SA ship register.

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

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

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

Support Function

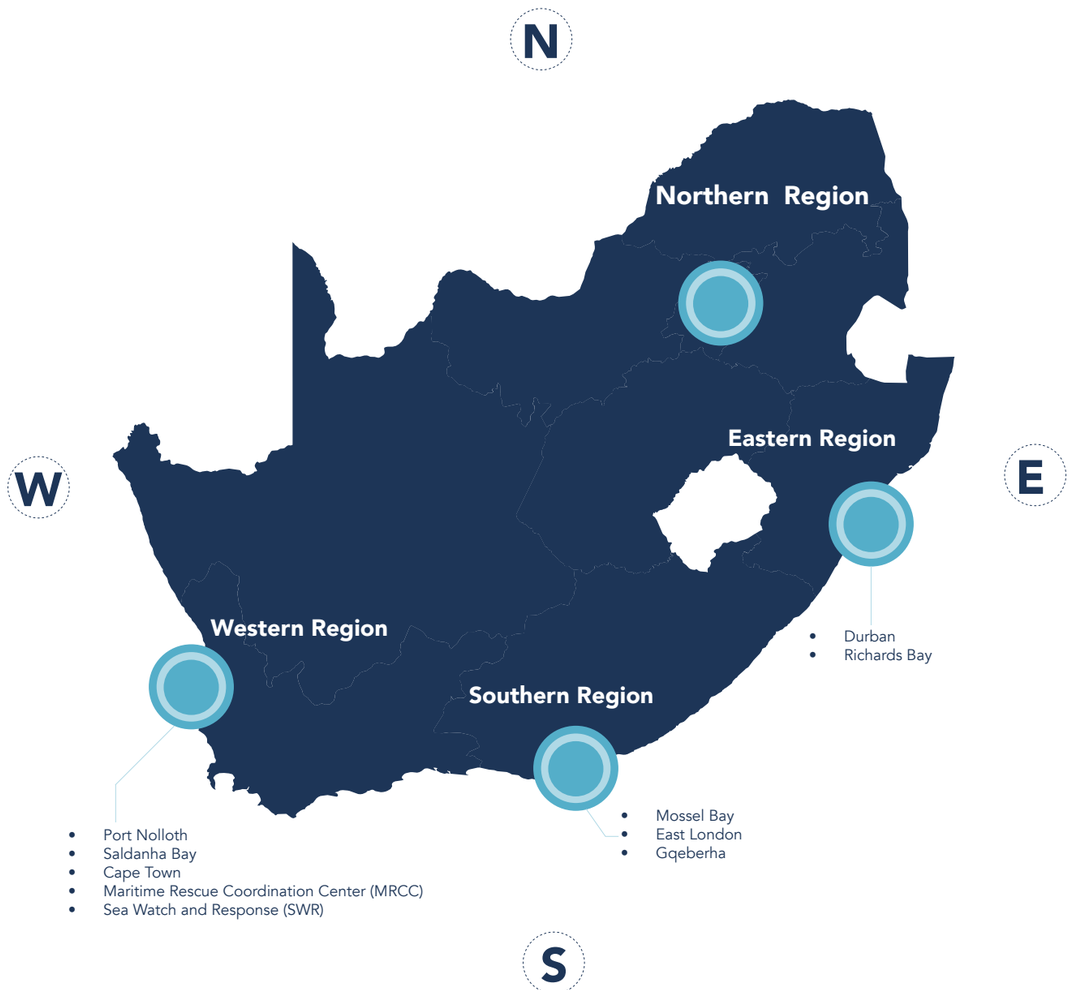
- Finance and Supply Chain
- Human Capital
- Corporate Affairs and Government Relations
- Legal Policy and Regulation
- Information Communication Technology

Outcomes

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

OUR FOOT PRINT

SAMSA's offices of operations are divided by regions in South Africa.

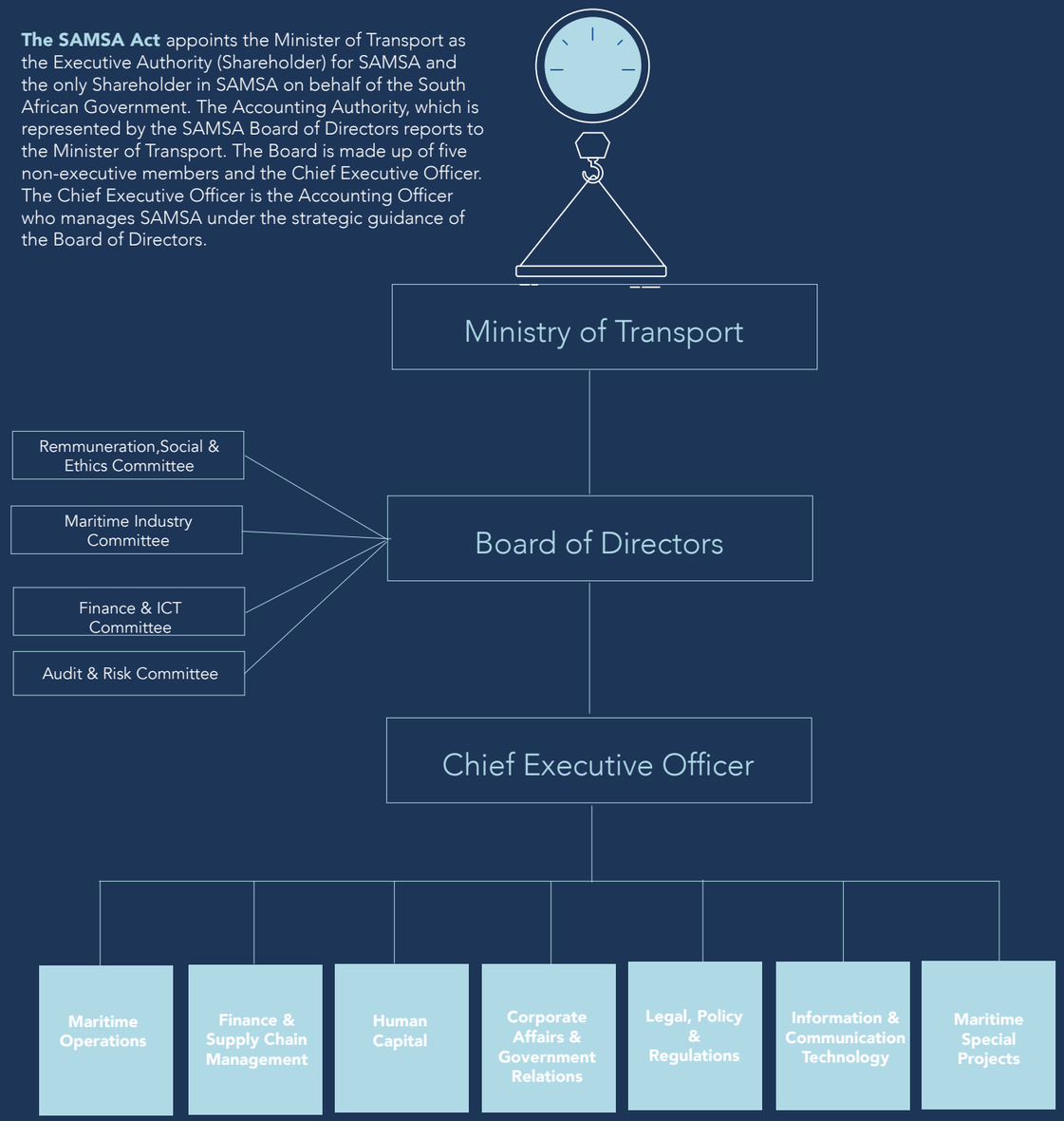


OUR STAKEHOLDERS

- Maritime Industry
- Community
- Partners
- Labour Associations
- Customers
- Employees
- Suppliers
- Interested Parties
- Governments

OUR ORGANISATIONAL STRUCTURE

The SAMSA Act appoints the Minister of Transport as the Executive Authority (Shareholder) 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 five 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.



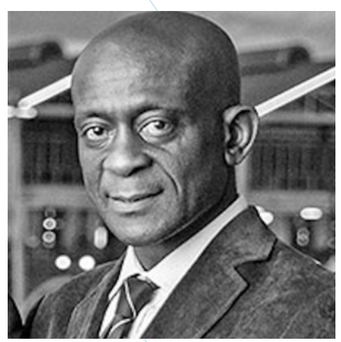
OUR BOARD OF DIRECTORS

Ms. Nthato Minyuku
Chairperson

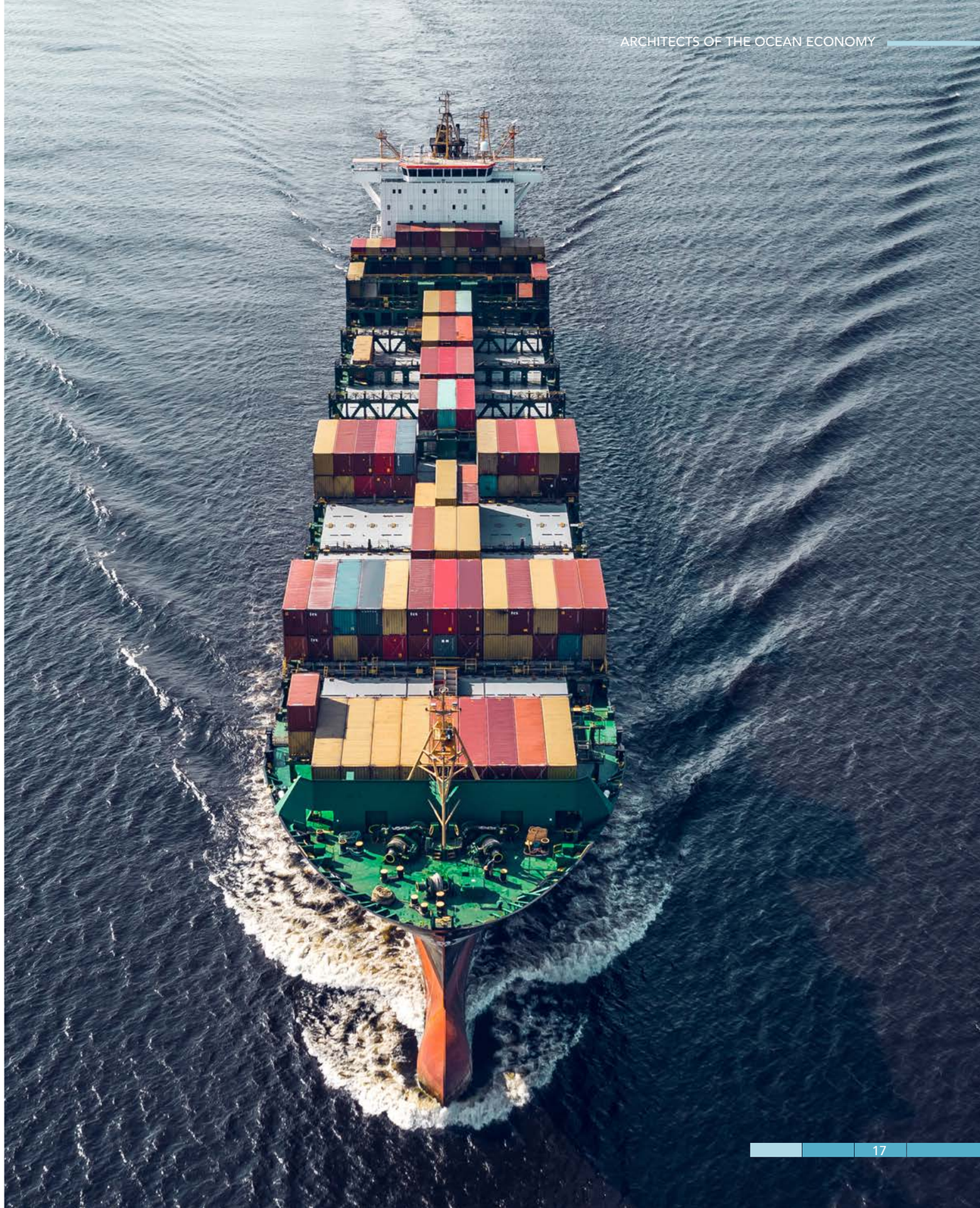
Mr. Bheka Zulu
Board Member

Ms. Lindelwa Dlamini
Board Member

Adv. Dorothy Khosa
Board Member



Mr. Lucas Haluodi
Board Member



OUR OPERATING ENVIRONMENT

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.
- 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 Africa 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 issue.
iii. Enhance political will at community, national, regional and continental levels;Enhance wealth creation, and regional and international trade performance through maritime-centric capacity and capability building.
iv. Ensure security and safety of maritime transportation systems;
v. Minimize environmental damage and expedite recovery from catastrophic events.
vi. Prevent hostile and criminal acts at sea, and coordinate/harmonize the prosecution of the offenders.
vii. Protect populations, including Africa's Maritime Domain (AMD) heritage, assets and critical infrastructure from maritime pollution and dumping of toxic and nuclear waste.
viii. Improve Integrated Coastal Zone/Area Management in Africa;
ix. Promote the ratification, domestication and implementation of international legal instruments.
x. Ensure synergies and coherence between sectoral policies within and between the RECs/RMs.
xi. 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.
- 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.
- To encourage the establishment of regional and/or sub-regional shipping lines.

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. 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 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.

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.

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

- **Pillar 1:** Enhancing South Africa`s Shipping Register.
- **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.
- **Pillar 3:** Rolling out coastal shipping and create partnership to ensure sustainable support system to enable effective implementation. The end goal is to have a SADC region-wide coastal shipping market. These include all offshore shipping activities in the Oil and Gas sector (oil rigs, offshore supply vessels, offshore bunkering activities).
- **Pillar 4:** Create programmes to elevate fluvial transport and open new economic opportunities by maximising the use of inland waterways.
- **Pillar 5:** Unlocking maritime for economic stimulation and recreation.

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:

- **Priority 1:** A Capable, Ethical and Developmental State.
- **Priority 2:** Economic Transformation and Job Creation.
- **Priority 3:** Education, Skills and Health.
- **Priority 4:** Consolidating the Social Wage through Reliable and Quality Basic Services.
- **Priority 5:** Spatial Integration, Human Settlements and Local Government.
- **Priority 6:** Social Cohesion and Safe Communities.
- **Priority 7:** A better Africa and World.

The Department of Transport's Strategic Outcomes:

The Department of Transport in its 2020-2025 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

Maritime Safety and Security

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

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

Over the medium term, the DoT will focus on ensuring 100% compliance with the International Ship and Port Facility Security (ISPS) Code. The Code, developed in response to the perceived threat to ships and ports after the 9/11 attacks, 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. 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.

With the 4th Industrial Revolution in our midst, South Africa should promote maritime analytical skills and tools to embrace the 4th Industrial Revolution (4IR). There is need to learn from the bit of excellence ship and boat building industry where South Africa is already highly recognized in the world and ranking number 2 after France as leader in the manufacture and distribution of Catamarans and other sophisticated luxury yachts.

The first five years of the next decade are crucial in taking South Africa exactly five (5) years closer in achieving the IMC Status. One of the areas requiring a better marine footprint is shipping and the CMTP 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.

C. 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 maritime industry is bracing itself for the rapid approach of January 1, 2020 – the day on which the sulphur limit imposed under International Maritime Organization (IMO) 2020 comes into effect. The regulatory requirements will certainly have an economic effect on shipping with the bunker prices constantly fluctuate 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 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).

CHAIRPERSONS REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Board is accountable to the Shareholder and other Stakeholders for the sustainability and performance of SAMSA. It is also responsible for overseeing SAMSA's corporate governance, operational delivery and financial performance.

The past year has remained a turbulent time for SAMSA. The COVID-19 pandemic and the subsequent waves continued to impact SAMSA's revenue generation abilities and have resulted in the entity having to resort to substantial cost savings measures in order to ensure the continuity of the entity's operations. Resilience has emerged as a key operational requirement as SAMSA encountered unanticipated cybersecurity challenges which resulted in operational disruption.

The effects of the cybersecurity attack of April 2021 continue to drain SAMSA's scarce financial and human capital resources. Furthermore, SAMSA is still recovering from the delayed revenue collection that resulted from the Transnet cyber-attack in August/September 2021.

On 27 April 2021, the Board resolved to precautionary suspend three of SAMSA's Executives and undertook an independent forensic investigation, which was concluded 31 March 2022. The report revealed, not only matters that required disciplinary action against the three suspended Executives, but also a history of severe maladministration within SAMSA. The Board remains committed to addressing a systemic and well-established culture of corruption and malfeasance while fostering a renewed culture of honesty, transparency, good governance and ethical leadership. This includes ensuring effective policy frameworks are put in place in areas where past corporate governance breaches occurred - namely, whistleblowing, conflict of interest, disciplinary actions and supply chain management. Reputationally, ongoing whistleblowing allegations remain a consistent area of concern and action for the Board.

The Board was appointed by the Shareholder Minister in August 2020 and have been proactive in addressing the challenges facing SAMSA. Some of the key constraints it has faced are:

- A changing and evolving maritime industry.
- A review of the SAMSA Strategy, which the Board engaged with EXCO in February 2022. The Board together with SAMSA Management have set deliverables and milestones to enable SAMSA to reach its vision of an International Maritime Centre by 2030.
- Oversight and mainstreaming of good governance and an ethical culture from the top down.
- Financial governance and financial sustainability of SAMSA.

On the matter of financial governance, it is indeed a pleasure to present this report for the financial year ended 31 March 2022 as the second unqualified audit that SAMSA has obtained under the oversight of the Board.

The second unqualified audit status is a testimony to the hard work and commitment of SAMSA Management, Board Committees and the Board to financial prudence and safeguarding of the public purse. However, the Board, as the Accounting Authority, still has much more work to do to address the continued constraints to SAMSA's sustainability and performance. SAMSA's key mandates are to ensure safety of life and property at sea, prevention and combatting pollution of the marine environment by ship and promoting South Africa's maritime interests.

It remains clear, despite the work the Board has put in to ensure a viable and future-oriented SAMSA Strategy and Performance Plan aligned to delivery on its mandate, that ensuring governance reforms are fit-for-purpose, effective and sustained is work in progress.

In terms of an enabling policy framework for good governance - the Board was successful in implementing twenty-one (21) policies in the current financial year, the majority to Human Capital, Finance and ICT including the ICT Digital Strategy and ICT Governance Framework.

In terms of reducing irregular expenditure, the Board was instrumental in the condonation of irregular expenditure by National Treasury for the 2014 and 2015 periods amounting to R70m.Irregular Expenditure for 2016 has been submitted to National Treasury for condonation of R29,4m.

When it relates to SAMSA's going concern status, the ramifications of the COVID-19 pandemic two years later, are still being felt in SAMSA as persistent financial constraints due to the continued impact on trade volumes in and out of South African waters. SAMSA has implemented strict cost containment measures and has assessed areas of further financial efficiency, to ensure it remains financially viable and to protect its staff during ongoing turbulent times. But this is not enough. SAMSA Board continues to engage the Shareholder Ministry, Department of Transport and National Treasury on the requirement for an increase in levies and direct user charges to underpin SAMSA's financial recovery and sustainability.

Despite these constraints, SAMSA continues to play a strategic role in the maritime sector for South Africa. This is evident in SAMSA registering two more convention vessels under the South African flag within the reporting period and reviewing Bunker Codes as well as finalizing an Environmental Risk Assessment to inform the raising of the moratorium on issuing new bunker licenses in Algoa Bay. Through much needed improvements in business strategy, it will endeavor to ensure that all Stakeholders operating within the South African maritime environment, responsibly observe and adhere to applicable global and local standards and practices codified in legislation and regulations.

SAMSA remains a crucial institution in enforcing and ensuring South Africa's maritime sector remains clean, safe, sustainable and economically viable while growing as a material contributor to South Africa's economic recovery.

SOUTH AFRICA AND THE INTERNATIONAL MARITIME ORGANISATION (IMO)

Shipping is the life blood of the global economy. The international shipping industry is responsible for the carriage of around 90% of world trade. There are over 50,000 merchant ships trading internationally, transporting every kind of cargo. For South Africa, this translates into over 30 000 vessels on our shoreline annually of which only approximately 10 000 call to port. More can be done to increase this interface and maximise the economic impact for South Africa.

The IMO, as part of the United Nations family, is actively working towards implementation of the 2030 Agenda for Sustainable Development and the associated Sustainable Development Goals (SDGs). The majority of the elements of the 2030 Agenda will only be realised with a sustainable transport sector supporting world trade and facilitating global economy. SAMSA will be launching its Vision 2030 Strategy aimed at facilitating the pursuit of its goal of contributing to South Africa's vision of being an International Maritime Centre.

On 10 December 2021, South Africa lost its seat for the 2022/2023 biennium on the International Maritime Organization (IMO) 40-member Council following aggressive and well orchestrated lobbying by competing African countries. South Africa had contested in Category C, along with four (4) other African countries, namely, Egypt, Kenya, Morocco, and Nigeria. The IMO has also since indicated it will be expanding the size of the IMO Council to fifty-two (52). SAMSA, together with the Department of Transport and other key Stakeholders, have constituted a special committee to drive South Africa's election for the 2024/2025 biennium, which term if successful, would be for two (2) years.

South Africa is party to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 (STCW Convention or the Convention). We are therefore required to comply with its provisions and those of the Seafarers' Training, Certification and Watchkeeping Code (STCW Code or the Code) which is an integral part of the Convention. South Africa is also required to communicate information regarding the implementation of the STCW Convention periodically (5 Years). Recently, the country underwent a STCW Independent Evaluation and submitted a subsequent report and related information to the IMO to be assessed by the Panel of Competent Persons in order to maintain its White List status. This process is yet to be finalised.

CORPORATE GOVERNANCE

At the close of the financial year under review, the Board of SAMSA consisted of five (5) non-executive directors, with diverse skills and expertise. Accordingly, the Board was able to discharge its mandate per the SAMSA Act and Public Finance Management Act (PFMA).

All 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 delivering on their various mandates and contributing to achieving SAMSA's unqualified audit status.

TRANSFORMATION OF THE SOUTH AFRICAN MARITIME INDUSTRY

There are still significant challenges facing the South African maritime industry. I believe that by partnering around a common purpose of South Africa becoming an International Maritime Centre, SAMSA and its Stakeholders can work together to catalyse and transform the industry in line with the Comprehensive Maritime Transport Policy (CMTP).

To this end, SAMSA added two (2) more convention vessels under its flag during the reporting period, taking the number of convention vessels under the South African Ship Register to a total of 29.

Bunkering operations remain a critical focus at SAMSA, consistent with the country's maritime transformation agenda, balancing this activity with ensuring prevention and combating of marine pollution. To ensure that this delicate balance is maintained. SAMSA has extended its moratorium on issuing new bunker licenses and permits in Algoa Bay, pending the review of Bunker Codes and finalization of the Environmental Risk Assessment study.

HIGHLIGHTS OF STRATEGIC PERFORMANCE

During the financial period under review, SAMSA recorded 188 lives saved and 104 Medical Evaluations (MedEvacs) through its Maritime Rescue Co-ordination Centre (MRCC). The MRCC is a division of the SAMSA Centre for Sea Watch and Response that monitors the

ocean's safety, security and environmental issues. It also monitors implementation of international standards for Aids-to-Navigation. Sadly, 17 fatalities were recorded for the period 1 April 2021 to 31 March 2022, with the majority of them due to vessels capsizing/ listing.

The number of Maritime Assistance Services (MAS) incidents was 124 during the financial year. MAS involves the monitoring of towing operations, vessels not under command, pollution reports and vessels going aground around the coast within the South African Strengthening of Relative Rights (SRR) and Exclusive Economic Zone (EEZ). SAMSA continues to maintain the national (MAS) database with approximately 7 468 beacons recorded at the end of the financial year.

SAMSA has the authority and responsibility to enforce regulations over vessels registered under the South African flag (Flag State Responsibility), and over foreign registered vessels that visit the South African ports (Port State Responsibility). SAMSA continues to discharges these requirements through domesticated 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 14,280 Flag State survey activities. These are surveys that client's book SAMSA to carry out on their behalf, in order to comply with legislation that affects their operations. The surveys can be for initial certification, renewal certification, or a certificate of approval to carry out an operation. SAMSA Board and Management have recognised how improvement in meeting global benchmarks in survey activities can contribute to not only increase performance on delivery of its mandate, but also increasing much needed revenue.

In terms of structured partnerships and agreements, within the financial year under review, SAMSA signed a Recognition of Foreign Seafarer Certificates of Competency in accordance with the Regulation I/10 of the International Convention on Standards of Training, Certification and Watchkeeping for seafarers, 1978, as amended, with Croatia and the United Kingdom

SAMSA also submitted the following three (3) sets of Amendment Regulations to the Department of Transport Maritime Branch for processing to the Executive Authority namely;

- The Marine Traffic Amendment Regulations 1985,
- The Construction Amendment Regulations 1968 and
- The Life-saving Equipment Amendment Regulations 1968

THE CHANGING MARITIME LANDSCAPE

SAMSA must also stay abreast of industry specific regulations as determined by the IMO. Specifically.the domestication of international statutes as they impact directly on SAMSA's ability to carry out its day-to-day operations. Furthermore, South Africa's maritime sector is rapidly transforming with a growing range of new activities within the maritime space - such as offshore exploration, LNG import, gas regasification as well as power ships - for which SAMSA must assess application of its mandate.

In this light, development and periodic review of our business model to ensure that SAMSA is fit-for-purpose with the flexibility to be resilient in times of crisis is non-negotiable for us to remain operational and relevant. To this end SAMSA is developing an innovative and enabling business model, to ensure both business sustainability and value creation for customers and key stakeholders.

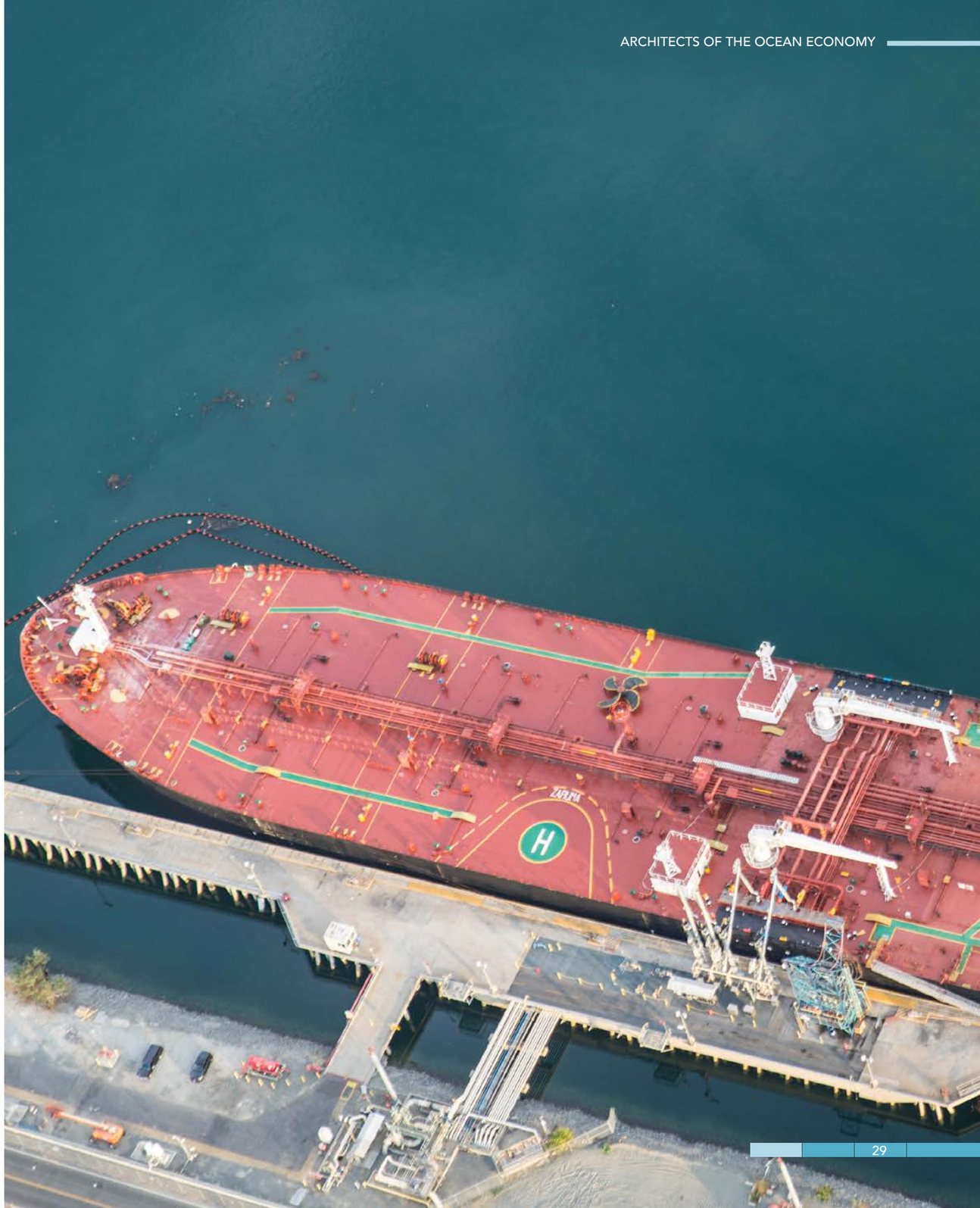
Finally, stabilising SAMSA's leadership remains a priority for the Board who have concluded the CEO recruitment process and made a recommendation to the Shareholder Minister for the appointment of a permanent CEO within the year under review.

On behalf of the Board, I wish to express appreciation to the SAMSA Management Team for assisting the Board to deliver on the Shareholder Compact and execute the Annual Performance Plan. A special thank you goes to the SAMSA staff, for a year of hard work and dedication, during difficult times. Finally, SAMSA looks forward to the continued support of the Shareholder Minister and the Department of Transport through their active and constructive engagements.

In conclusion, I would like to also extend my appreciation to all Board Members who continue to serve with dedication and commitment, notwithstanding the considerable challenges still being encountered during the year.

SAMSA will continue to drive a partnership approach with Stakeholders, contributing to successful business turnaround with an aim to serve South Africa's maritime sector in accordance with its mandate.

Board Chairperson
Ms. Nthatho Minyuku



CEO's REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Although you may have difficult ground to traverse and natural obstacles to encounter this is a drawback which can be turned into actual advantage by celerity of movement." Sun Tzu, The Art of War (adaptation)

The reporting period under review has not been an easy one for SAMSA, as we report the entity's performance for the 2021/2022 financial year. The report details our corporate performance, operations, and financial results, 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).

In my capacity as the SAMSA Acting Chief Executive Officer I am proud to report that the team made significant strides in fulfilling its mandated and legislated objectives which are to ensure safety of life and property at sea, to prevent and combat pollution of the marine environment by ships and promote the Republic's maritime interests, albeit under difficult conditions.

THE MARITIME OPERATING ENVIRONMENT

Strategically, SAMSA's performance is guided by the priorities of the 6th Administration 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. The International shipping industry is responsible for the carriage of around 90% of world trade so vessel safety is critical. The International Maritime sector continued its long-term positive safety trend in the 2021/22 financial period with fifty-four (54) reported total losses compared to sixty-five (65) in the prior reporting period. Annual shipping losses have declined by 59% over the past decade since 2012/13 (127). The period under review represents a significant improvement on the rolling 10-year loss average eighty-nine (89), reflecting the increased focus on safety measures over time. This is ascribed to an improvement in regulations, ship design, technology and risk management advances.

The war on Ukraine has caused widespread disruption to global shipping, exacerbating the ongoing supply chain disruption, port congestion and crew crises caused by the Covid-19 pandemic. The industry has been affected on multiple fronts, with the loss of life and vessels in the Black Sea, disruption to trade with Russia and Ukraine war including the growing burden of sanctions. These challenges significantly affect the day-to-day operations of the industry with knock on effects for crew, cost and availability of bunker fuel. At the start of the Russian and Ukraine conflict approximately 2,000 seafarers were stranded aboard vessels in Ukrainian ports. Trapped crews faced the constant threat of attacks, with little access to food or medical supplies and a number have been killed. The invasion has further ramifications for a global maritime workforce already facing shortages. Russian seafarers account for just over 10% of the world's 1.89 million, while around 4% come from Ukraine. Seafarers from these countries may struggle to return home or re-join ships at the end of the current contracts.

As the global maritime sector continues to recover from the devastating effects of the COVID-19 pandemic, the SAMSA will continue to strengthen efforts to deliver maritime safety and pollution prevention programmes to the diverse users of our waters out at sea, in our coastal and inland waters in the greater interest of the maritime sector domestically.

CORPORATE PERFORMANCE OVERVIEW

The entity was able to achieve an overall corporate performance of 62% against its set strategic outputs for the period under review. This is a significant decline from the 87% achieved in the 2020/2021 financial year. This huge decline in performance is attributed to the key strategic challenges encountered by the entity such as 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 the, 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 second consecutive unqualified audit opinion from the Auditor General South Africa (AGSA). This is a momentous achievement that bears testimony to the hard work put by the team in ensuring that the entity delivers on its mandate, working hand in hand with different key combined assurance providers.

The following key interventions were instrumental in achieving the unqualified audit opinion:

- Effective implementation of consequence management measures to ensure employees are held accountable for their actions or lack thereof;
- Combined assurance responsibilities with the Internal Auditors for the full duration of the 2021/22 financial year by implementing the internal audit plan;
- Enhanced internal controls in the ICT and SCM environments, including providing further training for key Supply Chain Management personnel;
- Establishing of the Monitoring and Evaluation team within the Strategy Unit. This team works closely with compliance coordinators, validates all reported information for validity, reliability, consistency, and accuracy to reduce possible reporting errors; and
- Implementation of austerity measures in line with National Treasury's cost containment measures.

SAMSA reported a net surplus of R34,6 million for the 2021/2022 financial year. This surplus is attributed to the robust cost containment strategy adopted by the entity. In addition, the entity successfully implemented the approved 6% tariff increase during the period under review. Notwithstanding the improved financial performance SAMSA remains vulnerable to the weakened trading environment due to the declining vessel traffic visiting our ports. This has a potential to negatively affect the SAMSA levies revenue which is highly dependent on the vessels visiting our ports.

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

- Maritime Enforcement Resources - The capacity to respond to incidents lies outside the control of SAMSA. This includes the 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 March 2023.
- Funding of the SAMSA SA Agulhas as an enabler of maritime skills development.
- No Permanent Chief Executive Officer for more than six years (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

"If you are beforehand with your adversary, you should occupy the raised and sunny spots, and there wait for him to come up." Sun Tzu, The Art of War (adaptation)

We have to plan for the long-term. To this end, SAMSA will soon be launching its vision 2030 strategy. This is aimed at pursuing our intentions to contribute to South Africa's vision of being an International Maritime Centre. 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 Ocean Economy programme of government (Operation Phakisa).

Some of the specific initiatives to look forward to in the 2022/2023 financial year are:

- 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 White Listed 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 International Maritime Authority (IMO) Mandatory Audit scheduled for February 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.
- Implementation of the Corporate Quality Management System.

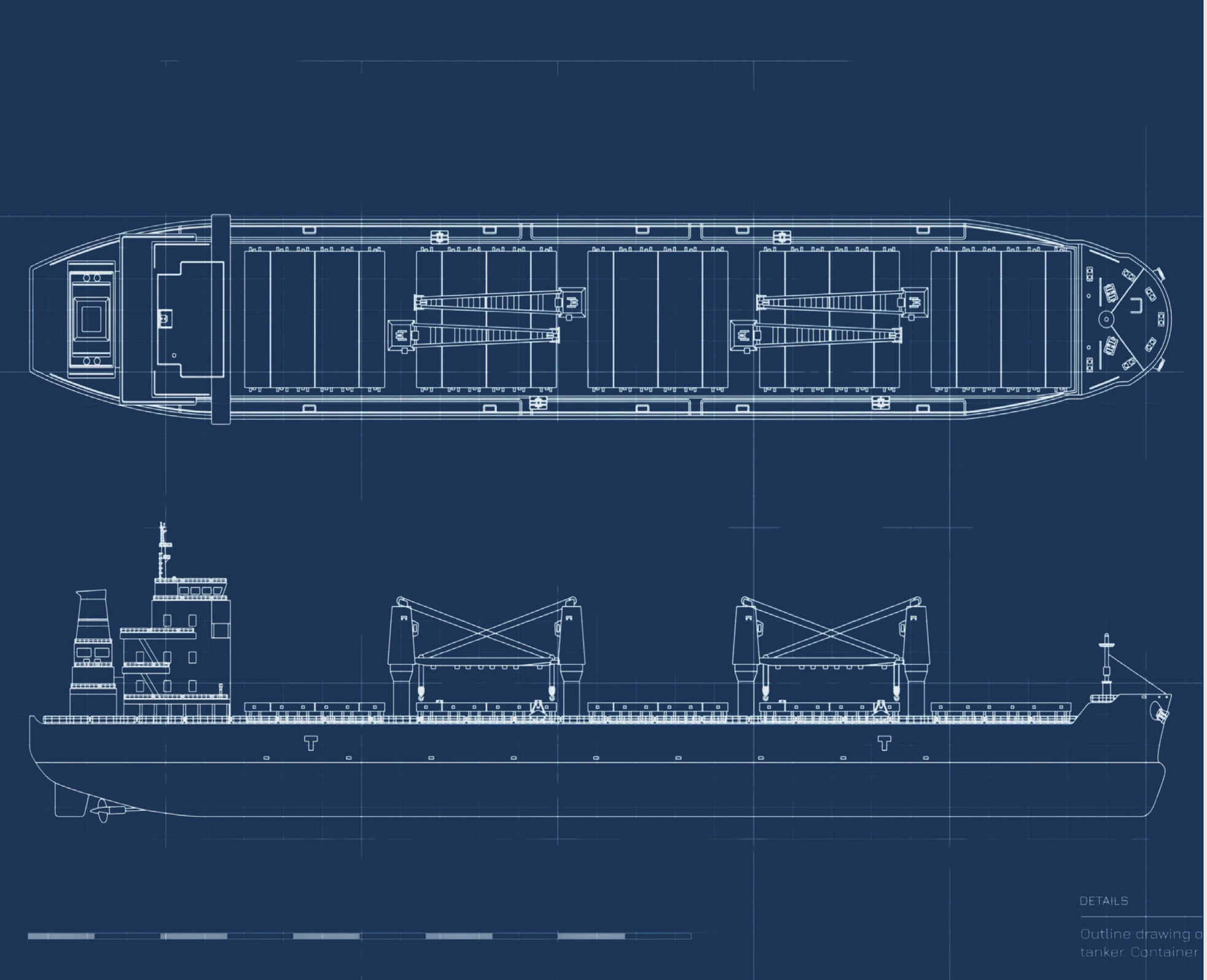
We will continue to work closely with national government and industry partners across the maritime sector to promote the vital importance of the sector to the South African economy domestically and internationally.

ACKNOWLEDGEMENTS

Without the mutual respect we have for each persons contribution, SAMSA would not be where it is today. I would like to thank each and every employee who gets up every morning determined to achieve our mandate. To my Executive and regional management teams, thank you for your service and dedication to the business and our customers. My sincere thanks go to the Minister of Transport Mr Fikile Mbalula, SAMSA Board of Directors and its committees for their unwavering commitment and support of the SAMSA Executive and the business at large. We are living in a world of change that brings with it unique challenges and opportunities, and we rely on the expertise and experience of our Board and its committees to assist us as we navigate our path towards being the envisaged International Maritime Centre.

To our stakeholders and industry partners, your support during our challenging times has been noted and we thank you for continuously recognising the opportunities that our business affords to South Africa at large. We continue to strive to reward your support for our mandate.

Acting Chief Executive Officer
Ms. Zamachonco Chonco



DETAILS

Outline drawing o
tanker. Container

CHAPTER

2

PERFORMANCE

OVERVIEW STRATEGIC CHALLENGE 1

Impact Statement	To safeguard life and property across the maritime transportation environment 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 pollution from vessels and a secure maritime environment.			
No	**Outcome**	**Output 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.	10 Reportable Incident Rate reported in 2018-19 (April 2018 - March 2019) financial period.	Below 5 Reportable Incident Maritime Rate.
		2. Maritime fatalities rate reported from all types of vessels.	New Indicator.	Below 1 Maritime fatalities rate.
	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.			

OVERVIEW 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.

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 be 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 White List Status, a World class Seafarer Welfare programme and South African Seafarers qualifications that are accepted in most maritime jurisdictions across the globe.			
No	**Outcome**	**Output 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 White List.	Maintain South Africa White List Status.	Maintain South Africa White List 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. SCTW Project in year 2021- 2023. 2. National Qualification (SAQA) accreditation alignment initiative. 3. Roll out of the Quality Standards System on all STCW and STCW-F obligations. 4. Training Institutions Mandatory Audits. 5. Automation of the South Africa Maritime Education Training and Certification System.			

OVERVIEW 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.

OVERVIEW 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 resources 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 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 from third parties and who do 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.

OVERVIEW 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, 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, 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 ensure 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.

OVERVIEW 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, 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

- Global and regional economic environment.
- 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 40 000 - 50,000 direct new jobs.

SAMSA GOAL ALIGNMENT MATRIX

The SAMSA strategic outcome-oriented goals are in alignment with the legislated mandate of the authority, the national priorities and initiatives of government, the department of transport strategic goals as depicted in the table below:

National Government	DoT Strategic Outcomes	Minister`s Strategy		SAMSA's Strategy	
National Priorities		Strategic Thrusts	Maritime Programme Pillars	Strategic Challenge	Strategic Outcomes
Social Cohesion and Safe Communities.	SAFETY as an Enabler of Service Deliver. ENVIRONMENTAL PROTECTION – Recovering and Maintaining a Healthy Natural Environment.	Safety as an enabler of service delivery.		Managing risks with regards to maritime safety of life and property, equipment, seafarers and pollution incidents from vessels.	Safer Life - Safe shipping in South African waters. Safer Property - Reduction in reportable maritime safety Incidents.
				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.	Clean Seas - Reduction in reportable maritime pollution Incidents. Enforcement of all maritime legislation and regulations.

SAMSA GOAL ALIGNMENT MATRIX

National Government	DoT Strategic Outcomes	Minister`s Strategy		SAMSA's Strategy	
National Priorities		Strategic Thrusts	Maritime Programme Pillars	Strategic Challenge	Strategic Outcomes
Economic Transformation and Job Creation.	Building a maritime nation, elevating the oceans economy.	Building a maritime nation, elevating the oceans economy.	Enhancing South Africa`s Shipping Register. Rolling out coastal shipping and create partnership to ensure sustainable support system to enable effective implementation.	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.	1000 jobs (Women, Youths etc) created in South Africa maritime industry.
			Unlocking maritime for economic stimulation and recreation.		Ten of merchant vessels registered onto the South Africa Ship register. Ten new SMME`s assisted in South Africa maritime industry.
			Create programmes to elevate fluvial transport and open new economic opportunities by maximising the use of inland waterways		3% increase in value of Maritime contribution to South Africa Gross Domestic Product (GDP).

STRATEGIC CHALLENGE 1
OVERVIEW OF THE STRATEGIC RISKS

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

Impact Statement	To safeguard life and property across the maritime transportation environment 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 pollution from vessels and a secure maritime environment.			
No	**Outcome**	**Output 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 3. Reportable Maritime Incident rate from all types of vessels. 4. 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 1 Reportable Maritime fatalities rate reported from all types of vessels.
2	Clean Seas – Reduced reportable maritime pollution incidents by vessels.	Status of Reportable Maritime pollution Incidents. (Trend analysis) on Maritime pollution incidents rate from all types of vessels.	2 maritime pollution incidents rate from all types of vessels.	Below 1 maritime pollution incidents rate from all types of vessels.

STRATEGIC CHALLENGE 1
OVERVIEW OF THE STRATEGIC RISKS

Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
1	A serious and very serious maritime incident occurrence involving the total loss and damage to property and loss of life.	SA maritime safety incident occurring because of human errors, vessels technical issues and act of God.	1. SAMSA to determine South Africa's required capacity and make recommendations to Government and the Private Sector on the required capacity and the geographical location to ensure a State of Readiness to respond effectively and efficiently to a maritime incident. 2. Conduct an analysis of previous maritime incidents to determine the adequacy of the Maritime Fund. 3. Investigate a better funding model, consider Environmental Levies and other alternatives to fund Maritime Domain Awareness responsibility.
2	A serious or very serious maritime oil, harmful and harmful noxious substances, pollution incident occurs.	A major pollution incident occurring because of human errors, vessels technical issues and act of God.	1. An assessment on existing Capacity and resources within the maritime environment in line with the requirements to respond effectively to maritime incidents. 2. Implement the 2019 South Africa Maritime Risk Workshop resolution on response capability in line with the ETV feasibility report.
3	Non - compliance to the International Maritime Organisation Instruments Implementation Code (III Code).	Non- compliance to the International Maritime Organisation Instruments Implementation Code (III Code).	1. Develop and Implement the South Africa Mandatory Audit action plan on IMO Instruments Implementation Code (III Code).

STRATEGIC CHALLENGE 1
KEY STRATEGIC HIGHLIGHTS OF THE PERFORMANCE

It is SAMSA's responsibility to ensure that all partners and stakeholders operating within the South African maritime environment observe responsibly 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. In accordance with its mandate, SAMSA must promote a safe and secure culture, fostered through the application of global and local safety and security standards whilst ensuring rigorous enforcement.

The people at risk include South African communities, among which are national and international seafarers, fishers, stevedores and shipyard workers, sports, recreational and other passengers on vessels at sea and on inland waterways. The risk on board a vessel includes all cargoes (dry cargo, wet cargo, containers, bulk, etc) being conveyed by a vessel as well as the vessels bunkers. The property-at-risk refers to the vessel and its related equipment i.e. firefighting appliances, lifesaving equipment, marine engines, and electronic equipment during vessel activities at sea.

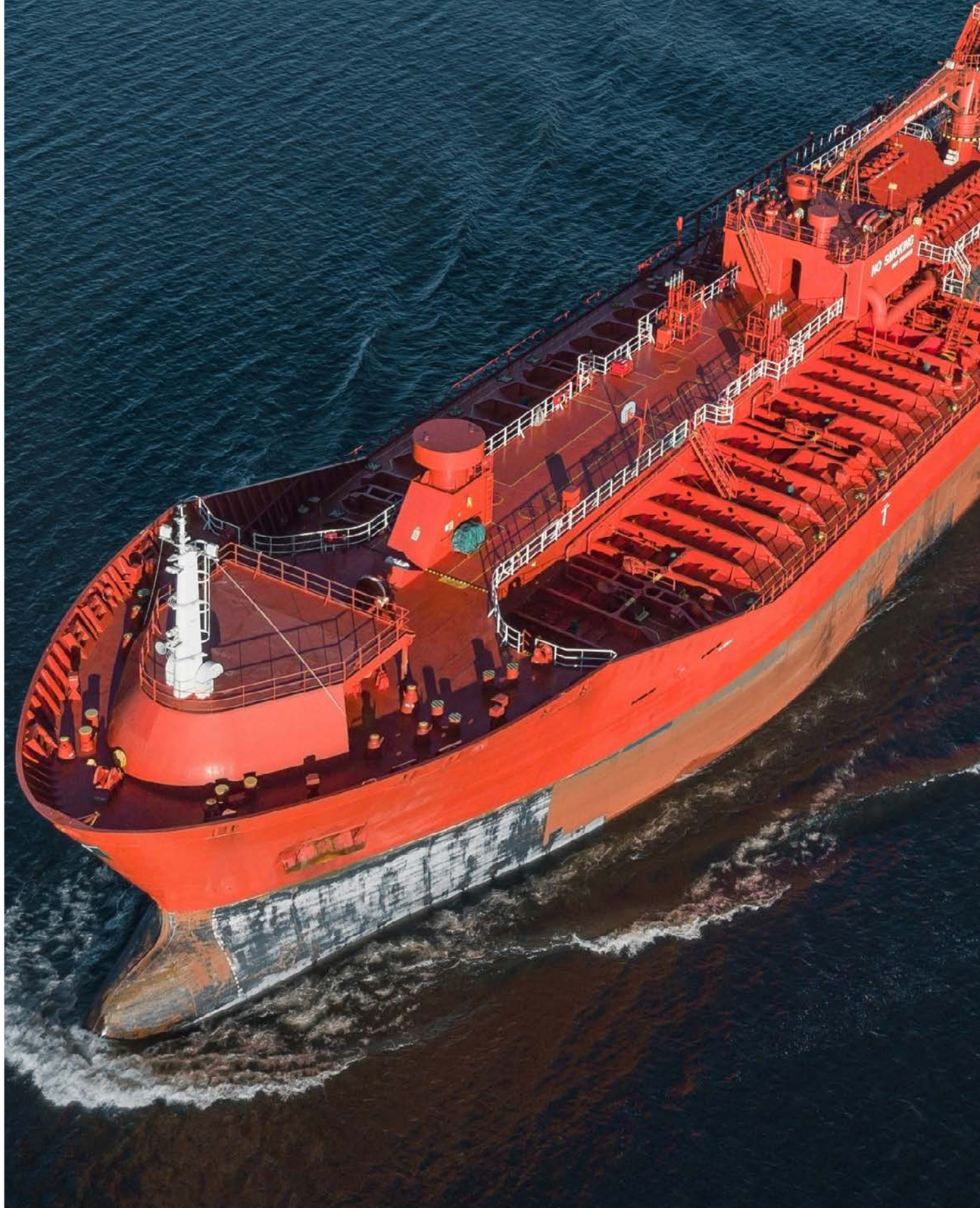
The ultimate test of the state of maritime safety is with the achieved reduction in the reportable maritime incidents under the jurisdiction of South Africa. During the financial period under review SAMSA tracked the state of safety through monitoring the Maritime Incident Rate which was calculated as shown below:

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

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

$$= \text{Incident Rate}$$

Annual Final Totals	Number	Comments
Total number of Maritime Incidents	139	
Total number of Pollution Incidents	12	
Total number of Fatalities	19	
Incident Rate Factor		
Ships on SA Register	745	As at 31 March 2022
Annual PAN Vessels (Single & Returns, excl. SA vessels)	9977	As at 31 March 2022
Incident Rate Factor	10722	
Maritime Incident Rate	12,96	• +2.96 Maritime Incident rate due to an increase in the number of maritime incidents (139) recorded compared to last year (90).



STRATEGIC CHALLENGE 1
CASUALTIES AND INCIDENTS

A total of **139 incidents, 19 fatalities** were reported this financial year. Brief details of all the incidents reported are listed below.

139 incidents

19 fatalities

Event Severity	Number	Fatalities	Injuries
Marine Casualty	41	11	16
Capsize/Listing	6	4	4
Contact	7	2	2
Flooding/ Foundering	3	0	0
Grounding	5	0	0
Loss of Control	2	1	0
Occupational Accident	12	2	10
Other	1	1	0
Ship/Equipment Damage	1	0	0
Collision	4	1	0
Marine Incident	93	0	19
Capsize/Listing	10	0	1
Contact	6	0	4
Fire/Explosion	7	0	0
Flooding/ Foundering	6	0	0
Grounding	2	0	1
Loss of Control	39	0	4
Occupational Accident	12	0	9

STRATEGIC CHALLENGE 1
CASUALTIES AND INCIDENTS

Event Severity	Number	Fatalities	Injuries
Other	1	0	0
Ship/Equipment Damage	6	0	0
Collision	3	0	0
Unknown	1	0	0
Very Serious Marine Casualty	5	8	1
Fire/Explosion	1	3	0
Flooding/ Foundering	1	1	0
Grounding	1	0	0
Unknown	2	4	1
TOTAL INCIDENTS (YTD)	**139**	**19**	**36**

As SAMSA continued its mandated obligations during the reporting period, **188** lives were saved through the Maritime Rescue Co-ordination Centre (MRCC). The MRCC monitors the coast from a safety, security and environmental perspective whilst ensuring the implementation of international standards for Aids to Navigation. In the reporting period, the number of Maritime Assistance Services (MAS) incidents were **124.** MAS involves the monitoring of towing operations, vessels not under command, pollution reports and vessels aground and around the coast within the South African SRR and EEZ.

STRATEGIC CHALLENGE 1
PORT STATE INSPECTIONS

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 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 vessels 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. In the reporting period, SAMSA conducted **141 port state inspections** as follows:

Port	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Q1	Q2	Q3	Q4
Cape Town	**25**	0	2	1	0	0	1	1	1	1	12	3	3	25	3	1	3	18
Saldanha Bay	**20**	1	1	0	0	0	1	0	1	0	0	0	0	4	2	1	1	0
Mossel Bay	**4**	0	0	0	0	0	0	0	0	0	1	1	2	4	0	0	0	4
Gqeberha	**25**	0	0	0	0	0	0	0	0	0	7	12	5	24	0	0	0	24
Port of Ngqura	**15**	0	2	1	2	1	3	1	1	2	4	0	0	17	3	6	4	4
East London	**4**	1	1	1	0	1	0	0	1	1	1	1	0	8	3	1	2	2
Durban	**45**	1	0	0	0	1	10	5	12	11	4	2	0	46	1	11	28	6
Richards Bay	**12**	0	0	0	1	3	0	2	1	3	3	0	0	13	0	4	6	3
Total	**150**	**3**	**6**	**3**	**3**	**6**	**15**	**9**	**17**	**18**	**32**	**19**	**10**	**141**	**12**	**24**	**44**	**61**

STRATEGIC CHALLENGE 1
SAFETY AD HOC SURVEYS

The ad hoc inspections ensures that skippers, seafarers and vessels owners discharged their responsibility in line with maritime safety procedures and standards.

During the 2021-22 financial year, SAMSA conducted **375 ad hoc inspections**:

Port	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	**YTD**	Q1	Q2	Q3	Q4
Cape Town	**25**	0	7	0	0	0	0	0	2	16	2	2	0	29	7	0	18	4
Saldanha Bay	**20**	3	0	22	0	0	0	1	0	5	9	7	34	81	25	0	6	50
Port Nolloth	**20**	16	14	0	0	0	0	0	11	2	0	1	11	55	30	0	13	12
Mossel Bay	**20**	0	1	3	0	0	0	0	0	34	0	0	0	38	4	0	34	0
Gqeberha	**20**	1	0	0	0	0	0	0	2	11	0	1	7	22	1	0	13	8
Port of Ngqura	**5**	0	1	0	1	0	0	0	0	0	0	1	3	6	1	1	0	4
East London	**20**	8	10	1	1	3	3	9	4	18	0	0	0	57	19	7	31	0
Durban	**20**	0	0	1	0	3	1	8	1	0	0	7	0	21	1	4	9	7
Richards Bay	**20**	0	4	1	0	0	5	1	2	2	2	0	4	21	5	5	5	6
Pretoria	**30**	0	0	0	0	0	0	2	5	1	5	25	7	45	0	0	8	37
Total	**200**	**28**	**37**	**28**	**2**	**6**	**9**	**21**	**27**	**89**	**18**	**44**	**66**	**375**	**93**	**17**	**137**	**128**

STRATEGIC CHALLENGE 1
VESSEL DETENTION

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

Below is a summary of the twenty-five (25) detentions that were made during the 2021-22 financial year:

Vessel Name	Port	Region	Date of Detention	AOC Issued
No. 373 Oryong	Cape Town	Western Region	22 Apr 21	Yes
Ocean Explorer	Port Nolloth	Western Region	28 Apr 21	No
Southern Cross	Mossel Bay	Southern Region	03 May 21	No
Willy Jim	Richards Bay	Eastern Region	07 Jun 21	No
Weltevrede	Mossel Bay	Southern Region	11 Jun 21	No
Berge Weisshorn	Richards Bay	Eastern Region	25 Jun 21	Yes
Flamethorn	Cape Town	Western Region	06 Aug 21	Yes
Nikko Maru No.1	Cape Town	Western Region	31 Aug 21	Yes
Franivan	Durban	Eastern Region	14 Sep 21	Yes
JSP Barcelona	Durban	Eastern Region	15 Sep 21	Yes
Pelagic	Gqeberha	Southern Region	06 Oct 21	Yes
Jesea	Saldanha Bay	Western Region	07 Oct 21	No
No.1 Pohah	Cape Town	Western Region	25 Oct 21	Yes
Loucenzas	Durban	Eastern Region	15 Nov 21	No
MV Solin	Port of Ngqura	Southern Region	17 Nov 21	Yes
Regis Kaskazi	Durban	Eastern Region	23 Nov 21	Yes
Aloha: DTE3209R	East London	Southern Region	07 Dec 21	No
Oloro (ex Vankor)	Cape Town	Western Region	06 Jan 22	Yes
PSD 104	Durban	Eastern Region	22 Jan 22	Yes
UD 16451	Gqeberha	Southern Region	09 Feb 22	Yes

STRATEGIC CHALLENGE 1
VESSEL DETENTION

Vessel Name	Port	Region	Date of Detention	AOC Issued
Seedelwer XI	Port Nolloth	Western Region	24 Feb 22	No
SV Annabella	Saldanha Bay	Western Region	25 Feb 22	No
NS Qingdao	Saldanha Bay	Western Region	09 Mar 22	No
Santa Isabel	Saldanha Bay	Western Region	11 Mar 22	No
MSC Orchestra	Durban	Eastern Region	28 Mar 22	Yes

STRATEGIC CHALLENGE 1
SMALL VESSEL SAFETY (BOATING)

The Department of Transport (DoT), in partnership with SAMSA, held an event to officially launch the Inland Water Small Vessels Safety Strategy on Friday, 27 October 2021 at the Lake Deneysville Yatch Club in the Vaal Dam.

The Authority has started presenting various training courses, workshops and engagements:

Course	CPT	SDB	PN	MBY	ELN	DUR	RBY	PTA	TOTAL
Pontoon Course	**21**	4	0	2	2	0	0	7	36
Small Vessel Surveying Course	**15**	4	2	0	2	2	1	0	26
Small Passenger Vessel Course	**8**	0	0	2	2	0	0	6	18
Wooden Boats Course	**5**	4	0	0	0	0	0	0	9
Refresher Built-in Buoyancy Course	**15**	0	0	2	1	0	0	0	18
Total	**64**	**12**	**2**	**6**	**7**	**2**	**1**	**13**	**107**

1. Concentrated Inspection Campaigns on small vessels were completed in Loskop dam-Mpumalanga and a Boating Safety Awareness campaign was successfully completed, reaching ± 300 people on the dam.
2. A Safety Awareness Workshop was held along the West Coast, with 145 fishers in attendance. The main challenges that the fishers raised in the area included the standard of AtoN in the region as well as a request for surveyors to be familiarized with outboard motor testing methods. Subsequently, the Boating Centre engaged with all Surveyors and local Authorities to resolve these challenges.
3. 2 x Authorised Agencies and 16 x Safety Officers were audited during the period by Boating,

Small Vessel Surveys conducted by Authorised Agencies for the year:

Authorised Agency	SMALL VESSEL SURVEYS
SADSAA	**8998**
SALTBAA	**3502**
SASCA	**1304**
SAS	**755**

STRATEGIC CHALLENGE 1
VESSELS CALLING AT SOUTH AFRICAN PORTS

The total number of ships that submitted Pre-Arrival Notifications (PAN REPORTS) to the MRCC.

Month	All Ships		Excluding SA Ships	
	Single & Returns	Unique	Single & Returns	Unique
April	925	720	923	717
May	961	864	958	859
June	875	798	870	793
July	859	794	855	788
August	859	770	852	763
September	892	811	887	808
October	844	767	837	760
November	818	752	815	748
December	705	635	700	631
January	708	646	708	644
February	762	707	759	704
March	821	698	813	692
FY Total	**10029**	**8962**	**9977**	**8907**

STRATEGIC CHALLENGE 1
ADMISSIONS OF CONTRAVENTION

Port	No's.	Final AOC Amount
Durban	11	R 674, 000
Cape Town	19	R 4 930,000
East London	19	R 74, 615
Mossel Bay	5	R 72, 700
Gqeberha	3	R 30, 000
Port Nolloth	0	0
Port of Ngqura	4	R 1 155, 000
Pretoria	0	0
Richards Bay	5	R 106, 500
Saldanha Bay	8	R 121 500
TOTAL BY REGION		**ZAR**
Eastern Region	16	R 780 500
Northern Region	0	0
Southern Region	31	R 1 332 315
Western Region	27	R 5 051 500
TOTAL	**74**	**R 7 164 315**

STRATEGIC CHALLENGE 1
MARITIME POLLUTION INCIDENTS

Mandate objective 2 in line with the SAMSA Act No.5 of 1998: to prevent and combat pollution of the marine environment by ships

Pollution of the marine environment is strictly prohibited by international and national laws. However, such incidents still occur, and as a result, one of SAMSA's responsibilities is to investigate such incidents.

There were 12 pollution incidents reported during this financial year as reflected in the table below:

Vessels Name	Port	Date of Incidents	Type of Spill	Spill entered the water	QTY spill in M3	Detained	AOC Issued	AOC Amount
Antonie W II	Saldanha Bay	27 Apr 21	Oil	Yes	0,0500 m3	No	Yes	R10 000
Unfana	Saldanha Bay	27 Apr 21	Oil	Yes	0,4000 m3	No	Yes	R75 000
Salgir	Durban	29 Apr 21	Oil	Yes	0,0000 m3	No	Yes	R375 000
Erkul S	Cape Town	25 Jul 21	Bunker	Yes	0,0200 m3	No	Yes	R200 000
Flamethorn	Cape Town	01 Aug 21	Oil	Yes	0,1000 m3	No	Yes	R250 000
Flamethorn	Cape Town	06 Aug 21	Oil	Yes	0,0100 m3	Yes	Yes	R20 000
Nikko Maru No.1	Cape Town	31 Aug 21	Oil	Yes	0,0300 m3	Yes	Yes	R1 000 000
Leon Thevenin	Cape Town	06 Sep 21	Oil	Yes	0,0400 m3	No	Yes	R300 000
Mv SOLIN	Port of Ngqura	17 Nov 21	Bunker	Yes	1,5000 m3	Yes	Yes	R1 155 000
MSC Rafaela	Durban	22 Nov 21	Oil	Yes	0,5000 m3	No	Yes	R100 000
Avro Warrior	Cape Town	11 Jan 22	Oil	Yes	0,0005 m3	No	Yes	R40 000
Silver Hunter	Cape Town	28 Jan 22	Oil	Yes	0,0005 m3	No	Yes	R20 000

STRATEGIC CHALLENGE 1
MARITIME POLLUTION INCIDENTS

2021-22 Pollution Frequency Rate		
Incident rates for annum		Comments
Pollution rate	1,12	-0.88 Maritime pollution rate due to continued pollution campaigns and other Initiatives that are beginning to bear results.

Low Sulphur Fuel compliance in terms of Annex 6 of the MARPOL Convention:

Number of vessels that called SA waters sausing scrubbers	
Scrubber type	Number
Open	2064
Closed	58
Hybrid	192

STRATEGIC CHALLENGE 1
ABANDONED VESSELS

Abandoned Vessels

Vessel Name	Flag	No . of Crew	Issues
PSD 2	Tanzania	02	• Non-payment of salaries • Lack of food provisions • Repatriation • No fuel
PSD104	Tanzania	10	• Non-payment of salaries • Lack of food provisions • Repatriation • No fuel
Fairy Tale	Belize	06	• Non-payment of salaries • Lack of food provisions • Repatriation • No fuel

STRATEGIC CHALLENGE 2
STCW WHITE LIST

South Africa losing its status on the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List affecting employability of the South African seafarers across the world. Whilst maintaining the SCTW White List status the lack of recognition of the STCW training, assessment and certification systems within the South African Higher Education system, thus holders of Certificate of Competency's not able to be recognised by institutions of Higher Learning as 'appropriately' qualified to become lectures thereby destroying the maritime skills development and training industry and in the process losing on all the gains made towards seafarers employment.

Context requirements of the SCTW Regulations

In addition to the information required to be communicated by article IV, each Party shall provide to the Secretary-General, within the time periods prescribed and, in the format, specified in section A-I/7 of the STCW Code, such other information as may be required by the Code on other steps taken by the Party to give the Convention full and complete effect.

When complete information as prescribed in article IV and section A-I/7 of the STCW Code has been received and such information confirms that full and complete effect is given to the provisions of the Convention, the Secretary-General shall submit a report to this effect to the Maritime Safety Committee.

Following subsequent confirmation by the Maritime Safety Committee, in accordance with procedures adopted by the Committee, that the information which has been provided demonstrates that full and complete effect is given to the provisions of the Convention:

The IMO Maritime Safety Committee shall identify the Parties so concerned shall review the list of Parties which communicated information that demonstrated that they give full and complete effect to the relevant provisions of the Convention, to retain in this list only the Parties so concerned; and other Parties shall be entitled, subject to the provisions of regulations I/4 and I/10, to accept, in principle, that certificates issued by or on behalf of the Parties identified in paragraph 3.1 are in compliance with the Convention.

Amendments to the Convention and STCW Code, with dates of entry into force later than the date information has been, or will be, communicated to the Secretary-General in accordance with the provisions of paragraph 1, are not subject to the provisions of section A-I/7, paragraphs 1 and 2.

The South African Maritime Safety Authority is to give full and complete effect to the STCW Convention and its Codes to ensure that SAMSA remains on the IMO White List. The IMO White List distinguishes the nations that have displayed and established a plan of full compliance with the STCW Convention and Code. Developed by an unbiased group of "competent persons" at the IMO, the White List was created using criteria such as what system of licensing the administration has, training centre oversight, process of certificate revalidation, flag state control, and port state control.

STRATEGIC CHALLENGE 2
STCW WHITE LIST

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 White List Status, a World class Seafarer Welfare programme and South African Seafarers qualifications that are accepted in most maritime jurisdictions across the globe.			
No	**Outcome**	**Output 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.	1. A Globally Competitive South Africa Maritime Education and Training System through confirmation of being on STCW White list.	Maintain South Africa White List Status.	Maintain South Africa White List Status.

Strategic Risks Overview			
Strategic Risks	**Identified Risks**	**Risk Description**	**Action to Mitigate Risks**
	South Africa removed from the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List.	South Africa removed from the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List.	1. The Legislation must be improved to become complaint with the STCW Convention, viz; a. the Merchant Shipping (Safe Manning, Training and Certification) Regulations, 2013, as amended (joint responsibility with the DOT). b. the Merchant Shipping (Eyesight and Medical Examinations) Regulations, 2004, as amended. 2. A Quality Management System (QMS) ensuring effective implementation of the provisions of the Regulations and the STCW Convention. 3. An Independent Evaluation, a report of which will be submitted to the IMO.

STRATEGIC CHALLENGE 2
REGISTRAR OF SEAFARERS OVERVIEW

The Registrar of Seafarers is an Officer designated by SAMSA such and whose function is:

1. To issue Certificates of Competency qualifications in accordance with the Act.
2. To issue endorsements to certificates in accordance with the Act.
3. To maintain a register of all Certificates of Competency and of other qualifications issued or recognized under the Act, and all matters affecting them.
4. To make available information on the status of Certificates of Competency and of qualifications, including matters affecting them, to other competent authorities or shipping firms requesting verification of the authenticity or validity of certificates produced to them.

Certificates Issued					
Type	**Q1**	**Q2**	**Q3**	**Q4**	**Annual**
Certificate of Competency (Deck and Engine)	141	593	707	429	1870
Certificate of equivalent Competency (STCW I/10)	12	34	24	8	78
Certificate of Proficiency (Ratings)	264	633	420	243	1560
Seafarer Records Books	316	313	474	464	1567
GMDSS Radio Certificates	106	99	78	143	426
Short Range Radio Certificates	890	1995	612	736	4233
Long Range Radio Certificates	7	133	23	28	191
Small Vessel Certificates of Competence	378	0	32	3957	4367
Total	**2114**	**3800**	**2370**	**6008**	**14292**

During the reporting period the Minister of Transport signed the MS (Certification, Training and Manning) Regulations. SAMSA completed the Quality Standards System for STCW Certification.

STRATEGIC CHALLENGE 3
MARITIME LEGISLATION AND REGULATIONS

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.

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.			
No	**Outcomes**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
1	Enforcement of domesticated maritime legislation and regulations to ensure effective implementation of the entity`s responsibility.	Maritime legislation and regulations updated, implemented and monitored.	Two (2) maritime legislation and regulations updated, implemented and monitored.	All maritime legislation and regulations updated, implemented and monitored in line with plan.
	Key Initiatives to be implemented to ensure the achievement of the Outcome: 1. Maritime Legislation Stakeholder Lobbying and Partnering initiatives. 2. South Africa IMO Committees Technical Submissions.			

STRATEGIC CHALLENGE 3
MARITIME LEGISLATION AND REGULATIONS

SAMSA had set the following deliverables for the financial period:

i. Approved Report on the implementation of 2021-2022 priority policies on the Policy Monitoring and Evaluation Plan to ensure good corporate governance.
ii. Centre Endorsed SAMSA Draft Policy on Corporate Policies and Procedures.
iii. Approved Report on the Implementation of the CMTP Roadmap in line with the SAMSA Position Paper on CMTP and CMTP Implementation Plan BY .
iv. Three (3) sets of amendment Regulations namely :-
   a. The Amendment Marine Traffic Regulations 1985,
   b. The Amendment Construction Regulations 1968 and
   c. The Amendment Life-saving Equipment Regulations 1968.
v. Report on the implementation of SAMSA Records Management Framework (File Plan, Policy and Procedures) in different Regions / Centres.
vi. Approved business case for retention and disposal of records by EXCO.
vii. Annual Compliance Report 2021/2022 in line with the M&E Report (2018-2021) approved by EXCO.
viii. Report on reviewed SAMSA Legislative Universe approved by EXCO.
ix. Annual SAMSA Legal Monitoring Report 2021/2022 approved by EXCO.
x. SAMSA Standard Agreement approved by EXCO.
xi. Commission and develop an approved research study on the socio economic impact assessment on State (South Africa), related to implementing the initial IMO GHG Strategy.
xii. Commission and develop an approved Research paper on the 3-year scientific observation on the environmental impact of scrubber wash water on the South African water quality (01 April 2021 - 31 March 2024).
xiii. Commission and develop an approved research paper on growing the maritime economy with off-shore bunkering – opportunities, challenges and risks - a case for St Helena Bay.

STRATEGIC CHALLENGE 3
MARITIME LEGISLATION AND REGULATIONS

No.	Core Process	Annual Target	Actual Achieved	Comment
1	Regulatory Compliance Advisory.	Annual Compliance Report 2021-2022 in line with the M&E Report (2018-2021) approved by EXCO.	Compliance Report Incorporating Risk Profile 2021-2022 Approved by EXCO on 15 December 2021.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
2	Regulatory Compliance Advisory.	Report on reviewed SAMSA Legislative Universe approved by EXCO.	Compliance Report Incorporating Risk Profile 2021-2022 Approved by EXCO on 15 December 2021.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
3	Regulatory Compliance Advisory.	Annual SAMSA Legal Monitoring Report 2021-2022 approved by EXCO.	Annual SAMSA Legal Monitoring Report 2021-2022 has been approved by EXCO.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
4	Regulatory Compliance Advisory.	Annual Compliance Report 2021-2022 in line with the M&E Report (2018-2021) approved by EXCO.	Compliance Report Incorporating Risk Profile 2021-2022 Approved by EXCO on 15 December 2021.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
5	Maritime Legislative Advisory (Information Management).	Report on the implementation of SAMSA Records Management Framework (File Plan, Policy and Procedures) in different Regions / Centres by 31 March 2022.	SAMSA Standard Service Level Agreement approved by EXCO on 17 March 2022. The SAMSA Records Management Framework National Archives approved File Plan, Board Policy as well the EXCO Procedures.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.

STRATEGIC CHALLENGE 3
MARITIME LEGISLATION AND REGULATIONS

No.	Core Process	Annual Target	Actual Achieved	Comment
6	Maritime Legislative Advisory (Information Management).	Approved business case for retention and disposal of records by 31 March 2022.	The Business Case for the Retention and Disposal of records was approved on 17 March by EXCO.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
7	Maritime Legislative Advisory Management.	Three (3) sets of amendment Regulations namely :- • The Amendment Marine Traffic Regulations 1985. • The Amendment Construction Regulations 1968. • The Amendment Life-saving Equipment Regulations 1968.	The Business Case for the Retention and Disposal of records was approved on 17 March by EXCO.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
8	Maritime Policy Advisory.	Approved Report on the implementation of 2021-2022 Priority Policies on the Policy Monitoring and Evaluation Plan by 31 March 2022, to ensure good corporate governance.	Report on the implementation of 2021-2022 Priority Policies on the Policy Monitoring and Evaluation Plan was approved on 17 March 2022 by EXCO.	No further action is required to meet the annual target for 2021-2022. Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.

STRATEGIC CHALLENGE 3
MARITIME LEGISLATION AND REGULATIONS

No.	Core Process	Annual Target	Actual Achieved	Comment
9	Maritime Policy Advisory.	Approved Report on the Implementation of the CMTP Roadmap in line with the SAMSA Position Paper on CMTP and CMTP Implementation Plan by 31 March 2022.	The Business Case for the Retention and Disposal of records was approved by EXCO on 17 March.	EXCO resolved on 08 March 2021, that the identified stakeholders should develop a CMTP Roadmap for SAMSA before The Draft SAMSA Position Paper on CMTP and CMTP Implementation plan can be approved. Implementation of the SAMSA Position Paper on CMTP and CMTP Implementation Plan through the SAMSA CMTP Roadmap will be done in the 2022-2023 Financial Year.
10	Maritime Policy Advisory.	Centre Endorsed SAMSA Draft Policy on Corporate Policies and Procedures by 31 March 2022.	The Draft SAMSA Policy on Corporate Policies and Procedures was presented and endorsed at the Centre Management Meeting on 21 December 2021.	The Draft Policy on Corporate Policies and Procedures was considered and endorsed by SPC on 29 March 2022 as part of the policy approval process.
11	Maritime Research Management .	Draft SAMSA CMTP Roadmap was endorsed at the workshop held 08 February 2022.	The Business Case for the Retention and Disposal of records was approved by EXCO on 17 March.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.

STRATEGIC CHALLENGE 3
MARITIME LEGISLATION AND REGULATIONS

No.	Core Process	Annual Target	Actual Achieved	Comment
12	Maritime Research Management.	Commission and develop an approved Research paper on the 3-year scientific observation on the environmental impact of scrubber wash water on the South African water quality (01 April 2021 - 31 March 2024).	SAMSA collaborated with the Benguela Current Convention to undertake a research study on the 3-year scientific observation on the environmental impact of scrubber wash water on the South African water quality (01 April 2021 - 31 March 2024). The University of Western Cape (UWC) was appointed to undertake this study, with the pilot sites being Port of Cape Town, Port of Saldanha and Port of Gqeberha. Currently, work is being undertaken at both Saldanha and Cape Town (Gqeberha to be enrolled in the 2022-2023 financial year). Engagement meetings with Transnet National Ports Authority (TNPA) held at the Port of Saldanha and Port of Cape Town (SAMSA-TNPA-UWC). Progress reports were shared and presented at the quarterly National Intersectoral Coordinating Committee (NICC) meeting and with ExCo, who approved the 1st year report during the March 2021 ExCo meeting.	Target for the next quarter will be in accordance with the Centre Business Plan for the period 2022-2023.
13	Maritime Research Management.	Commission and develop an approved research paper on growing the maritime economy with off-shore bunkering – opportunities, challenges and risks - a case for St Helena Bay, by 31 March 2022.	The study was placed on hold by Finance and Supply Chain Management as part of austerity measures imposed by SAMSA management. As a result, the study was deferred to 2022-2023 business plan.	The research study will be included in the Centre Business Plan for the period 2022-2023.

STRATEGIC CHALLENGE 3
PARTNERSHIPS AND COLLABORATIONS

Memorandum of Understanding (MoU)

In line with the approved SAMSA Research Delivery Model and Research Strategy, the Centre continued to engage with research institutions with the aim to progress the implementation of the established Memorandum of Understanding with the University of Western Cape University (UWC), Council for Scientific and Industrial Research (CSIR) and the A tripartite relationship Nelson Mandela University (NMU) and Cape Peninsula University of Technology (CPUT).

Research Stakeholder Engagements

The SAMSA Maritime Research Management deposited an Expression of Interest to the International Maritime Organisation (IMO) in 2021, on behalf of the Republic of South Africa for the country to participate 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 the vision of decarbonising shipping by the end of this century.
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 this project. As a result, the country and industry benefitted on the Alternative fuels Workshop which was virtually held on 13-16 April 2021.

South Africa through the SAMSA Maritime Research Management continues to provide a focal point function to the Maritime Technology and Cooperation Centre (MTCC) Africa based in Kenya, which is concerned with promotion of maritime technologies aimed at reducing climate change. Global MTCC Network (GMN) supports maritime decarbonisation through pilot projects and technology uptake. SAMSA participated in various virtual MTCC-Africa workshops and conferences. Eight (8) virtual events were organised by MTCC-Africa during this financial year. The last event was the "Energy Efficiency in African Ports Webinar" held on the 9 December 2021.

The Maritime Research Management continue to engage with industry for purposes of building knowledge that seeks to promote South Africa's maritime interests. It also leads and coordinate the preparations of engagements at the IMO's Marine Environment Pollution Committees by engaging with the relevant key departments. There are many engagements with amongst other, the Benguela Current Large Marine Ecosystems (BCLME), the National Transport Forum (NTF), National Transport Committee for Environment (NTCE) and Transport Spatial Information Dataset.

Maritime Research Management continues to participate in the Southern African Transport Conference (SATC) to promote the maritime industry. On the 5 to 8 July 2021, SATC held its 39th Annual SATC 2021 at the CSIR International Convention Centre with a theme: Sustainable Transportation Through Enabling Partnerships. The SAMSA Research Unit facilitated that the ACEO present at the Conference by developing a Paper titled "Partners in Building Maritime Nations".
The Maritime Research Management provided Organiser, Convener and Chairship for the Maritime Session and developed the Session report, which was integrated with other Sessions, and presented to the National Minister of Transport.

The Maritime Research Management continues to plan and facilitate the Maritime Session as part of the forthcoming 40th SATC 2022 scheduled for 4-7 July 2022. SATC organising team met on 08 February 2022 to progress the planned 40th SATC.

STRATEGIC CHALLENGE 4
INTERNATIONAL MARITIME CENTRE

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. 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.

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.			
No	**Outcome**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
1	A Highly Competent Maritime Authority with a Certified Quality Management System in place.	Certified Quality Management System.	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 Capacity 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.

STRATEGIC CHALLENGE 4
INTERNATIONAL MARITIME CENTRE

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.			
No	**Outcome**	**Output 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.	SAMSA Digital Strategy and Roadmap with all systems fully optimised.	Status of all SIOMS modules and implementation. No App-based Survey software exists currently. Limited MDA software available. No Maritime Patrols conducted around the South African Coastline.	Phase 5 SAMSA Digital Strategy and Roadmap with all systems fully implemented and optimised. (New **Technological SMART**" systems implemented, such as Surveyor Survey Software (apps) and faster turnaround times for customers. Better MDA with the coastline monitored 24/7 through integrated intelligence systems and Drones).
4	A Financially sustainable SAMSA with enough resources to implement SAMSA's mandate other global initiatives.	Cash cover.	Level 4 of the SAMSA's Long term financial sustainability model.	Cash cover of 2,5.

STRATEGIC CHALLENGE 4
INTERNATIONAL MARITIME CENTRE

Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
1	Limited technical and support skills to deliver on the SAMSA mandate.	Inability to attract and retain maritime technical skills the following skills have been identified as critical: Vessels (Deck and Engine and radio) surveyors, Naval architects, MRCC Chief, Chief Examiner, Senior examiners, Registrar of Seafarers. Registrar of Ships, Principal Officers. The loss of scarce technical skills effects our ability to successfully perform our Mandate and contributes to the loss of Inherent Knowledge and Skills.	1. Implement the SAMSA Funding Model to ensure Market Related salaries and the recruitment of scarce technical skills. 2. Implement the SAMSA Employee Value Proposition. 3. Reward and Recognition Performance Management System implemented which allows for both financial rewards and succession planning. 4. Training and Development Programs for Surveyors and Naval Architects. 5. Review the current Age Profile of scarce technical skills and introduce programs to reduce the profile allowing for a younger workforce.
2	ICT System Failure and Poorly integrated Systems and Processes.	Down time of Network Infrastructure and IT Systems that host business application.	1. SIOMS fully implemented. 2. Web-based Quality Management System which is ISO 9001:2015, ISO14001:2015 and Certified. 3. Introduce Surveyor Tools, such as Drones and Tablet or Cell-based Survey Software integrated with other software systems. 4. Complete a Gap Analysis of current Maritime Domain Awareness systems, recommend improvements and implement.
3	SAMSA funding cannot meet its mandate obligations.	SAMSA's funds are inadequate to fund the mandate due to the limitation of the current funding model.	1. SAMSA to conduct an analysis of previous maritime incidents to determine the adequacy of the Maritime Fund. 2. SAMSA and DoT to ensure immediate implementation of the SAMSA Funding Model. 3. Timeous approval of the SAMSA Tariffs on a short- and long-term period.

STRATEGIC CHALLENGE 5
INTERNATIONAL MARITIME CENTRE

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.

Impact Statement	To ensure that the South Africa maritime Agenda of becoming an International Maritime Centre with its entire marine, maritime, governance and related socio-economic activities, offers and promote the opportunities within the industry for enterprise growth, new jobs, new knowledge, new technologies and innovation for South Africans, Africans and the global community.			
No	**Outcome**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
1	Satisfied SAMSA International and National stakeholders.	Status of all Stakeholder Value offering in line our service standards.	Level 4 Stakeholders Satisfaction survey rating.	90% Stakeholders Satisfaction survey rating.
	A fully implemented South Africa`s Maritime Interests Promotion Agenda.		None.	A fully implemented South Africa`s Maritime Interests Promotion Agenda In line with the Plan.
2	Sustainable Maritime Corporate Social Investment to address the socio-economic challenges.	Corporate Social Investment Sustainability Framework and Programme.	No Corporate Social Investment Sustainability Framework.	1000 Beneficiaries (Women, Youths, previously disadvantaged entrepreneurs, businesses and society etc) under the Corporate Social Investment Sustainability Programme in line the National Broad-Based Transformation agenda.

Key Strategic Highlights of The Performance

Capacity Building and Training: SAMSA and its donor(s) will facilitate a comprehensive training programme for identified fishing cooperatives in the coastal communities in the Eastern Cape and Kwa-Zulu Natal. This will be delivered in partnership with relevant training institutions, providing targeted pre-sea course and skippers training, as well as business, financial management and entrepreneurship training.

STRATEGIC CHALLENGE 6
OVERVIEW TO THE CHALLENGE

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.			
No	**Outcome**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
1	South Africa's Maritime industry that contributes to the National Gross Domestic Product and creates jobs.	Jobs created in the South Africa maritime industry.	-	1,000 jobs created in South Africa maritime industry.
2	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.	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.
3	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.

STRATEGIC CHALLENGE 6
STRATEGIC RISKS OVERVIEW

Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
1	COVID 19 Pandemic.	On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 a pandemic (an infectious disease outbreak that spreads on a global scale). The COVID 19 pandemic will have a great effect on job creation and maritime sector growth due to downturn of the global economic activities in areas such as cruise shipping which were some of the key focus areas of our strategic initiatives.	1. Continuously strategic stakeholder engagements with prospective shipping companies on the creation of employment in line with a new plan taking cognisance of COVID 19. 2. Implement the MYDP programme in line with the new MSC requirements.
2	Loss of South African ships from the South African Register.	Loss of ships registered on the SA ships register due to among other factors such as: 1. Business factors as: financial viability, investment decision, operating country factors such as the political risk of a country. 2. Circumstances that can lead to a vessel being written off such as accidents. 3. SAMSA internal efficiency in the ship registration process: turnaround time, easiness of the registration process (automation of the ship registration process), uncompetitive ship registration costs. 4. Uncompetitive incentives scheme to ship owners: preferential treatment, port charges discounts, taxation (income tax, customs and excise and Customs VAT, PAYE for seafarers.	1. Continuously conduct comparative studies on ship register incentives in order to devise informed promotion and retention strategies. 2. Address the treatment of Customs and Excise, and Customs VAT, involving relevant institutions among them, National Treasury, SARS, the Department of Trade, Industry and Competition (DTIC), DoT and SAMSA. Also, seafarers doing duty on qualifying ships are exempt from Pay As You Earn (PAYE) tax.

STRATEGIC CHALLENGE 6
OVERVIEW OF CHALLENGE

1. Growth of the South African Ship Register

The growth of the ship register can have a catalytic effect on the growth of the broader maritime sector in the following ways:

i. Recognition of SA as a maritime nation.
ii. Growth in services associated with shipping and especially those targeting international ships.
iii. Creating employment opportunities for South Africa's youth in shipping in particular, the maritime sector in general.
iv. To improve leverage for SA to participate in maritime affairs at the international stage (for instance, the participation within the IMO council is correlated with the registered fleet of one's country).

During the reporting period, SAMSA successfully reviewed and implemented its SA Ship Register Promotional Plan, resulting in the registration of one (1) convention vessel, while a few vessel owners are awaiting resolution of outstanding shipping taxation matters. In the reporting period, SAMSA also concluded a successful registration of an Offshore Supply Vessel with 1951 Gross Tonnage, operated by Marine Crew Services (MSC) at the Port of Mossel Bay.

2. Employment of South Africans on board all SA Registered vessels

In the process of negotiating registration of vessels under the SA Flag, the entity requests Ship Owners, to provide training berths for South African Youth, as well as employment opportunities for South African Seafarers on their vessels. The table below reflects on achievements of this campaign during the reporting period:

Types of Vessels on the South African Register

Employer	Vessel Name	Contract Type	Males	Females	Total
AMSOL	Siyanda	Fixed Term	8	0	8
	Umkhuseli	Fixed Term	10	0	10
	Isiqalo	Fixed Term	24	2	26
	Nomasa	Fixed Term	10	0	10
					54
	Siyanda	Permanent	13	0	13
	Umkhuseli	Permanent	14	2	16
	Isiqalo	Permanent	2	1	3
	Nomasa	Permanent	14	0	14
					46
MCS	Lewek Harrier	Fixed Term	22	0	22
Mnambithi Group	Bow Cecil	Fixed Term	1	1	2
					124

STRATEGIC CHALLENGE 6
OVERVIEW OF CHALLENGE

3. New SMMEs created in the South African Maritime Industry

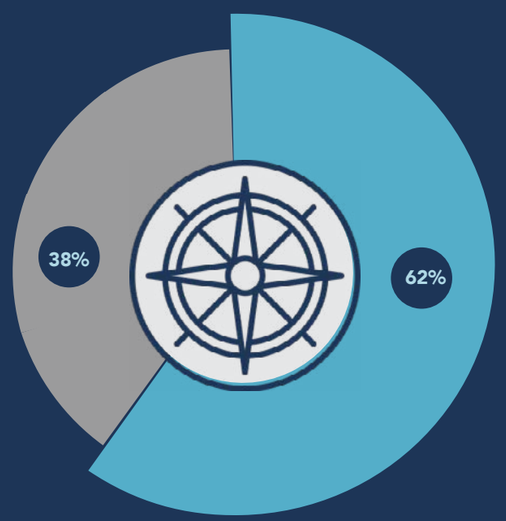
Consistent with SAMSA's statutory objectives (promotion of South Africa's maritime interests) the entity is naturally concerned about the value of the economic benefit accruing to the South African economy flowing from particularly, the offshore bunkering services opportunity (at Algoa Bay near Ngqurha in the Eastern Cape).

In the reporting period, SAMSA sought to prioritise the issue of dealing with impediments against creation of the secondary business opportunities for Black SMMEs. The interventions gave rise to the following new SMME being created and operating as a direct result of successful negotiations with and contributions by two bunkering services providers. These five (5) SMMEs businesses that were assisted successfully into the maritime industry are now working with Heron Marine:

1. ***Maritime Panthers*** is a non-profit organisation formed to enable support of other activities of the Nelson Mandela Bay Chamber of Business Chamber. The SMME category business operation in Nelson Mandela Bay collects samples of fuel used by bunker badges for them to be tested for their specification compliance, which process is completed in labs situated in Cape Town. The idea has since created jobs and technical skills.
2. ***Divers for Hire*** is a 100% black-owned and managed South African commercial diving enterprise offering the Marine Industry a cost-effective diving solution with experienced, reliable and well-trained divers, 7 days a week, 24 hours a day.
3. ***Luphawu Lwenkosi*** is a 100% black owned company that provides stationary and other accessories for Heron Marine.
4. ***April and Sons*** is a 100% black owned company that specializes with office cleaning and fogging.
5. ***Shekinah Impact*** is a 100 % black company which specializes in supplying of water to South African Marine Fuel barges.

PERFORMANCE OVERVIEW
CORPORATE PERFORMANCE INFORMATION DASHBOARD

The following report provides an account of progress on SAMSA's predetermined objectives as outlined in the 2021-22 Annual Performance Plan.



SAMSA ACHIEVED

62%

of its indicators in line with treasury regulations on acceptable performance.

Achieved

Not Achieved

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 1

Strategic Challenge 1	Managing risks with regards to maritime safety of property, equipment, seafarers and pollution incidents from vessels.					
No	**Output Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Reportable Maritime Incident rate from all types of vessels.	Below 10 Reportable Maritime Incident Rate.	**Not Achieved** 14,66 Reportable Maritime Incident Rate. [1]	+ 2,96 Reportable Maritime Incident Rate.	Due to an increase in the number of maritime incidents (139) recorded compared to last year (90).	None
2	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 Inspected under Port State responsibility.	No deviation.[2]	None.	None.
3	Reportable Maritime fatalities rate reported from all types of vessels.	Below 2 Reportable Maritime fatalities rate reported from all types of vessels.	**Achieved** 1.25 Reportable Maritime fatalities rate reported from all types of vessels.	-0.33 Reportable Maritime fatalities rate reported from all types of vessels.	Maritime Safety campaigns and other safety Initiatives that are beginning to bear results.	None.

[1]. The Maritime incident rate denominator which includes number of vessels on the SA register has been fully corrected with the number of vessels on the register being 745 compared to 1296 previously reported. The number of foreign vessels calling into South African waters was corrected with a total of 9977 reported for this financial year compared to 17685 previous year (which looked at the risk inherent factor from the vessels rather than the vessels).

[2]. No watch list vessels called in South Africa during the reporting period.

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 1

Strategic Challenge 1	Managing risks with regards to maritime safety of property, equipment, seafarers and pollution incidents from vessels.					
No	**Output Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
4	Number of Ad hoc Inspections conducted.	200 Number of Ad hoc inspections conducted.	**Achieved** 375 Number of Ad hoc Inspections conducted.	+175 Number of Ad hoc Inspections conducted more than the annual target.	Introduced the concentrated inspections campaigns during the reporting period.	None.
5	Reportable Maritime pollution incidents rate from all types of vessels.	Below 2 Reportable Maritime pollution incidents rate from all types of vessels.	**Achieved** 1.12 Reportable Maritime pollution incidents rate from all types of vessels.	-0.88 Reportable Maritime pollution incidents rate from all types of vessels.	Maritime pollution rate due continued pollution campaigns and other Initiatives that are beginning to bear results.	None.

- Achieved
- Not Achieved

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 2

Strategic Challenge 2	South Africa losing its status on the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List affects employability of the South African Seafarers across the World. Whilst maintaining the STCW White List status, the lack of recognition of the STCW & STCW-F training, assessment and certification systems within the South African Higher Education system.					
No	**Output Indicators**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Status of South Africa International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List.	Maintain the South Africa International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List Status.	**Achieved** South Africa are on the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List as per IMO Circular.	No Deviation.	None.	None.

- Achieved
- Not Achieved

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 3

Strategic Challenge 3	South Africa's basket of maritime legislation has a set of outdated legislation that needs to be prioritised for urgent review. This involves a need for International Conventions that South Africa locally subscribed to, to be domesticated expeditiously into local laws to ensure execution of enforcement. Additionally, penalties for transgression of legal requirements on environmental laws, are also very low in comparison with other countries and thus not a real deterrent for offenders.					
No	**Output Indicators**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Number of Maritime Legislations and Regulations updated and submitted to the Department of Transport.	Three (3) sets of Amendment to Regulations namely: • The Amendment Marine Traffic Regulations 1985. • The Amendment Construction Regulations 1968. • The Amendment Life-saving Equipment Regulations 1968.	**Achieved** SAMSA submitted to the DoT Maritime Branch the following: 1. The Amendment Marine Traffic Regulations 1985. 2. The Amendment Construction Regulations 1968. 3. The Amendment Life-saving Equipment Regulations 1968 for processing to the Executive Authority.	No Deviation.	None.	None.

- Achieved
- Not Achieved

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 4

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 and management approaches, etc.) and ICT infrastructure able to retain the inherent institutional knowledge.					
No	**Output Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Quality Management System as per recognised standards.	Phase 2 of the Corporate Quality Management System in place.	**Not Achieved** Phase 1 of the Corporate Quality Management System not yet done. [3]	Phase 2 of the Corporate Quality Management System not in place.	Slow implementation of the Quality Management System project.	None.
2	Vacancies filled as per the Capacity Plan – Occupancy Rate.	Budgeted Vacancies in line with the approved Capacity Plan resulting in 95% occupancy rate.	**Not Achieved** 92% Occupancy Rate.	3 % Occupancy Rate.	Lack of funding in line with the Human Capital Plan requirements.	None.
3	Scarce skills turnover rate.	</= 5% Scarce Skills Turnover rate.	**Achieved** /= 4.0 % Scarce Skills Turnover rate.	/= -1 % Scarce Skills Turnover rate.	Due to the implementation of the SAMSA Scarce Skills Value Proposition	None.

[3]. The entity has developed a 2022-23 Quality Management System Corrective Action Plan in order to ensure that Phase 2 is achieved.

- Achieved
- Not Achieved

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 4

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 and management approaches, etc.) and ICT infrastructure able to retain the inherent institutional knowledge.					
No	**Output Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
4	Cash cover.	2.5 Cash cover.	**Not Achieved** 1.84 Cash cover.	0.66 Cash cover period.	SAMSA has been negatively affected by the Covid-19 pandemic and Lockdown regulations which has seen a decrease in the shipping volumes by more than 14%.	None.
5	Percentage resolution of reported incidents of corruption.	95% resolution of reported incidents of corruption.	**Achieved** No cases reported through the formal Whistle Blowing channel. [4]	No Deviation.	None.	None.
6	Ethics committees established and operationalised.	Operations of ethics committees monitored.	**Achieved** Annual Report on the status and operations of ethics committees.[5]	No Deviation.	None.	None.

[4]. The SAMSA Board instituted an investigation against three Executives after receiving complaints from various Stakeholders. The entity is also currently conducting an investigation against Management in order to have a comprehensive understanding of the key issues raised by employees during a Human Resources Focus Group engagements.
[5]. The SAMSA Board Remuneration Committee (REMCO) Charter has been extended to include Social and Ethics incidents and reporting.

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 4

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 and management approaches, etc.) and ICT infrastructure able to retain the inherent institutional knowledge.					
No	**Output Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
7	Percentage implementation of action plans to address audit findings.	100% implementation of action plans to address audit findings.	**Not Achieved** 53% implementation of action plans to address audit findings.	47% of action plans not implemented to address audit findings.	Delays in finalising the 2020-21 Corporate Audit resulting in the entity not having enough time to fully implement all the corrective actions.	None.
8	Percentage reduction of cases of wasteful and fruitless expenditure.	75% reduction of cases of reduction of cases of wasteful and fruitless expenditure.	**Achieved** 77,,2% reduction of cases of reduction of cases of wasteful and fruitless expenditure.	2,,2% more reduction of cases of reduction of cases of wasteful and fruitless expenditure.	Cashflow constraints that have resulted in the late payment of invoices. These overdue accounts have accrued interest.	None.
9	Percentage reduction of cases of irregular expenditure.	75% reduction of cases of irregular expenditure.	**Not Achieved** 14.2% increase in cases of irregular expenditure.	- 60.8% less reduction of cases of irregular expenditure.	Mainly due to irregular expenditure regarding legal fees, expired rental contracts and licences.	None.
10	Percentage compliance to 30-day payment requirement.	100% compliance to 30-day payment requirement.	**Not Achieved** 88,3 % compliance to 30-day payment requirement.	-11.7% compliance to 30-day payment requirement.	Cash Flow challenges due to late payment by some of the entity debtors.	

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 5

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 maritime stakeholders to solicit for collaboration and support in the implementation of initiatives to promote the country`s maritime interests.					
No	**Output Indicators**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Stakeholders Satisfaction Ratings in line with SAMSA's Stakeholders Management Plan.	80% Stakeholders Satisfaction survey rating.	**Achieved** 80% Stakeholders Satisfaction survey rating.	No Deviation.	None.	None.

- Achieved
- Not Achieved

PERFORMANCE INFORMATION
STRATEGIC CHALLENGE 6

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					
No	**Output Indicators**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Number of Jobs (Women, Youths etc.) created in South Africa maritime industry.	200 Jobs (Women, Youths etc.) created in South Africa maritime industry.	**Not Achieved** Only 124 jobs were created during the period..[6]	76 jobs not created during the reporting period.	Negative impact of COVID-19 on the SAMSA job creation specifically within the cruise industry.	None.
2	Number of merchant vessels registered onto he South Africa Ship register.	One merchant vessel registered onto the South Africa Ship register	**Achieved** 1 x One merchant vessel registered onto the South Africa Ship register.	No Deviation.	None.	None.
3	Number of new SMME`s assisted in South Africa maritime industry.	Two new SMME`s assisted in South Africa maritime industry.	**Achieved** Five new SMME`s assisted in South Africa maritime Industry.	Three (3) more than anticipated new SMME`s assisted in South Africa Maritime Industry.	Total alignment with the Bunkering stakeholders with the three operators buying in into the key initiative.	None.

- Achieved
- Not Achieved

HUMAN CAPITAL MANAGEMENT PERFORMANCE

The core function of the centre of Human Capital Management is to source, develop and retain talented workforce to fulfil SAMSA's core mandates as well as to further 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.

In the previous financial year 2020-2021, SAMSA' Annual Performance Plan had six core strategic programmes to achieve its objectives. Of the six strategic programmes, only strategic challenge four had a direct relationship with Human Capital functions, as it focuses on being an International Maritime Centre by the year 2030 and capable of delivering on this mandate. It further states that SAMSA needs to be appropriately resourced and capacitated, with complete and correct financial resources, manpower, competencies (processes, systems, leadership, structures, management approaches, etc). The strategic objective is to be a Competent Maritime Authority. In the 2021-22 financial period we will focus on reconciling 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.

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 receives 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 2021 was 321. In order for the organization to achieve the strategic objectives set for the five years business planning period, a capacity plan was developed in alignment with the SAMSA's 5-year strategy as follows:

2021	2022	2023	2024	2025
345	345	345	345	345

The achievement of strategic objectives depends on an integrated talent management programme that not only considers our recruitment needs, but also seeks to link performance management, training and development and succession planning, with specific focus and retention of leadership and scarce and critical technical skills, in line with the transformation initiatives set out in the Employment Equity strategy. Targeted skills development programmes are also required to increase representation of priority groups in the workplace, including females, people living with disabilities and the youth. The achievement of strategic objectives also depended on having the necessary culture that aligns with and supports SAMSA's mission, vision and values. A cultural analysis provided insight into what employees and Leadership wanted to see in the desired culture and The Culture Shaping Programme was designed to then provide a specific set of strategies needed to change and strengthen the desired organizational culture, with a focus on addressing key shifts in leadership, management and employee behaviour and organisational practices.

EMPLOYEE WELLNESS PROGRAMME

Company Wellness Solutions was appointed in February 2021 to run with SAMSA EAP Services. It focuses on the following topics: Nutrition, Fitness, Financial, Legal & Mental health.


Nutrition


Fitness


Financial


Legal


Mental Health

Nutrition	There were **29** cases during this financial year 2021/22 of which the highest was hypotension **(21)** followed lactose intolerant **(8 cases)**.
Fitness	There were **10 cases** during this period the highest being podcast.
Financial	There were 18 cases during this period.
Legal	There were 44 cases during this period where the highest is divorce (16) followed by maintenance 12.
Mental Health	There were 378 cases for this period where 83 were work related, followed by Depression 45, Trauma 37. In this section it is clear there is a need for intervention using training of Line Managers and employees.

The total number of cases reported for FY 2021-2022 is 479.

HUMAN CAPITAL MANAGEMENT POLICIES

The following 3 Policies were reviewed and awaiting approval:

No	Policy Name	Status
1	Acting Policy	Awaiting Approval
2	Education Training & Development Policy	Awaiting Approval
3	Remuneration Policy	Awaiting Approval

The following Policies were reviewed and approved:

No	Policy Name	Status
1	Recruitment Policy	Approved
2	Code of Conduct Policy	Approved
3	Disciplinary Policy	Approved
4	Leave Policy	Approved
5	Grievance Policy	Approved
6	Harassment Policy	Approved
7	Medical Aid Policy	Approved
8	Probation Policy	Approved
9	Relocation Policy	Approved

HUMAN CAPITAL MANAGEMENT PERFORMANCE

ACHIEVEMENTS

The following highlights were achieved in the reporting period:

1. The submission of the WSP (Workplace Skills Plan) before the 30th of April 2022 to TETA.
2. Nine HC Policies approved.
3. Ongoing implementation and entrenching of the SAMSA Talent Management Framework through Annual Talent reviews which culminated in the EXCO talent forum in December 2021.
4. Employment Equity plan for FY21/22 approved for implementation.
5. Successful implementation of a pilot study of the Hybrid Work Model within SAMSA.
6. Approval of the New SAMSA Competency Model.

CHALLENGES

The following challenges were incurred in the reporting period:

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.
3. Lack of representation of females at management level as well as employees living with disabilities at all levels which has a serious impact on employment equity and transformation.
4. Covid-19 impact has meant that certain interventions had to be placed on hold due to budgetary constraints.
5. The current moratorium on recruitment and cost containment measure had a negative impact on recruitment initiatives. HC could not recruit as per annual recruitment plan as a result the target on recruitment was impacted.
6. Budgetary constraints impacted on Training of Executives on coaching under the Culture Shaping project which was put on hold. Furthermore, it has also affected Skills Development BBBEE input since only 33% was spent.

FUTURE HC PLANS/GOALS

1. HC is on an ongoing drive to conduct Policy awareness to address the issue of policy contravention.
2. To initiate leadership interventions as a matter of priority as the first stage of the implementation of the Culture Shaping Programme approved was approved in FY 2020 - 2021.
3. Executives Training on Coaching.
4. To introduce and embed the SAMSA Competency Framework within the organisation.
5. To roll out the Hybrid Model of working throughout the organisation.
6. To drive and embed an outcome-based approach to the current performance management system.
7. To design, develop, review and implement policies, processes, and interventions to facilitate the adoption of a culture of the “New Normal”.

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Personnel Cost by Programmme/ Activity / Objectives					
Programmes	Total Expenditure for the entity ('R000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	No of employees	Average Personnel Cost per Employee (R'000
Programme 1	386 364	123 057	31,9%	150	820
Programme 2	386 364	9 668	2,5%	21	460
Programme 3	386 364	13 374	3,5%	13	1029
Programme 4	386 364	66 785	17,3%	98	681
Programme 5	386 364	11 604	3,0%	11	1055
Programme 6	386 364	22 134	5,7%	28	791
Total		**246 622**		**321**	

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Personnel Cost by Salary Band				
Level	Personnel Expenditure ('000)	% of Personnel Expenditure to Total Personnel Cost	No of employees	Personnel Costs per Level (R'000)
Top Management	246 622	1,26%	1	3 110
Senior Management	246 622	10,50%	12	25 886
Professional Qualified	246 622	54,54%	121	134 508
Skilled	246 622	21,17%	89	52 215
Semi-skilled	246 622	8,81%	67	21 721
Unskilled	246 622	1,46%	19	3 603
Temporary Workers	246 622	2,26%	12	5 580

Performance Rewards			
Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel costs
Top Management	0,00	246 622	0,00%
Senior Management	0,00		0,00%
Professional qualified	0,00		0,00%
Skilled	0,00		0,00%
Semi-Skilled	0,00		0,00%
Unskilled	0,00		0,00%
Total	**0,00**	**246 622**	**0,00%**

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Training Cost					
Programme/Activity/Objective	Personnel Expenditure ('000)	Training Expenditure	Training Expenditure as a % of Personnel Cost	No of employee trained	Avg training cost per employee (R'000)
Long Term Training (6months-3years)	R246 622	R701 357	10%	28	25
Short Term Training (1-5 days)		R1 709 751	23%	142	12
Grand Total Spending		**2 411 108**	**33%**	**170**	**14**

Employment and Vacancies					
Occupational Level	2020/2021 No of employees	2021/2022 Approved Posts	2021/2022 No of employees	2021/2022 Vacancies	% of Vacancies of Total Approved Posts
Top Management	1	2	1	1	0,29%
Senior Management	12	13	12	1	0,29%
Professional Qualified	119	138	120	17	4,93%
Skilled	82	99	89	10	2,90%
Semi-Skilled	69	74	66	8	2,32%
Unskilled	19	19	19	0	0,00%
Fixed Term	11		14	0	0,00%
TOTAL	**313**	**3**	**321**	**37**	**10,72%**

*** The total approved posts stated above at 345 include all non-permanent staff (i.e. contract workers, temporary workers, interns, workplace exposure).**

HUMAN CAPITAL MANAGEMENT PERFORMANCE

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

Employment Changes				
Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	1	0	0	1
Senior Management	11	1	0	12
Professional Qualified	115	8	3	120
Skilled	82	9	2	89
Semi -Skilled	69	6	9	66
Unskilled	19	0	0	19
Fixed	16	12	14	14
TOTAL	313	36	28	321

***Appointments and Terminations columns also includes changes due to Promotions and Grade change.**

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Reasons For Staff Leaving		
Reason	**Number**	**% of total no. of staff leaving**
Death	0	0,00%
Resignation	5	1,56%
Dismissal	2	0,62%
Retirement	4	1,25%
Ill Health	0	0,00%
Expiry of contract	9	2,80%
TOTAL	**20**	**6,23%**

Labour Relations: Misconduct and Disciplinary Action	
Nature of disciplinary action	**Number**
Verbal Warning	3
Written Warning	0
Final written Warning	4
Dismissal	2

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Equity Target and Employment Equity Status

The SAMSA EE Forum dealt with the following during the financial year:

- Progress on the 2021-2022 EE Plan was monitored quarterly.
- The Annual EE Report was submitted to the Department of Labour in December 2021.
- An EE Plan for 2023 was finalised.

Equity Target and Employment Equity Status										
Males										
Occupational Levels	African		Coloured		Indian		White		Foreign National	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0	0	0
Senior management	5	5	2	3	0	0	1	1	0	0
Professionally Qualified	49	55	16	15	2	2	20	23	4	3
Skilled Technical	31	40	8	6	1	1	3	3	1	1
Semi-Skilled	18	26	2	3	0	1	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0	0	0
Temporary Workers	3	2	0	0	0	0	2	0	0	0
TOTAL	109	131	28	27	3	4	26	27	5	4

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Equity Target and Employment Equity Status										
Females										
Occupational Levels	African		Coloured		Indian		White		Foreign National	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0	0	0
Senior management	3	3	0	0	0	0	0	1	0	0
Professionally Qualified	19	27	1	7	2	1	7	8	1	1
Skilled Technical	36	30	3	3	1	4	2	4	0	0
Semi-Skilled	33	37	7	10	1	2	5	9	0	0
Unskilled	16	14	1	1	0	0	0	0	0	0
Temporary Workers	9	0	1	0	0	0	0	0	0	0
TOTAL	116	112	13	21	4	7	14	22	1	1

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Employees with Disabilities				
Occupational Levels	Males		Females	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professionally Qualified	2	1	0	0
Skilled Technical	2	2	0	0
Semi-Skilled	0	0	2	2
Unskilled	0	0	2	2
Temporary employees	0	0	0	0
TOTAL	4	3	4	4

SAMSA still continues to experience challenges in meeting targets for Black female representation at management levels as well as with people living with disabilities. This is largely due to the fact that Seafaring is a male dominated industry and the nature of the work performed limits the employment of people living with physical disabilities. The surveyor development programme targeting females and has been implemented although it will take some time to see the benefits.

The new Employment Equity plan for FY 21/22 has been approved and is being implemented to increase and enhance efforts to achieve transformational objectives specifically targeting these groups. The plan will seek to merge the Employment Equity and Skills Development Forum to improve the effectiveness, monitoring and evaluation of transformation efforts.

SAMSA CORPORATE SOCIAL INVESTMENT REPORT

SAMSA's vision and objective is to lead and champion South Africa's maritime interests as custodian and steward of maritime policy, to be the vigorous promoter of the maritime sector and give full and complete effect to its obligations for the benefit of all stakeholders.

A key item in SAMSA's mission is to deliver services related to public awareness and education in marine safety and pollution prevention 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

Water Skills Development

Entrepreneurial development

Employee voluntarism

Education

Education is the most powerful weapon which can be used 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 resource 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 of 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.

SAMSA CORPORATE SOCIAL INVESTMENT REPORT

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.

Nelson Mandela Day

During the reporting period (2021- 2022), SAMSA delivered several community upliftment initiatives, ranging from the annual International Nelson Mandela Day flagship programme to maritime awareness, outreach, and youth development programmes. The Mandela Day intervention saw the entity donate a total of 200 Hippo Rollers to identified beneficiaries in the communities of Campbell, Mahlomola and Griekwastad, under the Siyancuma District Municipality, in the Northern Cape province. The programme kicked off with a virtual launch on 20 July 2021, in collaboration with the Northern Cape South African Local Government Association (SALGA) and the Siyancuma District Municipality, and culminated with the actual distribution of Hippo Rollers on 11 March 2022.

Maritime Awareness, Outreach and Youth Development

This intervention was led by the Deputy Minister of Transport, Ms Sindisiwe Chikunga, and is a continuation of SAMSA efforts to bring much needed relief to rural communities impacted by the COVID-19 pandemic and other socio economic challenges. Hippo Rollers are a necessary tool for communities without water infrastructure to help protect their health and improve their hygiene through improved access to water. They also provide these communities with a flexible, mobile infrastructure to access multiple water points depending on availability.

Additionally, SAMSA conducted several Maritime Awareness, Outreach and Youth Development programmes, most delivered under the National Department of Transport's October Transport Month programme. The primary target and beneficiaries for these kinds of initiatives is school learners, tertiary students and graduates, unemployed youth and the general public. These programmes are mainly delivered through career exhibitions, observance of key maritime days and related projects.

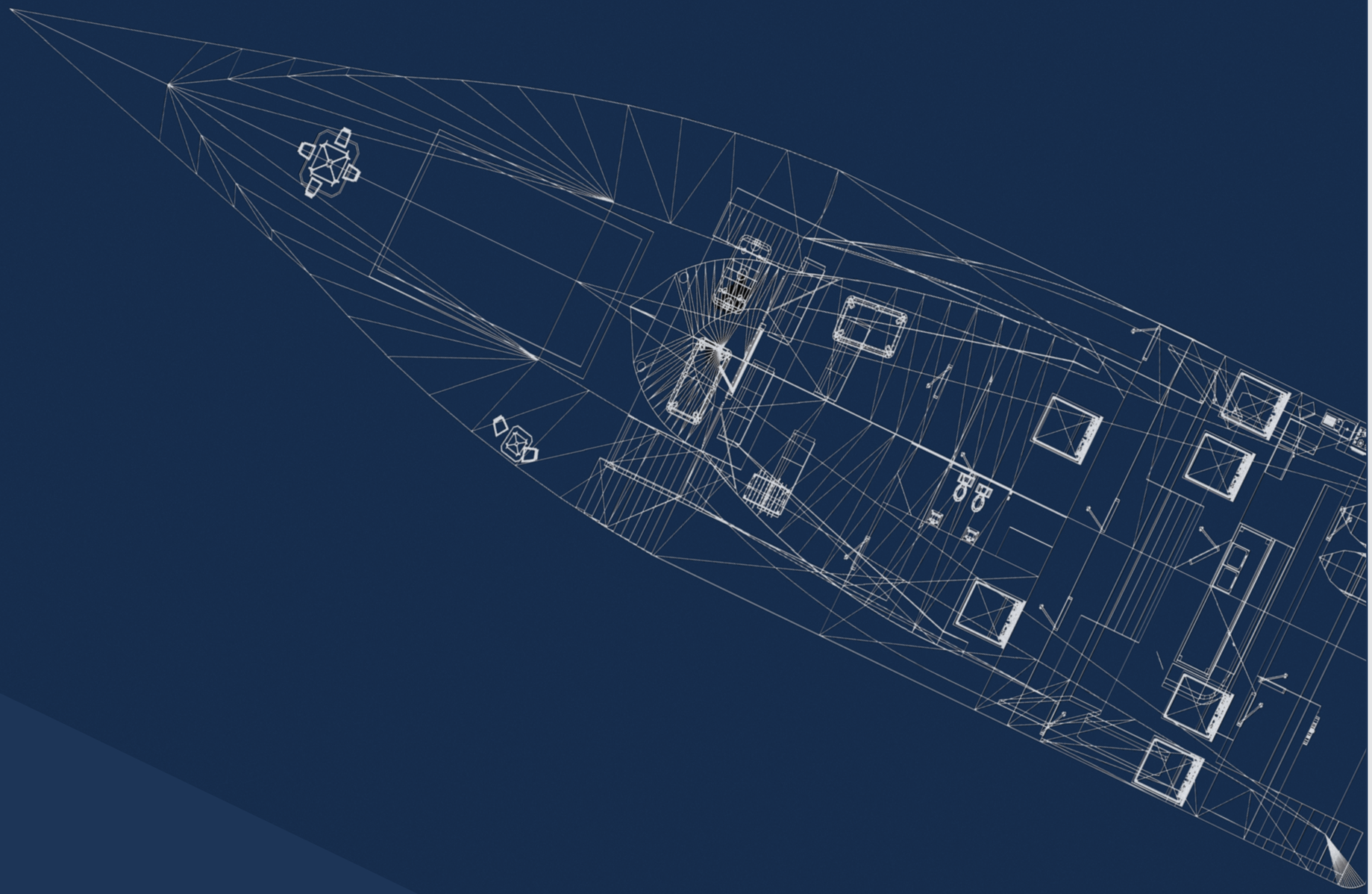
A total of ten (10) such projects were delivered during the reporting period, covering Gauteng, Free State, KwaZulu Natal, Free State, Mpumalanga and Northwest provinces. All these projects saw SAMSA reach over 5700 audiences, of which 2040 were identified as school learners and tertiary institution students. This also bodes well for the entity's principle of taking maritime to inland provinces.

STAKEHOLDER MANAGEMENT APPROACH AND ACHIEVEMENTS

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

SAMSA has set the following objectives:

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



CHAPTER

3

GOVERNANCE

AUDIT & RISK COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2022

We are pleased to present our report for the financial year ended 31 March 2022.

AUDIT & RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit & Risk Committee comprises of the members listed hereunder and meets at least four (4) times per annum as per its approved terms of reference. The Audit and Risk Committee was effective for the whole year ending March 2022. For the year under review four (4) meetings were held as follows:

AUDIT & RISK COMMITTEE RESPONSIBILITY

AUDIT & RISK COMMITTEE	Details of the individual members attendance:			
MEMBER	7 June 2021	29 September 2021	22 November 2021	18 March 2022
Mr Mervyn Burton (Chairperson)	✓	✓	✓	✓
Mr Lucas Haluodi	✓	✓	✓	✓
Mr RG Nicholls	✓	✓	✓	✓
Ms Fikile Mkhize	✓	✓	✓	✓

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(a) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1.10.

The Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The Committee has complied with all the respective requirements.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted for the entity revealed certain weaknesses, which were then raised with the Board and corrective steps were implemented or being implemented to minimise the risks. SAMSA received an unqualified audit opinion on its Annual Financial Statements. There have been major improvements made regarding financial controls. Well done to the entity for maintaining the unqualified audit opinion for a second 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 PFMA) and the King Governance requirements, Internal Audit provides the Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. Internal Audit has carried out reviews in 2021/2022 based on the risk profile of the entity. Some of the audits highlighted fundamental or significant issues in respect of risk, governance and control.

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

From the various reports of the Internal Auditors and the AGSA Audit Report on the Annual Financial Statements, the reports of the Auditor-General, it was noted that matters were reported indicating that material deficiencies in the system of internal control and deviations continue to exist on compliance matters but that there has been good improvement. Controls were implemented to address these root-causes however there is still further work that is required. 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 period under review was efficient and effective but there has been continuous improvement. The impact of these actions should continue to manifest. There has been improvement regarding the usefulness and reliability of the entity`s Pre-determined Objectives.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

EVALUATION OF FINANCIAL STATEMENTS

We have:

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

EXTERNAL AUDITOR'S REPORT

We have reviewed the Board's implementation plan for audit issues raised in the prior year. We are not satisfied with the good progress made to date but there is still some work to do. This is an on-going project as mentioned above.

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

In addition, the Committee is very concerned about the going concern status of the entity and the ability of the entity to sustain service delivery due to the fact that the entity has failed to achieve required approved tariff adjustments despite mammoth efforts by the Board and Management dealing with the appropriate authorities, namely the Executive Authority together with National Treasury. In addition, although COVID regulations have been lifted, we have still not seen the levels of revenue achieved pre-COVID. These will have a major impact on the financial sustainability of the organisation going forward.

The 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 Committee will endeavour to use combined assurance principles to follow up on all assurance providers findings in-order to attain "clean" governance especially within SCM.

We thank Management for the continuous improvement to date, in achieving an unqualified audit opinion on the Annual Financial Statements and encourage them to continue on this path of improvement. In addition we would like to thank the Auditor-General for walking this road with the Board towards continuous improvement.

Audit & Risk Committee Chairperson
Mr. Mervyn Burton

SAMSA'S CORPORATE GOVERNANCE REPORT

SAMSA, led by the Board, understands that adhering to the good corporate governance principles and basics is key to the sustainability of the entity and its activities. The SAMSA Board is committed to complying with good governance principles and guidelines, in particular, the King Code and national legislation as well as governance and compliance directives from the Shareholder department, the Department of Transport and National Treasury.
The Board directs the affairs and business of the entity through a clear governance structure and established committees to assist it in discharging its responsibilities as outlined in the Board Charter.
The Board gives strategic direction to the entity and monitors the executive management team in implementing plans and strategies.
All board members are suitably qualified for their roles as Directors and have extensive business experience and specialist skills across a range of sectors and as prescribed by founding legislation. This enables them to provide balanced and independent advice and judgement in the decision making process.
The Board of SAMSA is the Accounting Authority in terms of the PFMA, 1999 and is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that the affairs and resources of the entity are safeguarded and properly accounted for, used economically, efficiently and effectively.
In discharging its overall responsibility, the Board has approved and adopted a code of conduct, which is consistent with the King Corporate Governance Principles and the SAMSA Act.

The SAMSA Board consisting of the following members:

i. Ms Nthato Minyuku (Chairperson)
ii. Ms Lindelwa Dlamini;
iii. Adv. Dorothy Khosa;
iv. Mr Lucas Haluodi;Mr Bheka Zulu;
v. Mr Mthunzi Madiya (Shareholder Representative);
vi. Ms Tsepiso Taoana-Mashiloane (Acting CE0); and
vii. Ms Zamachonco Chonco (CFO).

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, and Board members may obtain independent professional advice at the entity's expense, should such a need arise.

Company Secretary

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

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

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

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

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

Ms Tsepiso Taoana-Mashiloane of the Department of Transport, was seconded to the Acting CEO position for the period 15 February 2021 to 31 March 2022. Ms Zamachonco Chonco was appointed as the Acting CEO with effect 1 April 2022.

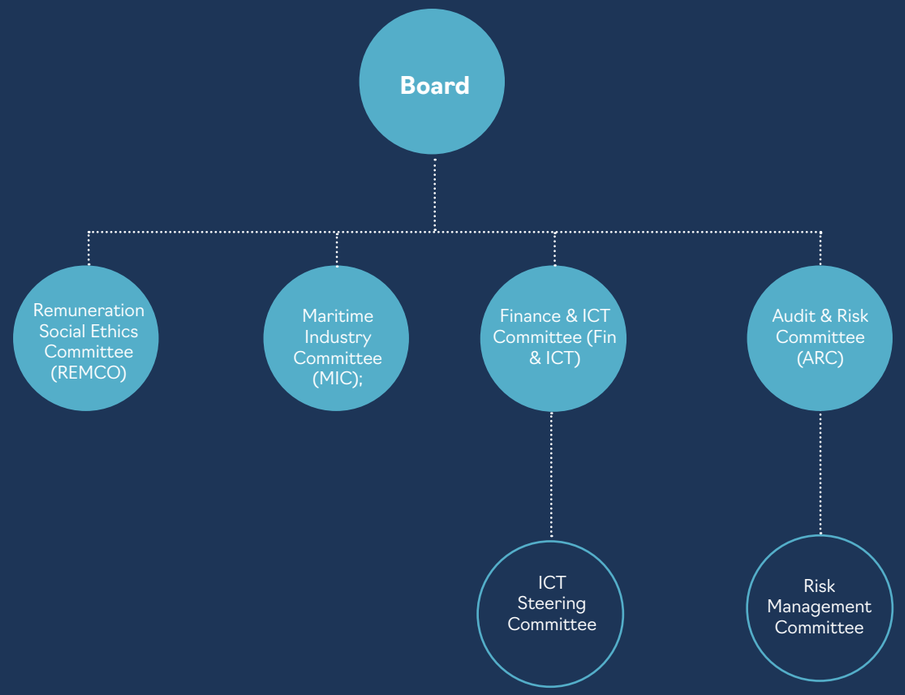
The Board have made and submitted its recommendation to the Shareholder Minister for the permanent CEO appointment, which response is awaited.

SAMSA'S CORPORATE GOVERNANCE REPORT

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

Board and its Committees

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



SAMSA'S CORPORATE GOVERNANCE REPORT

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

- That in the preparation of the annual accounts for the financial year ended 31st March 2022, the applicable accounting standards had been followed along with proper explanation relating to material disclosures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit or loss of the Company for that period;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records; and
- 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);**
- **Remuneration, Social & Ethics Committee (REMCO);**
- **Maritime Industry Committee (MIC); and**
- **Finance & Information Communication Technology Committee (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 & Risk Committee (ARC)

- The ARC 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;
- Review and agrees on the terms of engagement and annual fees for the external auditor;
- Review the external auditor's annual audit scope and audit approach;
- Provides a forum for communication between the Board, management and both the internal and external auditors; and
- makes recommendations to the Board on audit, risk management and compliance matters.

ARC comprises four (4) members in total, with the Chairperson who is an independent member, Mr Haluodi who is a Board member and two members who are not Board members. Each member is:

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

ARC Composition

i. Mr. Mervyn Burton (Chairperson);
ii. Mr. Lucas Haluodi (Board member);
iii. Mr. Nick Nicholls; and
iv. Ms. Fikile Mkhize.

The Risk Management Committee is the sub-committee of ARC, which is responsible for overseeing the adequacy and effectiveness of the entity's risk management function and advices 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 including the additional responsibilities of Social and Ethics, which will be effective from 1 April 2022.

REMCO composition

i. Adv. Dorothy Khosa (Chairperson) (Board member);
ii. Dr. Vuyo Mthethwa;
iii. Adv. Lindelwa Ndziba; and
iv. Ms. Kokodi Morobe.

MIC composition

i. Mr. Bheka Zulu (Chairperson) (Board member);
ii. Mr. Lucas Haluodi (Board member);
iii. Ms. Lindelwa Dlamini (Board member);
iv. Ms. Innocentia Mudau; and
v. Mr. Jeremy Marillier.

Finance & ICT composition

The Finance & ICT Committee (Fin & ICT) established the IT Steering Committee in November 2018 as its sub-committee to help

SAMSA'S CORPORATE GOVERNANCE REPORT

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.

i. Mr. Bheka Zulu (Chairperson) (Board member);
ii. Mr Faizal Docrat;
iii. Dr. Prittish Dala; and
iv. Mr. Molefi Nkhabu.

Whistle-blower function

The Board approved the appointment of 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 sub-committees and the Board each quarter.

Forensic Investigation undertaken by the Board into three Executives at SAMSA

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 with its investigation. Due to the extensive 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 has since been received and disciplinary matters are underway by SAMSA, as a result of these findings.

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 & IT	AGM
14 June 2021 30 August 2021 30 November 2021 17 & 18 February 2022 (Strategy) 25 March 2022	7 June 2021 29 September 2021 22 November 2021 18 March 2022	17 May 2021 7 July 2021 12 November 2021 8 March 2022	25 May 2021 6 August 2021 22 October 2021 25 January 2022	24 May 2021 23 July 2021 10 November 2021 24 January 2022	Awaited

BOARD	Details of the individual members attendance:			
MEMBER	14 June 2021	30 August 2021	30 November 2021	25 March 2022
Ms. Nthato Minyuku (Chairperson)	✓	✓	✓	✓
Ms. Lindelwa Dlamini	✓	✓	✓	✓
Adv. Dorothy Khosa	✓	✓	✓	✓
Mr. Lucas Haluodi	✓	✓	✓	✓
Mr Bheka Zulu	✓	✓	✓	✓
Mr. Mthunzi Madiya (Shareholder Representative)	*	*	*	✓

Legend
✓ Present
* Absent with apology

BOARD AND COMMITTEE MEETINGS

AUDIT & RISK COMMITTEE	Details of the individual members attendance:			
MEMBER	7 June 2021	29 September 2021	22 November 2021	18 March 2022
Mr. Mervyn Burton (Chairperson)	✓	✓	✓	✓
Mr. Lucas Haluodi	✓	✓	✓	✓
Mr. Nick Nicholls	✓	✓	✓	✓
Ms. Fikile Mkhize	✓	✓	✓	✓

REMCO	Details of the individual members attendance:			
MEMBER	17 May 2021	7 July 2021	12 November 2021	8 March 2022
Adv. Dorothy Khosa	✓	✓	✓	✓
Dr. Vuyo Mthethwa	✓	✓	✓	✓
Adv. Lindelwa Ndziba	✓	✓	✓	✓
Ms. Kokodi Morobe	✓	✓	✓	✓

Legend
✓ Present
* Absent with apology

BOARD AND COMMITTEE MEETINGS

FINANCE AND ICT COMMITTEE	Details of the individual members attendance:			
MEMBER	24 May 2021	23 July 2021	10 November 2021	24 January 2022
Mr. Bheka Zulu	✓	✓	✓	✓
Mr Faizal Docrat	✓	✓	✓	✓
Dr. Prittish Dala	✓	✓	✓	✓
Mr. Molefi Nkhabu	✓	✓	✓	✓

MIC	Details of the individual members attendance:			
MEMBER	25 May 2021	6 August 2021	22 October 2021	25 January 2022
Mr. Bheka Zulu	✓	✓	✓	✓
Mr. Lucas Haluodi	✓	✓	✓	✓
Ms. Lindelwa Dlamini	✓	✓	✓	✓
Ms. Innocentia Mudau	✓	✓	✓	✓
Mr. Jeremy Marillier	✓	✓	✓	✓

Legend

✓ Present

* Absent with apology

ENTERPRISE RISK MANAGEMENT REPORT

INTRODUCTION AND PURPOSE

The purpose of the report is to provide an update progress made, in mitigating SAMSA's strategic and key emerging risks and progress on the implementation of the SAMSA Risk Management Maturity Roadmap (Maturity Roadmap), to ensure the achievement of the SAMSA Enterprise Risk Management Policy objectives (ERM Policy).

KEY EVENTS IN THE GOVERNANCE AND MANAGEMENT OF RISKS

APPROVAL OF THE SAMSA RISK APPETITE AND TOLERANCE FRAMEWORK

The SAMSA Risk Management Committee (RiskCom) approved and recommended the Risk Appetite and Tolerance Framework (RAT) for approval to the Audit and Risk Committee (ARC) which will assist in improving risk oversight responsibilities, including communicating the Board's risk exposure expectations to Management, regarding business decisions. This should encourage conscious risk decisions by Management and improve the allocation of resources, thereby realising the best possible options for the achievement of SAMSA's Mandate and Objectives commensurate with risk.

APPROVAL INTERNAL AUDIT RISK MANAGEMENT REVIEW

RiskCom approved and recommended the Internal Audit Report on the effectiveness of SAMSA's risk management ecosystem for approval by ARC. The scope of the review focused on the following:

- A review of ERM policy, procedures and aids/tool used to assess the ERM control framework and its integration into strategic and business planning, and sector/division operations, as well as its consistency with Government policy, directives, and guidance
- A review of the application of the ERM control framework and supporting information/documents used for the identification, prioritisation, assessment, decision making, escalation of risk matters and; communication/reporting of external and internal risks and the related control/mitigation practices including:
  - Interviews with Chairpersons and respective Management.

In the recent SAMSA Executive Committee (EXCO) meeting, EXCO approved the ERM Risk Roadmap with key elements on risk governance, risk maturity, fraud and risk, Business Continuity Management and Combined Assurance for finalisation and signoff by the Accounting Officer. In order to ensure that risk be driven by Management, Risk has been included as a standing EXCO agenda item including, incorporating Risk Performance as part of all Executives' performance agreements.

COMPLIANCE REPORTING - PFMA AND PUBLIC AUDIT ACT SUBMISSIONS

The entity was able to meet its compliance requirements in terms of Public Finance Management Act No.1 of 1999 and the Public Audit Act, with submissions of its 2021-22 Annual Financial Statements and the Annual Corporate Performance Information.

ENTERPRISE RISK MANAGEMENT REPORT

THE TOP RISKS FACING SAMSA		
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 six years	●
9	Failure of IT Infrastructure and non-availability of Business applications	●
10	South Africa removed from the International Convention of Standards of Training, Certification and Watch keeping for Seafarers (STCW) White List.	●

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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

SAMSA has key and inherent structural short and long term financial sustainability risks, 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, with Direct User Charges contributing 12% toward revenue and other revenue, MSP Management Fees, MRCC funding and Bunkering contributing 13% toward revenue.

Key Challenges encountered in the management of the Risk:

1. Impact of COVID-19 on the volumes of vessels calling into the South African Ports: There has been a decline of more than 13% on the volume of tonnage received, since the beginning of the year compared to the same period prior to COVID-19 (2019-20 financial year).
2. Approval of SAMSA Levies by National Treasury: The entity has not yet received a response on the tariff application submitted in September 2021.
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. Late remittance of the collected Levies to SAMSA by TNPA is putting immense strain on SAMSA's cash flow management. TNPA only raise Levies when vessels call into Port. This equates to potential revenue loss when OPL ships call at an anchorage, which meet the conditions for imposing Levies, but are not charged Levies by TNPA.
5. A decision on the SA Agulhas by the Executive Authority is awaited.

Key Controls Implemented and Forecast Actions

1. Continuous implementation of SAMSA's Cost Containment measures.
2. Completion of the benchmarked Bunkering Study, to enable the entity to obtain buy-in on the reduction of bunkering discounts from the Stakeholders.
3. Lifting the moratorium on prohibiting >90000T vessels from bunkering in Algoa Bay, as this would improve Levy revenue from additional Bunkering in the Bay.
4. Development and implementation of the SAMSA Short- and Long-term Financial Strategy. EXCO resolved to hold an urgent meeting on finalisation of the Strategy and Action Plans for consideration by the Board.
5. SAMSA to engage with TNPA finance, to ensure that all vessels to which the Determination of Levies Regulations apply, whether calling in at Port or OPL, are charged Levies by TNPA.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	• SAMSA Revenue from Levies decreased by 13% compared to last year. • SAMSA Revenue variance (negative) is 18% against budget. • Reported a deficit of R838 000 on the 31st May 2022. • Cash Cover of 2,35 months which is below our appetite of 2,5 months.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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.

Key Challenges encountered in the management of the Risk

1. There are delays in the approval of the Maritime Technical Skills Allowance Scheme due to the current financial constraints.
2. The decision by the entity to freeze recruitment due to its financial constraints, has seen key vacancies (13) in Maritime Operations not being filled.
3. The SAMSA EVP is not attractive or competitive due to the current financial challenges being encountered by the entity.

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.
3. Implement a Bursary Programme for Naval Architects: Pilot a talent pipeline to attract these skills.
4. Finalise the Corporate reorganisation initiative.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	• Increase in the attrition rate, due to the resignation of four Surveyors. • 13 maritime technical vacant positions to be addressed in line with the budget. • Financial value proposition to current and prospective employees not adequate. • Maritime Technical Skills Allowance Scheme not yet approved.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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.

Key Challenges encountered in the management of the Risk

1. The entity encountered a malware attack in April 2021 and some systems and information are still being restored to their prior attack status.
2. Resignation of the Information Security Officer.

Key Controls Implemented and Forecast Actions

1. Quarterly awareness session to staff on information security are conducted.
2. A Vulnerability Assessment which was conducted by the State Security Agency (SSA) and Altron, which recommended remediation solutions which are currently being implemented.
3. Weekly security alerts from SSA are received and reviewed. In an event of a security alert that misaligns with the SAMSA environment, the alert is logged, and remediation implemented.
4. Review of security controls was conducted with Vox on the Firewall with procurement of an internal firewall are being explored.
5. Review of the ICT Security Policy and Procedure was completed and has been approved by the Board.
6. Pilot of the Qualys Vulnerability Management solution is currently underway, which provides a State of the Security Risk Posture, based on assessed assets.
7. Commenced with the implementation of Multi-Factor-Authentication (MFA) for Cloud services.
8. Implementation of 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	
●	●	●	Qualys Vulnerability Management solution procured and implemented with full scan conducted across SAMSA ICT assets, which provides a state of the security risk posture based on assessed assets. Currently resolving identified vulnerabilities.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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.

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.
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.

Key Controls Implemented and Forecast Actions

1. Investigate a better funding model: Consider 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	
●	●	●	Entity recently successfully managed a key incident form the following vessel: 1. NS QINGDAO (TV5-8A)

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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.

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, remain a huge constraint on the effectiveness of the maritime safety and pollution capacity of SAMSA.
2. The outdated legislative tools to enable effective maritime compliance: There is a low limit of the set amount of fees that can be raised against an offender and limited Maritime technical skills to ensure complete provisions of the Mandated obligations.
3. 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.
4. 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.
5. Incentive schemes to promote safety and pollution prevention as per the requirements have not been implemented due to financial constraints.

Key Controls Implemented and Forecast Actions

1. Investigate a better funding model: Consider Environmental Levies and other alternatives to funding.
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.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	Qualys Vulnerability Management solution procured and implemented with full scan conducted across SAMSA ICT assets, which provides a state of the security risk posture based on assessed assets. Currently resolving identified vulnerabilities.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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 International Non-compliance Risk is due to the requirements in the IMO Audit Scheme on IMO Instruments Implementation Code (III Code). The previous voluntary IMO Audit Scheme, VIMSAS, has been replaced by a mandatory Audit Scheme using the III Code as a basis. SAMSA is expected to be audited in the year 2023, and SAMSA needs to put measures in place to comply with the III Code requirements.

Key Challenges encountered in the management of the Risk

1. The Minister of Transport has not signed key regulations for the IMO audit Scheme and other regulations.
2. Outdated legislative tools to enable for effective maritime compliance

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. Appointment of an independent IMO Auditor to conduct a mock audit, to assess SAMSA' readiness for the mandatory Audit.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	SAMSA is expected to be audited in the year 2023, the official date is not yet known.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

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 will be affected thus impacting on 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:

Key Challenges encountered in the management of the Risk

1. Impact of COVID-19 on 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.

Key Controls Implemented and Forecast 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.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	Third Party Risk and lack of management of outsourced systems/services, which impacts the financial position and operational efficiency of the business.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

8. NO PERMANENT ACCOUNTING OFFICER / CHIEF EXECUTIVE OFFICER

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 without a Permanent Chief Executive Officer for 72 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. A response is awaited from the Executive Authority.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	The entity been without a Permanent Chief Executive Officer for 72 months (six years) thereby affecting the permanent leadership requirement.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

9. FAILURE OF ICT 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.

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.

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	
●	●	●	• All critical workload replicated to the Vox DR facility and backups to the Vox Cloud environment. • Procurement of servers to replace the old Fujitsu servers included in the procurement plan for the FY 2022/2023.

Legend
- ● High Risk
- ● Medium Risk

ENTERPRISE RISK MANAGEMENT REPORT

10. SOUTH AFRICA REMOVED FROM THE INTERNATIONAL CONVENTION OF STANDARDS OF TRAINING, CERTIFICATION AND WATCH KEEPING FOR SEAFARERS (STCW) WHITE LIST.

Other Maritime Administrations and Maritime Industry may not recognise the certificates issued by SAMSA for Seafarers. This could emerge as a result of the absence of a Quality Standard system in place, to ensure compliance with IMO reporting obligations, namely nonexistent, unclear processes and procedures (for all provisions of the STCW Convention), failure to conduct Independent evaluation as required by the IMO and not meeting IMO reporting requirements, lack of systematic training and continuous development of examiners/ trainers, lack of capacity, qualified, experienced and skilled lectures/facilitators to train seafarers at the public/private training institutions and regulations being inconsistent with the provisions of the STCW Convention.

Key Challenges encountered in the management of the Risk

1. Delays in the Review of the South African STCW Report by IMO.

Key Controls Implemented and Forecast Actions

1. Submit the South African STCW Report to IMO.
2. The IMO has requested that South Africa resubmit its report due to material gaps being identified in the report.

CURRENT AND FORECAST RISK PERFORMANCE			
Current Residual Risk Status	Short Term Risk Forecast 3-6 Months	Medium Term Forecast 6-12 Months	
●	●	●	The South African report was submitted to IMO. IMO has requested South Africa resubmit its report due to material gaps being identified in the report.

Legend
- ● High Risk
- ● Medium Risk

COMPLIANCE WITH LAWS AND REGULATIONS

SAMSA complied with all the necessary financial reporting standards and legislation during the 2021/22 financial year. These include the Public Finance Management Act No 1 of 1999, National Treasury Regulations, Preferential Procurement Policy Framework Act, and standards of Generally Recognised Accounting Practice.

IMO Conventions to which South Africa Is a Party

IMO Conventions	Domestic Legislation	Remarks
SOLAS Convention SOLAS Protocol	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that the amendments to SOLAS could be addressed through this process.
Load Line Convention 1966	Merchant Shipping Act, 1951	Tonnage Measurement of South African Registered vessels is carried out in terms of 1966 Convention. South Africa will have to consider acceding to the 1988 protocol with a view to bringing our load line assignment regime in line with latest international regime.
TonnAGE Convention 1969	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that any amendments to SOLAS could be addressed through this process.
COLREGS Convention 1972	Merchant Shipping (Collision Regulations) 1996	-
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	-

COMPLIANCE WITH LAWS AND REGULATIONS

IMO Conventions	Domestic Legislation	Remarks
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.
MARPOL 73/78 (ANNEXURE VI)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way greenhouse emissions.
MARPOL 73/78 (ANNEXURE IV)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way of sewage.

COMPLIANCE WITH LAWS AND REGULATIONS

IMO Conventions	Domestic Legislation	Remarks
The Nairobi International Convention on the Removal of Wrecks, 2007.	Wreck and Salvage Act.	There has been many salvage operations in South Africa either from the ship that is stranded or seeking salvage assistance. The laws governing salvage and its operations sometimes are rendered insufficient. If the Convention is adopted, it may require the enactment of a stand-alone Act which will deal with salvage only. Further, there would be a need to repeal provisions of salvage activities under the current Wreck and Salvage Act. South Africa has acceded to the Nairobi Convention on Wreck Removal as such the current Act may have to be amended in future to address NWR convention.
Cape Town Agreement 2012 / Safety in Fishing Convention.	No Domestic Legislation.	South African Ship Register is dominated by fishing vessels. However, there are no fishing industry specific legislated safety and construction standards. The standards currently imposed are those drawn from a body of Regulations dating back to 1961. Section 356 of the MSA empowers the Minster to make regulations to address safety in fishing. The MSA is currently subject to a review process and it is envisaged that regulations addressing safety in fishing could be incorporated into law through this process.
Ballast Water Management Convention.	No Domestic Legislation.	The DoT is the process of reviewing a previous draft Bill with the view to domesticating the Convention once it comes into force.
STCW-F 1995.	No Domestic Legislation.	The MSA is currently the subject of a complete review and it is envisaged that STCW-F would be incorporated into our domestic legislation during this process.

COMPLIANCE WITH LAWS AND REGULATIONS

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

Legislation currently with the State Law Advisor

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

FRAUD AND CORRUPTION

Fraud and Corruption

In compliance with the PFMA and the Treasury Regulations, SAMSA has undertaken the development of a Fraud Prevention Plan. SAMSA has also developed and is implementing a Whistle Blowing Policy.

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

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

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

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

Minimising Conflict of Interest

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

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

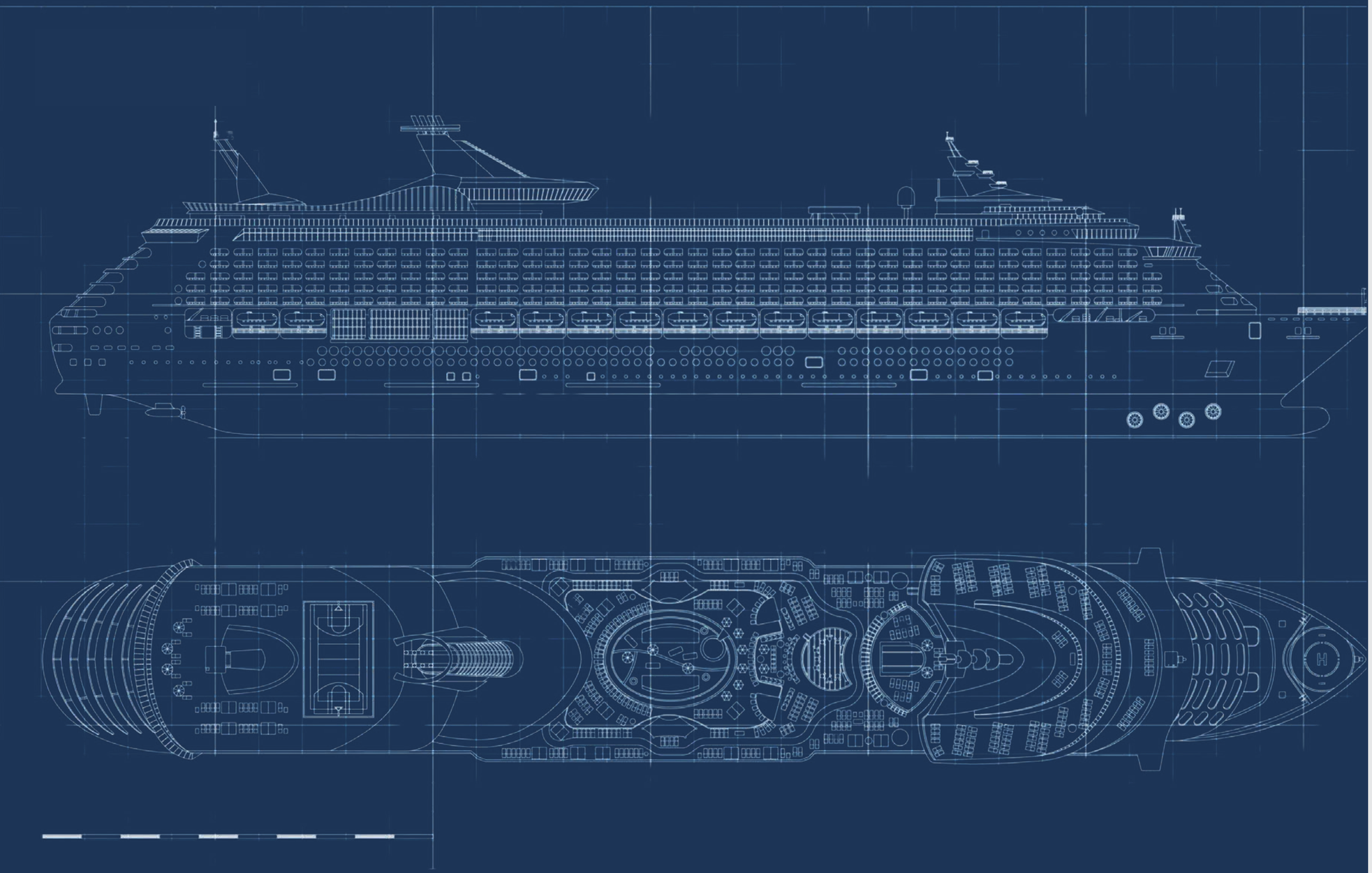
In living up to the letter of our values, "SAMSA cares", the health and safety of employees is a priority not only for purpose of compliance with the Occupational Health and Safety Act 85 of

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.



CHAPTER

4

FINANCIALS

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in this 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 and format as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.

Acting Chief Executive Officer
Ms. Zamachonco Chonco

Board Chairperson
Ms. Nthato Minyuku

AUDITOR-GENERAL'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

AUDITOR-GENERAL'S REPORT

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

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS REPORT

OPINION

1. I have audited the financial statements of the South African Maritime Safety Authority set out on page 159 - 243, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts 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 Safety Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR OPINION

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

An uncertainty relating to the future outcome of exceptional litigation or regulatory action

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 ultimate outcome of the matter could not be determined 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 37 to the financial statements, irregular expenditure of R23, 171 million was incurred in the current year, due to non-compliance with procurement regulations.

RESPONSIBILITIES OF THE PUBLIC ENTITY FOR THE FINANCIAL STATEMENTS

9. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary

AUDITOR-GENERAL'S REPORT

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

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. 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.

AUDITORS GENERAL RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

11. 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.

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 1 – Maritime Safety & Pollution	83 - 84
Programme 6 – South African Maritime Sector Growth	91

AUDITOR-GENERAL'S REPORT

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

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for these programmes:

- Programme 1 – Maritime Safety & Pollution
- Programme 6 – South African Maritime Sector Growth

OTHER MATTERS

18. I draw attention to the matters below

Achievement of planned targets

19. I Refer to the annual performance report on pages 82 to 91 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) [13 to 17] of this report. This was because investigations into fruitless and wasteful expenditure were not performed.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 1 Maritime Safety & Pollution and Programme 6 – South African Maritime Sector Growth. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

22. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual report

23. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.

24. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

AUDITOR-GENERAL'S REPORT

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

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 604 million as disclosed in note 37 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 the entity not obtaining the appropriate level of approval for deviations above R500 000 and a lack of contracts for critical services leading to a high number of deviations from procurement processes.

Revenue management

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

Procurement and contract management

27. Some quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009/2010.

28. Some of the quotations 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 16A9.1(d)

Consequence management

29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

OTHER INFORMATION

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

31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

33. 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

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

AUDITOR-GENERAL'S REPORT

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

the findings on compliance with legislation included in this report.

35. The accounting authority did not fully exercise oversight responsibilities to ensure that the annual performance plan and annual performance report presented contain key performance indicators that are reliable.

36. Senior management did not exercise their oversight responsibility effectively to ensure that the financial statements submitted for audit were in line with the reporting framework, accurate and complete and this resulted in non-compliance relating to material misstatements in the financial statements.

37. Management did not implement adequate compensating controls around the revenue management system, to ensure that the debt collection process are carried out as intended, even in the event that system records are not 100% reliable.

38. 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.

OTHER REPORTS

39. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. 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.

40. In April 2022, a report was issued by an external service provider on investigations conducted into the 3 (three) executives suspended in April 2021. Since the release of the report management has appointed another external service provider to conduct disciplinary proceedings for all 3 (three) employees and still in progress on the date of this report.

Pretoria
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

AUDITOR-GENERAL'S REPORT

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

CHIEF FINANCIAL OFFICER'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

CHIEF FINANCIAL OFFICER'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

SAMSA has faced numerous obstacles throughout its history, which have required our people to work together. We have always succeeded against adversity, staying true to our purpose and values. This was again emphasised this year, where the focus has been on keeping employees and customers at the centre of our response to the COVID-19 pandemic, but even more so after all the events that transpired at our year end in March 2022. We were hit by a cyber-attack that took place in April 2021 which compromised our financial reporting deliverables, TNPA was subsequently hit by a cyberattack too which significantly compromised revenue collection from SAMSA levies, when people took to the streets in areas of KwaZuluNatal and Gauteng to unlawfully loot and destroy businesses and public infrastructure which compromised our revenue generating activities.

Our resilient financial results reflect the entity's remarkable achievement in successfully navigating the negative impacts of all these events to the global maritime industry at large. These results validate the decisive actions and austerity measures that were implemented very swiftly in the previous financial year focusing on robust cost containment. The turnaround surplus reported in this financial year following the deficit in the prior financial year, demonstrates that we can do more with less.

The analysis of the financial performance for the year ended 31 March 2022 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, statement of financial position and cash flow statement respectively

FINANCIAL PERFORMANCE OVERVIEW	
Revenue	Operating Expenditure
R585,2 million ▲ 9%	R 554,2 million ▼ 0,6%
Operating (deficit) / surplus	Net Surplus / (Deficit) for the Year
R32,1 million ▲ (2021: -R18,9m)	R34.6m ▲ (2021: -R16,7m)
Total Net Assets	
R108,8 million ▲ 46,6%	

CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

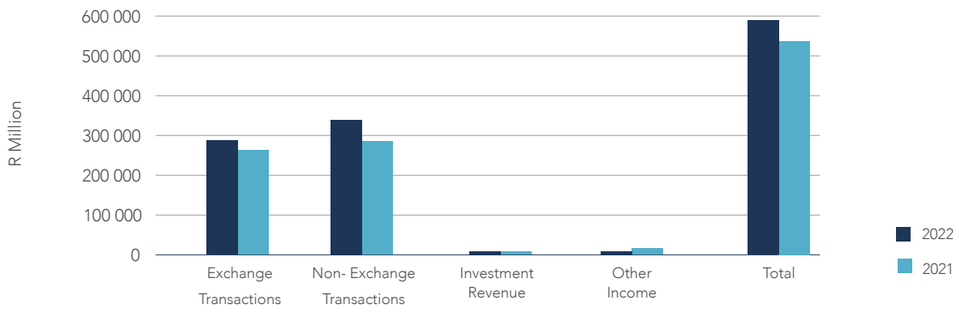
A summary of the financial performance for the 2021/2022 financial year is as follows:

- SAMSA reported a net surplus of R34.6m. The main reason for the positive recovery this financial year is the successful implementation of a 6% tariff increase on 1 April 2021 and the maintained momentum in cost saving initiatives.
- The SA Agulhas has experienced the hardest two years of its existence on SAMSA's balance sheet. The absence of cadetship training revenue from SAIMI had a negative financial impact on SAMSA's financial performance. The operating environment is likely to remain subdued because of the non-availability of special charters.

REVENUE ANALYSIS

- Revenue for the period increased by 9% to R585.2m (2021: R536.8m). This was mainly due to the positive performance from SAMSA levies. The tariff increase was the main contributor to the positive performance in SAMSA levies although it was partially offset by the slower than anticipated recovery of shipping volumes which still have not recovered to pre COVID 19 volumes.
- Direct user charges increased by 16.9% from prior year due to the tariff increase and the realisation of a full financial years' worth of revenue generated from immobilisation, layup, stopping or anchoring, which was a newly implemented revenue stream during the previous financial year.
- Vessel management revenue relating to the MLRF vessels was 3.5% higher than the previous year due to an inflationary increase that was implemented at the beginning of the financial year.

REVENUE ANALYSIS



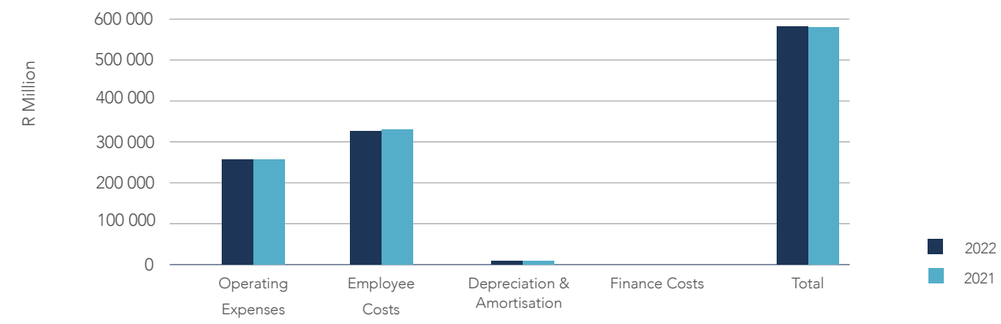
CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

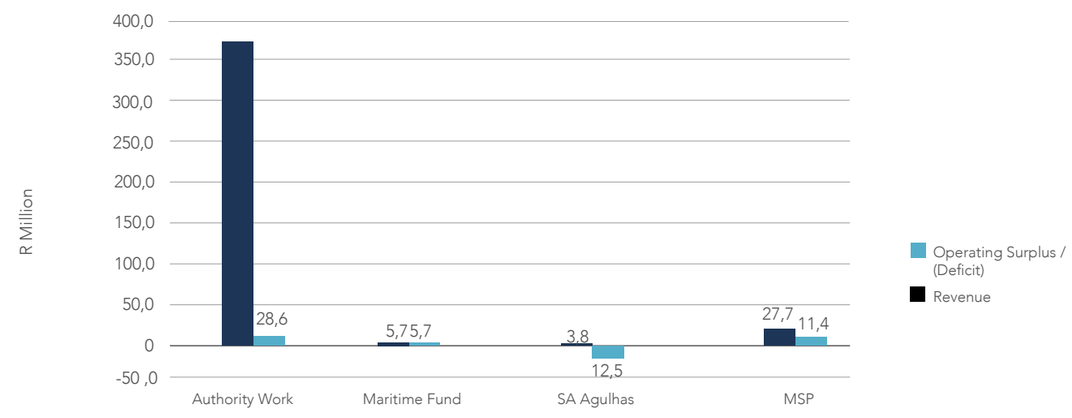
EXPENDITURE

It is expected that the significant macro-economic challenges facing the country are likely to persist for the foreseeable future placing operating costs under immense inflationary pressures. This warrants the continuation of robust cost containment measures as implemented in the previous financial year. As a positive result of cost containment, total operating expenditure reduced by 0.6% to R554.2m (2021: R557.4m).

EXPENDITURE ANALYSIS



DIVISIONAL PERFORMANCE



CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Authority work of SAMSA resulted in an operating surplus of R28.6m. This was due to the robust cost containment measures implemented and the positive impact of the tariff increase on 1 April 2021 to the revenue reported from SAMSA levies.

The SA Agulhas reported a deficit of R12.5m. 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. The deficit from the SA Agulhas operations was partially offset by the surplus realised by Maritime Special Projects (MSP).

OVERVIEW: STATEMENT OF FINANCIAL POSITION

The accumulated surplus increased to R107.7m (2021 restated: R73.0m)

The SAMSA cash position has improved to R58.7m (2021: R41.2m). This is due to the improved financial performance for the year. The Maritime Fund cash position has increased to R29.7m (2021: R21.7m), while the MLRF bank account increased to R71.9m (2021: R11.5m). The increase in the MLRF bank account is due to funds received to replace the engine on one of the vessels, as well as maintaining a cash cover of 1 month for MLRF vessel management project.

Debtor turnover days increased slightly to 47 days (2021: 46 days), due to the impact of a cash management strategy which resulted in a slight delay in the receiving of cash collected from SAMSA levies by TNPA at the end of March 2022.

LIQUIDITY REVIEW

The overall liquidity position has improved, however looking ahead our cash flow forecasts indicate that the entity's liquidity remains under severe pressure. The continued non-funding of the SA Agulhas and the non-approval of additional tariff increases as supported by the funding model are the main contributors.

Though robust cost containment measures will continue, we raise concern of the emerging risk that this may have on SAMSA's ability to deliver on its mandate.

FUTURE OUTLOOK

The ongoing work to optimise the entity's current revenue streams and realise new revenue generating opportunities will ensure that the entity is appropriately positioned for financial growth. In the year ahead, as we noticeably turned the corner with respect to the impact of the COVID-19 pandemic on financial performance, the entity remains obsessed about cost savings and deliberate management of cash. These will positively contribute to the strengthening of SAMSA's balance sheet.

We are committed to the following priorities:

- Optimising revenue management by unlocking new revenue streams and maximising revenue fully within the existing streams, including securing sustainable funding for the SA Agulhas;
- Enhancing cost containment initiatives to realise further savings on operating expenditure while continuing to ensure a financially sustainable SAMSA with enough resources to implement SAMSA's mandate and other global initiatives.
- Continuing to align the supply chain / procurement and cost drivers to support our mandate.
- Momentum towards combined assurance responsibilities with the Internal Auditors as an integral intervention towards a clean audit outcome

CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

APPRECIATION

I extend my gratitude to the SAMSA Board of Directors, the Board Committees and my colleagues in the Executive Committee for their ongoing guidance and support throughout the year. I value the relationships with our shareholder, stakeholders and industry partners who recognise the opportunities that our business affords to South Africa at large.

Lastly, to my Finance and SCM team who constantly strive towards best practice standards and disclosure, I truly appreciate your commitment in maintaining an unqualified audit outcome.

O.S Sidumane

Acting Chief Financial Officer
Ms. Okuhle Sidumane CA(SA)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

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

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2023 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 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 reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 146.

The financial statements set out on pages 149 - 229 which have been prepared on the going concern basis, were approved by the Accounting Authority on 29 July 2022 and were signed on its behalf by:

Board Chairperson
Ms. Nthato Minyuku

ACCOUNTING AUTHORITY'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Authority submits its report for the year ended 31 March 2022.

1. INCORPORATION

SAMSA was incorporated under Act No 5 of 1998.

2. REVIEW OF ACTIVITIES

Main business and operations

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

Regulatory, Enforcement and Compliance Services

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

Strategic Maritime Interests Promotion

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

The Authority is also the custodian of the Maritime Fund.

Net surplus of the entity was R 34,604,000 (2021: deficit R 16,687,000 (restated)).

ACCOUNTING AUTHORITY'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. GOING CONCERN

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

4. SUBSEQUENT EVENTS

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

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

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

N Minyuku	Board Chairperson	Appointed 12 August 2020
LN Dlamini	Board Member	Appointed 12 August 2020
L Haluodi	Board Member	Appointed 12 August 2020
ED Khosa	Board Member	Appointed 12 August 2020
CB Zulu	Board Member	Appointed 12 August 2020
Z Chonco	Acting Chief Executive Officer	Appointed 1 April 2022
T Taoana-Mashiloane	Acting Chief Executive Officer	Appointed 15 February 2021 Ended 31 March 2022

7. SECRETARY

The Acting Company Secretary of the entity is Zaza ka-Malinga.

8. CORPORATE GOVERNANCE

General

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

ACCOUNTING AUTHORITY'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Board of directors

The Board:

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

Chairperson and Chief Executive

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

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

Non-Executive Meetings

The Accounting Authority schedules to meet at least 4 times per annum. The Accounting Authority has met on 7 separate occasions during the financial year, which includes 2 special board meetings.

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 other non-executive director, Mr L Haluodi, as well as 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.

9. EXECUTIVE AUTHORITY

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

10. BANKERS

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

11. AUDITORS

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

STATEMENT OF FINANCIAL POSITION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	2022 R '000	2021 Restated* R '000
Assets			
Current Assets			
Inventories	7	298	415
Receivables from exchange transactions	8	6,331	9,614
Receivables from non-exchange transactions	9	47,295	44,068
Prepayments	5	13,937	10,846
Cash and cash equivalents	10	165,254	79,440
		233,115	**144,383**
Non-Current Assets			
Property, plant and equipment	2	15,575	19,729
Intangible assets	3	404	23
		15,979	**19,752**
Total Assets		**249,094**	**164,135**
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	125,164	75,967
Taxes and transfers payable (non-exchange)	14	1,783	282
VAT payable	15	-	565
Employee benefit obligation	4	527	458
Unspent conditional grants and receipts	12	5,004	5,005
		132,478	**82,277**
Non-Current Liabilities			
Employee benefit obligation	4	7,839	7,685
Total Liabilities		**140,317**	**89,962**
Net Assets		**108,777**	**74,173**
Reserves			
Revaluation reserve	11	1,127	1,127
Accumulated surplus		107,650	73,046
Total Net Assets		**108,777**	**74,173**

STATEMENT OF FINANCIAL PERFORMANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	2022 R '000	2021 Restated* R '000
Revenue - exchange transactions	16	267,375	248,632
Revenue - non exchange transactions	16	317,813	288,199
Cost of sales	23	(131)	(83)
Gross Surplus		**585,057**	**536,748**
Other income	17	1,282	1,746
Operating expenses	22	(220,109)	(217,500)
Employee Costs	20	(327,142)	(330,920)
Depreciation and amortisation	2 & 3	(6,939)	(8,966)
Operating surplus/ (deficit)	22	**32,149**	**(18,892)**
Investment revenue	19	2,563	2,076
Fair value adjustments	24	(83)	182
Finance costs	21	(25)	(53)
Surplus (deficit) for the year		**34,604**	**(16,687)**

STATEMENT OF CHANGES IN NET ASSETS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Revaluation reserve R '000	Accumulated surplus/(deficit) R '000	Total net assets R '000
Opening balance as previously reported	136	89,054	89,190
Adjustments			
Correction of errors (Note 33)	-	679	679
Balance at 01 April 2020 restated*	**136**	**89,733**	**89,869**
Changes in net assets			
Revaluation of land and buildings	991	-	991
Net income (losses) recognised directly in net assets	**991**	**-**	**991**
Deficit for the year		(16,687)	(16,687)
Total recognised income and expenses for the year	991	(16,687)	(15,696)
Total changes	**991**	**(16,687)**	**(15,696)**
Opening balance as previously reported	1,127	75,095	76,222
Adjustments			
Correction of errors (Note 33)	-	(2,049)	(2,049)
Balance at 01 April 2021 as restated*	**1,127**	**73,046**	**74,173**
Changes in net assets	-		
Surplus for the year	-	34,604	34,604
Total changes	-	34,604	34,604
Balance at 31 March 2022	**1,127**	**107,650**	**108,777**
Notes	**11**		

CASH FLOW STATEMENT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	2022 R '000	2021 Restated* R '000
Cash flows from operating activities			
Receipts			
SAMSA Levies		308,897	288,834
Other Charges		274,538	275,154
Interest income		2,563	2,076
		585,998	**566,064**
Payments			
Employee Costs		(327,142)	(330,920)
Finance costs		(25)	(53)
Other payments		(169,775)	(233,153)
		(496,942)	(564,126)
Net cash flows from operating activities	27	**89,056**	**1,938**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2,692)	(3,166)
Purchase of other intangible assets	3	(550)	-
Net cash flows from investing activities		(3,242)	(3,166)
Net increase / (decrease) in cash and cash equivalents		**85,814**	**(1,228)**
Cash and cash equivalents at the beginning of the year		79,440	80,668
Cash and cash equivalents at the end of the year	10	**165,254**	**79,440**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Government Service Fees	16,676	-	**16,676**	16,122	**(554)**	38
Direct User Charges	53,175	-	**53,175**	52,108	**(1,067)**	
Vessel Management Services	28,452		**28,452**	195,351	**166,899**	
SA Agulhas Fees	28,229	-	**28,229**	3,794	**(24,435)**	
SA Agulhas training revenue	31,000		**31,000**	-	**(31,000)**	
Interest received - investment	3,543	-	**3,543**	2,563	**(980)**	
Total revenue from exchange transactions	**161,075**	**-**	**161,075**	**269,938**	**108,863**	
Revenue from non-exchange transactions						
Taxation revenue						
SAMSA Levies	380,882	-	**380,882**	312,124	**(68,758)**	38
Grant revenue	-	-	**-**	1	**1**	
Transfer revenue						
Fine, Penalties and Forfeits	-	-	**-**	5,688	**5,688**	
Total revenue from non-exchange transactions	**380,882**	**-**	**380,882**	**317,813**	**(63,069)**	
Total revenue	**541,957**	**-**	**541,957**	**587,751**	**45,794**	
Expenditure						
Personnel	(329,943)	-	**(329,943)**	(327,142)	**2,801**	38
Advertising & Promotions	(5,387)	-	**(5,387)**	(661)	**4,726**	
Audit Fees - External	(6,348)	-	**(6,348)**	(6,764)	**(414)**	
Audit Fees - Internal	(1,506)	-	**(1,506)**	(505)	**1,001**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Depreciation and amortisation	(9,776)	-	**(9,776)**	(6,939)	**2,837**	
Computer Expenses	(4,217)	-	**(4,217)**	(3,775)	**442**	
Commission Paid	(10,950)	-	**(10,950)**	(8,977)	**1,973**	
Lease rentals on operating lease	(1,149)	-	**(1,149)**	(616)	**533**	
Conferencing costs	(2,458)	-	**(2,458)**	(76)	**2,382**	
Employee Assistance Programme	(243)	-	**(243)**	(230)	**13**	
Consulting fees	(7,745)	-	**(7,745)**	(6,767)	**978**	
Directors Remuneration	(1,840)	-	**(1,840)**	(2,009)	**(169)**	
Donations/Social Responsibility	(697)	-	**(697)**	(375)	**322**	
Provision of data	(3,692)	-	**(3,692)**	(963)	**2,729**	
Insurance	(1,555)	-	**(1,555)**	(1,982)	**(427)**	
Legal Fees	(2,015)	-	**(2,015)**	(6,342)	**(4,327)**	
Staff Recruitment	(720)	-	**(720)**	(939)	**(219)**	
SA Agulhas (excluding salaries)	(31,088)	-	**(31,088)**	(6,086)	**25,002**	
Licence fees	(7,762)	-	**(7,762)**	(11,453)	**(3,691)**	
Office Alterations	(2,022)	-	**(2,022)**	-	**2,022**	
Office Security	(1,724)	-	**(1,724)**	(1,606)	**118**	
Printing & stationery	(4,054)	-	**(4,054)**	(4,687)	**(633)**	
Rent, Water & Electricity	(43,697)	-	**(43,697)**	(41,599)	**2,098**	
Partnership programme	(150)	-	**(150)**	(1)	**149**	
Projects	-	-	**-**	(318)	**(318)**	
Research programme	(3,090)	-	**(3,090)**	(800)	**2,290**	
Scholarship programme	(1,864)	-	**(1,864)**	(4,873)	**(3,009)**	
Staff Training	(7,349)	-	**(7,349)**	(1,687)	**5,662**	
Surveyor Costs / Mileage claims	(2,260)	-	**(2,260)**	(1,522)	**738**	
Cleaning services	(1,894)	-	**(1,894)**	(577)	**1,317**	
Telephone & Fax	(2,829)	-	**(2,829)**	(3,170)	**(341)**	
Travel & Accommodation - Local	(14,139)	-	**(14,139)**	(4,825)	**9,314**	
Travel - Accommodation - Overseas	(7,499)	-	**(7,499)**	-	**7,499**	
Repairs and Maintenance	(1,338)	-	**(1,338)**	(535)	**803**	
Vessel Management Expenses	-	-	**-**	(88,319)	**(88,319)**	
Other Expenditure	(18,036)	-	**(18,036)**	(7,228)	**10,808**	
Total expenditure	**(541,036)**	**-**	**(541,036)**	**(554,346)**	**(13,310)**	
Operating surplus	**921**	-	**921**	**33,405**	**32,484**	
Gain on foreign exchange				1,017	1,017	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Fair value adjustments	-	-	**-**	(83)	(83)	
Other Income	570	-	**570**	265	(305)	
	570	**-**	**570**	**1,199**	**629**	
Surplus	**1,491**	**-**	**1,491**	**34,604**	**33,113**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**1,491**	-	**1,491**	**34,604**	**33,113**	

The reconciliation between the budgeted surplus and the actual surplus is included on Note 38. Material variances between actual and budget are explained in Appendix 1 to the Annual Financial Statements.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

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 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 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 assessthe impact of the standard on its financial statements. Issued by the ASB in April 2021 and no effective date has been determined by the Minister of Finance.

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature size of the omission or misstatement judged in the

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

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

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Significant judgements include:

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

Effective interest rate

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

Allowance for doubtful debts

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.5 PROPERTY, PLANT AND EQUIPMENT CONTINUED

items (major components) of property, plant and equipment.

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

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

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

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

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

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated deprecation 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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.5 PROPERTY, PLANT AND EQUIPMENT CONTINUED

as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Leasehold property	Straight line	4 - 9 years
Ship	Straight line	3 - 11 years
Furniture and fixtures	Straight line	4 - 15 years
Motor vehicles	Straight line	4 - 10 years
Office equipment	Straight line	4 - 13 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.6 INTANGIBLE ASSETS CONTINUED

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 - 5 years

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

The gain or loss arising from the derecognition of an intangible 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).

1.7 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.7 FINANCIAL INSTRUMENTS CONTINUED

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 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.7 FINANCIAL INSTRUMENTS CONTINUED

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

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

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

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

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

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

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

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

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

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

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

Financial instruments at 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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.7 FINANCIAL INSTRUMENTS CONTINUED

- evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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
Loans and receivables from exchange transactions	Financial asset measured at amortised cost
Loans and receivables from non-exchange transactions	Financial asset measured at amortised cost
Financial instruments	Financial asset 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 ts recognised in surplus or deficit.

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

Impairment and uncollectibilty of financial assets

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

Financial assets measured at amortised cost:

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

1.9 LEASES

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessee

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

1.10 INVENTORIES

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

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

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

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

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

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

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

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

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

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

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

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

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The entity assesses at each reporting

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

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 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.

Foreign currency future cash flows

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

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.

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.

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

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

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

Cash-generating units

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

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

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

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

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

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

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

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.

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).

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

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:
- 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..

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

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 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

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 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) 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.13 EMPLOYEE BENEFITS CONTINUED

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all 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 recognise the contribution payable to a defined

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.13 EMPLOYEE BENEFITS CONTINUED

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

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

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.13 EMPLOYEE BENEFITS CONTINUED

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

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

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.13 EMPLOYEE BENEFITS CONTINUED

cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement .

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.13 EMPLOYEE BENEFITS CONTINUED

- reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.
In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.14 PROVISIONS AND CONTINGENCIES CONTINUED

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 deficits.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabllities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.14 PROVISIONS AND CONTINGENCIES CONTINUED

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financlal guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets;and\
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.14 PROVISIONS AND CONTINGENCIES CONTINUED

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-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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

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

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.16 REVENUE FROM EXCHANGE TRANSACTIONS CONTINUED

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed

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

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

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

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

Fines are economic benefits or service potential received or receivable by entitles, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Taxes are economic benefits or service potential compulsorily paid or payable to entitles, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non· exchange 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

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

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 **1.19**

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.19 ACCOUNTING BY PRINCIPALS AND AGENTS CONTINUED

entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent 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

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.20 TRANSLATION OF FOREIGN CURRENCIES CONTINUED

they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

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

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

1.21 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 that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 IRREGULAR EXPENDITURE

IA related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).
Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.
Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.
The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.23 IRREGULAR EXPENDITURE CONTINUED

and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.
Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 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.

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

Measurement

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

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.24 SEGMENT INFORMATION CONTINUED

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

Entity is subject to budgetary limits in the form of appropriations or budget authorisations by the Accounting Authority and the Executive.

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

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.
The approved budget covers the fiscal period from 1/04/2021 to 31/03/2022.

The budget for the economic entity includes all the entities approved budgets under its control.

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

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.27 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1.27 RELATED PARTIES CONTINUED

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.
Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.28 EVENTS AFTER REPORTING DATE

All vents 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.

ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

1.31 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.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
Land	448	-	448	448	-	448
Buildings	4,935	(1,994)	2,941	4,936	(1,684)	3,252
Leasehold property	9,380	(8,292)	1,088	9,380	(7,227)	2,153
Furniture and fixtures	17,291	(12,965)	4,326	17,172	(11,914)	5,258
Motor vehicles	5,245	(4,596)	649	4,689	(4,220)	469
Office equipment	5,928	(4,589)	1,339	6,040	(4,166)	1,874
IT equipment	31,666	(27,690)	3,976	33,254	(28,461)	4,793
SA Agulhas - Ship	30,314	(29,506)	808	30,314	(28,832)	1,482
Total	**105,207**	**(89,632)**	**15,575**	**106,233**	**(86,504)**	**19,729**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

	Opening Balance R '000	Additions R'000	Disposals R '000	Depreciation R '000	Total R '000
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**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021

	Opening Balance R '000	Additions R'000	Disposals R '000	Revaluations R '000	Depreciation R '000	Total R '000
Land	525	-	-	(77)	-	448
Buildings	2,477	-	-	991	(216)	3,252
Leasehold property	3,037	230	-	-	(1,114)	2,153
Furniture and fixtures	6,402	232	-	-	(1,376)	5,258
Motor vehicles	985	-	-	-	(516)	469
Office equipment	2,022	518	-	-	(666)	1,874
IT equipment	6,510	2,182	(33)	-	(3,866)	4,793
Ship - SA Agulhas	2,694	4	(15)	-	(1,201)	1,482
	24,652	**3,166**	**(48)**	**914**	**(8,955)**	**19,729**

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.

Details of properties

	2022 R '000	2021 R '000
Property 1		
- Purchase price 2008	4,334	4,334
- Additions since purchase or revaluation	1,050	1,050
	5,384	**5,384**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Repairs and maintenance of property, plant and equipment

	2022 R '000	2021 R '000
Buildings	1	17
Leasehold Property	219	605
Furniture and Fixtures	28	36
Motor Vehicles	18	36
Office equipment	43	325
IT equipment	119	695
SA Agulhas - ship	1,373	1,674
	1,801	**3,388**

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

3. INTANGIBLE ASSETS

	2022			2021		
	Cost R '000	Accumulated amortisation and accumulated impairment R '000	Carrying value R '000	Cost R '000	Accumulated amortisation and accumulated impairment R '000	Carrying value R '000
Computer software, other	17,387	(16,983)	404	16,837	(16,814)	23

	Opening balance R '000	Additions R '000	Disposal R '000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2022					
Computer software, other	23	550	(16)	(153)	404

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R '000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2021			
Computer software, other	34	(11)	23

4. EMPLOYEE BENEFIT OBLIGATIONS

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 2022 by an Arch Actuarial Consulting Actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

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

	2022 R '000	2021 R '000
Carrying value		
Present value of the unfunded liability	(8,366)	(8,143)
Non-current liabilities	(7,839)	(7,685)
Current liabilities	(527)	(458)
	(8,366)	(8,143)

Changes in the present value of the defined benefit obligation are as follows:

	2022 R '000	2021 R '000
Opening balance	8,143	7,929
Current service cost	124	101
Interest cost	820	867
Acturial (gain)/loss	(237)	(267)
Expected Employer Payments/(Benefit)	(484)	(487)
	8,366	8,143

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R '000	2021 R '000
Net expense recognised in the statement of financial performance		
Current service cost	124	101
Interest cost	820	867
Actuarial (gain)/loss	(237)	(267)
Expected Employer Payments/(Benefit)	(484)	(487)
	223	214
Calculation of actuarial and losses		
Actuarial (gains) losses - Obligation	(237)	(267)
Key assumptions used		
Assumptions used at the reporting date:		
Average retirement age - years	65	65
Discount rates used	10.21 %	10.36 %
Medical cost trend rates	6.54 %	7.15 %
Expected increase in salaries	4.00 %	6.50 %
Continuation of membership at retirement	100.00 %	100.00 %
In service members	11	12

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Other Assumptions

Amounts for the current and previous 4 years are as follows:

	2022 R '000	2021 R '000	2020 R '000	2019 R '000	2018 R '000
Defined benefit obligation	8,366	8,143	7,929	9,855	19,001
Surplus / (deficit)	(8,366)	(8,143)	(7,929)	(9,855)	(19,001)
Experience adjustments on plan liabilities	59	(900)	(599)	203	170

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		2,879	5,487	8,366	-
Health care inflation	+1%	3,104	5,681	8,785	5
	-1%	2,593	5,303	7,896	(6)
Discount rate	+1%	2,458	5,080	7,538	(10)
	-1%	3,407	5,961	9,368	12
Post retirement mortality	-1yr	2,961	5,691	8,652	3
Average Retirement Age	-1yr	3,052	5,487	8,539	2
Continuation of membership at retirement	-10%	2,614	5,487	8,101	(3)
		23,068	44,177	67,245	3

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

5. 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, and for insurance for the assets and resources of the entity. The increase in the balance relates mainly to software licenses and insurance of the vessels managed by the entity.

	2022 R '000	2021 R '000
Prepayments	13,937	10,846

6. 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:

	2022 R '000	Future Periods
Statement of Financial Performance and Statement of Financial Position		
Motor vehicles: Accumulated Depreciation	30	(30)
Motor vehicles: Depreciation	(30)	30
Leasehold improvements: Accumulated Depreciation	62	(62)
Leasehold improvements: Depreciation	(62)	62
Equipment: Accumulated Depreciation	61	(61)
Equipment: Depreciation	(61)	61
Computer Software: Accumulated Depreciation	28	(28)
Computer Software: Depreciation	(28)	28
Computer Equipment: Accumulated Depreciation	1,000	(1,000)
Computer Equipment: Depreciation	(1,000)	1,000
Furniture & Fittings : Accumulated Depreciation	95	(95)
Furniture & Fittings : Depreciation	(95)	95
Vessels: Accumulated Depreciation	523	(523)
Vessels: Depreciation	(523)	523

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. INVENTORIES

	2022 R '000	2021 R '000
Finished goods	298	415
Inventories recognised as an expense during the year	131	83

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.

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R '000	2021 R '000
Trade debtors	5,200	4,744
Deposits	2,338	2,341
Sundry Receivables	200	185
Maritime Fund Receivables	66	54
Other debtors - MLRF	-	3,038
Provision for doubtful debts	(1,148)	(700)
Staff travel advances	27	235
Discounting of receivables	(352)	(283)
	6,331	**9,614**
Statutory receivables included in receivables from non-exchange transactions above are as follows		
Direct User charges	2,300	2,183
Financial asset receivables included in receivables from exchange transactions above	**4,031**	**7,431**
Total receivables from exchange transactions	**6,331**	**9,614**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

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 4 months past due are not considered to be impaired. At 31 March 2022, the following amounts were past due but not impaired.

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

	2022 R '000	2021 R '000
1 month past due	238	180
2 months past due	224	250
3 months past due	42	93

Trade and other receivables provision

As of 31 March 2022, a portion of trade and other receivables were impaired and provided for.

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

Rand	6,331	9,614

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R '000	2021 R '000
Receivables from non-exchange transactions		
SAMSA Levies	47,295	44,068
Statutory receivables included in receivables from non-exchange transactions above are as follows: SAMSA Levies	47,295	44,068
Total receivables from non-exchange transactions	**47,295**	**44,068**

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.

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

Statutory receivables older than 120 days have been impaired.

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

	2022 R '000	2021 R '000
Rand	47,295	44,068

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2022 R '000	2021 R '000
Cash on hand	76	59
Bank balances	165,178	79,381
	165,254	**79,440**
Cash and cash equivalents held by the entity that are not available for use by the economic entity		
Maritime Fund	29,680	21,739
Unspent conditional grants and receipts	5,004	5,005
MLRF funds	71,892	11,523

The bank balances consisted 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:

	2022 R '000	2021 R '000
Credit rating BB (ABSA)	165,178	79,381

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. REVALUATION RESERVE

No revaluations were carried out during the current financial year. The balance below relates to the revaluation of the East London building in previous years.

	2022 R '000	2021 R '000
Opening balance	1,127	136
Change during the year	-	991
Balance	1,127	1,127

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:

	2022 R '000	2021 R '000
Office of the Premier: Eastern Cape	5,004	5,005
Movement during the year		
Balance at the beginning of the year	5,005	5,809
Income recognition during the year	(1)	(804)
	5,004	5,005

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. PAYABLES FROM EXCHANGE TRANSACTIONS

	2022 R '000	2021 R '000
Trade payables	8,986	20,202
Lease liability	7,883	11,255
Accrued leave pay	20,734	20,660
Other payables	19,202	23,308
Creditors discounting	(72)	(86)
Travel credit card	629	628
Other Creditors - MLRF	67,802	-
	125,164	**75,967**

14. TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

Trade payables from non-exchange transactions	2022 R '000	2021 R '000
Maritime Fund revenue received in advance	1,783	282

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 have not lapsed at year end.

15. VAT PAYABLE

	2022 R '000	2021 R '000
VAT on imported goods and services	-	565

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. REVENUE

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

	2022 R '000	2021 R '000
Direct user charges	52,108	44,579
Vessel Management Services - MLRF	195,351	188,752
SA Agulhas Fees	3,794	30
Government Service Fees	16,122	15,271
	267,375	**248,632**

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

SAMSA Levies	312,124	286,399
Grant revenue	1	804
Transfer revenue		
Fines, Penalties and Forfeits	5,688	996
	317,813	**288,199**

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 R538 102 (2020/21: R240 107).

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. OTHER INCOME

	2022 R '000	2021 R '000
Discount received	4	41
Increase / (decrease) in post retirement medical liability	(223)	(214)
Decrease in provision for bad debts	(449)	529
Credit balances prescribed	491	204
Foreign exchange differences	1,017	806
TETA Contributions	442	380
	1,282	**1,746**

18. LEASE RENTALS ON OPERATING LEASE

	2022 R '000	2021 R '000
Premises		
Contractual amounts	37,326	36,234

19. INVESTMENT REVENUE

	2022 R '000	2021 R '000
Interest revenue		
Bank	**2,563**	**2,076**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

20. EMPLOYEE RELATED COSTS

	2022 R '000	2021 R '000
Basic	190,895	189,746
Medical aid - company contributions	2,961	3,470
UIF	685	609
WCA	526	642
SDL	2,146	1,468
Leave pay provision charge	1,237	7,907
Cellphone allowance	1,834	1,744
Other short term costs	-	97
Defined contribution plans	28,216	28,567
Long-service awards	253	315
13th Cheques	17,295	17,301
Car allowance	416	479
Housing benefits and allowances	158	163
Crew salaries - MLRF	80,520	78,412
	327,142	**330,920**
SAMSA: Average number of employees (incl SA Agulhas crew)	339	347
MLRF: Average number of employees	160	151
	499	498

21. FINANCE COSTS

	2022 R '000	2021 R '000
Trade and other payables	25	53

These finance costs are related to trade and other payables as well as interest on the travel credit card.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. OPERATING SURPLUS

	2022 R '000	2021 R '000
Operating surplus for the year is stated after accounting for the following:		
Advertising	661	1,787
Auditors Remuneration	7,381	6,577
Bank charges	396	366
Cleaning	577	426
Commission paid	8,977	8,234
Computer Expenses	3,775	3,771
Consulting Fees and Legal Fees	13,109	8,659
Donations	375	204
Entertainment	1	2
Fines and penalties	-	30
Gifts	-	33
Insurance	1,982	1,781
Conferences and seminars	76	124
Lease charges	616	719
Motor vehicle expenses	683	460
Recruitment and relocation costs	3,889	2,433
Publications	1,322	1,657
Postage and courier	97	153
Printing and stationery	4,682	2,846
Protective clothing	123	36
Repairs and maintenance	535	2,095
Research and development costs	800	1,036
Office security	1,606	1,547
Staff welfare	442	2,038
Subscriptions and membership fees	295	347
Telephone and fax	3,170	3,046
Parking expenses	1	11

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. OPERATING SURPLUS CONTINUED

	2022 R '000	2021 R '000
Training	1,687	5,850
Travel - local	4,825	6,066
Partnership programmes	1	-
Revaluation profit / loss	-	77
Loss on disposal of assets	75	48
Water and electricity	4,273	4,741
Uniforms	-	20
SA Agulhas costs	6,086	8,154
Board remuneration and expenses	2,009	1,538
Vessel management expenses - MLRF	88,319	86,170
Library Books	63	39
Licences	11,453	10,211
Projects	318	1,127
Mileage claims and surveyor costs	1,522	1,522
Implementation costs	975	2,097
VAT on imports	517	576
Scholarship programme	4,873	2,419
Other expenses	47	15

23. COST OF SALES

The cost relates to books that were used in generating revenue for the entity

	2022 R '000	2021 R '000
Sales of goods		
Cost of goods sold	131	83

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. FAIR VALUE ADJUSTMENTS

	2022 R '000	2021 R '000
Fair value - creditors	(14)	31
Fair value - debtors	(69)	151
	(83)	**182**

25. AUDITORS' REMUNERATION

	2022 R '000	2021 R '000
External audit fees	6,762	5,973
Consulting	114	-
Internal audit fees	505	604
	7,381	**6,577**

26. OPERATING LEASE

Office Buildings

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 1st March 2017. The termination date is 28th February 2022 with an escalation rate of 8% per annum. The contract was extended until 31 May 2022.

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.

Saldanha

The entity entered into a lease agreement with National Port Authority for its offices in Saldanha Bay. The initial lease is for 5 (five) years which commenced on 1 October 2014. The contract expired on 30 September 2019 and the entity is currently on a month to month arrangement while the lease agreement is being finalised. National Treasury has approved the extension of the contract for a 5 (five) year period.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. OPERATING LEASE CONTINUED

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 procure a new lease agreement.

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 January 2017. The termination date was 31 December 2021 with an escalation rate of 7% per annum. The contract was extended until 31 May 2022.

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

Gqeberha

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

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 30 June 2023. The escalation percentage in the lease agreement is 7%.

Port of Ngqura

The lease agreement has been cancelled, and the Port of Ngqura staff moved to the Gqeberha Regional office

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.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. OPERATING LEASE CONTINUED

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.

MRCC Cape Town

The entity entered into a lease agreement for part of Tyger Hills Office Park with Parkdev. Initial lease period is for 5 years which commenced on the 1 February 2018 and will expire on 31st January 2023 with an escalation rate of 8% per annum.

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 the 1st of January 2020. The termination date is 31 December 2022 with an escalation rate of 8% per annum.

	2022 R '000	2021 R '000
Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2022 are as follows:		
Up to 1 year	35,512	27,426
2 to 5 years	53,417	42,387
	88,929	69,813

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.

Future minimum lease rentals payable under non-cancellable operating leases on equipment as at 31 March 2022 are as follows:		
Up to 1 year	77	136
2 - 5 years	19	96
	96	232

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

27. CASH GENERATED FROM OPERATIONS

	2022 R '000	2021 R '000
Surplus / (Deficit)	34,604	(16,687)
Adjustments for:		
Depreciation and amortisation	6,939	8,966
Movements in retirement benefit assets and liabilities	223	214
Loss on disposal of assets	75	48
Devaluation of land and buildings	-	77
Changes in working capital:		
Inventories	117	(109)
Receivables from exchange transactions	3,283	30,013
Other receivables from non-exchange transactions	(3,227)	2,435
Prepayments	3,091	(7,037)
Payables from exchange transactions	49,198	(9,488)
Taxes and transfers payable (non-exchange)	1,501	141
Unspent conditional grants and receipts	(1)	(804)
VAT payable	(565)	(5,831)
	89,056	**1,938**

28. FINANCIAL INSTRUMENTS DISCLOSURE

In the course of the Authority's business operations, it is exposed to interest rates. The risk management process relating to each of these risks is discussed under the headings below:

Financial risk management
The entity's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk), credit, foreign exchange and liquidity risk.

Liquidity risk
The 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.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

28. FINANCIAL INSTRUMENTS DISCLOSURE CONTINUED

Interest rate risk

The entity's exposure to interest rate risk and the effective rates on financial instruments at statement of financial position date are as follows:

	2022 R '000	2021 R '000
Cash and cash equivalents	165,254	79,440
Trade and other receivables	53,626	53,682
Trade and other payables	(126,947)	(76,249)
	91,933	**56,873**

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 counterparty. Trade receivable comprise a large individual customer and numerous small customers. Management evaluated credit risk relating to customers on an ongoing basis. Assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors are used to asses credit risk of trade receivables. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Financial assets exposed to credit risk at year end were as follows:

Trade receivables - 2021/22 - R53.5 million (2020/21 - 47.8 million)
The age analysis below excludes creditors which has debit balances and were classified as debtors in the annual financial statements. It also reflects the amounts before provisions for bad debts and other adjustments are accounted for:

	2022 R '000	2021 R '000
Current	32,617	30,061
31 - 60 days	19,632	16,734
61 - 90 days	224	249
91 - 120 days	42	93
Over 120 days	1,022	700
	53,537	**47,837**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

28. FINANCIAL INSTRUMENTS DISCLOSURE CONTINUED

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.
Fair value: The entity's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets.The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximate fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables

The carrying amount of trade receivables, net of provision for bad debt, approximates fair value due to the relatively short term maturity of this financial asset.

Trade payables

The carrying amount of trade payables approximate fair value due to the relatively short term maturity of this financial liability.

29. COMMITMENTS

	2022 R '000	2021 R '000
Authorised capital expenditure		
Total capital commitments **Already contracted for but not provided for**	-	-
Authorised operational expenditure		
Already contracted for but not provided for • Expenditure	190,165	111,073
Total operational commitments Already contacted for but not provided for	190,165	111,073
Total commitments		
Total commitments Authorised operational expenditure	190,165	111,073

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

29. COMMITMENTS CONTINUED

This committed expenditure relates to operational expenditure and will be financed by retained surpluses, existing cash resources and funds internally generated. The comparative amounts have been adjusted.

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 R0.6 million.

A former SAMSA employee has lodged a claim at the CCMA against SAMSA. It is estimated that the possible claim will not exceed R1 million. It is not yet possible to ascertain the likelihood of the claim being successful.

31. RELATED PARTIES

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 therefor 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 R16.1 million in the current financial year (2020/21: R15.3 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 R312.1 million (2020/21: R286.4 million). Commission charged on the transactions amounted to R9.0 million (2020/21: R8.2 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 Environment, Forestry and Fisheries (DEFF) for the management of their vessels. A management fee of R27.7 million (2020/21: R25.1 million) was received during the financial year.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

31. RELATED PARTIES CONTINUED

The related party balances are disclosed as follows:

	2022 R '000	2021 R '000
Related party balances		
Transnet National Ports Authority (TNPA)	47,295	44,068
Marine Living Resources Fund (MLRF)	(67,802)	3,038
Department of Transport (DoT)	190	(70)

The balances for MLRF excludes the effect of the purchase order commitments related to the MLRF agreement, which will reduce the amount payable by R9.4 million (2020/21: R10.4 million). The net amount payable, taking the commitments into account, will be (R58.4 million) (2020/21: (R7.4 million)).

Amounts included in Trade receivable (Trade Payable) regarding related parties

	2022 R '000	2021 R '000
Transnet National Ports Authority (TNPA))	47,295	44,068
Department of Transport (DoT)	190	101

32. EMOLUMENTS

Executive Management

2022	Basic Salary R '000	Cellphone Allowance R '000	Pension paid R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Long service award R '000	Other R '000	Total R '000
S Tilayi - Chief Operations Officer	2,100	38	406	-	60	215	-	-	2,819
B A Ramahlo - Executive (Legal)	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 Keller - Deputy 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
	14,899	**238**	**2,501**	**413**	**62**	**1,467**	**5**	**1**	**19,675**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

32. EMOLUMENTS CONTINUED

Executive Management

2021	Basic Salary R '000	Cellphone Allowance R '000	Pension paid R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Long service award R '000	Total R '000
S Tilayi - Chief Operations Officer (Acting CEO until 11 February 2021)	2,100	38	406	416	60	215	-	3,235
B A Ramahlo - Executive (Legal)	1,833	25	256	-	3	174	5	2,296
I Calvert - Executive (Maritime Special Projects)	1,578	25	305	-	-	158	-	2,066
M V Raphadu Company Secretary	1,835	25	353	-	-	182	-	2,395
M Mosegomi - Chief Information Officer (Until 31 Aug 2020)	646	10	124	-	-	154	-	934
L Mashishi - Chief Human Capital Officer	1,614	25	269	-	-	158	3	2,069
D Erriah - Chief Financial Officer (until 31 Aug 2020)	657	-	127	-	-	-	-	784
V Keller - Deputy Chief Operations Officer	1,653	18	318	-	5	164	-	2,158
N Ramugondo - Chief Information Officer (Appointed 1 Sept 2020)	785	15	152	-	-	-	-	952
VG September - Executive: Corporate Affairs	1,299	20	184	76	5	135	-	1,719
Z Chonco - Chief Financial Officer (Appointed 1 Sept 2020)	855	15	164	-	-	-		1,034
	14,855	**216**	**2,658**	**492**	**73**	**1,340**	**8**	**19,642**

Ms. Tsepiso Taoana-Mashiloane was appointed as the Acting CEO on 11 February 2021. She was seconded by the Department of Transport, and her remuneration is not included above.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

32. EMOLUMENTS CONTINUED

Non-executive remuneration

2022	Member's fees R '000	Committees fees R '000	Total R '000
Board Members:			
N Minyuku (Chairperson)	250	40	290
L Haluodi	187	96	283
L N Dlamini	187	77	264
E D Khosa	187	70	257
B C Zulu	187	118	305
Audit and Risk Committee Members:			
M R Burton	-	138	138
R Nicholls	-	57	57
S F Mkhize	-	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			
M H Hendriks	-	-	-
F Docrat	-	98	98
M D Nkhabu	-	38	38
P Dala	-	38	38
	998	**1,008**	**2,006**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

32. EMOLUMENTS CONTINUED

Non-executive remuneration

2021	Member's fees R '000	Committees fees R '000	Travel claims	Total R '000
Board members:				
M Msimang - Board Chairperson (Chairperson until Aug 2020)	92	-		92
M R Burton (until Aug 2020)	70	79		149
N M Cele (until Aug 2020)	70	19		89
A S Molemane (until Aug 2020)	70	19		89
N Minyuku (Chairperson from Aug 2020)	159	20		179
L Haluodi (Appointed Aug 2020)	119	67		186
L N Dlamini (Appointed Aug 2020)	119	38		157
E D Khosa (Appointed Aug 2020)	119	38		157
B C Zulu (Appointed Aug 2020)	119	48		167
Audit and Risk Committee Members:				
A Chowan	-	19		19
S P Simelane	-	10		10
R Nicholls (Appointed Feb 2021)	-	10		10
S F Mkhize (Appointed Feb 2021)	-	10		10
REMCO members				
F A Jacobs	-	19		19
H V Devraj	-	28	2	30
R N Nobaxa	-	19		19
V L Mthethwa (Appointed Feb 2021)	-	10		10
K Morobe (Appointed Feb 2021)	-	10		10
L Ndziba (Appointed Feb 2021)	-	10		10

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

32. EMOLUMENTS CONTINUED

Non-executive remuneration

2021	Member's fees R '000	Committees fees R '000	Travel claims	Total R '000
MIC members				
B A Williams	-	10		10
N D B Mgoduka	-	10		10
G D Christy	-	10		10
J M Marillier (Appointed Feb 2021)	-	10		10
I I S Motau (Appointed Feb 2021	-	10		10
	-			-
Finance and IT Committee members				-
M H Hendriks	-	10		10
F Docrat	-	49		49
M D Nkhabu (Appointed Feb 2021)	-	10		10
P Dala (Appointed Feb 2021)	-	10		10
	937	**602**	**2**	**1,541**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

33. PRIOR YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

	Note	As Previously Reported R '000	Correction of error R '000	Restated R '000
Statement of financial position				
2020				
Accumulated Surplus		(89,054)	(679)	(89,733)
2021				
Trade receivables		4,601	143	4,744
Sundry receivables		151	34	185
Staff debtors		233	2	235
Prepayments		10,872	(26)	10,846
Accrued leave pay		(19,891)	(769)	(20,660)
Trade payables		(19,077)	(1,125)	(20,202)
Other payables		(18,778)	(4,530)	(23,308)
MLRF control account		(610)	3,648	3,038
MF control account		(856)	574	(282)
Accumulated surplus		(75,095)	2,049	(73,046)
Statement of financial performance				
2021				
Revenue from exchange transactions		(244,939)	(3,693)	(248,632)
Revenue from non-exchange transactions		(288,200)	1	(288,199)
Operating expenses		212,590	4,910	217,500
Employee costs		329,413	1,507	330,920
Interest Paid		50	3	53

The errors related to the following:

- Older items on control accounts not cleared.
- Sales returns not matched.
- Expenses not accrued for in the prior years

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

34. GOING CONCERN

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus of R107.7 million and that the entity's total assets exceed its liabilities by R108.8 million.

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

The effects of the Covid-19 pandemic continues to have a negative impact on the revenue volumes of the entity. The volumes have not recovered to the levels prior to the pandemic. This was off-set by the cost containment measures introduced, and these measures are still continuing.

The entity has applied for an additional 6% tariff increase for the 2022/23 financial year, which is still pending approval. The approval of the additional tariff increase will greatly assist with easing the financial pressures.

35. EVENTS AFTER THE REPORTING DATE

There were no reportable events after the reporting date.

36. FRUITLESS AND WASTEFUL EXPENDITURE

	2022 R '000	2021 R '000
Opening balance as previously reported	10,953	10,953
Opening balance as restated	**10,953**	**10,628**
Add: Expenditure identified - current	**42**	**186**
Add: Expenditure identified - MLRF - prior period	**-**	**61**
Add: Expenditure identified - MLRF	16	78
Closing balance	**11,011**	**10,953**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

36. FRUITLESS AND WASTEFUL EXPENDITURE CONTINUED

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/ criminal proceedings	2022 R '000
Interest on late payment of travel credit card	Under Determination	14
Interest on late payment of suppliers	Under Determination	26
Fee charged for cancellation of Purchase Order	Under Determination	17
No show at hotel	Under Determination	1
		58

37. IRREGULAR EXPENDITURE

	2022 R '000	2021 R '000
Opening balance as previously reported	646,095	437,811
Opening balance as restated	**646,095**	**437,811**
Add: Expenditure identified - current	23,171	17,514
Add: Expenditure identified - Prior period	-	319
Add: Expenditure identified - MLRF - current	6,072	5,363
Add: Expenditure identified - MLRF - prior period	-	185,088
Less: Amount condoned (2014 and 2015 irregular expenditure)	(70,066)	-
Closing balance	**605,272**	**646,095**

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken / Criminal proceedings	2022 R '000
Contract management	Under Determination	4,236
Tender process not followed	Under Determination	20,697
RFQ process not followed	Under Determination	985
Non-compliance - documentation	Under Determination	3,325
		29,243

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Cases under investigation

Details of irregular expenditure under investigation (not yet condoned)

Prior year irregular expenditure to the amount of R391.2m has been investigated, awaiting condonation from National Treasury

	2022 R '000	2021 R '000
No tender processes	293,611	333,379
Non-compliance - documentation	5,242	1,917
No RFQ process / less than 3 responses to RFQ	68,272	70,608
Purchase order not properly authorised	24,312	26,511
Contract management	155,266	155,111
Bonus not approved	24,325	24,325
Declaration of interest not submitted	2,730	2,730
Salary increase not approved	6,186	6,186
Travel not properly authorised	115	115
Budget overspend not approved	25,213	25,213
	605,272	**646,095**

38. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

	2022 R '000	2021 R '000
Material variances are explained in Appendix 1 to the annual financial statements. Reconciliation of budget surplus with the surplus/deficit in the statement of financial performance is as follows:		
Net surplus per the statement of financial performance	34,604	(16,687)
Adjusted for:		
Fair value adjustments	83	(182)
Increase / (decrease) Impairments/provisions doubtful debt	449	(529)
Under/overspending of expenditure	13,310	26,370
Under/over recovery of income	(45,794)	(450)
Net expense - Post retirement medical aid	223	214
Sundry income	(1,384)	(1,431)
Net surplus per approved budget	**1,491**	**7,305**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

39. GUARANTEES

	2022 R '000	2022 R '000
81059816160 SA Mutual Life Assurance	36	36
81059926905 Portnet Saldanha	3	3
81059928876 Tuzi Gazi Waterfront	5	5
81059928877 Lofty Nel Efendomme	3	3
	47	**47**

These guarantees are held with ABSA Bank and they were taken up for office rentals as a substitute for the deposits system. The Authority however, still uses the deposits systems for the bulk of its lease agreements for office space.

40. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to one principal-agent arrangement. This arrangement is with Transnet National Ports Authority. The entity is the principal in this arrangement.

Details of the arrangement(s) is/are as follows:

Transnet National Ports Authority (TNPA):

TNPA collects the SAMSA levies from vessels entering South Africa's territorial waters, and pays the levies over to SAMSA. There has been no changes to the terms and conditions during the reporting period.

The entity is the principal, as it directs the TNPA to undertake transactions (collection of the SAMSA levies) on behalf, and for the benefit, of SAMSA. The risks related to the arrangement is that TNPA could pay over less than the allocated amount to SAMSA, or that all levies are not collected from the vessels. The benefit to SAMSA is that it would require a significant investment in resources to collect the levies on its own.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no resources that have been recognised by agent in its financial statements.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

40. ACCOUNTING BY PRINCIPALS AND AGENTS CONTINUED

Fee paid

	2022 R '000	2021 R '000
Fee paid as compensation to the agent	8,977	8,234

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

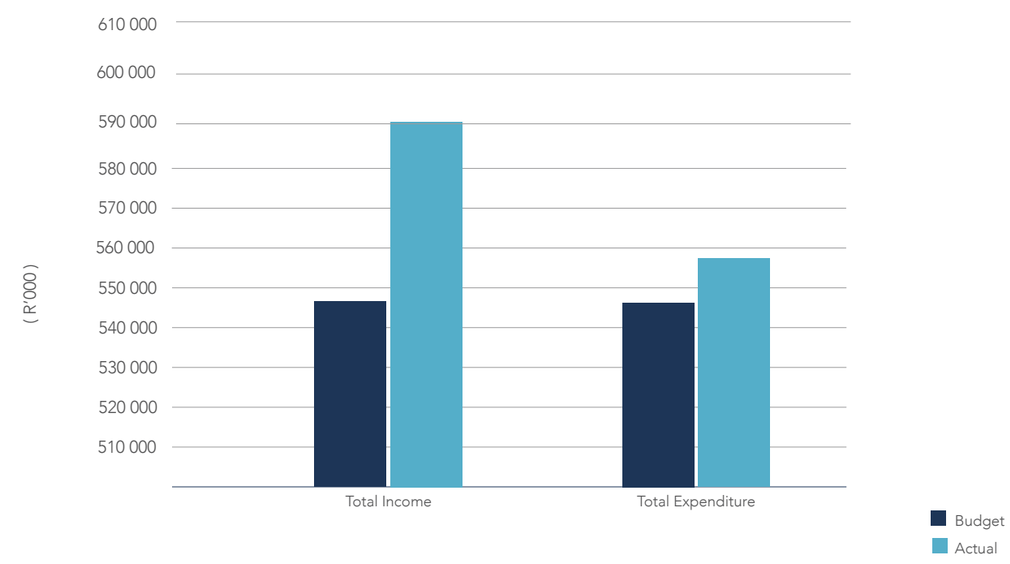
The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, will include additional employees to be appointed and the procurement of a system to track all vessels entering South Africa's territorial water, or to interface with the TNPA system.

BUDGET VARIANCES

EXPLANATION FOR THE PERIOD ENDED 31 MARCH 2022

1. SUMMARY

	Budget R '000	Actual R '000	Variance R '000	Variance %
Total Income	541,957	587,751	45,794	8.4%
Total Expenditure	541,036	554,346	(13,310)	(2.5%)



BUDGET VARIANCES

EXPLANATION FOR THE PERIOD ENDED 31 MARCH 2022

2. TOTAL INCOME

Total income of R587.8 million was 8.4% 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 R28.5m. The total revenue recognized on the MLRF contract was R195.3 million.

The remainder of the revenue was mainly lower than budget, due to the following:

2.1 SAMSA levies

SAMSA levies were R68.8 million (18.1%) below budget. Vessel tonnages were 13.0% below budget. The volumes did not return to pre-Covid19 levels. The shortfall was further caused by the lower than budget tariff increase approved. The budget was based on an 11.0% required tariff increase, but an increase of 6% was approved.

2.2 Direct user charges

The budget shortfall of R1.1 million is mainly due to lower tariff increases being approved for the year.

2.3 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, as SAIMI was still waiting for their funding to be approved. This is partially off-set by savings on variable cost such as fuel and catering.

2.4 Fines & penalties

Fines & penalties relates to amounts paid to the Maritime Fund, which is not budgeted for.

3. TOTAL EXPENDITURE

The total actual expenditure was R13.3 million (2.5%) 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 R167.2 million, with no corresponding budget. If this is excluded, the remaining SAMSA expenditure was R153.9 million (28.7%) below budget.

The reasons for the over and under expenditure in different cost line items are analysed below:

3.1 Personnel

Personnel cost was slightly lower than budget, but the actuals includes R80.5 million related to the MLRF vessel crew costs. Excluding the above, a saving of R81.6 million was realised against budget. This was mainly due to vacancies during the financial year. The budget was based on a headcount of 399 (including the SA Agulhas crew), while the average headcount of the entity was 339. No salary increases were also implemented.

BUDGET VARIANCES

EXPLANATION FOR THE PERIOD ENDED 31 MARCH 2022

3.2 Commission paid

The commission paid is lower than budget due to the lower SAMSA levies for the year.

3.3 SA Agulhas costs

The SA Agulhas cost was R25.0 million lower than budget. This was due to less activity during the year, resulting in lower costs

3.4 Legal fees

Legal fees were R4.3 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.

3.5 Licenses

Licenses were R3.7 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.

3.6 Scholarship programme and Staff training

Scholarship programme was R3.0 million higher than budget, while Staff training was R5.7 million lower than budget. Due to increased requirements, savings from the Staff training budget was utilised for the increased scholarship spending. The saving in Staff training was due to cost containment measures implemented to ensure the financial sustainability of the entity.

3.7 Travel and accommodation

Local travel and accommodation was R9.3 million lower than budget, while overseas travel and accommodation was R7.5 million lower than budget. This was due to continuing cost containment measures, as well as decreased travelling following the national Covid-19 lockdown.

3.8 Cost containment and optimisation

The entity continued with its focus on cost containment and optimisation. This, together with the effect of the lockdown, resulted in underspending against budget on the following line items:

- Advertising and promotions
- Computer expenses
- Conferencing costs
- Consulting fees
- Provision of data
- Office alterations
- Research programme
- Cleaning services
- Other expenditure

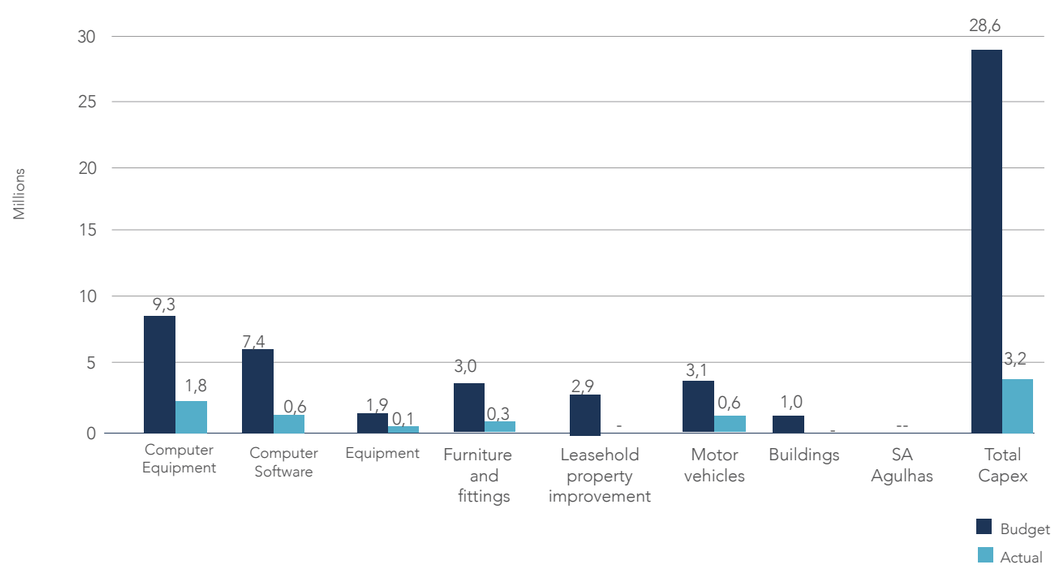
BUDGET VARIANCES

EXPLANATION FOR THE PERIOD ENDED 31 MARCH 2022

4. CAPITAL EXPENDITURE

Capital Expenditure for the financial year is analysed below:

Asset class	Budget 2022 R'000	Actual 2022 R '000	Variance R '000	Variance %
Computer equipment	9,339	1,794	7,545	80.8%
Computer software	7,350	550	6,800	92.5%
Equipment	1,923	69	1,854	96.4%
Furniture and fittings	3,000	273	2,727	90.9%
Leasehold property	2,878	-	2,878	100.0%
Motor vehicles	3,110	556	2,554	82.4%
SA Agulhas	8	-	8	100.0%
Building	990	-	990	100.0%
Total	**28,598**	**3,242**	**25,356**	**88.7%**



BUDGET VARIANCES

EXPLANATION FOR THE PERIOD ENDED 31 MARCH 2022

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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