

A N N U A L R E P O R T 2 0 1 7 / 2 0 1 8



GENERAL INFORMATION

Nature of business and principal activities:

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

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Hatfield

Pretoria

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Company Secretary: Mr. Moyahabo Raphadu

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Pathfinding, our voyage defined

INSIDE TO DO MORE.

Mapping out our perfomance

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Statement of Responsibility And
Confirmation of Accuracy
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Information Report
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Anchored to thrive

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When carefully assembled and ochestrated, the whole is greater than the sum of its parts, but to achieve this, the parts have to be good and they have to work well together





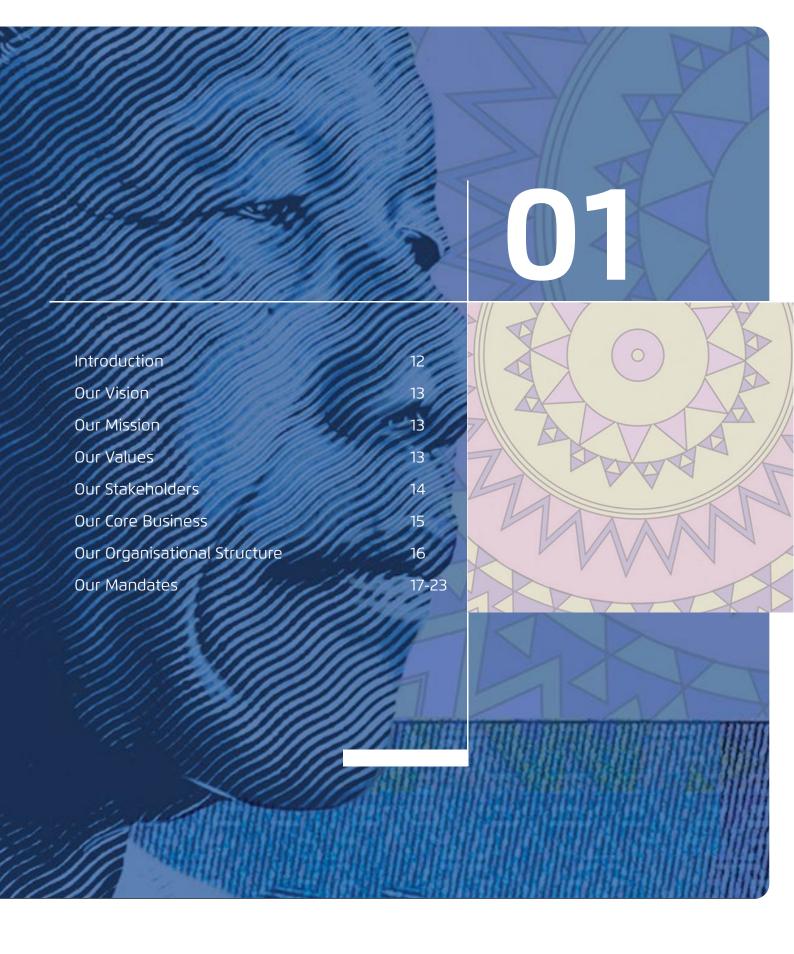
"Our future as human beings depends on our intelligent & prudent use of the oceans. And that in turn will depend on the determined efforts of dedicated women & men from all parts of our planet"

Nelson Rolihlahla Mandela







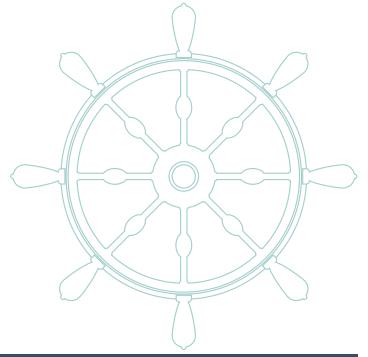


Tarategic overview of Samsa

Introduction

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

The Act provided for the establishment of an authority charged with the responsibility for regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa's maritime interests. It is governed and controlled by a Board of Directors, appointed by the Minister of Transport in terms of the SAMSA Act.



Our Vision

"The authority championing South Africa's global maritime ambitions".

3

Our Mission

"To ensure maritime safety and environmental protection while promoting South Africa maritime interests"

4

Our Values

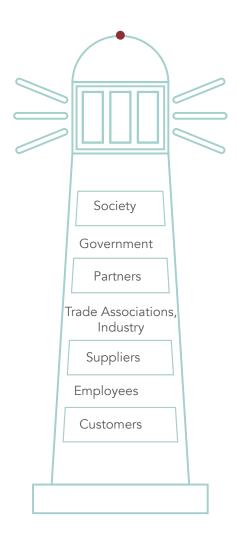
The core philosophy and values that guide and underlie each activity we undertake and how we behave as individuals and collectively when creating value for our stakeholders are as follows:



OUR **STAKEHOLDERS**

The ultimate goal of SAMSA is to maximise the value generated for all our stakeholders. The stakeholders of SAMSA include all the South African people, the shipping industry, communities, partners, trade associations, suppliers, employees, customers, beneficiaries, interested parties and government who can be affected or may affect the delivery of a safe and sustainable maritime transport system.

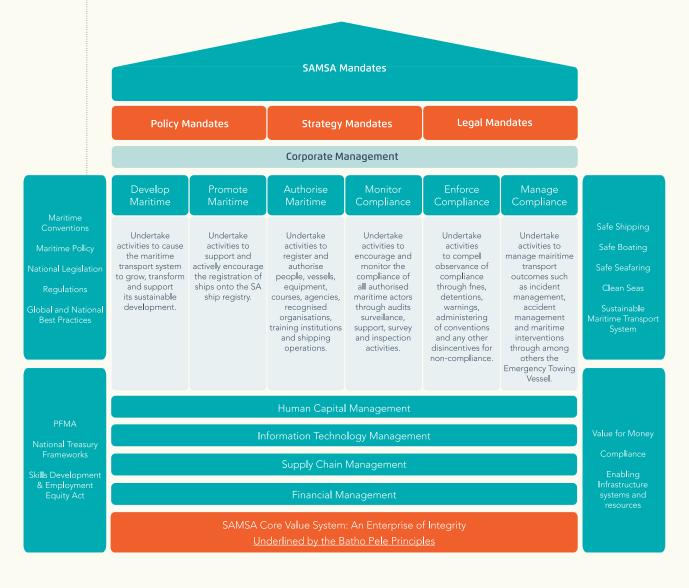
Exceeding the expectations of our valued stakeholders underlies SAMSA's sustainable value creation model.





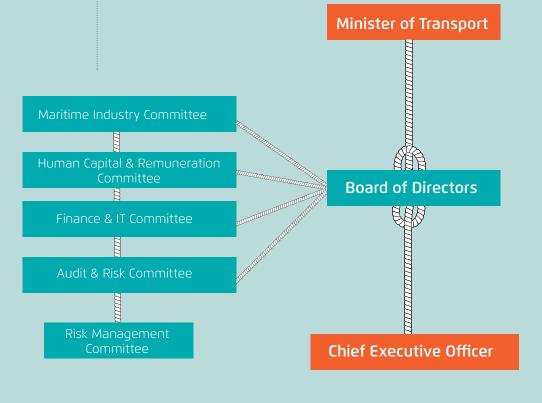
OUR CORE BUSINESS

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



OUR ORGANISATIONAL STRUCTURE

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



Operations Finance & SCM Human Capital Corporate Affairs Legal Policy & Regulations Technology

Figure 7.1. The governance structure for SAMSA:

OUR MANDATES

"Provide safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers at improving levels of service and cost in a fashion which supports government strategies for economic and social development whilst being **environmentally and economically sustainable**".

8.1 Our Legislative Objectives

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.

SAMSA's mandate was expanded in 2007 to include the regulation of small vessel activities operating across South Africa's inland waters through the processes of:

- Developing small vessel operating standards
- Authorising small vessel operations by licencing skippers and operators
- Promoting and creating awareness to ensure small vessel safety
- Monitoring the compliance to small vessels regulations, operators, passengers and skippers operating the vessels in our waters,
- Enforcing compliance to regulations through issuing of admissions of contraventions, detentions, and any other disincentives provide for by law;
- Managing the outcomes of boating activities by conducting incident and accident investigations as well as evaluative studies to continuously improve the safe and competent operation of small vessels in our 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 at a distance through our Maritime Rescue and Coordination Centre (MRCC).

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

- Merchant Shipping Act, 1951 (Act 57 of 1951)
- Marine Traffic Act, 1981 (Act 2 of 1981)
- Carriage of Goods by Sea Act, 1986(Act 1 of 1986)
- Marine Pollution (Prevention of Pollution from Ships), 1986 (Act 2 of 1986)
- Shipping and Civil Aviation Laws Rationalisation Act, 1994 (Act 28 of 1994)
- Wreck and Salvage Act, 1996 (Act 94 of 1996)
- South African Maritime Safety Authority Levies Act, 1998 (Act 6 of 1998)
- Ship Registration Act, 1998 (Act 58 of 1998)
- Sea Transport Documents Act, 2000 (Act 65 of 2000)
- South African Maritime and Aeronautical Search and Rescue Act, 2002

8.2 Our Policy Mandates

National White Paper on Transport Policy, 1996 The establishment of SAMSA was preceded by the development of the White Paper on the National Transport Policy of 1996 (NTP), which formed the basis for the SAMSA Act No 5 of 1998. The National Transport Policy advanced a vision for South Africa's transport system, which was meant to:

"Provide safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers at improving levels of service and cost in a fashion which supports government strategies for economic and social development whilst being environmentally and economically sustainable".

The NTP recognised the significant role played by the broader transport sector in the social and economic development of our country. It advanced the following strategic objectives for the development of a maritime transport policy:

- To facilitate and enhance the expansion of international trade and tourism in general, and exports in particular
- To ensure that economic decisions are, as far as possible, left to market forces, subject to general competitive principles applicable to all industries, with the view to maximise consumer choice, need satisfaction and job creation
- To promote the development of an efficient and productive South African maritime industry capable of competing on international markets
- To maintain control over maritime services within a well-defined regulatory framework that is flexible enough to cater for changing needs and circumstances and to ensure orderly, safe and reliable maritime transport services

 To promote international relations with other countries and international organisations involved in maritime activities.

It laid the cornerstone for the work of SAMSA and advanced the need for it to execute the following responsibilities:

- To promote the Republic's maritime interests;
- To ensure the safety of life and property at sea;
- To combat pollution of the marine environment by ships.
- To contribute to the release of the full potential of the maritime industry in South Africa and to the modernisation of shipping administration in South Africa;
- To facilitate and enhance the expansion of international trade and tourism in general, and exports in particular;
- To encourage and support South Africa's maritime transport industry in a manner consistent with government's socio-economic development policies
- To promote the development of an efficient and productive South African maritime industry capable of competing on international markets.

The NTP defined maritime transport as encompassing all forms of transport by sea, intermodal links and inland ports. It also argued that maritime caters almost entirely for the freight market and operates in an international environment and that it is subject to considerable competition and economic pressure from foreign environmental impacts.

The Department of Transport has targeted the completion of a review of the current National Transport Policy and has targeted to have it approved by March 2018. The transport policy will have a significant impact on the future direction of South Africa's maritime transportation as one of the key modes of transportation in the country.

8.3 Our Strategic Mandate

The Medium Term Strategic Framework for the period 2014 – 2019 The Medium Term Strategic Framework (MTSF) is a government strategic plan for the 2014-2019 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the 30-year National Development 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. This is the first MTSF to be published since the adoption of the NDP, government's long-term strategy. The introduction of a long-term plan brings greater coherence and continuity to the planning system and means that the MTSF now becomes a five-year building block towards the achievement of the vision and goals of the country's long-term plan. In the words of:

"The Plan has been adopted as a National Plan for the whole country. It is our roadmap for the next 20 years. All the work we do in government is now part of the comprehensive National Development Plan, including all operational plans, be they social, economic or political." President JG Zuma

The 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 2014 - 2019 MTSF was released by the Presidency on the 8th of August 2014. It has prioritised two overarching areas, namely Radical Economic Transformation and Improving Service Delivery as the strategic themes and pillars for all of government over the next five years. It identifies 14 priority outcomes, building on the previous MTSF for 2009 – 2014, the New Growth Path (NGP) and the National Development Plan.

Theme 1: Radical economic transformation

This theme focuses on placing the economy on a qualitatively different path that ensures more rapid, sustainable growth, higher investment, increased employment, reduced inequality and deracialisation of the economy. It is aligned to the New Growth Path, which aims to deliver five million new jobs from 2010 to 2020. This target will require vigorous action to reduce concentration and diversify the economy, while ensuring adequate infrastructure, skills and appropriate regulatory frameworks. It also seeks to promote more rapid private sector investment for higher growth, as the private sector accounts for 80% of production and employment. The NDP indicates that South Africa needs to increase its level of investment to at least 30% of GDP by 2030.

Theme 2: Improving Service Delivery

Improving the capacity of the public service is one of the core issues addressed by the NDP, but it is an issue that relates to all other specific functions. MTSF notes that the persistence of service delivery backlogs which remain and that the quality of service delivery remains uneven across some parts of the country. It suggests that the challenge is to improve the quality and consistency of service delivery, which requires improvements in the performance of the entire public service system. It places a high priority on measures to improve the capacity and developmental commitment of the state over this MTSF period.

The MTSF elaborates on the electoral priority outcomes of government into broad objectives and a detailed set of specific sub-outcomes specifying the actions required, the Cabinet Minister accountable for their delivery, the relevant outcome indicators with current baselines and the MTSF targets. A set of core 'impact indicators' have been drawn from the sub-outcomes that will be used to monitor and evaluate performance in each of the relevant areas.

The 2014-2019 electoral mandate focuses on the following national priorities:

- Radical economic transformation, rapid economic growth and job creation
- Rural development, land and agrarian reform and food security
- Ensuring access to adequate human settlements and quality basic services
- Improving the quality of and expanding access to education and training
- Ensuring quality health care and social security for all citizens
- Fighting corruption and crime
- Contributing to a better Africa and a better world
- Social cohesion and nation building.

The NDP indicates that So increase its level of investof GDP by 2030.

The following 14 National Priority Outcomes have been adopted by the Presidency over the 2014 – 2019 MTSF period:

- 1. Quality basic education.
- 2. A long and healthy life for all South Africans.
- 3. All people in South Africa are and feel safe.
- 4. Decent employment through inclusive growth.
- 5. A skilled and capable workforce to support an inclusive growth path.
- 6. An efficient, competitive and responsive economic infrastructure network.
- 7. Comprehensive rural development and land reform.
- 8. Sustainable human settlements and improved quality of household life.
- 9. A responsive, accountable, effective and efficient local government.
- Environmental assets and natural resources that are well protected and continually enhanced.
- 11. Create a better South Africa and contribute to a better and safer Africa and World.
- 12. An efficient, effective and developmentoriented public service.
- 13. An inclusive and responsive social protection system.
- 14. Nation building and social cohesion.

outh Africa needs to stment to at least 30% Minister of Transport has signed a performance agreement with the President, wherein the Minister has been assigned the responsibility for implementing sub outcome actions/interventions to advance the realisation of the following national outcomes:

Outcome 4: Decent employment through inclusive economic growth.

Outcome 6: An efficient, competitive and responsive economic infrastructure network.

Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.

Outcome 10: Protect and enhance our environmental assets and natural resources

The Department of Transport's Strategic Outcome oriented Goals:

The department of transport in its 2015-2020 strategic plan seeks to achieve the following

Strategic Outcome Oriented Goals:

Strategic Outcome-oriented Goal 1:

Efficient and integrated infrastructure network and operations that serve as a catalyst for social and economic development

Develop policies and promulgate Acts that are set to drive investments for the maintenance and strategic expansion of the transport infrastructure network, and support the development of transport asset management systems in rural and provincial authorities. The definitive drive of these interventions is to improve the efficiency, capacity and competitiveness of transport operations in all modes.

Strategic Outcome-oriented Goal 2: A transport sector that is safe and secure

Ensure implementation of policy interventions and strategies that seek to reduce accidents and incidents in the road, rail, aviation and maritime environment.

Strategic Outcome-oriented Goal 3: Improved rural access, infrastructure and mobility

The DoT aims to increase mobility and rural access by implementing integrated transport services in district municipalities. Learner transport and a Non-Motorised Transport (NMT) services will also be improved in the medium term

Strategic Outcome-oriented Goal 4: Improved public transport services

Facilitate and promote the development of integrated public transport networks in urban and rural areas through legislation, policies, strategies and regulations.

Strategic Outcome-oriented Goal 5: Increased contribution to job creation

Increase job creation in the transport sector through the implementation of labour-intensive projects; the industry empowerment model; the finalisation and approval of the maritime policy underpinned by industry development; and implementation of the Broad-Based Black Economic Empowerment (B-BBEE)

Strategic Outcome-oriented Goal 6: Increase contribution of transport to environmental protection

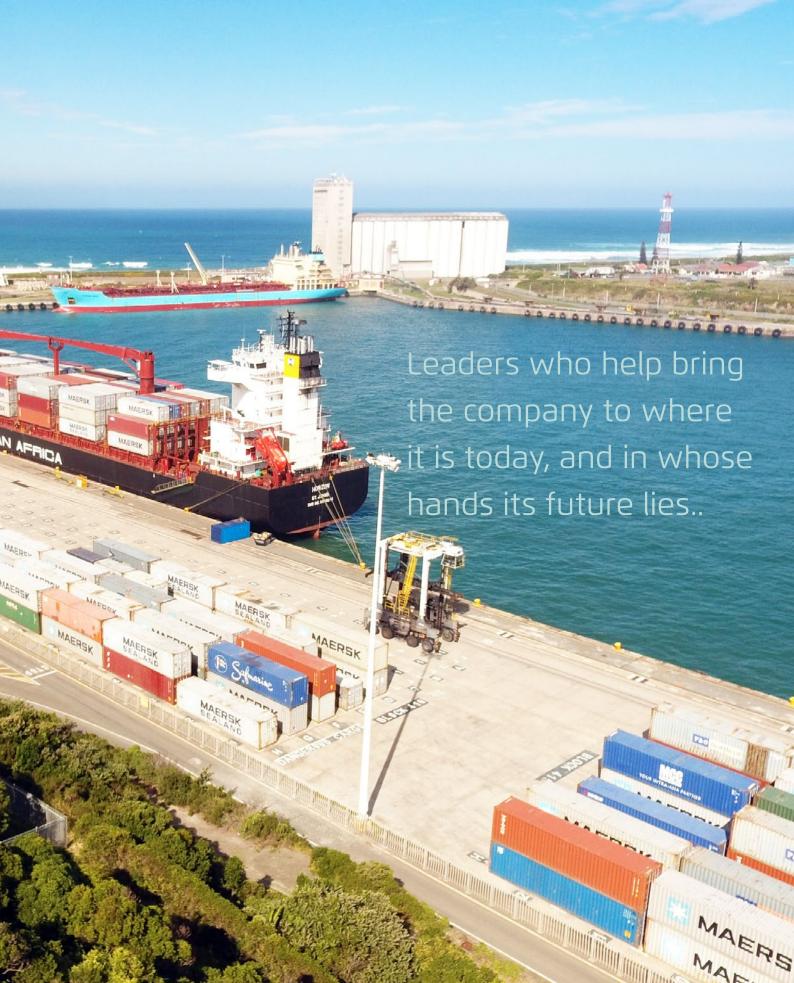
Reduce the impact of transport on climate change by reducing greenhouse gas (GHG) emission through the use of more energy efficient modes of freight and passenger transport; and promoting the use of cleaner fuels.

Strategic Outcome-oriented Goal 7: Effective and efficient management and support

Improve departmental performance by strengthening functions of policy, planning and monitoring; audit, investigations and legal; human resources and financial risk management; communications and knowledge management.

SAMSA shall focus its resources on contributing to the achievement of the following strategic outcome oriented goals:

- Strategic Outcome-oriented Goal 2: A transport sector that is safe and secure
- Strategic Outcome-oriented Goal 5: Increased contribution to job creation
- Strategic Outcome-oriented Goal 6: Increase contribution of transport to environmental protection
- Strategic Outcome-oriented Goal 7: Effective and efficient management and support











BOARD OF DIRECTORS



Mr. Mervyn Burton Board Member



Mr. Frederick Jacobs

Board Member
(April- June 2017)



Mr. Mthunzi Madiya Shareholder Representative on the SAMSA Board



Mr. Mavuso Msimang Board Chairperson



Ms. Nomsa Cele Deputy Board Chairperson



Mr. Moyahabo Raphadu Company Secretary



Dr. Michael HendricksBoard Member
(April- June 2017)



Ms. Sekabiso Molemane Board Member

EXECUTIVE MANAGEMENT TEAM



Mr. Sobantu Tilayi Chief Operations Officer



Captain Nigel Campbell
Deputy Chief Operations Officer



Mr. Devendra Erriah Interim Chief Financial Officer



Mr. Boetse RamahloHead: Centre for Policy and
Regulation



Ms. Lesego Mashishi Chief Human Capital Officer



Mr. Mosala Mosegomi Chief Information Officer

BOARD CHAIRPERSON'S STATEMENT



Mr. Mavuso Msimang Board Chairperson

I am pleased to present on behalf of the SAMSA Board and SAMSA, the Chairperson's report for the 2017/18 financial year.

I wish to commence by stating that the South African Maritime Safety Authority ("SAMSA") continues to fulfil its objectives, namely to ensure safety of life and property at sea; to prevent and combat pollution of the marine environment by ships and to promote the South African maritime interests.

SAMSA continues to play a huge strategic role in the maritime sector for South Africa and through the implementation of its strategy it seeks to ensure that all partners and stakeholders operating within the South African maritime environment responsibly observe the applicable safety legislation, regulations and practices so as to effectively facilitate a maritime environment that is clean, safe, sustainable and economically viable. Safe maritime environment must promote a safety culture, fostered through the application of global and local safety and security standards and their rigorous enforcement.

Overview of the Maritime Sector Environment for the period

With the demand for shipping services improving with world seaborne trade volumes expanded by 2.6 per cent, up from 1.8 per cent in 2017, South Africa welcomed an additional one merchant vessel on our growing ship register as the country increases its contribution to the global maritime economy. The global total volumes reached 10.3 billion tons, reflecting the addition of over 260 million tons of cargo, about half of which was attributed to tanker trade.

The International Maritime Organisation (IMO) approved two important international conventions affecting the maritime industry the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004, entered into force on 8 September 2017, and the International Labour Organization Work in Fishing Convention, 2007 (No. 188), on 16 November 2017. These two legislations will change the maritime safety environment as stringent legislation will have to be implemented to ensure our continuous improvements in the provision of safe, secure and pollution free maritime value chain.

The safety of vessels is critical to the global economy with the maritime industry saw the number of total losses remain stable during 2017, declining slightly to 83, the lowest total for a decade and the second year in a row annual losses fell below 100. The 2017 accident year represents a significant improvement on the 10-year loss average (120). Large shipping losses have declined by 46% over the past decade, driven by an increasingly robust safety environment and self-regulation. South Africa recorded zero ship losses for five consecutive years this bears testimony of the technical competency of our surveyors in the execution of our mandates.

Corporate Governance

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

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

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

Transformation of the South African Maritime Industry

There are still significant challenges facing the South African maritime industry and our nation but I am of the firm view that with a common purpose and a vision of becoming a maritime nation we can work together and transform the maritime industry with the support of the Ministry and Management. In this regard SAMSA will continue to collaborate with stakeholders in making considerable contribution towards the development of the maritime industry in South Africa.

As the Authority championing South African maritime interests we will not rest on laurels but instead the awards will spur us on, in order to continue to deliver our best to the country. I take to this opportunity to commend the COO, Mr Sobantu Tilayi and the entire Management and Staff for the great work that they are doing which has caught the attention and recognition of stakeholders.

The maritime transport policy was pronounced and this policy will serve as basis for a sustained growth and development of the South African maritime industry.

Key Strategic Performance highlights

SAMSA saved 218 lives during the period through the coordination actions of the MRCC and other South African Search and Rescue role players. As part of execution of our international obligation under the International Security Protocol Code (ISPC) we managed to pass on 16,435 pre-arrival notifications (PANs) as well as query messages to the Department of Transport (DoT)'s Maritime Security Coordination Centre (MSCC) for security clearance.

We conducted 16,853 Flag State surveys, which are surveys meant to ascertain the seaworthiness of ships that fly the South African flag. All ships are required to comply with regulations that govern the operation of the vessel including safe manning, operating, maintenance, loading, marine pollution and security.



We conducted 342 Port State inspections compared to 262 in 2016-17 period of eligible foreign flagged vessels visiting South Africa in accordance with the Indian Ocean Memorandum of Understanding (IOMOU) and the Abuja Memorandum of Understanding. One vessel was detained under Port State Control.

Key Challenges faced by the Board

The SAMSA Board therefore has to continuously deal with business challenges, such as: the development and continuous reviewal of a flexible business model that survives tough economic conditions and ensures that SAMSA stays relevant, to development and implement a supporting funding model that not only ensures sustainability of SAMSA, but also allows for the Authority to create value for its customers and key stakeholders, staying abreast of industry specific regulations as laid down by the IMO, particularly domestication of these regulations as they impact directly on the Authority's ability to carry out its day-to-day operations and the assurance of a stable leadership of the entity, including the absence of a Chief Executive Officer.

Acknowledgments

I would like to express my gratitude to the Board for the support they offered SAMSA in repositioning SAMSA into an effective maritime authority. I also wish to express appreciation to the Management team in assisting the Board to continue to execute SAMSA's mandate as guided by its Annual Performance Plan and five year strategy. My appreciation also goes to the Staff of SAMSA for a year of hard work and dedication.

SAMSA continues to enjoy the support of the Shareholder, the Department of Transport which continues to play an active and crucial role in the affairs of SAMSA and for this we are indeed grateful. We are also delighted with the support and assistance received from the industry in assisting us reposition SAMSA.

I thank you all.

Mr. Mavuso Msimang Board Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT



Mr. Sobantu Tilayi Chief Operations Officer

On behalf of the SAMSA Management and staff, it gives me great pleasure to present the Chief Executive Officer's Annual Report for the 2017/18 financial year, doing so in my capacity as the SAMSA Chief Operations Officer.

Operational Environment

The World Trade Organisation's (WTO's) latest Outlook Indicator, released on 12 February 2018, indicates that the steady trade recovery experienced in 2017 should spill over to 2018, with concrete trade volume growth in the first guarter of 2018. The World Trade Outlook Indicator's current value of 102.3 reflects negligible variance from the 102.2 recorded in November 2017, thereby signalling steady merchandise trade volume growth. Strong results for air freight, container shipping and export orders, particularly suggest that while the trade recovery may moderate in due course, it is likely to continue in the coming months and remain above trend. Global container port throughput (104.3) and air freight (103.2) are firmly above trend, depicting strong current shipments of goods. Meanwhile, export orders (102.8) have reached their highest level since 2011, also pointing to sustained recovery.

Overall, these results are somewhat stronger than the WTO's most recent trade forecast issued on 21 September 2017, which forecast merchandise trade volume growth of 3.6% for 2017 and 3.2% in 2018. Locally, statistics for the 2017 calendar year reveal that eight (8) commercial ports under the control of the Transnet National Port Authority (TNPA) increased the volume of cargo handled for the year, compared with that of 2016 by 1.473%. In combination, the eight ports handled a total of 290.43 million tonnes of all cargoes, this compared with 283 million tonnes in 2016, and 297 million tonnes in 2015. On this broad basis, South Africa may be considered to be following international trends and moving forward gradually.

SAMSA is self-sufficient and derives the bulk of its revenue from Levies on all ships using South African ports in terms of the SAMSA Levies Act, Act 6 of 1998 (based on ship tonnage or length) and direct user determinations for services performed on requests of ship owners and statutory surveys.

Therefore, this positive outlook into international trade and shipping, bodes well for the future economic viability of the entity. Levies Act, Act 6 of 1998 (based on ship tonnage or length) and direct user determinations for services performed on requests of ship owners and statutory surveys. Therefore, this positive outlook into international trade and shipping, bodes well for the future economic viability of the entity.

The International Maritime Organisation (IMO) has set a target for shipping to reduce carbon emissions by 50% by 2050, marking the start of a major shift to alternative fuels in the near future. The new ruling concluded in the recent IMO's Marine Environment Protection Committee (MEPC), which comes into effect on 01 January 2020, requires ship-owners to only use bunker fuel with 0.5% sulphur content compared with 3.5% currently. As the clock counts down to the IMO's global sulphur cap, to comply with the regulation, ship-owners have a number of different options they can consider, including scrubbers, low sulphur fuel, and alternative fuels such as LNG. It remains to be seen if South African petroleum suppliers will be able to meet this requirement, and at what cost to the South African maritime industry in general.

Corporate Dashboard

SAMSA continues to fulfil its mandate and legislated objectives which are to ensure safety of life and property at sea, to prevent and combat pollution of the sea by ships, and promote the Republic's maritime interests. In order to continuously improve our overall corporate performance, we once again reviewed our five-year (2015-2020) Strategic Plan and aligned our Annual Performance Plan (APP) accordingly.



The 2017/18 SAMSA annual performance information bares testimony to such amendments, and is evidenced by the significant improvements in both the operational and financial performance of the entity. The timing of the review of our Strategic Plan and its implementation was opportune in that it responds to the government agenda of transforming the South African Maritime industry as well as the "new dawn" that has engulfed our country.

The SAMSA Board put together a business turnaround initiative which the SAMSA management is implementing, with the support of the Board and the cooperation of staff. The three (3) pillars of the SAMSA turnaround initiative are:

- Implementation of Austerity Measures (in line with National Treasury's Cost Containment measures);
- SAMSA Restructuring; and
- Implementation of corrective measures emanating from the audit environment.

The implementation of the above-mentioned turnaround initiative continues to show positive results. SAMSA is proud to close off the 2017-18 financial year with R71.0m surplus, from (2017: R62.7m surplus) and (2016: R34.3m deficit). Total revenue grew by 13.2% to R446m (2017: R394m), attributed mainly to SAMSA tariff adjustments and the SA Agulhas charter income. An increase of 13.3% in total expenditure was experienced year-on-year between 2018 and 2017 financial years, culminating to a total expenditure of R377,2m (2017: R332.9). As the entity continues to strengthen its internal capacity, its headcount grew by 5.6% to 302 (2017: 286), with 26 terminations. In its quest for building a sustainable organisation, and as the entity continues to deal with the global challenge of aging workforce

in maritime technical areas, in the 2017-18 financial year the entity brought in 32 younger and skilful employees. Consequently, the salary bill increased by 13.1% to R202.6m (2017: R179, 1m).

Matters that came out of the Auditor-General's report in the 2016/17 financial year included an overall qualified report for the entity, due to irregular expenditure incurred and insufficient evidence provided for commitments reported. There were also non-compliance matters that were highlighted relating to supply chain management and expenditure management and lack of internal controls. Over the past 12 months, SAMSA has made significant inroads in addressing concerns raised by the AG, and has implemented the following mitigating actions and measures:

- Effective implementation of internal consequence management measures to ensure employees are held accountable for their actions or lack thereof
- Internal audit was appointed from 1 June 2017 and the internal audit plan was implemented to ensure that the entity addresses maturity of its internal controls and be prepared for external audits
- Enhanced internal controls in the ICT and SCM environments, including providing further training for key SCM personnel. This will also help SAMSA to deal with matters of fruitless and wasteful expenditure and irregular expenditure
- SAMSA developed and is implementing an updated Risk Management Policy
- SAMSA created a Monitoring and Evaluation team within Strategy. The team works closely with compliance coordinators, validates all reported information for validity, reliability, consistency and accuracy to reduce possible reporting errors.

The Authority also embarked on the rightsizing of the organisation exercise, creating a leaner EXCO, thereby increasing decision making processes and effective and efficient execution of our strategy. The reorganisation further seeks to ensure that we create a requisite organisation with highly productive and motivated workforce through various human capital interventions currently being rolled out. The reorganisation process is being concluded in the first quarter of the 2018/19 financial year and we hope to see more of its positive impact in the 2018/19 financial year. SAMSA is also pleased to report that it has significantly reduced the number of employees on fixed-term contracts and has totally eradicated employment contracts that were concluded through labour brokers.



The road ahead looks both exciting and challenging as we anticipate a steady growth of the shipping industry, preparation for enforcing new fuel emissions target come January 2020, the impact of automated ships on the seafaring as a career, etc. SAMSA has also been working with the Department of Transport in concluding a SAMSA funding model, which should be concluded and implemented in the 2018/19 financial year.

This is very critical for the future sustainability of the entity as it seeks to ensure that SAMSA is adequately funded to perform all its legislated functions.

In line with the Batho Pele principle of government, SAMSA will continue to revamp its service offering to the public through the rollout of an enhanced end-to-end automated public interface system.

Acknowledgements

In conclusion, I wish to express my gratitude to management and the entire staff of SAMSA for persevering and delivering under immense pressures, dedication and commitment to the maritime agenda of South Africa. I believe that with the full support of the Board, the Shareholder Department and stakeholders and partners, SAMSA would continue to advance the maritime vision of South Africa through the implementation of this strategy, which is set out in great detail in the pages that follow. The Board, through its various Committees, has put considerable effort towards strengthening SAMSA's corporate governance structures as these provide assurance to our stakeholders that the organisation operates effectively and transparently.

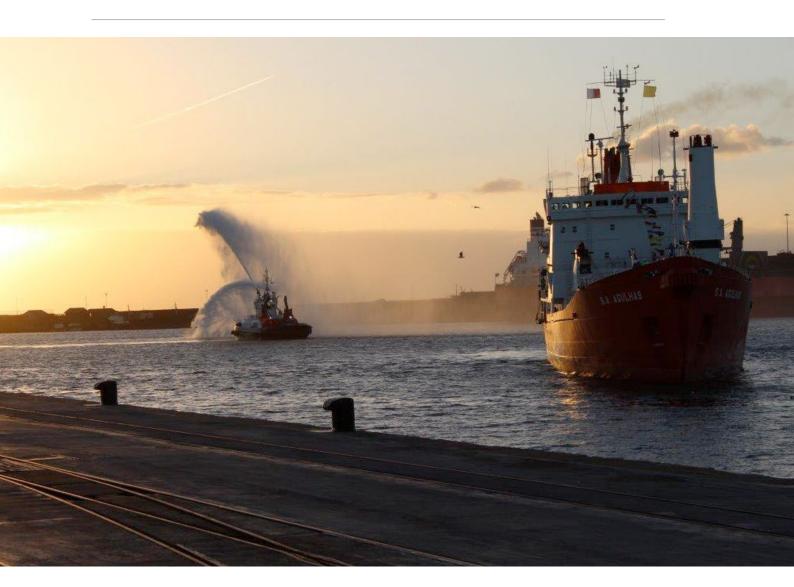
We kindly request all our stakeholders to continue to support us in this exciting journey.

Sincerely,

(May)

Mr. Sobantu Tilayi
Chief Operations Officer

OVERVIEW OF THE SAMSA STRATEGY



STRATEGY STRATEGIC OUTCOME ORIENTED **GOALS**

1

A highly competent maritime safety authority by 2020

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

This goal will also place a significant focus on conducting a comprehensive review of SAMSA's funding model to secure a sustainable funding framework and to ensure that sources of funding are aligned to the demands and obligations it is required to effectively execute. The changes are intended to ensure that the funding of SAMSA is better aligned with government's cost recovery, allocative efficiency and value for money principles and more accurately reflect the core services being provided.

The next five years will see SAMSA turn its focus on ensuring that organisational resources, capabilities and capacity are aligned with the requirements of changes in the maritime regulatory environment, and with emerging new requirements in maritime transport, maritime technology information, climate change and maritime pollution in particular.

2

Excellence in maritime service delivery by 2020

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

3

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

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

Vessel operations pose a risk to the marine environment as they can discharge harmful emissions of various substances. Intentional and unintentional discharges of oil, chemical cargo residues, garbage and cleaning agents, anti-fouling paint, exhaust and other air emissions and non-indigenous species from ballast water have an ongoing adverse impact on life in the world's seas. Marine exhaust emissions have damaging consequences on both the marine and the shore based environment as the health of people in coastal and harbour areas can be negatively affected by the operation of ships. The IMO states that a clean and sustainable maritime transportation system must minimise the environmental impact of shipping and activities of maritime industries.

Environmental stewardship should be reflected in the development and implementation of global standards for pollution prevention and protection of the marine environment. The SAMSA goal therefore seeks to ensure that there is a reduction in the loss of lives, pollution of our waters, air, loss of property and assets from marine related transportation (vessel) activities.

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

The main aim of this goal is will also ensure that a cooperative partnership approach is adopted in the regulation and governance of the maritime sector across the global, regional continental and national spheres of maritime transportation. This is where a collaborative approach with multilateral formations, regional communities, bilateral country to country arrangements, public entities, government departments, industry, academia, communities, labour all participate in the formation of integrated policy, strategy and regulations. This we believe can improve governance results as it ensures that all stakeholders are aligned and that any potential conflicts are identified and addressed amicably and to the benefit of the broader stakeholders. The maritime sector is of huge importance to the country as it represents the blue frontier for its growth and development. It offers offshore natural resources, food supply, energy, trade, employment, industry, research, sciences, tourism and recreational activities. It is estimated that 98% (volume) of international trade is transported to market by sea and that this component of trade contributes approximately 49% (2016) to the gross domestic product of South Africa.



A developing, transforming and job creating maritime sector by 2020

Over the years South Africa's maritime sector has been neglected with inadequate investments being channelled towards the sector, largely due to a lack of knowledge about the country's maritime endowments. Recent studies have confirmed the potential of South Africa's maritime sector, which have led to a renewed focus by government to unlock the economic opportunities that are inherent

in the broader oceans economy with the potential for job creation, poverty alleviation and driving sustainable economic growth. Marine transportation is one of the core focus areas over the next five years for SAMSA in contributing towards the achievement of this goal.

This goal will focus on 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. The purpose of maritime education and training (MET) is to supply manpower for the shipping industry and covers a wide range of training institutions which range from delivering short courses to post graduate studies. SAMSA is the custodian of the entire MET system and is entrusted with the mandate of developing and maintaining a South African system for STCW (Standards of Training Certification and Watch keeping for Seafarers) in line with the international standards set by the IMO.

5

A competent, supported and globally competitive South African seafarer

The need to develop a world class system has gained impetus since the launch of Government's National Oceans Economic Development Programme (Operation Phakisa) with an aspiration of increasing the capacity to develop skills for 1,200 ratings and 720 officers per year and ensure that all SA flagged vessels in the future are manned by South African Seafarers.

Our strategic intent over the MTSF period is to enhance the quality, efficiency, reliability and value for money of the products and services we deliver to all our stakeholders.

The need to develop
a world class system
has gained impetus
since the launch of
Government's National
Oceans Economic
Development
Programme
(Operation Phakisa)

The **samsa** goal alignment matrix

National Government	Oceans	DoT		SAMSA	
National Priorities	Economy (Operation Phakisa)	Strategic Goals	SAMSA Mandate	Strategic Goals	Strategic Objectives
1 An efficient, effective and development- oriented public service		Effective and efficient management and support	Batho Pele Principles, PFMA Act, Skills Development Act, SAMSA Act, etc.	A highly competent Maritime Safety Authority by 2020	To improve the level of organisational resources and capabilities from 2016-17 baseline to level 51 by 2020.
Theme 2: Improved service delivery				Excellence in maritime service delivery by 2020	To improve the quality of SAMSA services and products to our stakeholders from Good (3) to Excellent (5)2 by 2020.
2 All people in South Africa are and feel safe	Marine Protection and governance Lab	A transport sector that is safe and secure	To ensure safety of life and property at sea	Clean seas, safe people and property in South Africa's maritime transport environment by 2020	To reduce the incidence of reportable marine casualties in South African waters over the years 2015 and 2020.
			Administration of inland small vessel regulations		
			The monitoring ships traversing South African waters and ensuring their safe navigation at distance for purposes of securing our country and its territorial interests.		
			Maritime security regulations in line with the ISPS Code		

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

(Footnotes)

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







OUR CORPORATE PROGRAMME PERFORMANCE OVERVIEW



PERFORMANCE OVERVIEW

Programme 1: Organisational Capability Development

The purpose of this programme is to develop adequate and suitable resources, capabilities and core competencies to aid the achievement of our mandate. As part of our ongoing investment in our people, and promoting career development at SAMSA, a particular emphasis will be made in developing our next generation of leaders with a particular focus on developing women and youth involvement. We will also continue to establish initiatives for recognition and reward to celebrate our achievements and successes. We will also concentrate on recruiting high calibre staff and continuing our important interventions in employee retention and well-being programmes.

The intention over the next five years is to develop best practice governance and strategic control systems, administrative capability and a financially resourced, staffed and structured SAMSA with the required physical infrastructure to fully execute its mandate. To this end SAMSA has adapted a Capability Maturity Model, which is used to support organisational improvement; capability maturity models are focused on the improvement of organisational processes (SEI 2002). CMM describes an evolutionary improvement path from processes and capabilities characterised as ad hoc (Level 1) Developing (Level 2) Defined (Level 3), Managed (Level 4) Optimised (Level 5) and finally Thought leadership (Level 6). The levels provide the key practices for activities in selected administrative and support service areas that enhance the resource and process capability in an area of focus. By focusing on the issues and implementing the common features, the organisation matures.

The main point of CMM is the objective evaluation of the "ability to perform" and has been applied to many areas beyond technology and engineering, notably risk management and business process optimisation (Hamel, 2009). A "Maturity Level" means that an organization or sub unit, when appraised, was found to be achieving the goals required by that level (X). These goals are a combination of specific and generic goals from a specific set of Process and Capability Areas (PCAs). Each "Maturity Level" has a specific set of Process and Capability Areas (PCAs) associated with it, and in turn, within those PCAs have a specific set of goals

•	IT and	l Physical	Infrastructure	Improvement
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- Implementation of the People Performance Management System
- Implementing a SAMSA Talent Management Strategy (including Succession planning, mentoring etc.)

• Implement a Long Term Financial Sustainability Strategy (Funding model, revenue enhancement, cost reduction)

- Develop and implement a SAMSA Knowledge Management System
- Organisational Culture and Change Management initiative
- Implementation of the New Organisational Structure
- Implementation of Enterprise Corporate governance, compliance and Risk Management systems

Organisational Capability Development Programme Sub Programmes (Structure)

- Office of the CEO is responsible for strategic support to the CEO, EXCO and
 the organisation as a whole. It is responsible for the formulation and translation
 of Strategic Plans and Annual Performance Plans. It also carries out corporate
 performance monitoring, evaluation and reporting activities to ensure that SAMSA
 delivers on its strategic objectives and project management services to support
 SAMSA in the implementation of all strategic initiatives aimed at delivering SAMSA's
 strategies and plans.
- **Human Resource Management (HRM)** is responsible for transactional and transformational HR support enabling SAMSA to attract, develop, support and retain skilled people towards the achievement of the mandate.
- **Finance & Supply Chain Management (FM)** is responsible for managing the financial resources of the organisation by ensuring compliance with all relevant governance, financial statutes and regulations with the aim of maintaining the long term financial sustainability of the entity. It is also responsible for managing facilities and security management which ensures physical and information security.

Programme

Expected Outputs

The Centre is also responsible for establishing and managing effective commercial arrangements to deliver the SAMSA's purchasing requirements at best value for money (time, quality and budget).

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

Overview Performance of the Programme

Programme Outcome - IT infrastructure and Systems Improvement

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

The summary of the plan consists of the following.

Highly Integrated Systems - centrally managed systems knitted into one meaning that every system should integrate at three levels, first within itself, and secondly with other modules and thirdly with others and single repository to ensure integration a lowest level of information.

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

Mobile Enabled -provide ability to use different devices to access office systems and perform work without any geographical limitations. This would enable access and work on systems from any location and surveyors and inspectors to execute and close transactions remotely on SAMSA devices.

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

Paperless Environment-To digitalize information in hardcopies in order to allow files to be captured, stored and accessed from any region and also externally. This includes to convert hardcopy files to electronic documents, scanning of all new applications instead of pilling of hardcopies and to provide ability to store all documentation electronically.

Strategic Impact - Mind shift from managing document flow to managing information flow.

Client Managed Processes- the aim is to shift administrative tasks and responsibilities to their place of origin for execution. Creating space on SAMSA systems for trusted users, authorized and appointed services providers to submit electronically, all applications to be completed and submitted through website and SAMSA to manage verification and authentication of process.

Strategic Impact - Focusing on core functions and quality of outcomes instead of unnecessary administrative tasks.

Client Service Process -Build a platform that will support SAMSA clients in order to improve service. Clients to interact with focused areas support and monitor and evaluate delivery of services.

Strategic Impact -Enhance service excellence and continuous improvement through performance monitoring systems.

Communicating Environment- Easy flowing interactive communication systems infrastructure by using different devises at the organisation's exposal, introduction of video conferencing and utilization of other interactive technologies.

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

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

Strategic impact -Properly supported knowledge and intelligence systems.

Internal and External Integration - SAMSA to be the hub of maritime information and utilize internal and external data to generate information.

Strategic Impact -position SAMSA as a hub of maritime information and knowledge.

Technology Infrastructure- to enhance the infrastructure that houses and manages SAMSA information, communication and technology systems, robust to defy constraints and secure to protect SAMSA information, reliable to support critical systems and high performance to meet demands.

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

Overview of Projects Implemented to achieve the Programme outputs and Outcomes

Great Plains System

Background

SAMSA was using Dynamics GP 2010 R2. Microsoft released Dynamics GP2013, GP2013R2, GP2015, GP2015R2, GP2016 and GP2016R2 as updated to the version in use by SAMSA.

Dynamics GP2010R2 was released during 2012. The number of versions released over the past 5 years is an indication that SAMSA's Dynamics GP is quite outdated. By upgrading SAMSA's existing Dynamics GP2010 R2, and implementing the new Requisition Management Module as the existing Requisitions Management module has been discontinued, SAMSA will have new workflow capabilities that allows for more complexed approval hierarchies as well as enhancements in modules like General Ledger, Payments and Receivables and Fixed Assets that will benefit and improve processing and reporting functions.

Outcome

Upgraded Dynamics Great Plains financial system from version 2010 to GP 2016 and Online Requisition Management system.

Expenditure

The estimated expenditure is



Benefits

A reliable financial system that generates required financial results. Automated Requisition and Purchase Management System. Integrated financial system and SCM processes. Automated financial reporting.

SAMSA Integrated Operational Management System (SIOMS)

Background

The SAMSA Integrated Operational Management System (SIOMS) is an integrated management system that will enable SAMSA to both meet the IMO standards and improve its service to its clients. In order to achieve these objectives, SAMSA needs to comply with the following conventions and codes by ensuring that all activities related to the certification and surveys / inspections in all categories is managed and monitored by an integrated management system:

- The STCW Examination and Certification processes;
- The International Telecommunication
 Union (ITU) Examination and Certification processes;
- The International Conventions governing safety at sea and the prevention of pollution of the marine environment.

SIOMS combines enterprise content management and business process management technologies into one solution. The result is a single, comprehensive solution that increases productivity, accelerates revenue, and decreases operating costs within virtually every line of business of SAMSA. The solution will be suitable for use at facilities (ports) of different sizes and would cater for a range of requirements by providing functionality such as transactional content management; which allows incoming and existing information to be delivered directly to the systems and individuals required to process tasks, while versioning, archiving, and retention policies are automatically enforced by preconfigured business rules.

Of primary importance, SAMSA employees will be able to make better decisions using an integrated view of all relevant information. This will enable them to execute transactions faster and more efficiently; providing clients with greater service with better, faster, and more insightful responses to their inquiries.

Outcome

Successful implementation of Small Vessel Certificate of Competence (SVCC) in 2013, STCW Modules processing application received and issuing of Manila complaint Certificates including GMDSS, Short and Long-Range Certificate in 2016/2017. Developed and implemented Ship Register module in 2015/2016 financial year. Outstanding modules are Accreditation, Surveys & Naval Architect, Casualty & Incident Management and Small Vessel Licensing.

Benefit

Automated processes that reduced the turnaround time of processing applications and issuing of Certificates. Provides Document Management System, scanning of historical data into system for ease of retrieval. Integration between SIOMS and Finance System (GP) for payment tracking and linkage of cases created on SIOMS with invoices generated on GP. This reduced revenue collection turnaround time and non-payment by debtors.

Intranet Project

Background

The purpose of this project is to create a platform for internal staff to access policies, procedures, newsletters and used as an internal communication tool to collaboration. SharePoint is the platform that is used for hosting intranet to be accessed by SAMSA Staff.

Outcome

Developed Intranet

Expenditure

The intranet is developed internally, the only expenditure incurred was the procurement of SharePoint Licenses.

Benefits

Communication Platform that will allow SAMSA staff to receive important information immediately, ease of access to company documents and collaboration with each other.

Small Vessel Registration

Background

The project aims at creating a centralized system to serve a repository of data for the administration of small vessels throughout the country. The aim includes formulating a numbering system for identification of small vessels throughout the country. Immediately upon completion and approval of the Business Case, Project Charter and Project Plan, the project was halted for further clarification regarding resourcing of the project and the matter was presented to EXCO. This has impacted on progress on the project, but a decision was soon made that the project proceed whilst some of the issues are being addressed. A prototype was developed and is being piloted at Vanderkloof dam and test reports are being reviewed for improvement. The CWISP Project is being extended to Boskop Dam where additional functionality will be tested.

In co-operation with the Manager: Boating, an internal small vessel database is under construction.

Outcome

Vessel Management Database

Expenditure

This project has no CAPEX, and OPEX is limited to local travel as and when needed.

Benefits

The CIWSP project benefits is to get a better understanding of where the vessels are used on the inland waterways. The CIWSP Programme also checks for CoCs, COF and LGSC thereby assisting in keeping the inland waterways safer.

On completion of the internal small vessel database the Manager: Boating will be able to report more accurately.

SAMSA Network Infrastructure Upgrade (MPLS)

Background

The purpose of the project is to build a robust, resilient, agile and secure infrastructure to support current and future systems. Tender process to appoint new Service Provider completed late November 2017. New Service provider currently busy with implementation phase which will be completed 31 July 2018 (Q2 2018/2019 FY).

Outcome

Increased WAN network capacity interlinked SAMSA offices and Internet Access.

Expenditure

Estimated cost of R4.5m for period of 3 years taking effect on Q2 of 2018/2019 FY.

Benefits

Increased capacity, improve performance accessibility to SAMSA business application from regional offices. Reduce network traffic congestion or network overload. Reduce client service turnaround time.

Programme 2: Service Delivery Excellence

Our vision and corporate values place the highest priority on embedding a culture of high performance in line with our mantra of being "an enterprise of integrity". We believe that it is not enough to have **High** Performance as a value but to demonstrate it through the quality of our service delivery system and to delight our customers and broader stakeholders when accessing products and services. We contend that our stakeholder value proposition, properly delivered, can make a significant contribution towards delivering sustainable value and benefits to our stakeholders. It is steeped on excellent high-performance service execution as the main value creating process that is our core focus in transforming our service delivery approach.

To this end SAMSA has adopted a phased approach to implementing a SAMSA Integrated Operations Management System (SIOMS), which aims to translate our values and objectives into the necessary tangible and implementable change through automated operational process excellence. SIOMS is a comprehensive means through which SAMSA aims to improve the quality of service provision, faster throughput, and improved use of resources, less waste and operational excellence. We believe that people are the lifeblood of SAMSA and that our processes enable them to do their work effectively and thus a drive towards achieving accreditation and subsequently a standard of excellence in respect of the management of quality across the entity is essential. We believe that our corporate culture is the typical way of doing things. It particularly relates to our strategy enabling idiosyncratic behaviour patterns and relationships that create value for our stakeholders.

The D-ETHICS values and high-performance culture of SAMSA and the dreams that it seeks to turn into reality are fundamental in creating a dynamic culture of high performance. A "high performance culture" exists when everyone in the organisation shares the same vision, they have worked out and implemented the best ways of doing the work and where they trust and value each other's contribution.

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

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

PROGRAMME 3:

MARITIME OPERATIONS PROGRAMME

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

In addition, **maritime security** is concerned with the prevention of damage and disturbance to the South African and global maritime supply chain network, trade security, elimination of sabotage in the sea environment, acts of piracy, illegal exploitation of South African sea based resources, vessel security, etc. Although SAMSA is a key role player and has a significant interest in the effective governance of the maritime sector, ensuring maritime security rests on the existence of a collaborative and functional coordinating mechanism with key stakeholders such as the SANDF, SAPS, Department of Transport, Telkom, Dept. of Home Affairs etc. to effectively delivery maritime security. Maritime systems are

always exposed to variety of organisational and environmental risks that may disrupt their services and potentially result in large amounts of direct and indirect financial losses. These threats range from natural to man-made disasters. The aim of the programme is to ensure security of the national maritime infrastructure, the maritime economy (incl. trade and supply chains) and the broader maritime domain, which we have defined as all areas and things of, on, under, relating to, adjacent to, or bordering on a sea, ocean, or other navigable waterway, including all maritime-related activities, infrastructure, people, cargo, and vessels and other conveyances

The infrastructure and systems that span the maritime sector has increasingly become a target for the conveyance of dangerous and illicit activities. The rapid spread of piracy and other illegal maritime activity, impacts of climate change and an environmental consequence of toxic biochemical discharge unto the sea and broader environment continues to threaten the sustainability of maritime. The impact and likelihood of such events has risen significantly over the past few years and has emerged as a key focus area of our strategy moving forward.

These factors, as well as any other avoidable disruptions to South African trade demand an effective coordination mechanism with multi stakeholder activities to ensure that we effectively respond to these threats to maritime. SAMSA will ensure that best practice technologies are implemented to enhance maritime security awareness and detection by implementing the implementation of maritime security regulations, AIS systems and Long-Range Identification and Tracking Systems to monitor maritime traffic in our waters.

The programme is also aimed at developing and enforcing regulations to avert the introduction of invasive species into the maritime environment, stop unauthorised ocean dumping of hazardous substances and prevent oil and chemical spills from vessels. The pollution sources include ships (tankers and other vessels), offshore installations (fixed and floating), exploration rigs and pipelines. The programme is primarily about enhancing regulatory activities in and on South African waters to prevent pollutants and waste from being deposited by vessels during their leisure and commercial operations and to competently combat such pollution in the event of a discharge. SAMSA through this programme shall approve the manner in which potential pollutants are handled and discharged and improve the standards relating to managing noxious, oil and other chemical discharges by providing a framework for the disposal of waste, ballast water, and hazardous and noxious substances at sea.

The pollution sources include ships (tankers, bunkers and other vessels), offshore installations (fixed and floating), exploration rigs and pipelines. The programme is primarily about enhancing policy and regulatory activities in and on South African waters to prevent Climate Change and pollution impacts by setting up control and monitoring measures in line with MARPOL Conventions and other legislations.

To help achieve this outcome, SAMSA shall undertake multi stakeholder research and analysis to provide technical policy and environmental advice to government that reflects international standards set by the IMO, leading to the development of marine protection rules, codes of practice and industry guidelines.

SAMSA shall also undertake inspections of visiting foreign ships each year and, where appropriate, detain or impose conditions on these vessels if they fail to meet the environmental protection standards that South Africa is party to, mainly the MARPOL convention. South Africa has acceded to MARPOL IV and VI Annexes and will give effect when legislation has been domesticated, which will introduce new aspects of marine protection and further develop the management of pollution risk from ships. This program is complemented by the SAMSA maritime safety programme pollution prevention activities. The multi stakeholder multi-disciplinary approach involves among

Expected Outputs

Shipping Operations

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

Maritime Environment Protection

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

Safe Boating

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

Safe Fishing

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

Sea Watch & Response

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

Overview of the **Programme**

Overview performance of the expected outputs

Improve safety standards and vessel inspection rates (Port and Flag State)

Flag State Surveys -

SAMSA conducted **16,853 Flag State surveys**, which are surveys meant to ascertain the seaworthiness of ships that fly the South African flag. All ships are required to comply with regulations that govern the operation of the vessel including safe manning, operating, maintenance, loading, marine pollution and security.

The table below reflects the surveys carried out and certificates issued.

Key Performance Indicator – Statutory Surveys	Total Certs	Total Surveys	Total Certs	
Convention Vessel	1st C	Quarter	2nd Quarter	1
Passenger Ship Safety Certificate	1	1		
Safety Construction				
Safety Equipment				
Safety Radio			1	
Safe Manning	1	1	2	
Loadline				
Loadline Assignment				
IOPP	1	1		
ISM Code Certificate (DOC)				
ISM Code Certificate (SMC)				
ISSC	3	3	1	

Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys
	3rd C		4th O			
			1	1	2	2
			0	0	0	0
	1	1	2	3	3	4
1	1	1	1	3	3	5
2	1	1	0	0	4	4
			0	0	0	0
			0	0	0	0
	1	1	0	0	2	2
			0	0	0	0
			0	0	0	0
1			0	0	4	4

The table below reflects the surveys carried out and certificates issued. (Continued)

Key Performance Indicator – Statutory Surveys	Total Certs	Total Surveys	Total Certs	
Convention Vessel	1c+ (Quarter	2nd Quarter	
MLC	1300	1	Zila Qualter	
INLS		'		
IGC Code Certificate				
IBC Code Certificate				
BCH Code Certificate				
Offshore Installation				
CLC Certificate				
Incline Experiment				
Approval of Stability Book	4	1		
Tonnage Measurement				
Tonnage Computation				
Suitability to be Registered				
Registration of Vessels				
Carving and Marking Inspection				
Conducting Oil Free Survey				
Approval of Plans / Manuals / Books		1		
Local Vessel				
Issue of Licence to Vessel > 25GT				
LGSC (>25GT)	23	35	23	
LGSC Fishing Vessel (>25GT≤400GT)	56	78	87	
LGSC Fishing Vessel (>400GT)	9	10	14	
LGSC (Passenger Ship)	21	24	26	
LGSC Internal (Small Vessel)	345	582	508	
CoF Internal	36	44	39	
Hull Survey Internal	93	124	98	
LGSC External (Small Vessel)	37	37	106	
CoF External	0	563	18	

Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys
	3rd C	luarter	4th O	luarter	Annual	2017/18
			0	0	0	1
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			0	0	0	0
			2	2	2	2
				1	0	1
	1				5	1
					0	0
					0	0
1					0	1
					0	0
			1	1	1	1
	1	1			1	1
	2	2	1	2	3	5
		2	1	2	1	4
49	22	33	14	19	82	136
91	92	98	51	57	292	323
17	16	19	9	9	48	55
27	17	23	11	13	75	89
646	832	1079	319	430	2004	2741
33	77	89	42	42	194	208
119	156	167	108	107	455	517
106	129	128	68	69	340	340
336	32	1379	0	1617	50	3895

The table below reflects the surveys carried out and certificates issued. (Continued)

Key Performance Indicator – Statutory Surveys	Total Certs	Total Surveys	Total Certs
Convention Vessel	1st	Quarter	2nd Quarter
Hull Survey External	1	3	1
Suitability to be Registered	3	7	1
	3	/	1
Registration of Vessels			
Carving and Marking Inspection	4	6	5
Approval of Plans / Manuals / Books	11	14	21
New Building / Modifications	4	29	7
Incline Experiment / Heeling Test	8	8	5
Approval of Stability Book	5	4	3
Buoyancy Certificate	1	1	2
Tonnage Measurement		1	1
Tonnage Computation	2	4	2
Safe Manning	1	6	4
Loadline	11	25	18
Loadline Assignment	3	4	2
IOPP	12	18	20
Radio Survey		68	29
Shaft / Sea Valve Insp / Blueing	5	12	10
Tank Inspection	2	2	1
Conducting Oil Free Survey			
Approval of Controlled Event	3	3	6

Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys
	21.0	luarter	Ath C	luarter	Annual	2017/18
	3ra C					
3		1	1	4	3	10
1	5	4	1	1	10	13
					0	0
6	5	11	8	11	22	34
28	26	31	36	38	94	111
22	10	25	6	11	27	88
9	6	9	14	15	33	41
6	18	20	9	6	35	36
2	1	1	2	3	6	7
2	1	2	1	1	3	6
3	6	6	3	5	13	18
4	1	3	6	5	11	17
31	10	19	8	12	47	87
6			1	1	6	11
24	20	26	6	10	58	78
178		126	105	182	134	554
21	27	41	14	13	56	87
1	1	4	5	4	9	11
	1	1	1	1	2	2
6	3	3	5	8	17	20

The table below reflects the surveys carried out and certificates issued. (Continued)

Key Performance Indicator – Statutory Surveys	Total Certs	Total Surveys	Total Certs	
Convention Vessel	1st C	Quarter	2nd Quarter	
Scrutiny of CoF Returns	446	446	420	
Scrutiny of CoC Returns	178	81	205	
Cargoes				
Dangerous Goods	35	48	31	
Grain	1	14	5	
Timber				
Annex II, Cargo Spaces				
Provisional Assessment NLS				
STS / Transhipment Operation	6	8	8	
Bunkering Operation	301	300	307	
IMSBC Authorisation to Load	48	49	40	
Approvals / Accreditation				
Approval of Safety Equipment	2	2	3	
SAMFAS Station	4	10	7	
Liferaft Servicing Station	3	4	4	
Medical Practitioner	6	6	1	
Third Party for VGM of Containers				
Appointment of Ext. Surveyor / Examiner	1	1	2	
Total	1644	2786	2065	

Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys	Total Certs	Total Surveys
						2045/40
		luarter		luarter		2017/18
465	1707	1763	1965	1966	4538	4640
218	228	356	336	306	947	961
38	42	47	32	42	153	177
22	3	11	5	8	13	55
1					0	1
		2	2	2	2	4
					0	0
8	4	4	8	8	26	28
307	242	242	252	253	1102	1102
40	59	59	50	50	195	197
3	6	9	1	1	12	15
15	10	10	6	13	27	46
5		1	1	2	8	12
7	10	12	4	9	23	34
					0	0
4	3	3	2	1	7	8
2887	4033	5877	3468	5303	11210	16853

Port State Inspection and Detentions

SAMSA conducted **342 Port State inspections** of eligible foreign flagged vessels visiting South Africa in accordance with the Indian Ocean Memorandum of Understanding (IOMOU) and the Abuja Memorandum of Understanding. One vessel was detained under Port State Control. An overview of our Port State Inspection activities for the last five years are as follows:



Detentions

	DETENTIONS										
Type of Vessel 2013-2014 2014-2015 2015-2016 2016-2017 2017-2018											
Foreign Ships	3	9	12	11	14						
S.A Ships	6	1	11	18	8						
Total	9	10	23	29	22						

Below are the details of all the detentions are listed below:

DATE	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	REASON FOR DETENTION
7 April 2017	ALPHA PINA	Tugboat	Palau	Port State Control Inspection – Various deficiencies
2 May 2017	MLS ALEXIE	Anchor Handling Tug Supply	Singapore	Port State Control Inspection – Various deficiencies
10 May 2017	UMTHWALUME	Harbour Craft	East London	Ad-Hoc Inspection – Various deficiencies
10 May 2017	IMPUNZI	Harbour Craft	East London	Ad-Hoc Inspection – Various deficiencies
17 May 2017	WIND MAGIC	Pleasure Yacht	East London	While undergoing COF and to change the vessel to Cat A, the owner decided to sail to Richards Bay without clearing his defects and completing the register- ing of his vessel
19 May 2017	CAMARCO BUZZARD	Tug	Tanzania	Port State Control Inspection – Various deficiencies
21 May 2017	DESERT DIAMOND	Fishing Vessel	Cape Town	Fuel Oil spilt during bunkering
23 May 2017	MFV CHUN HAO	Fishing Vessel	Taiwan	Fuel Oil spilt during bunkering
14 June 2017	INTERLINK DIGNITY	Bulk Carrier	Marshall Islands	Vessel detained under Section 240 read with 243 of the MSA.
				Force Majeure incident- Cape town a port of refuge to restow deck cargo
4 July 2017	COMARCO MERLIN	Tug	Cook Islands	Vessel detained for having inoperative safety gear on board.
11 July 2017	ADVANTAGE CHAR- TER II	Passenger Vessel	Richards Bay	Ad-Hoc Inspection – Various deficiencies
19 July 2017	COMARCO MERLIN	Tug	Cook Islands	Ad-Hoc Inspection – Various deficiencies
28 July 2017	STRANDLOPER	Class IX Tug	Port Elizabeth	Illegal voyage
7 Aug 2017	COMARCO FALCON	Tug	Seychelles	Vessel found to be unseaworthy
8 Aug 2017	FOUR KITAKAMI	Bulk Carrier	Panama	Port State Control Inspection - Various deficiencies
21 Aug 2017	JESTER	Class VI Passenger	Cape Town	Vessel sailed without the required Able Seafarer Deck Rating on-board
23 Aug 2017	MFV SHUN YU	Long Liner Fishing	Taiwan	Various Safety equipment deficiencies

7 Sept 2017	MV RAGNHILD K	Anchor Han- dling Supply tug	Marshall Islands	Port State Control Inspection - Various deficiencies
22 Sept 2017	MFV LOCQUERAN	Fishing Vessel	Cape Town	Ad-Hoc Inspection – Various deficiencies
8 Nov 2017	AMBER II	Oil Tanker	Marshall Islands	Submerged Loadline
21 Jan 2018	MV SILVER ETREMA	General Cargo	Marshall Islands	Failure of reporting oil spill to the authority.
22 Jan 2018	MV GAZI	General Cargo	go Valletta Un-authorized anchorage.	
		22 Detentions		

Casualties and Incidents

A total of 143 incidents with 32 fatalities were reported, 17 of the deaths occurred on Fishing Vessels, 8 on Small Vessels and 3 on Other vessels.

Brief details of all the fatalities reported are listed below

Incidents Recorded	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
TOTAL	107	100	87	116	143
Fatalities	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Small Vessels	10	2	10	4	8
S A Fishing Vessels	0	8	19	6	17
Other	0	11	2	10	3
Ship Repairers	0	0	1	0	0
Stevedores	0	0	1	0	2
Incidental persons	0	1	0	0	2
TOTAL	10	22	33	20	32

Fatalities

VESSEL DATE OF INCIDENT	TYPE OF VESSEL PORT OF REGISTRY	BRIEF DESCRIPTION
STINGRAY 2 April 2017	U 25grt RSA	The vessel capsized. A crewman's body was recovered from the water.
RRR 9 April 2017	Fishing Vessel RSA	Crewmember suffered heart failure at sea.
MARIA LOUISA 19 April 2017	Small Fishing RSA	Crewman reported missing, suspected to have gone overboard.

VUKANI 4 July 2017	Fishing Vessel	Crewmember complained of chest pains and difficulty in breathing and stopped breathing.
MAREDON 16 July 2017	Fishing Vessel RSA	Vessel capsized, 9 crewman deceased.
BILLY JOHN	Dinghy	Vessel capsized, one crewman missing.
VESSEL DATE OF INCIDENT	TYPE OF VESSEL PORT OF REGISTRY	BRIEF DESCRIPTION
JUMPA 9 Aug 2017	Diving Semi-Rigid Inflatable RSA	One diver was lost at the dive site.
WILMAG 16 Aug 2017	Fishing Vessel RSA	Sleeping cabin caught alight and one crewman deceased.
HAWAII 19 Aug 2017	Fishing Vessel RSA	Vessel capsized, 2 crewman deceased.
POLAR STREAM 29 Aug 2017	Reefer MONROVIA	Stevedore fell from the platform and was fatally injured.
NO NAME 30 Aug 2017	Homemade Raft RSA	During a school outing three scholars fell overboard, two recovered and the third declared dead.
CAPTAIN JOHN K 24 Sept 2017	Anchor Handling MAJURO	Man Overboard.
AGULHAS 4 Oct 2017	Semi Rigid RSA	Vessel capsized, one passenger deceased.
PENELOPE 24 Nov 2017	Container ANTIGUA & BARBUDA	Stevedore was struck by suspended container and was fatally injured.
RUI NING 2 17 Dec 2017	Bulk Carrier CHINA	One deceased during a diving operation.
SEA CAT 22 Dec 2017	U 25GRT RSA	Man Overboard
BLUE DOLPHIN 5 Jan 2018	Mono Hull Ski Boat RSA	Boat capsized, one deceased.
MARYKE 10 Jan 2018	Squid Boat RSA	Crewman reported missing, search commenced but body was not found.
BLUE MARLIN 1 27 Jan 2018	Bulk Carrier MONROVIA	The Deputy Sherriff of the court was transported to the vessel to serve a notice of arrest. Whilst climbing the ladder, he fell into the water and died.
DTC 9461 E 3 Feb 2018	Rubber duck RSA	Boat Capsized, one crewman missing.
NO NAME 10 Mar 2018	Inflatable RSA	Crewman missing with his inflatable raft.

DTD 1336 C 23 MAR 2018	Charter Diver RSA	Vessel capsized, one crewman deceased.
MARRY ANN	Long Line Fishing	Crewman was stabbed to death by another crewman.
12 Feb 2018	Long Line rishing	Grewman was stabbed to death by another crewman.
32 Fatalities		

Admission of Contraventions

Part of the Authority's mandate in enforcing safety standards is to impose an admission of contravention fee on ships for safety related offenses. After the offender has paid a fine which is taken as deposits, SAMSA will make a determination whether the offender should forfeit the whole or part of the deposit. At the close of the financial as depicted in the table below, **28** penalties amounting to **R1 099,000.00** were imposed. The fines imposed were as the result of contravening various sections of the Regulations, these include oil pollution spillage; services rendered without the necessary accreditation, operating with expired certificates, non-compliance with Safe Manning Regulations.

Year	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total penalties imposed	24	41	38	25	28
Penalties paid	635,000,00	485,750,00	1 562,000,00	2 048,700,00	1 099,000,00

Brief details of all the Admissions of Contravention are listed below

VESSEL	DATE	AMOUNT	OFFENCE
DJANGO	6 April 2017	R8250	Operating without a valid Local General Safety Certificate
PENKOP II	6 May 2017	R10000	Towing a vessel whilst the LGSC limits the Penkop II to normal voyages or fishing operations.
WIND MAGIC SA 1540	17 May 2017	R2000	While undergoing COF and to change the vessel to Cat A, the owner decided to sail to Richards Bay without clearing his defects and completing the registering of his vessel
DESERT DIA- MOND	21 May 2017	R100000	Fuel oil spill during bunkering
UBUNTU	12 May 2017	R6000	Ship not properly manned
ZHEN RUN	12 June 2017	R10000	Illegal STS operations
MT LEFKAS	12 June 2017	R10000	Illegal STS operations
COMARCO MERLIN	4 July 2017	R2000	Inoperative safety gear on board and not all crew have valid medical certificates
ADVANTAGE CHARTER II	11 July 2017	R7000	The skipper failed to produce to valid LGSC, skipper COC and record of drills maintained.

STRANDLOPER	28 July 2017	R18750	Illegal voyage		
PISCES DIVER	8 Aug 2017	R6000	Operated without a valid safety certificate on board.		
JESTER	21 Aug 2017	R6000	Ship not properly manned		
ALBATROS	9 Sept 2017	R15000	Operated without a valid safety certificate on board.		
ZINGELA	20 Mar 2017	R30000	Operated without a valid certificate of fitness on board.		
STINGRAY A 2000 E	2 April 2017	R2000	Operated without a valid certificate of fitness on board.		
DJANGO	6 April 2017	R8250	Operated without a valid LGSC certificate on board.		
PENKOP II	6 May 2017	R10000	The Penkop II towed a Fishing vessel which is in contravention of MSA 57 of 1951 in that the LGSC limits the vessel to normal or fishing operations		
MFV SHUN YU	23 Aug 2017	R220000	Safety Equipment		
TIGGER 2 ROYALE	26 Sept 2017	R7500	Failure to maintain the marking on a Registered ship		
UMZABALAZO	9 Nov 2017	R300000	For uncontrolled discharge of bunker oil into the harbour		
TIGGER 2 ROYAL	27-Sep-17	R7500	Vessel operating without having maintained the markings as required for a registered ship		
	01-Aug-17 &	R18 750 & R500	Operated the vessel without a valid Local General Safety certificate		
STRANDLOPER	8-Jan-18				
MV RUI CHANG HAI	23-Jan-18	R60 000	Entered internal waters off Jeffery's Bay without permission from the Authority		
THANDI (DTC 8716 D [P])	15-Sep-18	R40 000	The skipper did not monitor the appropriate weather forecast nor took the prevailing weather conditions into account; no records of persons on board the vessel was kept; no pre-departure safety briefing was held prior to departure & crew were not properly familiarised with the vessel.		
ONLY ONE	07-Dec-18	R12 000	The vessel was operated in access of the 12 passengers permitted by the vessels LGSC.		
SILVER GAL- AXY	12-Jan-18	R97 500	Safety Equipment		
DRUMBEAT	11-Feb-18	R60 000	Failure to report the incident within the prescribed time		
CAPE FLING	16-Feb-18	R24 000	Failure to report the incident within the prescribed time		
	28 ADMISSIONS OF CONTRAVENTIONS				

To prevent and combat pollution of the marine environment by ships

There were 8 oil pollution incidents reported this year. Brief details of all the incidents reported are listed below

DATE	PORT	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	BRIEF DESCRIPTION
20 April 2017	Port	MV FUKULA	Diamond Recovery	Namibia	Vessel ran aground and diesel started to leak
	Nolloth				
21 May 2017	Cape Town	DESERT DIAMOND	Fishing	Cape Town	Fuel oil spill during bunkering
23 May 2017	Cape Town	MFV CHUN HAO	Fishing	Taiwan	Fuel oil spill during bunkering
5 Nov 2017	Richards Bay	FALCON TRIUMPH	Bulk Carrier	Liberia	A slick was reported by the pilot trailing the vessel while she was lifting her anchor and getting underway.
7 Nov 2017	Port Elizabeth	LOUISACLAIRE	Fishing Vessel	Port Elizabeth	CE was pumping sea water from the fish hold when an obstruction blocked the non-return valve which caused oily water to be sucked from the engine room bilge into the harbour
9 Nov 2017	Cape Town	UMZABALAZO	Fishing Vessel	Cape Town	A quantity of oil entered into the water during bunkering
6 Jan 2018	Durban	MV KUREN HARBOUR	Bulk Carrier	Panama	Spilled heavy fuel oil overboard.
6 Mar 2018	Cape Town	AVRO WARRIOR	Class X Fishing Vessel	Cape Town	Avro Warrior was removing a winch for maintenance. Hydraulic oil from piping spilled on deck and some of it went over the side. Hydraulic oil spill +/- 5 litres
			8 Oil Polluti	ons	

Ship Registration

SHIP REGISTRATION

One of the functions of the Authority is to manage the South African Ship Registry as well promote the Register with a view to attracting investors to register their ships under the South African Flag. We anticipate that the promulgation of Maritime Transport Policy and the Tonnage Tax Policy will provide basis for the revamping of the Ship Registry to generate revenue for the country and also provide employment for South African Seafarers.

At the close of the financial **1448** ships with a gross tonnage of **431133.20** tons were registered under the South African flag. The table below reflects the number of ships and tonnage registered over the years in their various categories.

S A Ships										
Register's										
Details	20 ⁻	13-2014	20	14-2015	20	15-2016	20	016-2017	20	17-2018
Ship Types	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage
Convention	11	41342.53	11	41626.67	13	245 600.70	15	237588.90	15	237588.90
Non convention over 25 GT	766	170126.35	763	174 188.77	755	185 714.50	747	186338.66	753	190515.16
Sailing and under 25 GT	655	3964.34	674	3967.47	687	3113.73	678	3043.35	680	3029.14
TOTAL	1432	215433.22	1448	219782.91	1455	434 428.93	1440	426.970.91	1448	431 133.20

The breakdowns of the Ships Registry activities as well as the types of vessels are listed below.

Year Ending March 2018

Year Ending March 2018									
Ships Register Activities									
35	Ships were registered anew								
32	Ships were deleted from the Register								
29	Mortgage Bonds were registered or discha	arged							
23949		es of Registration and requests for Register details, ding registration, telephone calls, e-mails etc.							
At the end of Marc	h 2018 there were:								
15	Convention ships totalling 237 588.90								
753	Non-convention under 25GT vessels totalling	190515.16							
680	Sailing and under 25GT vessels totalling	3029.14							
	Breakdown of vessels on the Register fo	the year ending March 2018							
15	Convention Vessels								
562	Fishing Vessels								
111	Harbour Craft								
34	Passenger Vessels								
6	Patrol and Research Vessels								
9	Diamond Mining Vessels								
31	Other Vessels								
524	Yachts – Under 100 Gross Tons Sport and	Recreation							
85	Under 25 Gross Ton Fishing Vessels								
8	Other Under 25 Gross Ton Vessels								
63	Under 25 Gross Ton Commercial Vessels								

Expected Programme Output - Maritime search and rescue operations – enhanced ability to coordinate responses to calls of distress

SAMSA responded to **492 alerts** of which false alerts or inadvertent activations were confirmed at approximately 28, 54% of all distress signals. **218 lives** were saved during the period through the coordination actions of the

MRCC and other South African Search and Rescue role players.

SAMSA managed to pass on **16,435 pre-arrival notifications (PANs)** as well as query messages to the Department of Transport (DoT)'s Maritime Security Coordination Centre (MSCC) during this period. The SAMSA assist in 94 **medical advice** incidents by connecting vessels to local telemedical services and coordinated the **evacuation of 27 crew/passengers** from vessels offshore to local hospitals.

SAMSA monitors the towing operations for vessels not under command, pollution reports and vessels that run into distress situations along the South African coast. The number of Maritime Assistance Service (MAS) incidents supported during the financial year were 163. We continued to monitor and maintain the national database of aids to navigation with approximately 6,875 beacons on record at the end of the reporting period.

MARITIME GOVERNANCE ENHANCEMENT PROGRAMME

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

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

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

Expected Outputs

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

Overview of the Programme Performance

1. Expected Output - Technical support to the DoT on the drafting of maritime policies, legislation, strategies and regulations

SAMSA is a technical partner for DoT in the GloMEEP project which is a GEF-UNDP-IMO project aimed at supporting the uptake and implementation of energy efficiency measures for shipping, thereby reducing greenhouse gas emissions from shipping. In July 2011, mandatory technical and operational energy efficiency measures were adopted by Parties to MARPOL Annex VI and subsequently entered into force on 1 January 2013. These regulations made mandatory both the Energy Efficiency Design Index (EEDI) for certain types of new ships, and the Ship Energy Efficiency Management Plan (SEEMP) for all ships.

During the reporting period a Strategy and a draft legislation on MARPOL Annex VI were developed for consideration by the DoT to ensure compliance with the requirements agreed upon with all maritime authorities at IMO.

2. Expected Output -Compliance with applicable national laws, and that South Africa adheres to the relevant regional, Continental and International Instruments

The Ballast Water Management Bill has now been developed and SAMSA has been advised by the DoT that Bill is currently with the state law advisor.

The objectives of the bill are to minimize or prevent the transfer of alien and evasive species including pathogens into South Africa's coastal waters through ship ballast water and sediments.

3. Implement approved National maritime policies, legislation, strategies and regulations

The government of South Africa through the DoT has identified the need to develop a transport master plan that is comprehensive, multi modal, integrated, dynamic, and provides for a sustainable framework for infrastructure and service development. The Division was represented at a workshop in Pretoria where the NatMAP as approved by cabinet was presented to all the transport stakeholders.

It was agreed to establish a Steering Committee to implement the NatMAP and SAMSA is going to be a member of the committee representing maritime transport

Regular meetings of Maritime Security Advisory Committee (MSAC), co-ordinated by the Department of Transport (DoT), were held during the period under review. MSAC was established in terms of the Merchant Shipping Act (Maritime Security Regulations, 1994). The key outcomes of the meetings are summarised as follow: - South African delegation undertook the visit to the United States (US) Coast Guard for the reciprocal International Port Security Programme (IPS) in July 2017. SA delegation reported that the USCG approach and systems are similar to South Africa and differ only in structural arrangements; Maritime Security Stakeholders examined challenges and risks posed by stowaways in the South African ports of entry (PoE) and agreed that Delegation of Security (DoS) must be completed for each vessel visiting our maritime ports of entry, no disembarkation of stowaways in South African ports; The Minister of Transport has granted approval for DoT to formally engage the Government of Tanzania as majority of stowaways in South Africa originates from Tanzania; There is a need to review and update the Maritime Security Regulations to include the current developments in the maritime sector; There is a need for Guidelines for small vessels to ensure detection and monitoring for maritime security objectives;

MARITIME SECTOR DEVELOPMENT SUPPORT PROGRAMME

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

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

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

Expected Outputs

- Develop and implement Ship Registry Development Strategy
- Promote meaningful participation of black people, youth and women entrepreneurs in South Africa's maritime sector.
- Implement the Comprehensive Maritime Transport Policy
- Conduct an evaluative study to assess the registered vessels contribution to the SA economy
- Develop Vessels recapitalisation project

Overview of the Programme Performance

Expected Output - Develop and implement Ship Registry Development Strategy

The Maritime Sector Development Programme (MSDP) continued its focus on delivering Operation Phakisa initiatives in 2017/18. The programme is focused on three primary areas at SAMSA:

- i) Shipping and ship logistics: with the main focus being on growing the South African ship register. In the year under review, three vessels were registered;
- ii) Marine Manufacturing: focused on two initiatives, investigating the viability of a fishing fleet renewal program and its potential impact on the marine manufacturing environment; and the centralisation of the management of the government fleet; It also expanded its scope to include the promotion of the offshore ship-to-ship bunkering industry on the back of the pilot that started in 2016 off the coast of Port Elizabeth.
- iii) Seafarer Development: growing employment opportunities for South Africans on the global fleet through the development of a South African Seafarer brand. The program also looks at enhancing the Seafarer Welfare program, as comprehensive support mechanism for seafarers while on duty.

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

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

1) Shipping and Ship Logistics

South Africa successfully registered one vessel on the South African Register during the year under review. Vessels are defined as any craft involved in the process of trade, including the movement of all cargo, and the support thereof.

Going forward SAMSA will increasingly focus on the growth of tonnage carrying capacity conjunction with the absolute number of vessels. The rationale is based on the utility of the measure. The strategic goal of growing the ship register is to increase South Africa's cargo carrying capacity and opportunities for South African seafarers. Therefore by focusing on tonnage, SAMSA is able to track improvements in both these measures.

2) Marine Manufacturing

Under Operation Phakisa initiative 15 there are two activities that SAMSA was tasked with facilitating:

- Fishing fleet renewable;
- Centralisation of SA government fleet

Since the inception of Operation Phakisa SAMSA has been the facilitator of initiative 15.4 which is tasked with investigating the impact of the age of the fishing fleet on the state of the marine manufacturing industry and the impact of a potential recapitalisation program could have on the industry. SAMSA convened a task team comprising of:

- Department of Agriculture, Forestry and Fisheries (DAFF);
- Department of Trade and Industry (DTI);
- Department of Planning, Monitoring and Evaluation (DPME);
- Transnet National Ports Authority (TNPA);
- IDC; and
- CSIR.

In 2017/18 the task team was finally able to start industry engagements, conducting sessions with the major fishing companies to solicit their views on how they could support such a program should it be launched, and what their plans were from a vessel acquisition standpoint. The industry supported the idea of a fishing vessel renewal program and would support the initiative of ensuring availability of vessels to emerging fishing groups. However they stressed the need for policy certainty and consistency of application of the rules and guidelines

as a major enabler for the growth of the sector. The second major determinant of success was rights allocations, especially when it came to the sustainable financing of capital investment. The current allocation methodologies did not encourage investment in new vessels, and South African built vessels were not feasible under the current regime given the competition from the import of second hand market. The task team will complete their evaluation and deliver a feasibility study by the end of the coming financial year.

With regards to the centralised government fleet management initiative (15.2), the coordinating committee of Operation Phakisa, comprising of all the heads of the various delivery unit of national government departments, resolved that DOT lead the process of developing a concept document proposing how such a organisation could be established. The committee also acknowledged the work that SAMSA had done through its Maritime Special Projects unit in the management of the DAFF fleet over the last three years. DOT plans to complete this work in the new financial year.



SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

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

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

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

REGISTRAR OF SEAFARERS

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

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

Certificates issued	2017/18
Competency (Deck and Engine)	867
Ratings Qualification	742
STCW I/10 Endorse / agreement	30
Radio Certificates (GMDSS, Short/Long Range)	3435
Small Vessel CoC	6785
Seafarers Record Books	2301
TOTAL	14160

Overview of the Chief Examiner Office Performance

The 2017/2018 financial year saw the start of the SAMSA Code review. The purpose of which is to improve the Seafarers Education and Training System as set out in the 2015-2020 SAMSA Strategy and the 2017-2018 SAMSA APP (as amended). The intended objective is to review all the ±70 documents of the SAMSA Code before the end of the current Strategy cycle. As at end March 2018, 12 SAMSA Code documents were reviewed; the intention is to start the implementation of the revised Code on 1st July 2018, with a transitional period of 3 months.

The EMSA audit took place from 23 - 30 October 2017. The audited parties included SAMSA, CPUT and SSTG. The draft EMSA Audit report was circulated to the relevant parties in the month of March 2018. One of the primary purposes of internal quality audits is to coordinate and execute internal audits and plan for external quality audits against IMO requirements for the organization.

The EMSA audit therefore, provided a background and opportunity upon which to build and bolster the methodology for conducting internal quality audits and prepare for future external audits. The final EMSA audit report is awaited from the agency.

There were 600 Level 3 examinations conducted; comprised of 355 Deck examinations and 245 Engine examinations. The 355 Deck examinations were made up of a total of 238 candidates, with a 71% success rate; and the 245 Engine examinations were for 197 candidates, with a success rate of 59%.

Compared to the previous financial year, there was a decrease in the number of accreditations, from 221 to 161 accreditations (for 35 training institutions) in the 2017/18 financial year.

We commenced with the survey regarding the Accessibility to Seafaring careers. The survey became active on 02 November 2017 and closed on 31 March 2018 with 1051 respondents, whilst the work to study the responses is underway, the following facts have come to light;

- 1. Majority of Seafarers are in the age group between 26 40 years old and that black people make up the biggest population (47%) of seafarers
- 2. South Africa has a higher percentage of female seafarers (±11%) compared to the world average (±1.9%)
- 3. Majority (≥80) of the seafarers receive funding from their employers to cover costs of statutory courses and other requirements
- 4. SAMSA offices have been shown to give great service to seafarers with over 90% stating that the outcomes of their applications were communicated clearly

Due to challenges experienced by foreign companies relating to their applications for SA's CECs, the internal procedures were amended and we have created a focal point through which all applications are submitted. This has significantly improved internal procedures and flow of work considerably. Communications with our clients has improved with the number of follow-ups by our clients reduced considerably.

Celebrating the 100 Year Legacy of Madiba | Annual Report 2017/2018

Kitada, M. (2015, November 04). A Prospect for Women Seafarers. *The Mariners' Digest*, pp. 18-21.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.

Yours faithfully

Chief Operations Officer

Sobantu Tilayi

Board Chairperson

Mavuso Msimang

2017-18 CORPORATE PERFORMANCE INFORMATION



CORPORATE PERFORMANCE INFORMATION REPORT



The SAMSA updated 2017-18 SAMSA Annual Performance Plan was signed off by the Minister during the period. The amendments were to address the issues raised in the internal performance information validation reports (July2017) on strategic objectives outputs. The amendments ensured that the strategic objectives remain the same as the strategy had not changed but the metrics (programme performance indicators) naming had to change to ensure correctness and alignment with the SMART principles.

No	Current Key Performance Indicator	Recommended Key Performance Indicator	Reasons for the recommended change
1	All approved strategies, enacted legislation and approved regulations implemented	Rating achieved on the SAMSA Compliance Maturity Framework as per the compliance plan.	 The indicator would be tracked at a Centre level as the achievement of the strategic outputs would not be in the priority critical path in the achievement of the strategic objective. Quarterly targets are not consistent with annual target and not measurable. In terms of section 3.2 of the Framework for Managing Programme Performance, "Suitable indicators need to be specified to measure performance in relation to inputs, activities, outputs, outcomes and impacts.
2	Level of maturity of the Maritime Education and Training	SAMSA Code – GOP 535 and 534 (10 standards) updated as per plan	1. The indicator would be tracked at a Centre level as the achievement of the strategic outputs would not be in the priority critical path in the achievement of the strategic objective. 2. The indicator targets are not well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
3	Percentage of eligible training institutions audited for compliance and accreditation.	Procedures for accreditations and approvals of training institutions and medical practitioners updated as per plan.	 The indicator would be tracked at a Centre level as the achievement of the strategic outputs would not be in the priority critical path in the achievement of the strategic objective. Quarterly targets are not consistent with annual target and not Quarterly targets are not consistent with annual target and not measurable. In terms of section 3.2 of the Framework for Managing Programme Performance, "Suitable indicators need to be specified to measure performance in relation to inputs, activities, outputs, outcomes and impacts.

2017-18 Corporate Performance Exception Reporting

Below is the variance noted in the performance information during the financial period and the reasons provided for the actual variances noted.

Flag State surveys - A variance of 119 surveys noted in quarter one (April - June 2017)

Reasons for variance -as a result of a system error (errors on the reporting sheet) that was detected as a result of validations conducted across all the Ports and the issue was resolved in July 2017.

	Q			Quarter 2		
Flag State Surveys	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	

Port State Inspection – a total variance of 3 PSCI noted during the period.

In quarter two there two Port State inspection conducted in Saldanha were captured only on the IOSIS system after the reporting period.

In quarter three one Port State inspection in East London only recorded on the system after the reporting period.

	0		Quarter 2			
Port State Inspections	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	
Total	56	56	Nil	79	81	

		Quarter three			Quarter four		
Variance for the quarter	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter	
Nil	5877	5877	Nil	5303	5303	Nil	

		Quarter three Quarter four				
Variance for the quarter	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter	Performance reported in SAMSA Quarter report	Corrected Performance after Validation	Variance for the quarter
	76	77	1	128	128	Nil

INTEGRATED CORPORATE PERFORMANCE OVERVIEW

CORPORATE PERFORMANCE INFORMATION DASHBOARD

SAMSA Archievement on Strategic Objectives (Based indicators)



DETAILED 2017-18 PERFORMANCE INFORMATION REPORT

The following report provides an annual account of progress on SAMSA's predetermined objectives as outlined in the 2017-18 Annual Performance Plan.

Strategic Objective 1. To improve the level of organisational resources and capabilities from level 3 to level 5 by 2020

Programme 1:

Organisational Capability Development Programme

No	Key Performance Indicator	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Deviation	Additional comment
1	Level achieved on the SAMSA Long Term Financial Sustainability (LTFS)	Index – Cumulative	Level 4 of the SAMSA Long Term Financial Sustainability (LTFS) Model	-Not Achieved Level 2 achieved on the SAMSA Long term financial sustainability model.	Level 2 achieved instead of Level 4 of the SAMSA LTFS	1. Slow implementation of the LTFS sustainability model 2. Up to date Policies + Procedures are not in place – resulting in poor internal controls 3. Manpower Plan not budgeted	None
2	Percentage of Audit findings for 2016- 17 financial period (Auditor General) that have been addressed.	Percentage – Non Cumulative	100% of Audit findings addressed	-Not Achieved 37% of audit findings have been resolved and closed by management.	63% of audit findings have not been resolved and closed by management.	Slow implementation of the SAMSA Audit corrective action Plan	None

Strategic Objective 1. To improve the level of organisational resources and capabilities from level 3 to level 5 by 2020

No	Key Performance Indicator	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Deviation	Additional comment
3	Level of contribution achieved on the Broad-Based Black Economic Empowerment (BBBEE) scorecard.	Index- Cumulative	Level 3 on the BBBEE scorecard	-Not Achieved Level 5 on the BBBEE scorecard	2 Levels deviation as a result of a Preliminary Score Level 5 achieved	Skills Development and Enterprise Development scored poorly.	None
4	Percentage system uptime for SAMSA ICT systems	Percentage - Non- Cumulative	95% SAMSA ICT systems uptime achieved	95.5 % SAMSA ICT systems uptime achieved	No deviation	None	None
5	Number of SAMSA staff members that have been performance managed in line with the Policy	Number Non - Cumulative	All Staff managed in line with the Policy	-Not Achieved 171 out of 292 staff members were performance managed in line with the Policy.	121 out of 292 Staff members were not performance managed in line with the Policy.	Slow implementation of the Individual Performance management	None

Strategic Objective 2. To improve the quality of SAMSA services and products to our stakeholders from Good (3) to Excellent (5) by 2020.

Programme 2:

Service Delivery Excellence Programme

No	Key Performance Indicator	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Deviation	Additional comment
1	Rating achieved on the Stakeholder satisfaction survey.	Index – Non Cumulative	Achieve Level 3 of stakeholder satisfaction rating	Level 3 of stakeholder satisfaction rating achieved.	None	None	None
2	Percentage of registered customer queries that have been attended to	100% of all registered queries attended to	100% of all registered queries attended to	Achieved 100% of all registered queries attended to	100% of all registered complaints attended to and closed.	None	None

Strategic Objective 3.1. To reduce the incidence of preventable marine casualties in South African waters over the period 2015 to 2020

Programme 3:

Maritime Operations Programme

No	Key Perfor- mance Indica- tor	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Deviation	Additional comment
1	Number of Port State Inspec- tions conducted	Cumulative	300 Port State in- spections	Achieved 342 Port State inspections	42 Port state inspection over achieve- ment	Additional reallocation of resources to focus on PSCI mandate.	None
2	Number Flag State surveys completed	Cumulative	9000 Flag State sur- veys	16,853 Flag State surveys conducted	7,853 Flag State surveys over achieve- ment on flag state survey	Due to the Fishing sea- son demands and Small vessels festive season licence requirements.	None
3	Number of maritime security Incidents attributable to inadequate processing of pre-arrival notification	Cumulative	Zero maritime security Incidents attributable to inadequate processing of pre-arrival notification	Zero maritime security Incidents attributable to inadequate processing of pre-arrival notification	None	None	None
4	Percentage of ships found to be polluting that have been successfully held account- able for pollu- tion	Non-Cumu- lative	100% of ships reported polluting held ac- countable	Achieved 100% of ships reported polluting held accountable	None	None	None

Strategic Objective 3.2. To strengthen the regulation of South Africa's Maritime transport system from a developing (2) level to a mature status (5) by 2020

Programme 4:

Maritime Governance Enhancement Programme

No	Key Per- formance Indicator	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Devia- tion	Additional comment
1	Rating achieved on the SAMSA Compliance Maturity Framework as per the compliance plan.	Cumulative	Level 2 Self- Assessment ratings of maturity on the SAMSA Compliance Maturity Framework	Level 2 Self- Assessment ratings of maturity on the SAMSA Compliance Maturity Framework	None	None	None

Strategic Objective 4.1. To increase the number of merchant vessels on the SA Ships Register from zero (0) to ten (10) ships by 2020

Programme 5:

Maritime Sector Development Support programme

No	Key Per- formance Indicator	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Devia- tion	Additional comment
1	Number of merchant vessels registered on the SA Register	Cumulative	Two merchant vessels registered on the SA Register	One merchant vessels registered on the SA Register	One merchant vessel	Slow response to the Ship Registry and promotion plan by the shipping community.	None

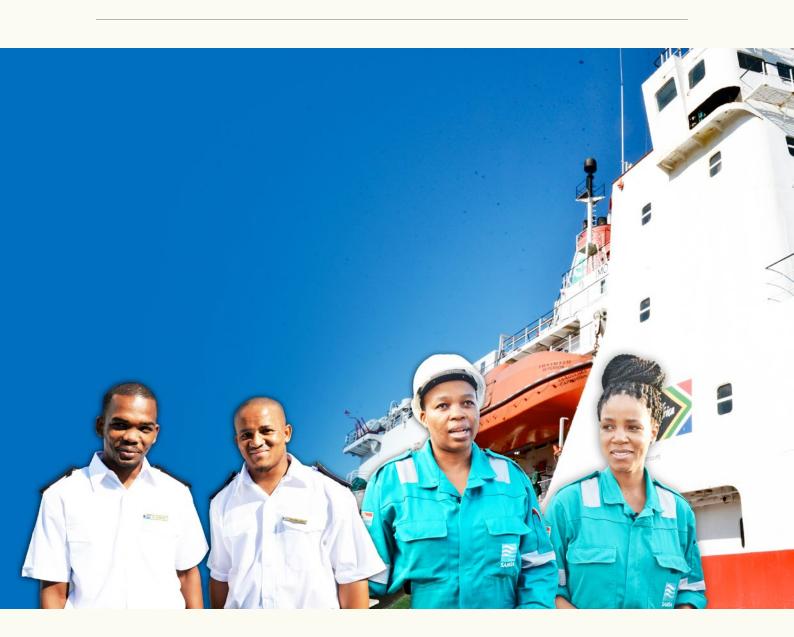
Strategic Objective 5.1. To improve the quality of South Africa's Maritime Education and Training (MET) System by 2020

Programme 6:

Seafarer Development and Welfare Programme

No	Key Perfor- mance Indi- cator	Calculation Type	Annual Target as per APP	Actual Achievement for the Year	Deviation	Reason for Deviation	Additional comment
1	Status achieved on the IMO Whitelist	Index – Non-Cumu- lative	IMO Wh- itelist Status	Achieved IMO Whitelist Status achieved	None	None	None
2	SAMSA Code – GOP 535 and 534 (10 standards) updated as per plan	Cumulative	10 stan- dards updated	Achieved 12 standards updated	2 standards	Quick imple- mentation of the corrective action plan due to the rolling effects of the design of the standards.	None
3	Procedures for accreditations and approvals of training institutions and medical practitioners updated as per plan.	Cumulative	All updated procedures on accreditations and approvals of training institutions and medical practitioners as per plan	Updated procedures and forms on training institutions and medical practitioners updated as per plan.	None	None	None

HUMAN CAPITAL MANAGEMENT PERFORMANCE



HUMAN CAPITAL MANAGEMENT PERFORMANCE

Human Capital Management Performance

In the year under review, SAMSA's Human Capital (HC) Management strategy serves as the foundation for transformation of employees into a truly diverse and competitive workforce geared to execute the organizational strategy. The HC strategy has two focus areas:



- Talent to ensure that there is capacity and capability to fulfil SAMSA mandate.
- Culture to establish an organizational culture driven through effective leadership and reflected in the behavior and performance of all employees.

The focus for the year was to source talent and place current employees in the new organizational structure, develop talent to take SAMSA to the next level, provide fair and competitive remuneration and benefits, as well as enhancing systems and procedures. The implementation of these priorities will create an enabling environment for performance improvement.

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

The staff complement as at the end March 2018 was 302. In order for the organization to achieve the strategic objectives to set for the five years business planning period, a five year capacity plan was developed in alignment with the SAMSA's 5 year strategy and approved as follows:



Human Capital seeks to maximize the potential of SAMSA employees by creating an enabling working environment that will attract, inspire excellence, develop and retain highly competent workforce with the technical and professional skills needed.



SAMSA strives for a high performance culture as entrenched in its value system. 2017/18 was the second year of the implementation of the performance management system. All Employees were motivated to improve their performance through participative target setting, regular performance assessments that includes providing feedback on performance and development plans. The process of employees and their managers and then assessing performance against objectives is becoming the new culture of delivery of corporate targets. The performance management system will continue to be reviewed, in order to enhance it for the future.



For SAMSA to derive at its competitive advantage, there is a need to attract and retain the best talent in the industry. The following policies have been developed and submitted for approval in order to support and drive our employee attraction and retention efforts

- · Remuneration Policy
- Recognition Policy
- · Shift work Policy
- Occupational Health, Safety and Environment Policy

Employee wellness programme

A Wellness Solution service provider was appointed to manage SAMSA integrated wellness programme. Information on lifestyle management approaches and how to prevent diseases is shared with Employees in order to manage their health effectively. Electronic desk drops are distributed to all employees on national health days to create awareness on healthy living habits for the prevention of sickness and creation of emotionally balanced employees. In addition, counselling services are offered to Employees and their family members 365/24/7 for any trauma and clinical interventions. The overall benefit of this is higher productivity.

Highlights achieved in the reporting period:

- · Employment Equity Audit conducted
- Development/Updated job profiles
- · Job evaluation and allocation of grades
- · Job title index developed
- · New organisation structure approval and implementation
- · Salary bands designed and implemented
- · Talent Management Framework developed
- · Retirement Fund transfer process initiated.

Challenges faced by the public entity

- Instability in Executive Management positions
- Lack of Talent Management and succession planning
- · Salary disparities
- · Employee relations disharmony
- Non-integrated HR Information Management system

Future Human Capital Plans / Goals

- · Implementation of Talent Management Plan and Succession Plan
- To increase retention level on critical and scares positions
- · Develop a high performance culture and change management
- Enhance Remuneration, Recognition, Rewards and Benefits Policies
- · Leadership development

Human Resource oversight statistics

Personnel cost by programme

	Total Expenditure for the entity ('R000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	No of employees	Average personnel cost per employee (R'000)
Programme 1 - Organisational Capability Development	47 627	46 563	23	62	751
Programme 2 - Service Delivery Excellence	13 593	7 147	4	11	650
Programme 3 - Maritime Operations	218 951	125 113	62	184	680
Programme 4 - Maritime Governance Enhancement	56 639	8 495	4	11	772
Programme 5 - Maritime Sector Development Support	13 593	2 473	1	6	412
Programme 6 – Seafarer Development and Welfare	27 186	12 832	6	28	458
Total	377 678	202 623		302	

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	2 549	1	1	2 549
Senior Management	19 921	10	9	19 921
Professional Qualified	95 233	47	81	95 233
Skilled	35 662	18	67	35 662
Semi-skilled	20 886	10	68	20 886
Unskilled	2 768	1	18	2 768
Fixed	25 602	13	58	25 602
Total	202 623		302	202 623

Performance Rewards

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel costs
Top Management	0	2 549	0
Senior Management	0	19 921	0
Professional qualified	0	116 675	0
Skilled	0	36 152	0
Semi-Skilled	0	24 557	0
Unskilled	0	2 769	0
Total	0	202 623	0

TRAINING COSTS

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No of employees trained	Avq training cost per employee (R'000)
Long term training (6months-3 years)	202 623	1 459	0.7%	52	25 ,7
Short Term Training (1-5 days)		4170	2%	209	19.9
Grand Total Spending		5 629		261	45.6

EMPLOYMENT AND VACANCIES

Programme/activity/ objective	2016/2017 No of employees	2017/2018 Approved Posts	2017/2018 No of employees	2017/2018 Vacancies	% of vacancies
Top Management	2	2	1	1	0.3
Senior Management	10	11	9	2	0.5
Professional Qualified	74	108	81	27	7
Skilled	70	92	67	25	7
Semi -Skilled	65	83	68	15	4
Unskilled	15	20	18	2	0.5
Fixed Term	51	58	58	0	0
TOTAL	286	374	302	72	19.3

The vacancy rate for the year under review is 19.3%. All attempts are made to fill senior management, highly skilled and supervisory positions by advertising vacancies internally first before external advertisement. During the year under review, 11 (29%) internal promotions were made. This is due to the absence of a talent management framework which was approved during the financial year and is planned for implementation in the new financial year. Its implementation will improve the internal promotion rate as there shall be targeted development.

In the year under review, to ensure successful attraction and retention of staff, the jobs were evaluated and salary bands were created in order to appoint at the right levels and offer salaries that are aligned to the value of the job.

EMPLOYMENT CHANGES

Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	2	0	1	1
Senior Management	10	1	2	9
Professional Qualified	74	9	2	81
Skilled	69	4	6	67
Semi -Skilled	65	4	1	68
Unskilled	15	4	1	18
Fixed	51	19	12	58
TOTAL	286	41	25	302

The labour turnover reduced from 11% to 8% in this financial year. The voluntary exits include positions from critical positions such as Chief Financial Officer, Executive Corporate Services, Senior Manager Strategy and Surveyors which have a negative effect on the stability in the organisation.

REASONS FOR STAFF LEAVING

Reason	Number	% of total no .of staff leaving
Death	2	0.6
Resignation	14	4.6
Dismissal	3	1.0
Retirement	1	0.3
III Health	0	0
Expiry of contract	5	1.6
Other	0	0
TOTAL	25	8%

The 4,6% of employees resigned due to limited career prospects, no talent management program and incompatible salaries. Interventions which include amongst others addressing salary discrepancies, reviewing employee benefits, implementing talent management framework have been implemented as a preventative measure.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION 2017/2018

Nature of disciplinary action	Number issued
Verbal warning	0
Written Warning	2
Final written Warning	0
Dismissal	3

EMPLOYMENT EQUITY STATUS AND TARGETS

MALES	MALES										
Occupational	А		С		1		w		Foreign		
Levels	Current	Target	Current	Target	Current	Target	Current	Target	Current -	Target	
Top Management	1	1	0	0	0	0	0	0	0	0	
Senior Management	3	5	2	3	1	1	2	2	1	1	
Professionally Qualified	37	44	9	11	2	3	30	31	6	6	
Skilled Technical	26	32	6	7	1	3	3	4	0	0	
Semi-Skilled	25	26	4	4	0	1	1	2	0	0	
Unskilled	2	2	0	1	0	0	0	0	0	0	
Temporary Workers	2	0	0	0	0	0	0	0	0	0	

FEMALES											
Occupational Levels	А		С		ı		W		FN		
	Current	Target									
Top Management	0	1	0	0	0	0	0	0	0	0	
Senior Management	2	3	0	0	0	0	0	1	0	0	
Professionally Qualified	17	27	3	7	0	1	8	8	1	1	
Skilled Technical	28	30	1	3	2	4	2	4	0	0	
Semi-Skilled	37	37	10	10	1	2	8	9	0	0	
Unskilled	14	14	1	1	0	0	0	0	0	0	
Temporary Workers	3	0	0	0	0	0	0	0	0	0	

DISABLED									
Occupational Levels	Males		Females						
	Current	Target	Current	Target					
Top Management	0	0	0	0					
Senior Management	0	0	0	0					
Professionally Qualified	0	0	0	0					
Skilled Technical	0	0	0	0					
Semi-Skilled	0	0	1	1					
Unskilled	0	0	0	0					
Temporary Workers	0	0	0	0					
TOTAL									

The variance between the current workforce profile and the targets is due to the low supply of women in technical areas and the organization's inability to attract and retain employees in critical positions. Intervention plans have been implemented in order to work towards the achievement of the Employment Equity targets.

OCCUPATIONAL HEALTH AND SAFETY

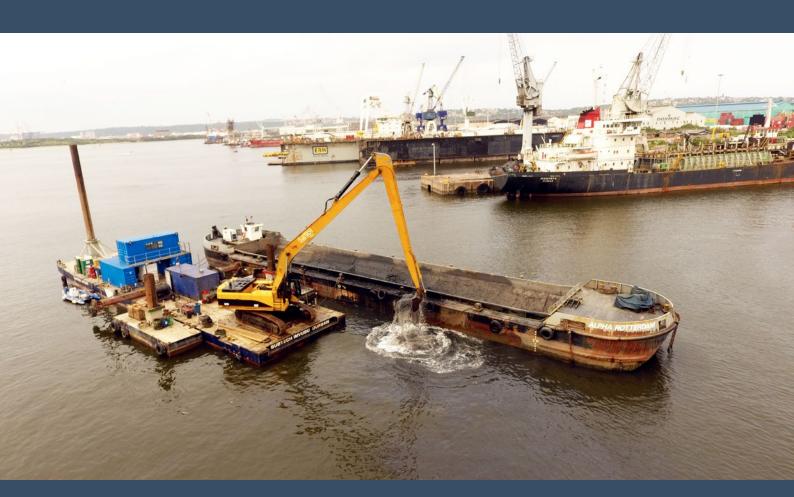
The South African Maritime Safety Authority recognises the significance of Safety, health and environment of its employees. In this financial year, the Safety, Health and Environment policy was developed as a framework towards creating a safety culture within the organisation. Furthermore, the established Occupational Health and Safety National Committee, as part of their oversight role, created regional subcommittees to manage the local safety matters and also as a means to ensure continuous oversight of OHS within the offices.







OUR CORPORATE GOVERNANCE REPORT





SAMSA'S CORPORATE GOVERNANCE REPORT

SAMSA, led and directed by the Board, is committed to complying with good governance principles and guidelines the King Governance Code and national legislation as well as governance and compliance directives from the Shareholder Department, the Department of Transport and National Treasury. SAMSA Board constantly keeps the Corporate Governance issues in focus. None of the directors hold shares in SAMSA.

The Board of SAMSA is the Accounting Authority in terms of the PFMA, 1999. The Board of SAMSA 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. SAMSA Board is also in the process of assessing the principles of King IV and will, incorporate, on continual basis, its provisions and guidelines.

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

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

The respective Directors and committee member's interests in terms of other board positions, shareholdings and contracts are declared, recorded and updated at every meeting. The board has adopted and approved the Delegation of Authority (DoA) which is reviewed annually. The DoA clearly spells out and articulate responsibilities and powers assigned to the Board and management.

The Shareholder has not yet appointed the CEO since the resignation of the former CEO, Mr Tsietsi Mokhele. The latter resigned as Chief Executive Officer (CEO) in May 2016. Mr Phumlani Myeni was appointed as the Chief Finance Officer (CFO) in November 2016 and resigned effective 2nd March 2018. The Board composition is as follows:

i. Mavuso Msimang (Chairperson)
 ii. Ms Nomsa Cele (Deputy Chairperson)
 iii. Ms Sekabiso Molemane
 iv. Mr Mervyn Burton
 v. Mr Fred Jacobs and
 vi. Dr Michael Hendricks

The term of office for Dr M. Hendricks and Mr F. Jacobs came to an end in July 2017 and left the Board composition to four (4) members. Taking into account that the Board was thinly composed, the Board resolved to appoint Dr Hendricks and Mr Jacobs as committee members. Dr Hendricks was appointed Chairperson of the Finance and IT Committee and Mr Jacobs appointed as member of the Maritime Industry (MIC) and REMCO.

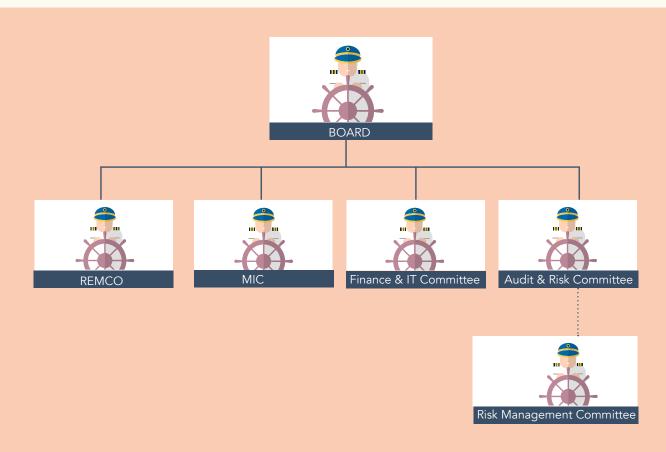
vii. Mr Mthunzi Madiya (Shareholder Representative)

SAMSA'S GOVERNANCE STRUCTURE

SAMSA is a schedule 3A public entity in terms of the Public Finance Management Act of 1999, and 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.



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 2018, 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 to give a true and fair view of the state of
 affairs of the Company at the end of the financial year and of the profit or loss of the Company for that
 period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records
- That the Directors, had devised proper systems to ensure compliance with the provisions of all
 applicable laws and that such systems were adequate and operating effectively.

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

- i. Audit & Risk Committee.
- ii. Remuneration & Human Resources Committee (REMCO)
- iii. Maritime Industry Committee (MIC) and
- iv. Finance and IT Committee

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

Audit and Risk Committee members:

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

REMCO

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

MIC

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

Finance and IT Committee

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

SAMSA Board supervises the management of the entity's business and affairs. The Board is responsible for setting the strategic objectives of the entity. SAMSA's core values guide that strategic direction and oversight, as well as the Board's relationship with management and accountability to the Shareholder.

The Audit and Risk Committee

The Audit Committee operates within written guidelines to assist the Board in fulfilling its oversight responsibilities for:

- The integrity of the entity's financial statements;
- The entity's compliance with legislative, regulatory and governance requirements;
- The performance of the external audit(Auditor-General's) function and independence; and
- The performance of the entity's internal audit function and independence; and
- The entity's risk management process
- review and agrees on the terms of engagement and annual fees for the external auditor;
- review the external auditor's annual audit scope and audit approach,
- provides a forum for communication between the Board, management and both the internal and external auditors; and
- makes recommendations to the Board on audit, risk management and compliance matters.

Audit and Risk Committee Composition

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

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

OFFICE OF THE COMPANY SECRETARY

The Company Secretary is responsible for guiding the Board in discharging its fiduciary and regulatory responsibilities. Board members have direct and unlimited access to the advice and services of the Company Secretary. The Company Secretary plays a role in the entity's corporate governance and ensures regulatory compliance of the entity. The Company Secretary ensures that there is induction and on-going Director development within the Board and its committees. The Company Secretary attends all Board and committee meeting.

BOARD AND COMMITTEE MEETINGS

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

Board	Audit & Risk Committee	REMCO	міс	Finance & IT	AGM
• 30/05/2017	• 17/05/2017	• 11/04/2017	• 06/04/2017	• 10/05/2017	17/11/2017
• 31/07/2017	• 05/10/2017	• 15/08/2017	• 28/11/2017	• 11/07/2017	
• 08/03/2017	• 07/12/2017	• 27/11/2017	• 05/02/2018	• 07/09/2017	
	• 22/02/2018	• 12/02/2018		• 15/02/2018	
		• 25/02/2018			

Details of the individual members attendance is as follows:

Board

Member	30/05/2017	31/07/2017	08/03/2017	AGM	Total Atten- dance
Mr Mavuso Msimang	√	✓	✓	✓	4
Ms. Nomsa Cele	✓	√	√	*	3
Mr. Mervyn Burton	✓	✓	✓	*	3
Ms. Sekabiso Molemane	✓	✓	✓	✓	4
Mr. Fred Jacobs	✓	✓	✓	0	3
Mr. Sobantu Tilayi	✓	✓	✓	✓	4
Dr Michael Hendricks	✓	✓	✓	0	3
Mr. Mthunzi Madiya	✓	✓	✓	✓	4
Mr. Phumlani Myeni	√	√	✓	√	4

Audit and Risk Committee

Member	17/05/2017	05/10/2017	07/12/2017	22/02/2018	Total Attendance
Mr Mervyn Burton	✓	✓	✓	✓	4
Ms Sekabiso Molemane	✓	✓	✓	✓	4
Mr Sobantu Tilayi	✓	✓	✓	✓	4
Ms. Adila Chowan	✓	*	*	*	1
Mr Siyakhula Simelane	✓	✓	✓	✓	4
Mr Phumlani Myeni	✓	√	√	√	4

REMCO

Member	11/04/2017	15/08/2017	27/11/2017	12/02/2018	22/02/2018	Total Attendance
Ms Nomsa Cele	✓	✓	✓	✓	✓	5
Mr Fred Jacobs	✓	✓	✓	✓	✓	5
Mr Sobantu Tilayi	✓	✓	✓	✓	✓	5
Ms Ndileka Nobaxa	✓	✓	✓	✓	✓	5
Ms Hazel Devraj	√	✓	✓	✓	√	5

Finance and IT Committee

Member	10/05/2017	11/07/2017	07/09/2017	15/02/2018	Total Attendance
Dr Michael Hendricks	✓	✓	✓	√	4
Mr Mervyn Burton	✓	✓	✓	✓	4
Mr Sobantu Tilayi	✓	*	√	✓	3
Mr Phumlani Myeni	✓	√	√	✓	4

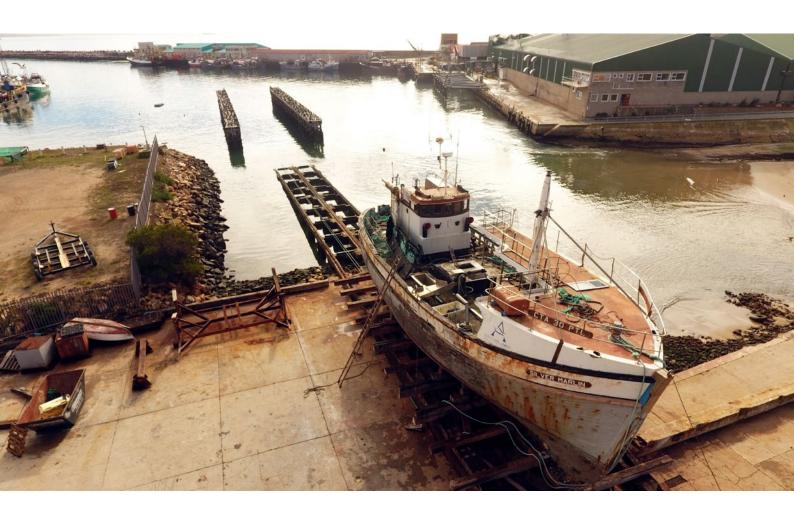
MIC

Member	06/04/2017	28/11/2017	05/02/2018	Total Attendance
Ms Sekabiso Molemane	√	✓	✓	3
Mr Fred Jacobs	✓	✓	✓	3
Ms Dorothy Mgoduka	✓	√	✓	3
Mr Brian Williams	✓	√	✓	3
Mr Sobantu Tilayi	✓	✓	✓	3
Mr Mthunzi Madiya	✓	*	*	1

Legend

- ✓ Present
- * Absent with Apology
- Resigned
- o Term ended

AUDIT COMMITTEE REPORT



AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved terms of reference. During the 2017/18 financial year, four (4) meetings were held. The Audit Committee was effective for the whole year ending March 2018.

For the year under review which is from April 2017 to March 2018, four (4) meetings were held as follows:

Member	17/05/2017	05/10/2017	07/12/2017	22/02/2018	Total Attendance
Mr Mervyn Burton	✓	✓	✓	✓	4
Ms Sekabiso Molemane	✓	✓	✓	✓	4
Mr Sobantu Tilayi	✓	✓	√	✓	4
Ms. Adila Chowan	✓	*	*	*	1
Mr Siyakhula Simelane	✓	✓	✓	✓	4
Mr Phumlani Myeni	✓	✓	✓	✓	4

^{*} Absent with Apology

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit 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 in the Board revealed certain weaknesses, which were then raised with the Board and corrective steps were implemented or to be implemented to minimise the risks.

Sekela Xabiso CA Inc. is the appointed Internal Auditor to the South African Maritime Safety Authority (SAMSA) for the period 1 July 2017 to 31 March 2018.

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

In line with the Public Finance Management Act and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit 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 eight reviews in 2017-18. Some of the audits highlighted fundamental or significant issues in respect of risk, governance or control.

Based on the assessment conducted we found that overall SAMSA has fair governance and risk management procedures in place. Management and the Audit and Risk Committee have both been involved in ensuring the focus of the internal audit plan aligns to SAMSA's key strategic and operational risks. The internal audit plan and audit reports are discussed and debated at an appropriate level of detail by members and detailed questions have been asked which demonstrates good member engagement.

From the various reports of the Internal Auditors and the AGSA Audit Report on the Annual Financial Statements, the management report of the Auditor-General, it was noted that matters were reported indicating that material deficiencies in the system of internal control and deviations exist on financial reporting, compliance and performance matters. There are major control deficiencies with Supply Chain Management and Finance due to various lack of capacity reasons. Accordingly, we are not satisfied that the system of internal control for the period under review was efficient and effective.

In-Year Management and Monthly/Quarterly Report

The Board has submitted quarterly reports to the Executive Authority. The Audit 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 and we are not satisfied with the progress made. Again, we highlight the lack of capacity and leadership. Matters have not been adequately resolved.

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

This Audit Committee has major challenges ahead as the CEO position has remained vacant for over a year. This severely impacts leadership. The Board has made recommendations to the shareholder and has emphasized the urgency. In addition, the Board has two vacancies which needs to be filled urgently. In order for this entity to be successful, SAMSA needs to ensure that best practice governance principles are in place. This can only be achieved with adequate leadership capacity.

There's a tough road ahead and the Audit Committee is committed to ensuring that the appropriate control measures are effective, efficient and transparent, however this can only be achieved through the dedicated commitment of management. The Audit Committee will endeavour to use the Internal Auditors to follow up on all assurance providers findings and report back to us regularly so as to avert a recurrence of a similar situation. However Internal Audit will be ineffective if management does not comply. The Board needs to implement strict and swift conclusive Consequential Management Processes where there is non compliance.

Mervyn Burton

Chairperson of the Audit Committee South African Maritime Authority

COMPLIANCE WITH LAWS AND REGULATIONS



COMPLIANCE WITH LAWS AND REGULATIONS

SAMSA complied with all the necessary financial reporting standards and legislation during the 2017/18 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

IM	O CONVENTIONS	Domesti	c Legislation	Remarks
	SOLAS Protocol	· Merchant 1951	: Shipping Act,	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 1951	: Shipping Act,	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 in with a view to bringing our load line assignment regime in line with latest international regime.
	TONNAGE Convention 1969	· Merchant 1951	: Shipping Act,	The MSA is subject to a complete review process and it is envisaged that any amendments to SOLAS could be addressed through this process.
	CSC Convention 1972		: Shipping (Safe r Convention) Act	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.
	STCW- Convention 1978	· Merchant 1951	: Shipping Act,	Merchant Shipping (Manning, Training, and Certification) Regulations 2013
	MARPOL 73/78 (Annexures I, II, III & V)		ollution (Pre- f Pollution from t, 1986	Act 2 of 1986 was last amended in 1996. This has the effect that any amendments to MAR-POL since 1996 do have force of law in South Africa and in the circumstances, need the Act urgent amendment.
	LONDON Convention	Dumping Act 1980	at Sea Control	Act is administered by the DEA

IMO CONVENTIONS	Domestic Legislation	Remarks
· 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.
· INTERNATIONAL CONVENTION OF SALVAGE, 1989	· Wreck and Salvage Act	There have been many salvage operations in South Africa either from the ship that is stranded or seeking salvage assistance. The laws governing salvage and its operations sometimes are rendered insufficient. If the Convention is adopted, it may require the enactment of a stand-alone Act which will deal with salvage only. Further, there would be a need to repeal provisions of salvage activities under the current Wreck and Salvage Act South Africa has acceded to the Nairobi Convention on Wreck Removal as such the current Act may have to be amended in future to address NWR convention.
· MARPOL 73/78 (AN- NEXURE VI)	· No Domestic Legislation	This annexure serves to reduce pollution from ships in the way greenhouse emissions. Currently there is no domestic legislation which incorporates the Annexure. DoT has undertaken process to determine the way forward to incorporate the Annexure.
· MARPOL 73/78 (AN- NEXURE IV)	· No Domestic Legislation	This annexure serves to reduce pollution from ships in the way sewage. Currently there is no domestic legislation which incorporates the Annexure into South African Law. No process has yet been initiated to domesticate the Annexure.

IMO CONVENTIONS	Domestic Legislation	Remarks
· Cape Town Agree- ment 2012/Safety in Fishing Conven- tion.	· No Domestic Legis- lation	Fouth African Ship Register is dominated by fishing vessels. However, there are no fishing industry specific legislated safety and construction standards. The standards currently imposed are those drawn from a body of Regulations dating back to 1961. Section 356 of the MSA empowers the Minster make regulations to address safety in fishing. The MSA is currently subject to a review process and it is envisaged that regulations addressing safety in fishing could be incorporated into law through this process.
· Ballast Water Management Con- vention	· No Domestic Legis- lation	The DoT is the process of reviewing a previous draft Bill with the view to domesticating the Convention once it comes into force in September 2017.
· STCW-F 1995	· No Domestic Legis- lation	The MSA is currently the subject of a complete review and it is envisaged that STCW-F would be incorporated into our domestic legislation during this process.
· LLMC 1996	· No Domestic Legis- lation	South Africa has never been a State Party to LLMC. However, the Merchant Shipping Act has provisions for limits of the shipowner's liability but is still based on the 1976 provisions. This may put the shipowner in danger of not being able to benefit from the latest limits of liability as provided for by the 1996 Protocol. DoT has elected to amend the Merchant Shipping Act to align with the new LLMC limits.
Seafarers Identification Document Convention (ILO Convention)	· No Domestic Legislation	 Convention for not having their Seaman's Record Book. If the Convention is adopted, it would be a relief to South Africa COC holders and can sail freely to any jurisdiction without fear of being reprimanded for not having proper papers. This convention is product of the ILO and such would be administered by the Department of Labour.

Legislation currently with the State Law Advisor

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

Legislation which is the process of being signed by the Minister

Merchant Shipping (Consolidated Maritime Labour Convention) Regulations

Merchant Shipping (Seafarer Recruitment and Placement) Regulations

Fraud and Corruption

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

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

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

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

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

Minimising Conflict of Interest

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

Furthermore, the Recruitment and Selection policy provides for pre-screening of candidates to ensure that only suitable individuals are brought into the organisation. Once employees join the Authority, they are further required to complete their Declaration of Interest forms. SAMSA staff also participate in various Supply Chain Management (SCM) related internal committees such as Bid Evaluation Committee (BEC), Bid Adjudication Committee (BAC), etc. and their participation in these committees is preceded by the completion and signing of disclosure of interest forms. In the year under review, SAMSA implemented a targeted vetting project covering mainly the SCM environment.

An investigation was conducted where conflict of interest was detected and the employment contract was ended.

Code of Conduct

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

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

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

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

Health, Safety and Environmental Issues

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

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

The above are amongst some of the major issues that makes SAMSA environment conducive to its employees.

Non-Compliance to the above-mentioned items results in penalties being instituted to SAMSA by the Department of Labour as laid down in section 38 of OHS Act no 85 of 1993 as amended.

O4 ENTERPRISE RISK MANAGEMENT REPORT



ENTERPRISE RISK MANAGEMENT REPORT

STRATEGIC HIGHLIGHTS

A. RISK GOVERNANCE STRUCTURE AND LEADERSHIP

SAMSA has adopted an Enterprise Risk Management (ERM) approach to the management of risk, which is the process effected by the board of directors, management and other staff members, applied in strategy setting and across the entity, designed to identify potential risk/opportunity events that may affect or be affected by the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of the 2015 - 2020 strategic plan.

The Board of Directors has overall responsibility for the adoption, oversight and reporting of SAMSA's risk management policy and framework. The Board has established the Audit and Risk Committee to assist it with this oversight and governance responsibility. The Audit and Risk Committee meets quarterly to review and direct progress against the management of identified risks as well as the implementation of processes to develop effective management of risks within the entity. The Audit and Risk Committee is in turn assisted by the Risk Management Committee, which also meets quarterly to monitor and guide risk management progress and outcomes of management.

B. KEY ACHIEVEMENTS IN THE IMPLEMENTATION OF ENTERPRISE RISK MANAGEMENT

The organisation has embarked on a process to improve the maturity of risk management, therefore embedding a risk intelligent culture, to date the following key progress has been made during the 2017-18 financial year:

Update and approval of the SAMSA Risk Management policy by the SAMSA Board to ensure that
our stakeholders are provided with a clear set of principles, decision making guidelines and a systemic
approach to managing risks at all levels within SAMSA. in alignment with the requirements of the Public
Sector Risk Management Framework, KING IV Code on Cooperative Governance, COSO (Committee of
Sponsoring Organisations of the Treadway Commission) 2017 and ISO 31000. The policy sets out a clear
philosophy and includes the key principles that act as a guide in the formalised planning, implementation, monitoring, evaluation, reporting and continuous improvement in the management of risks within
SAMSA.

- Development and approval of the SAMSA risk management strategy the SAMSA Risk Management Strategy was developed and approved by the board of directors, the strategy focus on a three year Enterprise Risk Management Capability Maturity roadmap. The core focus is to develop and mature risk management as a core capability towards becoming a highly competent maritime authority focus on establishing risk leadership and continuously improving the risk management process.
- The cascading of the risk management process into the operational plans at a Port and Regional level. At the end of the reporting period all Ports, Regions and Centres within SAMSA have risk registers that is being monitored through the QPR system.
- **SAMSA adopted the integrated hierarchical approach** in line with the revised principles prescribed in **COSO framework** approach of risk management and reporting on non-financial information.

1. ENTERPRISE RISK MANAGEMENT MATURITY STATU WITHIN SAMSA IN ALIGN WITH THE STRATEGY

Risk management maturity implementation has been guided by the SAMSA risk maturity roadmap and the self assement is shown below

0047/0040	2046/2042		
2017/2018		2018/2019	
Level 1	Level 2	Level 3	
Ad Hoc Phase: Ad Hoc Practices	Developing Phase: Fragmented Practices	Defined Phase: Developing Practices	
 Success depends on individuals People are unaware of risks Risks are managed reactively Risk objectives and policies are mainly undefined. Risk activities across the enterprise are ad hoc, possibly chaotic. Risk objectives and policies are mainly undefined. Processes and procedures are undefined and/or inconsistently applied Some hazard risks are covered by insurance, other risks are mainly self-insured. People are unaware of their risks and react to events and risks as they emerge. Relevant experience gained is not used to improve the risk management process. 	 Capabilities vary across SAMSA No cross-centre coordination Some expertise within limited number of risk types such as financial, operations, or hazard Risk is not fully established as a function within SAMSA. Centres manage their risks independently Risk activities include some risk types, such as insurable (hazard), readily quantifiable or compliance- related (regulatory). 	 Risks clearly linked to strategic objectives Defined and documented Forward looking Clear accountability Policies define some relevant aspects of risk governance and oversight. Risk activities span an array of risk types and all business units. Risk is an established function within SAMSA Difficult-to-quantify risks (operational) are managed in addition to other risk types. Business units coordinate for certain common risk types, but risk exposures are measured separately. Risks are related to strategic objectives and risk appetite. 	

		Self-Assessment
	2019/2020	
Level 4	Level 5	
Managed Phase: Integrated manage-		Risks clearly linked to strategic objectives -3 Defined and documented – 3 Some expertise within limited number of risk types such as financial, operations, or hazard- 2 Policies define some relevant aspects of risk governance and oversight 3 Risk is an established function within SAMSA (3) Risk activities include some risk types, such as insurable (hazard), readily quantifiable or compliance-2 Risk activities include some risk types, such as insurable (hazard), readily quantifiable or compliance-2
 All relevant risk types are quantified and aggregated, possibly using a metric such as Cash Flow at Risk. Risk treatment strategies and approaches are fully integrated. 	 Risk is built into all activities across risk types and business units. Risk is a source of sustainable advantage used to identify and pursue attractive opportunities and mitigate threats to SAMSA. 	Score 2,57 Level 2 ACHIEVED

Overview of the ERM Roadmap implementation

RISK OBJECTIVE		ERM IMPLEMENTATION ROADMAP		
		AREA	KEY OUTPUTS	
Α.	To implement the SAMSA risk management policy framework	Risk Leader- ship	Review the SAMSA Risk Management Policy Formulate and submit the updated SAMSA Risk Management Policy Deploy the approved risk management policy Implement the approved risk management policy Develop and submit the risk management strategy and Plan Review and implement the updated corporate risk management reporting framework Formulate a draft SAMSA Risk Appetite Monitor the implementation of the risk management policy Conduct an annual evaluation of the risk management policy	
В	To raise awareness and establish a commitment to the process by custodians, management and other personnel	Risk Leader- ship	Launch ERM Programme Train executive and senior managers Train SAMSA Risk Champions Include Risk Management in staff induction/refresher training Develop and implement a corporate training and communication plan for risk management	

Legend



Green - Achieved



Red- Not Achieved

	2047/2040	A.I.S	Committee		
	2017/2018	Achievements	Comments		
		Χ			
	X				

RISK OBJECTIVE		ERM IMPLEMENTATION ROADMAP			
		AREA	KEY OUTPUTS		
С	To develop and integrate	Risk Manage- ment Process	Conduct a review of the SAMSA risk management system and establish a baseline		
	a systematic process for risk		Review the high level SAMSA ERM Business process map		
	management		Integrate risk management into the business planning process		
	into the corporate culture and organisational practices of SAMSA		Integrate risk management into operational planning processes		
			Facilitate and review Centre/Service Risk Management Plans		
			Design comprehensive ERM business processes (map level 1 processes, sub processes and activities)		
			Design an integrated ERM management process guide (manual)		
			Implement the use of QPR for risk management		
D To monitor the effective manage-		Risk Manage- ment Process	Review and update the corporate risk monitoring and reporting framework at a centre, region and port level		
	ment of risk across the organisation		Prepare and submit four quarterly risk management reports per annum (1 x per quarter)		
			Prepare a mid-year strategic risk monitoring report for submission to EXCO		
			Prepare an annual risk monitoring report for submission to EXCO		
			Generate quarterly risk monitoring reports for centres, regions and ports		
			Monitor the implementation of the ERM Programme		

Legend

Green - Achieved

Red- Not Achieved

2017/2018	Achievement	Comments
X		
X		
X		
X		
Х		
X		
X (Phase 1)		
X		
X		
X		
X		
X		
X		

RISK OBJECTIVE		ERM IMPLEMENTATION ROADMAP			
		AREA KEY OUTPUTS			
Е	To minimise injury, damage, loss and inconvenience to customers, beneficiaries, stakeholders and staff arising from SAMSA's activities.	Risk Manage- ment Process	Facilitate the development of an updated strategic risk register		
			Facilitate the Identification and assessment of SAMSA wide Risks		
			Support the development of risk mitigation plans at a Centre Region and Port levels		
			Enhance the measurement of risks and controls through the introduction of Key Risk and control Indicators		
			Support the development of risk treatment plans at the Centre, Region and Port levels		
			Monitor the implementation of all SAMSA risk management plans		
			Support the review of internal controls		
			Conduct ongoing training, provide risk management support and promote risk intelligent decision making		
F	To ensure effective planning, implementation, monitoring, evaluation and reporting of SAMSA risks and opportunities.	Risk Manage- ment Process	Design and implement an electronic Enterprise Risk Management system		
			Integrate performance plans with ERM process on the system (e.g. View and report risk by objective, by Centre and by Category)		
			Develop and avail a SAMSA ERM Toolkit		
			Prepare and submit four quarterly risk management reports per annum (1 x per quarter)		
			Generate electronic quarterly risk monitoring reports for SAMSA corporate, centres, regions and ports		
			Monitor the implementation of the enterprise wide risk management programme		
			Conduct annual evaluation of the ERM implementation process		

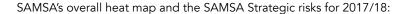
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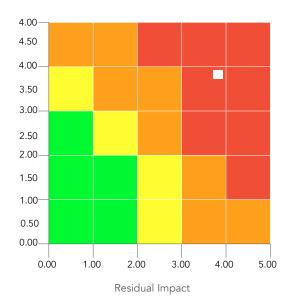
Green - Achieved

Red- Not Achieved

2017/2018	Achievements	Comments
X		
X		
V		
X		
X		
X		
X		
X		
×		
Х		
×		
		Roll -over
X		
X		
^		
X		
		Roll- over

SAMSA STRATEGIC RISKS OVERVIEW





The organisations heat map reflects a position above the risk tolerance levels as at the end financial year. The strategic risks are reported on quarterly to ensure that effective mitigation actions are put in place.

The following 7 Strategic risks were managed during 2017/18 financial year end:

1. Loss of critical and scarce technical maritime skills

SAMSA is a knowledge intensive entity with a high dependence on the technical competence of surveyors, in particular and staff members with a good understanding of the maritime transport environment. The risk relates to the potential loss of critical and scarce maritime expertise primarily due to an unattractive employee value proposition for technical staff and the impact of an ageing profile of senior and experienced surveyors. This risk remains high, notwithstanding the review of internal policies, organisational structure and salary grading process.

2. IT system failure;

SAMSA IT Systems represent the backbone of the maritime services that we offer. They are key enablers of our service offering and as such their failure can affect our ability to service our customers and deliver value for our stakeholders. This risk is as a result of SAMSA's IT Data Centre (Servers) that need to be replaced due to capacity constraints. The year in review has seen us focus our intervention in this regard on developing the capacity of our infrastructure, for example servers, as well as address ICT disaster recovery capabilities. Although we have made significant strides in this regard these risks remain relatively high.

3. International Maritime Administrations and the Maritime Industry cease to recognise certificates issued by SAMSA for Seafarers;

SAMSA is the South African authority that issues certificates to seafarers and accredits training institutions providing seafarer education and training in the country. SAMSA ensures compliance with international requirements of the IMO's STCW Convention as well as national legislation and regulations. It therefore administers a national seafarer training and accreditation system for South African seafarers who seek to be in the employment of national and international shipping companies. These certificates and the training systems employed in South Africa have to be acceptable to international maritime authorities and the maritime industry. SAMSA embarked on a process to improve the quality system standards of the training institutions to mitigate the risk from occurring.

4. SAMSA cannot meet its funding obligations;

This risk emerged as a result of delays in the approval and implementation of tariff adjustments and the lack of sources of funding for additional mandates which have put a strain on the financial position of the organisation. The following measures were taken to mitigate the risk: A new tariff adjustments was implemented Furthermore a service provider has been appointed by the Department of Transport and in partnership with SAMSA have developed a new funding model, Once the new funding model has been implemented and fully operational the risk will reduce.

5. A serious or very serious maritime oil pollution incident occurs

The risk refers to an a serious incident that could occur at sea due to several factors such as human error, vessel technical issues, acts of God and poor monitoring of the coastal services. Joint emergency drills with various stakeholders to prepare for emergencies and port state control inspections are conducted. , there are process defined in the event of a major incident occurring. The Marine Pollution (Preparedness, Response and Cooperation) Bill will assist once it is passed into law.

6. Deregistration of ships on the South African Register.

This risk refers to the loss of ships registered on the SA ships register due to among other factors, an unattractive basket of incentives to ship owners, lack of awareness on existing incentives on the part of the shipping industry and a sustained depression in shipping markets. The comprehensive maritime transport policy has reached its final stages of preparation and it is anticipated to serve as reassurance to ship owners after its approval by cabinet during the 2017/2018 financial year. SAMSA continues to engage industry players to promote the ship register and maintain relations with owners who have ships registered on our flag to secure long term commitment

7. Non – compliance with the maritime regulatory requirements

Loss of reputation as a respected maritime administration due to inadequate enforcement of the legal and regulatory instruments to effectively regulate the SAMSA operations. The risk exposure for this risk due to the absence of a compliance framework to monitor compliance The following mitigation actions are currently being implemented to address this risk: Regular training for SAMSA surveyors - on the regulations, safety awareness campaigns in line with the regulations.

Emerging Risks

The following risks were identified, as emerging risks for 2017-18.

1. Non -compliance with legal requirements

This risk relates to non-compliance with national regulations such as the PFMA, Treasury Regulations, and PPPMA etc. This can result in litigation action taken against the Authority due to non-compliance/inconsistent/incorrect application of national legislation and regulations. This relates mainly to corporate governance legislation and best practice guidelines related to compliance reporting, human resource management, public finance management, supply chain management, IT governance and protocols.

2. Inadequate contract management

This risk due to the lack of effective contract management process resulting in contracts expiring while still in use, loss of important documents such as quotation and tax clearance certificates and the lack of standardised process on contract and records management across the SAMSA regions. SCM is currently reviewing all the contracts on their database for alignment with SCM regulations, furthermore the SCM process workflows are currently being developed. This risks will need to be documented in the strategic objectives as it has a direct impact on the achievements of SAMSA's strategic objectives

3. Lack of corporate leadership

The risk is due to the fact that SAMSA currently does not have a CEO, this will result in non –compliance to the PFMA and corporate governance requirements. Furthermore, critical decision making process leading to delays in service delivery.

4. Project failure risk

The risk is due to the fact that SAMSA currently has no effective project governance and management to ensure that all approved projects are in line with the SAMSA strategic objectives, all projects are currently not supported with a business plan, including a risk assessment conducted on the feasibility of the projects. Also the monitoring of the projects to avoid delays to the implementation of the project.

Way Forward in the Implementation of Enterprise Risk Management

The entity will continue the process of formulating the risk appetite for the entity to ensure that risk management is fully embedded in SAMSA. In ensuring that SAMSA is resilient in the event of a disaster or disruptions, the Business Continuity Strategy is in the process of being developed, together with the business continuity plans for all SAMSA offices. The risk management policy will be launched to the whole organisation to encourage a risk intelligent culture.

The deployment of the SAMSA risk management strategy will continue over a three year period, to ensure the maturity of the risk management environment within SAMSA.







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

Our Stakeholder Management achievements

National Stakeholders Engagements

On stakeholder management, SAMSA compiled a stakeholder management policy which forms the basis and contextualises the workflow of the portfolio. Added to the policy was a comprehensive matrix for stakeholder engagement. Two stakeholder surveys were also concluded to gauge the satisfaction which ultimately determines the relevance of the organisations and its ability to meets its statutory obligations. The results gave strategic insight into what the organisation needs to do more of, potential areas of improvement and proper strategic alignment. A stakeholder management strategy is ready for implementation based on matrix for engagement. Over and above these there has been countless joint stakeholder forums and platforms facilitated across many divisions at SAMSA and such will be reflected by each division's report.

After concerted efforts by SAMSA to build the ocean growth platform is spelled out in the SA government Blue Economy Plan- Operation Phakisa, a public private partnership opportunity was facilitated and nurtured by SAMSA. To date the Operation Phakisa Lab Coordinating Committee (LCC) has been roped into the initiative that could accelerate transformation and growth of the country's ocean economy. This is a long-term plan that has created enormous awareness amongst stakeholders. The plan is embedded in the Volvo Ocean Race Yacht Race which the toughest and longest sailing race stopping over at nine (9) of the world's iconic cities including Cape Town,

Going forward, with streamlined and consistent strategic direction and dedication, this plan it will be one of the ground-breaking Public Private Partnerships that will see the acceleration of ocean economy through:

- Job creation
- Transformation
- Enterprise Development
- Skills and Training Opportunities
- Industry stimulation (boat building and superyachts) _ Investment Mapping (Operation Phakisa investment nodes) _ Destination marketing etc.

The Volvo Ocean Race

The Volvo Ocean Race Stopover which SAMSA was a presenting partner of, representing the public sector took place between 24-10 December 2017 with a number of marketing activations, destination footage flighted on global media platforms throughout and visible branding around the stopover host venue- V& A Waterfront.

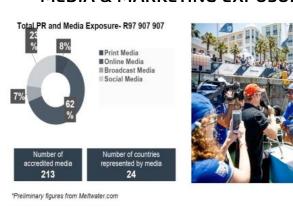
The picture illustrations below depict:

- Economic Impact of the Race
- Media coverage
- Branding
- Key strategic activations linked to the race

VOLVO OCEAN RACE CAPE TOWN ECONOMIC



VOLVO OCEAN RACE CAPE TOWN MEDIA & MARKETING EXPOSURE



Cape Town Stopover looked at unlocking opportunities while at the same time looking at creating a legacy on ocean sustainability: Engaging world audience on ocean pollution and mitigating factors.

Both the UN/UN Ocean Governance Conference Ocean Summit focussed on pollution where SAMSA was represented and gave a national perspective to an international audience _ SAMSA branding that was carried in all the race literature and visible throughout the stopover period

Waste Pollution and Ocean Sustainability Workshop

Another innovative public partnership programme sourced by SAMSA to create an opportunity for regional stakeholder in the field of Marine Waste Pollution and Ocean Sustainability in collaboration with the American Consulate (attached) with a visiting expert from the US. On this projects, SAMSA pulled in a number of key stakeholders in the public private realms to come together and make this a reality.

Post the International African Marine Waste Conference held in Port Elizabeth, SAMSA facilitated an extended seminar for Cape Town based stakeholders. Featuring a guest speaker at the conference Dr Jenna Jambeck, Marine Waste Expert and head of College of Engineering, Georgia State University, USA. The seminar was done in collaboration with the American Consulate, International Institute and V& Waterfront- a perfect public private partnership project. Because of the pivotal role played by SAMSA, there was no real financial input by SAMSA. The workshop was a resounding success which was initially aimed to attract 30 stakeholders but had a confirmed attendance of 65 stakeholders from a multitude of disciplines in the environment protection space (ocean). Robust panel discussions and great stakeholder feedback received.

Plastic Marine Debris Forum

This forum on plastic marine debris is intended as one of many opportunities for decision makers and experts to get together to discuss solutions and mitigation measures to prevent plastic reaching our oceans, as stakeholders begin to realise the urgency of this issue. It is anticipated that this will be the first of many structured discussions that allow for effective engagement amongst the public, academics and government stakeholders on a variety of marine and maritime subjects.

International Stakeholders Engagements

SAMSA manages the relations between states and other actors especially on country to country collaboration and international maritime matters. It spans the vast area of state to state relations, regional integration, state agencies as well as juristic entities.

THE ASSOCIATION OF AFRICAN MARITIME ADMINISTRATIONS (AAMA)

Context: AAMA was formed following the signing of the African Transport and Maritime Charter in 2012 in Addis Ababa, Ethiopia to bring together all players in the African maritime sector. The AAMA, is an umbrella body for five (5) African Maritime stakeholders' groups, namely:

- 1.) Association of African Maritime Administrations;
- 2.) Africa Ship Registrars' Forum;
- 3.) African Ship Owners' Associations;
- 4.) Africa Shippers' Council and all Cargo Interest; and
- 5.) Seafarers' Forum

Responding to Africa's insignificant share of global investments in the maritime sector despite her significant contribution to global maritime traffic and the revived aspiration for a strategic take-off as noted in the African Maritime Transport Charter, it became necessary to facilitate a forum to bring together like minded Agencies and Associations to discuss Africa's maritime governance amongst other pertinent issues.

The 3rd Conference of Association of Heads of African Maritime Administration (AAMA) took place from the 19th to 21st April 2017 at the Transcorp Hilton, Abuja, Nigeria

Report: The event was hosted by the Nigerian Maritime Safety Authority (NIMSA) and supported by the International Maritime organization, the theme for the conference was: "Maritime Trade Facilitation and Economic Development in Africa". SAMSA as the interim Chairperson of the Association at the time and the Head Secretariat attended in order to carry out Chairmanship duties as well as that of the Secretariat duties which included supportive administrative duties to the host country Nigeria. The SAMSA COO was also a key speaker in the discussant panel.

Key issues discussed at the conference and resolutions reached included:

- 1. Adoption of resolutions on the institutionalization of July 25th of every year as Africa's Day of the Seas and Oceans
- 2. Finalization and adoption of AAMA Constitution
- 3. Resolution on Member State to ratify, domesticate and implement relevant international maritime treaties

- 4. Commitment on best practices on Port State and Flag State responsibilities
- 5. Resolution on collaborative efforts in the training of Cadets
- 6. Determine the role of Regulatory Agencies and Facilitation of Maritime Trade
- 7. Election of substantive chair of AAMA
- 8. Frequency on the holding of conferences
- 9. Confirmation of the Secretariat body of AAMA
- 10. Agreement on the Hostship for the next conference
- 11. Agreement to hold the 1st Executive Committee Meeting of AAMA.

The Executive Committee took held its 1st Session at the Arab Academy for Science, Technology and Maritime Transport (AASTMT) Abu Kir Campus Alexandria on 18-19th September 2017.

Report: The Membership of the Executive Committee is comprised of representatives of Central

Africa (Cameroun and Cape Verde), West Africa (Ivory Coast and Ghana), East Africa (Tanzania and Comoros) Southern Africa (Mozambique and South Africa), North Africa (Egypt and Sudan), and Uganda representing land locked countries.

The Director General of the Nigerian Maritime Administration and Safety Agency (NIMASA), and

Chairman of AAMA, Dr Dakuku Peterside, with the Chief Operating Officer of the South African Maritime Safety Authority (SAMSA) and Head of AAMA Secretariat, Mr Sobantu Tilayi among others took to discuss way forward for the development of the African maritime sector.

Key issues discussed and resolutions reached specific to the work of the Secretariat represented by SAMSA:

- 1. Deliberation on Article 11 of the Constitution (Budget and Expenses) to be done by the Secretariat
- 2. Report on the deposition of Instruments of Membership- to be done by Secretariat 3. Co-Operation with other Bodies-through Courtesy call to African Maritime Advisory Group (AMAG) to be done by the Secretariat.
- 4. The Committee resolved a survey be conducted by SAMSA (representing Southern Africa), developed into a position paper to be considered at the next session of EXCO before presentation to the General Assembly.

- 5. The Committee noted the need for a Maritime Structure in the African Union Commission and resolved to set up a Committee to develop a position paper on this issue for deliberation at EXCO and General Assembly (SAMSA).
- 6. Identification of Capacity Building Exercises for Member Nations according to their needs and Continental Capacity Building Initiatives to be done by the Secretariat in concert with member states of AAMA.
- 7. Confirmation of arrangements of future meetings, to be done by Secretariat in concert with nominated Member States candidates.
- 8. Maritime Celebrations, the Committee resolved that AAMA should formally enquire from the African Union Commission why the 2017 African Day of the Seas and Oceans was not celebrated considering the significance to be done by the Secretariat.
- 9. 2018 Maritime Awards, the South African Maritime Safety Authority together with the Ghanaian Maritime Authority to draw up criteria for the award.
- 10. The Secretariat to develop a detailed framework to be adapted to African Country needs and incorporate all areas of possible capacity building that may be required by Individual Maritime Administrations showing the impact of the regulation on the Country's Maritime economy.
- 11. SAMSA to develop and circulate a ship tonnage growth strategy to individual countries to share best practices.
- 12. SAMSA to study the continental cabotage regime under the AIMS 2050 to determine how Africa's tonnage can be grown.
- 13. The Abuja MoU on Port State Control for West and Central Africa Region and the South Africa Maritime Safety Authority (SAMSA) to produce a near coastal trading, certification and competency code taking into cognizance existing legislations.
- 14. Secretariat to ensure Agenda and Concept notes for the 2nd Session of EXCO are circulated latest by early January 2018 to enable Members to prepare adequately for the forthcoming Meeting.

The second session of the Executive Committee of the Association of African Maritime Administrations (AAMA), held on the 6-8 February 2018, at the Pride Inn Hotel, Mombasa.

Report: The meeting was attended by the Heads of African Maritime Administrations from about 11

African countries, led by Director General Nigerian Maritime Administration and Safety Agency and Chairman of AAMA, Dr Dakuku Peterside. The meeting was gathered in order to address the common interests in Africa's maritime sector.

Key issues discussed and resolutions reached:

- 1. Further engagement is needed between AAMA and the African Maritime Advisory Group (AMAG) on the provision of data on illegal migration, to be taken up by the Secretariat and Chairman.
- 2. Re-emphasises on the importance that all member States of AAMA deposit their instruments of membership to AAMA to the Secretariat as soon as possible. The Secretariat committed to communicate this to the member states.
- 3. Establishment of a maritime department within the African Union Commission.
- 4. Define the role of AAMA in the implementation of the African Integrated Maritime Strategy (AIMS 2050).
- 5. Preparation for the 2018 Maritime Awards in Africa to commence.
- 6. The establishment of a continental Cabotage regime under the AIMS 2050.
- 7. Establishment of a database of Ship Registries in Africa.
- 8. The AAMA work plan, led by the office of the Chairman and the office of the Secretariat.
- 9. The framework for monitoring and controlling fishing activities.
- 10. Near Coastal Trading, Certification and Competency Code to foster economic cooperation among AAMA members
- 11. Prevention of marine pollution and implementation of the 2016 Lomé Charter to strengthen interagency and transitional coordination and cooperation in maritime domain awareness
- 12. Fight against all forms of maritime crimes and the promotion of economic growth of Africa.

CORPORATE SOCIAL INVESTMENT

REPORT



SAMSA CORPORATE SOCIAL INVESTMENT OVERVIEW AND APPROACH

An Overview of the SAMSA

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

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

SAMSA'S CSI FOCUS AREAS

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

1 .Education

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

2. Water sport development

When the well is dry, we will know the value of water" – Benjamin Franklin

Across the world, water is fast becoming one of the scarcest resources and as a result one of the most sought after commodities. SAMSA, through its CSI has identified water sport as a developmental initiative, as it has an opportunity to bring talent to those communities living next to dams. It also offers an opportunity to open up tourism initiatives that can also create jobs around communities. It also covers safety aspects as most children, in particular in African communities drown in dams, due to the lack skills in waterways.

Entrepreneurial development

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.

3. 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.

An Overview of the SAMSA CSI & Governance –

Immediate authority and responsibility for CSI lies with the Head of Corporate Social Investment, answerable to the Executive Head of Corporate Affairs, and ultimately accountable to the Chief Executive Officer and the SAMSA board.

The Corporate Affairs Department is still in the process of establishing a CSI Evaluation Committee to evaluate applications for projects requiring funding that exceeds a value of R500, 000 per annum. The CSI Evaluation Committee will be chaired by the Head of Corporate Social Investment, the Executive Head of Corporate Affairs, and the CEO or his/her nominated alternate.

It is envisaged that each meeting will co-opt an additional member from either SAMSA Centres or mandatory to also appoint a marketing person to sit in all CSI meetings.

The committee will also invite an advisor (or advisors) to give expert input to its deliberations, but such advisors will have no vote in decision-making. Remuneration of advisors may not exceed R12, 000 plus travel expenses per Project Evaluation Committee meeting attended.

Three members in attendance are required to achieve a quorum for the Project Evaluation Committee.

SAMSA CORPORATE SOCIAL INVESTMENT JOURNEY

Corporate Social Investment Performance Highlights

MANDELA DAY

Nelson Mandela International Day was launched in recognition of former president Nelson Mandela's birthday on 18th July. The day was adopted as an international day in 2009 via a unanimous decision at the United Nations General Assembly. It was inspired by a call Nelson Mandela made in 2008, for the next generation to take on the burden of leadership in addressing the world's social injustices when he said; "it is in our hands now".

The South African Maritime Safety Authority (SAMSA) has since the proclamation been involved in observing the day by making an impact in the communities in which it operates. In 2017, once again SAMSA involved its staff in bringing relief in the communities in which it operates. The SAMSA CHANGE MAKERS, SAMSA Employee voluntarism initiative that was launched in 2015. In 2015 when this process was launched, it encouraged the CEO to choose his community as the launch pad activation to allow SAMSA as an organisation to then activate projects in their own regions

The theme this year is "Action against Poverty" in line with the overarching theme of Take Action, Inspire Change and Make every day Mandela Day.

Tsitsa Falls was chosen for the 19th July 2017 as the ideal place to hold the elderly blankets drive. It made business sense to consolidate its efforts for Mandela day in the Eastern Cape since all the projects have been so far hosted or activated in the Eastern Cape, such as the Ports Johns Project and youth development project. Whilst the project is a once- off, it was very important that whilst distributing the blankets it in line with SAMSA's third mandate, of ensuring that we create interest to all South African citizen. Tsitsa Falls was that feature that ensure that SAMSA brings awareness to the Municipality can realise opportunities that can be unlocked in marine tourism.

The eldest person being 98 years old was the first time visiting the Tsitsa falls and whilst the falls are within a walking radius to communities. SAMSA hosted 150 elderly people coming from in and around Qumbu, such as Tsolo because all these villages fall under one municipality. They collected from dedicated pick up points as agreed with the municipality. A sumptuous meal was prepared for them, whilst the department of health was on site to ensure that there are no eventualities that happen, taking into consideration their age. The elderly were also encouraged to check their blood pressure and sugar levels. The entire day was graced by all relevant stakeholders, such as the department of social development etc.

Internally here at SAMSA the activation started on the 3rd July 2017, announcing the blanket drive for Mandela day, encouraging all SAMSA offices to ensure that SAMSA joins in support against the plight of old and the vulnerable. The activation further highlighted dates of activation for different offices for the distribution of blankets.

Furthermore, there was also a set for the beneficiaries of blankets and it's as follows:

- 1. Previously disadvantage backgrounds
- 2. Homeless individuals
- 3. Orphanages
- 4. The elderly
- 5. Child Headed households
- 6. Widows
- 7. Widowers

We are proud to have achieved to some of the ideals and corporate social investment objectives set by the Father of our democracy Nelson Mandela

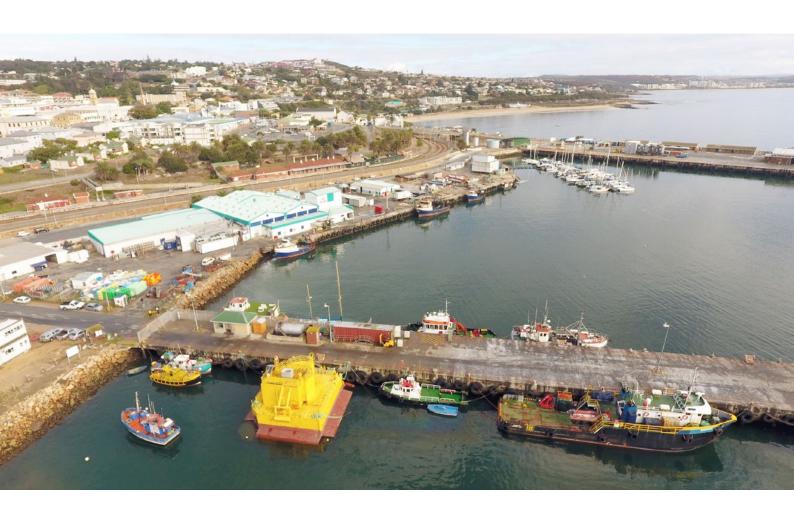








O 6 AUDITOR GENERAL'S REPORT



Report of the auditor-general to Parliament on South African Maritime Safety Authority

Report on the audit of the financial statements

Qualified opinion

- 1. I have audited the financial statements of the South African Maritime Safety Authority as set out on pages 189 to 301, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the South African Maritime Safety Authority as at 31 March 2018, 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 of South Africa 1999 (Act No.1 of 1999) (PFMA).

Basis for qualified opinion

Irregular Expenditure

3. Section 55(2)(d)(i) of the PFMA requires the entity to disclose in a note to the financial statements particulars of all irregular expenditure that occurred during the year. The entity did not have an adequate system for identifying and disclosing all irregular expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded in note 34 to the financial statements. Consequently, I was unable to determine the full extent of the adjustment necessary to the balance of irregular expenditure stated at R286 million (2017: R238 million) for the entity.

Commitments

4. I was unable to obtain sufficient appropriate audit evidence for commitments, as the entity did not maintain accurate and complete records of the contractual information used to determine commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R166 million (2017: R6.3 million) in the financial statements.

Context for the opinion

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

Other matter

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

Material non-compliance with the South African Maritime Safety Act of 1998

9. The entity currently does not have a Chief Executive Officer as required by section 22 (1) of the SAMSA Act since July 2016

Responsibilities of the accounting authority for the financial statements

10. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair

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

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

- 12. 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.
- 13. 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

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

- 15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 3 – Maritime Operations	Page 96
Programme 4 – Maritime Governance Enhancement	Page 97
Programme 5 – Maritime Sector Development Support	Page 97
Programme 6 – Seafarer Development and Welfare	Page 98

- 17. 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.
- 18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

Programme 3 - Maritime Operations

Programme 4 - Maritime Governance Enhancement

Programme 5 - Maritime Sector Development Support

Programme 6 - Seafarer Development and Welfare

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages Page 92 -98 for information on the achievement of planned targets for the year and explanations provided for the under / over achievement of a significant number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Maritime Sector Development. 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

- 22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 23 The material findings on compliance with specific matters in key legislations are as follows:

Annual financial Statements, performance report and annual report

- 24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) of the PFMA.
- 25. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were uncorrected resulted in the financial statements receiving a qualified opinion

Procurement and contract management

- 26. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Similar non-compliance was also reported in the prior year.
- 27. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.
- 28. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as information was not submitted for audit.
- 29. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.
- 30. Some of the contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3. This non-compliance was identified in the procurement processes for the Maritime Special Projects.

Expenditure Management

- 31. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion the value disclosed in note 34 of the financial statements does not reflect the full extent of the irregular expenditure. The full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure was caused by not following the procurement process regarding obtaining three quotations and inviting competitive bids.
- 32. Effective steps were not taken to prevent fruitless and wasteful expenditure as required by section 51(1)(b) (ii) of the PFMA.

Revenue management

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

Other information

- 34. The accounting authority is responsible for the other information. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 36. 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.
- 37. If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact.
- 38. No other material inconsistencies were identified in the other information. I have nothing to report in this regard.

Internal control deficiencies

39. 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 qualified opinion and the findings on compliance with legislation included in this report.

Leadership

- The Accounting Authority did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. This resulted in material findings being identified on the financial statements and compliance.
- The Accounting authority did not adequately develop and monitor the implementation of action plans
 to address internal control deficiencies. This is evidenced by repeat findings which resulted in an
 unchanged audit outcome.

There is currently no Chief Executive officer within the entity which has resulted in a poor internal
control environment and inadequate consequence management against officials who incurred and
permitted irregular expenditure and fruitless and wasteful expenditure. This resulted in repeat noncompliance findings and no officials have been held accountable.

Financial and performance management

- The documents supporting the financial statements and compliance with legislations are not in all instances properly filed and easily retrievable due to an ineffective document management system. There have been delays with the information required for audit purposes and some of the information not submitted at all resulting in a material limitation of scope. This significant deficiency has not been addressed despite it being raised in the prior year.
- Effective controls have not been designed and implemented to ensure that all relevant laws and regulations are being complied when procuring goods and services.

Pretoria

31 July 2018



Auditor - General

Auditing to build public confidence

Annexure -

Auditor-general's responsibility for the audit

 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 entity's compliance with respect to the selected subject matters.

Financial statements

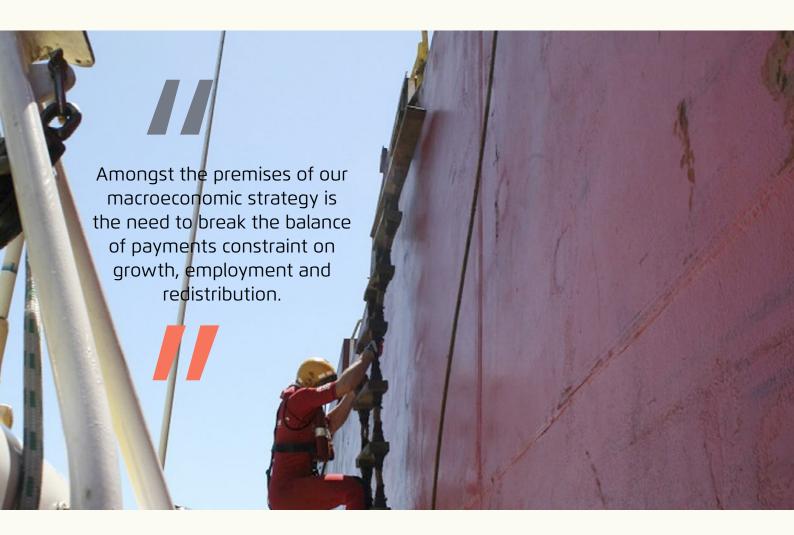
- 2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 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 board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the South African Maritime Safety Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern

• evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

CHIEF FINANCIAL OFFICER'S REPORT

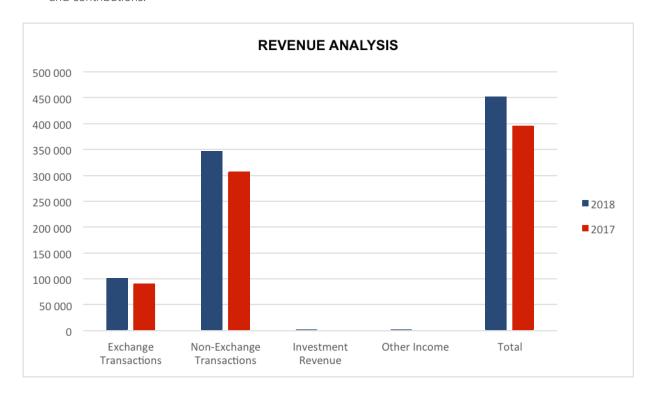


CHIEF FINANCIAL OFFICER REPORT

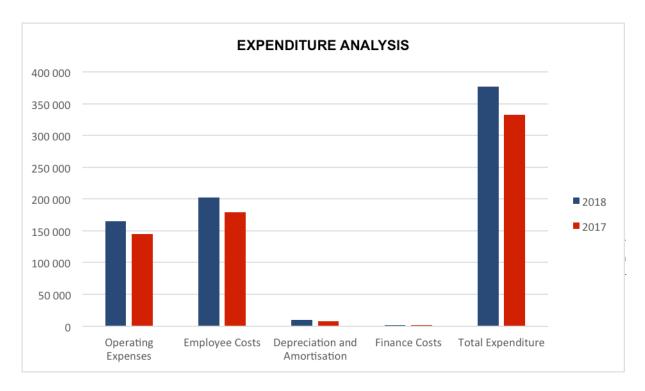
1 OVERVIEW: STATEMENT OF FINANCIAL PERFORMANCE

A summary of the financial performance for the 2017/2018 financial year is as follows:

- SAMSA generated a surplus of R71m compared with a surplus of R63m the previous financial year;
- Revenue of R446m is R52m (13.2%) higher than the R394m of the previous financial year, despite the
 tariff adjustments only being effected from 1 December 2017 instead of 1 April 2017. The increase in
 revenue is mainly attributable to an increase in non-exchange revenue, consisting of the SAMSA levies
 and contributions.



Expenditure of R377m is R45m (13.6%) higher than the R332m of the previous financial year. Employee related costs increased with 13.1% from the previous year, mainly due to a reduction in the bonus provision in the previous year. Operating expenses increased with 14% from the previous year, mainly due to higher expenses related to SA Agulhas, which has been partially recovered through increased revenue earned.



2. OVERVIEW: STATEMENT OF FINANCIAL POSITION

The current year's surplus has resulted in the accumulated deficit of R10m in the previous financial year turning to an accumulated surplus of R61m. This has strengthened the balance sheet and alleviated the concerns about the Authority's ability to continue as a going concern.

The cash position has improved from R44m in the previous financial year to R63m.

Debtor Days of 58 days is worse than the 34 days of the previous financial year due to levies which were received late after the year end.

3. **FUTURE OUTLOOK**

The future outlook is promising as the financial performance and balance sheet is strengthened through improved processes and systems.

Signature

Interim Chief Financial Officer

Mr. Devendra Erriah



Financial Statements for the year ended 31 March 2018 Index

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

	Page
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Accounting Authority's Report

Accounting Authority's Responsibilities and Approval

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.

Accounting Authority's Report

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 167-175.

The financial statements set out on pages 189 to 301, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 May 2018 and were signed on its behalf by:

Mr. Mavuso Msimang Board Chairperson

Accounting Authority's Report

The Authority Authority submits its report for the year ended 31 March 2018.

1. Incorporation

The entity was incorporated under Act 5 of 1998 on 01 April 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

Accounting Authority's Report

- 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 for The Authority is also the custodian of the Maritime Fund. Net surplus of the entity is R70 999 000 (2016/17: R62 702 000).

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.

Accounting Authority's Report

6. Accounting Authority

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

M	Hendriks - Board Member	Appointed 1 January 2014	Term ended 31 July 2017
N	Cele - Board Member	Appointed 1 January 2014	
M	Burton - Board Member	Appointed 1 July 2015	
А	Molemane - Board Member	Appointed 1 July 2015	
M	Msimang - Board Chairperson	Appointed 1 July 2015	
S	Tilayi - Acting Chief Executive Officer	Appointed 25 May 2016	Term ended 24 May 2017
FA	Jacobs - Board Member	Appointed 1 January 2014	Term ended 31 July 2017

7. Secretary

The secretary of the entity is Mr. Moyahabo V Raphadu.

8. Corporate governance

General

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

The Accounting Authority confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The Accounting Authority discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

Accounting Authority's Report

Board of directors

The Board:

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

Chairperson and chief executive

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

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

Non-Executive meetings

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

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

Audit and Risk committee

The Audit Committee is chaired by Mr M Burton and comprises of one other non-executive director, Ms A S Molemane. Two additional independent non-board members, Mr S P Simelane and Ms A Chowan, are members of the of the Audit Committee.

Accounting Authority's Report

Internal audit

The entity has outsourced its internal audit function to Sekela Xabiso Chartered Accountants who succeeded Sizwe Ntsaluba Gobodo Chartered Accountants who was the entity's previous internal auditors. This is in compliance with the Public Finance Management Act (PFMA).

9. Controlling entity

The entity's controlling body is The Department of Transport (DOT).

10. Bankers

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

11. Auditors

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

Statement of Financial Position as at 31 March 2018

		2018	2017
	Notes (s)	′000	′000
Assets			
Current Assets			
Inventories	7	295	438
Receivables from exchange and non-exchange transactions	8	7 378	6 432
Receivables from non-exchange transactions	8	58 816	28 342
Prepayments	5	2 117	1 582
Cash and cash equivalents	9	63 150	43 590
		131 756	80 384
Non-Current Assets			
Property, plant and equipment	2	28 904	28 575
Intangible assets	3	1 859	3 527
		30 763	32 102
Total Assets		162 519	112 486

Statement of Financial Position as at 31 March 2018

		2018	2017
	Notes (s)	′000	′000
Liabilities			
Current Liabilities			
Payables from exchange and non-exchange transactions	13	49 109	66 273
Payables from non-exchange transactions	13	6 283	6 804
Employee benefit obligation	4	903	884
Unspent conditional grants and receipts	11	-	3 244
Provisions	12	27 457	24 737
		83 752	101 942
Non-Current Liabilities			
Employee benefit obligation	4	18 098	20 873
Total Liabilities		101 850	122 815
Net Assets		60 669	(10 329)
Reserves			
Revaluation reserve	10	136	136
Accumulated surplus		60 533	(10 465)
Total Net Assets		60 669	(10 329)

Statement of Financial Performance

		2018	2017
	Note(s)	'000	'000
Revenue - exchange transactions	14	99 626	88 614
Revenue - non exchange transactions	14	345 912	305 401
Cost of sales	19	(96)	-
Gross surplus		445 442	394 015
Other income	15	2 757	1 121
Operating expenses		(167 558)	(145 008)
Depreciation and amortisation	2	(9 068)	(7 589)
Employee Costs	17	(202 623)	(179 086)
Operating surplus	23	68 950	63 453
Investment revenue	16	2 534	688
Fair value adjustments	20	(324)	(245)
Finance costs	18	(161)	(1 194)
Surplus for the year		70 999	62 702

Statement of Changes in Net Assets

	Revaluation	Accumulated	Total net
	reserve	surplus	assets
	'000	'000	'000
Balance at 01 April 2016	1 711	(73 280)	(71 569)
Changes in net assets Surplus for the year	-	62 702	62 702
Prior year adjustments	(1 575)	113	(1 462)
Total changes	(1 575)	62 815	61 240
Balance at 01 April 2017	136	(10 465)	(10 329)
Changes in net assets Surplus for the year	-	70 999	70 999
Other adjustments	-	(1)	(1)
Total changes	-	70 998	70 998
Balance at 31 March 2018	136	60 533	60 669

Cash Flow Statement

		2018	2017
	Note(s)	'000	'000
Cash flows from operating activities	14010(3)		000
cash hows from operating activities			
Receipts			
Levies & Charges		411 876	396 226
Interest income		2 534	648
		414 410	396 874
Payments			
Finance costs		(161)	(1 194)
Other payments		(386 748)	(352 309)
		(386 909)	(353 503)
Net cash flows from operating activities	24	27 501	43 371
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(7 806)	(5 868)
Proceeds from sale of property, plant and equipment	2	29	91
Purchase of other intangible assets	3	(162)	(2 259)
Net cash flows from investing activities		(7 939)	(8 036)
Net increase/(decrease) in cash and cash equivalents		19 562	35 335
Cash and cash equivalents at the beginning of the year		43 590	8 255
Other		(2)	-
Cash and cash equivalents at the end of the year	9	63 150	43 590

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis					
Budget on Accident Budge	Approved budget '000	Adjust- ments '000	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual '000
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Government Service Fees	8 345		8 345	12 965	4 620
Service charges	86 475	-	86 475	66 991	(19 484)
SA Agulhas Charter Fees	5 040	-	5 040	19 670	14 630
Other income	-	-	-	2 757	2 757
Interest received - investment	-	-	-	2 534	2 534
Total revenue from exchange transactions and other income	99 860	-	99 860	104 917	5 057
Revenue from non-exchange transaction	ons				
Taxation revenue					
SAMSA Levies	275 975	-	275 975	317 343	41 368
Contributions	13 855	-	13 855	25 893	12 038
Fines & Penalties	-	-	-	2 676	2 676
Total revenue from non- exchange transactions	289 830	-	289 830	345 912	56 082
Total revenue	389 690	-	389 690	450 829	61 139

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis					
	Approved budget '000	Adjust- ments '000	Final Budget '000	Actual amounts on comparable basis '000	Difference between final budget and actual '000
Expenditure					
Personnel	(179 606)		_ (179 606)	(201 377)	(21 771)
External audit fees	(3 840)		(3 840)	(5 136)	(1 296)
Internal audit fees	(1 200)		_ (1 200)	(1 225)	(25)
Computer expenses	(7 535)		_ (7 535)	(4 994)	2 541
Depreciation and amortisation	(17 079)		_ (17 079)	(9 068)	8 011
Awareness programmes	(4 761)		_ (4 761)	(2 697)	2 064
Commission Paid	(6 600)		_(6 600)	(9 316)	(2 716)
Conferences	(4 055)		_ (4 055)	(1 441)	2 614
Consulting	(11 022)		_ (11 022)	(5 832)	5 190
Contingency fees	(361)		_ (361)	(1 745)	(1 384)
Donations/Corporate Social Responsibility	(1 407)		₋ (1 407)	10	1 417
Directors remuneration	(1 970)		(1 970)	(1 246)	724
Implementation costs	(1 750)		_ (1 750)	(1 138)	612
Insurance	(1 840)		_ (1 840)	(1 781)	59
Lease costs	(1 742)		_ (1 742)	(743)	999
Legal Fees	(1 730)		_ (1 730)	(1 146)	584
Licence fees	(9 560)		-(9 560)	(4 550)	5 010
Office alterations	(2 666)		_ (2 666)	(2 586)	80
Office Security	(2 366)		_ (2 366)	(1 838)	528
Publications	(858)		_ (858)	(631)	227
Printing and stationery	(4 802)		₋ (4 802)	(5 597)	(795)
Rent	(35 136)		₋ (35 136)	(36 174)	(1 038)

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis					
	Approved budget '000	Adjust- ments '000	Final Budget	Actual amounts on comparable basis '000	Difference between final budget and actual '000
Scholarships	(750)	-	(750)	(1 927)	(1 177)
Partnership programmes	(20 300)	-	(20 300)	(2 790)	17 510
Projects	(10 051)	-	(10 051)	(1 922)	8 129
Research	(1 272)	-	(1 272)	-	1 272
Staff recruitment	(1 007)	-	(1 007)	(369)	638
Staff Training	(5 184)	-	(5 184)	(5 629)	(445)
Mileage Costs	(2 632)	-	(2 632)	(3 010)	(378)
Cleaning services	(1 369)	-	(1 369)	(651)	718
Telephone costs	(7 477)	-	(7 477)	(4 996)	2 481
Travel - local	(17 882)	-	(17 882)	(20 422)	(2 540)
Travel - overseas	(8 285)	-	(8 285)	(3 946)	4 339
Marine Interventions	(1 450)	-	(1 450)	-	1 450
Ship Registration Promotion	(600)	-	(600)	-	600
SA Agulhas Costs	-	-		(27 840)	(27 840)
Other expenses	(9 545)	-	(9 545)	(5 753)	3 792
Total expenditure	(389 690)		(389 690)	(379 506)	10 184
Operating surplus	-			- 71 323	71 323
Fair valuation	-	-		(324)	(324)
Surplus for the year	-	-		70 999	70 999
Surplus for the year	-			70 999	70 999

Accounting Policies

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.

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

Accounting Policies

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.

Fair value estimation

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Post retirement benefits

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

Accounting Policies

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

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

Effective interest rate

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

Allowance for doubtful debts

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

1.5 Property, plant and equipment

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

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

- 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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Leasehold property	Straight line	9 years
Ship	Straight line	5 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years

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

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.

Accounting Policies

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

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Accounting Policies

1.6 Intangible assets

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:

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

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

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

1.7 Financial instruments

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

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

Accounting Policies

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

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

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

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

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

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

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

Accounting Policies

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

A financial asset is:

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

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

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

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

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

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

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

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

Accounting Policies

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

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

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

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

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

Accounting Policies

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Accounting Policies

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies

Accounting Policies

as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Accounting Policies

impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Presentation

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

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.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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.

Accounting Policies

1.8 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.

Accounting Policies

1.9. Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any writedown 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.

Accounting Policies

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return.

Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher 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.

Accounting Policies

Identification

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

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

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

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the entity:

- ü 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

Accounting Policies

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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units that are affected by the internal transfer pricing.

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

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.

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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-

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cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return.

Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

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

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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.

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

Value in use

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or 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.

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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.

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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.

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1.12 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;
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

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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.

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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 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.

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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.

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

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

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

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

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

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The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the 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 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.

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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

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of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

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

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

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date: or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

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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.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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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 liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

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.

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.

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Where a fee is received by the entity for issuing a financial 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.

1.14 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.

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1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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

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

Accounting Policies

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

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.

Accounting Policies

1.16 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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.

Accounting Policies

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

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

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

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

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.

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.

Accounting Policies

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.

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 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.

Accounting Policies

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.

1.17 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.18 Investment income

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

1.19 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Accounting Policies

1.19 Accounting by principals and agents (continued)

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

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

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

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

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

Accounting Policies

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.20 Translation of foreign currencies Foreign currency transactions

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

At each reporting date:

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

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

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

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

Accounting Policies

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

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Accounting Policies

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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

1.24 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.

Accounting Policies

Measurement

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

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

1.25 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.

Accounting Policies

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

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

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

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

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.

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

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

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

Accounting Policies

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 Rounding Off

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

1.30 Use of estimates

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Accounting Policies

1.31 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.

1.32 Tax

The Authority is exempt from income tax in terms of section 10(1)(CA)(i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

The Authority is registered as an employer in terms of the PAYE provisions of the Income Tax Act. As from 01 April 2005 the Authority has been de-registered from VAT.

1.33 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.

1.34 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 the Financial Statements

2. Property, plant and equipment

		2018 '000			2017 '000	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	525	-	525	525	-	525
Buildings	3 945	(1 036)	2 909	3 945	(821)	3 124
Leasehold property	8 116	(4 079)	4 037	8 116	(3 060)	5 056
Furniture and fixtures	15 049	(7 751)	7 298	13 277	(6 512)	6 765
Motor vehicles	3 872	(2 668)	1 204	2 814	(2 323)	491
Office equipment	4 062	(2 934)	1 128	3 866	(2 725)	1 141
IT equipment	24 509	(17 469)	7 040	20 872	(15 320)	5 552
Computer software	-	-	-	19 513	(19 497)	16
SA Agulhas - Ship	30 342	(25 579)	4 763	30 342	(24 437)	5 905
Total	90 420	(61 516)	28 904	103 270	(74 695)	28 575

	y, plant and	- 2018				
equipment		Opening balance	Additions	Disposals	Depreciation	Tota
Land		525	-	-	-	525
Buildings		3 124	-	-	(215)	2 909
Leasehold property		5 056	-	-	(1 019)	4 037
Furniture and fixtures		6 765	1 896	(38)	(1 325)	7 298
Motor vehicles		491	1 058	-	(345)	1 204
Office equipment		1 141	475	-	(488)	1 128
IT equipment		5 552	4 195	(21)	(2 686)	7 040
Computer software		16	-	-	(16)	-
SA Agulhas - Ship		5 905	-	-	(1 142)	4 763
		28 575	7 624	(59)	(7 236)	28 904
	y, plant and equi	pment -				
Reconciliation of propert 2017			D: 1			T
	Opening	pment - Additions	Disposals	Revaluations	Depreciation	Total
2017	Opening balance		Disposals		Depreciation	
	Opening		Disposals	Revaluations (1 575)	Depreciation -	Total 525
2017	Opening balance		Disposals -		·	
2017 Land	Opening balance 2 100		Disposals - -		-	525
2017 Land Buildings	Opening balance 2 100 3 340		Disposals (14)		(216)	525 3 124
Land Buildings Leasehold property	Opening balance 2 100 3 340 5 953	Additions	- - -		(216) (897)	525 3 124 5 056 6 765
Land Buildings Leasehold property Furniture and fixtures	Opening balance 2 100 3 340 5 953 7 702	Additions 309	- - - (14)		(216) (897) (1 232)	525 3 124 5 056 6 765 491
Land Buildings Leasehold property Furniture and fixtures Motor vehicles	Opening balance 2 100 3 340 5 953 7 702 377	Additions 309 315	- - (14) (7)		(216) (897) (1 232) (194)	525 3 124 5 056 6 765 491 1 141
Land Buildings Leasehold property Furniture and fixtures Motor vehicles Office equipment	Opening balance 2 100 3 340 5 953 7 702 377 1 198	Additions 309 315 426	(14) (7) (23)		(216) (897) (1 232) (194) (460)	525 3 124 5 056
Land Buildings Leasehold property Furniture and fixtures Motor vehicles Office equipment IT equipment	Opening balance 2 100 3 340 5 953 7 702 377 1 198 2 783	Additions 309 315 426	(14) (7) (23)		(216) (897) (1 232) (194) (460) (2 029)	525 3 124 5 056 6 765 491 1 141 5 552

Notes to the Financial Statements

2. Property, plant and equipment (continued) Revaluations

The effective date of the revaluations was 31 March 2017. Revaluations were performed by independent valuer, Mr AS Moyce (N.Dip - Real Estate, Property Valuations), Professional Valuer of PLM Quantity Surveyors and Valuers. PLM Quantity Surveyors are not connected to the entity.

Land and buildings are re-valued independently every 5 years.

The valuation was performed using the comparative sample method of sales of similar properties in the immediate area or similar areas.

These assumptions were based on current market conditions.

The revaluations were carried in March 2017 but previously a decision had been made not to adjust the values to reflect the revalued amounts. A decision has now been made to adjust the figures based on the valuation report retrospectively.

	2018	2017
	′000	'000
Details of properties		
East London Property		
- Purchase price:	4 334	4 334
Additions since purchase or valuation	136	136
	4 470	4 470

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

Notes to the Financial Statements

3. Intangible assets

	2018			2017			
		′000			′000		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software, other	16 837	(14 978)	1 859	15 171	(11 644)	3 527	
Reconciliation of intangible	assets - 2018						
			Opening balance	Additions	Amortisation	Total	
Computer software, other			3 527	162	(1 830)	1 859	
Reconciliation of intangible	assets - 2017						
			Opening balance	Additions	Amortisation	Total	
Computer software, other			2 599	2 259	(1 331)	3 527	

Notes to the Financial Statements

2018	2017
′000	′000

4. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The Authority operates a defined benefit plan for qualifying employees. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out in March 2017 by an Alexander Forbes actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

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

	19 001	21 757
Expected Employer Payments/(Benefit)	(923)	(812)
Actuarial (gain)/loss	(4 201)	242
Interest cost	2 043	1 979
Current service cost	325	323
Opening balance	21 757	20 025

	2018	2017
	′000	′000
Net expense recognised in the statement of financial performance		
Current service cost	325	323
Interest cost	2 043	1 979
Actuarial (gains) losses	(4 201)	242
Expected employer benefit payments	(923)	(812)
	(2 756)	1 732
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(4 201)	242

				2018	2017
				'000	′000
Key assumptions used					
Assumptions used at the reporting date:					
Average retirement age for males				65,00	60,00
Discount rates used				9,60	9,60
Consumer Price Index Inflation				5,80	7,10
Medical cost trend rates				7,60	9,00
Expected increase in salaries				6,20	8,60
Continuation of membership at retirement - number of employees In service members				12,00	11,00
Other assumptions				12,00	13,00
Amounts for the current and previous four years are as follows:					
	2018	2017	2016	2015	2014
	R000	R000	R000	R000	R000
Defined benefit obligation	19 001	21 757	20 025	19 274	16 104
Present obligation in excess of plan assets	19 001	21 757	20 025	19 274	16 104
In respect of present value of obligations	170	(546)	(339)	(664)	2 169

Notes to the Financial Statements

2018	2017
′000	′000

Employee benefit obligations (continued)

Defined contribution plan

The entity is under no obligation to cover any unfunded

Health Care Cost Inflation	The Central Assumption	-1%	+1%
	8.00%		
Accrued liability 31 March 2018 (R'm)	19.001	16.707	21.827
% change	-	-12.1%	+14.9%
Current Service Cost + Interest cost (R'm)	1.972	1.709	2.302
% change		-13.3%	+16.7%
Sensitivity Results from Previous Valuation	Central Assumption 9.10%	-1%	+1
Current Service Cost + Interest			
Cost 2017/18 (R' million) % change	2.368	2.029 -14.3% +5%	2.797 +18.1% +10%
	Central Assumption 8.00%	for 5yrs	for 5yrs
Accrued Liability 31 March 2018 (R' m)	19.001	23.191	28.151
% change	-	+22.1%	+48.2%
Discount Rate	Central Assumption 9.30%	-1%	+1%
Accrued Liability 31 March 2018 (R' m)	19.001	21.859	16.719
% change	-	+15.0%	-12.0%
	Central Assumption 60 years	1 year younger	1 year older
	19.001	19.425	18.636
Accrued Liability 31 March 2018 (R' m)			
% change	-	+2.2%	-1.9%.

Notes to the Financial Statements

·	
2018	2017
′000	'000

5. Prepayments

The amount represents goods and services which were paid for in advance and were delivered or provided for after year-end respectively. In each and every instance, there was a requirement for payment to be made in advance and thus in compliance of Treasury Regulations.

The prepayments were for products and services which had been paid for but not yet delivered or provided respectively, and for insurance for the assets and resources of the organisation.

Prepayments 2 117 1 582

Notes to the Financial Statements

6. Change in Accounting Estimates

The useful lives of all the asset classes have been reviewed which resulted in the the extension of the period. The effect of this change in accounting estimate has resulted in the decrease in depreciation. The effect on the prior period is shown below:

	2018 ′000	2017 ′000
Statement of Financial Position		
SA Agulhas Accumulated Depreciation	5	4 357
SA Agulhas Depreciation	(5)	(4 357)
Equipment - Accumulated Depreciation	19	-
Equipment - Depreciation	(19)	-
Computer Software - Accumulated Depreciation	58	-
Computer Software - Depreciation	(58)	-
Computer Equipment - Accumulated Depreciation	153	-
Computer Equipment - Depreciation	(153)	-
Furniture & Fittings - Accumulated Depreciation	6	-
Furniture & Fittlings - Depreciation	(6)	-
	-	-

Notes to the Financial Statements

2018	2017
'000	′000

7. Inventories

Finished goods - Books

Inventories recognised as cost of sales during the year 295 438

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

Inventories recognised as cost of sales during the year 96

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

8. Receivables from exchange and non-exchange transactions

	66 193	34 774
Discounting of receivables	(590)	(342)
Staff travel advances	215	52
Provision for doubtful debts	(7 948)	5 069)
Other debtors	1 380	567
Maritime Fund Receivables	57	49
Deposits	2 136	2 289
Trade debtors	70 943	37 228

Notes to the Financial Statements

2018	2017
′000	'000

Fair value of trade and other receivables

The fair value of trade debtors have been derived by calculating the present value of the amounts owing using the current prime interest rate on the assumption that they will be paid within 30 days after year-end.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2018, the following amounts were past due but not impaired.

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

1 month past due	23 573	4 221 2
months past due	763	517 3
months past due	8 590	261

Trade and other receivables provisions

As of 31 March 2018, a portion of trade and other receivables were impaired and provided for. A portion of the long outstanding debtors was not impaired due the to fact that amount is matched by unknown deposits which have not been allocated to debtors.

The ageing of these debtors is as follows:

4 months and above	5 705	5 069
Receivables from non-exchange transactions		
SAMSA Levies	58 816	28 342
Receivables from exchange transactions		
Trade and other receivables	9 620	6 432

Notes to the Financial Statements

2018	2017
′000	'000

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	63 150	43 590
Bank balances	63 053	43 499
Cash on hand	97	91

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

10 804 8 100

Bank balances and cash comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest risk. The carrying amount of these assets approximates their fair value.

As required in Section 7(3) of the Public Finance Management Act and Treasury Regulation 31.2.1, the National Treasury has approved the local bank where the bank accounts are held. The bank balance includes R10.8 million held in the Maritime Fund bank accounts.

10. Revaluation reserve

Opening balance	136	1 711
Change during the year	-	(1 575)
	136	136
Revaluation surplus relating to property, plant and equipment		
Revaluation surplus beginning of period	136	1 711
Movements in the reserve for the year	-	(1 575)
	136	136

Notes to the Financial Statements

2018	2017
′000	'000

11. Unspent conditional grants and receipts

The amounts recognised in the income statement during the course of the financial year related to the grant given to SAMSA by the Office of the Premier: Eastern Cape which was utilised in line with the grant conditions.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Grant	-	3 244
Movement during the year		
Balance at the beginning of the year Additions during the year Income recognition during the year	3 244 - (3 244)	1 322 3 244 (1 322)
	-	3 244

Notes to the Financial Statements

201	8 2017
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12. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	9 233	2 828	(1 615)	10 446
Provision for bonuses	15 504	1 507	-	17 011
	24 737	4 335	(1 615)	27 457

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Onerous contract	2 792	-	(1 565)	(1 227)	-
Leave pay provision	8 077	2 447	(1 291)	-	9 233
Provision for bonuses	26 260	-	(6 623)	(4 133)	15 504
	37 129	2 447	(9 479)	(5 360)	24 737

Leave pay, service bonus and onerous contract

The leave pay provision and service bonus provisions are based on the liability for the current leave cycle not utilised and bonuses payable respectively.

Notes to the Financial Statements

2018	2017
′000	'000

13. Payables from exchange and non-exchange transactions

Trade payables	23 862	19 411
Lease liability	13 806	11 093
Accruals	820	28 979
Purchase order accruals	339	18
Other payables	14 160	12 162
Creditors discounting	(147)	(224)
Travel credit card	2 552	1 639
	55 392	73 078
Trade payables from exchange transactions		
Trade payables	49 109	66 273
Trade payables from non exchange transactions Maritime Fund Unallocated deposits	6 283	6 804

These funds were collected for the Maritime Fund fines and penalties and the cases have not been finalised as yet.

Notes to the Financial Statements

2018	2017
′000	′000

14. Revenue

Revenue received	445 538	394 015
The amount included in revenue arising from exchange of goods or services are as follows:		
Direct user charges	66 991	64 394
Government Service Fees	12 965	7 584
SA Agulhas Charter Fees	19 670	16 636
	99 626	88 614
The amount included in revenue arising from non-exchange transactions is as follows:		
SAMSA Levies	317 343	298 087
Fines & Penalties	2 676	1 020
Contributions	25 893	6 294
	345 912	305 401

Invoices on which no charges were levied

In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges (revenue of the Authority) amounting to R404 000 (2016/17: R233 000) to deserving organisations.

		2018	2017
		′000	'000
15.	Other income		
	Discount received	1	220
	Decrease in post medical liability	2 756	-
	Foreign exchange gain	-	874
	Profit on disposal of assets	-	27
		2 757	1 121
16.	Investment income		
	Interest revenue		
	Bank	2 508	688
	Interest charged on trade and other receivables	26	
		2 534	688

Notes to the Financial Statements

2018	2017
′000	'000

17. Employee and board related costs

	202 623	179 086
Funeral policies	44	47
Housing benefits and allowances	176	179
Car allowance	645	751
13th Cheques	13 441	11 789
Long-service awards	89	62
Defined contribution plans	22 040	19 287
Leave pay provision charge	2 827	2 396
SDL	1 622	1 583
WCA	1 257	986
UIF	509	485
Medical aid	2 178	1 930
Bonus	1 508	(4 133)
Basic	156 287	143 724

18. Finance costs

Trade and other payables	161	1 194

19. Cost of sales

Sale of goods	96	-
Cost of goods sold		

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

Notes to the Financial Statements

2018	2017
′000	'000

20. Fair value adjustments

	(324)	(245)
Fair value - debtors	(247)	(41)
Fair value - creditors	(77)	(204)

The fair valuation adjustment on debtors increased by R247 000 from R342 000 to R589 000.

The fair valuation adjustment on creditors decreased by R77 000 from R224 000 to R147 000.

21. External auditors' remuneration

Fees **5 136 4 352**

Notes to the Financial Statements

2018	2017
′000	'000

22. Operating lease

Office Buildings

Port Nolloth

The Authority entered into the new lease agreement with South African Post Office SOC Limited, the initial lease agreement is for 5 (five) years which commenced on 1st March 2017 and the termination date is 28th February 2022 with escalation of 8% per annum

Pretoria

The Authority entered into a lease agreement with All Top Properties. The initial lease period is for 9 years and 11 months which commenced on the 1 September 2013 and the Termination date is 31 July 2023 with the escalation of 7.5% per annum.

Saldanha

The Authority entered into a lease agreement with National Port Authority for its offices in Saldanah bay, the initial lease is for 5 years which commenced on the 1st October 2014 and the Termination date is 30th September 2019. The escalation percentage is 9%.

Durban

JHI contract expired on the 30 September 2016 and the Authority is currently on a month to month agreement while the lease agreement is being finalized.

Richards Bay

The Authority entered into the new lease agreement with Tuzi Gazi Waterfront (Pty) Ltd, the initial lease agreement is for 5 (five) years which commenced on 1st January 2017 and the termination date is 31st December 2021 with escalation of 7% per annum.

Mossel Bay

The Authority entered into the new lease agreement with Plaza Aquada cc, the initial lease agreement is for 5 (five) years which commenced on 1st February 2017 and the termination date is 31st January 2022 with escalation of 7% per annum.

Port Elizabeth

The Authority entered into a lease agreement with Rikett Sales for Port Elizabeth port office, the initial lease period is for 5 years which commenced on the 1 May 2013 and the termination date 30 April 2018 with the escalation of 10% per annum also with the renewal period of 1 year upon the same terms and conditions.

Port Elizabeth Regional

The Authority entered into a lease agreement with Rickett Sales SA (PTY) LTD for premises comprising of the First and Second Floor units at 1 A Humewood Road, Humerail, Bay Suites, Port Elizabeth. The initial lease period is five years which commenced on 1 July 2013 and the termination date 30 June 2018 and three months' notice is required prior to termination of the lease agreement. The escalation percentage in the lease agreement is 10%.

Port of Nggura

The Authority entered in the new lease agreement with Transnet National Port Authority for Port of Ngqura, the initial lease period is for 5 years which commenced on the 1 December 2015 and the termination date 30 November 2020 with the escalation of 9%per annum also with the renewal period of 1 year upon the same terms and conditions.

Cape Town

The Authority entered into the new lease agreement with Spear One, the initial lease agreement is for 3 (three) years and 9 months which commenced on 1st July 2017 and the termination date is 31st March 2021 with escalation of 7% per annum

MRCC Cape Town

The Authority entered into a new lease agreement with Tyger Hills Office Park/Parkdev. The initial lease period is for 3

Notes to the Financial Statements

2018	2017
'000	'000

22. Operating lease (continued)

years which commenced on the 1 February 2015 and expired on 31st January 2018. The escalation rate is 8% per annum and since the 1st of February 2018 the entity is on a month to month contract.

Future minimum lease rentals payable under non-cancellable leases as at

31 March 2018 are as follows:

	113 119	106 637
5 to 10 years	6 482	6 425
2 to 5 years	84 479	83 021
Up to 1 year	22 158	17 191

Office Equipment

The Authority has commercial leases on certain office equipment. These leases have an average of between 2 and 5 years with no renewal option included in the contracts. There are no renewal restrictions placed upon the lessee by entering into these leases.

Future minimun lease rentals payable under non- cancellable operating

leases on equipment as at 31 March 2018 are as follows:

	1 212	838
2 - 5 years	761	502
Up to 1 year	451	336

23. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2018	2017
	′000	′000
23. Operating surplus (continued)		
Operating lease charges		
Premises		
Contractual amounts	36 174	34 433
Equipment		
Contractual amounts	743	928
Awareness Programmes & Advertising	2 697	1 302
Auditors remuneration	5 136	4 352
Computer expenses	4 994	5 404
Consulting Fees	5 832	5 285
Conferences & seminars	1 441	1 525
Telephone & Fax	4 996	7 143
Training	5 629	3 268
Travel - overseas	3 946	2 522
Travel - Local	20 422	14 036
Internal audit fees	1 225	1 088
Depreciation	9 068	7 589
Employee costs	202 623	179 086
Printing & stationery	5 597	4 181
Office Alterations/Repairs & Maintenance	2 586	1 313
Partnership Programmes	2 790	3 554
Projects	1 922	1 796
Commission paid on SAMSA Levies	9 316	8 495
Marine interventions	-	94
Surveyor/mileage claims	3 010	1 797
Insurance	1 781	1 716
Donations/Corporate Social Responsibility	(10)	329
Implementation costs	1 138	605
SA Agulhas expenses	27 840	19 681
Scholarship Programmes	1 927	1 703
Other expenditure	16 426	18 453
	379 249	331 678

	2018	2017
	′000	′000
24. Cash generated from operation	S	
Surplus Adjustments for:	70 999	62 702
Depreciation and amortisation	9 068	7 589
Gain on foreign exchange Fair value adjustments	- 324	(874)
Movements in retirement benefit assets and liabilities	(2 756)	1 732
Movements in provisions	2 720	(12 392)
Other non-cash items	-	3
Assets disposed	-	(27)
Changes in working capital: Inventories	143	(229)
Receivables from exchange and non- exchange transactions	(31 419)	1 880
Prepayments	(535)	(979)
Payables from exchange and non- exchange transactions	(17 686)	(21 681)
Unspent conditional grants and receipts	(3 244)	1 922
Prior period adjustment	(113)	3 725
	27 501	43 371

Notes to the Financial Statements

2018	2017
′000	′000

25. Financial instruments disclosure

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

Financial risk management

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

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared to give an indication of periods during which liquidity problems are expected.

Interest rate risk.

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

	76 194	5 287
Trade and other payables	(55 392)	(73 077)
Trade and other receivables	68 436	34 774
Cash and cash equivalents	63 150	43 590

Credit risk

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

Notes to the Financial Statements

2018	2017
′000	′000

Trade and other receivables - 2017/18 - R68.4 million (2016/17 - R34.7 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:

	_	-	
C .			
Current			

	70 638	37 228
Over 120 days	7 948	5 829
91 - 120 days	8 590	261
61 - 90 days	763	517
31 - 60 days	23 573	4 221
Current	29 764	26 400

Foreign exchange risk

Trade debtors - age analysis

The entity does not hedge foreign exchange fluctuations. Fair values

The Authority's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliablymeasured 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.

Notes to the Financial Statements

	2018	2017
	′000	′000
26. Commitments		
Authorised operational expenditure		
Already contracted for and provided for		
Expenditure	166 168	6 300
Total operational commitments		
Already contracted for but provided for	166 168	6 300
Total commitments		
Total commitments		
Authorised operational expenditure	166 168	6 300

This committed expenditure relates to operational expenditure and will be financed by retained surpluses, existing cash resources, funds internally generated, etc.

27. Contingent Liabilities

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. No such disputes were identified during the assessment.

28. Related parties

During the year, the Authority continued to provide maritime and rescue coordination and other services on behalf of the Department of Transport as agreed in the memorandum of understanding signed between the agency and the department respectively. Fees for those services received from the department amounted to R13.0 million in the current financial year (2016/17: R7.5 million).

Notes to the Financial Statements

2018	2017
′000	′000

The Authority also has an agreement with the National Ports Authority (NPA) for the collection of SAM-SA levies. NPA charges a commission of 2.5% for the collection of the levies and the revenue collected during this period was R317.3 million (2016/17: R298.1 million). Commission charged on the transactions amounted to R8.5 million (2016/17: R9.3 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.

Related party balances

Owing (to) by related parties

Transnet National Ports Authority (TNPA)	58 816	28 342
Department of Transport (DOT)	-	(22 168)
Office of the Premier: Eastern Cape	-	(3244)

These balances are unsecured and are subject to the terms provided for in the signed MOUs between the Authority and these organisations.

29. Member's emoluments

Executive

Notes to the Financial Statements

29. Member's emoluments (continued)

2018	Basic Ce Salary ^{Allo} '000		Pension paid '000
S Tilayi - Chief Operations Officer	1 776	30	337
B A Ramahlo - Executive (Legal)	1 567	20	297
I Calvert - Executive Manager (Maritime Special Projects)	1 142	14	228
M V Raphadu - Company Secretary	1 663	20	307
M Mosegomi - Chief Information Officer	1 386	20	263
L Mashishi - Chief Human Capital Officer	1 411	20	279
P D Myeni - Chief Financial Officer	1 223	-	240
Captain N Campbell - Executive Head (Centre for Ships)	1 558	20	306
	11 726	144	2 257

2017	Basic Salary '000	Bonus '000	Pension '000
Captain G Louw - Regional Manager (West)	975	65	186
Captain K Otto - Executive Head (Centre for Sea Watch)	1 460	-	279
Captain S Ali - Regional Manager (Eastern Region)	1 079	-	194
S Tilayi - Acting Chief Executive Officer	1 653	-	307
B Ramahlo - Executive Head (Office of the CEO)	1 460	-	279
I Calvert - Executive Manager (Maritime Special Projects)	1 073	-	205
C R Makhado - Executive Head (Industry Development)	1 715	-	212
M V Raphadu - Company Secretary	1 154	-	221

Total '000	Long service award '000	Cash in lieu (leave) '000	13th Cheque '000	Travel allowance '000	Acting allowance '000
2 575	-	203	176	-	53
2 054	-	-	155	15	-
1 499	1	-	114	-	-
2 157	-	-	163	4	-
1 806	-	-	137	-	-
1 919	-	65	141	3	-
1 613	-	-	132	2	16
2 092	-	-	155	10	43
15 715	1	268	1 173	34	112
Total '000	Long service award '000	Cash in lieu (leave) '000	13th Cheque '000	Travel allowance '000	Acting allowance '000
1 412	3	-	93	15	75
1 88/			1/15		

Notes to the Financial Statements

29. Member's emoluments (continued)

	20 935	65	3 314
Muroro Dziruni - Acting Executive Manager (Centre for Strategy)	358	-	-
T Hungwe - Acting Chief Financial Officer	728	-	-
S Nkosi - Executive Head (Policy & Regulation)	915	-	-
A Mngadi - Executive Head (Corporate Affairs)	133	-	43
Commander T Mokhele - Chief Executive Officer	673	-	127
Bernard Bobinson-Opoku - EXCO Secretary & General Counsel	692	-	133
Captain N Campbell - Executive Head (Centre for Ships)	1 451	-	278
B Stofile - Regional Manager (Southern Region)	993	-	-
P D Myneni - Chief Financial Officer	514	-	99
R Setino - Chief Procurement Officer	1 414	-	272
L Mashishi - Chief Human Capital Officer	1 204	-	232
M Mosegomi - Chief Information Officer	1 291	-	247

644	286	1 875	703	5	27 827
65	-	-	-	-	423
-	-	96	-	-	824
-	-	71	-	-	986
-	8	-	107	-	291
-	-	-	493	-	1 293
-	2	77	103	-	1 007
-	8	145	-	-	1 882
190	138	99	-	-	1 420
-	-	-	-	-	613
-	-	141	-	-	1 827
-	3	99	-	-	1 538
-	-	128	-	1	1 667

Notes to the Financial Statements

29. Member's emoluments (continued) Non-executive

Non-executive

2018

	Member's fees	Committees fees	Total '000
F A Jacobs - Board member	40	65	105
Dr MH Hendriks - Board member	40	28	68
N M Cele - Board member	160	38	198
S P Simelane - AC Member	-	37	37
A Chowan - AC Member	-	28	28
B A Williams - MIC member	-	27	27
NDB Mgoduka - MIC member	-	28	28
M R Burton - Board member	160	72	232
A S Molemane - Board member	160	65	225
M Msimang - Board Chairperson	213	10	223
H V Devraj - REMCO member	-	36	36
R N Nobaxa - REMCO member		36	36
	773	470	1 243

Notes to the Financial Statements

29. Member's emoluments (continued) Non-executive

2017

	Member's fees	Committees fees	Mileage Claim	Total
	′000	′000	'000	′000
F A Jacobs - Board member	160	147	2	309
Dr MH Hendriks - Board member	160	89	-	249
N M Cele - Board member	160	64	-	224
S P Simelane - AC Member	-	31	-	31
A Chowan - AC Member	-	74	-	74
B A Williams - MIC member	-	68	-	68
NDB Mgoduka - MIC member	-	77	-	77
M R Burton - Board member	160	105	-	265
A S Molemane - Board member	160	158	-	318
M Msimang - Board Chairperson	213	28	-	241
H V Devraj - REMCO member	-	50	-	50
R N Nobaxa - REMCO member	-	36	-	36
	1 013	927	2	1 942

Notes to the Financial Statements

2018	2017
'000	'000

30. Prior period errors

A revaluation exercise was conducted on land owned by the entity in East London in 2017, the report indicated that the value of the land was overstated by R1.5 million. A decision had been made then to leave the value of the land unchanged. A decision has now been made to accept the valuation and adjust the figures retrospectively.

An amount of R113 000 was adjusted in the prior period as the dispute with the supplier was resolved and the amount is not owing.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Land	-	(1 575)
Revaluation reserve	-	1 575
Accumulated surplus	-	(113)
Statement of financial performance		
Donations	-	113

Notes to the Financial Statements

2018	2017
′000	′000

31. Going concern

We draw attention to the fact that at 31 March 2018, the entity had an accumulated surplus of R 60 533 million and that the entity's total assets exceed its liabilities by R 60 669 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.

32. Events after the reporting date

There are no reportable events which occurred after the reporting date.

33. Fruitless and wasteful expenditure

	9 964	9 918
Current year	46	1 565
Opening balance	9 918	8 353

Fruitless expenditure incurred during the year related to R46 000 for acting allowances inconsistently paid to staff members.

Notes to the Financial Statements

2018	2017
′000	′000

33. Fruitless and wasteful expenditure (continued)

Analysis of fruitless and wasteful expenditure awaiting condonation per age classification

Current year	46	1 565
Prior years	9 918	8 353
	9 964	9 918
Details of fruitless expenditure not yet condoned		
Onerous contract - lease of building	5 861	5 861
Payments made after expiry of interm contracts	43	43
Interest charged on overdue accounts	3 268	3 268
Credit card spend	375	375
Legal fees on overdue creditor	154	154
HR Executive Appointments	217	217
Forfeited leave payment	46	-
	9 964	9 918

34. Irregular expenditure

	286 014	238 083
Prior years	238 083	214 692
Current year	47 931	23 391
Analysis of expenditure awaiting condonation per age classification		
	286 014	238 083
Add: Irregular Expenditure - current year	47 931	23 391
Opening balance	238 083	214 692

Notes to the Financial Statements

2018	2017
′000	′000

34. Irregular expenditure (continued)

Details of irregular expenditure not yet condoned

	286 014	238 083
Other irregular expenditure	11 600	11 600
Non-compliance with Treasury Regulations	8 273	8 273
Budget overspend	25 213	25 213
Unapproved travel	115	115
Payment of bonuses and salaries	6 186	6 186
Payment of 13th cheque	19 216	19 216
Supply chain management proceses	46 241	23 955
Tender processes	14 732	8 614
Unsolicited bid processes	15 374	15 374
Transactions above delegations	1 077	1 077
Contracts management	137 987	118 460

Irregular expenditure incurred during the financial year resulted from contracts extended above the stipulated 15% (R19.5 million), tender processes not followed (R6.1 million), and supply chain management processes not followed (R46.2 million).

Notes to the Financial Statements

	2018	2017
	′000	′000
35. In-kind donations and assistance		
Donations & corporate social responsibility	(10)	329

SAMSA's corporate social investment investments dropped from R0.329 million to R0.0 million. An invoice that had been accrued for was cancelled during the financial year resulting in a negative balance on the line item. In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges to deserving organisations as disclosed in note 2.

36. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance Adjusted for:	70 999	62 702
Fair value adjustments	324	245
Impairments/provisions recognised or reversed	(19 854)	(7 634)
Under/overspending of expenditure	12 426	(58 442)
Under/over recovery of income	(61 139)	1 397
Actuarial gains and losses	(2 756)	1 732
Net surplus per approved budget	-	-

Notes to the Financial Statements

	2018	2017
	′000	'000
7. Guarantees		
81059816160 SA Mutual Life Assurance	36	36
81059926905 Portnet Saldanha	3	3
81059928876 Tuzi Gazi Waterfront	5	5
81059928877 Lofty Nel Effendomme	3	3
	47	47

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

38. 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 20 - Related Party Disclosures

This standard establishes the principles on related party disclosure. The impact on the financial results is considered to be minimal. Issued by the ASB in June 2011 and no effective date has been determined by the Minister of Finance.

GRAP 32 - Service Concession Arrangements: Grantors

The objective of this standard is to establish accounting principles for the service concession arrangements. This financial results and disclosure are not likely to be affected when the statement is affected.

Issued by the ASB in August 2013 and no effective date has been determined by the Minister of Finance.

Notes to the Financial Statements

GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements Issued by the ASB in March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 35 - Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

Issued by the ASB in March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 36 - Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Issued by the ASB in March 2017 and no effective date has been determined by the Minister of Finance.

GRAP 37 - Investments in Associates and Joint Ventures

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

Issued by the ASB in March 2017 and no effective date has been determined by the Minister

of Finance.

Notes to the Financial Statements

GRAP 38 - Disclosures of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows. Issued by the ASB in March 2017 and no effective date has been determined by the Ministeof Finance.

GRAP 108 - Statutory receivables

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The impact on the financial results and disclosure is considered to be minimal. Issued by the ASB in September 2013 and no effective date has been determined by the Minister of Finance.

GRAP 109 - Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principalagent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. It outlines the principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. Its impact on the financial results and disclosure will be minimal.

Issued by the ASB in July 2015 and no effective date has been determined by the Minister of Finance.

Notes to the Financial Statements

2018	2017
′000	′000

GRAP 110 - Living and non-living resources

The objective of this Standard is to prescribe the:

- a) recognition, measurement, presentation and disclosure requirements for living resources; and
- b) disclosure requirements for non-living resources, undertaking transactions in terms of such an arrangement.

Its impact on the financial results and disclosure will be minimal.

Issued by the ASB in March 2017 and no effective date has been determined by the Minister of Finance.

39. Budget differences

Material differences between budget and actual amounts

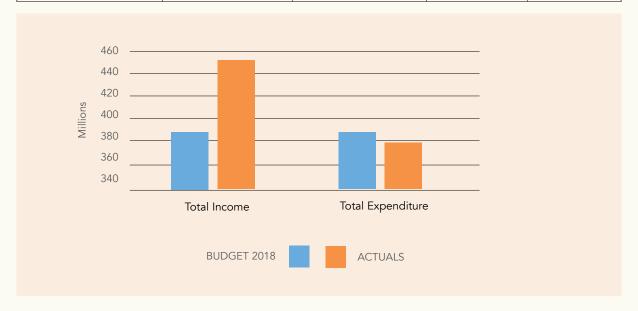
The material variances are explained in Appendix 1 to the annual financial statements.

APPENDIX 1

SOUTH AFRICAN MARITIME SAFETY AUTHORITY (SAMSA)

BUDGET VARIANCES – EXPLANATIONS FOR THE PERIOD ENDED 31 MARCH 2018

	Budget	Actual	Variance	%Variance
Total Income	389,690,000	450,829,000	61,139,000	16
Total Expenditure	389,690,000	379,734,000	-9,956,000	-3



1. Revenue

Overall actual revenue exceeded the budget by R61 million and the factors which resulted in this will be analysed below for each and every revenue item.

1.1 Service charges

The budget variance shortfall of R19 million was partly due to late approval of tariff adjustment. The tariff adjustments were effected in the third quarter of the financial year as a result of the delayed tariff approval and consultation processes.

1.2 SA Agulhas

A lower budget had been set for the Agulhas Charter fees as there were lower prospects of the ship being

engaged at the time. However a contract for a voyage to the Antarctica was secured during the financial year resulting in more revenue accruing to the Authority.

1.3 SAMSA Levies

This revenue stream summed up to R41 million above the budget during the financial year mainly because of an error in the budget projections.

14 Government Service Fees

The amount received from the Department of Transport for government service fees allocated to the running of the MRCC exceeded the budget by R4.6 million as part of the funds which had been diverted away from SAMSA were reinstated.

1.5 Contributions

Income received from contributions was R12 million higher than the budgeted amount due to the amount owing from the Department of Transport being written off by the shareholder department.

1.6 Interest received

The Authority took a decision not to budget for interest income and so it was not budgeted for in the annual budget approved by the Board.

2. Expenditures

The total actual expenditure was below the budgeted amount by R10 million and the reasons for the over and under expenditures in different cost line items will be analysed below:

2.1 Staff Compensation

The Authority overspent on its staff compensation budget by R23 million as result of a regrading exercise that was undertaken and had not been adequately budgeted for.

2.2 Audit Fees

The audit fees were R1.2 million higher than the budgeted amount as a result of the difficulties experienced during the previous audit cycle which resulted in the audit being period being extended.

2.3 Commission Paid

The overspend of R2.7 million on SAMSA Levies was due to more revenue being collected as compared to the budgeted amount. As the commission is charged as percentage of revenue received, this amount also increased proportionately.

2.4 Contingency

The budget was based on prior year trends and risk assessments, however actual incidents required a greater investment and R1.3 million was spend above the budgeted amount.

2.5 Rentals

The actual spend on rentals on building was within the approved budget, however the requirement to straight-line the lease commitments in line with the GRAP standards resulted in additional expense being accounted for which resulted in an overspend of R1 million.

2.6 Scholarships

The approved budget was not sufficient to cover for the commitments which had been made therefore resulting in overspend of R1.2 million.

2.7 Travel - Local

Travel activity and costs were not in line with the assumptions on which the budgeted amounts were based on. This resulted in an overspend of R2.5 million as business had to be conducted to ensure service delivery to the Authority's clients

2.8 SA Agulhas Costs

There was no approved budget for the SA Agulhas for the financial year. The over spend of R27.8 million was however mitigated by the Charter Fees which was received for the use of the ship which amounted to R19.7 million.

2.9 Cost Optimisation and reprioritisation

The Authority continued with its cost optimisation and reprioritisation of projects drive which has now been in place for a number of years. This led to underspend in the following areas:

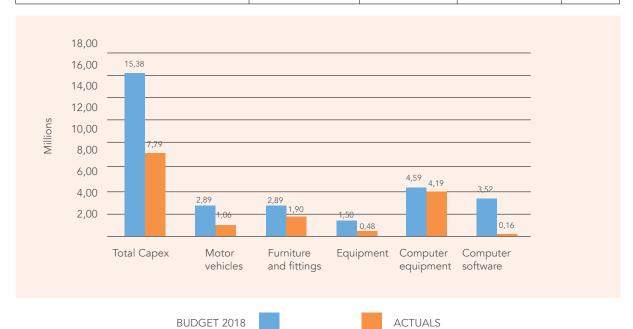
- * Awareness Programmes
- * Computer expenses
- * Conferences
- * Consulting fees
- * Implementation Costs
- * Legal Fees

- * Lease Costs
- * Partnership Programmes
- * Projects
- * Research
- * Telephone Costs
- * Travel overseas

3. Capital Expenditure

Capital Expenditure for the financial year is analysed below:

ASSET CLASS	BUDGET 2018	ACTUALS	VARIANCE	%
Total Capex	15,383,023.00	7,786,709.58	7,596,313.42	49.38
Motor vehicles	2,885,000.00	1,058,379.00	1,826,621.00	63.31
Furniture and fittings	2,894,403.00	1,896,119.75	998,283.25	34.49
Equipment	1,495,500.00	475,107.70	1,020,392.30	68.23
Computer equipment	4,588,492.00	4,194,570.22	393,921.78	8.58
Computer software	3,519,628.00	162,532.91	3,357,095.09	95.38



3.1 Variances Analysis

The major reason behind the variances on the capex is that the approved capex spending was not carried out in line with the approved capex budgets and plans



Inspiration creates culture, culture shapes values and values **determine the future.**

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