

# ABSOLUTE BEARING

## SAMSA

Nature of business and principal activities:  
SAMSA was established in terms of the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998), and has the objectives 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.

## REGISTERED OFFICE

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Republic of South Africa

## POSTAL ADDRESS

P.O. Box 13186  
Hatfield  
0028

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

# TWENTY 20 ODYSSEY

MORE THAN A JOURNEY

We have sailed a thousand nautical miles and navigated the endless seas in our earnest quest for a more excellent SAMSA. We are on an acceleration course, Operation Phakisa! In the understanding of our mandate, we continue to pursue a life changing odyssey for South Africa's Maritime future that will see her competing on a worldwide scale. We have expanded the possibilities of maritime globally and from a localised perspective. We have looked inwardly and understand our capabilities.

Today we are unwavering in our course, knowing that we can influence the long term sustainability of the nation. We celebrate the registry of our very own merchant ships after decades as an absolute pinnacle moment, knowing that this great feat will unleash a world of prosperity to our people.

As the world docks its ships we set sail!



Scan Me





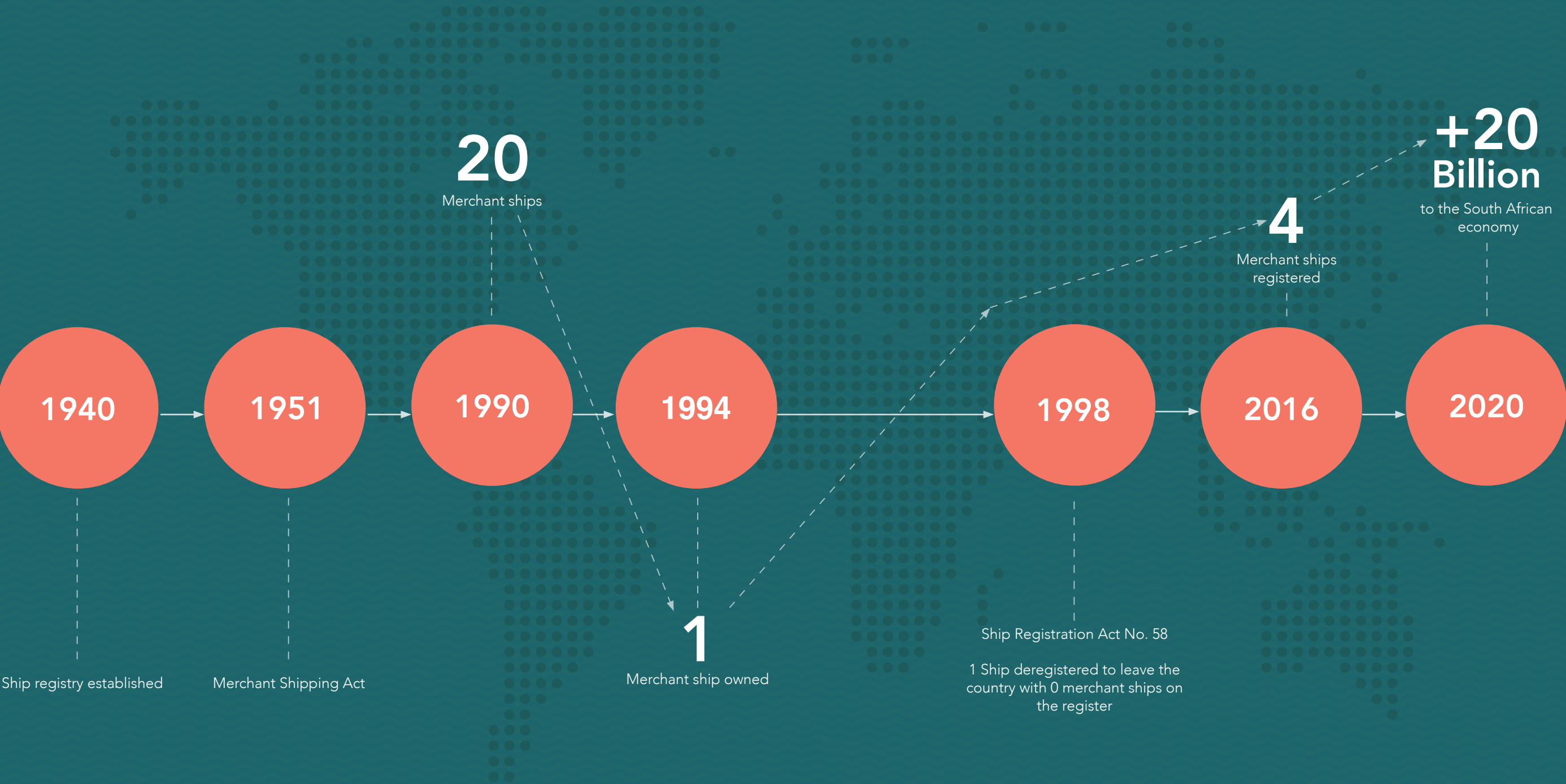
Aerial View of Cargo Vessel - Alex Kolokythas

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CHAPTER 01

# THE MARITIME SETTING

We take you on an expedition to explore the Global Maritime environment and its strategic highlights, a view on Africa’s maritime development and finally docking in South Africa.

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# GLOBAL MARITIME PERSPECTIVE

The world economy embarked on a slow-moving recovery led by uneven growth in developed economies and a slowdown in developing countries and economies in transition. In 2015, the world Gross Domestic Product (GDP) increased marginally by 2.6%, up from 2.3% in 2014. Meanwhile, world merchandise trade increased by 2.5%; this is up from 2.3% in 2014 and below the pre-crisis levels. Accordingly, preliminary United Nations Conference on Trade and Development (UNCTAD) estimates indicate that global seaborne shipments have increased by 3.4% in 2015 compared to 2014. Additions to volumes exceeded 300 million tons taking the total to 9.84 billion tons. The world fleet grew by 3.2% during the 12 months to March 2016, the lowest annual growth rate in over a decade. In total, at the beginning of the year, the world's commercial fleet consisted of 89,464 vessels, with a total tonnage of 1.75 billion dwt.



Global Seaborne Shipments

**3.4%**

World Fleet Increased

**3.2%**

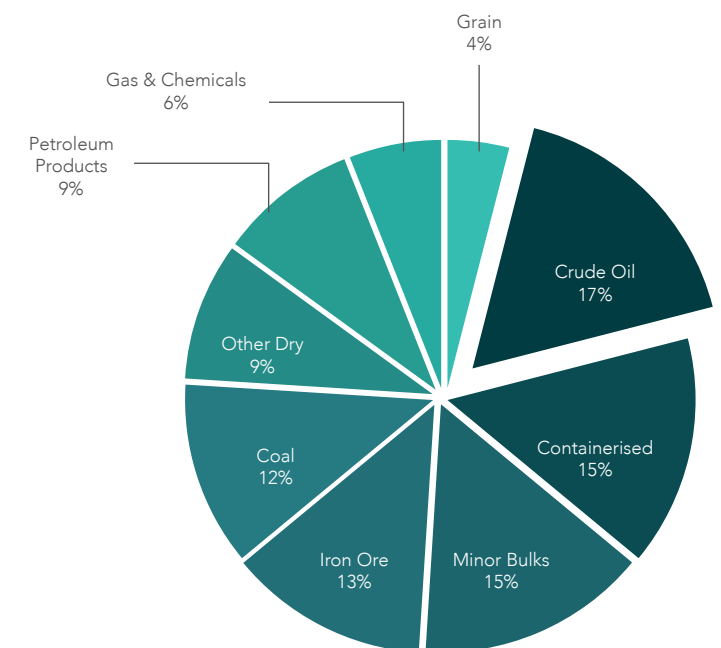
World Commercial Fleet

**89 464**

Total Tonnage

**1.75  
BILLION  
DWT**

Below is the an overview of Global seaborne trade:

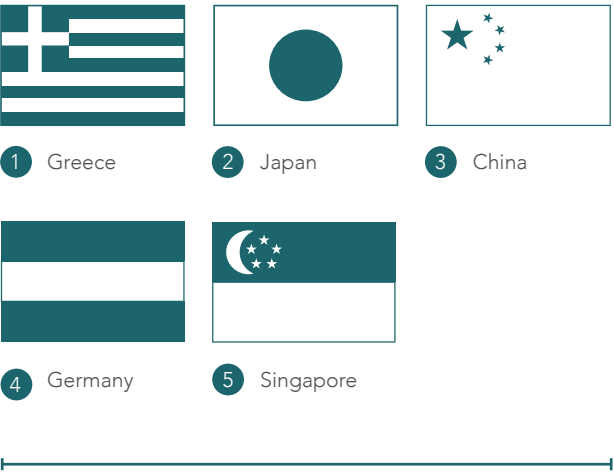


| Reference: UNCTAD Review of Maritime Transport 2015



# GLOBAL MARITIME PERSPECTIVE

TOP 5 SHIP-OWNING COUNTRIES IN THE WORLD



Control more than half of the world tonnage.

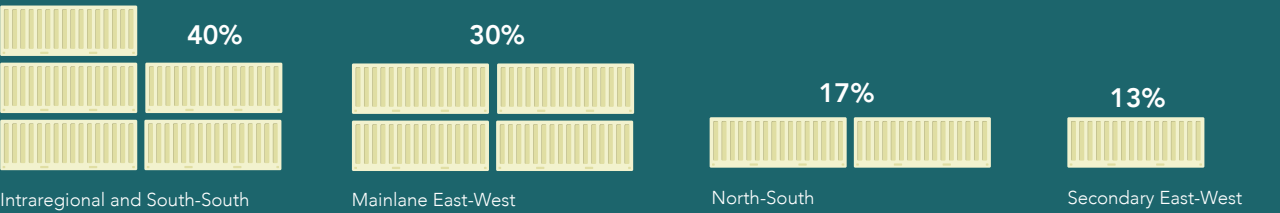
TOP 3 SHIP-OWNING CONTINENTS IN THE WORLD



| Reference: UNCTAD Review of Maritime Transport 2015

Developing countries, especially in Africa and Oceania, pay 40% to 70% more on average for the international transport of their imports than developed countries. The main reasons for this situation can be attributed to the regions’ trade imbalances, pending port and trade facilitation reforms, as well as lower trade volumes, low ownership of ships and shipping connectivity. Developing economies’ share of world container port throughput increased marginally to approximately 71.9%. This continues the trend of a gradual rise in developing countries’ share of world container throughput. The increased share of world container throughput for developing countries reflects an increase in South–South trade.

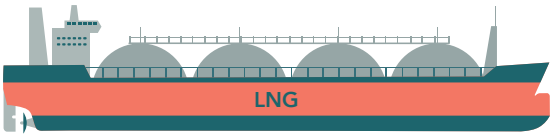
Distribution of global containerised trade by route (percentage share of global trade in TEUs)



# GLOBAL MARITIME PERSPECTIVE

## GLOBAL REGULATORY DEVELOPMENT

In the 2015 -16 financial period, important regulatory developments in the field of transport and trade facilitation included the adoption of the International Code for Ships Operating in Polar Waters (Polar Code), expected to enter into force on 1 January, 2017, as well as a range of regulatory developments relating to maritime and supply chain security and environmental issues. To further strengthen the legal framework relating to ship-source air pollution and the reduction of greenhouse gas (GHG) emissions from international shipping, several regulatory measures were adopted at the International Maritime Organization (IMO), and the third IMO GHG Study 2014 was finalised. Continued enhancements were made to regulatory measures in the field of maritime and supply chain security and their implementation, including the issuance of a new version of the World Customs Organisation (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) in June 2015.



With reference to the growing movements of liquefied natural gas (LNG) as a cargo – which has raised concerns about the impact of a collision or stranding given the nature of the product – a revised International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk (IGC Code) was also adopted by the Maritime Safety Committee (MSC), this was entered into force on January 1, 2016, with an implementation /application date on July 1, 2016.

The MSC also adopted a number of other amendments to International Convention for the Safety of Life at Sea (SOLAS), including amendments to regulation II-1/29 on steering gear, to update the requirements relating to sea trials; amendments to regulations II-2/4, II-2/3, II-2/9.7 and II-2/16.3.3, to introduce mandatory requirements for inert gas systems on board new oil and chemical tankers of 8,000 dwt and above, and for ventilation systems on board new ships; amendments to regulation II-2/10, concerning fire protection requirements for new ships designed to carry containers on or above the weather deck; and amendments to regulation II-2/13.4, mandating additional means of escape from machinery spaces. These entered into force on January 1, 2016.

On the container front, mandatory weighing of containers will soon be a requirement after the MSC adopted amendments to SOLAS Chapter VI. Misdeclared cargo and overweight containers – and their impact on safety – have long been a problem in the maritime industry. The expected entry into force date is July 1, 2016. MSC has also approved an e-Navigation Strategy Implementation Plan (SIP), which provides a framework and a road map of tasks that need to be implemented or conducted in the future to improve e-navigation solutions.

| Reference: Safety and Shipping Review 2015 - World Shipping Council

# GLOBAL MARITIME PERSPECTIVE

## SAFETY OF INTERNATIONAL SHIPPING VESSELS



Safety of international shipping vessels is critical to the global economy with more than 90% of trade is estimated to be transported by sea. The maritime industry continued to improve its safety record in 2015-16 with 75 total losses reported worldwide; the lowest in 10 years. Losses declined by 32% compared with 2014 -15 (110). The 2015-16 accident year also represents a significant improvement on the 10-year loss average (127). Shipping losses have declined by 50% since 2005, driven in part by a robust regulatory environment. More than a third of 2015-16's total losses were in two maritime regions; South China, Indo China, Indonesia & Philippines had the most losses (17), followed by Japan, Korea and North China (12).



A third of vessels lost were cargo ships (25) followed by fishing vessels (14). Together, they accounted for over 50% of losses. For the past decade foundered (sunk/submerged) has been the most common cause of loss, accounting for 65% of losses in 2015-16 (49). Wrecked/stranded (grounded) was second (13). There was a significant reduction in fires/explosions resulting in total losses (4), down 73% year-on-year.

In total, there were 2,687 reported shipping casualties (incidents) during 2015,down 4% year-on-year. The East Mediterranean and Black Sea region (484) remains the global hotspot. Together, with the British Isles, North Sea, English Channel, Bay of Biscay, it accounts for a third of all incidents over the past decade.

Vast improvements in tackling piracy in Somalia and the Gulf of Guinea have resulted in global attacks declining for a fourth successive year – down 7% in 2015-16. However, different piracy models continue to thrive elsewhere. Attacks in South East Asian waters are up year-on-year, as are incidents in the Indian sub-continent, with Bangladesh a new hotspot.

| Reference: Safety and Shipping Review 2015 - World Shipping Council





# AFRICAN MARITIME PERSPECTIVE



Africa's inland waters, oceans and seas are under pressure. Over the years, traditional maritime activities, such as shipping and fishing have intensified, while new ones, such as aquaculture and offshore renewable energy, emerged. In the past decades direct aggregate losses of revenue from illegal activities in Africa's Maritime Domain (AMD) amount to hundreds of billions US dollars.

International trade is very critical to many African economies, with over 90% of Africa's imports and exports conducted by sea. Africa's share in world trade stands at about 3,2% on average, while intra-African trade averages around 10.45 percent of Africa's total trade. Further, Africa's share of exports to the world has declined over the years - standing at an average of 2.4 %, a net decline from 10% in the 1950s.

| Reference: 2050 Africa's Integrated Maritime Strategy (AIMS 2050)  
African Union

**3.2%**

Africa's share in world trade

**10.45%**

Total of African trade that is Intra-African

**2.4%**African exports to the world  
A net decline of 10% in the 1950's

Typical blue fishing boat found on the coast of Essouira, Morocco.

# AFRICAN MARITIME PERSPECTIVE

## AFRICA MARITIME GOVERNANCE

In view of the size of the Maritime Sector in individual African countries, the African Maritime Transport Charter (AMTC) reiterated the importance of co-operation among African countries in the sector in finding appropriate solutions to the problems impeding the development of the Maritime Transport Sector as well as in facing the challenges brought about by the changes.

Member States adhered to the following fundamental principles of maritime cooperation:

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

| Reference: African Maritime Transport Charter

## AFRICA SHIPS CONNECTIVITY

In Africa the best connected countries in Africa in terms of liner shipping connectivity (an indicator of each coastal country's access to the global liner shipping network that is the network of regular maritime transport services for containerised cargo) are Morocco, Egypt and South Africa reflecting their geographical position at the corners of the continent.



## MARITIME PIRACY

With respect to piracy off the coast of Somalia, MSC noted the United Nations Security Council resolution 2184 on the situation in Somalia, adopted on 12 November 2014, which, among others, recognised the contribution of IMO and renewed its call upon States to deploy naval vessels to the area, and underlined the primary responsibility of Somali authorities in the fight against piracy and armed robbery off the country's coast.

# AFRICAN MARITIME PERSPECTIVE

## AFRICA'S SHIP REGISTRATION

As of 1 January 2015, Panama, Liberia and the Marshall Islands are the largest vessel registries. Together, they account for a 41.8% share of the world tonnage, with the Marshall Islands having recorded an impressive growth of over 13% over 2015. More than three quarters of the world fleet are registered in developing countries, including in many open registries, that is, registries where the owner does not need to be of the same nationality as the country where the ship is registered.



1 Panama



2 Liberia



3 Marshal Island

Marshall Island recorded an impressive growth of over 13% over 2015

Together account for  
**41.8%**  
of the worlds tonnage

## SEAFARERS WELFARE

According to the International Labour Organization (ILO) estimates, over 1.5 million people around the world are employed as seafarers, the vast majority of whom come from developing countries. Protecting their welfare and establishing internationally agreed standards, including on their working conditions and necessary training, is critical, not only for the seafarers themselves, but also for the ability of the global shipping industry to operate ships safely and in an environmentally responsible manner. The most important and comprehensive international instrument negotiated at ILO, the MLC 2006, which consolidates and updates more than 68 international labour standards relating to seafarers, and sets out their responsibilities and rights with regard to labour and social matters in the maritime sector.

| Reference: Review of Maritime Transport

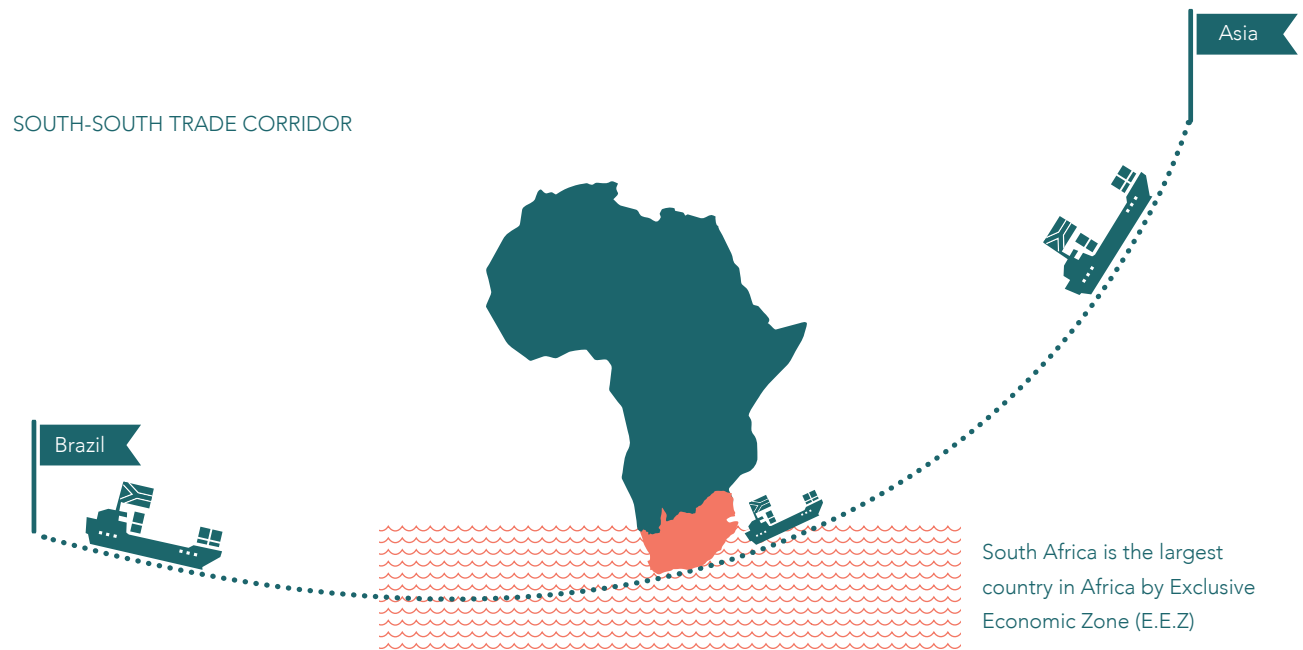


People employed as seafarers  
**GLOBALLY**



# SOUTH AFRICAN MARITIME PERSPECTIVE

## SOUTH-SOUTH TRADE CORRIDOR



South Africa is a maritime country defined by the characteristics of its oceans, heritage, international trade patterns and geography and boasts of a significant marine real estate. It is the ninth largest country in Africa endowed with a land based real estate of 1,2 million square kilometres. Taking into account the vastness of South African waters (territorial waters and EEZ), South Africa becomes the largest country on the continent. It derives its maritime interests from its trade and geo-economic structure, its geopolitical aspirations and the obligations arising from being a regional power located at the southern tip of Africa. It has the immense and untapped potential of becoming a major maritime nation. South Africa is located at the heart of the South-South Trade Corridor and on a major trading route that connects the emerging markets of Asia, Africa and Brazil. This offers South Africa the opportunity of becoming a vital piece in the new global trade puzzle.

South Africa's drive to expand growth and economic opportunity in the country's maritime economic sector is steadily gaining pace with one campaign of the broad Operation Phakisa (Ocean Economy) strategy – the local registration of trade cargo shipping vessels under the country's flag, gaining ground.

Four Merchant Ships have been registered on the SA Ship Register. The first ship, *Cape Orchid* was registered on the South African Register on 24 August, 2015. The second ship, the *Cape Enterprise*, was registered in November 2015, the *Oliphant* registered in December and finally the *MT Lefkas*, a bunker (ship fuelling) vessel was registered in June 2016.



*Cape Orchid* (Bulk Carrier)





CHAPTER 02

# OUR MASTERY

As we gain ground on our vision, on a course set out by a mission and mandate, we take you on a tour of our business, our people and our strategic achievements.

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# OUR MANDATE

The establishment of the South African Maritime Safety Authority (SAMSA) was preceded by the development of South Africa’s first post-democratic National Transport Policy (NTP) by the Department of Transport (DoT), which formed the basis for the promulgation of the SAMSA Act, 1998 (No 5 of 1998).

The NTP recognises the significant role played by the broader transport sector in the social and economic development of our country. It put forward the following strategic objectives for a national 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 maximising 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 assigned it with the task of executing 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

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

# OUR LEGISLATIVE MANDATES

The South African Maritime Safety Act, 1998 (Act No. 5 of 1998) is the enabling legislation, which establishes the Authority and details the key activities and functions of SAMSA. Include the fact that we are a schedule 3A company in terms of the Public Finance Management Act (PFMA). The legislated objectives of the Authority are:

- To ensure 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

SAMSA’s mandate was expanded in 2007 to include the regulation of marine activities on South Africa’s inland waters. It was therefore given the responsibility for administering inland small vessel regulations, which includes the activities of inland water vessels inspections, licensing, surveying, safety promotion and awareness, accident investigation, development of examination standards, certificates of competence and being the authority to award certificates of fitness.

SAMSA has also been tasked with the responsibility for monitoring ships traversing South African waters and ensuring their safe navigation at a distance for purposes of securing our country and its territorial interests.

**SAMSA is therefore tasked with implementing the following main legislative instruments:**

- Merchant Shipping Act, 1951
- South African Maritime Safety Authority Act, 1998
- South African Maritime Safety Authority Levies Act, 1998
- South African Maritime and Aeronautical Search and Rescue Act, 2002
- Wreck and Salvage Act, 1996
- Maritime Zones Act, 1994
- Sea Transport Documents Act, 2000
- Marine Traffic Act, 1981
- Carriage of Goods by Sea Act, 1986
- Marine Pollution (Intervention) Act, 1987
- Shipping and Civil Aviation Laws Rationalisation Act, 1994
- Ship Registration Act, 1998

# OUR VISION

The Authority championing South Africa’s global maritime ambitions.

# OUR MISSION

To ensure maritime safety and environmental protection whilst promoting South Africa’s maritime interests, developing and positioning the country as an international maritime centre.

The 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, which we refer to as D-ETHICS are as follows:

- DIVERSITY

Strength in our diversity as a true South African entity.
- ENTERPRISE

Forward thinking and innovative in our business solutions.
- TEAMWORK

Recognising the support of others in building the future.
- HIGH PERFORMANCE

Delivering service excellence.
- INTEGRITY

Our business conduct and credibility beyond reproach.
- CARING

Respect and caring for our employees.
- SUSTAINABILITY

Acting responsibly and ensuring lasting continuance of all our well meant efforts and the environment within which we operate.

OUR VALUES\*

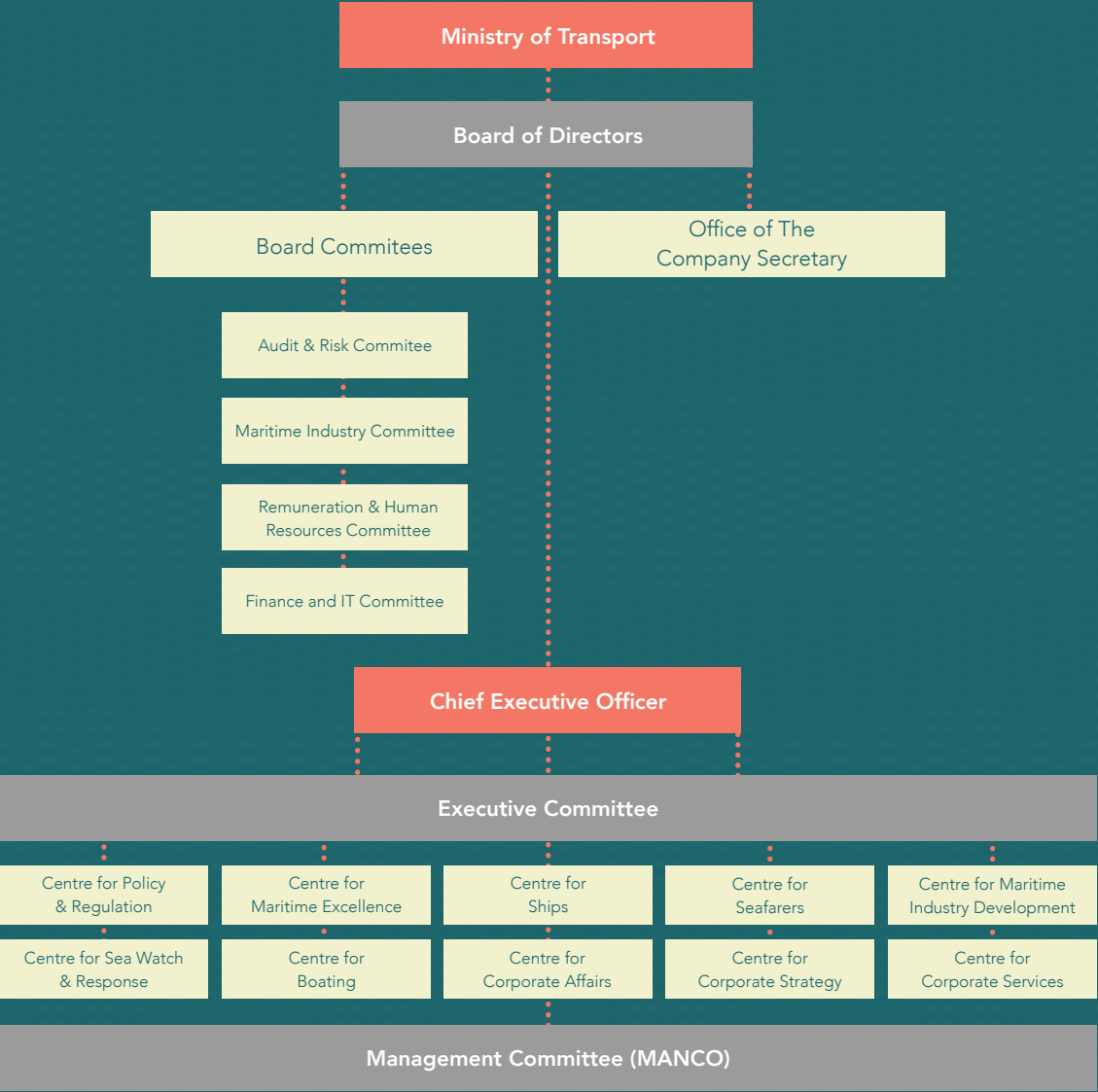
# OUR BUSINESS

- Competent Seafarering Standards and Practices
- Seafarer and Stevedore Safety and Welfare
- Safe Boating
- Promotion of SA’s Maritime Sector
- Maritime Governance and Regulatory Development
- Fishing Safety and Awareness
- Ship Registration
- Sea Watch and Response
- Safe Shipping
- Prevention of Pollution from Ships
- Implementation of International Maritime Conventions Acceded to by Government



# OUR STRUCTURE

The PFMA appoints the Minister of Transport as the Executive Authority and the 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 manages SAMSA under the strategic guidance of the Board of Directors. The Organisational structure of SAMSA is as follows:



# BOARD OF DIRECTORS



**Mr. Mavuso Msimang**  
Board Chairperson



**Ms. Nomsa Cele**  
Deputy Board Chairperson



**Cmdr. Tsietsi Mokhele**  
Chief Executive Officer  
(Resigned)



**Mr. Mervyn Burton**  
Board Member



**Ms. Sekabiso Molemane**  
Board Member



**Mr. Mthunzi Madiya**  
Shareholder Representative on the  
SAMSA Board



**Mr. Frederick Jacobs**  
Board Member



**Dr. Michael Hendricks**  
Board Member



**Mr. Moyahabo Raphadu**  
Company Secretary

EXECUTIVE  
HEADS



**Cmdr. Tsietsi Mokhele**  
Chief Executive Officer  
(January 2008 - June 2016)  
(Resigned)



**Mr. Sobantu Tilayi**  
Acting Chief Executive Officer and  
Chief Operations Officer



**Mr. Boetse Ramahlo**  
Office of the CEO



**Captain Karl Otto**  
Centre for Sea Watch and Response



**Captain Nigel Campbell**  
Centre for Ships



**Mr. Samuel Nkosi**  
Centre for Policy and Regulation



**Mr. Collins Makhado**  
Centre for Maritime Industry Development



**Sindiswa Nhlumayo**  
Centre for Maritime Excellence  
(Deceased)



**Ayanda Mngadi**  
Centre for Corporate Affairs  
(October 2008 - May 2016)  
(Resigned)

EXECUTIVE  
MANAGERS



**Mr. Muroro Dziruni**  
Acting Executive Manager  
Centre for Strategy



**Mr. Tudor Hungwe**  
Acting Chief Financial Officer



**Ms. Rebecca Setino**  
Chief Procurement Officer



**Ms. Lesego Mashishi**  
Chief Human Capital Officer



**Mr. Mosala Mosegomi**  
Chief Information Officer



**Captain Francis Chilalika**  
Inland Regional Manager  
(Retired)



**Captain Saroor Ali**  
Eastern Regional Manager



**Mr. Bernard Bobison-Opoku**  
EXCO Secretary and General Counsel



# OUR STAKEHOLDERS

The supreme goal of SAMSA is to maximise the value created for all our stakeholders. SAMSA stakeholders include all South African people, communities, partners, trade associations, suppliers, employees, customers, beneficiaries and government who can be affected or affect the delivery of sustainable performance results. SAMSA has adopted a Stakeholder Value Management approach focusing on the following stakeholder groups.



Society



Communities



Partners



Trade Associations, Industry



Suppliers



Employees



Customers



Beneficiaries



Government

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





# CHAIRPERSON'S REPORT

I am pleased to present on behalf of the SAMSA Board and SAMSA, the Chairperson's report for the 2015/16 financial year that has seen strategic repositioning which enabled SAMSA to deliver on flagship initiatives of Unlocking the Economic Potential of South Africa's Oceans Programme (Operation Phakisa).

The emergence of the Unlocking the Economic Potential of South Africa's Oceans Programme, launched by the President as Operation Phakisa in 2014, has elevated the discourse about the potential economic benefits that the maritime ecosystem can directly contribute to South Africa. This represents a truly exciting and unprecedented view of our endowment in our maritime resources. This annual report is an expression of our achievements so far and prospective benefits to be derived from our flagship achievements in the ship registration and development area of work.

South African Maritime Safety Authority ("SAMSA") continues to fulfil its mandate and 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. It is important to note that our South African waters remain among the safest in the world, with no ship losses experienced for the past five years; and SAMSA will continue to sustain this performance that will safe guard our maritime trade.

### CORPORATE GOVERNANCE

At the close of the financial year under review, the Board of SAMSA consisted of six (6) directors with diverse skills and expertise. Accordingly, the Board was fully constituted and was able to discharge its mandate as per the SAMSA Act and the PFMA. 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.

The SAMSA Board is committed to stabilising the entity's financial situation by ensuring prudent use of budget funds.

### MARITIME SAFETY

In delivering on its mandate, the entity continued to deliver on its Port State Control requirements, inspecting foreign vessels that come into our shores and ensuring that they meet the provisions of International Maritime Organization conventions. The Flag State Enforcement regime, which requires the entity inspects vessels that carry the South African flag, including all domestic small vessels, has ensured that our domestic fleet are safe for those who work on them. It is important to note that there were no ship losses experienced within our South African waters which bears testimony to our sterling work in Maritime Safety. To ensure a safe maritime environment, the entity has continued to provide the twenty four hours Maritime Rescue Coordination Centre (MRCC) services to the sector; taking the mantel of being the eyes and ears of the vast maritime real estate and ensuring that the entity is keeping watch. It is an important part of keeping life and property safe at sea. SAMSA through the execution of its mandate saved 169 Lives during the period through the coordination actions of the MRCC and the support of other South African Search and Rescue (SASAR) role players.

### SHIP REGISTRATION AND DEVELOPMENT AGENDA

SAMSA's sterling performance continued with flagship contribution to the South African economy and unlocking the potentials of the maritime economy. SAMSA displayed immense leadership as the lead executing agency with its achievements of registration of four merchant ships being registered on the SA Ship Register. The first ship, *Cape Orchid* was registered



on the South African Register on 24 August 2015. The second ship the *Cape Enterprise* registered in November 2015, the *Oliphant* registered in December and finally The *MT Lefkas*, was registered in June 2016.

### ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere appreciation to the Shareholder, Honourable Minister, Ms. Dipuo Peters and the Deputy Minister, Ms. Sindi Chikunga and the SAMSA Board for their assistance in ensuring that SAMSA is able to deliver on its mandates. To the entire SAMSA Management and Staff, I wish to express my sincere gratitude for all efforts in ensuring that we continue to discharge our mandate under the circumstances.

To our stakeholders in the maritime industry, we thank you all for the partnership and support throughout this financial year and hope you continue to afford us the same treatment in the coming financial year.

Mr Mavuso Msimang  
**SAMSA Board Chairperson**  
South African Maritime Safety Authority





# CHIEF EXECUTIVE OFFICER'S REPORT

The 1st of April 2015, which was the commencement of the 2015/16 financial year marked 17 years since the establishment of the South African Maritime Safety Authority (SAMSA). I am particularly proud of the achievements that SAMSA has made over the years, especially leading up to the end of the year under review and I wish to share with you below some of the highlights of the year in my capacity as the Acting CEO.

SAMSA continues to take pride that some of its work culminated in the launch of Operation Phakisa on the Ocean Economy in 2014 and has since then permeated quite a number of governments' programmes. Maritime has set root in governments plans as evidenced by the fact that it is now seen as one of the key points in government's implementation of the National Development Plan (NDP). The President set the tone by declaring in 2015 that the Oceans Economy has been added as the 9th point of the government's 9-point implementation plan of the NDP, aimed at economic growth for job creation and poverty alleviation.

There have been quite a few achievements since the implementation of Operation Phakisa but notable amongst them was that SAMSA in 2015 hoisted the South African flag high on bringing the first merchant trading vessel to register on the South African Ship Register in thirty (30) years. It was a phenomenal occasion to begin to witness the results of Operation Phakisa as shortly thereafter, we registered the second vessel. These registrations represent an essential commencement to revitalise the South African Ship Register and SAMSA calls on the support of relevant stakeholders and the industry in this transformation process.

As part of the Presidential Imbizo focus week which was geared towards maritime and as a further delivery of Operation Phakisa, SAMSA and the DoT in April 2015, led by the Deputy Minister of Transport and the SAMSA Board, engaged the maritime industry in Durban to deliberate on government's plans for the maritime industry and garner concerns that still exist amongst maritime stakeholders on what government can and must do to further remove stumbling blocks for businesses that are already investing in the sector and for those that want to invest in the sector.

We appreciate the support and valuable inputs received from this engagement and we hope to continue such engagements so that we can improve on our services. In order for Parliament to ensure that SAMSA's plans are in line with the objectives of Government, SAMSA was invited to Parliament shortly after commencement of the year under review to present its Annual Performance Plans and Strategic Plans. Parliament expressed its satisfaction with the plans adopted by SAMSA and had throughout the year expressed its unwavering support for its implementation. We cherish the role that we play and we trust that we can continue to do our utmost best for the people of South Africa as guided by the people's representatives.

I wish to commend the SAMSA Board led by the Chairperson for its leadership in resolving the financial challenges facing SAMSA. As a result of the Board's persistent intervention, SAMSA received approval from the Minister for its tariff application. We anticipate that going forward, some of the financial challenges that SAMSA faced in the year under review would be mitigated against the funding that would accrue to the entity with the implementation of the tariff adjustment. We further hope to improve on our service delivery areas, which were affected by the funding challenges.

## SAMSA RECEIVES OLIVER EMPOWERMENT AWARDS

At the time of finalising this Annual Report, I am pleased to report that SAMSA received the Oliver Legend of Empowerment Award, based on SAMSA's contribution towards South Africa's Empowerment objectives and transformation and recognition of the impact of the work that SAMSA has done and continues to do in the Maritime sector. The Award was received at an events night held in Johannesburg on 14 April 2016.

We have been encouraged by the Award and we hope it will spur us on to continue to do our utmost best with regards to skills development.

## SOUTH AFRICA'S FIRST BLACK FEMALE SHIP CAPTAINS

I am proud to report that South Africa's purposeful drive to transform the country's maritime sector, primarily through the development of human resource skills is yielding significant results, as the country's first three black women successfully qualified as commercial cargo vessel Master Mariners or Ship Captains.

The uniquely historical event occurred after Tshepo Motloutsi, Thembela Taboshe and Pretty Molefe received their colours as Master Mariners in March and April 2016 respectively. The three newest Captains will go into the history books as the first black female Master Mariners in South Africa. Captains Motloutsi and Taboshe are currently employed by SAMSA as ship surveyors in Durban, while the third, Captain Molefe is with the National Ports Authority.

This achievement is significant not only for its historical perspective, but also because its advancement to the highest level of the career paths of these pioneering women respond positively to a critical shortage of female master mariners or ship captains, not only in South Africa, but also worldwide.

## SAMSA PRODUCES NEW CERTIFICATES

South Africa is party to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended (STCW Convention). Being party to the convention comes with responsibilities bestowed on SAMSA, as an administration on behalf of the Republic of South Africa, to ensure that we conduct seafarer's education, training, assessment and certification to the highest standards.

South Africa has been issuing certificates in compliance with the convention for a long time. In 2010, amendments to the Convention required that we change our Regulations to produce new Certificates. At the time of finalising this Annual Report, I am proud to advise that SAMSA has started issuing the new certificates.

## MARITIME SAFETY

I am proud of the improvements that the Authority continues to undertake on a yearly basis with regards to maritime safety. Thus most of what the Authority performs on a daily with regards to Flag State implementation and Port State Control is very much focused on safety and the culture of preventing marine incidents before they occur.

I wish to express my sincere appreciation to all our staff and stakeholders who have risked their lives in one way or the other and dedicated long hours to ensure that we continue to take steps to uphold the safety of lives and property at sea. As part of our international obligations, I am proud of the laudable efforts and achievements of our Maritime Rescue Coordination Centre in Cape Town in partnership with other relevant stakeholders. We would continue to build on these efforts and ensure that we provide excellent search and rescue services to people and vessels in distress.

With regard to the above, I salute all our technical teams that continue to ensure that South Africa remains on the IMO's white list status and ensure that we are always on standby to assist in any salvage and rescue operation. Please continue to make your country proud in this regard.

## ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere appreciation to the Minister of Transport and the SAMSA Board for their assistance in ensuring that SAMSA is able to deliver on its mandates.

To the entire SAMSA Management and Staff, I wish to express my sincere gratitude for all efforts in ensuring that we continue to discharge our mandate under the circumstances.

To our stakeholders in the maritime industry, we thank you all for the partnership and support throughout this financial year and hope you continue to afford us the same treatment in the coming financial year.

Thank you all.



Mr Sobantu Tilayi  
**Acting Chief Executive Officer**  
South African Maritime Safety Authority

A EULOGY TO  
MS SINDISWA CAROL ‘TU’ NHLUMAYO  
17 JULY 1970 – 11 FEBRUARY 2016



The passing away of one of SAMSA’s top and most vibrant Executive Heads, Ms. Sindiswa Carol Nhlumayo in February 2016 was devastating. It left not only SAMSA reeling, but an entire country and international partners in the global maritime economic sector shocked.

Ms. Nhlumayo, affectionately known to her close friends as ‘Tu’ while to many colleagues she was ‘Sindi’; died on Thursday, 11 February 2016.

At the time of her passing, she was the Executive Head of SAMSA’s Centre for Maritime Excellence, a section (referred to as CME) charged at inception almost exclusively with aspects intended to advance and consolidate SAMSA’s pursuit and fulfilment of its third legislative mandate: to promote the national maritime interests of South Africa domestically and abroad.

*“A crusader and exemplary leader in demonstrating women capability and a nascent power both in the workplace as well as in society in general.”*

- Ms Sindisiwe Chikunga, Deputy Minister,  
Department of Transport

Ms Nhlumayo was a graduate of the University of KwaZulu-Natal, a holder of Master of Science Degree from the University College of Buckinghamshire and (at the time of her death) a PhD student at the Malmö (Sweden) based World Maritime University (WMU). Her passing at the tender age of 44, was felt in South Africa and abroad, as having robbed the country and the world’s maritime sector of a knowledgeable, passionate and highly spirited personality with still much to contribute.

This much was reflected in the volumes of tributes received from several South African Government Departments including Transport, Higher Education, Trade and Industry, Tourism, Environmental Affairs, as well as national and provincial government and independent professional bodies. Included is the Institute of People Management (IPM) for which Ms Nhlumayo was a patron and ambassador for the 2015/16 year; accruing from her bestowal in October 2015 with the IPM “Business Leader of the Year Award” in recognition of her work in the field of skills development in the tourism and maritime economic sectors over the years. The award was one of a number Ms Nhlumayo - who traced her roots to the sugarcane-contoured cascading hills of the KwaZulu-Natal south coast, precisely a village known as Mvutshini – had been recognised during her career, including a lifetime fellow of the Emerging Leaders Programme at Dukes University (USA) and University of Cape Town.

Prior to joining the SAMSA management team, among her numerous notable career achievements was her appointment in various portfolios within and outside Government entities, including being head of the first ever Tourism Black Economic Empowerment Council, Chief Director for Tourism and Economic Development in the Western Cape, Deputy Director General for Tourism at the National Department of Tourism, Special Advisor to the Minister of Tourism, as well as head of the Human Resources Development Council.

She had also served as Non-Executive Director in the boards of the National Heritage Council, Tourism KwaZulu Natal, TETA Maritime Chamber, Cullinan Holdings and Cape and Craft Design Institute.

In a fitting recognition of her massive contribution, in addition to dedicating 40 days of mourning her departure, SAMSA has named its library and resources centre on the ground floor of its Head Office in Pretoria after Ms Nhlumayo – a unique and historical gesture in the organisation.

*“As a model leader, an intellectual par excellence, humble and inspirational, a loyal friend and sister any could ever ask for. The youth will be forever grateful for the conviction and drive Sindi demonstrated in implementing the National Maritime Cadetship Programme (including spearheading the training of Cadets on the Dedicated Training Vessel, the SA Agulhas 1) and creating awareness of maritime careers, jobs, business and recreational opportunities, and by so doing, introducing our youth to the maritime sector”*

- Commander Tsietsi Mokhele

*“Her devotion to building capacity in her homeland was one of the motivating forces behind the fellowship programme that has already seen 49 young South African professionals enrol at WMU. They in their turn will form a lasting memorial to her, a*

*living embodiment of her work that is a legacy to the world.”*

- Dr. Cleopatra Dounbia-Henry  
President of the World Maritime University

*“We worked with Sindi for a number of years recently in implementing SAMSA’s National Cadet Project, under her control. She conducted herself in a very professional manner, was humble in exercising her authority and diplomatic in dealing with the challenges, always willing to listen and open to considering new ideas, which was to the ultimate benefit of the project.”*

- Andy MacLennan  
Chief Executive Officer of the South African Maritime Training Academy (SAMTRA)



## CAPTAIN FRANCIS CHILALIKA, 65, RETIRES

**SOUTH AFRICAN MARITIME SAFETY AUTHORITY (SAMSA)  
REGIONAL MANAGER AND COUNTRY'S FIRST BLACK SURVEYOR**



During the two decades Captain Chilalika was one of SAMSA's strongmen, a key contributor to both the setting up of the organisation in 1998 as well as its bedding down as the country's lead authority on ocean safety and environmental protection, and crucially, the promotion of South Africa's maritime interests domestically and globally.

In his section of the operation, the Centre for Shipping, guided by no less than 10 pieces of national and international shipping and marine related legislation and conventions, Captain Chilalika's responsibility lay broadly with overseeing SAMSA's adherence to implementation of conduct of surveys of Ships docking at the country's commercial ports from Saldanha in the west coast through to Richards Bay in the east coast.

As regional manager for SAMSA's (North region) based in Pretoria, he was charged with providing strategic, operational and administrative leadership to SAMSA staff located in the regional office, as well ports by ensuring among others; coordination of SAMSA business inclusive of adequate capacity to deliver services, provision of technical advice to industry, and effective communication between head office and port offices.

In addition, Captain Chilalika – a holder of several post graduate qualifications in nautical sciences, marine law and business from universities and other higher education institutions in South Africa and abroad, including a Master's Degree in Maritime Safety Administration from the Malmo, Sweden based WMU – has also been South Africa's representative on the IMO sub-committee on Flag State Implementation since 2002.

Captain Chilalika also currently serves as the Field Authority (FA) and the National Authority (NA) charged with vetting port State control inspection reports from SAMSA Port State Control Officers (PSCOs) and their submission to the Secretariat of the Indian Ocean MOU on port State control (IOMOU) based in Goa, India.

**Thank You Our Captain**





CHAPTER 03

# THE SAMSA VOYAGE

We are focused on Strategy 2020 that will result in an agile and innovative SAMSA.

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# OUR STRATEGY

## 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 support services, whose practices and processes enable SAMSA to achieve its 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 services being provided. The next four years will see SAMSA turn its focus on ensuring that organisational capabilities and capacity are aligned with the requirements of changes in the maritime regulatory environment, and with emerging new requirements around maritime transport, maritime technology information and intelligence, the emergent offshore extractive industries, climate change and maritime pollution emanating from ships in particular.

## 2 EXCELLENCE IN SERVICE DELIVERY BY 2020

The Batho Pele Principles of government put forward the rationale for viewing the citizen as a customer, and argues in favour of evaluating service delivery, using the same principles that apply to competitive, profit-oriented behaviour in private sector service delivery. This approach puts pressure on systems, procedures, attitudes, and behaviour to reorient them in the customer’s favour, and through this approach put all SAMSA stakeholders at the centre of this definition, which includes customers, partners, shareholder ministry, suppliers, staff, government departments in their broader definition, first.

The objective is to ensure that SAMSA, in the eyes of the stakeholder, is an organisation that has integrity, gives good value to its stakeholders for money, has a high reputation, meets deadlines, has quality services, has easy to understand processes, responds to criticism, encourages queries and complaints and handles them well, and demonstrates that it is passionate about stakeholders. At all levels people are respected, well trained, friendly, contactable, flexible, knowledgeable, honest, trusted, stable, involved and consistent. The perceived culture is one of professionalism, efficiency, teamwork, caring, respect, seriousness, but with a touch of fun and character. This is all done under the clear objective of ensuring continuous improvement across all service areas.



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 transportation system responsibly observe the applicable safety and security legislation, regulations and practices so as to effectively facilitate a maritime environment that is clean, safe, secure, sustainable and economically viable. Safe and secure maritime transportation 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 discharge harmful emissions from daily release of various substances. Intentional and unintentional discharges of oil, chemical cargo residues, garbage and cleaning agents, anti-fouling paint, exhaust and other air emissions and non-indigenous species from ballast water have an on-going adverse impact on life in the world’s seas. Marine exhaust emissions (SO2, NOx and PM) 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, loss of property and assets from marine related transportation (vessel) activities.

The specific risks are as follows: the people at risk include seafarers, fishers, stevedores and shipyard workers, skippers and other 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.



4

A MARITIME SECTOR THAT IS RAPIDLY DEVELOPING TRANSFORMING AND CREATING SUSTAINABLE JOBS FOR SOUTH AFRICANS BY 2020

The South African maritime transport sector has the potential of playing a pivotal role in addressing the developmental challenges facing South Africa and delivering economic benefits of a significant nature, whilst contributing towards the national growth path of creating 5 million jobs and that of growth and development goals of the National Development Plan. Maritime transportation is a key enabler of international trade and remains the most essential facilitator of trade between South Africa, global markets and our regional trade partners. It is estimated that 98% (volume) of international trade is transported to markets by sea and that this component of trade currently contributes approximately 53% (2011) to the GDP of South Africa.

In 2010 the ocean contributed approximately R54 billion to South Africa’s GDP and accounted for approximately 316,000 jobs. South Africa’s oceans are estimated to have the potential to contribute up to R177 billion to GDP and between 800 and 1 million direct jobs by 2033. To this end an oceans economy lab was held as part of the Operation Phakisa process to develop a detailed programme aimed at unlocking the oceans economic potential. The key challenges being targeted for address include the fact that South Africa currently needs more registered merchant ships due to the three hundred million (300 million) tons of cargo that move through its ports in imports and exports. It has therefore forsaken thousands of employment opportunities, particularly seafaring jobs, which could be made available to South Africans, should the country achieve significant registration of ships on the SA Ship Register. The targeted initiatives arising out of the marine transportation and marine manufacturing lab are expected to increase the ocean economy’s GDP contribution by more than 20 billion rand by 2019. SAMSA’s goal over the next five years will be to contribute to the achievement of the oceans economy development aspirations by implementing those initiatives for which it is directly responsible and to provide technical and advisory support to those partners tasked with delivering the other initiatives.

5

A COMPETENT, SUPPORTED AND GLOBALLY COMPETITIVE SOUTH AFRICAN SEAFARER

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. The national oceans economic development programme (Operation Phakisa) has the 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.

The goal also aims to ensure that all seafarers within the sector have the knowledge, skills and competency to effectively perform their roles in safely operating vessels, in a manner that protects lives, property and the environment. This competency is at the core of seafarer development, seafarer registry, seafarer employment, seafarer/stevedore welfare and its administration. The human environment is highly regulated by IMO from a quality and safety point of view, as well as by ILO from a welfare point of view.



# PROGRAMME ONE

## ORGANISATIONAL CAPABILITY IMPROVEMENT PROGRAMME

### WORKPLACE PLANNING FRAMEWORK

The organisation continuously improves on the process of staffing needs and a workforce that is capable of delivering SAMSA objectives now and in the future.

Workforce planning has been integrated with the strategic and operational planning process to ensure the alignment of strategies to continuously deliver the right people in the right place at the right time. An integral part of the planning by the organisation has been the development and implementation of policies and practices to enhance the effectiveness of the workforce. It is a dynamic process involving frequent modifications of the direction in response to changing environment and SAMSA direction.

The major areas of the workforce planning framework are analysis of the current situation and then extending that analysis to identify the future skills and competencies needed to deliver new and improved services.

The comparison between the current workforce and the desired future workforce will highlight shortages, surpluses and competency gaps, whether these are due to external pressures or internal factors. These gaps then become the focus for a detailed workforce plan, identifying and implementing strategies that will build the relevant skills and capacity needed for success.



OUR APPROACH TO  
EXECUTE STRATEGY  
& OUR PERFORMANCE  
HIGHLIGHTS

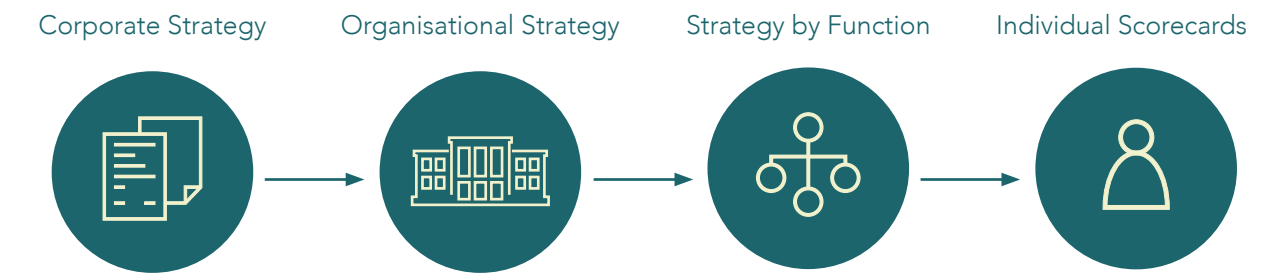


# EMPLOYEE PERFORMANCE MANAGEMENT

SAMSA is in the process of becoming significantly more effective, efficient and a strategic contributor to the South Africa maritime economy, whilst at the same time becoming increasingly an employer of choice by local and world standards.

The implementation of an integrated, consistent and effective performance management system across the organisation is the core to motivating and directing people to execute the strategy.

Performance management is a mechanism for facilitating the roll-down of corporate strategy into organisational, centres/functions and individual scorecards. SAMSA has implemented an integrated performance management system in line with the legislative framework that governs performance management within public entities.



As part of the process of implementing the performance management system, SAMSA has also undertaken a number of reviews of the system-driven by the desire to ensure that the system conforms to: Key legislative and regulatory requirements, best practice with regards to design, implementation and to ensure that the system is an appropriate mechanism through which the performance of the organisation at all levels can be optimised, employees motivated, developed and rewarded, risk and projects are effectively managed and the goals of the organisation achieved.

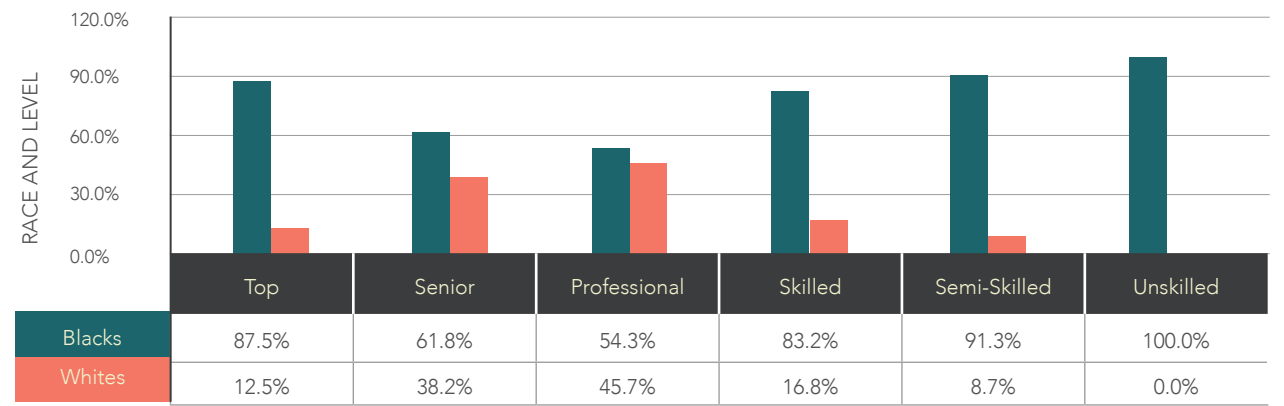
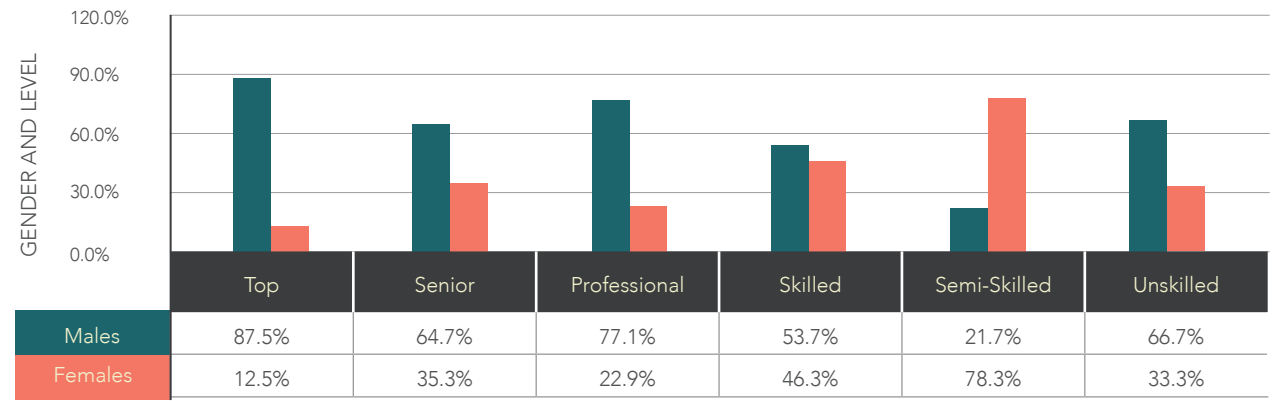
# EMPLOYMENT EQUITY

SAMSA is fully committed to transformation and reflecting the natural demographics of South African society in its workforce. SAMSA subscribes to the requirements of the Department of Labour. SAMSA has made good progress in the achievement of employment equity targets during the year 2015 and 2016 with all categories showing improvement.

The need to further deliver on targets, particularly at middle and senior management levels, will remain priority in 2016. The Employment Equity Forum has been established and it is the most effective means of meeting the most elementary components of the Employment Equity Act, namely:

- Setting of numerical targets and identifying affirmative action measures, through consultation with employees and key stakeholders. The identification of affirmative action measures is also inseparable from Workplace Skills Plans in terms of Skills Development Act..
- The Employment Equity Training was conducted for EXCO by an external service provider. The Employment Equity Forum meets monthly. All line managers were also trained.
- Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce.

ORGANISATION EMPLOYMENT EQUITY OVERVIEW







## TRAINING AND DEVELOPMENT

Training is the organisation’s tool that enhances high performance by affording employees an opportunity to undergo development and sharpen their skills, improve qualifications and advance their careers. It is also an investment since high performance resulting from training and development is the return. Furthermore it serves as an element of retention strategy and also changes the morale of the organisation. Training interventions are for both long and short term, including seminars, summits and conferences.

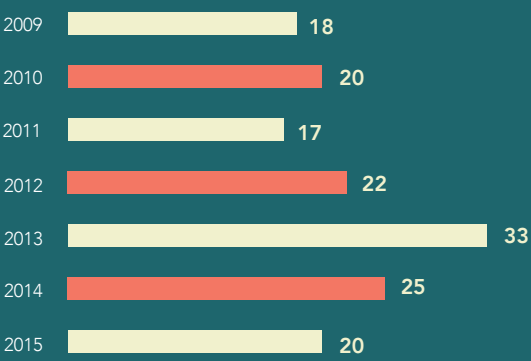
### SAMSA LEADERSHIP AND DEVELOPMENT ACADEMY

The launch of the SAMSA Leadership and Development Academy (SALEDA) has been put on hold until it is presented to MANCO. Currently the Internal Training, which is supposed to be run under SALEDA continues.

### WORKPLACE EXPOSURE

In this programme the number of Cadets has decreased from 20 to 2, contracts were extended by four months, 13 Cadets were placed at South African Maritime Training Academy (SAMTRA) and Marine Crew Services (MCS), 6 Cadets went to sea and to date 1 Cadet has been permanently employed.

The graph below indicates the number of students who were assisted by this programme from 2009 to date which is **155**:



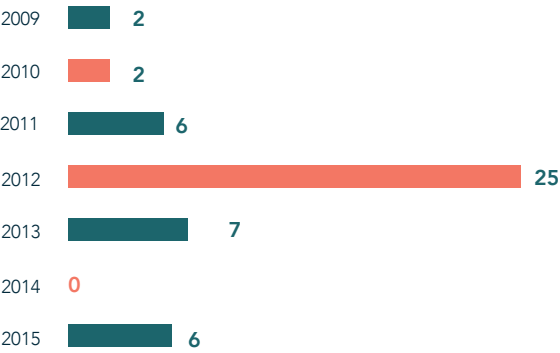
There were **109** interventions achieved in training or pre-sea courses as indicated below:

Black	Coloured	Indian	White
<div><div></div><div></div></div> <div>6340</div>	<div><div></div><div></div></div> <div>06</div>	<div><div></div><div></div></div> <div>00</div>	<div><div></div><div></div></div> <div>00</div>
103	6	0	0
109 Interventions			
TOTAL SPENT		R186 246.38	

# NUMBER OF INTERNS

FROM APRIL 2015 - MARCH 2016

The objective of this programme is to assist students who have completed their studies to get exposure in their field of study so that they can acquire experience. This programme commenced in 2009 and has since assisted 48 students to date. There are 14 of them who were permanently employed, 4 were terminated at the end of their 12 months contract, and currently 19 were given fixed term contracts remaining on this programme as graphically illustrated below:



Number of Interns Placed

Black	Coloured	Indian	White
<div><div></div><div></div></div> <div>66</div>	<div><div></div><div></div></div> <div>10</div>	<div><div></div><div></div></div> <div>10</div>	<div><div></div><div></div></div> <div>00</div>
12	1	1	0
14			

# INDUCTION PROGRAMME REPORT

FROM APRIL 2015 - MARCH 2016

SAMSA continues with the induction course for the new employees to familiarise them with what the organisation is all about, including policies and procedures. Induction takes place twice a year but it may be held 3 times a year depending on the rate of the recruitment of employees. For the financial year 2015/16, 31 employees were inducted on the 1-2 March 2016 ranging from Top Management, Senior Management, Professionals, Specialists, Skilled and Semi-Skilled. This obviously reflects how quick recruitment is in the organisation.

OCCUPATIONAL LEVELS	PRESENT	ABSENT	TOTAL
Top management	2	0	2
Senior management	3	0	3
Professionally qualified and experienced specialists and mid management	23	1	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	0	2
Semi-skilled and discretionary decision making	1	0	1
Unskilled and defined decision making	0	0	0
TOTAL	31	1	32

# WOMEN DEVELOPMENT PROGRAMME

This programme aims at specifically targeting and training women for management positions.



Captain Tshepo Motloutsi

SAMSA is proud to produce the first black female Captain who received her Class 1 Certificate of Competence (CoC) in March 2016 and her name is Capt. Tshepo Motloutsi.

South Africa's purposeful drive to transform positively the country's maritime sector, primarily through development widely yet rapidly of a formidable base of human resource skills is yielding significant results. Latest evidence of this trend is to be found in the recently successful qualification of the country's first three black women as commercial cargo vessel masters, or in the colloquial, Master Mariners.

Currently we have 8 women on this programme as listed below:

NAME AND SURNAME	POSITION
Ms. Nontsindiso Tshazi	Head: Search and Rescue (resigned)
Ms. Constance Nengovhela	Manager: Boating
Ms. Kirsty Goodwin	Stevedore Safety Specialist
Ms. Nondumiso Mfenyana	Business Analyst
Ms. Thembela Taboshe	Ship Surveyor
Capt. Tshepo Motloutsi	Ship Surveyor
Ms. Nobesuthu Gongxeka	Manager: Dangerous Goods
Mrs. Antoinette Keller	Deputy Principal Officer





PROGRAMME TWO  
SERVICE DELIVERY EXCELLENCE PROGRAMME



The Annual Oliver Empowerment and Transformation Awards

SAMSA welcomed the news of its being honored with the prestigious “Legend of Empowerment and Transformation Award” at the 15th Annual Oliver Empowerment Awards – this in recognition of its sterling record in the arena of empowerment. The Annual Oliver Empowerment Awards are noted as the country’s premier accolades ‘for leadership and innovation in empowerment and transformation’ and have, according to Topco Media, “created a legacy of inspiration for the country’s business elite”.

SAMSA has “given South Africa the opportunity to recognise outstanding leaders – individuals or organisations who have exemplified inspiration, vision, innovation, leadership, and action for empowerment and transformation. Their success is legendary in the world of business today empowerment and contribution to the country’s broad transformation.”





# PROGRAMME THREE

## MARITIME SAFETY PROGRAMME

### SHIP SAFETY

SAMSA in addition carries out statutory unscheduled ships survey and inspections in fulfillment of Flag State obligations. A total of 11 701 surveys took place and a total of 10 859 Certificates were issued and the biggest contributor was Small Vessels <25GT (EXT) {5 091} followed by Small Vessels <25GT (INT) {3 665}. The table below reflects the surveys carried out and certificates issued.

SURVEYS	NUMBERS OF SURVEYS CONDUCTED	NUMBERS OF CERTIFICATES ISSUED
Tonnage measurement	31	24
Loadline	72	64
Small vessels <25GT (Int)	3 665	3 531
Small vessels <25GT (Ext)	5 091	5 105
Fishing vessels >25GT≤400GT	423	412
Fishing vessels >400GT	120	114
Non fishing 25GT ≤500GT	246	97
Convention vessels >500GT	619	317
Oil Pollution Prevention & Combating	21	22
MARPOL	99	76
Ship Stability	72	22
Dangerous Goods	674	609
Approvals, DOTFAS, Life-raft stations	143	86
Radio surveys	425	380
TOTAL	11 701	10 859





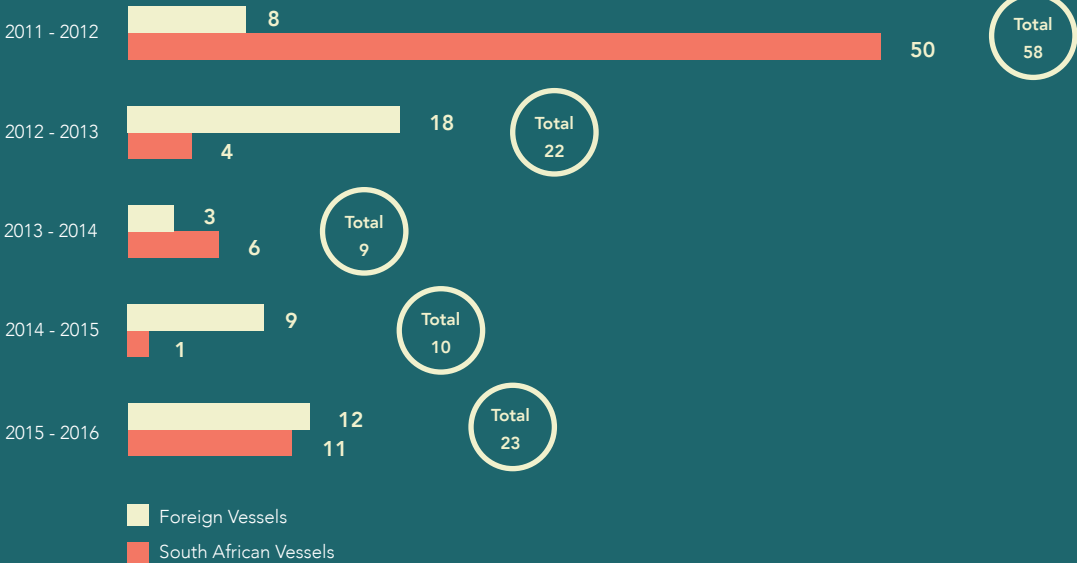
# PORT STATE CONTROL INSPECTION

Port State Control is the process by which a nation exercises its authority over foreign vessels when those vessels are in waters subject to its jurisdiction. This resulted in twelve (12) detentions of foreign vessels, which were mainly for safety related non-conformities i.e. safety equipment, expired certificates and noncompliance. The vessels were only allowed to leave the Port after they had taken corrective measures.

The table below reflects the Port State Inspections and Detentions over the years.



Detention from 2011 to 2016



# VESSEL INSPECTIONS AND DETENTIONS

Brief details of all the detentions are listed below:

DATE	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	REASON FOR DETENTION
14 Apr 2015	TOKACHI FROST	Reefer (General Cargo)	Beleze	Vessel was detained during a Port State Control Inspection for having various deficiencies
14 May 2015	PARISIANA	Bulk Carrier	Monrovia	Ship detained in terms of MSA Section 259 & 264 and was released the next day after establishing that only stevedores were involved in the incident
19 May 2015	ALTAI	Bulk Carrier	Monrovia	Port State Control Inspection - Ship detained in terms of MSA Section 200, 203, 219, 240 & 243. Vessel already arrested by the Sherriff of Cape Town, as previous Flag state Liberia has withdrawn the right of the vessel to fly the Liberian flag.
27 May 2015	OCEAN STROOM	Pleasure Yacht	San Lorenzo	Vessel was detained during a Port State Control Inspection for having various deficiencies
31 May 2015	VUKANI II	Fishing Chokka	Port St Francis	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
19 Jun 2015	EVEREST BAY	Refrigerated Cargo	Monrovia	Vessel was detained during a Port State Control Inspection for having various deficiencies
10 Jul 2015	NESSA 7	Yacht	Panama	The vessels statutory certificates have expired.
15 Jul 2015	MV HAREN	General Cargo	St Johns	Vessel was detained during a Port State Control Inspection for having various deficiencies
20 Oct 2015	DELTA QUEEN	Small Vessel	Port Elizabeth	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
20 Oct 2015	SHINNA	Small Vessel	Port Elizabeth	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
23 Nov 2015	DARLEAKAY	Bulk Carrier	Marshall Islands	Vessel was detained during a Port State Control Inspection for having various deficiencies
24 Nov 2015	BIANCO ZEALAND	Bulk Carrier	Panama	Vessel was detained during a Port State Control Inspection for having various deficiencies

# VESSEL INSPECTIONS AND DETENTIONS

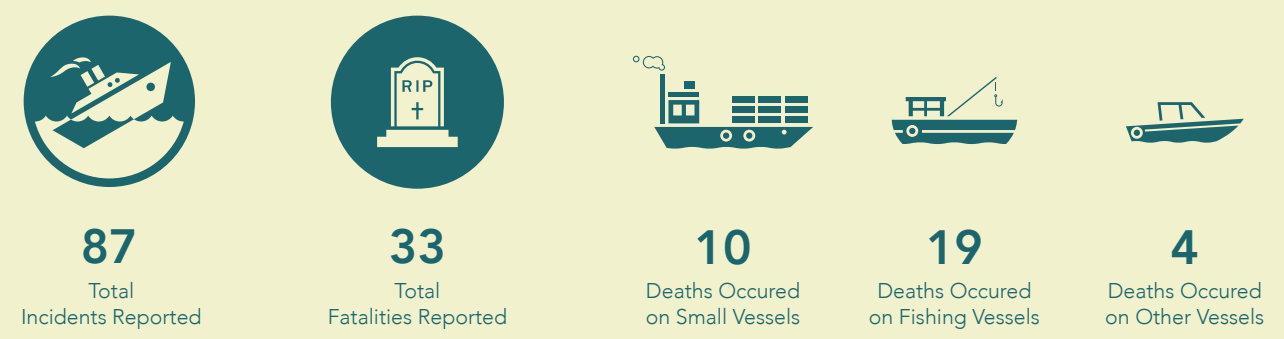
Brief details of all the detentions are listed below:

DATE	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	REASON FOR DETENTION
10 Dec 2015	CHRIS TRAUTMAN	Class X Tuna Pole Fishing	Cape Town	Fire caused damage to safety equipment
10 Dec 2015	FIRSKORN	Class X Tuna Pole Fishing	Cape Town	Fire caused damage to safety and navigational equipment.
26 Jan 2016	TRISTAN FERN	Pilot Boat	Port Elizabeth	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
26 Jan 2016	IMPUNZI	Harbour Tug	Port Elizabeth	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
26 Jan 2016	UMTHWALUME	Harbour Tug	Port Elizabeth	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
02 Feb 2016	MV CREST ARIES 1	Offshore Supply Vessel	Singapore	Vessel was detained during a Port State Control Inspection for having various deficiencies
05 Feb 2016	PSD2	Supply Vessel	Panama	Vessel detained for having various deficiencies
18 Feb 2016	JOLLY ROGER	Small Passenger	Cape Town	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
03 Mar 2016	GIULIANA	General Cargo	Benghazi	Vessel was detained during a Port State Control Inspection for having various deficiencies
11 Mar 2016	MING KAI	Fishing	Qingdao	Vessel detained under Article 5 of the schedule for Marine Pollution (prevention of pollution from ships)
19 Mar 2016	ALOHA	Small Passenger	East London	Vessel detained during an Ad-Hoc inspection for having various deficiencies.
TOTAL	23 SHIPS			



# CASUALTIES AND INCIDENTS

Casualties to Ship and Personnel



INCIDENTS RECORDED	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
TOTAL	68	101	107	100	87

FATALITIES	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Small Vessels	11	9	10	2	10
SA Fishing Vessels	5	13	0	8	19
Convention Ships	2	8	0	11	2
Ship Repairers	0	0	0	0	1
Stevedores	0	0	0	0	1
Incidental persons	1	2	0	1	0
TOTAL	19	32	10	22	33

# CASUALTIES AND INCIDENTS

Fatalities

DATE	VESSEL POR	TYPE OF VESSEL	BRIEF DESCRIPTION
25 Apr 2015	LAVELA (Douglas)	Oil/Chemical Tanker	A ship repairer tasked with boiler repairs on board vessel, started having difficulties in breathing and collapsed when boarding the vessel. He was declared dead by paramedics.
15 May 2015	BBC MARYLAND (St John's)	Multi-Purpose vessel	Two stevedores working on shore-side during cargo operations were wounded by a steel beam being lifted by ship's gear. One suffered very serious injuries resulting in his death, whilst the other was treated for minor injuries.
24 May 2015	AYEZA2 (Lamberts Bay)	Fishing Vessel	Two fishermen from the West Coast went missing after their small boat was swamped by water and capsized.
16 Jun 2015	BBC ICELAND (St John's)	General Cargo	The electrician was found lying face down on his cabin.The exact time and cause of death is unknown
19 Jun 2015	ORYX (Plymouth)	Yacht	Skipper handed over watch to his wife and went to sleep. When he woke up around 10H00 he discovered that his wife was missing off the yacht and was presumed to have fallen overboard.
11 Jul 2015	PHOENIX PHANTOM (Pretoria)	Ski-Boat	Two males drowned when their boat capsized whilst fishing in adverse weather and water conditions.
13 Jul 2015	ROMANO PAULO (Port Elizabeth)	Fishing Vessel	A crewmember fell into the water from the gangway. He was rescued from the water, but died soon after.
13 Jul 2015	AFRICAN BLACKBIRD (Panama)	Bulk Carrier	A crew member died on board after a short illness
11 Aug 2015	SIROCCO (Port St Francis)	Fishing Vessel	A crewmember collapsed on the deck, he was rendered unconscious by skipper. He was declared dead by the attending doctor
19 Aug 2015	NESSA (Panama)	Pleasure Vessel	The Chief Engineer was discovered dead in his cabin.
23 Aug 2015	ELKE M (Cape Town)	Fishing Vessel	Crewmember was reported missing and presumed to have fallen overboard.

# CASUALTIES AND INCIDENTS

Fatalities

DATE	VESSEL POR	TYPE OF VESSEL	BRIEF DESCRIPTION
27 Sept 2015	LINCOLN (Cape Town)	Fishing Vessel	On the 27th September 2015 MRCC received a distress call from vessel LINCOLIN with 21 passengers on board. Vessel had developed a severe list to port after taking on water. Crew subsequently abandoned the vessel fearing imminent capsize, resulting in 9 deaths, 3 missing and 3 injuries
01 Dec 2015	LINKIE (Cape Town)	Ski-Boat	Vessel capsized resulting in five crew in the water. 2 deaths reported
06 Jan 2016	ESTRELA DO MAR (Cape Town)	Fishing Vessel	Crewmember was found dead in his cabin.
17 Jan 2016	DEREK (Cape Town)	Fishing Vessel	Crewmember was reporting missing and presumed to have fallen overboard
11 Jan 2016	FISHING FRENZY (Laaiplek)	Ski- Boat	Reported to SAMSA that the vessel launched from Paternoster has not yet returned. Two crewmembers reported missing
19 Mar 2016	NO NAME (Durban)	Pleasure Vessel	Two crew members fell overboard and drowned.
TOTAL FATALATIES	33		

# SHIP REGISTRATION

One of the functions of the Authority is to manage the South African Ship Registry as well as promote the Register with a view 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 the 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 year 2015-16 **1 455** ships with a gross tonnage of **434 428.93** 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	2011-2012		2012-2013		2013-2014		2014-2015		2015-2016	
Ship Types	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage
Convention	12	46 472.32	9	36 996.42	11	41 342.53	11	41 626.67	13	245 600.70
Non-convention over 25 GT	784	179 076.44	771	175 590.67	766	170 126.35	763	174 188.77	755	185 714.50
Sailing and under 25 GT	593	3 898.91	618	3 964.00	655	3 964.34	674	3 967.47	687	3 113.73
TOTAL	1 389	229 447.67	1 394	216 551.09	1 432	215 433.22	1 448	219 782.91	1 455	434 428.93



# SHIP REGISTRATION ACTIVITIES

SHIPS REGISTER ACTIVITIES

38	Ships were registered anew
44	Ships were deleted from the register
49	Mortgage bonds were registered or discharged
26 976	Other activities: revalidation of certificates of registration and requests for register details, transfer of ownership, consultations regarding registration, telephone calls, e-mails etc.

AT THE END OF MARCH 2016 THERE WERE:

13	Convention Ships Totalling	245 600.70
755	Non-Convention Under 25Gt Vessels Totalling	185 714.50
687	Sailing And Under 25Gt Vessels Totalling	3 113.73





PROGRAMME FOUR

MARITIME SECURITY PROGRAMME

MARITIME SAFETY

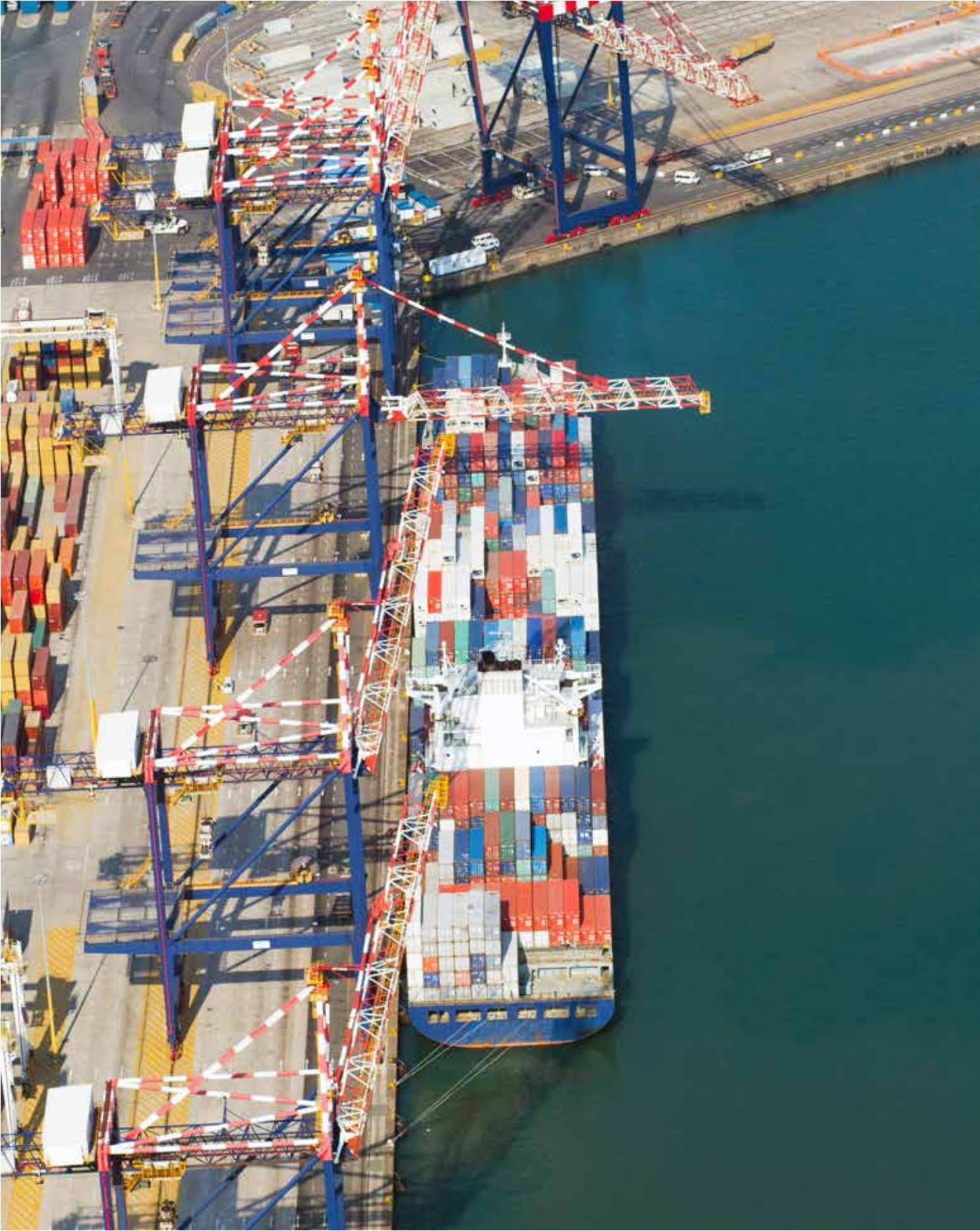
AND DOMAIN AWARENESS

SAMSA through the MRCC responded to 504 emergency alerts, of which approximately 29.5% were false alerts/unintentional distress signal activations. 169 Lives were saved during the period through the coordination actions of the MRCC and the support of other South African Search and Rescue (SASAR) role players. MRCC also assisted with 91 medical advice incidents by connecting vessels to local telemedical services and coordinated the evacuation of 73 crew/passengers from vessels offshore to local hospitals.

SAMSA passed on 12 618 pre-arrivals as well as query messages to the DoT’s Maritime Security Coordination Centre (MSCC) during this period.

SAMSA together with the Department of International Relations and Cooperation (DIRCO) participated on the Indian Ocean Rim Association (IORA). The IORA, as a forum for maritime geo-strategic, geo-political, geo-economic issues, diplomatic and maritime security dimensions, international relations and regional cooperation, governance and capacity building in the Indian Ocean region. It is an important forum for the pursuit of the goal of the maritime agenda in the region. South Africa will take the leadership of IORA as the Vice Chair (2015 to 2017) and Chair (2017 to 2019) to promote the achievement of the Ocean Economy - Operation Phakisa; vigorously pursue the implementation of the six (06) priorities of IORA - Maritime Safety and Security, Trade and Investment Facilitation, Fisheries Management, Disaster Risk Management, Academic and Scientific & Technology Cooperation and Tourism Promotion and Cultural Exchanges and inject dynamism necessary to promote gender empowerment as a cross-cutting issue; and ensure reliable, uninterrupted and safe movement of people, goods, energy and resource supplies through the Indian Ocean.

On 22 February 2016, DIRCO hosted an IORA Intergovernmental Consultative Process (Strategic Planning Workshop) and SAMSA was represented. The objective of the workshop was to develop a “Team South Africa” strategy for chairing IORA (2017 to 2019). DIRCO briefed the stakeholders on the involvement of South Africa in IORA, expectations from South Africa and the need to develop a strategy for South Africa’s Chairship of IORA with focus on few priority areas. The workshop identified Ocean Economy and Maritime Safety and Security as the two (02) priorities for the South African strategy on IORA (2017 - 2019). In conclusion, it was agreed that DIRCO will provide reports on the outcome of the workshop and the Draft Strategy on South Africa’s Chairship of IORA (2017 - 2019) to Directors General (DGs) of Departments and Chief Executive Officers (CEOs) of state entities for inputs and comments.





PROGRAMME FIVE

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

POLLUTION INCIDENTS

There were 3 oil pollution incidents reported this financial year 2015-16. Brief details of all the incidents reported are listed below.

DATE	PORT	VESSEL	TYPE OF VESSEL	PORT OF REGISTRY	BRIEF DESCRIPTION
14 Apr 15	Port Elizabeth	OUPA JOEWIE	Fishing	South Africa	Upon starting the main engine approximately 5 litres of oil spilled on the quay and some oil ran into the water
24 Apr 15	Durban	MSC GENERAL	Container	Panama	During hose connection the sludge hose slipped from the crane and fell on quayside; the hose cap fell resulting in residual oil in the hose going into sea.
22 Aug 15	Durban	WIN FAR NO. 888	Fishing	Taiwan	Approximately 200 litres of oil were spilt during bunkering operations
TOTAL	3 INCIDENTS				



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 year 2015-16, as depicted in the table below, 38 penalties were finalised, all amounting to R 1 612,000.00. 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 and non-compliance with Safe Manning Regulations.



BRIEF DETAILS OF ALL THE ADMISSIONS OF CONTRAVENTION

VESSEL	DATE FINALISED	AMOUNT	OFFENCE	STATUS
HOT STUFF (DTD8125B)	14 Apr 2015	R2 000	Operating the vessel with expired certificates (Local General Safety and Hull certificates)	Amount Forfeited
ADVANTAGE CRUISER (Mr. B S Gass)	14 Apr 2015	R10 000	Operating the vessel without a valid Local General Safety Certificate	Amount Forfeited
ADVANTAGE CRUISER (Ms. N Phillipson)	14 Apr 2015	R10 000	Operating the vessel without a valid Local General Safety Certificate	Amount Forfeited
ITALENI	14 May 2015	R15 000	Failure to report an accident	Amount Forfeited
ALECTIS (DTD 1022B)	14 May 2015	R2 000	Operating the vessel with an expired Local General Safety Certificate.	Amount Forfeited
MAMOTSE (LTB 599C)	14 May 2015	R1 500	Operating the vessel without a valid Certificate of Competence	Amount Forfeited

# ADMISSION OF CONTRAVENTIONS

VESSEL	DATE FINALISED	AMOUNT	OFFENCE	STATUS
SOUTHERN VENTURE	30 Jun 2015	R75 000	Pollution into the harbour during bunkering operations	Amount Forfeited
CAUSEWAY SUPPLIER	30 Jun 2015	R50 000	Not maintaining a continuous listening watch on the radio where a navigational warning was broadcasted	Amount Forfeited
EL SHADDAI	5 Sep 2015	R75 000	Pollution into the harbour during bunkering operations	Amount Forfeited
AVRO WARRIOR	13 Apr 2015	R50 000	Fuel Oil overflowed into the sea	Amount Forfeited
ITALENI	19 Oct 2015	R20 000	No on-board fire drills using fire hoses were conducted and no reason for this provided on the Log book	Amount Forfeited
LIBRA LEADER	21 Oct 2015	R25 000	Vessel stopped and anchored within RSA's territorial waters without obtaining permission	Amount Forfeited
OCEAN PRIDE	21 Oct 2015	R52 500	No official Log-Book on board, no boat & fire drills as well inspection of life-saving appliances carried out. No crew lists and Unsafe work practices	Amount Forfeited
FILLET (DTD 2713)	21 Oct 2015	R1 500	Proceeded to sea through a surf zone without wearing a lifejacket or an approved buoyancy aid	Amount Forfeited
MARACAIBO / BARATZ	21 Oct 2015	R50 000	Fuel Oil spilt into the sea and failure to report the incident	Amount Forfeited
NESSA 7	21 Oct 2015	R25 000	Operated the vessel with an expired Safety Certificate	Amount Forfeited
SANTA ANA	21 Oct 2015	R3 000	For contravening the Safe Manning, Training and Certification Regulations	Amount Forfeited
SANTA ANA (FJM SHORE MANAGEMENT)	21 Oct 2015	R2 000	For contravening the Safe Manning, Training and Certification Regulations	Amount Forfeited

# ADMISSION OF CONTRAVENTIONS

VESSEL	DATE FINALISED	AMOUNT	OFFENCE	STATUS
OCEAN IMPERIOR	14 Dec 2015	R100 000	Vessel been operated in an unseaworthy state. Various certificates have expired	Amount Forfeited
6X8 BARGE (DTD1104R)	14 Dec 2015	R12 500	Operating the vessel without a valid Local General Safety Certificate on board	Amount Forfeited
UGUMANZI (DTD487C)	14 Dec 2015	R12 500	Operating the vessel without a valid Local General Safety Certificate on board	Amount Forfeited
KALAHARI	14 Dec 2015	R2 000	Vessel operating with expired fire extinguishers onboard	Amount Forfeited
MSC CARLA	14 Dec 2015	R20 000	Contract workers of the Ethekwini marine were found conducting maintenance work on-board the vessel without mandatory safety precautions in place	Amount Forfeited
KIVELI	14 Dec 2015	R91 000	Vessel found to have submerged her appropriate load line mark by 72.84mm	Amount Forfeited
SHINNA	14 Dec 2015	R7 000	Operating the vessel without a valid Certificate of Competence and with various expired safety certificates.	Amount Forfeited
SHORE SHORE-LOZA	14 Dec 2015	R10 000	Operating the vessel on various occasions in an unseaworthy state	Amount Forfeited
TOO TIGHT (DTD2972C)	14 Dec 2015	R1 500	Operating the vessel in an unseaworthy state	Amount Forfeited
LE CASSIE (DTD1058E)	14 Dec 2015	R3 000	Vessel was found to have excess amount of passengers than the prescribed amount indicated on LGSC	Amount Forfeited
SINAR KUTAI	14 Dec 2015	R250 000	Oil spilled into the sea and failure to report the incident	Amount Forfeited
KINGFISHER	14 Dec 2015	R7 000	Failure to report an incident	Amount Forfeited



ADMISSION  
OF CONTRAVENTIONS

VESSEL	DATE FINALISED	AMOUNT	OFFENCE	STATUS
MEERCAT NNTL23B	14 Dec 2015	R15 000	Operating the vessel without a valid skipper's certificate and not having the required equipment on board	Amount Forfeited
COMPASS CHALLENGER	14 Dec 2015	R362 500	Incorrect entries in Oil Record Book, discharge of oily bilge water into the sea and compliance audits not executed	Amount Forfeited
KHULISA EYETHU	14 Dec 2015	R10 000	Crew without safety induction documents on board and Chief Engineer not duly certified in accordance with the vessels Safe Manning Document	Amount Forfeited
JABULA	14 Dec 2015	R2 000	No Crew list on-board and crew not in possession a valid Medical Certificates	Amount Forfeited
X-HAIL	14 Dec 2015	R2 000	Vessel found to be unseaworthy after an Ad-Hoc inspection was conducted	Amount Forfeited
WIN FAR NO.888	14 Dec 2015	R100 000	Unlawful discharge of diesel into the harbour	Amount Forfeited
VELOX	14 Dec 2015	R127 500	Vessel found to be overloaded	Amount Forfeited
DELTA QUEEN	14 Dec 2015	R7 000	Operating the vessel without a valid Certificate of Competence and with various expired Safety Certificates.	Amount Forfeited



# PROGRAMME SIX

## MARITIME GOVERNANCE PROGRAMME

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.

A draft Bill, which covers the Regulation of Coastal Trade (all activities withIN SA waters including offshore activities), Development of Indigenous Merchant Shipping fleet, and the Establishment of a Maritime Fund to support the above, has been drafted.

SAMSA also conducted a comprehensive desktop study on the most suitable cabotage regime for South Africa, and made an input to DoT towards the development of a cabotage chapter in the broad Transport Policy.



# PROGRAMME SEVEN

## MARITIME SECTOR DEVELOPMENT PROGRAMME

SAMSA in partnership with Department of Higher Education and Training (DHET) implemented a National Cadetship Programme which was funded by SAMSA and some elements of it were funded by the National Skills Fund (NSF). The programme has been a resounding success and has addressed the entire backlog that existed as a result of the lack of berths. One hundred and seventy two (172) cadets were placed on thirteen (13) partner vessels.

# UNLOCKING THE OCEANS ECONOMY

## OPERATION PHAKISA

SAMSA is the implementing Agent of Initiative 18 of the Marine Transport and Manufacturing Lab (MTM) - Support local registry of vessels through incentives and encouragement of using SA - flagged ships for cargo and coastal operations.

One of the functions of the Authority is to manage the South African Ship registration process as well promote the Registry with a view to attracting ship owners onto the South African Flag. South Africa's did not have a registered merchant vessel on the ship register over the last 20 years, resulting in the merchant shipping register being diminished and a market perception developing that the SA flag is uncompetitive. This state of affairs was largely caused by an "unattractive" flag as the country fell behind in keeping up with international developments in this regard. Under Operation Phakisa, there is a national drive to resuscitate the SA Ship register and results are starting to come through. Consequently, four merchant ships have been registered on the SA Ship Register. The first ship, *Cape Orchid* was registered on the South African Register on 24 August 2015. The second vessel the *Cape Enterprise* registered in November 2015, the *Oliphant* registered in December and finally The *MT Lefkas*, was registered in June 2016.

The National Ports Regulator has made concessions, which gives a discount on all maritime tariffs to qualifying ships as follows: Vessels registered in 2016/17 will receive a 30% discount, vessels registered in 2017/18 will receive a 20% discount, and vessels registered in 2018/19 will receive a 10% discount.



# PROGRAMME EIGHT

## SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

SAMSA conducted an Independent Evaluation in accordance with the STCW Convention 1978, as amended, in order to establish by applying state of the art analytical and audit methods, whether the Republic of South Africa through its legislation and through SAMSA gives effect to all requirements of STCW 78, as amended.

The evaluation reflected that SAMSA, for training and certification of seafarers, which is based on:

“Prescribing through syllabi the competencies to be achieved by candidates for all programmes and courses, accrediting training institutions with their training programmes and courses, moderating the exam papers prior to use in the exam, moderating of the completed examination papers and carrying out oral examinations for all future CoC holders,” is deemed by the independent evaluators to ensure a constantly high level of quality in the training and examinations and a sound basis for the issuance of Certificates of Competency and Certificates of Proficiency.

### New Certificates for Seafarers in compliance with the STCW Convention

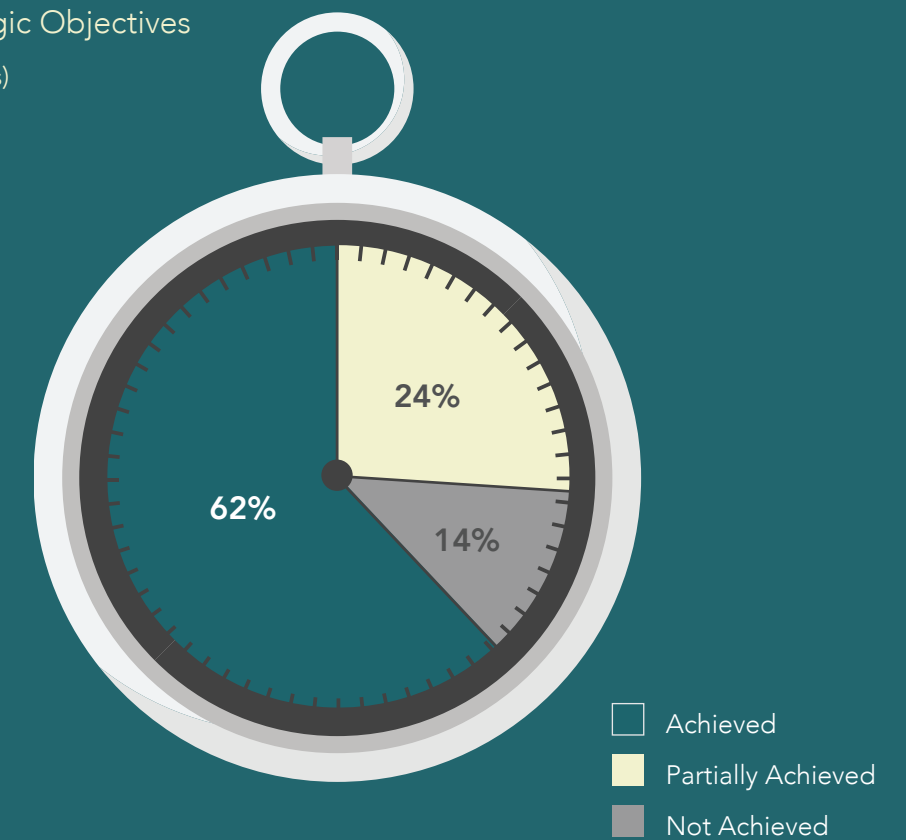
SAMSA launched a new Certificate in compliance with the amended STCW Convention and the Merchant Shipping (Safe Manning, Training and Certifications) Regulations, 2013, as amended (the Regulations). The issuing of the new certificate is in compliance with the 2010 Amendments (Manila Amendments) on the STCW Convention 1978. These amendments were effective as of 1st January 2012. In terms of the amendments, from between 1st July 2013 and 1st January 2017 all seafarers are required to undertake additional training in accordance with the Manila Amendments and hold the requisite certification compliant with the amended STCW Convention. The competence of seafarers is the most critical factor in the safe and efficient operation of ships, and has a direct impact on the safety of life at sea and the protection of the marine environment.



## PERFORMANCE INFORMATION BY PROGRAMME

### CORPORATE PERFORMANCE DASHBOARD

SAMSA Achievement  
Based on Strategic Objectives  
(Based on Indicators)



Oliphant - Photo Credit, C. Plaque



PROGRAMME 1

ORGANISATIONAL CAPABILITY DEVELOPMENT PROGRAMME

To improve the level of organisational Resources and Capabilities from Level 3 to level 5 by 2020

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 on-going 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 (CMM), 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 organisation, Centre or a 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 PAs has a specific set of goals.

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
1.	Level achieved on the SAMSA Long Term Financial Sustainability (LTFS)	Level 4 of the SAMSA Long Term Financial Sustainability (LTFS) Model	<div>Partially Achieved</div> <div>Level 2 of the SAMSA Long Term Financial Sustainability (LTFS) Model. Based on the Internal Auditors report on Controls Maturity Report</div>	SAMSA is experiencing financial challenges due to the non-adjustment of tariffs over a long period of time	To ensure full implementation of the finance policy and implementation of the Auditors recommendations on Controls maturity

PROGRAMME 1

ORGANISATIONAL CAPABILITY DEVELOPMENT PROGRAMME

To improve the level of organisational Resources and Capabilities from Level 3 to level 5 by 2020

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
2.	Audit opinion achieved on the Auditor General’s report	Unqualified audit (with no matters of emphasis)	<div>Partially Achieved</div> <div>Internal audit plan was not fully implemented</div>	SAMSA Audit plan implementation not yet finalised as there are findings that need to be addressed.	Continue with the implementation of the audit plan by the end of 31st May 2016
3.	Level achieved on the SAMSA processes capability maturity model	Level 2 of the SAMSA processes capability maturity model	<div>Achieved</div> <div>Level 2</div>	No Variance	Continue to rollout the implementation across the entity
4.	Level of contribution achieved on the Broad-Based Black Economic Empowerment (BBBEE) scorecard	Level 3 on the BBBEE scorecard	<div>Not Achieved</div> <div>Level 5 on the BBBEE scorecard</div>	Skills development score was 1/20  Procurement was 7/15 and Enterprise development 7/15	The score was 8 at the beginning of the year and has progressed up to a rating of 5. Whilst not adequate, SAMSA has considered actions to be taken to improve the performance of the measurement elements that make up the scorecard

Achieved

Partially Achieved

Not Achieved

PROGRAMME 2

SERVICE DELIVERY EXCELLENCE PROGRAMME

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

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 constructed and 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 a 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.

PROGRAMME 2

SERVICE DELIVERY EXCELLENCE PROGRAMME

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

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
1.	Rating achieved on the Stakeholders Satisfaction Survey	Implemented initiatives to address gaps from 2014/2015 survey	<b>Achieved</b>  All initiatives implemented to address the 2014 / 2015 survey and evidence provided after annual validation	No Variance	Continue with Stakeholder engagements and management improvements initiatives for 2016/17 financial period
2.	Percentage of registered customer complaints that have been attended to	100% of all registered complaints	<b>Not Achieved</b>  (33% of all registered complaints)	Lack of performance management reviews on queries and complaints registered	Continue to addressing the improvement of the SAMSA query management system

Achieved  Partially Achieved  Not Achieved



PROGRAMME 3

MARITIME SAFETY PROGRAMME

To reduce the incidence of preventable marine casualties in South African waters over the period 2015 – 2020

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 applicable conventions, legislative requirements and policies. Investigative and regulatory powers are essential for an authority to investigate and review accidents and incidents, determine cause, and determine what corrective actions can be undertaken in order to promote safe practices and prevent future recurrence of similar incidents. The programme focuses on, amongst others, the following areas of maritime safety:

- Enforcing safe operations of South African flagged vessels throughout the world.
- Asserting authority over foreign vessels operating on South African waters to enforce safe, secure, and environmentally sound operations.
- Issuing certificates of competence (CoCs) and related documents to qualified seafarers, after they have undergone a combination of training courses, requisite practical experience, and passed examinations
- Conducting surveys of South African vessels and inspections of foreign vessels, auditing of maritime facilities, and reviewing plans for vessel construction, alteration etc.
- Includes the implementation of the International Maritime Conventions to which South Africa is a Party.
- Safe navigation of vessels and effective emergency response systems
- Safety of navigation through the regulation of vessel traffic services (VTS) and harmonised aids to navigation services. Aids to navigation system includes both coastal and on navigable inland waterways of South Africa

The National Oceans Economy Development Programme (Operation Phakisa) argues that the surveillance and policing of the oceans is critical, given the strategic importance of commercial ports and the oceans bordering South Africa; ports, as vulnerable economic choke points, must be protected at all costs. Similarly, the fishing industry must be protected, not only for the number of jobs it provides, but also for its current and potential contribution to the GDP. SAMSA is generally responsible for maritime safety, while sectorial maritime safety and governance responsibility is devolved to other departments, notably the SA Navy, South African Police Service (SAPS), South African National Defence Force (SANDF), Department of Agriculture, Forestry and Fisheries (DAFF), Department of Public Enterprise (DPE) and DoT. The SAMSA goal is alignment with Operation Phakisa, which recognises the challenges facing maritime safety and aspires for marine protection and governance with the aim of:

*“Implementing an overarching, integrated ocean governance framework for sustainable growth of the ocean economy that will maximise socio-economic benefits while ensuring adequate ocean environmental protection within the next five years.”*

PROGRAMME 3

MARITIME SAFETY PROGRAMME

To reduce the incidence of preventable marine casualties in South African waters over the period 2015 – 2020

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
1.	Percentage of preventable marine casualties in South African waters successfully managed	100% of preventable marine casualties in South African waters successfully managed	<b>Achieved</b>  A total of 87 incidents with 33 fatalities were reported, 10 of the deaths occurred on Small Vessels, 19 on Fishing Vessels and 4 on other vessels	No Variance	Continue to implement maritime safety awareness initiatives
2.	Marine Protection and Governance Lab Initiatives supported and implemented	Provide integrated access to LRIT and AIS	<b>Achieved</b>  Access provided to get maritime domain awareness	No Variance	Continue with the implementation of Operation Phakisa
3.	Port State Inspections	360 Port State inspections	<b>Not Achieved</b>  There was 252 Port State Inspections carried out	Due to seasonal demand for statutory surveys for fishing vessels and small vessels	To improve on the Port State Inspections responsibility
4.	Flag State Inspections	11 120 Flag State Inspections	<b>Achieved</b>  11 701 surveys were conducted for the year	Due to a prioritisation of the statutory responsibility	-

LRIT - Long Range Identification and Tracking of Ships  
AIS - Automatic Identification System

Achieved

Partially Achieved

Not Achieved

PROGRAMME 4

MARITIME SECURITY PROGRAMME

To contribute to the mitigation of maritime security risks between 2015 and 2020

The maritime security programme 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, DoT, Telkom, Department of Home Affairs (DOHA) 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 our maritime domain.

SAMSA will ensure that best practice instruments are implemented to enhance maritime security (Including the implementation of the International Ship and Port Security (ISPS) Code, Maritime Contingency Plan developed and the LRIT implemented to watch our seas). SAMSA will achieve the goal by coordinating maritime search and rescue services through the 24/7 operation of Maritime Rescue Coordination Centre (MRCC), maintaining maritime distress communication services which includes receipt of distress alerts from ships, tracking vessels movements for emergency response purposes, actively participating in key stakeholders forums (IMO, Cospas - Sarsat, SASAR) and maximising technological advancements to enhance our search and rescue (SAR) capabilities.

PROGRAMME 4

MARITIME SECURITY PROGRAMME

To contribute to the mitigation of maritime security risks between 2015 and 2020

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
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1.	Maritime security incidents attributable to inadequate processing of pre-arrival notifications	Zero security incidents attributable to inadequate processing of pre arrival notifications	<b>Achieved</b>  Zero security incidents attributable to inadequate processing of pre arrival notifications	No Variance	-
2.	Percentage availability of maritime domain awareness systems uptime	Average of 95% maritime domain awareness systems uptime	<b>Achieved</b>  Average of 95% maritime domain awareness systems uptime	No Variance	-
3.	Percentage compliance with the Maritime Security Regulations 2004 –Vessel pre-arrival notification processing	100% compliance based on activity report	<b>Achieved</b>  100% compliance	No Variance	-

Achieved

Partially Achieved

Not Achieved



PROGRAMME 5

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

To reduce the incidence and impact of marine pollution by vessels in South African waters from 2015 to 2020

The Maritime Environmental Protection and Climate Change Programme is aimed at developing and enforcing regulations to avert the introduction of invasive species into the maritime environment, stop unauthorised ocean dumping of hazardous substances and prevent oil and chemical spills from vessels. The pollution sources include ships (tankers and other vessels), offshore installations (fixed and floating), exploration rigs and pipelines. Ships include fishing vessels, dredgers, navy ships, barges and other coastal vessels. 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.

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, through the DoT intends to adopt MARPOL IV and VI Annexes over the next five years and enact it to national legislation, which will introduce new aspects of marine protection and further develop the management of pollution risk from ships.

Marine pollution risk reduction efforts need to be pursued by SAMSA and all its partners including the Department of Environmental Affairs, supported by provincial, municipal and private companies to minimise the occurrence of such incidents and mitigate their impact on the marine environment.

There is therefore a need to continuously improve the level of inspections, surveillance, preparedness, emergency and disaster planning and evaluation of potential pollution incidents. Multiple stakeholders pursue pollution response readiness plans and resources; however South Africa has identified the need for a much more integrated approach to delivering marine protection and combating in a holistic and collaborative manner. SAMSA will leverage the developments to ensure that we improve our enforcement and regulation efforts and develop a sustainable combating capability in line with our mandate.

PROGRAMME 5

MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE PROGRAMME

To reduce the incidence and impact of marine pollution by vessels in South African waters from 2015 to 2020

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
1.	Initiatives implemented to enhance marine pollution combating capabilities	Prepare a detailed capability plan for earth observation technology and integrate into capability roadmap under initiative 6	Achieved <ul style="list-style-type: none"><li>A draft document on O&amp;C data layers and systems have been completed;</li><li>Monkey Survey distributed to solicit stakeholder input;.</li><li>Bi-lateral meetings with key stakeholders commenced completed</li></ul>	No Variance	-
2.	Percentage of maritime pollution incidents that have been successfully managed	100% of oil pollution incidents	Achieved	No Variance	Implementation of improved pollution prevention protocols
3.	Percentage of ships found to be polluting that have been successfully held accountable for pollution	100% of ships reported polluting held accountable	Achieved	No Variance	Implementation of programme to improve the tracking and identification of polluting ships

Achieved

Partially Achieved

Not Achieved

PROGRAMME 6

MARITIME GOVERNANCE PROGRAMME

To strengthen governance of South Africa’s maritime domain from a developing (2) level to a mature status (5) by 2020

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, Non-Governmental Organisations (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 Operation 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 Memorandum of Understandings (IOMoUs), 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.

NO.	KPI	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
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1.	Targeted legal instruments that have been submitted to the DoT for processing and approval	Provide technical support to the DoT in addressing the policy, strategy, legislative and regulatory backlog, including finalisation of the National Maritime Policy	Partially Achieved	Scheduled engagements were not conducted as planned	Engage with DoT to properly structure better working engagements on the required technical legislative work
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Achieved

Partially Achieved

Not Achieved

PROGRAMME 7

MARITIME SECTOR DEVELOPMENT PROGRAMME

To support and facilitate the achievement of Operation Phakisa aspirations by 2020

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 at a local, national, regional and global level. 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
- 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.

NO.	DESCRIPTION	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
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1.	Maritime industry development Initiatives supported and implemented against the plan	Deliver initiative 18 under the Marine Transport and Manufacturing (MTM) oceans Lab	Partially Achieved  Relevant sections of the Draft Bill (Regulation of SA ship register) have been incorporated into the Green Paper on Maritime Transport Policy 2016.  A draft analysis of coastal trade by sea has been concluded	Deviation is due to lack of statistical data on coastal trade by road along coastal corridors	Continue to implement the Operation Phakisa initiative as per the signed 3 feet plans
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Achieved

Partially Achieved

Not Achieved



PROGRAMME 8

SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

To improve the quality of South Africa’s Maritime Education and Training (MET) System by 2020

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 stakeholders 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), European Maritime Safety Agency (EMSA) and DNV-GL 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 Electro Technical Officer (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. 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.

PROGRAMME 8

SEAFARER DEVELOPMENT AND WELFARE PROGRAMME

To improve the quality of South Africa’s Maritime Education and Training (MET) System by 2020

NO.	KPI	ANNUAL TARGET	ACTUAL ACHIEVEMENTS FOR THE YEAR	REASON FOR VARIANCE	PLANNED CORRECTIVE ACTIONS
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1.	Status achieved on the IMO Whelist	IMO White List Status	<b>Achieved</b>  IMO White List Status remains intact and the status was confirmed by the IMO’s MSC meeting in May/June 2015 and published in the circulars available on their website	No Variance	-
2.	Percentage of eligible training institutions audited for compliance and reaccreditation	100% of the eligible institutions	<b>Achieved</b>  41 accreditations were accredited during the period	No Variance	-
3.	Level of quality Maritime Education and Training System	Level 2 of the SAMSA MET system phase	<b>Partially Achieved</b>  The Quality Management System (QMS) was part of the independent evaluation recently completed by DNV-GL. The evaluation found 10 Non Conformities and 10 Observations. Attempts will be made in the next financial year to rectify the NC’s and Obs. The QMS came under heavy criticism for having;  1. No Policy Statement 2. Unclear scope 3. Objectives with expiry dates (all passed) 4. Generally lacking guidance to users on its implementation and corrective actions are being undertaken	No assessment conducted on SAMSA MET system phase	-

Achieved

Partially Achieved

Not Achieved





CHAPTER 04

STRIVING FOR SUSTAINABILITY

We stride proudly towards a progressive inclusive maritime that benefits all South Africans directly and indirectly.

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# SUSTAINABILITY

## SAMSA CORPORATE SOCIAL INVESTMENT APPROACH

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 regulatory 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

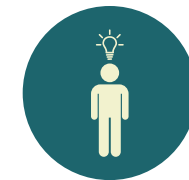
To bring awareness of maritime industry to the generality of South African communities as there are currently only three institutions in the country that offer maritime courses. To equip communities where SAMSA operates with all education geared at exposing beneficiaries of SAMSA to maritime opportunities.



### 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 of skills in waterways.



### 3. Entrepreneurial Development

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



### 4. Employee Voluntarism

The project encourages SAMSA employees to identify projects and programmes that render community assistance programmes 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.





# SAMSA

## CORPORATE SOCIAL INVESTMENT JOURNEY

### Corporate Social Investment Performance Highlights

In aligning with SAMSA’s D-ETHICS, the corporate social responsibility section introduced a volunteer programme in 2014 and was properly launched in 2015 during the Mandela months. SAMSA has officially launched its staff volunteering initiative for 2015, aptly named the SAMSA Change Makers Challenge. This exciting new campaign was developed in line with SAMSA’s policy of employee ambassadorship and aims to ignite the enthusiasm of SAMSA employees to live its values and drive its mission, in accordance with its mandate from government.

The challenge calls on SAMSA employees from around the country to nominate worthy charitable projects that they feel are particularly deserving of SAMSA’s assistance. Four projects were selected by an independent panel of judges, with each winning project being awarded a R60 000 donation.

The first project to receive the R60 000 donation and a visit from the SAMSA team was Boephatutse Old Age Home in Soshanguve, Pretoria. Nominated by Itumeleng Ntsimane from the Gauteng office, the donation went towards the purchasing of much needed basic necessities and equipment like a fridge, washing machine, heaters, linen, clothes and groceries for the home. The SAMSA team delivered these items and spent time with the residents of the Old Age Home.

The second activation happened in Port Elizabeth when the SAMSA team honoured Change Maker Winner, Saloshini Naidoo’s project – the St Francis Hospice. The R60,000 donation from SAMSA bought basic supplies for the Hospice and went towards making two children’s dreams come true. For Sanelisiwe, a 10-year-old female patient diagnosed with a terminal brain tumor, her dream became a reality when the SAMSA team treated her and her mom to a lunch at McDonalds.

Next, the SAMSA team visited Mossel Bay and Paula Viera’s project - the Sea Cadet Training Ship Outeniqua. This programme provided training and skills to address a critical skills shortage in the maritime industry. The donation from SAMSA went towards providing transport for some of the cadets, cadet uniforms and the implementation of a tutorship programme.

The last activation happened at St Helena Bay in Paternoster where Selwyn Bailey’s project was honoured during the handover ceremony. The money was put towards training fishermen in Helena, Paternoster and Lamberts Bay.

2015 saw the successful launch of a SAMSA volunteering initiative whereby SAMSA funded specific projects championed by individual employees from the Pretoria, Cape Town, Durban and PE offices. Although the initiative was well received, SAMSA wanted to increase awareness around the initiative internally – take it to the next level.





# CHANGE A LIFE PROGRAMME

The project was launched in November 2013 at eNanda Dam with the blessing of the Chief Ngcobo.

In 2013 SAMSA further extended donation of ITC equipment to 3 high schools and 2 primary schools, where the SAMSA paddlers are currently attending school.

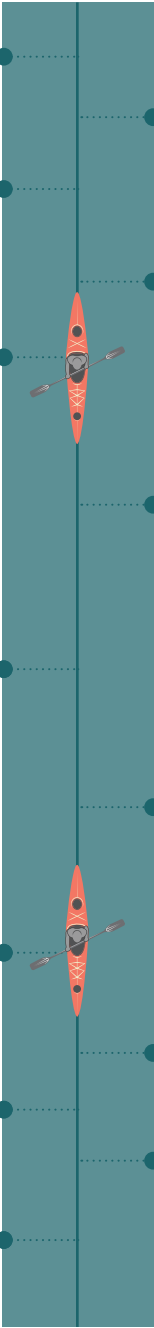
In 2014 the 6 SAMSA change a Life paddlers participated for the first time in the Dusi Canoe Marathon, accompanied by their parents.

In March 2015 the junior team participated the provincial team, where Seluleko Gwenza was the star of the SAMSA Change a Life academy, racing to 3 gold medals 200m, 500m ,1000m and received KZN colours.

In April 2015 the juniors participated at the SA Schools Championship in Pretoria at the Roodeplaat Dam. Sean Khanyile received a silver medal in the 200m under 10 years age group, considering that he only started in January 2015.

SAMSA has invested over R2 million to the development of the canoe programme.

In March 2016 the Canoe contract came to an end due to SAMSA's financial constraints, the programme could not be reviewed.



In 2013 SAMSA Change a Life pilot project started with only 12 novices.

In 2014 SAMSA extended the monthly food parcel to the value of R 800.00 per paddler.

In 2014 the guppies, who are juniors in the pilot programme, participated for the first time in the SA School Championship in Ouderthoorn. The 10 children travelled for the first time by air and was an overwhelming experience. Phumla Mkhize raced to an amazing bronze medal in the U8, 1000m event.

In February 2015, 7 of the SAMSA Change a Life seniors participated in their second Dusi International canoe marathon and Patrick Canham who is the assistant training coach, placed in the top 10 overall, coming 9th.

To date SAMSA has 30 dedicated paddlers, training every day at the eNanda dam.

The programme has created four jobs in assisting with training of the paddlers at the eNanda dam.

# CHANGE A LIFE PROGRAMME

History, culture and community life shapes us all. Through each of these we learn who we are and who we can become, we learn of morality of social responsibility. We also learn how to actively participate in shaping our own lives and the life of our community. We learn this through the complex web of the stories of our families, friends and neighbours. SAMSA has touched the lives of the youth at eNanda and without goodwill and proper financial backing, SAMSA has lost an opportunity of offering a sound maritime enterprise kick start.







CHAPTER

# 05

## ABOVE BOARD

We are on a course to an efficient & effective SAMSA that can reliably deliver on the long-term goals of the company and its stakeholders.

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# AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

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 2015/16 financial year only 3 meetings were held. The Audit Committee was only effective from the date of the current Board’s appointment namely, 24th June 2015.

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.

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 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.

From the various reports of the Internal Auditors and the 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 therefrom exist especially around compliance and performance matters. Accordingly, we are not satisfied that the system of internal control for the period under review was efficient and effective.

The Audit Committee is satisfied that the internal audit function, which is outsourced, operated effectively from the date of our appointment namely the 24th of June 2015 and that it has addressed the mitigations/controls relating to the risks pertinent to the Board in its audits during that period.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Board has submitted monthly and quarterly reports to the Executive Authority. The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Board during the year under review of 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 response thereto
- Reviewed the Board’s compliance with legal and regulatory provisions
- 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 satisfied that most of the matters have 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 there was no Board in Situ for a number of years. We acknowledge the deficiencies and we endeavour to deal with the matters systematically.

There’s a tough road ahead and the Audit Committee is committed to ensuring that the appropriate control measures are effective, efficient and transparent.

Mervyn Burton  
**Chairperson of the Audit Committee**  
South African Maritime Authority

# SAMSA'S GOVERNANCE STRUCTURE

SAMSA is fully committed to complying with King III on Corporate Governance, the provisions Public Finance Management Act 1999, the Transport Agencies General Laws Amendment Act of 2008, the Companies Act (as enjoined by the SAMSA Act) as well as governance and compliance directives from the DoT and National Treasury.

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, that is consistent with the principles of the King III and the SAMSA Act.

The Board of Directors is in the process of establishing mechanisms and policies appropriate to the business and risks of the entity and that will ensure the continuous reassessment of the quality of the entity's corporate governance practices, following up on developments from the previous year.

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 Transport as a Shareholder Minister.

# BOARD AND BOARD SUB-COMMITTEES

SAMSA Board, including the CEO, is 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 sub-committees.

The following committees have been established:

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

Following each Committee meeting, the Board receives a report from that Committee on its deliberations, conclusions and recommendations. Each Committee operates in accordance with a written Charter approved by the Board. The Board appoints the members and the Chairperson(s) of each Committee. The role, Charter, and membership of each Committee are reviewed each year. On the 31st March 2016, the Board comprised of seven (7) directors; six (6) independent non-executive directors and one (1) executive director (CEO). In line with best practices in corporate governance (King III), the duties of the executive director are separate from those of the non-executive directors. The 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 COMMITTEE	AUDIT COMMITTEE COMPOSITION
<p>The Audit Committee operates within written guidelines to assist the Board in fulfilling its oversight responsibilities for:</p> <ul style="list-style-type: none"><li>• The integrity of the entity's financial statements</li><li>• The entity's compliance with legislative, regulatory and governance requirements</li><li>• The performance of the external audit (Auditor-General's) function and independence</li><li>• The performance of the entity's internal audit function and independence</li><li>• The entity's risk management process</li><li>• Reviews and agrees on the terms of engagement and annual fees for the external auditor</li><li>• Review the external auditor's annual audit scope and audit approach</li><li>• Provides a forum for communication between the Board, management and both the internal and external auditors</li><li>• Makes recommendations to the Board on audit, risk management and compliance matters</li></ul>	<p>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:</p> <ul style="list-style-type: none"><li>• 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;</li><li>• must have the capacity to devote the required time and attention to prepare for and attend Committee meetings.</li></ul>



# 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 sub-committees. The Company Secretary attends all Board and committee meetings.

# BOARD AND COMMITTEE MEETINGS

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

BOARD	AUDIT COMMITTEE	REMCO	MIC	FINANCE & IT	AGM
11/09/2015 26/10/2015 16/11/2015 26/02/2016 14/03/2016	28/09/2015 23/10/2015 15/02/2016	22/10/2015 21/01/2016 12/02/2016 09/03/2016	22/10/2015 12/11/2015	08/10/2015 04/02/2016	29/09/2015

Details of the individual members attendance is as follows:

BOARD						
MEMBER	11/09/2015	26/10/2015	16/11/2015	26/02/2016	14/03/2016	TOTAL ATTENDANCE
Mr. Mavuso Msimang	✓	✓	✓	✓	✓	5
Ms. Nomsa Cele	✓	✓	✓	✓	*	4
Mr. Mervyn Burton	✓	✓	✓	✓	✓	5
Ms. Sekabiso Molemane	✓	✓	✓	✓	✓	5
Mr. Fredrick Jacobs	*	✓	✓	✓	✓	4
Cmdr. Tsietsi Mokhele	✓	✓	✓	✓	✓	5
Dr. Michael Hendricks	*	✓	✓	✓	✓	4
Mr. Mthunzi Madiya	*	✓	✓	*	*	2

Legend

✓

Present

\*

Absent with apology

# BOARD AND COMMITTEE MEETINGS

AUDIT AND RISK COMMITTEE				
MEMBER	28/09/2015	23/10/2015	15/02/2016	TOTAL ATTENDANCE
Mr. Mervyn Burton	✓	✓	✓	3
Ms. Sekabiso Molemane	✓	✓	✓	3
Cmdr. Tsietsi Mokhele	*	✓	*	1
Ms. Adila Osman	*	✓	✓	2
Mr. Siyakhula Simelane	*	*	✓	1

REMCO					
MEMBER	22/10/2015	21/01/2016	12/02/2016	09/03/2016	TOTAL ATTENDANCE
Mr. Frederick Jacobs	✓	✓	✓	✓	4
Ms. Nomsa Cele	✓	*	✓	*	2
Dr. Michael Hendricks	✓	*	*	✓	2
Ms. Ndileka Nobaxa	✓	✓	✓	✓	4
Ms. Hazel Devraj	✓	✓	✓	✓	4
Cmdr. Tsietsi Mokhele	*	*	*	*	0

FINANCE AND IT COMMITTEE			
MEMBER	08/10/2015	04/02/2016	TOTAL ATTENDANCE
Dr. Michael Hendricks	✓	✓	2
Mr. Mervyn Burton	✓	✓	2
Cmdr. Tsietsi Mokhele	*	✓	1

Legend

✓

Present

\*

Absent with apology

# 2015-16 SAMSA ENTERPRISE RISK MANAGEMENT REPORT

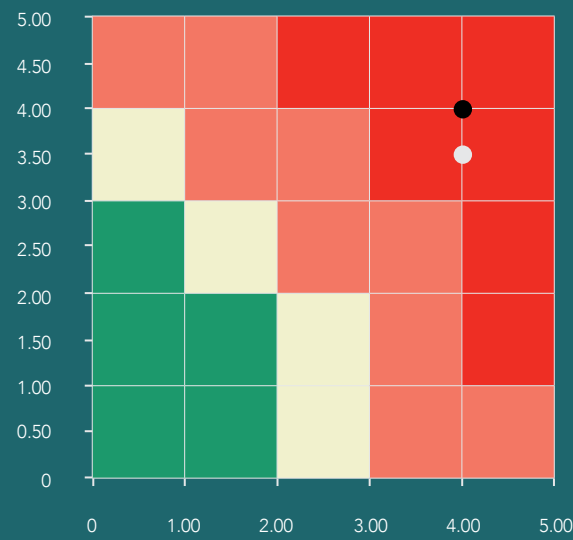
The entity's key risks are managed, monitored and updated on a regular basis so that timely and appropriate mitigating plans are put in place as new risks emerge. The SAMSA Enterprise Risk Management framework aligns with industry best practice, 2013 Committee of Sponsoring Organisations of the Treadway Commission (COSO), International Organisation for Standardisation (ISO) 31000, King III and the global leading practice.

An implementation tool for the SANS/ISO 31000 Standard is the process guide called Management of Risk: 2009 AXELOS (MoR), which will become the preferred risk management framework in the organisation. Management and members of the Risk Management Committee received briefing notes on the framework and a description of its ability to deliver on requirements for a formal risk management practice required by National Treasury prescripts. The MoR guidance, apart from aligning with SANS/ISO 31000, applies globally recognised leading good practice principles on corporate governance whilst maintaining an implementation approach that is flexible and can be tailored for specific situations.

As part of embedding MoR, a process maturity assessment based on the framework has been conducted and a maturity road map considered for implementation in the new financial year 2016 - 17. Part of this implementation is an adoption of the documentation recommended by the guidance in terms of the Risk Register, Issue Register and the Risk Progress Report. These formats were presented to the Risk Management Committee for adoption as a practice.

The Risk Management Committee Charter has been appropriately aligned with the expected functions of the committee in relation to the formal governance structures of the entity. This has meant aligning roles defined in the charter template with the formal organisational roles.

SAMSA Overall Heat Map and Top Risks Table



The organisation heat map reflects a risk position above risk tolerance levels as at the end of the quarter four of 2015/16 financial year. The entity's key risks have been managed, monitored and updated on a half yearly basis so that timely and appropriate mitigating plans are put in place as new risks emerge.

However in the 2016/17 financial period this frequency will increase to bimonthly to ensure that risk alertness is maintained over the environment driving those risks. The implemented controls are beginning to show effectiveness as the entity risk position has started to improve as reflected by the heat map. The overall risk profile of SAMSA is tending towards the acceptable level (within our risk tolerance levels).





CHAPTER 06

RUNNING A  
TIGHT SHIP

We encompass our annual Financial Statements in this section for the year end 2016. Join us as we sail with intrepid determination towards long-term financial sustainability.

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# AUDITOR GENERAL'S REPORT

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

## REPORT ON THE FINANCIAL STATEMENTS

### INTRODUCTION

1.
- I have audited the financial statements of the South African Maritime Safety Authority set out on pages 133 to 194 which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2.
- The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no.1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR-GENERAL'S RESPONSIBILITY

3.
- My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### OPINION

6.
- In my opinion the financial statements present fairly, in all material respects, the financial position of South African Maritime Safety Authority as at 31 March 2016 and their financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

# AUDITOR GENERAL'S REPORT

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

## EMPHASIS OF MATTER

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

### GOING CONCERN

8.
- Note 35 to the financial statements indicates that the authority's total liabilities exceeded its total assets by R74 768 000 These conditions, along with other matters as set forth in the note 35, indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern.

### IRREGULAR EXPENDITURE

9.
- As disclosed in note 21 the entity incurred irregular expenditure in the amount of R77 137 000 in the current year and R 69 424 000 in the prior year

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10.
- In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## REPORT ON PREDETERMINED OBJECTIVES

11.
- I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:

Programme 3: Maritime Safety on pages 088 to 089

Programme 4: Maritime Security on pages 090 to 091

Programme 5: Maritime Environmental Protection and Climate Change on pages 092 to 093

Programme 7: Maritime Sector development on page 095

12.

I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant as required by the National Treasury's Framework for managing programmes performance information (FMPPi).

13.

I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
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- SAMSA ANNUAL REPORT | 119



# AUDITOR GENERAL'S REPORT

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

14. The material findings in respect of the selected programmes are as follows:

### PROGRAMME 3 - MARITIME SAFETY

#### USEFULNESS OF REPORTED PERFORMANCE INFORMATION

15. Treasury Regulation 30.1.3(g) requires the annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 25% of reported targets were not consistent with those in the approved annual performance plan.
16. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 25% of indicators were not well defined.

#### RELIABILITY OF REPORTED PERFORMANCE INFORMATION

17. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

### PROGRAMME 4 – MARITIME SECURITY

#### USEFULNESS OF REPORTED PERFORMANCE INFORMATION

18. I did not identify any material findings on the usefulness of the reported performance information for the Maritime Security.

#### RELIABILITY OF REPORTED PERFORMANCE INFORMATION

19. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 33.3%.

### PROGRAMME 5 – MARITIME ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

#### USEFULNESS OF REPORTED PERFORMANCE INFORMATION

20. The FMPPI requires that performance targets should be measurable. A total of 33.3% of targets were not measurable.

# AUDITOR GENERAL'S REPORT

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

#### RELIABILITY OF REPORTED PERFORMANCE INFORMATION

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

### PROGRAMME 7 – MARITIME SECTOR DEVELOPMENT

#### USEFULNESS OF REPORTED PERFORMANCE INFORMATION

22. The FMPPI requires that performance targets should specify the period or deadline for delivery. The target was not time bound.

#### RELIABILITY OF REPORTED PERFORMANCE INFORMATION

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

### ADDITIONAL MATTER

24. I draw attention to the following matter:

#### ACHIEVEMENT OF PLANNED TARGETS

25. Refer to the annual performance report on pages 083 to 097 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 15 – 23 of this report.

### COMPLIANCE WITH LEGISLATION

26. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### BUDGETS

27. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

# AUDITOR GENERAL'S REPORT

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

FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

28. Material misstatements of current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

29. Effective steps were not taken to prevent irregular expenditure, amounting to R 77 137 000 as disclosed in note 21 of the AFS, as required by section 51(b)(ii) of the PFMA.
30. Effective steps were not taken to prevent fruitless and wasteful expenditure, amounting to R5 687 000 as disclosed in note 28 of the AFS, as required by section 51(b)(ii) of the PFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

31. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.

CONSEQUENCE MANAGEMENT

32. Disciplinary steps were not taken against officials who made and permitted irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA and Treasury Regulation 9.1.3.

INTERNAL CONTROL

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

LEADERSHIP

34. The Accounting Authority did not always implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored within the finance section.
35. The Accounting Authority did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

# AUDITOR GENERAL'S REPORT

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

36. The Accounting authority did not develop and monitor the implementation of action plans to address internal control deficiencies.
37. There is a lack of consequence management against officials who incurred and permitted irregular expenditure and fruitless and wasteful expenditure.

OTHER REPORTS

38. I draw attention to the following engagement that could potentially impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of this engagement that is in progress.

INVESTIGATIONS

39. An independent consulting firm was appointed by the Accounting Authority to perform an investigation on an allegation of possible misappropriation of the entity's assets. The investigation covers the period from 1 April 2014 to date and the outcome of the investigation is expected by end of August 2016.



Pretoria  
31 July 2016





# CHIEF FINANCIAL OFFICER'S REPORT

## FOR THE YEAR ENDED 31 MARCH 2016



# CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

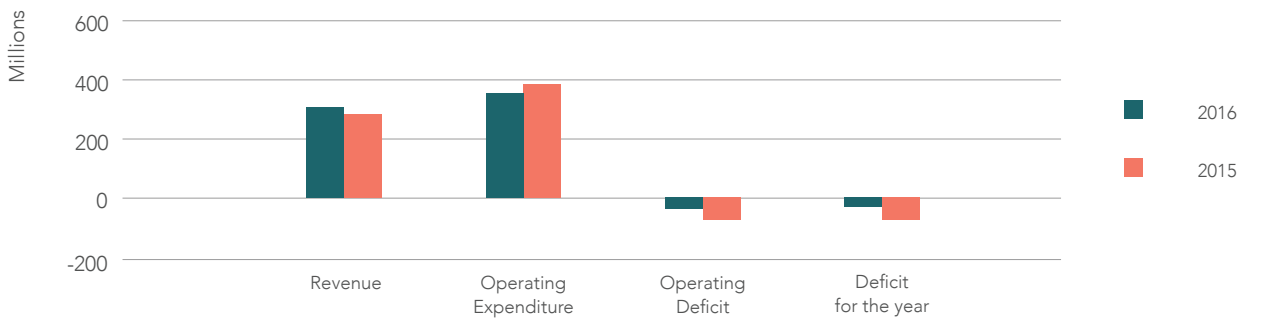
### INTRODUCTION

The Authority continued to pursue cost containment measures against the backdrop of largely stagnant revenues. The focus during the financial year was to ensure that the Authority kept on delivering on its legal mandates against the back drop of weak cash generating capacity while ensuring that optimal levels of investment in infrastructure were maintained. Operational expenditure decreased by 9% while revenue grew by 3% and this resulted in operating deficits decreasing by 57%. Despite these improvements, the Authority's financial performance remained weak during the year under consideration.

### FINANCIAL PERFORMANCE

The review of the Authority's financial performance for the year ended 31 March 2016 focuses on the key line items of the statements of financial performance and financial position which are considered to be the important indicators in the analysis of financial performance.

	2016 R '000	2015 R '000	% Change R '000
Revenue	315 995	305 800	3%
Operating Expenditure	351 189	387 996	-9%
Operating Deficit	-35 194	-82 206	-57%
Deficit for the year	-29 089	-81 470	-64%



Revenue increased from R305.8 million to R316.0 million and the main reason for the increase were the additional revenues (management fees) received from the management of the Department of Agriculture, Forestry and Fisheries (DAFF) ships. Another reason for the increase in revenue was due to the contributions from the Maritime Fund as settlement of debt owing to Smit Amandla. As there were no tariff adjustments during the financial year, other revenue streams remained largely at the same levels as in the previous financial year.

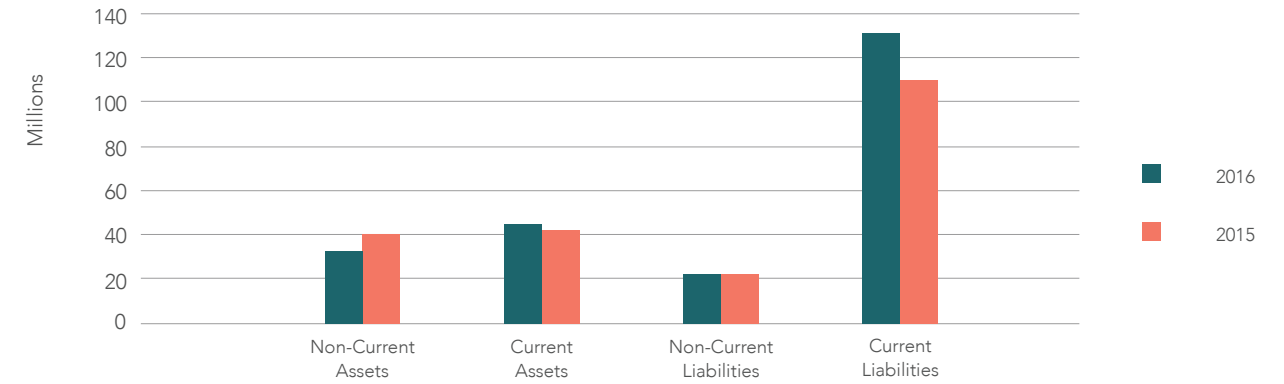
# CHIEF FINANCIAL OFFICER’S REPORT

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Operational expenditures decreased from R388.0 million to R351.2 million, which was a 9% drop from the previous financial year. This was mainly due to the effects of the cost containment measures implemented during the financial year. The discontinuation of services by the service providers for the Automatic Identification of Ships (AIS) and the running of the SA Agulhas 1 also contributed to the reduction in costs.

The increase in revenue and the reduction in costs led to the decrease in deficits for the financial year ending 31 March 2016. The Authority incurred significant foreign exchange losses due to the weakening of the rand. These losses could not be mitigated due to the fact that the Authority is not allowed to engage in hedging activities.

	2016 R '000	2015 R '000	% Change R '000
Non-Current Assets	33 202	40 614	-18%
Current Assets	44 132	42 690	3%
Non-Current Liabilities	22 041	22 867	-4%
Current Liabilities	130 061	107 827	21%

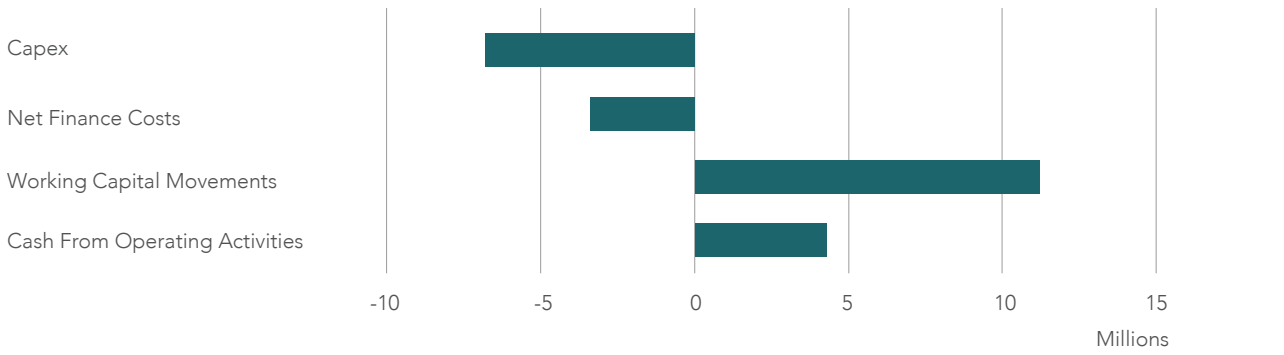


Despite the best efforts by the Authority to invest in infrastructure, the lack of financial resources hampered any significant investments. This resulted in non-current assets falling by 18% from R40.6 million to R33.2 million. This decrease have been evident in the state of infrastructure in the organisation and has affected areas like replacement of old computer equipment and motor vehicles. The increase of current assets by 3% was a result of some debtors not settling their accounts within the required 30 day period, a matter which will addressed in the 2016/17 financial year.

# CHIEF FINANCIAL OFFICER’S REPORT

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The organisation struggled to settle its bills on time due to financial challenges which resulted in creditors growing by 21%. The situation has been eased by the implementation of payment plans with major creditors which were approved by the Board. Non-current liabilities moved by 4% which was in line with the projected increase in those liabilities.



The Authority incurred finance costs on overdue creditors as a result of not being able to settle its creditors on time. Some capital expenditure was incurred and paid for during the financial year but it fell short of the investments required to ensure that the organisation continues to operate optimally. Cash from operating activities increased from –R17.2 million to R4.6 million during the course of the financial year which was a welcome improvement.

### GOING CONCERN

The Authority had accumulated deficits of –R76.5 million and total liabilities exceeded its assets by R74.8 million a state of affairs which continued to raise questions about the going concern status of the organisation. The analysis done has concluded that despite this state of affairs, the Authority is a going concern and more information has been disclosed on note 35 to the annual financial statements. The Minister of Transport, in concurrence with the Minister of Finance, approved tariff adjustments for the Authority which were implemented from 20 June 2016. This development is projected to significantly improve the financial performance of the Authority. Work towards the development of new funding models for the Authority is still continuing and the models are expected to be implemented from 1 April 2018.

Tudor Hungwe  
Acting Chief Financial Officer



FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

ACCOUNTING AUTHORITY'S  
RESPONSIBILITIES AND APPROVAL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were 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 annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

behaviour are applied and managed within predetermined procedures and constraints.

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the South African Maritime Safety Authority (SAMSA) has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The Accounting Authority is primarily responsible for the financial affairs of the entity. The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 118.

The annual financial statements set out on pages 133 to 194 and the Maritime Fund statements set out on pages 199 to 208, which have been prepared on the going concern basis, were approved by the Accounting Authority on 28 July 2016 and were signed on its behalf by:



Mr. M. Msimang  
Chairperson

# ACCOUNTING AUTHORITY’S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. INCORPORATION

SAMSA was incorporated under Act No 5 of 1998.

2. REVIEW OF ACTIVITIES

Main business and operations

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

Regulatory, Enforcement and Compliance Services

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

Strategic Maritime Interests Promotion

Development, growth and transformation of the maritime sector, particularly ensuring:

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

The Authority is also the custodian of the Maritime Fund.

Net deficit of the entity is -R 29 089 000 (2014/15: deficit -R 81 470 000)

3. GOING CONCERN

We draw attention to the fact that at 31 March 2016, the entity had accumulated deficits of -R76 479 000 (2015: - R47 390 000) and that the entity’s total liabilities exceed its assets by -R74 768 000 (-R47 390 000).

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

# ACCOUNTING AUTHORITY’S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

We draw attention to the fact that at 31 March 2016, the entity's deficits for the financial year were - R29 089 000 (2014/15: - R81 470 000)

4. SUBSEQUENT EVENTS

The Minister of Tranport, with the concurrence of the Minister of Finance, approved SAMSA's new tariffs. The new tariffs will be implemented from 20 June 2016 after the required 21 days gazetting period. SAMSA CEO, Commander Tsietsi Mokhele, resigned from his position with effect from 30 June 2016 after serving the organisation since January 2008.

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

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

Mr. M Msimang - Board Chairperson	Appointed 1 July 2015
Ms. N Cele - Deputy Chairperson	Appointed 1 January 2014
Mr. F A Jacobs - Board Member	Appointed 1 January 2014
Dr. M Hendriks - Board Member	Appointed 1 January 2014
Ms. A Molemane - Board Member	Appointed 1 July 2015
Mr. M Burton - Board Member	Appointed 1 July 2015
Cmdr. T Mokhele - Chief Executive Officer	Appointed 1 January 2008

7. SECRETARY

The company secretary of South African Maritime Safety Authority (SAMSA) 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 Authority confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct (“the Code”) laid out in the King Report on Corporate Governance for South Africa. The Accounting Authority discusses the responsibilities of management in this respect, at Board meetings and monitor the Authority’s compliance with the code.



# ACCOUNTING AUTHORITY’S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

<b>Board of directors</b> The Board: <ul style="list-style-type: none"><li>retains full control over the Authority, its plans and strategy;</li><li>acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the Authority;</li><li>is of a unitary structure comprising:<ul style="list-style-type: none"><li>- non-executive directors, all of whom are independent directors as defined in the Code; and</li><li>- executive directors.</li></ul></li></ul>	
<b>Chairperson and Chief Executive</b> 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.	
<b>Audit and risk committee</b> 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.	
<b>Internal Audit</b> SAMSA’s Internal Audit function was outsourced to Sizwe Nstaluba & Gobodo on a two year contract.	
<b>9. CONTROLLING ENTITY</b> The Authority falls under the Department of Transport (DOT).	
<b>10. BANKERS</b> The Authority’s bankers which are approved by National Treasury are ABSA and First National Bank (FNB).	
<b>11. AUDITORS</b> Auditor-General South Africa will continue in office for the next financial period in accordance with the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999).	

# STATEMENT OF FINANCIAL POSITION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	26	209	176
Trade and other receivables	12	37 065	33 180
Prepayments	22	603	811
Cash and cash equivalents	13	6 255	8 523
		<b>44 132</b>	<b>42 690</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	30 603	37 487
Intangible assets	8	2 599	3 127
		<b>33 202</b>	<b>40 614</b>
<b>Total Assets</b>		<b>77 334</b>	<b>83 304</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	93 626	71 241
Employee benefit obligation	11	776	724
Unspent conditional receipts	27	1 322	4 334
Provisions	20	34 337	31 528
		<b>130 061</b>	<b>107 827</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	11	19 249	18 550
Provisions	20	2 792	4 317
		<b>22 041</b>	<b>22 867</b>
<b>Total Liabilities</b>		<b>152 102</b>	<b>130 694</b>
<b>Net Assets</b>		<b>(74 768)</b>	<b>(47 390)</b>
<b>Net Assets</b>			
Reserves			
Revaluation reserve		1 711	-
Accumulated surplus/(deficit)		(76 479)	(47 390)
<b>Total Net Assets</b>		<b>(74 768)</b>	<b>(47 390)</b>

# STATEMENT OF FINANCIAL PERFORMANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
Revenue - exchange transactions	2	45 440	32 706
Revenue - non-exchange transactions	2	270 555	273 084
Other operating expenses		(171 392)	(226 599)
Employee Costs	4	(163 813)	(145 339)
Depreciation and Amortisation	3	(15 984)	(16 058)
<b>Operating (Deficit) Surplus</b>	<b>17</b>	<b>(35 194)</b>	<b>(82 206)</b>
Interest Income	5	119	598
Fair value adjustments	6	(58)	138
Other income	30	9 312	-
Finance costs	32	(3 268)	-
<b>(Deficit) Surplus for the year</b>		<b>(29 089)</b>	<b>(81 470)</b>

# STATEMENT OF CHANGES IN NET ASSETS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Revaluation reserve R '000	Accumulated surplus/(deficit) R '000	Total net assets R '000
<b>Balance at 01 April 2014</b>	<b>-</b>	<b>34 080</b>	<b>34 080</b>
Deficit for the year	-	(81 470)	(81 470)
Total changes	-	(81 470)	(81 470)
<b>Balance at 01 April 2015</b>	<b>-</b>	<b>(47 390)</b>	<b>(47 390)</b>
Changes in net assets			
Deficit for the year	-	(29 089)	(29 089)
Revaluation surplus	1 711	-	1711
Total changes	1 711	(29 089)	(27 378)
<b>Balance at 31 March 2016</b>	<b>1 711</b>	<b>(76 479)</b>	<b>(74 768)</b>



# CASH FLOW STATEMENT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
Cash flows from operating activities			
Receipts			
Revenue		318 207	317 742
Interest income		119	598
Payments			
Finance costs		(3 268)	-
Payments		(310 431)	(335 582)
		(313 699)	(335 582)
Net cash flows from operating activities	15	4 627	(17 242)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(3 905)	(4 280)
Purchase of other intangible assets	8	(2 990)	(464)
Net cash flows from investing activities		(6 895)	(4 744)
Net increase/(decrease) in cash and cash equivalents			
		(2 268)	(21 986)
Cash and cash equivalents at the beginning of the year		8 523	30 509
Cash and cash equivalents at the end of the year	13	6 255	8 523

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Direct User Charges	26 271	-	26 271	38 235	11 964	39
Government Service Fees	7 245	-	7 245	7 205	(40)	39
Total revenue from exchange transactions	33 516	-	33 516	45 440	11 924	
Revenue from non-exchange transactions						
Taxation revenue						
SAMSA Levies	250 949	-	250 949	250 798	(151)	39
Contributions	25 167	-	25 167	19 757	(5 410)	39
Total revenue from non-exchange transactions	276 116	-	276 116	270 555	(5 561)	
Total revenue	309 632	-	309 632	315 995	6 363	
Expenditure						
Compensation	(171 534)	-	(171 534)	(163 813)	7 721	39
Depreciation and amortisation	-	-	-	(15 984)	(15 984)	39
Finance costs	-	-	-	(3 268)	(3 268)	39
Debt impairment	-	-	-	(1 243)	(1 243)	39
Bouquets & wreaths	(176)	-	(176)	(44)	132	39
Repairs and maintenance	(678)	-	(678)	(878)	(200)	39
Bank charges	(180)	-	(180)	(217)	(37)	39
Computer Expenses	(1 756)	-	(1 756)	(5 761)	(4 005)	39
Licences	(3 866)	-	(3 866)	(2 024)	1 842	39
Lease charges	(1 314)	-	(1 314)	(1 102)	212	39
Insurance	(2 670)	-	(2 670)	(1 448)	1222	39
Legal costs	(1 700)	-	(1 700)	(1 241)	459	39
Staff Recruitment	(700)	-	(700)	(1 250)	(550)	39

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Postage	(429)	-	(429)	(341)	88	39
Telephone & Fax	(4 440)	-	(4 440)	(6 446)	(2 006)	39
SA Agulhas Expenses	-	-	-	(25 585)	(25 585)	39
Rent and Utilities	(29 482)	-	(29 482)	(32 191)	(2 709)	39
Implementation Costs	(8 666)	-	(8 666)	(10 949)	(2 283)	39
Awareness Programmes & Advertising	(4 732)	-	(4 732)	(5 646)	(914)	39
Audit Fees	(3 101)	-	(3 101)	(3 787)	(686)	39
Conferences	(2 328)	-	(2 328)	(3 592)	(1 264)	39
Consulting Fees	(6 363)	-	(6 363)	(7 937)	(1 574)	39
Contingency Fees	(2 511)	-	(2 511)	(14)	2 497	39
Donations/CSI Projects	(3 979)	-	(3 979)	(484)	3 495	39
Office Security	(1 152)	-	(1 152)	(1 558)	(406)	39
Printing & Stationery	(3 052)	-	(3 052)	(3 823)	(771)	39
Partnership Programmes	(2 250)	-	(2 250)	(6 355)	(4 105)	39
Scholarship Programmes	(2 000)	-	(2 000)	(1 781)	219	39
Projects	(2 574)	-	(2 574)	(2 324)	250	39
Research Programme	(1 300)	-	(1 300)	(298)	1 002	39
Staff Training	(3 646)	-	(3 646)	(3 253)	393	39
Surveyor & mileage costs	(2 019)	-	(2 019)	(2 472)	(453)	39
Travel - Local	(14 896)	-	(14 896)	(18 489)	(3 593)	39
Travel - Overseas	(3 627)	-	(3 627)	(5 234)	(1 607)	39
Marine Interventions	(3 120)	-	(3 120)	(153)	2 967	39
Other Expenses	(20 188)	-	(20 188)	(13 530)	6 658	
Total expenditure	(310 429)	-	(310 429)	(354 515)	(44 086)	
Other income	-	-	-	9 312	9 312	
Interest income	797	-	797	119	(678)	
	797	-	797	9 431	8 634	
Deficit for the year	-	-	-	(29 089)	(29 089)	

# ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 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 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority 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 20 - Provisions.

### Post retirement benefits

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

The Authority 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 Authority considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.



# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 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.

### 1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is 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.

Some or all of the revaluation surplus included in net assets in respect of an item of property, plant and equipment are transferred directly to accumulated surpluses or deficits when the asset is derecognised. This may involve transferring some or the whole of the surplus when the assets to which the surplus relates are retired or disposed of. The entity may transfer some of the surplus as they are used by the entity and in such a case, the amount transferred would be the difference between depreciation based on the revalued amount for the assets and the depreciation based on the asset’s original cost. Transfers from revaluation surplus to accumulated surpluses or deficits are not made through surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under revaluation surplus.

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.

Leasehold improvements for operating leases are amortised over the shorter of their economic lives or the lease term. Amortising lease improvements over a term that includes assumption of lease renewals is appropriate only when the renewals have been determined to be reasonably assured.

Buildings owned by the entity are revalued once every 5 years.

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

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The useful lives of items of property, plant and equipment have been assessed as follows:	
<b>Item</b>	<b>Average useful life</b>
Land	N/A
Buildings	20 years
Leasehold property	9 years
Ship	5 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Computer software	3 years
The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.	
Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.	
Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.	
The depreciation charge for each period is recognised in surplus or deficit 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.	
Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.	

### 1.3 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

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

<ul style="list-style-type: none"><li>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.</li></ul>
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: <ul style="list-style-type: none"><li>it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and</li><li>the cost or fair value of the asset can be measured reliably.</li></ul>
The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset.
Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.
Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.
An intangible asset arising from development (or from the development phase of an internal project) is recognised when: <ul style="list-style-type: none"><li>it is technically feasible to complete the asset so that it will be available for use or sale.</li><li>there is an intention to complete and use or sell it.</li><li>there is an ability to use or sell it.</li><li>it will generate probable future economic benefits or service potential.</li><li>there are available technical, financial and other resources to complete the development and to use or sell the asset.</li><li>the expenditure attributable to the asset during its development can be measured reliably.</li></ul>
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 gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset. It shall be recognised in surplus or deficit when the asset is derecognised.
The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.
Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset



# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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	Useful life
Computer software, other	3 years

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

Expenditure on research is recognised as an expense when it is incurred.

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

### 1.4 FINANCIAL INSTRUMENTS

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Authority becomes a party to the contractual provisions of the instrument. All purchases and sales of financial assets are initially recognised using trade date accounting.

Financial instruments are initially measured at fair value plus, in the case of a financial instrument not at fair value through statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument.

The Authority’s principal financial assets are accounts receivable and cash and cash equivalents.

#### Receivables from exchange transactions

Trade and other receivables are stated at their amortised cost reduced by impairment allowance.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents are measured at fair value. Cash and cash equivalents comprise cash balances and call deposits.

### 1.5 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.

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

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

#### Operating leases - lessee

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

### 1.6 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.

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

- Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
  - consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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.

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

For the year ending 31 March 2016, inventory was valued using the replacement cost confirmed by the supplier of the books at the end of the 2014/15 financial year when the inventory was first recognised.

### 1.7 ROUNDING OFF

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

### 1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

### 1.9 BUDGET INFORMATION

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 2015/04/01 to 2016/03/31. 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.

### 1.10 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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. Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

### 1.11 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.



# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 1.12 FINANCIAL RISK MANAGEMENT

The Authority has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Cash flow risk
- Foreign exchange risk

The Audit Committee oversees how management monitors compliance with the Authority’s risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

#### Credit risk

Credit risk is the risk of financial loss to the Authority if a customer to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority’s receivables. The Authority’s exposure to credit risk is influenced by the individual characteristics of each customer. There is however, no concentration of risk among the current SAMSA customers.

The Authority limits its exposure to credit by only investing in liquid securities (on call deposit) and with counterparties approved by the Treasury. Management does not expect the counterparty to fail to meet its obligations.

#### Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority’s approach to managing its liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liaibilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority’s reputation.

#### Interest rate risk

Interest rate risk is the risk (variability in value) borne by an interest-bearing asset, such as a loan or a bond, due to variability of interest rates.

#### Cashflow risk

This is the risk that a entity’s available cash will not be sufficient to meet its financial obligations.

#### Foreign exchange risk.

This is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the Authority.

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1.13 EMPLOYEE BENEFITS

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. 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 expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Provident Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employer contributions to provident funds are based on a percentage of pensionable earnings and charged to the statement of financial position as incurred.

#### Post-retirement medical benefits

The Authority operates both defined contribution and defined benefit plans. The defined benefit plan is unfunded while the defined contribution plan is funded by payments from the Authority and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit plans, the defined benefit obligation, the related current service cost, and where applicable, the past service cost is determined by using the projected unit credit method. Future benefit values are projected using actuarial assumptions and the liability for in-service members is accrued over expected working lifetime. This benefit only applies to qualifying employees who transferred from the Department of Transport on the formation of the Authority on 1 April 1998. New employees are not offered any post retirement medical benefits. Payments to defined contribution retirement benefit plans are charged to the statement of financial performance in the year to which they relate.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in statement of financial performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of financial performance. The entity recognises all actuarial gains and losses arising from defined benefit plans directly in net surplus/(deficit).

### 1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Authority 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.

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 Authority settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Provisions are not recognised for future operating deficits.

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

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

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.

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.

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

- Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.
- Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
  - defaults or delinquencies in interest and capital repayments by the debtor;
  - breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
  - a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

### 1.15 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably. Revenue arising from the rendering of services is based on the stage of completion determined by reference to the physical amount of work performed in relation to the total project.

**Measurement**

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

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

When 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.



# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Interest is recognised, in the Statement of Financial Performance, using the effective interest rate method.

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

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Financial Performance, using the effective interest method.

### 1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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. 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.

#### SAMSA Levies

Revenue from SAMSA Levies is recognised in line with the provision of the SAMSA Levies Act number 6 of 1998, which provides as follows:

- SAMSA Levies are payable upon first entry into the territorial waters of the Republic after a voyage from a port or place outside the Republic.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The Authority assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Restrictions on government grants may result in such revenue being recognised on a time-proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.17 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.

### 1.18 INVESTMENT INCOME

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

### 1.19 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.

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

### 1.20 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.

### 1.21 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.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

# ACCOUNTING POLICIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

was incurred and identified during the current financial year and which was not condoned by the Accounting 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 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.

### 1.25 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.

### 1.26 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between reporting date and the date when 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 reporting date);
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date);

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

The entity discloses 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.



# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
<b>2. REVENUE</b>		
Rendering of services	315 995	305 800
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Direct user charges	38 235	25 819
Government Service Fees	7 205	6 887
	<b>45 440</b>	<b>32 706</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
SAMSA Levies	250 797	250 353
Contributions	19 758	22 731
	<b>270 555</b>	<b>273 084</b>
In line with Regulation 57 of the Determination of Charges (Government Notice 807 of 30 July 2009), SAMSA waived charges (revenue to the Authority) amounting to R121 000 (2014/15: R69 000) to deserving organisations.		
<b>3. DEPRECIATION, AMORTISATION AND IMPAIRMENTS</b>		
Furniture and fixtures	1 203	969
Motor vehicles	531	567
Office equipment	447	360
IT equipment	2 414	2 861
Buildings	216	112
Computer Software	668	1 031
Computer Software - Intangible	3 518	3 182
SA Agulhas	6 082	6 064
Leasehold Property	905	912
	<b>15 984</b>	<b>16 058</b>

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
<b>4. EMPLOYEE RELATED COSTS</b>		
Basic	122 920	103 308
Bonus	7 640	12 106
Medical aid - company contributions	1 630	1 454
Unemployment Insurance Fund	445	401
Skills Development Levy	1 418	1 153
Leave pay provision charge	1 101	1 642
Pension	17 043	14 793
Long-service awards	112	18
13th Cheques	10 237	8 979
Travel allowance	1 045	1 260
Housing benefits and allowances	179	188
Funeral policies	43	37
	<b>163 813</b>	<b>145 339</b>
<b>5. INTEREST INCOME</b>		
Interest received	119	598
<b>Interest Revenue is made up of the following:</b>		
Interest charged on overdue accounts	-	33
Investment income	-	286
Interest from current accounts	119	279
	<b>119</b>	<b>598</b>

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
6. FAIR VALUE ADJUSTMENTS		
Fair Value Adjustments	58	138
Fair Value Adjustments consist of:		
Fair value adjustment - debtors	25	(15)
Fair value adjustment - creditors	33	(123)
	58	(138)

The fair valuation adjustment on debtors increased by R33 000 from R268 000 to R301 000.

The fair valuation adjustment on creditors decreased by R25 000 from R452 000 to R427 000.

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016			2015		
	Cost / Valuation  R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value  R '000	Cost / Valuation  R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value  R '000
7. PROPERTY, PLANT AND EQUIPMENT						
Land	2 100	-	2 100	2 100	-	2 100
Buildings	3 945	(605)	3 340	2 234	(389)	1 845
Leasehold property	8 116	(2 163)	5 953	8 116	(1 258)	6 858
Furniture and fixtures	13 032	(5 330)	7 702	11 506	(4 130)	7 376
Motor vehicles	2 658	(2 281)	377	2 658	(1 750)	908
Office equipment	3 582	(2 384)	1 198	3 137	(1 943)	1 194
IT equipment	16 439	(13 656)	2 783	14 813	(11 508)	3 305
Computer software	7 869	(7 826)	43	7 869	(7 157)	712
Ship - SA Agulhas 1	30 342	(23 235)	7 107	30 342	(17 153)	13 189
Total	88 083	(57 480)	30 603	82 775	(45 288)	37 487



# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2016

	Opening balance R '000	Additions R'000	Disposals R '000	Revaluations R '000	Depreciation/ Amortisation R '000	Total R '000
Land	2 100	-	-	-	-	2 100
Buildings	1 845	-	-	1 711	(216)	3 340
Leasehold property	6 858	-	-	-	(905)	5 953
Furniture and fixtures	7 376	1 530	(1)	-	(1 203)	7 702
Motor vehicles	908	-	-	-	(531)	377
Office equipment	1 194	450	-	-	(447)	1 198
IT equipment	3 305	1 925	(34)	-	(2 413)	2 783
Computer software	712	-	-	-	(669)	43
Ship - SA Agulhas 1	13 189	-	-	-	(6 082)	7 107
	37 487	3 905	(35)	1 711	(12 466)	30 603

The Authority owns a building in East London which houses its port offices. During the year ending 31 March 2016, the building was revaluated and the effective date of revaluation was 18 February 2016. An independent valuer, AS Moyce of Poto, Leonard & Moyce was engaged to conduct the revaluation exercise. The property valuer used the capitalisation method to value the property. The valuation process used estimated rental income and expenses for properties of the same type in the area where the building is situated. The entity revalues its building(s) once every five years.

The useful lives of tangible and intangible assets are reviewed annually to determine whether the useful life assessment continues to be supportable. The Authority currently has assets with R0 values which are still in use. The Authority therefore made an appropriate estimate of the useful lives, residual values and depreciation method of the assets based on the information available at the previous reporting dates. As a result a decision has been made to continue to measure the assets at their current values (including R0 values) pending their replacement. In line with GRAP 17, the Authority discloses the fact that such assets have been fully depreciated and are still in use. These assets have not been replaced due to the financial difficulties SAMSA has been going through. Funds for the replacement of the old assets have been budgeted for the 2016/17 financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2015

	Opening balance R '000	Additions R'000	Disposals R '000	Depreciation/ Amortisation R '000	Total R '000
Land	2 100	-	-	-	2 100
Buildings	1 957	-	-	(112)	1 845
Leasehold property	6 765	1 005	-	(912)	6 858
Furniture and fixtures	7 604	812	(71)	(969)	7 376
Motor vehicles	1 475	-	-	(567)	908
Office equipment	1 279	343	(68)	(360)	1 194
IT equipment	4 092	2 120	(46)	(2 861)	3 305
Computer software	1 743	-	-	(1 031)	712
Ship - SA Agulhas 1	19 254	-	-	(6 064)	13 189
	46 269	4 280	(185)	(12 876)	37 487

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000

8. INTANGIBLE ASSETS

Computer software	12 912	(10 313)	2 599	9 922	(6 795)	3 127
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	Opening balance R '000	Additions R'000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2016				
Computer software	3 127	2 990	(3 518)	2 599

	Opening balance R '000	Additions R'000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2015				
Computer software	5 845	464	(3 182)	3 127

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

9. FINANCIAL INSTRUMENTS

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:



# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Floating rate	Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount	Weighted average period until maturity Years	Amount
		R '000			R '000		R '000
Year ended 31 March 2016							
Assets							
Cash and cash equivalents	-	6 255		-	-	-	6255
Trade & other receivables	-	-		-	37 065	-	37 065
TOTAL	-	6 255		-	37 065	-	43 320
Liabilities							
Trade & other payables	-	-		-	(93 628)	-	(93 628)
TOTAL	-	-		-	(93 628)	-	(93 628)
Year ended 31 March 2015							
Assets							
Cash and cash equivalents	-	8 523		-	-	-	8 523
Trade receivables	-	-		-	33 180	-	33 180
TOTAL		8 523			33 180	-	41 703
Liabilities							
Trade & other payables	-	-		-	(71 241)	-	(71 241)
TOTAL	-	-		-	(71 241)	-	(71 241)

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

**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 utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

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

Trade and other receivables - 2015/16 - R37.1million (2014/15 - R33.2 million)

Trade debtors - age analysis	2016 R '000	2015 R '000
Current	27 982	24 724
31 - 60 days	6 069	5 087
61 - 90 days	279	237
91 - 120 days	58	198
Over 120 days	280	3 900
	34 668	34 146

**Foreign exchange risk**  
The entity does not hedge foreign exchange fluctuations.

**Fair values**  
The Authority's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets.The following methods and assumptions are used to determine the fair value of each class of financial instruments:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

10. FINANCIAL ASSETS & LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2016	1 year or less R '000	Total R '000
Cash and cash equivalents	6 255	6 255
Trade and other receivables	37 065	37 065
Trade and other payables	(93 628)	(93 628)
	<b>(50 308)</b>	<b>(50 308)</b>

2015	1 year or less R '000	Total R '000
Cash and cash equivalents	8 523	8 523
Trade and other receivables	33 180	33 180
Trade and other payables	(71 241)	(71 241)
	<b>(29 538)</b>	<b>(29 538)</b>

11. 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 2016 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.

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Opening Balance	2016 R '000	2015 R '000
Opening Balance	(19 274)	(16 104)
Amounts charged to income	(751)	(3 170)
	<b>(20 025)</b>	<b>(19 274)</b>
Non-current liabilities	(19 249)	(18 550)
Current liabilities	(776)	(724)
	<b>(20 025)</b>	<b>(19 274)</b>

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

Opening balance	19 274	16 104
Current Service Cost	302	238
Interest Cost	1 529	1 512
(Actuarial Gain)/Loss	(330)	2 092
Expected Employer Payments/(Benefit)	(750)	(672)
	<b>20 025</b>	<b>19 274</b>

Key assumptions used

Assumptions used at the reporting date:

Average Retirement Age rate Males - Years	60	60
Discount rate - Percentage	10 %	8 %
Expected rate of salary increases	9 %	10 %
Medical cost trend rates (Health Care Cost Inflation)	10 %	7 %
Consumer Price Index Inflation	8 %	7 %
In-service members	15	18
Continuation Membership of membership at retirement - number of employees	9	6

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Trend Information

	31 March 2012 R '000	31 March 2013 R '000	31 March 2014 R '000	31 March 2015 R '000	31 March 2016 R '000
Present value of obligation	15 211	18 301	16 104	19 274	20 025
Present obligations in excess of plan assets	15 211	18 301	16 104	19 274	20 025
In respect of present value obligations	392	665	2 169	664	339

Health Care Cost Inflation

	Central Assumption	-1%	+1%
	9.7%		
Accrued liability 31 March 2016 (R'm)	20.025	17.375	23.338
% change	-	-13.2%	+16.5%
Current Service Cost + Interest cost (R'm)	2.302	1.968	2.727
% change	-	-14.5%	+18.5%
Sensitivity Results from	Central Assumption	-1%	+1
Previous Valuation	7.9%		
Current Service Cost + Interest			
Cost 2015/16 (R' million)	1.831	1.549	2.192
% change	-	-15.4%	+19.7%
	Central Assumption	+5%	+10%
	9.70%	for 5yrs	for 5yrs
Accrued Liability 31 March 2015 (R' m)	20.025	24.473	29.732
% change	-	+22.2%	+48.5%
	Discount Rate		
	Central Assumption	-1%	+1%
	10.10%		
Accrued Liability 31 March 2015 (R' m)	20.025	23.402	17.373
% change	-	+16.9%	-13.2%
	Expected Retirement Age		
	Central Assumption	1 year younger	1 year older
	60 years		
Accrued Liability 31 March 2015 (R' m)	20.025	20.425	19.659
% change	-	+2.0%	-1.8%

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
12. TRADE AND OTHER RECEIVABLES		
Trade receivables	34 668	34 150
Deposits	2 244	2 124
Other receivables	610	776
Provision for doubtful debts	(280)	(3 900)
Staff travel advances	124	298
Discounting of receivables	(301)	(268)
	37 065	33 180

The trade receivables amount of R34.6 million above is comprised of R5.7 million from exchange transactions (2014/15: R5.5 million) and R28.9 million from non-exchange transactions (2014/15: R28.6 million).

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	89	89
Bank balances	6 166	8 434
	6 255	8 523

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.

Of the R6.3 million bank balance, R1.3 million was being held on behalf of the National Skills Fund (NSF) for maritime skills projects being implemented. The amount has been recognised as a liability.



# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
<b>14. TRADE AND OTHER PAYABLES</b>		
Trade payables	49 318	34 814
Lease liability	9 355	6 911
Accruals	22 412	22 281
Purchase order accruals	24	43
Other payables	8 466	5 772
Creditors discounting	(428)	(453)
Travel credit card	4 479	1 873
	<b>93 626</b>	<b>71 241</b>
<b>15. CASH GENERATED FROM (USED IN) OPERATIONS</b>		
Deficit	(29 089)	(81 470)
<b>Adjustments for:</b>		
Depreciation and amortisation	15 984	16 058
Loss on foreign exchange	1 640	134
Fair value adjustments	58	(138)
Debt impairment	1 243	450
Movements in retirement benefit assets and liabilities	751	3 170
Movements in provisions	2 809	12 028
Other non-cash items	13	97
Assets disposed	(3)	5
Inventory adjustment	-	227
<b>Changes in working capital:</b>		
Inventories	(33)	51
Trade and other receivables	(4 709)	11 498
Provisions for bad debts	(3 620)	-
Prepayments	208	(411)
Trade and other payables	22 387	16 725
Unspent conditional receipts	(3 012)	4 334
	<b>4 627</b>	<b>(17 242)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

<b>16. OPERATING LEASE</b>
<b>Office Equipment</b>
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.
<b>Office Buildings</b>
<b>Port Nolloth</b>
The Authority entered into a lease agreement with SA Post Office for its offices in Port Nolloth. The initial lease is for 5 years which commenced on 1 April 2012 and the termination date is 28 February 2017 with the escalation of 8% per annum.
<b>Pretoria</b>
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 1 September 2013 and the termination date is 31 June 2023 with the escalation of 7.5% per annum.
The Authority also entered into lease agreement with Encha Properties with an escalation of 9% that begun in December 2012 and runs for 60 months.
<b>Saldanha</b>
The Authority entered into a lease agreement with National Ports Authority for its offices in Saldana bay, the initial lease is for 5 years which commenced on 1 October 2014 and the termination date is 30 September 2019. The escalation percentage is 9%.
<b>Durban</b>
The Authority entered into a lease agreement with Old Mutual Properties. The initial lease period is for 3 years which commenced on 1 October 2013 and the termination date is 30 September 2016 with the escalation percentage of 8% per annum.
<b>Richards Bay</b>
The Authority entered in a lease agreement with Tuzi Gazi Waterfront (Pty) Ltd. The initial lease period is for 3 years which commenced on 1 January 2014 and the termination date 31 December 2016 with an escalation percentage of 9% per annum, with a renewal period of 1 year from 1 January 2017 to 31 December 2017.
<b>Mossel Bay</b>
The Authority entered into a lease agreement with Plaza Aquada for the Mossel Bay offices situated at 55 Marsh Street, Mossel Bay. The initial lease period was for 3 years which commenced on 1 February 2013 and lasted until 31 January 2016 with an escalation of 8% per annum. As this lease agreement has expired a new one is being negotiated while a month to month arrangement is currently in place.

# NOTES TO THE FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### Port Elizabeth

The Authority entered in a lease agreement with Rikett Sales for Port Elizabeth port office, the initial lease period is for 5 years which commenced on 1 May 2013. The termination date is 30 April 2018 with the escalation of 10% per annum with a renewal period of 1 year on 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 5 years which commenced on 1 July 2013 and the termination date is 30 June 2018. Three months’ notice is required prior to termination of the lease agreement. The escalation percentage in the lease agreement is 10%.

### Ngqura

The Authority entered into a lease agreement with Transnet National Ports Authority for the Port of Ngqura office. The initial period was for 2 years, 6 months which commenced 1 June 2013 and the termination date is 30 November 2015. This lease agreement has now expired and the Authority is currently on a month to month lease arrangement until the new lease agreement is finalised.

### Cape Town

The Authority took over the entire 19th floor of the Bands property in Cape Town for a period of 24 months that started on 1 April 2014 to 31 March 2016 with the escalation of 10% per annum. The Authority also entered into a lease agreement with JHI Properties for 18th floor of Band property in Cape Town. The initial period is for 24 months and it commenced on 1 April 2014 and last until 31 March 2016 with an escalation of 10% per annum. These lease agreements have now expired and the Authority is currently on a month to month lease arrangement until the new lease agreement is finalised.

### East London

The Authority owns the building which houses the SAMSA offices in East London.

### MRCC Cape Town

The Authority entered into a new lease agreement with Tyger Hills Office Park. The initial lease period is 3 years which commenced on 1 February 2015 and the termination date is 31 January 2018 with an escalation of 8% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 16. OPERATING LEASE (CONTINUED)

	2016 R '000	2015 R '000
<b>Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2016 are as follows:</b>		
Up to 1 year	18 659	21 995
2 to 5 years	82 527	80 605
5 to 10 years	25 140	42 550
	<b>126 326</b>	<b>145 150</b>

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
<b>17. OPERATING DEFICIT</b>		
Operating deficit for the year is stated after accounting for the following:		
Awareness Programmes & Advertising	5 646	3 998
Auditors Remuneration	3 787	2 929
Computer Expenses	4 608	3 325
Consulting Fees	7 937	10 469
Conferences & Seminars	3 592	4 084
Telephone & Fax	6 446	5 430
Training	3 253	3 152
Travel - overseas	5 234	3 874
Travel - local	18 489	17 319
Internal audit fees	870	787
Depreciation	15 984	16 208
Employee costs	163 813	145 339
Research & Development	298	313
Printing & Stationery	3 823	3 198
Repairs & Maintenance	878	453
Partnership programmes	6 355	39 111
Projects	2 324	3 193
Commission paid on SAMSA Levies	7 148	7 253
Marine Interventions	153	21
Surveyor/mileage costs	2 472	2 510
Insurance	1 448	1 982
Donations	484	2 622
Implementation costs	10 949	13 296
Rentals	32 191	30 693
SA Agulhas expenses	25 585	42 054
Scholarship Programmes	1 781	5 981
Inventory	78	50
Other expenditure	15 563	18352
	<b>351 189</b>	<b>387 996</b>

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

<b>18. RELATED PARTY TRANSACTIONS</b>		
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 R7.2 million in the current financial year (2014/15: R6.8 million). The Authority also has an agreement with the National Ports Authority (NPA) for the collection of SAMSA levies. NPA charges a commission of 2.5% for the collection of the levies and the revenue collected during this period was R250.8 million (2014/15: R250.3 million). Commission charged on the transactions amounted to R7.1 million (2014/15: R7.3 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 In the tables below.		
The Minister of Transport approved the contribution by the Maritime Fund to the tune of R8 million to assist with the settlement of amounts owing for the running of the dedicated training vessel (SA Agulhas 1) in SAMSA's books.		
The Authority also received R0 million (2014/15: R13.4 million) from the National Skills Fund (NSF) for the funding of maritime skills development as the project came to an end during the financial year. The balance of funds owing to NSF was R1.3 million (2014/15: R4 million). Funds for maritime skills development amounting to R5.0 million (2014/15: R13.1 million) were also received from the Transport and Education Training Authority (TETA).		
The related party balances are disclosed as follows:		
	2016 R '000	2015 R '000
<b>External related parties</b>		
National Skills Fund	(1 321)	(4036)
Transnet National Ports Authority	28 934	28 647
Department of Transport	22 168	22 168
	<b>49 781</b>	<b>46 779</b>



# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Executive Remuneration

2016	Basic Salary	Bonus	Pension	Acting Allowance	Travel Allowance	13th Cheque	Cash in lieu (leave)	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Commander Tsietsi Mokhele - Chief Executive Officer	2 854	-	493	-	22	267	-	3 636
Sobantu Tilayi - Chief Operations Officer	1 559	81	273	-	-	149	82	2 144
Karl Otto - Executive Head (Centre for Sea Watch)	1 367	72	249	-	-	131	-	1 819
Pule Mashiloane - Acting Chief Human Capital Manager	902	47	164	-	-	87	-	1 200
Ayanda Mngadi - Executive Head (Corporate Affairs)	1 367	72	249	-	22	131	-	1 841
Boetse Ramahlo - Executive Head (Office of the CEO)	1 367	72	249	-	16	131	-	1 835
Tudor Hungwe - Acting Chief Financial Officer	1 156	51	-	-	3	94	-	1 304
Francis Chilalika - Executive Manager (Inland Region)	1 017	53	176	-	2	97	-	1 345
Collins Makhado - Executive Head (Maritime Industry Development)	1 800	60	-	-	28	110	-	1 998
Moyahabo Raphadu - Company Secretary	924	49	168	-	6	89	-	1 236
Mosala Mosegomi - Chief Information Officer	1 209	64	220	-	-	116	-	1 609
Sindiswa Nhlumayo - Executive Head (Centre for Excellence)	1 146	70	222	-	-	128	182	1 748
Nigel Campbell - Executive Head (Centre for Ships)	1 368	72	248	-	14	131	-	1 833
Saroor Ali - Executive Manager (Eastern Region)	1 021	53	172	-	50	97	-	1 393
Benard Bobison-Opoku - EXCO Secretary & General Counsel	786	41	143	-	5	76	-	1 051
Daniel Vuma - Acting Chief Procurement Officer	659	35	119	67	3	63	-	946
Lesego Mashishi - Chief Human Capital Officer	724	-	131	-	-	-	-	855
Rebecca Setino - Chief Procurement Officer	663	-	125	-	-	-	-	788
Samuel Nkosi - Executive Head (Centre for Policy & Regulation)	1 458	65	-	-	-	119	-	1 642
Muroro Dziruni - Acting Executive Manager (Centre for Strategy)	845	-	-	117	4	69	-	1 035
	24 192	957	3 401	184	175	2 085	264	31 258

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Executive Remuneration

2015	Basic Salary	Pension	Acting Allowance	Long Service Awards	Travel Allowance	13th Cheque	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Commander Tsietsi Mokhele - Chief Executive Officer	2 441	446	-	-	-	238	3 125
Sobantu Tilayi - Executive Head (Centre for Ships)	1 462	251	-	-	28	133	1 874
Karl Otto - Executive Head (Centre for Sea Watch)	1 282	230	-	-	-	117	1 629
Pule Mashiloane - Acting Chief Human Capital Manager	847	151	-	-	8	77	1 083
Ayanda Mngadi - Executive Head (Corporate Affairs)	1 282	230	-	-	64	117	1 693
Samuel Nkosi - Executive Head (Centre for Policy & Regulation)	1 350	-	-	-	-	106	1 456
Boetse Ramahlo - Executive Head (Office of the CEO)	1 282	230	-	-	7	117	1 636
Tudor Hungwe - Acting Chief Financial Officer	1 085	-	-	-	-	84	1 169
Francis Chilalika - Executive Manager (Inland Waters)	955	162	-	-	3	87	1 207
Collins Makhado - Executive Head (Centre for Strategy)	1 180	-	-	-	38	99	1 317
Moyahabo Raphadu - Company Secretary	867	155	-	-	9	79	1 110
Mosala Mosegomi - Chief Information Officer	1 135	203	-	-	-	104	1 442
Sindiswa Nhlumayo - Executive Head (Centre for Excellence)	1 276	198	-	-	24	114	1 612
Nigel Campbell - Executive Manager (Southern Region)	1 283	229	-	3	9	117	1 641
Saroor Ali - Executive Manager (Eastern Region)	958	158	-	-	56	87	1 259
Benard Bobison-Opoku - EXCO Secretary & General Counsel	738	131	-	-	4	67	940
Daniel Vuma - Acting Chief Procurement Officer	621	110	133	-	2	57	923
	20 044	2 884	133	3	252	1 800	25 116

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Non-executive remuneration

2016	Member's fees R '000	Committees fees R '000	Total R '000
M Msimang - Chairperson	151	79	230
M Burton - Board Member	113	62	175
A S Molemane - Board member	113	71	184
F Jacobs - Board Member	160	99	259
N Cele - Board Member	148	61	209
H V Devraj - REMCO Member	-	17	17
R N Nobaxa - REMCO Member	-	12	12
S P Simelane - AC member	-	4	4
Dr M Hendriks - Board Member	148	71	219
A Chowan - AC Member	-	18	18
B A Williams - MIC Member	-	8	8
NDB Mgoduka - MIC Member	-	8	8
	833	510	1 343

2015	Member's fees R '000	Committees fees R '000	Total R '000
Advocate B Madumise - Deputy Chairperson	146	114	260
N Syms - Deputy Board Chairperson	47	63	110
R Mkhwanazi - Board member	47	40	87
Vice Admiral (Rtd) J Mudimu - Board Chairperson	47	18	65
N Cele - Board member	107	71	178
B Naidoo - Board Member	107	59	166
Dr M Hendriks - Board member	143	118	261
F Jacobs - Board member	142	103	245
B A Williams - MIC Member	-	4	4
A Chowan - AC Member	-	4	4
N D B Mgoduka - MIC Member	-	4	4
S P Simelane - AC Member	-	4	4
	786	602	1 388

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

		2016 R '000	2015 R '000
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19. GUARANTEES

81059816160	SA Mutual Life Assurance	36	36
81059926905	Portnet Saldanha	3	3
81059928876	Tuzi Gazi Waterfront	5	5
81059928877	Lofty Nel Eiendomme	3	3
TOTAL		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.

20. PROVISIONS

Reconciliation of provisions - 2016

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Onerous contract	4 317	-	(1 525)	2 792
Leave pay provision	7 995	1 101	(1 019)	8 077
Bonus Provision	23 533	7 641	(4 914)	26 260
	35 845	8 742	(7 458)	37 129

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Reconciliation of provisions - 2015				
	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Onerous contract	5 704	-	(1 387)	4 317
Leave pay provision	6 686	1 642	(333)	7 995
Bonus provision	11 427	12 106	-	23 533
	23 817	13 748	(1 720)	35 845

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. The onerous contract provision is based on the signed lease agreement. The utilised amount recognised for the onerous contract provision has been reduced to ensure that the balance ties up to the amount which still remains to be paid on the lease agreement.

	2016 R '000	2015 R '000

21. IRREGULAR EXPENDITURE

Opening balance	133 355	35 061
Prior year period adjustment (expenditure on and before 2014/03/31)	-	28 870
Irregular Expenditure - current year	77 137	16 352
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable	-	-
Adjustment to prior period	-	53 072
	210 492	133 355

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
Analysis of expenditure awaiting condonation per age classification		
Opening balance	133 355	35 061
Current year	77 137	16 352
Prior year period adjustment (expenditure on and before 2014/03/31)	-	28 870
Adjustment to prior period	-	53 072
	210 492	133 355

Irregular expenditure of R36.2 million was incurred during the year due to the utilisation of service providers whose contracts had either expired or were not in place. The Authority has also adjusted prior year figures for unsolicited bids process not followed by an additional R11.5 million for the additional amounts spent on the contract. The amount of R22.45 million has also been recognised as irregular expenditure for a contract awarded in 2011 as a result of the bid adjudication process that was not done in line with Treasury Regulations. Additional amounts of R48.0 million have been recognised in the prior year due to service providers that were utilised from 2010 up to 2015 without valid contracts in place.

There are still outstanding matters regarding the introduction and payment of the 13th cheque to the SAMSA staff members approved by the previous Board. The outstanding matters relate to the clarification of the issue of the payments being self-funded and the matter is being considered for finalisation by the current Board. As a result, an amount of R10.2 million has been recognised as irregular expenditure. A CPI salary adjustment for the former CEO has not yet been ratified by the Board and has been included in irregular expenditure.

Staff bonuses amounting to R4.9 million were paid to staff members in June 2016 when SAMSA did not have a fully constituted Board. The bonus payments have not yet been ratified by the Board.

The former CEO went on an international trip just after the new Board had been appointed in July 2015 to attend a function at the International Maritime Organisation (IMO). As there was no Board approval for the trip, the amount spent has been recognised as irregular expenditure.

SAMSA's tariffs have only been adjusted once since 2009 by CPI which led to the organisation not being able to generate enough revenue to cover its increasing costs. The organisation also had mandates which were transferred from the Department of Transport and were either under-funded or unfunded. It is against this backdrop that the Authority had to prepare balanced budgets based on its projected revenues. The reality however, was that the balanced budgets could not be fully adhered to without compromising the ability of the organisation to fulfil its legal mandates. This resulted in a budget overspend of R25.2 million which has been recognised as irregular expenditure.



# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

21. IRREGULAR EXPENDITURE (CONTINUED)

Details of irregular expenditure not yet condoned

Contracts management	36 245	79 259
Transactions above approved delegations	-	1077
Unsolicited bid processes	-	15 374
Tender processes	-	6214
Supply chain management processes	-	22 452
Payment of 13th cheque	10 237	8 979
Payment of bonuses and salaries	5 327	-
Unapproved travel	115	-
Budget overspend	25 213	-
	77 137	133 355

22. 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	603	811
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23. IN-KIND DONATIONS AND ASSISTANCE

Donations	484	2622
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SAMSA's corporate social investment investments dropped from R2.6 million to R0.484 million mainly due to the financial challenges being experienced by the organisation.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

24. NEW STANDARDS AND INTERPRETATIONS

The aggregate impact of the initial application of the statements and interpretations on the entity's annual financial statements is nil in this financial year.

25. NEW GRAP PRONOUNCEMENTS

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 disclosures. 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. These financial results and disclosures are not likely to be affected when the statement is effected.

Issued by the ASB in August 2013 and no effective date has been determined by the Minister of Finance.

GRAP 108 - Statutory Receivables

This standard prescribes the accounting treatement and disclosure for statutory receivables. The impact on the financial results and disclosures 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 principal-agent 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 disclosures will be minimal.

Issued by the ASB in July 2015 and no effective date has been determined by the Minister of Finance.

GRAP 18 - Segment Reporting

This standard is effective, however the entity does not have any reportable segments as defined. The reasons why SAMSA does not have reportable segments are as follows:

- the port offices are operational and largely financed by SAMSA Levies;
- the port offices are not regularly reviewed by management for performance and resource allocation in isolation;
- the port offices do not keep separate financial records and one bank account controlled by head office is in use.

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

26. INVENTORIES

Printed material	209	176
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	2016 R '000	2015 R '000
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27. UNSPENT CONDITIONAL RECEIPTS

Movement during the year

Balance at the beginning of the year	4 334	-
Additions during the year	-	4 334
Income recognition during the year	(3 012)	-
	1 322	4 334

The nature and extent of conditional receipts recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that have been recognised. The Authority received funding from the National Skills Fund (NSF) for maritime skills development programmes and the amount disclosed represents the balance of conditional receipts outstanding at year-end.

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

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
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28. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	2 666	1 112
Add: fruitless expenditure: current year	5 687	1 430
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Prior year adjustment	-	124
	8 353	2 666

The fruitless expenditure of R1.8 million for the current financial year was incurred as a result of a lease agreement signed by the entity for the lease of a Pretoria building for office space in 2013. After the lease agreement was signed, a bigger building which could house all staff members in Pretoria was secured and all staff members who were working from three different buildings were moved to one building. As the lease agreement for this third building is still running, it became an onerous contract and payments are still being made to the lessor. An additional amount of R3.3 million resulted from interest charges incurred as a result of the inability of the Authority to pay its creditors on time due to the current financial challenges. In addition to this, amount of R154 000 was incurred in the resultant legal process of this overdue debt. Failure by the Authority to provide supporting documents for expenses incurred on the CEO's credit card amounting to R251 000 (2014/15: R124 000) resulted in the amounts being recognised as fruitless and wasteful. The Authority appointed a substantive Chief Human Capital Officer during the financial year and failure to demonstrate the withdrawal of an appointment made to the previous incumbent resulted in an amount of R217 000 being recognised as fruitless and wasteful..

Analysis of expenditure awaiting condonation per age classification

Current year	5 687	1 430
Prior years	2 666	1 112
Prior year adjustment	-	124
	8 353	2 666

Details of fruitless expenditure not yet condoned

Onerous contract - lease of building	1 797	2 499
Payments made after expiry of interns contracts	-	43
Interest charges on overdue accounts	3 268	-
Credit card spend	251	124
Legal fees on overdue creditor	154	-
HR Executive Appointments	217	-
	5 687	2 666

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
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29. UNFUNDED & UNDERFUNDED MANDATES

The Authority has over the years received additional mandates from the shareholder (Department of Transport). These additional mandates are the running of Maritime Rescue Coordination Centre (MRCC) and the Long Range Identification and Tracking of Ships (LRIT) which are based in Cape Town. The MRCC is an underfunded mandate whilst the LRIT is an unfunded mandate. Since the transfer of MRCC to SAMSA, an amount of R56.8 million has been spent by the Authority over and above the funds which are being received from the DOT for the running of the centre. For LRIT unfunded mandate, the Authority has incurred costs amounting to R3.5 million since the transfer of the mandate. The cumulative total of R60.3 million which has been spent on these two additional mandates has contributed to financial difficulties being experienced by the Authority.

30. OTHER INCOME

Decrease in provision for doubtful debts	3 620	-
(Profit)/Loss on disposal of assets	3	-
Insurance proceeds - SA Agulhas	5 689	-
	9 312	-

The decrease in provisions was a result of a reduction in provisions for bad debts by R3.6 million.

31. DEBT IMPAIRMENT

Debts impaired	1 243	450
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The amounts owing from the National Skills Fund (NSF) (which were being dispensed through NSFAS for the World Maritime University programmes) and CSIR (for the use of SA Agulhas) were written off in the prior year after efforts to recover them proved unsuccessful.

32. FINANCE COSTS

Trade and other payables	3 268	-
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The interest was incurred as a result of the Authority not being able to settle amounts owing on time. The situation is now expected to improve as the new tariffs, which have only been adjusted once since 2009, are approved and implemented.

# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
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33. AUDITORS' REMUNERATION

Fees	3 787	2 929
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34. CONTINGENCIES

A few former staff members have taken the Authority to the CCMA and processes are curently underway to have these matters resolved. The entity's lawyers and management consider the likelihood of the actions against the entity being successful as unlikely, and the cases should be resolved within the next two years.

35. GOING CONCERN

We draw attention to the fact that at 31 March 2016, the entity had accumulated deficits of (R76 479 000) and that the entity's total liabilities exceed its assets by (R74 768 000).

In the 2015/16 financial year, SAMSA has not been able to settle amounts owing to suppliers which are providing services for the running of the SA Agulhas and the satellite services for the Long Range Identification and Automatic Identification of Ships (AIS) systems which has led to the discontinuation of services by the service providers (Smit Amandla and Exactearth, based in Canada). The Authority has been able to meet all its other obligations during the 2015/16 financial year. Payment plans have been agreed with Smit Amandla and Exactearth and they are being implemented in line with those agreements.

SAMSA has used the going concern basis nonetheless for the preparation of the Annual Financial Statements for the 2015/16 financial year despite the cash flow challenges on these two activities. This approach 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.

Assessment

- The Authority prepares cash flow forecasts on a regular basis to reflect the latest available financial status to assist in the identification of funding shortfalls and allow for corrective or remedial measures to be taken.
- An assessment was carried out to determine the extent to which SAMSA is failing to honour its financial commitments. The results of the assessment have indicated that the Authority is able to meet all its financial commitments except for the SA Agulhas and LRIT/AIS commitments for which payment plans have been agreed to.
- SAMSA was established under an Act of Parliament (Act 5 of 1998) and was given clear legal maritime mandates. These mandates will have to be carried out by SAMSA as they are not voluntary mandates. The existence of SAMSA can only be changed by an Act of Parliament.
- SAMSA's activities are sustained by the SAMSA Levies which it charges on foreign ships calling on South African ports and charges for services it provides to the industry in line with the SAMSA Levies Act of 1998. These levies and charges are periodically reviewed to ensure that amounts charged allow the Authority to be self-sustainable.



# NOTES TO THE FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The Authority has developed and implemented the following actions and these measures are being continuously reviewed to enhance their effectiveness.

- A cost optimisation programme has been developed and implemented. The effectiveness of the programme has been evidenced by the reduction of expenditures in the 2015/16 financial year.
- The Authority continues to impement its finance strategy to turnaround the financial situation of the organisation. The development of a clear financial strategy was meant to establish the guiding principles in all financial decisions of the Authority and it will continue to be re-evaluated whenever the organisation undergoes changes in its financial circumstances.
- In order for the tariff structure to be corrected, the Minister of Transport (with the concurrence of the Minister of Finance) has approved tariff adjustments for the Authority which will be implemented from the 20th of June 2016 (after the required gazetting period).
- In the above, Rate Base refers to the net value of the Authority's investment in infrastructure and its other long term or continuing outlays of (or holding of) funds needed for operations, e.g. working capital.
- The Authority's funding models were proven to be no longer fit for purpose and as a consequence SAMSA, led by the Department of Transport implemented an initiative to develop a new funding model for the organisation. The process of appointing a service provider to assist in the development of the new funding models has now reached an advanced stage and it is being funded by the Department. A joint DOT/SAMSA project committee was created to run the project. The process has the full support of the Department of Transport and National Treasury.

### Assumptions

- SAMSA was established through an Act of Parliament and cannot be liquidated without an Act of Parliament. There is no process currently underway to repeal the SAMSA Act (Act 5 of 1998).
- The Minister of Transport (with the concurrence of the Minister of Finance) has approved the new proposed tariffs for the Authority which will result in a significant improvement of the Authority's financial performance and position.
- The new funding models which are being developed for the Authority will bring stability and a degree of certainty in the tariff approval process for the Authority. This will result in the timeous adjustment of levies in line with the SAMSA Levies Act of 1998.
- Apart from the SA Agulhas and AIS activities, the Authority has and will be able to meet its financial obligations. Payment plans for SA Agulhas and AIS commitments have been finalised and agreed with the service providers.

Based on the above analysis, despite the fact that SAMSA will continue to face cash flow constraints until the new tariffs adjustment receive concurrence from the Minister of Finance, the Authority will be able to meet its obligations during the next 12 months.

### 36. EVENTS AFTER THE REPORTING DATE

The Minister of Transport (with the concurrence of the Minister of Finance) approved new tariff adjustments for the Authority. The new tariffs were implemented from 20 June 2016. The SAMSA CEO, Commander Tsietsi Mokhele, who had served the organisation since January 2008 resigned from this position on 30 June 2016.

### 37. CURRENT COMMITMENTS

At the end of the financial year, the Authority had current commitments of R16.4 million (2013/14: R49.6 million) for which contracts had been signed for. The Authority will be able to honour these contractual commitments.

# NOTES TO THE FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
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### 38. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

#### Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net deficit per the statement of financial performance	(29 089)	(81 470)
<b>Adjusted for:</b>		
Fair value adjustments	58	(138)
Increase/(decrease) in provisions	(1 284)	12 028
Under/over spending of expenditure	44 086	17 169
Under/over recovery of income	(14 522)	49 241
Actuarial gains and losses	751	3 170
<b>Net surplus per approved budget</b>	<b>-</b>	<b>-</b>

### 39. BUDGET VARIANCES

#### Material differences between budget and actual amounts

The material budget variances are explained in Appendix 1 to the annual financial statements.

APPENDIX 1  
BUDGET VARIANCES  
EXPLANATIONS  
FOR THE YEAR ENDED 31 MARCH 2016

APPENDIX 1  
BUDGET VARIANCES

EXPLANATIONS FOR THE PERIOD ENDED 31 MARCH 2016

1. INTRODUCTION

It has been another very difficult financial year for the Authority as its tariff structure still remained unadjusted against increasing costs of running the organisation. Since 2009, the tariffs have only been adjusted by CPI only once and it became very difficult to adequately deliver on the mandate of the organisation under the circumstances. For the organisation to be sustainable and deliver on its mandates, tariff adjustments and development of the new funding models are very critical.

The organisation strived to do its best under the circumstances to continue to deliver on its mandates. The financial year ending 31 March 2016 has seen the reduction of the deficit to R29 million (2014/15: 81 million). This reduction was achieved by further cost cutting measures to ensure that the organisation continued to operate without a complete breakdown of service delivery capabilities. The major variances in revenue and expenses are analysed in full detail below.

2. REVENUE

The organisation collected more revenue by R6.4 million during the financial year which was due to the contributions received from the Maritime Fund for the settlement of the debt owing to Smit Amandla. Revenue was also boosted by the increase in management fees which were earned from the contract with the Department of Agriculture and Fisheries for the management of their ships. The SAMSA core revenues remained at the same levels due to continued non-adjustment of tariffs. In this regard, SAMSA Levies, which contributes the highest portion of revenue earned remained pegged at R250 million.

3. EXPENDITURES

During the course of the financial year, the primary focus remained on the management of increasing costs against stagnant revenue. More strict measures had to be taken towards the end of the financial year as it became clear that a tariff adjustment was not going to be approved and implemented during the financial year. Despite these extraordinary measures, the organisation continued to struggle with the settlement of creditors which is reflected in the creditor days ratio. Payment plans have been agreed upon with some service providers which slightly eased the cash flow pressure. In analysing the variances for costs, it is important to take into account the fact that when the 2015/16 balanced budget was finalised, it was reasonably expected that the long outstanding tariff adjustment would be approved and some budgets would be reviewed by the Board at mid-term review. The tariff adjustment did not materialise and so the budgets had to stay at the same levels. While some costs could be cut without severely affecting the organisation, it was impossible to cut costs such as those relating to internet and e-mail amongst others, because without them the organisation could not simply operate.

3.1 STAFF COMPENSATION

The Authority underspent on its staff compensation budget by R7.7 million as result of a deliberate decision to slow down on the recruitment of new staff members to address the current financial challenges.

3.2 COMPUTER EXPENSES

The budget overspent of R4 million resulted from the fact that the new system implemented did not achieve lower costs to the expected levels. In addition, the budget for this line item had been set with the intention to review it after the approval of the new tariffs. It was not however, possible to stop the spending on internet and e-mail facilities as this would have led to the organisation not being able to operate. Therefore, despite the budget overrun, additional costs continued to be incurred up until year-end.

# BUDGET VARIANCES

EXPLANATIONS FOR THE PERIOD ENDED 31 MARCH 2016

3.3 LICENCES

As a result of the drive to manage and reduce costs, the implementation of some computer systems required in the organisation was delayed which resulted in savings of R1.8 million. Licence fees would have been payable had such systems been implemented.

3.4 STAFF RECRUITMENT

The cost of recruiting the members who were hired was more than what had been budgeted for by R0.5 million. The budget for this line item had been set with the intention to review it after the approval of the new tariffs. As some critical positions had to be filled, some additional costs had to be spent filling those positions.

3.5 TELEPHONE AND FAX

There was a cost overrun of R2 million on telephones, cell phones and other communication technologies. The budget for this line item had been set with the intention to review it after the approval of the new tariffs. Without these communication tools, the organisation would not have been able to operate and thus we had to continue spending even after the budget was spent.

3.6 SA AGULHAS EXPENSES

An amount of R25.6 million was spent on the SA Agulhas and there was no budget for it during the financial year. The plan was for the SA Agulhas to be transferred out of SAMSA and no additional costs were projected to be spend on the ship during the financial year. The transfer plan did not materialise and hence SAMSA continued to incur costs for the maintenance of the ship.

3.7 AWARENESS PROGRAMMES

The overspend of R0.9 million was the result of the spend on the South African Oceans Festival, which was to be funded by third parties. However, the organisation only secured R1 million of the total required amount and SAMSA had to fund the difference as commitments for the event had already been made.

3.8 CONFERENCES

There was an overspend on this line due to the fact there was anticipation that the budget would be reviewed at mid-term after tariff adjustments would have been approved. Commitments were made on this assumption but no tariff adjustments were approved which resulted in the budgets not being reviewed at mid-term.

3.9 CONTINGENCY FEES

The underspend of R2.5 million was due to the fact that no significant unforeseen events which would have necessitated the use of this budget occurred during the course of the financial year.

3.10 CSI PROJECTS

CSI activities were scaled down during the financial year due to the financial challenges. Most of the activities undertaken were in areas where commitments had been made in previous financial years and could not be cancelled due to reputational risk that the organisation would have been exposed to.

3.11 OFFICE SECURITY

The overspentd was due to the fact that the budget had been premised upon the assumption that the security personnel at head office could be scaled down to cut costs. This however proved not to be feasible as security in the offices would have been seriously compromised.

# BUDGET VARIANCES

EXPLANATIONS FOR THE PERIOD ENDED 31 MARCH 2016

3.12 PRINTING AND STATIONERY

The organisation overspent on this budget line item by R0.7 million. This was mainly due to the weakening of the Rand which resulted in printing material prices going up during the financial year.

3.13 PARTNERSHIP PROGRAMMES

The overspend of R 4.1 million was on the continued rollout of skills development programmes. The overspend was however financed by partners and the funds received are accounted for under revenue (contributions).

3.14 LOCAL TRAVEL

The travel budget has been significantly reduced over the last few years. The challenge the organisation is facing now is that much of the local travel is linked to service delivery and when the service is required, this spend will have to be incurred. The additional costs are however still being incurred against outdated tariffs.

3.15 OVERSEAS TRAVEL

The overspend on the overseas budget was mainly due to the weakening of the Rand, which significantly increased travel costs. There were also increased travel activities linked to IMO, AU, Operation Phakisa, and other business activities.

3.16 MARINE INTERVENTIONS

The saving of R2.9 million was due to the fact that the Authority did not have pay for the ongoing maritime incidents as they were adequately insured.

3.17 AUDIT FEES

The overspend on the audit budget results from the misalignment between the audit strategy budget and the setting of the annual budget in line with PFMA. The mismatch will be addressed in the next budget cycle.

3.18 IMPLEMENTATION COSTS

Spend on LRIT and AIS systems has exceeded the budget. The budget was reduced with the intention of limiting the use of the system until adequate funding is secured. However, it proved unrealistic to reduce the usage of the system beyond a certain point. The service provider discontinued services in November 2015.

3.19 CONSULTING FEES

The overspend was mainly on the work done on the Great Plains accounting system during the financial year. More challenges were experienced during the financial year which required the expertise of the service provider. A system upgrade has been planned for implementation in the new financial year.

3.20 SURVEYOR AND MILEAGE COSTS

The overspend is due to the increase in surveys that took place as most of the certificates were due for revalidation. The activities relating to the surveys were higher than the projected number which was used in preparing the budget.



# BUDGET VARIANCES

EXPLANATIONS FOR THE PERIOD ENDED 31 MARCH 2016

3.21 RESEARCH PROGRAMME

Research activities which were to be funded by SAMSA were not carried out in line with cost containment activities. The whole amount spent on research was funded by a third party.

3.22 INTEREST PAID

The funding challenges experienced by the organisation resulted in the organisation not being able to pay its bills on time. As a result of this, interest charges were levied on long outstanding amounts by our creditors. The bulk of this interest was charged by Smit Amandla for the running of the SA Agulhas.

3.23 INTERNAL AUDIT

Internal audit work spent was less than budgeted as a number of internal audit assignments were still being executed at the end of the financial year.

3.24 PROPERTY, PLANT AND EQUIPMENT

	2015/16 Budget R '000	2015/16 Actual R '000	2015/16 Variance R '000
Furniture and fittings Cost	514	1 530	-1 016
Equipment Cost	411	450	-39
Computer equipment Cost	4 380	1 925	2 455
Computer software Cost	3 250	2 990	260
	8 555	6 895	1 660

The Authority underspent on capital expenditure by R1.6 million. The decision was taken based on the fact that SAMSA tariffs had not been adjusted and remained at the same levels, therefore there was inadequate funding for infrastructure. The overspent on furniture and fittings was due to the fact that many of items of furniture gave in due to non-replacement over a long period of time. To ensure that staff members continued to work, the furniture had to be replaced.

## MARITIME FUND REPORT

### FOR THE YEAR ENDED 31 MARCH 2016

# AUDITOR GENERAL’S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARITIME FUND

## REPORT ON THE FINANCIAL STATEMENTS

### INTRODUCTION

1.
- I have audited the financial statements of the Maritime Fund set out on pages 199 to 208, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### ACCOUNTING AUTHORITY’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2.
- The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Auditor-general’s responsibility

### AUDITOR GENERAL’S RESPONSIBILITY

3.
- My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the fund’s preparation and fair presentation of the financial statements 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 fund’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### OPINION

6.
- In my opinion, the financial statements present fairly, in all material respects, the financial position of the Maritime Fund as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

# AUDITOR GENERAL’S REPORT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARITIME FUND

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7.
- In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### PREDETERMINED OBJECTIVES

8.
- I did not audit performance against predetermined objectives for the Maritime Fund, as reporting against predetermined objectives is prepared by South African Maritime Safety Authority which controls the fund.

### COMPLIANCE WITH LEGISLATION

9.
- I performed procedures to obtain evidence that the fund had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### INTERNAL CONTROL

10.
- I considered internal control relevant to my audit of the financial statements and compliance with legislation. I did not identify any significant deficiencies in internal control.



Pretoria  
31 July 2016



MARITIME FUND  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF FINANCIAL POSITION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
<b>Assets</b>			
Current assets			
Debtors	7	8	-
Cash and cash equivalents	3	2 000	8 484
Accrued Interest	5	0	38
		<b>2 008</b>	<b>8 522</b>
<b>Equity and liabilities</b>			
Funds and reserves			
Accumulated Surplus		2	5 238
Uncleared deposits		2 006	3 284
		<b>2 008</b>	<b>8 522</b>



# STATEMENT OF FINANCIAL PERFORMANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
Revenue	2	2 487	1 362
Interest Received	-	282	371
Gross Income	-	2 770	1 733
Operating Expenses	-	8 005	5
Fund utilisation	-	8 000	-
Bank Charges	-	5	5
Net surplus/(deficit) for the year	-	(5 236)	1 728

# STATEMENT OF CHANGES IN NET ASSETS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Accumulated Surplus R '000
Balance at 31 March 2014	3 509
Surplus for the period	1 728
Balance at 31 March 2015	5 237
Surplus for the period	(5 236)
Balance at 31 March 2016	2

# CASH FLOW STATEMENT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R '000	2015 R '000
<b>Cash flow from operating activities</b>			
Cash receipts from customers	-	1 201	1 619
Cash paid to suppliers and employees	-	(8 005)	(5)
Cash generated from operations	-	(6 804)	1 614
Interest received	-	320	359
<b>Cash flow from investing activities</b>			
Net increase in cash and cash equivalents	-	(6 484)	1 973
Cash and cash equivalents at beginning of the period	-	8 484	6 511
<b>Cash and cash equivalents at end of the period</b>	<b>3</b>	<b>2 000</b>	<b>8 484</b>

# ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

<b>1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS</b> The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP), the PFMA and the Treasury Regulations.
<b>1.1 FINANCIAL INSTRUMENTS</b> <b>Initial recognition and measurement</b> Financial assets and financial liabilities are recognised in the statement of financial position when the Authority becomes a party to the contractual provisions of the instrument. All purchases and sales of financial assets are initially recognised using trade date accounting.  Financial instruments are initially measured at fair value plus, in the case of a financial instrument not at fair value through statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument.  The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.  The Fund’s principal financial assets are cash and cash equivalents.  <b>Cash and cash equivalents</b> Cash and cash equivalents are measured at fair value. Cash and cash equivalents comprise cash balances and call deposits.
<b>1.2 ROUNDING OFF</b> All figures in the financial statements were rounded off to the nearest thousand and are indicated by R '000.
<b>1.3 INVESTMENT INCOME</b> Investment income is recognised on a time-proportion basis using the effective interest method.
<b>1.4 CURRENCY</b> In The currency used in these financial statements is South African Rand (ZAR) which is the Authority’s functional currency.
<b>1.5 COMPARATIVE FIGURES</b> Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.
<b>1.6 RECOGNITION OF REVENUE</b> Revenue is recognised when it is probable that future economic benefits will flow to the fund and these benefits can be measured reliably.  Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of financial performance, using the effective interest method.

# ACCOUNTING POLICIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1.7 MARITIME FUND

The activities of the Maritime Fund (The Fund), established under the control of the Minister of Transport, are accounted for separately in terms of the section 9.38 (2) of the SAMSA Act.

Amounts paid into the The Fund are received by way of penalties, fines or forfeitures for contraventions in terms of laws administered by SAMSA.

In terms of the SAMSA Act, money in the fund may be applied on ly for the purpose of furthering the objectives of the Fund. Money not required for immediate use may be invested with a bank under the Banks Act, 1990 (Act No. 94 of 1990), and money in the Fund at the end of the financial year must be carried forward to the ensuing year.

## 1.8 FINANCIAL RISK MANAGEMENT

The Fund has exposure to the following risks form its use of financial instruments:

- credit risk;
- liquidity risk;
- interest rate risk;
- cash flow risk

## 1.9 INVESTMENT INCOME

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R '000	2015 R '000
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## 2. REVENUE

Revenue arising from exchanges of goods or services (included in revenue) comprises:	2 487	1 362
Revenue - Admission of Contravention	955	642
Revenue - Pollution Admission Contravention	1 268	527
Revenue - Crew Fines Admission of Contravention	264	193

## 3. CASH AND CASH EQUIVALENTS

Maritime Pollution Fund Account	0	1
Maritime Fund Fines Current Account	0	1
Maritime Fund Investment Account Money	56	8 433
Maritime Fund Deposit Account	1 945	49
Cash and cash equivalents	2 000	8 484

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 registered Banking Institution where the bank accounts are held.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. ACCRUED INTEREST

Accrued interest represents investment interest that was due at year end but which paid into the Fund’s bank accounts after year end.

	2016 R ‘000	2015 R ‘000
Accrued interest - ABSA	0	38

5. UNALLOCATED DEPOSITS

Unallocated deposits represent deposits received on cases which have not been finalised, they will only be recognised as revenue once the outstanding issues are finalised.

	2016 R ‘000	2015 R ‘000
Unallocated Deposits	2 006	3 284

6. FUND UTILISATION

The Authority received approval from the Minister of Transport for the settlement of the debt owing to Smit Amandla for the running of the SA Agulhas. The approved amount of R8 million was paid in settlement of this SAMSA debt.

	2016 R ‘000	2015 R ‘000
Fund utilisation	8 000	-

7. DEBTORS

The debtors amount reflects a penalty to a local orgrnaisation that did not comply with regulations and remained unpaid at year-end.

	2016 R ‘000	2015 R ‘000
Debtors	8	-

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. FINANCIAL INSTRUMENTS

The fund is exposed to interest rates. The Fund’s exposure to interest rate risk and the effective rates on financial instruments at statement of financial position date are as follow:

1 year or less	2016 R ‘000	2015 R ‘000
Cash and cash equivalents	2 000	8 484
Uncleared Deposits	(2 006)	(3 284)
	(6)	5 200

9. RELATED PARTIES

The Department of Transport is the sole related party for the Maritime Fund.

10. 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 the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

11. EVENTS AFTER BALANCE SHEET

The Minister of Transport (with the concurrence of the Minister of Finance) approved new tariff adjustments for the Authority. The new tariffs were implemented from 20 June 2016. The SAMSA CEO, Commander Tsietsi Mokhele, who had served the organisation since January 2008 resigned from this position in June 2016.

12. NEW GRAP PRONOUNCEMENTS

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 ANNUAL FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

**GRAP 108 - Statutory Receivables.**

This standard prescribes the accounting treatment and disclosure for 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 principal-agent 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.

**GRAP 18 - Segment Reporting**

This standard is effective, however the entity does not have any reportable segments as defined.

AIS	Automatic Identification System
AMD	African Maritime Domain
AMTC	African Maritime Transport Charter
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoC	Certificates of Compliance
CoSO	Committee of Sponsoring Organisations of the Treadway Commission
CPO	Chief Procurement Officer
CSI	Corporate Social Investment
DAFF	Department of Forestry and Fisheries
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DOHA	Department of Home Affairs
DoT	Department of Transport
DPE	Department of Public Enterprise
EEZ	Exclusive Economic Zone
EMSA	European Maritime Safety Agency
ETO	Elector Technical Officer
FA	Field Authority
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IGC	International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk
ILO	International Labour Organization
IMO	International Maritime Organization
IOMoU	Indian Ocean Memorandum of Understanding
IPM	Institute of People Management
ISO	International Organisation for Standardisation
ISPS	International Ship & Port Facility Security
LNG	Liquefied Natural Gases
LRIT	Long Range Identification and Tracking of Ships
MCS	Marine Crew Services
MET	Maritime Education & Training
MoR	Management of Risk
MRCC	Maritime Rescue Coordination Centres
MSC	Maritime Safety Committee

