



SOUTH AFRICAN
MARITIME SAFETY
AUTHORITY

ANNUAL REPORT 2006/07

SAFE SHIPS • CLEAN SEAS

ANNUAL REPORT 2006/07

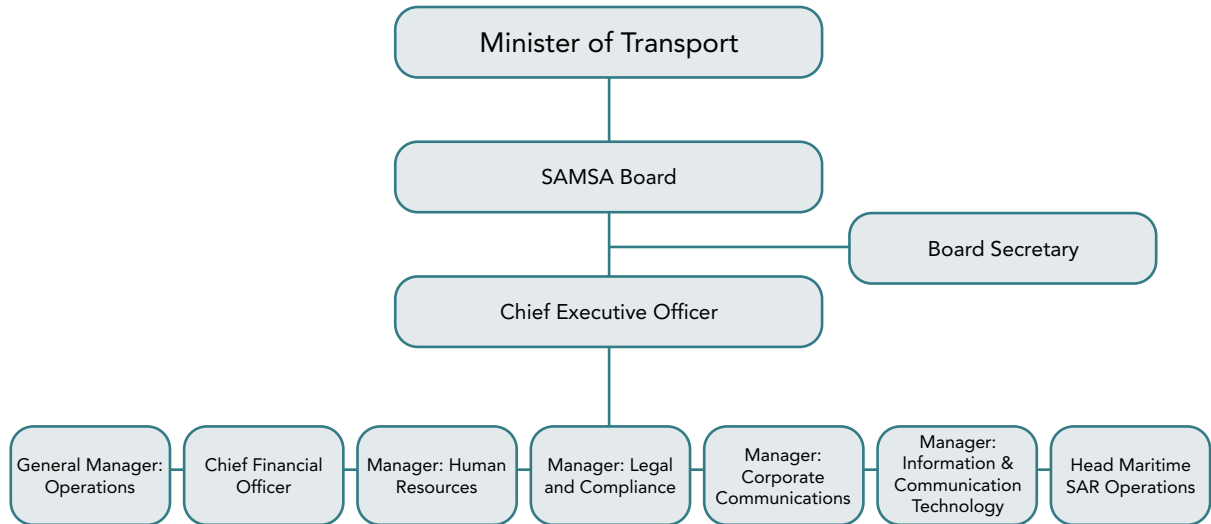


TABLE OF CONTENTS

| | |
|--|----|
| Organisational Structure | 4 |
| The Chairperson's Report | 5 |
| SAMSA Overview | 7 |
| 1: Operations | 9 |
| 2: Legal | 24 |
| 3: MRCC | 27 |
| 4: Human Resources | 33 |
| 5: Corporate Communications | 40 |
| 6: Information and Communication Technology | 43 |
| 7: Report of the SAMSA Board's Audit Committee | 46 |
| 8: Annual Financial Statements | 49 |
| 9: Performance Review for Fiscal 2006/07 | 82 |



ORGANISATIONAL STRUCTURE



MISSION

To ensure the safety of life and property at sea, the prevention and combating of maritime pollution from ships and to promote the Republic's maritime interest.

VISION

To be a leading maritime authority, globally.

THE CHAIRPERSON'S REPORT



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

Our stated objective is to become one of the leading maritime authorities globally.

Core towards the achievement of this objective is a sound corporate governance culture of a capable and transformed organisation and recognition of the work that we do by our peers in the country, in the Africa region and globally at the International Maritime Organisation (IMO).

CORPORATE GOVERNANCE

In June 2006, the Minister of Transport in accordance with the SAMSA Act, appointed five new members to the SAMSA Board. These members, Mr. Riad Khan, Ms. Tholakele Shezi, Ms. Nadeema Syms, Mr. Mohlolo Siko and Ms. Mamodupi Mohlala, have acquainted themselves well with the SAMSA mandate and strategy going forward.

All SAMSA Board members are encouraged to enhance their understanding of the industry and their responsibilities as members by attending appropriate conferences and IMO sessions regionally and abroad and to enrol for appropriate corporate governance training programmes.

During this reporting period, both Mr. Thulani Dlamini and Mr. Lucas Haluodi retired from the Board. I am particularly grateful to Mr. Dlamini for his counsel during the past two years. Mr. Dlamini was a founding member of SAMSA and one of the longest serving members of the Board.

It is my intention that in the coming year the SAMSA Board will adopt a Self Evaluation Performance Framework. The adoption of this framework is intended to enhance Board performance and accountability.

COMMITTEES OF THE BOARD

In addition to the standing Audit & Risk and HR & Remuneration Committees, the Board has also established a Research & Technical Committee.

The establishment of this Committee is in response to a need to promote the interests of the South African maritime policy and industry at local and international forums in a proactive and well-researched manner. Research topics will be carefully selected and coordinated internally. Opportunities to collaborate on research initiatives with local and international institutions will be explored.

Mr. Siko has been appointed the first chairperson of the committee, and I am certain he will provide the required leadership to make this committee a success.

The long term sustainability of SAMSA hinges on the proper management of its finances and human resources. This is also key to our compliance with the Public Finance Management Act and generally accepted corporate governance rules. Both Ms. John and Ms. Syms continue to do a sterling job as chairpersons of the Audit & Risk Committee and HR & Remuneration Committee, respectively. Their ongoing efforts to improve operational capacity within these key areas of SAMSA are highly appreciated.

CEO POSITION AND INTERNAL CAPACITY

The Board has made a serious effort towards the appointment of a permanent Chief Executive Officer (CEO). A special *Ad Hoc* Committee was established to oversee the process of recruiting and appointing the CEO through a national search that was robust, transparent and fair. This committee has concluded its work and has now been dissolved. It is expected that the new CEO will join SAMSA early in the new financial year.

Notwithstanding the fact that Mr. Carl Briesch has been Acting CEO since last year, the Board is pleased and indeed grateful to him and the management team for their efforts during this transition period. I am also pleased to report that all senior management positions that remained vacant in the previous reporting periods will also be filled early in the new financial year.

The continuous improvement of SAMSA's performance requires that as an organisation we benchmark ourselves with the leading authorities in the industry. To this effect, SAMSA initiated discussions that we hope will lead to a partnership between ourselves and the Danish Maritime Authority. In addition to benchmarking, it is anticipated that this partnership will create mutually beneficial training and development opportunities for members of staff in both organisations in both technical and non-technical areas of operation.

TRANSFORMATION OF THE SOUTH AFRICAN MARITIME INDUSTRY

SAMSA, working with other members of the industry, made a significant contribution towards the development of the country's proposed maritime transport policy and tonnage tax regime. Like all other participants in these processes, we remain concerned that progress to finalise these proposals has been slower than expected and we continue to urge the appropriate authorities to bring practical outcome to what we believe are very significant and necessary policy documents.

We are acutely aware that, despite the booming commodity trades between South Africa and its trading partners, seaborne trade from South Africa is yet to make any noticeable contribution towards government policies such as ASGISA. SAMSA will continue to collaborate with relevant industry players to change this situation, in line with our mandate of promoting South African maritime interests.

REGIONAL RESPONSIBILITIES

In January 2007, the Secretary-General of the International Maritime Organisation, H.E. Efthimio Mitropoulos, made a historic visit to South Africa. Primarily, the objective of this visit was to launch the Sub-regional Maritime Rescue Coordination Centre at SAMSA's Maritime Rescue Coordination Centre in Cape Town. Five other regional member states, namely Angola, Comoros, Madagascar, Mozambique and Namibia, form part of this very important initiative. Plans are underway to establish common working standards amongst the participating states and to build the necessary regional capacity to effectively deal with maritime disasters in the region.

SAMSA also continues to make a significant contribution to the GEF/World Bank sponsored Western Indian Ocean Marine Highway Development and Coastal and Marine Contamination Prevention Project. The participating member states are Comoros, Kenya, Madagascar, Mauritius, Mozambique, Seychelles, South Africa and Tanzania. SAMSA's role as lead executing agency for the project is important for the successful implementation of this regional project.

THE INTERNATIONAL MARITIME ORGANISATION

SAMSA's contribution to the global maritime industry has not gone unnoticed at the IMO. The recent visit by the Secretary-General was in part recognition for our efforts.

Our inputs at the various committees of the IMO including the Maritime Safety Committee, and Marine Environment Protection Committee makes South Africa one of the few emerging countries whose inputs are adopted as benchmarks for good practice by the organisation. The establishment of SAMSA's Research & Technical Committee will further enhance the quality of our contributions at IMO and support the Department of Transport in its endeavours within this globalised industry.

This past year has been used to establish a solid foundation upon which SAMSA can continue on its mission to achieve its mandate. I am grateful to all members of staff for their hard work. I trust that the newly introduced performance management system will further motivate the entire organisation towards the attainment of our objectives.

I am confident that the next report will demonstrate the strides we have made in this regard.



Lance Manala

Chairperson
South African Maritime Safety Authority

SAMSA OVERVIEW

ROLE

SAMSA is the national safety agency, under the Department of Transport, with a primary role in maritime safety, protection of the marine environment and, under the South African Search and Rescue Organisation: maritime search and rescue co-ordination.

Established in April 1998 under the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998) as a Government Authority, SAMSA is largely self-funded through charges for services and levies on commercial shipping.

Governing SAMSA is a Board made up of the CEO and six non-executive members, including the Chair and Deputy-Chair, as appointed by the Minister of Transport.

SAMSA's mandate derives from its objectives as stated in Section 3 of the SAMSA Act:

- To ensure the safety of life and property at sea;
- To prevent and combat pollution of the marine environment by ships; and
- To promote South Africa's maritime interests.

Consistent with these objectives, SAMSA's primary areas of responsibility include:

- Participating in the development and implementation of national and international maritime safety and marine environment protection standards;
- Enforcing technical and operational standards for all shipping operations in South African waters and for South African ships anywhere, to promote responsible operations in terms of seaworthiness, safety and pollution prevention;
- Enforcing training standards and competency of seafarers;
- Managing the national capability to respond to marine pollution incidents and other maritime emergencies;
- Operating the Maritime Rescue Co-ordination Centre to co-ordinate maritime assistance services and to detect, and co-ordinate the location and rescue of people in maritime distress situations throughout the internationally agreed South African Search and Rescue Region;
- Overseeing the provision of maritime distress and safety communications services to discharge South Africa's

responsibilities under the Global Maritime Distress and Safety System;

- Administering South Africa's voluntary ship reporting system (SAFREP) for identifying and tracking ships at sea for safety purposes and to provide ships' databases for responding to marine emergencies;
- Investigating maritime casualties; and
- Delivering related services including:
 - Public awareness and education in marine safety and pollution prevention;
 - Administration of South Africa's ship registration system; and
 - Publication of, and access to, ship safety and environmental standards.

SAMSA delivers four main outputs consistent with its mandate and responsibilities:

- Safety and environment protection standards for responsible maritime transport operations;
- An infrastructure for monitoring and enforcing compliance with safety and environment protection standards;
- The capability to respond to marine pollution incidents and other maritime emergencies; and
- The capability to detect, locate and rescue people in maritime distress situations.

HIGHLIGHTS

Internal capacity constraints remained a challenge for the organisation during the period under review, with the number of senior vacancies and related acting appointments constraining the achievement of performance improvements in several areas.

The last quarter of the period witnessed some improvement in the situation and there should be further significant improvement in the first half of the next financial year as the last of the senior vacancies are filled and new personnel become fully operational.

Despite these constraints, notable achievements for the current period include the following:

- IMO and;
- International Labour Organisation (ILO).



SAMSA OVERVIEW

SAMSA continues to participate in the IMO's and ILO's development and implementation of, respectively, maritime safety, marine environment protection measures and labour standards relevant to South Africa. Major achievements include:

- Contributing to IMO's ongoing work on the development of safety standards and guidelines for small fishing vessels, where South Africa is taking a leading technical role;
- Implementation of the Voluntary Member State Audit Scheme to improve flag state responsibility and accountability, where South Africa has volunteered to be audited;
- Adoption of the Southern Africa Special Area under Annex I to the MARPOL Convention; and
- Contributing to ILO's ongoing work on the development of a comprehensive labour standards convention for fishing vessel personnel, where South Africa is also taking a leading technical role.

MARITIME SAFETY AND MARINE ENVIRONMENT PROTECTION STANDARDS

SAMSA produced in excess of 10 new or revised proposed rules and standards, including measures covering:

- Seafarers' qualifications and related crewing requirements, particularly for seagoing fishing personnel under the terms of the International Convention on Training, Certification and Watchkeeping for Seagoing Fishing Personnel 1995 (STCW-F);
- Maritime occupational health and safety, particularly in relation to the stevedoring industry;
- Maritime labour standards, to give effect to the Consolidated Maritime Labour Convention 2006 covering the merchant marine;
- Small vessel safety, particularly in respect of boating on inland waters;
- Safety and casualty investigation recommendations arising out of the Court of Marine Enquiry into the colli-

sion between the foreign motor vessel, 'Ouro do Brasil' and the South African motor fishing vessel, 'Lindsay'; and

- Shipowner limitation of liability to modernise the South African limitation regime by giving effect to elements of the Convention on Limitation of Liability for Maritime Claims 1976 and its 1996 Protocol.

COMPLIANCE MONITORING

SAMSA endeavours to improve the quality of ships operating under the South African flag and in waters under South African jurisdiction. Notable achievements for the period include:

- Ongoing participation in the Indian Ocean and West African regional port state control organisations and in related initiatives; and
- Assuming direct responsibility (from ICASA) for the survey of shipboard marine radio communication equipment.

MARINE EMERGENCY RESPONSE

Notable achievements for the period include:

- Completing and delivering the final draft National Pollution Contingency Plan;
- Conducting a desktop emergency response simulation exercise with role players to test the operation of the Plan; and
- Implementing more effective cost recovery arrangements for utilisation of the contracted emergency towing capability.

MARITIME SEARCH AND RESCUE

Regional maritime search and rescue capability was enhanced with the commissioning, by the Secretary-General of IMO in January 2007, of a sub-regional Maritime Rescue Co-ordination Centre. This centre is housed in SAMSA's Maritime Rescue Co-ordination Centre facility in Cape Town.



OPERATIONS





OPERATIONS

INTRODUCTION

SAMSA's operations Unit is responsible, inter alia, for ensuring compliance, implementation, enforcement and control under maritime conventions to which the Republic is party.

Flag state implementation activities ensure that South African vessels are safely constructed and equipped, and manned and operated, in order that safety and security of life at sea and the protection of the marine environment are realised.

South African vessels are surveyed annually for safety equipment, safety construction and safe manning requirements, and for pollution prevention equipment and arrangements.

All vessels of 25 GT or more and passenger vessels of under 25 GT have to comply with minimum stability requirements. The Naval Architect, under the management of the Cape Town Principal Officer (PO), is responsible for ensuring that submitted stability information meets requirements. In addition, load line computations and tonnage calculations are also conducted, and various ship plans are perused for correctness and compliance.

Safety equipment carried in South African vessels must be of an approved type and SAMSA considers applications for approval and issues certificates of approval as appropriate.

South African seafarers' qualifications under the STCW Convention are ensured international recognition through accreditation of the various necessary courses and a strict and controlled examination and certification process. SAMSA examiners conduct Level 3 (oral) assessments for all STCW ships' officers and moderate the written examination component. South Africa enjoys 'white list' status at the IMO through the efforts of SAMSA.

Fishing vessel officer examinations, as well as that for skippers of > 9 m < 25 GT, both written and oral, are conducted by SAMSA examiners. Work is in progress to promulgate STCW-F regulations so that South African fishing vessel officers' training will be enhanced, experiential components will be modified to be in line with international standards, and to facilitate career paths into the merchant fleet. In addition, the competencies will be internationally recognised and enable holders to work internationally.

The Registrar of Seafarers is responsible for issuing certificates of competency, certificates of qualification, endorsements to

certificates, revalidations, and to vet applications for agreements under STCW I/10 (recognition of foreign STCW certification for service on SA flagged vessels, and vice versa).

All vessels under mortgage, all commercial or fishing vessels of 25 GT or more, pleasure vessels of 100 GT or more, and pleasure vessels of under 100 GT that are owned by South Africans and which operate in areas outside South African jurisdiction must be registered. The Registrar of Ships, who is appointed by the Minister of Transport, is responsible for maintaining the register and ensuring that all requirements for registration are met.

Port state control activities ensure that foreign vessels visiting South African ports comply with international regulations regarding safety and security, manning and pollution prevention.

South Africa is member to the Indian Ocean Memorandum of Understanding (IOMOU) and presently has observer status at the Abuja Memorandum of Understanding on Port State Control (Abuja MOU). The DOT is awaiting further information from the secretariat of the Abuja MOU before becoming a full member. We are pursuing membership of other memoranda with a view to not unnecessarily delaying or inconveniencing foreign vessels calling at South African ports. Ships inspected within the last six months by another member are exempt from port state control inspection unless circumstances require that further inspections be carried out. SAMSA conducts port state control inspections on behalf of the government.

Vessels found to be in serious non-compliance are detained and only released when the non-compliances have been rectified.

Where it is found that a contravention has taken place, such as a pollution incident or submerging an inappropriate load line, punitive action is taken.

Casualties to ships and personnel are investigated, corrective actions taken and recommendations made.

Casualties to ships are responded to in order to ensure the mitigation of pollution, or the threat of pollution to the marine environment, and to ensure the safety of life. SAMSA has a Casualty Response Unit (CRU) made up of selected surveyors to better respond to incidents and to establish a discernible and effective presence in casualty situations.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

Adequate empowering legislation is in place for SAMSA to give direction when salvage actions are deemed insufficient, or to demand guarantees to cover mitigating costs. SAMSA also manages the pollution prevention standby tug, 'Smit Amandla' on behalf of the DOT.

SAMSA has an Occupational Health and Safety (OHS) Unit (formerly the Fishing Vessel Safety Unit (FVSU)) to address the high fatality and casualty rate, the scourge of HIV/Aids, and substance and alcohol abuse in the industry. Statistics indicate that the campaign is successful and the unit's work has now been expanded to include stevedore and ship

repairer safety. In addition, this unit will also be geared to meet SAMSA's internal OHS needs.

SAMSA participates at national, regional and international maritime forums. We are well-respected at IMO and ILO and are very active in initiatives covering fishing vessel safety and the welfare and working conditions of seafarers. In Sub-Saharan Africa, we are asked for guidance in maritime matters and this is an avenue which we are further investigating in the spirit of African initiatives such as NEPAD, the AU and the SADC.

REPORT

Survey Activities

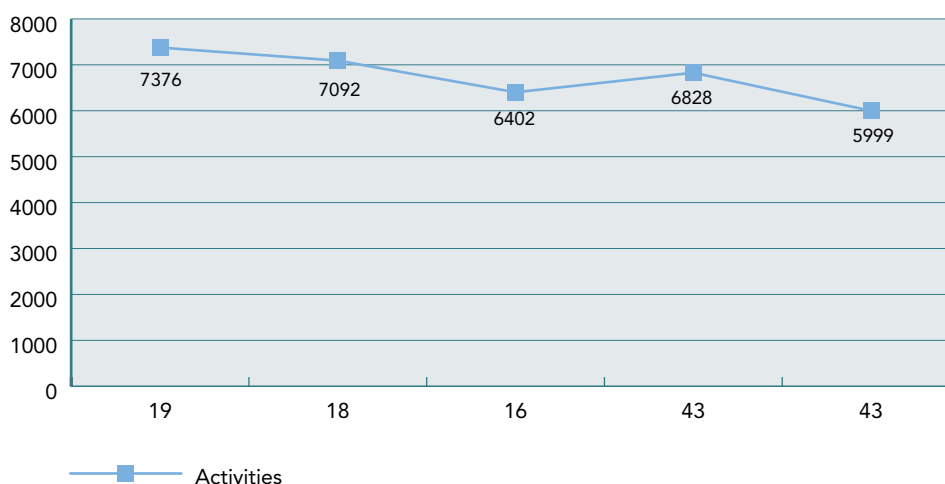
| Activity | Number of inspections concluded per annum | | | | |
|--------------------------------------|---|-------------|-------------|-------------|-------------|
| | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
| New Buildings | 133 | 210 | 127 | 100 | 146 |
| SA Fishing Vessels > 100 GT | 207 | 237 | 327 | 290 | 305 |
| SA Fishing Vessels < 100 GT | 376 | 298 | 350 | 1601 | 1875 |
| Small Vessels | 2447 | 2382 | 1880 | 1882 | 703 |
| Small Vessels – Club Inspected | 435 | 416 | 386 | 788 | 817 |
| Non-convention SA Ships | 108 | 120 | 84 | 91 | 117 |
| Non-convention Foreign Ships | 7 | 0 | 1 | 0 | 1 |
| Foreign Fishing Vessels | 25 | 6 | 8 | 0 | 0 |
| Cargo Ship Safety Equipment | 6 | 16 | 35 | 33 | 17 |
| Passenger Ships Class I, III, V & VI | 101 | 67 | 59 | 58 | 50 |
| Hull Surveys | 1375 | 1236 | 1318 | 1256 | 1171 |
| MARPOL Surveys and Plans | 200 | 183 | 198 | 157 | 139 |
| Tonnage Computations | 86 | 102 | 88 | 49 | 61 |
| Load Lines | 91 | 106 | 107 | 77 | 70 |
| Hazardous Cargo Surveys | 1808 | 1793 | 1440 | 864 | 973 |
| Grain and Timber | 66 | 31 | 30 | 38 | 11 |
| Stability Book Approvals | 83 | 78 | 76 | 50 | 12 |
| Inclining Experiments Witnessed | 77 | 70 | 58 | 41 | 48 |
| Service Station Inspections | 68 | 90 | 115 | 68 | 62 |
| Safety Equipment Approval | 75 | 26 | 36 | 18 | 78 |
| SA Vessels ad hoc Inspections | 37 | 41 | 65 | 155 | 160 |
| TOTALS | 7376 | 7092 | 6402 | 6828 | 5999 |
| Surveyor Complement | 19 | 18 | 16 | 43 | 43 |

Note:

- These figures are not included in the totals as SAMSA and DOT appointed small vessel surveyors conduct these surveys.
- These figures include HO staff inspected Class 1 hazardous container cargo for carriage by sea.
- Ad hoc inspection is a non-income producing activity.

OPERATIONS

ACTIVITIES



Above denotes the number of survey staff available over the period.

- The decrease in activities of 829 appears to be mainly due to MCM reducing the number of quotas for small vessels.
- Additional to the above, surveyors also attended to 178 casualty/incident investigation visits, 50 detention/re-lease visits, 12 pollution incidents, 624 Port State Control Inspections, 8 overloading visits, 1395 assessments of seafarers, 2749 miscellaneous seafarer qualification/competency activities, 1837 consultations and meetings, and other safety-related activities.

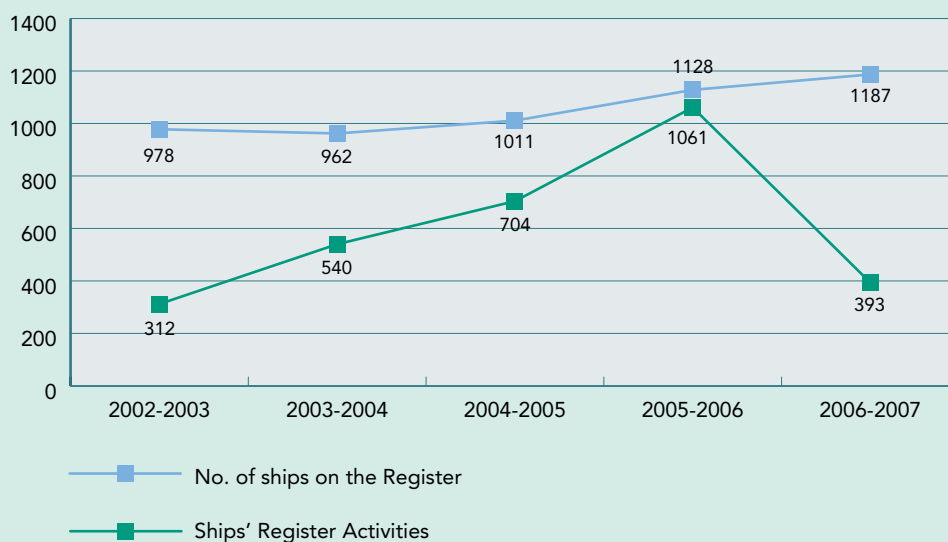
Ship's Register Activities

| Registrar Functions | | | | | |
|------------------------|------------|------------|------------|-------------|------------|
| Activities | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
| New Registration | 27 | 40 | 46 | 88 | 71 |
| Deletion | 22 | 7 | 11 | 8 | 12 |
| Mortgage Bond Activity | 107 | 100 | 113 | 141 | 64 |
| Other Activities | 156 | 393 | 534 | 824 | 246 |
| TOTAL | 312 | 540 | 704 | 1061 | 393 |

| Ships' Register | | | | | | | | | | |
|---------------------|------------|---------------|-------------|------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| Ship Types | 2003 | | 2004 | | 2005 | | 2006 | | 2007 | |
| | No. | GT | No. | GT | No. | GT | No. | GT | No. | GT |
| Convention | 2 | 33226 | 6 | 46199.59 | 6 | 46199.590 | 7 | 47613.590 | 7 | 47613.590 |
| Non-convention | 782 | 159839 | 808 | 187555.3 | 830 | 189693.762 | 840 | 187423.690 | 841 | 197222.810 |
| Sailing and < 25 GT | 178 | 4009 | 197 | 4442.03 | 212 | 4384.080 | 281 | 4403.690 | 339 | 4248.270 |
| TOTAL | 962 | 197074 | 1011 | 238196.92 | 1048 | 240277.432 | 1128 | 239440.970 | 1187 | 249084.670 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

SHIPS' REGISTER



- The reduction in the Registrar of Ships' activities is attributed to the majority of yachts participating in international races being already registered and very few mortgages being settled. There were also much fewer requests for register extracts as sales activities dropped.

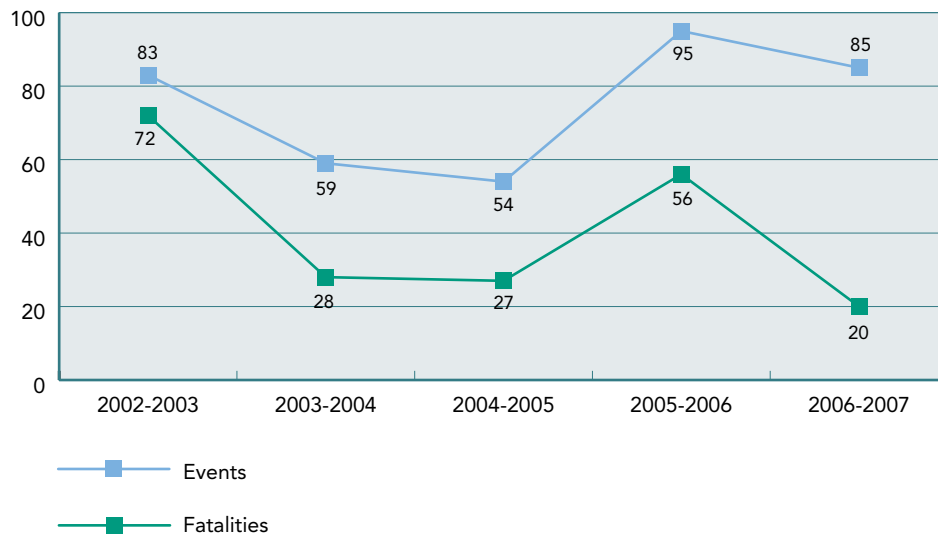
Casualties

| Type of Vessels | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Small Vessels | 31 | 23 | 25 | 31 | 11 |
| SA Fishing Vessels | 28 | 15 | 11 | 17 | 22 |
| Other | 24 | 21 | 18 | 47 | 52 |
| TOTAL | 83 | 59 | 54 | 95 | 85 |

| Fatalities | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Small Vessels | 52 | 21 | 11 | 23 | 2 |
| SA Fishing Vessels | 9 | 6 | 5 | 27 | 9 |
| Other Vessels | 5 | 1 | 3 | 5 | 4 |
| Ship Repairers | 1 | 0 | 2 | 0 | 0 |
| Stevedores | 4 | 0 | 5 | 1 | 5 |
| Incidental Persons | 1 | 0 | 1 | 0 | 0 |
| TOTAL | 72 | 28 | 27 | 56 | 20 |

OPERATIONS

CASUALTIES



- No catastrophically fatal incidents occurred during this period.
- Even though there was a marked reduction in the number of fatalities, the number of incidents remains high. SAMSA is, however, confident that our safety awareness campaign, together with now compulsory safety training and our 'safety in the workplace' inspections for both seafarers and stevedores, will reduce the number of incidents over the short to medium term.
- The number of fatalities (five) and injuries (17) to stevedores in the past year is unacceptably high. SAMSA has embarked on a ship inspection, stevedore company audit, and awareness programme to address what appears to be a lack of training and due diligence in the stevedoring industry. First indications are that this latest campaign is being well received and will be successful.
- Incidents of note during this period were:

The Bahamas bulk carrier, 'Setsuyo Star' was permitted to take refuge in False Bay for emergency structural repairs in her # 1 hold. This was done under strictly controlled conditions. South Africa and in particular SAMSA gained international respect and admiration for the manner in which this incident was dealt with.

A collision between the Greek bulk carrier 'Anangel Splendour' and the South African fishing vessel 'Harvest Tamara' off Saldanha Bay resulted in the sinking of the fishing vessel. Thankfully, no fatalities or serious injury to her 24 crew occurred. This casualty was investigated and it has been recommended to the DOT that a Court of Marine Enquiry be convened in order to establish the circumstances surrounding the incident and to take corrective measures.

The Liberian 'Safmarine Agulhas' ran aground close to East London's breakwater on 26 June 2006. SAMSA ordered the wreck to be removed and at the end of F2008 progress was on schedule and satisfactory. Minor pollution resulted and DEA&T – MCM managed the cleanup by contractors.

The 'St Vincent' & the Grenadines bulk carrier, 'Alexandros T' sank 300nm off the South African south coast in early May with the loss of 26 of her 33 crew. Our MRCC co-ordinated the SAR operation and the survivors were landed in Durban where we interviewed them in an attempt to establish the cause of the sinking. It is alleged that structural failure caused water ingress with subsequent rapid and catastrophic collapse of her transverse bulkheads.

The Panamanian vessel, 'As Salaam' drifted whilst clearing a fouled anchor at the Durban anchorage and collided with the anchored Singaporean vessel, 'Ocean Neptune'.

Minor damage to the Singaporean vessel resulted in a very small quantity of oil leaking into the water. This was quickly dispersed through wave action and evaporation – no beach pollution was reported.

The Seychellois vessel, 'Shearwater' developed a list after taking in water through ruptured tank vents on deck during heavy weather. Owners quickly contracted tug assistance.

The master managed to right the vessel and control the list, and she was escorted to Durban. The 'Smit Amandla' was despatched as a precaution but was turned back when the contracted assistance arrived on scene.

A stevedore in the Port of Durban was fatally injured when he got caught in the tracks of a bulldozer he had been operating in the # 1 hold of a vessel being discharged. This matter is now with the SAPS for further action as we allege negligence in that the stevedore had not received adequate training.

The skipper of a South African fishing vessel shot and fatally wounded one of his crew. A case of murder is being investigated by the Port Elizabeth police.

Two dinghies capsized south of Port Nolloth causing the loss of four lives during June.

The charter fishing vessel 'Hakuna Matata II' capsized in the surf at Shelley Beach, KZN, resulting in the loss of three lives including that of the skipper, and the hospitalisation of two survivors.

In a tragic accident, a fisherman was fatally injured when he was pulled through a winch during fishing operations on a South African fishing vessel off Mossel Bay.

The good result of the SAMSA action of making floatation capability of small vessels compulsory was highlighted when the Durban small vessel, 'Doosh', capsized in inclement sea conditions and all three crew were rescued after several hours of clinging to the hull.

The small fishing vessel 'Caylash' capsized and sank whilst at anchor with the tragic loss of two lives. It is suspected that the deck freezer together with her catch contributed to inadequate stability.

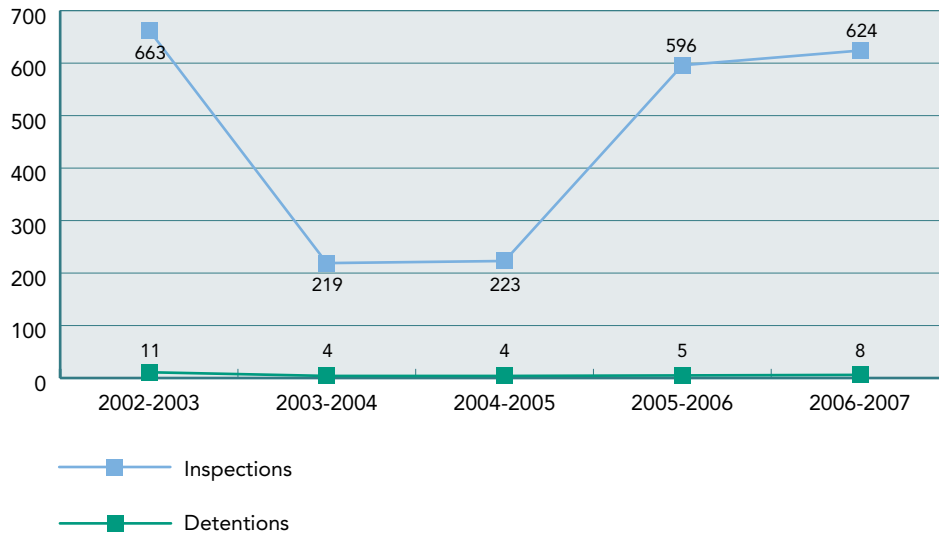
The matter is being investigated and a consultant naval architect will be retained to analyse and report on the vessel's stability.

Port State Control Inspections (PSCI)

| PSCI | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|-------------|-----------|-----------|-----------|-----------|-----------|
| Inspections | 663 | 219 | 223 | 596 | 624 |
| Detentions | 11 | 4 | 4 | 5 | 9 |

OPERATIONS

PORT STATE CONTROL INSPECTIONS



- A concerted effort to deliver PSCI resulted in the steady increase in the number completed as SAMSA's capacity improved over the past year.

The commitment to training of our staff, and more specifically our technical staff, prevented the achievement

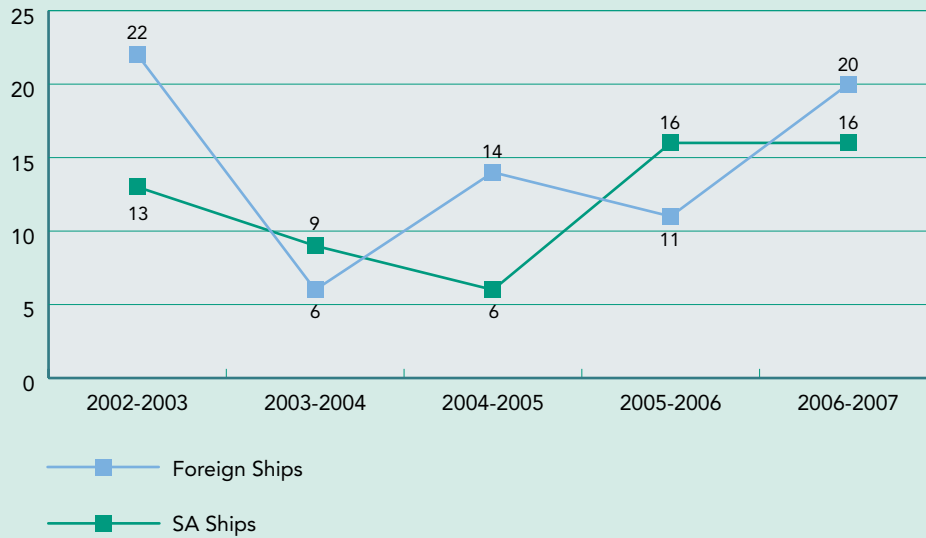
of the planned 720 inspections. SAMSA has changed its policy, and inspectors other than Class 1 surveyors will be empowered to do PSCI in F2008. We are confident that the target of 720 PSCI will be met in the new year. Detentions remain at less than 1% of the total inspections.

Vessels detained including sub-standard ships under the PSCI regime

| Vessel | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|---------------|-----------|-----------|-----------|-----------|-----------|
| S.A. Ships | 13 | 9 | 6 | 16 | 16 |
| Foreign Ships | 22 | 6 | 14 | 11 | 20 |
| TOTAL | 35 | 15 | 20 | 27 | 36 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

DETENTIONS



- 16 South African vessels were detained mainly for safety non-conformities and were only released after corrective measures had been provided.
- The 20 detentions of foreign vessels were also mainly

because of safety-related non-conformities, i.e. submergence of appropriate load lines and lack of equipment. Two of the 20 vessels were detained to allow investigation into pollution incidents.

Contraventions

| Year | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|-------------------|-----------|------------|-----------|------------|-----------|
| Penalties imposed | 29 | 19 | 29 | 14 | 25 |
| Penalties paid | R671 976 | R1 118 300 | R877 580 | R1 095 000 | R436 068 |

CONTRAVENTIONS



OPERATIONS

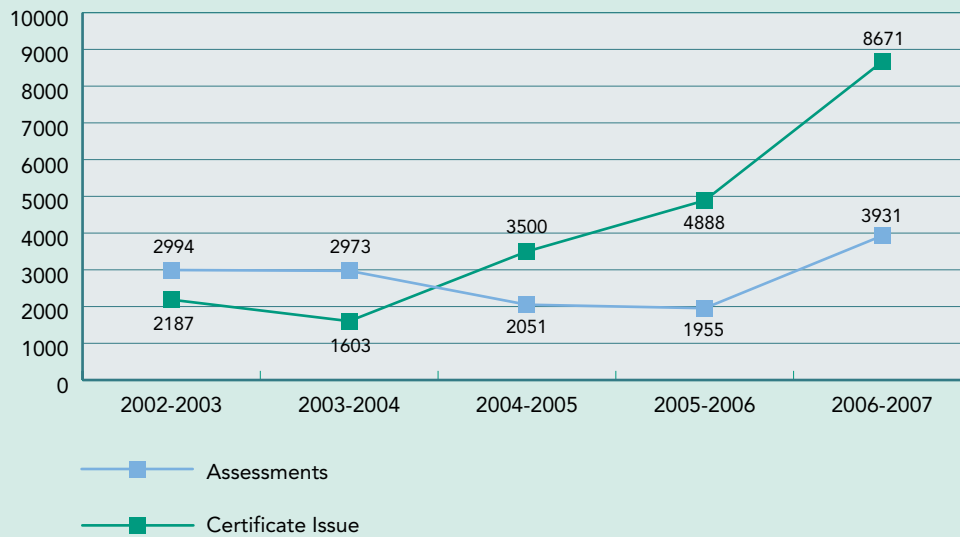
- R225 000 of the R436 060 taken as deposits on admission of contravention was for oil pollution incidents where the Authority found various degrees of culpability in five of the 12 occurrences. The balance of R211 060 was taken for safety-related offences including R122 600 for submergence of inappropriate load lines.

Examination and Registrar of Seafarer Activities

| Examinations | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Activity | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
| Deck Exams | 332 | 275 | 268 | 231 | 333 |
| Engine Exams | 156 | 166 | 132 | 125 | 182 |
| Certified Copies and Revalidation | 498 | 158 | 87 | 22 | 357 |
| Ratings | 162 | 175 | 149 | 262 | 201 |
| Eyesight Tests | 1342 | 1348 | 1156 | 1054 | 1430 |
| Exemptions | 181 | 184 | 163 | 147 | 151 |
| Small Vessel Exams | 323 | 667 | 96 | 114 | 352 |
| Accreditation of Training Institutions | | | 98 | 58 | 46 |
| Radio Exams | | | | | 879 |
| TOTALS | 2994 | 2973 | 2051 | 1955 | 3931 |

| Registrar of Seafarers | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Activity | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
| Deck CoC | 285 | 217 | 220 | 207 | 243 |
| Engine CoC | 193 | 127 | 141 | 150 | 241 |
| Ratings Qualification | 438 | 171 | 286 | 237 | 239 |
| STCW I/10 Endorse / Agreement | | | 26 | 1 | 0 |
| Qualification Endorsement | | 104 | 164 | 602 | 2664 |
| Certified Copies and Revalidations | 498 | 158 | 49 | 94 | 408 |
| Small Vessel CoC | 773 | 826 | 2634 | 3596 | 4876 |
| Compass Adjuster | | | | 1 | 0 |
| TOTALS | 2187 | 1603 | 3500 | 4888 | 8671 |

EXAMINATION AND CERTIFICATION



- The sharp rise in examination and Registrar of Seafarer activity is attributed to more South Africans looking to maritime careers because of the relatively high salaries offered to professionals. The provided figures exclude the numerous interactions with examiners and the Registrar of

Seafarers with candidates seeking information, advice and clarity on competency and qualification matters and the many hours of interaction with the TETA training providers and training standard generating bodies.

DOT Contract pollution prevention vessel utilisation

| Tug Utilisation | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Days in use | 92 | 76 | 168 | 144 | 141 |

TUG UTILISATION





OPERATIONS

- 80 days of the utilisation of the tug were on commercial activity in which the DOT shares on a 75% / 25% basis in favour of the DOT.
- SAMSA manages the tug on behalf of the DOT and checks all invoices before the service provider submits these to them for payment.
- SAMSA, in conjunction with the DOT, is presently researching methods to increase utilisation to ensure cost-effectiveness.

Occupational Health and Safety (OHS) Unit activity

Fishing Vessel Safety

- The Draft Merchant Shipping (Small Vessel Eyesight and Medical Fitness) Regulations was written and handed to the DOT for processing.
- South Africa in the personage of SAMSA continues to lead the IMO's SLF sub-committee work on fishing vessel safety as the chair of the WG on small vessel safety. Through dedicated efforts in this instance, the completed work was able to be delivered to IMO ahead of schedule. Much of the South African/SAMSA experience is included in the final offering.
- A Fishing Safety Indaba was held in Cape Town in October. Unfortunately, the Minister of Transport and members of Parliament's Transport Portfolio Committee (National Assembly) were unable to attend. The DOT DDG did however manage to be there. About 90 participants from the industry also attended and the event was reportedly a success.
- The Code of Safe Working Practice for Fishing Vessels was revised to include a new Chapter 10 on Galley and Food Safety.
- SAMSA's booklet on Risk Assessment in the fishing industry is being used by the ILO. The Head of the unit was unanimously nominated to chair a meeting of experts on fishing vessel safety and welfare in December.
- Fishing companies continue to be audited for compliance with the Maritime Occupational Safety Regulations. Those found to be non-compliant are issued with warnings and are revisited to ensure that adequate corrective actions have been taken.

Stevedore Safety

- The Code and the necessary amendments to the Maritime Occupational Safety Regulations were well-received by stevedores as 'long overdue'.
- A Stevedore Safety Road Show was conducted, starting in Durban, thereafter Richards Bay, East London, Port Elizabeth and ending in Cape Town. Turnout was good and subsequently there have been many requests for copies of the new code, amended regulations and the presentation.
- A stevedore safety specialist was appointed to ensure SAMSA visibility in this discipline, that all necessary precautions are taken, and that stevedore work is carried out in as safe a manner as possible.
- The message that SAMSA is committed to this safety aspect is now well-known after a number of prohibition orders/warnings/punitive actions resulted from detected non-compliance with safety requirements.

Welfare

- 19 bereaved families of lost seafarers were counselled by the Welfare Officer and assistance in accessing support grants and insurance was also given.
- HIV/Aids and alcohol and substance abuse presentations were made to the youth of Lamberts Bay on Freedom Day. Further presentations were provided at the Engelbrecht Primary School (150 learners attended) in Elands Bay for the youth of Clanwilliam, Lamberts Bay and Elands Bay, and at a Youth Teambuilding Camp in Gansbaai. An additional HIV/Aids & Substance Abuse Awareness Workshop for Gansbaai youth was hosted by SAMSA where 60 youth attended.

Other

- The Lindsay/Ouro do Brasil Court of Marine Enquiry finalised its findings in May and found both vessels to blame for the collision which resulted in 14 fatalities.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

SAMSA has produced a Casualty Investigation Manual in line with international best practise which will be put to use in F2008 to ensure that investigators cover all aspects during their investigations and produce quality reports, findings and recommendations.

General

Survey Activities

- Service delivery in this sphere remains good and all booked services are done without undue delay.
- The new surveyors have come rapidly on stream and were ready for release to the smaller vessel surveys and incident investigations under the guidance of the experienced staff. This enabled the experienced surveyors to apply themselves to previously neglected duties of auditing and regulatory work.
- During the latter part of F2007 many of the Class 2 and 3 surveyors, attended academic courses for their next level of certification. This affected the larger offices (Cape Town and Durban) in delivering on non-statutory work such as PSCI, workshops/seminars, community work, etc.

Casualty Investigation and Response

- The Casualty Response Unit was activated twice during this period.
- The bulk carrier 'Setsuyo Star' with structural damage was afforded refuge in False Bay where temporary repairs were executed under SAMSA's watch before she continued on her voyage to China. This incident gained SAMSA international acclaim.
- The container vessel 'Safmarine Agulhas' went aground off the breakwater at East London. Minor pollution resulted which DEA&T and the owners of the vessel attended to. SAMSA issued a 'wreck removal order' and this work was going well and on schedule at the end of F2007.
- All casualty/incident investigations which SAMSA became aware of during the period have been investigated and legal action taken where negligence resulted in fatalities or serious injury.

- The Casualty Response Unit (CRU) members are being booked on a 'Managing Marine Emergencies' course on a rotational basis to further enhance and fine-tune their capabilities. It is certain that experiences gained in past incidents have prepared them for the future.
- A Casualty Investigation course is being arranged to be presented in South Africa for SAMSA investigators during the new financial year in order to keep the costs of this type of training as low as possible.
- The festive season saw the usual number of incidents as the coast was invaded by inland holiday makers. It appears at this time that the new SAMSA requirement that all skippers have proof of competency, together with floatation requirements, is bearing fruit as statistics indicated fewer fatalities from boat-related incidents.

Ad hoc Inspections

- These are ongoing and the statistics indicate that this SAMSA campaign to ensure that fishing vessels comply with requirements during operations, is working. Fewer and fewer vessels now present with non-compliance on inspection.

Seafarer Qualifications

- The Durban University of Technology (DUT) underwent a SAMSA audit and some major non-conformities were uncovered. Accreditation of the S1 and S2 courses were subsequently suspended for a period pending corrective actions by DUT, and the S3 and S4 courses continued under close SAMSA scrutiny to ensure that standards are maintained.

Further audits have satisfied SAMSA that DUT is now largely compliant and that its management is committed to full compliance.

A short-term (one year) accreditation has been awarded and it will be closely monitored to ensure that the quality of maritime training at the DUT is not compromised.



OPERATIONS

- The senior examiners of both nautical and engineering disciplines, in addition to their work as surveyors and examiners, were also active with the following:
 - Updating examination application procedures and check-lists for all officer levels.
 - Drafting marine notices related to seafarer qualifications in order to keep the general public informed.
 - Drafting the Unit Standards for Level 2 fishing and marine motorman qualifications subsequent to a workshop held with a SAQA unit standard writer.
 - Drafting check-lists for the various types of certification as well as for the revalidation of certificates.
 - Auditing SAMSA offices' seafarer certification regime processes.
 - Leading syllabus committee meetings.
 - Drafting necessary amendments to training and certification regulations, and ships' manning regulations.
 - Amending the SAMSA Code of Qualifications to bring it in line with international developments.
 - Working closely with TETA and SAQA in producing Unit Standards and accreditation of training providers.
- Oil Spill Management course
- Wooden Vessels Construction course
- The majority of the Class 2 and 3 surveyors attended academic courses at the Cape Peninsula University of Technology towards their attaining higher seafarer qualifications.
- A Tanker Port State Control course, which was arranged by SAMSA was attended by a large contingent of SAMSA surveyors. This enhanced the abilities of our Port State Control Inspection contingent to inspect tankers with renewed confidence.
- A number of SAMSA surveyors, including the entire Durban contingent, participated in a Casualty Response workshop in Durban. It served as a refresher course through the interactions between the various role-players involved in a response.
- SAMSA held an oil spill exercise to test the national contingency plan. The exercise was held at Richards Bay and involved assistance from our Durban office which had to take control of the situation. The entire exercise was monitored and debriefed by an external party and it was reported that all role-players performed extremely well. Lessons learnt are being incorporated in the plan and more exercises are planned for the new financial year.
- Surveyors continue to keep their CoCs valid and attend necessary ancillary courses as and when needed.

Surveyor Training

- A number of training courses arranged by SAMSA was attended by surveyors to better empower them in doing their duties.
 - Glass Fibre Boat Construction course
 - Level II Assessors course
 - Port State Control course (in-house)
 - Pollution Response course (IMO in Ghana)
- A special workshop at the University of Cape Town on the International Oil Pollution Compensation Fund was attended by one of our surveyors, together with our Acting CEO (also our Manager: Legal and Compliance) during November. It is hoped that the lessons learnt will be put to good effect when the Fund needs to be accessed in the future.
- SAMSA participated in a MARPOL Annex II and Annex III implementation workshop facilitated by IMO in Cape Town for African littoral states.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

- Four of the Casualty Response Unit members attended a 'Managing Marine Emergencies' course in the Netherlands which will further enhance and fine-tune their capabilities.

Other

- In July we had a visit from a Chinese government delegation wanting to learn about our pollution damages compensation regime. They were hosted by the General Manager Operations and the Principal Officer of Cape Town. The delegation was on a tour of selected administrations to learn and then implement world best practise. They appeared impressed by our legislation and how it is implemented.
- SAMSA hosted the ABUJA MoU on Port State Control committee meeting in Benoni from 6 to 9 November 2006. South Africa is not yet a party to this MoU, but SAMSA agreed to host the meeting as a sign of goodwill. It is believed that the DOT has every intention of becoming a full party as soon as the requested financial information from the MoU secretariat is received.

The meeting was not well-attended with a large number of party states apparently unable to attend due to financial constraints. The IMO and the USCG were also represented at the meeting and all were satisfied that it was a success.

- The GMO presented SAMSA casualty activities at a very poorly attended SASAR road show venue in Richards Bay. The few attendees, however, appreciated the presentation.
- About 500 local learners visited the SAMSA exhibition stand at the Port Open Day exhibition held in Richards Bay in October.
- The GMO and a senior surveyor attended MSC82 as advisors to the DOT in Istanbul during December. Participation in the Goal-Based Standards working group and the drafting group respectively were well received by the chairpersons of the groups

and South Africa's contributions were used in part in the reports to the committee.

- SAMSA participated in the First African Union Conference of Ministers Responsible for Maritime Transport as advisors to the DOT.

Resolutions regarding, amongst others, co-operation towards enhancing safety, security, seafarer training, and enhancing protection of the marine environment were passed and SAMSA looks forward to playing a leading role in the sharing of knowledge, training opportunities and setting up learning centres of excellence.

- An IMO-sponsored workshop on ISPS was attended in Mozambique and South Africa reportedly leads the rest of Africa in effective implementation.

However, a lot of effort still needs to be expended by all role-players to further enhance our ISPS capability and standards to become world-class (scrutiny of crews, cargo, port access, etc). SAMSA's implementation of its sphere of responsibility regarding ISPS remains professional and efficient.

- SAMSA expertise gained through our taking over of a maritime radio capability from ICASA enabled effective participation as part of the South African delegation to the World Radio Convention preparatory meeting in Geneva.

Our participation was reportedly invaluable in that we provided the maritime knowledge base to the delegation when issues regarding the maritime radio spectrum, radar interference, etc. were deliberated on.

- SAMSA afforded the DOT full co-operation and participation in their work on Ballast Water Management; the renewal of the pollution prevention tug contract; advice to their representative at the IMO; PSC MoU matters; SASRAG; legislative amendments; WIOEMH project; draft legislation on inland waters; MSAC; BCOCC; etc.



2

LEGAL



SOUTH AFRICAN MARITIME SAFETY AUTHORITY

SAMSA's regulatory framework output is delivered largely through the work of the legal unit; the unit's main subsidiary outputs being rules and standards development and regulatory legal support. The unit's two permanent staff deliver these outputs.

For most of the year the unit's head acted as CEO, which adversely affected the unit's capacity to meet certain targets, notably the overhaul of technical and operational standards for fishing vessels (the Torremolinos Convention project). Nevertheless, the unit was still able to substantially meet its main output targets.

The unit continued to support the organisation's maritime safety and marine environment protection standards setting and compliance monitoring programmes by contributing towards a number of legislative and guidance measures, including measures covering:

- Ship mortgage ranking (as part of the tonnage tax initiative being led by Treasury);
- Shipowner limitation;
- Maritime labour standards;
- Seafarer qualifications;
- Stevedore occupational safety;
- Safety of containers used in maritime transport;
- Small boat safety standards, particularly for inland waters;
- Casualty investigation; and
- Ship technical and operational standards.

In addition to delivering two new draft Bills covering maritime labour standards (arising from the adoption of the Consolidated Maritime Labour Convention 2006) and casualty investigation, the unit has continued to promote (through further consultation and technical refinement) the following draft Bills:

- Admiralty Jurisdiction Regulation Amendment Bill;
- Merchant Shipping (International Oil Pollution Compensation Fund) Bill;
- Merchant Shipping (International Oil Pollution Compensation Fund) (Contributions) Bill;
- Merchant Shipping (Civil Liability Convention) Bill;
- Merchant Shipping and Ship Registration Amendment Bill;
- Merchant Shipping (Safe Containers Convention) Bill;

- Merchant Shipping Amendment Bill; and
- South African Maritime Safety Authority Amendment Bill.

Apart from these proposed Parliamentary measures, the unit also delivered the following six new draft subordinate measures:

- The Merchant Shipping (National Small Vessel Safety) Regulations;
- The Merchant Shipping (Consolidated Maritime Labour Convention) Regulations;
- The Merchant Shipping (Recruitment and Placement of Seafarers) Regulations;
- The Merchant Shipping (Consolidated Maritime Labour Convention Consequential Amendments) Regulations;
- The Merchant Shipping (Miscellaneous Amendments) Regulations; and
- The Courts of Marine Enquiry Amendment Regulations.

In addition, the unit has continued to promote (through further consultation and technical refinement) the following draft subordinate measures:

- The Merchant Shipping (Civil Liability Convention) Regulations;
- The Merchant Shipping (International Oil Pollution Compensation Fund) Regulations;
- The Merchant Shipping (International Oil Pollution Compensation Fund) (Contributions) Regulations;
- The Marine Pollution (Control and Civil Liability) Regulations;
- The Merchant Shipping (Seafarer Accident Insurance) Regulations;
- The Merchant Shipping (Safe Containers Convention) Regulations;
- The Merchant Shipping (Training and Certification) Amendment Regulations (No. 1);
- The Merchant Shipping (Safe Manning) Amendment Regulations (No. 1);
- The Ships' Officers' Medical Training Amendment Regulations;
- The Merchant Shipping (Training and Certification) (Fishing and Marine Motorman Qualifications) Regulations, together with its related amendments to the Code for South African Maritime Qualifications;



LEGAL

2

- The Merchant Shipping (Training and Certification) Amendment Regulations (No. 2);
- The Merchant Shipping (Safe Manning) Amendment Regulations (No. 2);
- The Maritime Occupational Safety Amendment Regulations, together with its related Code of Safe Working Practice for Ships Working Cargo in South African Ports.

The unit has continued to provide specialist assistance to the Department of Transport in several areas, most notably at the International Maritime Organisation, where unit staff participated at the LEG.91 and LEG.92 sessions.



SMIT-LLOYD

3

MRCC





STATISTICAL DATA ON MARITIME SAR ACTIVITIES

| ACTIVITY | TOTALS |
|----------------------|--------|
| MRCC total incidents | 797 |
| MRCC false alerts | 236 |
| Lives saved | 98 |
| Bodies recovered | 6 |
| Persons missing | 45 |
| Lives at risk | 149 |

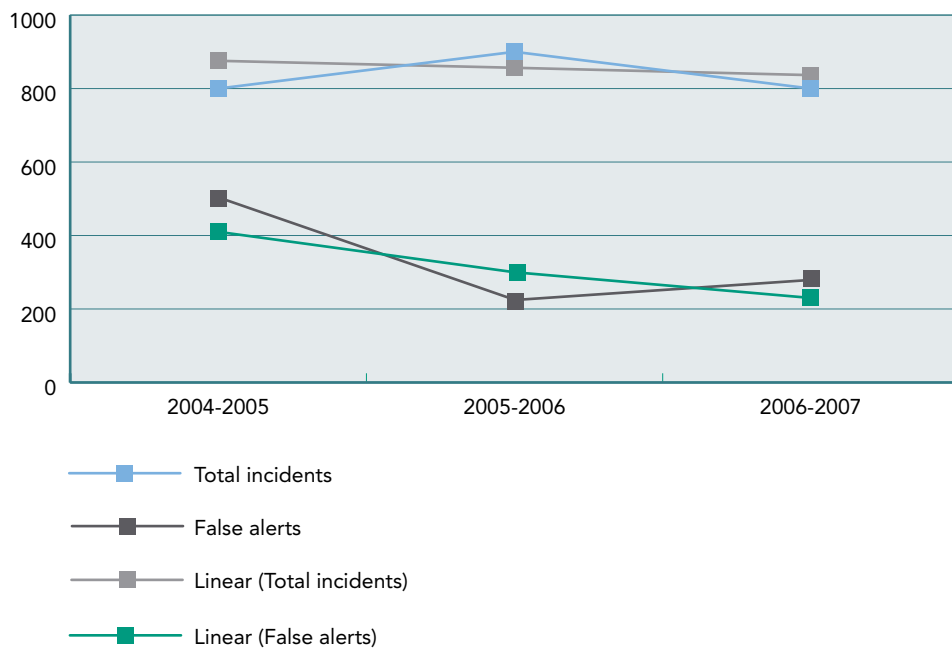
ANALYSIS OF MAIN STATISTICAL DATA

Since the activation of the new dedicated MRCC in March 2004 the annual average for SAR activities is 857 incidents with figures varying from 820 for 2004/05 to 954 in 2005/06 and 797 in 2006/07.

False alerts, actual and inadvertent, indicate a steady decline and could be attributed to the quick response by MRCC duty staff and the quick verification of declared incidents.

From the graph below it should be noted that although the trends for both the total incidents and false alerts show a decline no future prediction can be made and the only indication is that the annual rates remain close to average.

INCIDENTS



SOUTH AFRICAN MARITIME SAFETY AUTHORITY

During the years 2004/05, 2005/06 and 2006/07 the lives that were at risk at sea where the MRCC was involved were 205,162 and 149 respectively. It should be noted that this does not include the NSRI operations close inshore. MRCC operations are mostly all far from land and under very difficult weather and sea conditions.

In 2004/05, 168 lives were saved, 28 persons were reported missing and eight bodies were recovered. In the following two years the figures were very similar and the lives saved were in both cases 65% of those at risk.

Persons missing or those who lost their lives were mostly in cases where the vessel sank quickly and survivors ended up in the sea and drowned or went down with the vessel before search and rescue units could be on scene.

The MRCC also assisted with an average of 72 medical advice incidents per year. (That is to assist the vessel to make contact with SA Telemedical Assistance Services (TMAS) doctors for advice and assistance with medical incidents onboard when they are far from land).

The MRCC also co-ordinates the evacuation of urgent medical cases from vessels at sea to hospitals on an average of 30 incidents per year.

SASAR does not have SAR units of its own and makes use of assets from government, private and volunteer organisations to effect rescue operations.

The standby situation in the SA Air Force (SAAF) is that fixed wing aircraft and helicopters are on one-hour standby during normal working hours and two-hour standby after hours. Naval standby vessels can be launched within eight hours.

The main time constraints are usually because of the long distances surface craft have to travel to search areas. Where incidents occur more than 800 km from land, the only timely rescue assistance to survivors might be from other ships in the area.

Beyond 2000 km not even SAAF aircraft can be used effectively for search operations. For close inshore operations near major centres, NSRI craft are usually able to launch within twenty minutes.

The MRCC also pro-actively monitors towing operations, vessels not under command, pollution reports and vessels aground around the South African coasts and report incidents to SAMSAs for action as required. The average incident rate is 100 per year.

The voluntary SAFREP system requires all vessels moving in the SA search and rescue region to periodically report their position, direction and speed to Cape Town Radio.

This information is for use by the MRCC to quickly locate nearby vessels that can assist in a SAR operation when it happens. The rate of message traffic is an average 14 700 messages from vessels per year.

In terms of the international ship and port state security requirements the MRCC handles and forwards to the Maritime Security Co-ordination Centre (MSCC) an average 7 200 pre-arrival (PAR) messages from ships trading with SA annually since 2005.

These messages are from an average 5 000 ship approaches per year. (Note some ships operate regularly between local and nearby foreign ports and do many PAR messages per year).

In addition to the first PAR from vessels the MRCC also handles an average of 2 300 changes or duplicates from those vessels per year. Messages to and from vessels with queries adds up to an average of 3 000 additional messages per year.

It is therefore important to note that over and above the normal required SAR function, the MRCC handles 74 safety and security related messages per day.

The MRCC is also the custodian of the SA EPIRB and PLB (emergency beacons) database and is responsible for keeping it up to date.



ADDITIONAL GENERAL STATISTICAL DATA

| ACTIVITY | TOTALS |
|--------------------------------|--------|
| SOLAS distress | 113 |
| SOLAS urgency | 77 |
| SOLAS medico | 68 |
| COSPAS 121.5 | 678 |
| COSPAS 406 | 271 |
| MSI-navigational warnings | 848 |
| Medical evacuation | 34 |
| Towing operations | 59 |
| Vessels not under command | 72 |
| Vessels aground | 2 |
| Pollution reports | 3 |
| SAFREPS | 19557 |
| Total ISPS pre-arrival reports | 10131 |
| Total number of ships | 6507 |
| ISPS duplicates/changes | 3621 |
| Total number of ISPS messages | 11452 |
| MSCC queries | 1604 |
| Additional MRCC queries | 635 |

GENERAL SAR COMMENTS

The average time per incident for this period is nine hours and seventeen minutes.

SEARCH AND RESCUE INCIDENTS OF NOTE

Incident: Vessel sunk (02/04/06)

MRCC received a 406 Mhz detection in Mozambique Channel off Quelimane. Vessel 'Equinoceo', sank in position 17 23 S 03824 E.

Outcome

Seven vessels assisted with search. Twenty crew rescued, four missing. Cape Town Radio broadcast distress relay message on SafetyNet and DSC. Hydrosan promulgated Navarea VII message regarding submerged vessel and SAR operations.

Incident: MV 'Alexandros T' sunk (03/05/06)

RCC Greece advised MRCC about MV 'Alexandros T' c/s J8B2685, bulk carrier with a mineral cargo. Listing

6 degrees, water ingress in 4 holds. Cape Town Radio broadcast distress relay messages via SafetyNet and DSC. CSE Fortune Express 5 NM away assisted. Vessel sunk quickly in rough seas. SAAF C130 Hercules tasked to assist with search, which located five life rafts.

Outcome

Seven crew rescued, 26 crew members missing presumed gone down with the vessel. Search suspended 06/05/06. 'Smit Amandla' continued searching until 11/05/06.

Incident: Microlight aircraft crashed (10/06/06)

East London Port Control reported a microlight aircraft crashed into the sea 2 km NE of the Nqabara river. NSRI East London and Port St. Johns activated to assist. A civilian helicopter operator in East London assisted as well.

Outcome

Debris recovered from the shore, two crew, one from England and another from France missing, presumed drowned.

Incident: Collision between F/V 'Harvest Tamara' and M/V 'Anangel Splendour' (02/08/06)

Saldanha Port Control reported the collision between F/V 'Harvest Tamara' and M/V 'Anangel Splendour' to the MRCC at 2053 UTC. The collision took place at 2045 UTC 43 NM west of Saldanha.

Outcome

M/V 'Anangel Splendour' recovered nineteen people and F/V 'Lee Anne' an additional four. The skipper was still missing, but found shortly thereafter. By 2359 UTC all crew were recovered, all vessels stood down. There was also no risk of oil pollution.

Incident: FV 'Gurusam' fire in engine room (07/09/06)

At 1540 UTC Cape Town Radio informed the MRCC that F/V 'Gurusam' has a fire in her engine room. Mossel Bay Port Control was co-ordinating. They activated the local NSRI station to assist.

Outcome

'Gurusam' was able to isolate the engine room to stop the spread of the fire. At 1714 UTC the fire was extinguished and all vessels and assets stood down.

Incident: Overdue Tug 'Hawk' (10/11/06)

The MRCC was informed via East London Port Control of an overdue/missing tug. The tug ('Hawk') last reported to owners on Wednesday 8 November 2006. The tug was en route from Durban to Cape Town. An extensive search operation involving the SAAF, SA Navy and the NSRI was launched.

Outcome

On 10 November 2006 a liferaft was sighted off Shelley Beach and when inspected it was found to belong to the tug 'Hawk'. A life jacket was also found and it had marking indicating it belonged to the 'Hawk'. The search operation lasted for three days and was suspended due to bad weather. No trace of the tug or its crew were found.

Incident: Medevac (22/12/06)

Dr. de Vries (Western Cape Metro Services) reported at 1240 UTC that a patient had suffered a head injury and resultant stroke on a vessel somewhere off the Saldanha coast. The SAAF, upon request, made two helicopters available and the NSRI's Air Sea Rescue unit provided the paramedics.

Outcome

The helicopters took off at 1743 UTC (after sunset) and the operation was successfully completed at 2030 UTC. This was the first time the MRCC used helicopters to execute a night time Medevac.

Incident: Yacht 'Penny Pinchers' taking water (31/12/06)

The Emergency Response office of the Governor's Cup Yacht Race (from Cape Town to St Helena Island) contacted the MRCC at 1804 UTC, stating that one of the yachts in the race named 'Penny Pinchers' was experiencing problems. Half-an-hour later the yacht activated her EPIRB and a mayday relay was broadcast.

Outcome

A number of vessels responded to this broadcast, the 'Dal East London' already had the yacht in sight and was communicating with her. At 2057 UTC Cape Town Radio confirmed that the 'Dal East London' completed the rescue of the skipper at 2123 UTC.

Incident: Vessel overdue (17/01/07)

At 1114 UTC Dave Estment of Schweizer Fishing reported their FV 'Shaka' overdue. All efforts by them up to that time to communicate with the vessel had been unsuccessful.

Other fishing vessels returning that morning reported seeing red flares in the 'Shaka's' LKP.

Outcome

The skiboat 'Growler' picked up two survivors in a liferaft. They reported that the other two crew members had already passed away – one went down with the sinking vessel and the other made it out of the vessel, but was never seen after that.



MRCC MARITIME ASSISTANCE SERVICE (MAS) ROLE

MRCC assists and monitors the safety of vessels in potentially dangerous situations as part of its MAS function. Situations include:

- Vessels temporarily drifting “Not-Under-Command” (i.e. without power);
- Vessels suffering steering gear failure;
- Towing operations;
- Vessels posing pollution threats.

An average of 10 MAS situations per month were assisted.

MAS INCIDENTS OF NOTE

Incident: M/V ‘Atlantic Ocean’ reported 4 containers lost (22/07/06)

M/V ‘Atlantic Ocean’ reported four containers lost over board due to bad weather. It was considered a danger to navigation. A Navigation Warning was issued by the Hydrographer. The lost containers were spotted by various other vessels and reported to the MRCC and Hydrographer, who updated the navigation warning to track these containers.

Incident: Towing operation (18/01/07)

The tugs ‘Rig Deliverer’ and ‘Mighty Deliverer’ were towing MV ‘Agate Island’ from Brazil to Durban. They have been lying 35 NM NW off Cape Town since 27 December 2006, waiting for fuel from Cape Town. SAMSA was even forced – between 28 December 2006 and 7 January 2007 – to send the tug ‘Smit Amandla’ to assist the tugs, because they were running low on fuel and unable to maintain their tow.

On 5 January ‘Mighty Deliverer’ reported that she received her fuel from ‘Rig Deliverer’ and should be on the way, but the MRCC realised on the 8th that the delivery was not completed. The ‘Mighty Deliverer’ was still waiting for provisions and cylinder oil.

This delay carried on until the 15th, when they reported via Cape Town Radio that the tow is now underway again. But on the 16th, the tow was again in trouble and drifting.

By the 28th, the ‘Rig Deliverer’ reported sailing again in a north-westerly direction past Cape Columbine. On 30 January the operation had to stop again north-west of Dassen Island to repair their tow gear, but was finally underway on 1337 UTC, bound for Durban.

MRCC ISPS INVOLVEMENT

During this twelve-month period MRCC handled a monthly average of 954 ISPS-related messages and received an average of 542 applications for ISPS clearance (Pre-Arrival Reports) per month.

General MRCC Events

Courses

- UN sponsored COSPAS/SARSAT training workshop in Cape Town 20-24 November

Conferences attended and overseas visits

- JC-20 (COSPAS/SARSAT) meeting in Canada from 11-21 June
- 2nd Annual Maritime Surveillance & Reconnaissance Africa 2006 Conference in Midrand from 18-21 July
- Negotiations of a Bilateral SAR Agreement between S.A. Government and Brazil in Brasilia from 25-28 July
- COSPAS/SARSAT Council meeting in Canada 13-21 October
- COMSAR meeting in London 19-23 February

Sub-Regional MRCC

- Sub-Regional MRCC Launch at the MRCC Office on 16 January



4

HUMAN RESOURCES





HUMAN RESOURCES

4

INTRODUCTION

There is a great sense of achievement within the Human Resources (HR) Department regarding all the projects that were ventured into during the 2006/07 period.

The drive to align HR strategies and practices with the organisation's overall strategy is ongoing.

One of the main highlights and achievements of HR this year was the conclusion of the process of implementing Performance Management systems. This led to concluding the financial year with formal performance appraisals and awarding performance bonuses to deserving employees.

Another highlight is the Job Evaluation Project, which is a process that continues to evolve and change and with its obvious impact on remuneration issues, it is vital for SAMSA to ensure that we remain current and in line with best practices.

Following the HR and Remuneration Sub-committee's (Remco) decision to move SAMSA from the Peromnes Job Evaluation System onto the Hay Evaluation System, the HR Department instituted a job evaluation and remuneration structuring project.

The purpose hereof was to ensure that all the positions in the organisation were reflected correctly in terms of grade and remuneration.

Internal facilitators within the HR Department were trained in the use of the Hay System whereafter visits were conducted to all the offices to firstly give information sessions (including question and answer opportunities) on the process and to conduct job evaluations with the relevant job incumbents.

The project was successfully completed at the end of the period being reported on, following approval from Remco and the Board.

As the first quarter was marked by the appointment of an HR Manager, the operational side of HR had been mobilised.

EMPLOYMENT, RECRUITMENT, VACANCIES & TERMINATIONS

During the year under review, the staff turnover displayed quite a lot of activity with 13 new appointments and nine terminations (including retirements, resignations and death).

With the former CEO's resignation in July 2005, the Board appointed an acting CEO whose contract was terminated in May 2006. Mr. Carl Briesch (SAMSA's Legal Manager) was subsequently appointed as an interim Acting CEO to ensure that SAMSA remained focused on its vision while the Board concluded the recruitment process for a new CEO. With the conclusion of this year, Mr. Briesch is still acting.

SAMSA is committed to ensuring that transformation takes place especially within the technical sphere. Minimal appointments were made in the technical component but all of the appointments (barring contracts as well as transfers) were filled with a suitable equity candidate.

During this period, numerous appointments were made particularly regarding Executive Management positions including *inter alia*, Corporate Communications Manager, IT Manager and HR Manager.

The HR Department is also making effective use of psychometric assessments to assist with the appointment of the best candidate.

We have found this to be a useful and valuable tool in supporting appointment decisions. Although consultants were utilised during this period, it is the intention to make use of internal suitably qualified candidates for these assessments during the following year.

Various positions including CEO, Board Secretary, Executive Assistant to CEO, EA to GM Operations, Internal Auditor, and Chief Financial Officer remain vacant at the end of this financial year, although the recruitment process for the majority of these positions commenced during 2006/07.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

Recruitment

The workforce profile as at 31 March 2007, is as follows:

| Occupational Levels | Male | | | | Female | | | | TOTAL |
|---|-----------|-----------|----------|-----------|-----------|----------|----------|-----------|------------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top Management (Executive) | 2 | 1 | | 2 | 1 | | | | 6 |
| Senior Management (Technical/Professional) | | 1 | | 8 | | | | 1 | 10 |
| Professionally qualified & experienced specialists and middle management | 4 | 2 | 1 | 14 | | | | 3 | 24 |
| Skilled technical and academically qualified workers, junior managers and supervisors | 3 | 7 | | 6 | 4 | | | 4 | 24 |
| Semi-skilled and discretionary decision-making | 15 | 5 | | | 5 | 8 | 3 | 10 | 46 |
| Unskilled and defined decision-making | | | | | 1 | | | | 1 |
| Employees with disabilities | | | | | | | | | 0 |
| TOTAL PERMANENT | 24 | 16 | 1 | 30 | 11 | 8 | 3 | 18 | 111 |

* Figures provided by HR Practitioner

Terminations (Resignations, retirements, dismissals and retrenchments)

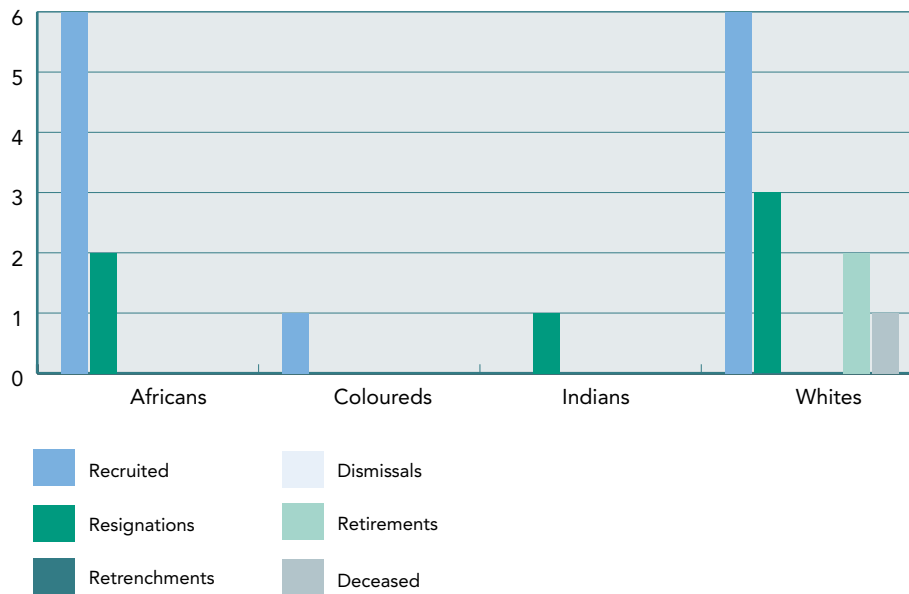
| Occupational Levels | Male | | | | Female | | | | TOTAL |
|---|------------|----------|------------|--------------------------|---------|----------|--------|-------|----------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top Management (Executive) | | | | 1 Resigned | | | | | 1 |
| Senior Management (Technical/Professional) | | | | 2 Retired | | | | | 2 |
| Professionally qualified & experienced specialists and middle management | | | 1 Resigned | 2 Resigned 1 Deceased | | | | | 4 |
| Skilled technical and academically qualified workers, junior managers and supervisors | | | | | | | | | |
| Semi-skilled and discretionary decision-making | 2 Resigned | | | | | | | | 2 |
| Unskilled and defined decision-making | | | | | | | | | |
| Employees with disabilities | | | | | | | | | |
| TOTAL PERMANENT | 2 | 0 | 1 | 6 | | | | | 9 |

* Figures provided by HR Practitioner



HUMAN RESOURCES

STAFF TURNOVER (DEMOGRAPHICS)



PROMOTIONS

Four employees were promoted during the period under review. Three promotions were in the Operations Unit (one in management and two in surveying) and one in Administration/support.

TRAINING AND DEVELOPMENT

Over the past three years SAMSA has been sending all administrative, as well as new recruits, to SAMTRA on an Introduction to Shipping training course.

This course informally forms part of orientation to SAMSA and the maritime industry as the course provides individuals with detailed insight into the overall structure of the maritime industry.

SAMSA submitted a WSP for the period 2006–2007 which was approved by the Maritime Chamber and TETA. Thus far SAMSA has received R45 000 and an undisclosed amount is due in June 2007.

SAMSA has identified the need for technical training relating to all surveyors in order for them to obtain Class 1 certificates. SAMSA has sent Class 2 and 3 surveyors for the required academic training and has facilitated their obtaining the necessary sea-time required by working onboard vessels.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

Below are figures indicating the number of staff that have been trained during the financial year. More than one training course may have been undertaken per person, which will not be reflected per se.

| Occupational Categories | Male | | | | Female | | | | TOTAL |
|--|-----------|-----------|----------|-----------|-----------|----------|----------|----------|-----------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Legislators, senior officials & managers | 1 | 1 | | 2 | 1 | | | | 5 |
| Professionals | 2 | 3 | 2 | 18 | 1 | | | 2 | 28 |
| Technicians & associate professional | 10 | 8 | | 5 | 1 | | | | 24 |
| Clerks | 6 | 3 | | 1 | 7 | 7 | 1 | 5 | 30 |
| Elementary Occupations | | | | | 1 | | | | 1 |
| Employees with disabilities | | | | | | | | | |
| TOTAL PERMANENT | 19 | 15 | 2 | 26 | 11 | 7 | 1 | 7 | 88 |

* Figures provided by HR Officer/SDF

LEAVE UTILISATION

| | MRCC | PE | RB | MB | PTA | DBN | CT | EL | SD | TOTAL DAYS |
|--------------|-------|-----|----|----|-------|-----|-----|----|-----|------------|
| Annual Leave | 427.5 | 170 | 73 | 80 | 440.5 | 398 | 738 | 62 | 115 | 2504 |
| Sick Leave | 48 | 17 | 0 | 14 | 176.5 | 99 | 124 | 4 | 9 | 491.5 |

* Figures provided by HR Officer

INJURY ON DUTY

During the year under review, no staff members were injured on duty.

PERFORMANCE MANAGEMENT

SAMSA has aimed to use performance management as a tool to ensure that the performance of allocated tasks are measured equitably and rewarded in line with set policy.

Midway during the period under review, *MyFocus* went live to all staff. As such we are in a position where staff are able to not only apply for leave online, but are able to amend personal details and view electronic payslips.

Various technical difficulties are being experienced but in general *MyFocus* has assisted in making various HR administrative duties more efficient.

During this year, SAMSA used *E-performance* which is accessed by staff through *MyFocus*. *E-performance*

provides SAMSA with the option of conducting Performance Management (360 degree) electronically.

All staff underwent performance evaluations and performance bonuses were paid out in accordance with ratings received.

The HR Department views the implementation of Performance Management within SAMSA as a huge achievement as this process has been delayed for a number of years due to instability, within HR Management.

HR intends to ensure that the evaluation process is refined and that a supporting policy is in place for performance management.

INDUSTRIAL RELATIONS

The services of a consultant were contracted during 2004 due to the fact that SAMSA did not have legal capacity in the form of a labour relations lawyer to handle matters of an industrial relations nature. These services will be terminated with the appointment of the Board Secretary during the next year.



HUMAN RESOURCES

4

SAMSA obtained the services of Labournet during this year. Labournet provides SAMSA with assistance during, *inter alia*, disciplinary hearings, CCMA cases, fundamental HR administration, wage negotiations and retrenchments. SAMSA also has access to daily helpdesk assistance.

There are at present four legal matters that we are awaiting finality on. Two relate to unfair dismissal, one relates to loss of potential earnings and one relates to constructive dismissal. SAMSA is defending all four cases.

In 2006/07, five disciplinary proceedings were held, four of which related to poor performance and one to dishonesty.

Of the employees involved, one is a technical staff member and the other four are admin/support staff.

HR has submitted all the necessary documentation required in terms of the Workforce Compensation Act.

SAMSA's Workplace Skills Plan was submitted to the Maritime Chamber in June 2006. SAMSA's Employment Equity Plan and Report was submitted to the Department of Labour on 1 October 2006.

UTILISATION OF HR-RELATED CONSULTANTS

| Consultants | Purpose | Time period | HDI |
|-------------------------------|----------------------------|-------------------------------------|-----|
| Maponya Inc | Labour Relations | For full period under review | Yes |
| HayGroup | Job Grading and Evaluation | May 2006 ongoing | No |
| Labournet | Labour Relations | September 2006 ongoing | No |
| Von Kasselman | Performance Management | July 2006 to March 2007 | No |
| Phumeza Mthomeni & Associates | Psychometric Assessments | Intermittently as and when required | Yes |

ORGANISATION DEVELOPMENT

Employment Equity

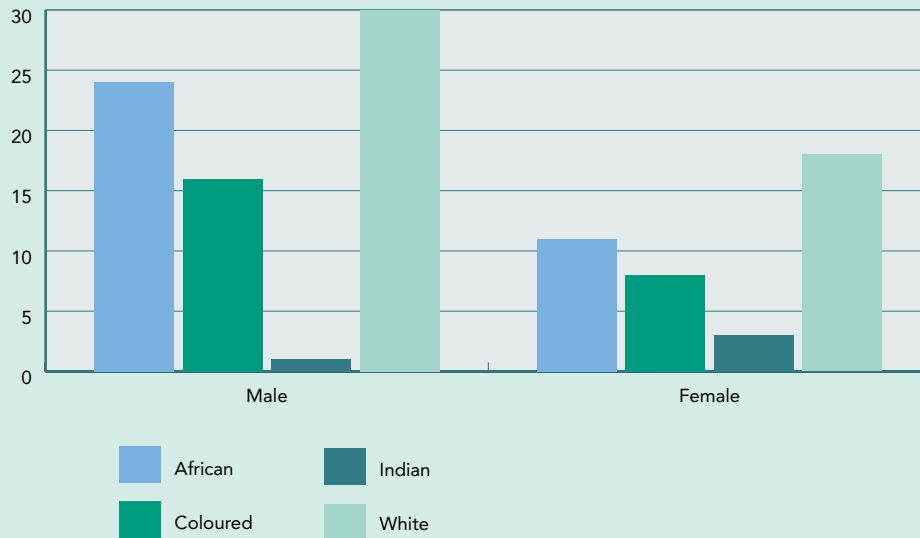
SAMSA submitted an EE Plan in October 2006. As we are a company with less than 150 employees, we are only required to submit an EE Plan and Report every

second year. The employment equity statistics have improved considerably since the last submission and will be further addressed during the forthcoming year.

Our present demographic profile at 31 March 2007 is as follows:

| African | | Coloured | | Indian | | White | | TOTAL |
|---------|----|----------|---|--------|---|-------|----|-------|
| M | F | M | F | M | F | M | F | |
| 24 | 11 | 16 | 8 | 1 | 3 | 30 | 18 | 111 |

EMPLOYMENT EQUITY

**Workforce and Succession Plan**

Workforce and Succession planning was not addressed as there were other projects that needed to be completed to lay the groundwork for this Plan. During the forthcoming financial year the HR Department will be trained to conduct Skills Audits which will be used as the foundation for SAMSA's Workforce and Succession Plan.

HR POLICY**Policy Development**

The HR Department addressed various outdated policies during the year. Most related to remuneration and grading issues. The intention is to ensure that all the HR Policies are updated and rewritten section by section (taking priorities into account) during the forthcoming year.

Salary benchmarking to Market and related Remuneration Adjustments

The *HayGroup* provided the HR Department with information obtained from market-based salary

surveys that correlated to similar, if not exact, role definitions within the market.

The Salary Scales reflect lower, median and upper quartiles. Separate salary scales have been obtained and implemented for specialist/technical staff and administrative/support staff in order to appropriately reflect the supply/demand factor.

During the Job Evaluation Project it was determined that 22% of all SAMSA staff members fell below the lower quartile of their respective salary scale.

Board approval for implementation of an adjustment to the lower quartile for all affected staff members (taking into consideration budgetary constraints predicted for the forthcoming year) is expected at the commencement of the forthcoming financial year.

CONCLUSION

This year has been a successful one for Human Resources. Many long outstanding projects were completed, paving the way forward for the development of policies and the commencement of projects that will be reliant on the outcome of projects undertaken this year.



5

CORPORATE COMMUNICATIONS



SOUTH AFRICAN MARITIME SAFETY AUTHORITY

OVERVIEW

As with many a progressive state-aligned institution, SAMSA recognised the need to move away from the costly and often arduous communications outsourcing practice and opted to incorporate a Corporate Communications element within its management structure.

Based on the above rationale, the 2006/07 period saw the organisation embarking on a rigorous selection process which culminated in the appointment of a Corporate Communications Manager stationed at SAMSA's Head Office, Pretoria.

AIM AND INTENT

Primarily, the Corporate Communications Department (CCD) aims to focus on:

Internal communications

The unit aims to offer effective Corporate Communication support for SAMSA, all its ports/business units and all internal stakeholders.

Stakeholder and media liaison

Over and above aiming to promote SAMSA, the unit is also tasked with stimulating an open flow of information between SAMSA and all its Stakeholders (in line with government's 'Access to Information Act').

Communications policies

During the 2006/07 period, the CCD has made notable strides in formulating and revising Integrated Communication Strategies and Action Plans aimed at ensuring that "SAMSA speaks with one, unified voice" through the establishment of programmes such as:

- Corporate Identity Guidelines
- SAMSA's Communication Protocol
- Policy: External Communiqué Etiquette

Reputation Management Programme

Through the Reputation Management Programme (RMP), which will infuse: Marketing Communication, Public Relations and Events Manning, the Department envisages to execute an array of initiatives during the next financial period aimed at:

- Amplifying awareness about SAMSA as well as;
- Maintaining the organisation's positive presence within the public domain through initiatives such as the revised website: www.samsa.org.

CHALLENGES

Corporate culture

As envisaged, the establishment of the Corporate Communications department necessitated an enterprise-wide (internal) mindset shift and deviation from the currently entrenched corporate culture.

To a large extent, communications activities were conducted on a responsive, *ad hoc* basis as and when required. Since its inception, the CCD saw an establishment of a contrived, pro-active approach that aims to firmly entrench communications strategies, policies and procedures.

Capacity and resources

With only two people [inclusive of the newly appointed manager] manning the Department, the SAMSA Corporate Communications Department is largely under-resourced and plans to capacitate the unit within the next financial year are underway.

Public perception

Resultant from a previously non-visible and active Corporate Communications Department, very little information about the organisation has been placed within the public domain. Along with many of the above stated, this is an area prioritised for the next fiscal.



PROJECTS

Corporate identity manual

For the period under review and – in line with the revised strategies – the Unit successfully packaged and produced SAMSA’s first Corporate Identity (CI) Manual.

With the intention of streamlining and amplifying the ‘SAMSA Brand’, the CI Manual has since been distributed to all regional offices and ports.

A phased rollout programme is planned for the next financial year and, SAMSA’s Head Office has already been re-branded with the revised signage in efforts of inculcating the newly adopted ‘look’ going forward.

Stakeholder liaison

The diligent compilation and continued maintenance of a comprehensive media and stakeholder database has seen the unit promptly responding to numerous media inquests.

Promotions and presence

In efforts of maintaining a notable and controlled public presence, the year under review saw the corporate communications unit:

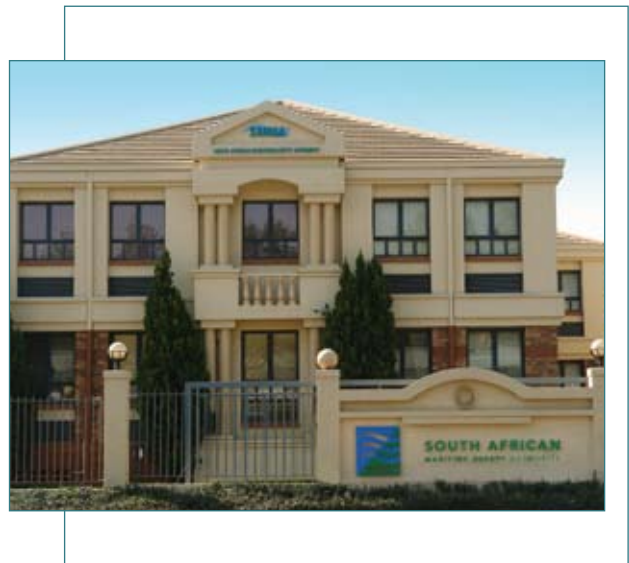
- Re-branding the Pretoria-based Head Office;
- Placing seven editorials within a wide range of sector-specific local and international publications; and
- Partaking in and hosting various exhibitions and conferences.

E-commerce

The SAMSA website, as informed by the newly revised CI Manual and in efforts to further bolster the organisation as a global leader within the maritime industry, has had preliminary upgrades and a makeover. It is intended to launch a fully fledged, revised website during the last quarter of the current financial year.



SAMSA Corporate Identity Brand Manual



SAMSA Building Signage



6

INFORMATION AND
COMMUNICATION TECHNOLOGY (ICT)



STRATEGIC OBJECTIVE:

To build and manage an appropriate ICT infrastructure that will support the activities of SAMSA.

STRATEGIC GOAL:

- To implement Management Information System that supports the core activities of SAMSA;
- To share information quickly, easily and appropriately;
- To improve effectiveness and efficiency by optimal usage of ICT;
- To have ICT infrastructure that is reliable, cost effective, interoperable and secured; and
- To develop ICT best practices through policy development.

STRENGTH:

- Availability of secure online information.
- Assist in financial management.
- Use of information to be able to action decisions.

WEAKNESSES:

- Dependency on users for its effectiveness.

OPPORTUNITIES:

- Improve efficiency in the running of SAMSA.

THREATS:

- Information Systems are depended on availability of users, infrastructure; i.e. Wide Area Network (WAN), Local Area Network (LAN) and hardware.

STRUCTURE:

The structure consists of the following:

- Head of the unit - Manager; and
- Technical staff (reporting to the Manager) - Database Administrator and Network Controller.

THE CHALLENGES AHEAD ARE THE FOLLOWING:

- To procure an ERP solution for the organisation;
- Implement ICT best practices through policy development; and
- Ensure the financial system, i.e. Compiere meets SAMSA's business requirements.

| Objective | Output | Actual Performance | Key Performance Measure and Indicator |
|---------------------------------|--|---|--|
| 1. Upgrade of IT infrastructure | Upgraded e-mail and internet facility Distributed e-mail groupings Interoperable networks Upgraded Wide Area Networks | Distributed e-mail facility to Cape Town, MRCC, PE and Durban | Procured and installed new servers for mail / internet and network operating system Upgraded servers from Windows 2000 to 2003 Enterprise Upgrade MS Exchange to Enterprise 2003 Loading user e-mail accounts from Exchange 5.5 to Exchange Enterprise 2003 Installed routers in eight regional offices Applied to Telkom for conversion of Frame Relay line to Diginet line Upgraded internet bandwidth from 64K to 256K for both local and overseas traffic Upgraded the WAN bandwidth from 128K to 512K LAN cabling of both Cape Town 11 th floor and MRCC offices |
| 2. Secure networks | Minimise risks | Secured networks | Upgraded security software McAfee from version 8.0 to 8.5i |
| 3. Hardware upgrade | Upgraded hardware | Upgraded hardware | Procured computers, laptops and printers for users Procured server racks for Pretoria and MRCC offices |
| 4. Establish an ICT unit | ICT staff establishment Internal management of ICT resources | Appointment of manager ICT Establish a network controller post | ICT Manager post filled Drafting of Network Controller roles and advertising of the post |
| 5. Implement Finance System | Finance system | Finance system, e-Procurement Financial Reports, Budgeting | Training users |



7

REPORT OF THE
SAMSA BOARD'S AUDIT COMMITTEE



SOUTH AFRICAN MARITIME SAFETY AUTHORITY

Report of the SAMSA Audit Committee as required in terms of Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued under the Public Finance Management Finance Act 1 of 1999, as amended by Act 29 of 1999. These require the committee to report whether it has adopted formal terms of reference and whether it has fulfilled its responsibilities in compliance with those terms of reference. These also require the committee to report on the effectiveness of internal controls and to evaluate the financial statements.

We are pleased to present our report for the financial year ended 31 March 2007.

SAMSA is listed as a national public entity in Schedule 3A of the PFMA.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of Members listed hereunder and meets at least four times per annum as per its approved Audit Charter. Four meetings were held during the year and the table below reflects the attendance of Members. Persons in attendance at Audit Committee meetings do not only include the Members but also the Internal Auditors and representatives of the Auditor-General.

| Name | Designation | Number of Meetings attended out of the number held |
|------------------|---|--|
| Ms. J John | Chairperson | 3/4 |
| Mr. M Schaafsma | Deputy Chairperson | 4/4 |
| Ms. T Shezi | Board Member | 3/4 |
| Mr. M Siko | Board Member | 3/4 |
| Mr. T Gcaba | External Member (Contract ended on 25 January 2007) | 3/3 |
| Mr. L Nekhondela | External Member (Resigned 12 February 2007) | 2/3 |

AUDIT COMMITTEE RESPONSIBILITY

The Committee confirms that it has complied with the responsibilities arising from section 51 (1) (a) of the PFMA and Treasury Regulations 27.1.10. The Committee further confirms that it has adopted a formal audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. Prior to the financial year ending members were subjected to a formal self-evaluation to ascertain Committee's performance and effectiveness.

THE EFFECTIVENESS OF THE INTERNAL CONTROL

The members of the Audit Committee believe that the system of internal controls largely covers organisational, financial

and operating risks. The committee closely monitored management's actions to remedy the shortcomings and deficiencies identified by the Auditor-General during the previous year.

INTERNAL AUDIT AND RISK MANAGEMENT

The internal audit function has been outsourced to an external audit firm which will strive to enhance the adequacy and effectiveness of the control systems to guard against the financial risks facing the organisation. Prior to the financial year ending the Internal Auditors were in the process of finalising the risk management strategy for the organisation.



REPORT OF THE SAMSA BOARD'S AUDIT COMMITTEE

IN EVALUATING THE ANNUAL FINANCIAL STATEMENTS:

The Audit Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report together with the report of the Auditor-General;
- Reviewed the Auditor-General's Management Letter and Management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

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.



Ms. J John

SAMSA – Chairperson of the Audit Committee



8

ANNUAL FINANCIAL STATEMENTS



**ANNUAL FINANCIAL STATEMENTS
TABLE OF CONTENTS**

| | |
|--|----|
| Statement of responsibility by the Board | 51 |
| Report of the members of Board | 52 |
| Report of the Auditor-General | 55 |
| Statement of financial position | 58 |
| Statement of financial performance | 59 |
| Statement of changes in net assets | 59 |
| Cash flow statement | 60 |
| Statement of recognised income and expenditure | 60 |
| Notes to the annual financial statements | 61 |
| Value added statement | 78 |
| Maritime Fund - Statement of financial position | 79 |
| Maritime Fund - Statement of financial performance | 79 |
| Maritime Fund - Cash flow statement | 80 |
| Maritime Fund - Statement of changes in net assets | 80 |
| Maritime Fund - Notes to the annual financial statements | 81 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

STATEMENT OF RESPONSIBILITY BY THE BOARD

FOR THE YEAR ENDED 31 MARCH 2007

The Board is responsible for the preparation, integrity and fair presentation of the financial statements of SAMSA. The financial statements presented on pages 58 - 81 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP) as well as certain PFMA and Treasury Regulations and include amounts based on judgements and estimates made by management. The Board also prepared the other information in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. The Board has no reason to believe that the Authority will not be a going concern in the near future based on forecasts and available cash resources. These financial statements support the viability of the Authority.

The financial statements were audited by independent auditors, the Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The Board believes that all representations made to the independent auditors will be valid and appropriate.

The financial statements were presented to the Board on 24 August 2007 and as authorised by the board to sign on its behalf by:



Mr. L L Manala
Chairperson of the Board
Date: 24 August 2007

ANNUAL FINANCIAL STATEMENTS

8

REPORT OF THE MEMBERS OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2007

The Board has pleasure to present its report which forms part of the audited financial statements of the Authority for the year ended 31 March 2007.

NATURE OF BUSINESS

SAMSA was established in terms of the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998), and has the following objectives in terms of Section 3 of the said Act:

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

The members of the Board

The member of the Cabinet who have political responsibility for the Authority is the Minister of Transport.

Currently the following members constitute the SAMSA Board:

Non-Executive Members (As from 1 June 2005)

| | |
|---------------------|---|
| Chairperson: | Mr. L L Manala |
| Deputy Chairperson: | Ms. J John (Appointed from 14 June 2006) |
| | Mr. L Haluodi (until 19 April 2006) |
| | Mr. T C Dlamini (retired by Minister 14 June 2006) |

Non-Executive Members (As from 14 June 2006)

Ms. M Mohlala
Mr. M Siko
Ms. T Shezi
Mr. R Khan
Ms. N Syms

Executive members

| | |
|---------------------------------|--|
| Acting Chief Executive Officer: | Mr. L Haluodi (until 19 April 2006) |
| Acting Chief Executive Officer: | Mr. C F P Briesch (appointed 19 April 2006) |

The Board has established the following committees:

1. Audit Committee

| | |
|-------------------|--|
| Ms. J John: | Board Member (Chairperson from 14 June 2005) |
| Mr. M Schaafsma: | External Member (Deputy Chairperson) |
| Ms. T Shezi: | Board Member |
| Mr. M Siko: | Board Member |
| Mr. T Gcaba: | External Member (Contract ended on 25 January 2007) |
| Mr. L Nekhondela: | External member (Resigned on 12 February 2007) |

2. Remuneration Committee

| | |
|------------------|--|
| Ms. N Syms: | Board Member (Chairperson from February 2007) |
| Mr. L Manala: | Board Member |
| Ms. M Mohlala: | Board Member |
| Mr. A B Majola: | External Member (Contract ended July 2006) |
| Ms. N L Royds: | External Member (Contract ended July 2006) |
| Mr. T C Dlamini: | Board Member (Chairperson from February 2006 and retired by Minister on 14 June 2006) |

3. Research & Technical Committee

| | |
|---------------|-------------------------------|
| Mr. M Siko: | Board Member (Chairperson) |
| Ms. N Syms: | Board Member |
| Mr. L Manala: | Board Member |

The SAMSA Act governs all matters relating to the appointment of members of the Board and they are appointed on a three-year term.

For the remuneration of the above-mentioned committee members, please refer to note 15 on page 71 of these financial statements.

Secretary of the Board

The secretarial functions of the Board have been outsourced to the firm of attorneys, Maponya Inc.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

ADDRESSES

Business Address

161 Lynnwood Road
 Corner Duncan & Lynnwood Roads
 Brooklyn
 PRETORIA
 0181

Postal Address

P.O. Box 13186
 HATFIELD
 0028

In addition, the Authority has representative offices in Cape Town, Durban, East London, Mossel Bay, Port Elizabeth, Richards Bay, Port Nolloth and Saldanha.

REVIEW OF OPERATIONS

Financial

The Authority was established on 1 April 1998. The Authority's primary source of income are the user charges and levies imposed on the shipping industry. A total of R57,818m (2006:R55,939m) was raised from this source compared to R40,996m budgeted for. The positive variance of R16,822m was mainly due to increased volumes generated as there were no approved tariff increases during the year. Total operating expenditure for the year amounted to R59,920m (2006: R54,284m) which is R14,162m (19%) below the budgeted expenditure of R74,082m but 10% higher than 2006 due to additional personnel employed during the year. Included in the operating expenses of the Authority are collection fees payable to the National Ports Authority (NPA) amounting to 2,5% of levies collected. A further R12,305m (2006: R11,624m) was received from the Department of Transport for services rendered to Government and net interest of R6,352m (2006:R4,654m) was received on investment of surplus cash.

Transactions with government

During the year the Authority performed certain services, such as Port State Control, management of the MRCC, contract administration services and Ministerial and regulatory services on behalf of the

Department of Transport as agreed in a Memorandum of Understanding, including the management of the Maritime Fund. The value of these services was R12,305m (2006: R11,624m). We also have an agreement with the National Ports Authority (NPA) to collect certain SAMSA levies on our behalf. NPA charges a collection fee based on 2,5% of the amount collected and the value of these transactions was R1,189m (2006: R1,119m). The other transactions with government related to our administration of the Maritime Fund, the details of which is reflected in the attached financial statements.

Operational

SAMSA was established as an independent Authority and has completed nine years of operation as at 31 March 2007. Our mission is to ensure safety of life and property at sea; to prevent and combat pollution from ships; and to promote South Africa's maritime interests.

We aim to achieve our mission by:

- Ensuring maritime safety and security
- Preventing and combating pollution from ships
- Raising awareness of maritime opportunities and obligations
- Ensuring a coherent and productive maritime policy that promotes South Africa's maritime transport interests
- Building a committed, transparent, professional and sustainable organisation.

Maritime Fund

In terms of Section 38 of the SAMSA Act, the Maritime Fund was established under the control of the Minister of Transport. All penalties, fines and forfeitures received by SAMSA on behalf of the State are paid into the Fund. Money in the Fund may only be utilised for the objectives set out in Section 3 of the Act. As from this year, due to more transactions and movement and for better reporting purposes, it was decided to present the Maritime Fund financial Statements separately as reflected on pages 79 to 81.



ANNUAL FINANCIAL STATEMENTS

8

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

During the year, a total of **R0,926m** (2006: R1,345m) was received by the Fund in respect of fines and penalties. A further R0,608m (2006:R0,494) was earned from the investment of money in the Fund.

GOING CONCERN

The annual financial statements have been prepared on a going concern basis, since the Board has every reason to believe that the Authority has adequate resources in place to continue in operation for the foreseeable future.

Financial Position

The balance sheet reflects a strong financial position in that:

- Cash reserves amount to **R90,310m** (2006: R86,706m)
- Cash reserves in the Maritime Fund amount to **R9,973m** (2006: R9,982m)
- Accounts receivable amount to **R7,412m** (2006: R5,360m)
- Accounts payable amount to **R0,999m** (2006: R2,588m)

- Current portion of retirement benefit obligations amount to **R0,126m** (2006: R 0,111)
- Provisions amount to **R4,177m** (2006: R2,954m)
- Current and liquidity ratios - **18** times (2006: 19 times) (favourable).

Performance

The operating surplus for the year amounts to R5,202m compared to a surplus of R6,968m for the previous year.

Cash Flows

A net cash outflow from operating activities of R0,681m (2006: R6,084m inflow) was realised during the year.

General

Mr. L Haluodi was acting CEO until 19 April 2006. Mr. C F P Briesch was appointed acting CEO from 19 April 2006.

Post Balance Sheet events

On 30 April 2007 Mr. C F P Briesch resigned from the organisation with effect from the end of June 2007.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO
PARLIAMENT ON THE FINANCIAL STATEMENTS
AND PERFORMANCE INFORMATION OF THE
SOUTH AFRICAN MARITIME SAFETY AUTHORITY
(INCLUDING THE MARITIME FUND) FOR THE YEAR
ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the South African Maritime Safety Authority (SAMSA) (including the Maritime Fund) which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 58 to 77 and 79 to 81.

Responsibility of the accounting authority 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 Statements of Generally Accepted Accounting Practice (GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998) (SAMSA Act). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. 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.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

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

Basis of accounting

8. SAMSA's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements.

Unqualified opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of SAMSA as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as set out in note 1.1 to the financial statements, and in the manner required by the PFMA.



ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL

Emphasis of matter

10. Non-compliance with GAAP

The following areas of non-compliance with GAAP were found during the audit:

- Included in the R3 426 million in respect of plant and equipment were assets with a R1 value that were still in use. The useful lives and residual values of these assets were not revised.
- Long-outstanding debtors were not impaired during the year under review.
- Documentation supporting the contingent liability raised previously in respect of Dlamini v SAMSA could not be submitted for audit purposes. Although this liability still exists, it was not disclosed in the financial statements under review.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

11. Internal control weaknesses

In terms of section 51(1)(a)(i) of the PFMA the accounting authority must ensure that SAMSA has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The audit revealed certain shortcomings in the systems of internal control, which included the following:

- No policy for the provision for irrecoverable debt was developed and implemented. Debtors reconciliations were not carried out and long-outstanding amounts were not followed up. Some debtors accounts had credit balances and were not reclassified as creditors.
- There were no controls to ensure that the government service fee was received in terms of the memorandum of understanding (MoU) between SAMSA and the Department of Transport (DoT). Furthermore, the MoU was not signed by the DoT, hence it could not be verified whether the fees received were against a valid mandate.
- Creditors reconciliations were not prepared.
- Inadequate processes in place to identify year-end accruals.

- In the asset register and financial statements, assets were shown as disposed of, but approval for disposal was only granted after year-end. In some instances supporting documentation for the disposal of fixed assets could not be provided for audit purposes.
- In certain instances actual expenditure exceeded the approved amount.
- No formal channels to communicate suspected fraud and corruption have been established.
- There were various vacancies in key management positions, some of which have been vacant since 2005.
- There was no system in place to record services rendered by SAMSA.
- There is inadequate control over journals passed. The journal book with supporting documentation could not be presented for audit purposes and it could therefore not be verified if all journals were reviewed and authorised by a senior official within SAMSA.

12. Material non-compliance with applicable legislation

The following areas of non-compliance with laws and regulations were identified:

- Not all indirect business interests were declared by some of the members of the accounting authority as required in terms of section 50(3)(a) of the PFMA.
- Although there was an internal audit function in place, it did not function properly as required in terms of Treasury Regulation 27.2.7, 27.2.10 and 27.2.11.
- Section 55(1)(c)(i) of the PFMA requires financial statements to be submitted to the Auditor-General within two months after the end of the financial year (by 31 May 2007). The financial statements were only submitted on 15 June 2007.
- In terms of section 53(3) of the PFMA, a public entity may not accumulate surpluses unless the prior written approval of the National Treasury has been obtained. SAMSA did not obtain approval to accumulate surpluses amounting to R88 million.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

REPORT OF THE AUDITOR-GENERAL

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

13. I have audited the performance information as set out on pages 83 - 94.

Responsibilities of the accounting authority

14. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.
16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

18. The strategic objectives are in some instances not in line with SAMSA's overall objectives as per section 3 of the SAMSA Act.
19. Some of the targets and performance results are not measurable or clearly defined. Furthermore, in some instances there are no timeframes in which targets and objectives must be met.

APPRECIATION

20. The assistance rendered by the staff of the South African Maritime Safety Authority during the audit is sincerely appreciated.


D E L Zondo for Auditor-General

Pretoria
10/10/2007



A U D I T O R - G E N E R A L

ANNUAL FINANCIAL STATEMENTS

8

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2007

| | NOTES | 2007 R '000 | 2006 R '000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | 2 | 3,426 | 2,488 |
| Current assets | | | |
| Receivables and prepayments | 3 | 7,412 | 5,360 |
| Cash and cash equivalents | 4 | 90,310 | 86,706 |
| Total assets | | 101,148 | 94,553 |
| FUNDS AND LIABILITIES | | | |
| Funds and reserves | | | |
| Accumulated funds | | 88,251 | 83,049 |
| Non-current liabilities | | | |
| Retirement benefit obligations | 6 | 7,595 | 5,850 |
| Current liabilities | | | |
| Trade and other payables | 5 | 999 | 2,588 |
| Current portion of retirement benefit obligations | 6 | 126 | 111 |
| Provisions | 7 | 4,177 | 2,954 |
| Total funds and liabilities | | 101,148 | 94,553 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2007

| | NOTES | 2007 R '000 | 2006 R '000 |
|---|-------|----------------|----------------|
| Revenue | 11 | 57,818 | 55,939 |
| Other income | | 7,458 | 5,486 |
| Interest received | | 6,352 | 4,654 |
| (Loss)/Profit on disposal of fixed assets | | (38) | 32 |
| Fair value adjustments debtors | | 1,136 | 791 |
| Other Revenue | | 8 | 8 |
| Gross income | | 65,276 | 61,425 |
| Operating expenses | | (59,920) | (54,284) |
| Finance cost | | (12) | (7) |
| Fair value adjustment - creditors | | (142) | (166) |
| Operating surplus for the year | | 5,202 | 6,968 |

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2007

| | NOTES | Accumulated funds R '000 | Total Equity R '000 |
|---|-------|--------------------------------|---------------------------|
| Opening balance at 31 March 2005 | | 76,923 | 76,923 |
| Prior year error (discounting of debtors/creditors) | | (50) | (50) |
| Prior year error adjustment | 19 | (791) | (791) |
| Restated opening balance for 2005 | | 76,082 | 76,082 |
| Profit for the year | | 6,968 | 6,968 |
| Restated opening balance at 31 March 2006 | | 83,049 | 83,049 |
| Profit for the year | | 5,202 | 5,202 |
| Balance at 31 March 2007 | | 88,251 | 88,251 |

ANNUAL FINANCIAL STATEMENTS

8

STATEMENT OF RECOGNISED INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2007

| | NOTES | 2007 R '000 | 2006 R '000 |
|---|-------|----------------|----------------|
| Net actuarial gains (losses) on post retirement medical aid benefit obligation | | | (1,020) |
| Actuarial (losses)/gain related to post retirement benefit obligation (error) | | (1) | (1,020) |
| Taxation effect of net actuarial (gains)/losses | | | - |
| Effects of Accounting Error | | | |
| Prior period error - retained earnings | | 1,020 | - |
| Net (expenses)/income recognised directly in equity | | (1) | (1,020) |
| Profit for the year | | 5,202 | 6,968 |
| Total recognised income for the year | | <u>6,221</u> | <u>4,909</u> |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | NOTES | 2007 R '000 | 2006 R '000 |
|--|-------|----------------|----------------|
| CASH GENERATED FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | | 54,206 | 44,915 |
| Cash paid to suppliers and employees | | (54,887) | (38,831) |
| Net cash (outflow)/inflow from operating activities | 14 | (681) | 6,084 |
| Interest received: | | 6,352 | 4,654 |
| Interest paid | 17 | (12) | (7) |
| | | <u>5,659</u> | <u>10,731</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of equipment | | (2,017) | (1,590) |
| (Loss)/profit on disposal of property, plant and equipment | | (38) | 32 |
| Net increase in cash and cash equivalents | | 3,604 | 9,174 |
| Cash and cash equivalents at beginning of year | | 86,706 | 77,533 |
| Cash and cash equivalents at end of year | | <u>90,310</u> | <u>86,706</u> |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), the PFMA and Treasury Regulations including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows.

Standards of GRAP

| | |
|---------|---|
| GRAP 1: | Presentation of financial statements |
| GRAP 2: | Cash flow statements |
| GRAP 3: | Accounting policies, changes in accounting accounting estimates and errors |

Replacement Statement of GAAP

| | |
|--------|---|
| AC101: | Presentation of financial statements |
| AC118: | Cash flow statements |
| AC103: | Accounting policies, changes in estimates and errors |

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1.1 Terminology differences

Standard of GRAP

| |
|------------------------------------|
| Statement of financial performance |
| Statement of financial position |
| Statement of changes in net assets |
| Net Assets |
| Surplus/Deficit for the period |
| Accumulated surplus/deficit |
| Contributions from owners |
| Distributions to owners |
| Reporting Date |

Replacement Statement of GAAP

| |
|--------------------------------|
| Income Statement |
| Balance Sheet |
| Statement of changes in equity |
| Equity |
| Profit/Loss for the period |
| Retained Earnings |
| Share Capital |
| Dividends |
| Balance sheet date |

1.1.2 The cashflow statement can only be prepared in accordance with the direct method

1.1.3 Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable; and
- (c) trade and other payables from non-exchange transactions; must be presented separately on the statement of financial position.

1.1.4 The amount and nature of any restrictions on cash balances is required to be disclosed

Paragraph 11 - 15 of GRAP 1 has been implemented as the budget reporting standard is in the process of being developed by international and local standard setters. Although the inclusion of budget information would not enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

1.2 Recognition of revenue

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.

1.3 Interest received

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity. Interest received comprises the value of interest earned on investment of surplus funds and from current accounts with approved banking institutions. Interest received also includes interest charged to staff members at prime lending rate in terms of short-term staff loans.

1.4 Equipment

Plant and equipment are disclosed at cost less accumulated depreciation. Depreciation is calculated on the straight line basis over an asset's expected useful life. The expected useful life assigned to the categories are:

- Motor vehicles 4 years
- Equipment 5 years
- Furniture and fittings 10 years
- Computer equipment and software 3 years

Plant and equipment with a purchase value of less than R1 000 is capitalised, fully depreciated and expensed in the same period of purchase.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.5 Leases of equipment and buildings

Leases of assets under which all risk and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.6 Employee benefits

1.6.1 Provident fund

Employer contributions to provident funds are based on a percentage of pensionable earnings and charged to income as incurred.

1.6.2 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

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

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 specific 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 income statement in the year to which they relate.

1.7 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made.

Employee entitlements to annual leave and saving options are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and bonuses as a result of services rendered by employees up to the reporting date.

1.8 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including: a) the PFMA, or b) any provincial legislation providing for procurement procedures in that provincial government. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.9 Financial instruments

Recognition

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

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

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

a) Trade and other receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

b) Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

Financial liabilities

The Authority's principal financial liabilities are accounts payable. All financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisations, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

Derecognition

A financial asset or a portion thereof is derecognised when the Authority realises the contractual rights to the benefits specified in the contract, or the rights expire, or the Authority surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net profit or loss for the period.

1.10 Currency

The currency used in these financial statements is South African Rand (ZAR).

1.11 Rounding

All amounts in these financial statements were rounded off to the nearest thousand and indicated by '000.

1.12 Impairment of assets

Assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the assets. If this is the case, the asset is described as impaired and recognised as an impairment loss. These impairment losses are reversed and disclosed.

1.13 Related party disclosure

The Authority's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the the existence of related parties and by transactions and outstanding balances with such parties.

1.14 Bad debts

It is the policy of the Authority to handle each potential bad debt case or provision for bad debt per merit.

1.15 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

2. EQUIPMENT

| | Total | Motor vehicles | Furniture and fittings | Equipment | Computer equipment & software |
|--|---------|----------------|------------------------|-----------|-------------------------------|
| | R '000 | R '000 | R '000 | R '000 | R '000 |
| 2007 | | | | | |
| Opening net carrying amount | 2,488 | 214 | 744 | 565 | 964 |
| Cost | 7,969 | 362 | 1,308 | 992 | 5,307 |
| Accumulated depreciation | (5,482) | (148) | (564) | (427) | (4,343) |
| Additions | 2,017 | 152 | 269 | 178 | 1,419 |
| Depreciation | (1,169) | (57) | (69) | (126) | (917) |
| Disposals Profit/(loss) | (38) | 0 | (16) | (2) | (19) |
| Adjustment to cost price | (937) | 0 | (82) | (36) | (819) |
| Adjustment to accumulated depreciation | 1,029 | (26) | 34 | (24) | 1,045 |
| Closing net carrying amount | 3,427 | 283 | 896 | 557 | 1,692 |
| Cost | 9,050 | 514 | 1,495 | 1,134 | 5,907 |
| Accumulated depreciation | (5,622) | (231) | (599) | (577) | (4,215) |

| | Total | Motor vehicles | Furniture and fittings | Equipment | Computer equipment & software |
|------------------------------|---------|----------------|------------------------|-----------|-------------------------------|
| | R '000 | R '000 | R '000 | R '000 | R '000 |
| 2006 | | | | | |
| Opening net carrying amount | 1,562 | - | 363 | 661 | 538 |
| Cost | 6,414 | 232 | 802 | 934 | 4,447 |
| Accumulated depreciation | (4,852) | (232) | (440) | (272) | (3,909) |
| Additions | 1,663 | 193 | 506 | 57 | 907 |
| Disposals (Net) | 107 | 62 | | (1) | 46 |
| Depreciation | (664) | (4) | (81) | (160) | (419) |
| Acc. depreciation adjustment | 35 | 87 | (43) | 6 | (16) |
| Closing net carrying amount | 2,488 | 214 | 744 | 566 | 964 |
| Cost | 7,969 | 362 | 1,308 | 992 | 5,307 |
| Accumulated depreciation | (5,482) | (148) | (564) | (427) | (4,343) |

Future Capital Budget Commitments for the 2007/2008 Financial Year:

| Total | Office Alterations | Motor vehicles | Furniture and fittings | Equipment | Computer equipment & software |
|--------|--------------------|----------------|------------------------|-----------|-------------------------------|
| R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| 3,415 | 560 | 140 | 344 | 317 | 2,055 |

ANNUAL FINANCIAL STATEMENTS

8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

3. RECEIVABLES AND PREPAYMENTS

| | 2007 R '000 | 2006 R '000 |
|---------------------------------|----------------|----------------|
| Trade debtors | 6,060 | 3,277 |
| Discounting of receivables | (78) | (44) |
| Staff debtors | 20 | 66 |
| Prepaid expenditure - Insurance | 96 | 72 |
| Deposit | 171 | 110 |
| Sundry debtors - other | 1,141 | 1,879 |
| | 7,412 | 5,360 |

The Board considers that the carrying amount of trade and other receivables approximates their fair value.

4. CASH AND CASH EQUIVALENTS

| | | |
|---|--------|--------|
| SAMSA investment account (Money Market Call Account at ABSA) | 86,438 | 81,306 |
| ABSA current account | 3,841 | 5,373 |
| Petty cash | 31 | 28 |
| | 90,310 | 86,706 |

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 rate 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.

5. TRADE AND OTHER PAYABLES

| | 2007 R '000 | 2006 R '000 |
|------------------------------|----------------|----------------|
| Trade payables | 361 | 2,271 |
| Discounting of payables | (4) | (15) |
| Accruals | 582 | 277 |
| Medical Aid Control Accounts | 59 | 54 |
| | 999 | 2,588 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

6. RETIREMENT BENEFIT OBLIGATIONS

The Authority has made provision for a Post Employment Health Care scheme covering certain qualifying employees taken over from the Department of Transport and a provident scheme covering all employees substantially. The funds are governed by the Medical Schemes Act, 1998 (Act No. 131 of 1998), and by the Pension Funds Act, 1956 (Act No. 24 of 1956).

Defined contribution plans

The Authority operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the scheme are held in funds under the control of trustees, separately from those of the Authority.

The total cost charged to income of R1,760m (2006: R1,661m) represents contributions payable to the scheme according to the rates specified in the rules of the scheme.

Defined benefit plan

The Authority operates a defined benefit plan for qualifying employees. The scheme is actuarially valued every year. The effective date of the most recent actuarial valuation was 31 March 2007.

The amount included in the Statement of Financial Position arising from the Authority's obligation in respect of the defined retirement benefit plan is as follows:

| | 2007 R '000 | 2006 R '000 |
|------------------------------------|----------------|----------------|
| Opening Balance | 5,961 | 4,300 |
| Current Service cost | 497 | 391 |
| Interest Cost | 438 | 361 |
| Actuarial (Gain)/Loss | 951 | 1,020 |
| Expected Employer Benefit Payments | (126) | (111) |
| Closing Balance | 7,721 | 5,961 |

Movements in the net liability in the current period were as follows:

| | | |
|---------------------------|--------------|--------------|
| Opening balance | 5,961 | 4,300 |
| Amounts charged to income | 1,760 | 1,661 |
| Closing balance | 7,721 | 5,961 |

Analysis for financial reporting purposes:

| | | |
|---|--------------|--------------|
| Non-current liabilities (payable after 12 months) | 7,595 | 5,850 |
| Current liabilities (payable within 12 months) | 126 | 111 |
| | 7,721 | 5,961 |

Key assumptions used (expressed as weighted averages):

| | | |
|--|------------|-----------|
| Health Care Cost Inflation | 6.75% p.a. | 6.5% p.a. |
| Discount Rate | 7.75% p.a. | 7.5% p.a. |
| Average Retirement Age Males | 60 | 60 |
| Average Retirement Age Females | 60 | 60 |
| Continuation of Membership at Retirement | 100% | 100% |

ANNUAL FINANCIAL STATEMENTS

8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

7 PROVISIONS

| | Other provisions R '000 | Saving option provision R '000 | Leave pay provision R '000 | Bonus provision R '000 | Total R '000 |
|---|----------------------------|-----------------------------------|-------------------------------|---------------------------|-----------------|
| Opening balance | (1,497) | (328) | (1,129) | - | (2,954) |
| Utilisation of provisions during the year | - | - | - | (328) | (328) |
| Unused amounts reversed during the year | - | - | - | - | - |
| Provisions made during the year | 1,002 | 328 | (158) | (2,066) | (894) |
| Closing balance | (495) | - | (1,287) | (2,394) | (4,177) |

The leave pay and bonus provision relates to the Authority's estimated liabilities arising as a result of services rendered by employees. Other provision relates to general accruals.

8 CONTINGENT LIABILITIES

During the previous reporting period, five parties initiated proceedings against SAMSA for alleged unfair dismissals. Taking into account the legal opinion of SAMSA legal advisors, a realistic estimated of the potential losses to SAMSA stands at R19,260 million including legal fees.

The breakdown of the cases are as follows:

| Case | Estimated potential Loss R '000 | Estimated Legal cost R '000 | Total R '000 |
|-------------------|------------------------------------|--------------------------------|-----------------|
| Msikinya vs SAMSA | 1,300 | 100 | 1,400 |
| McKensie vs SAMSA | 5,200 | 100 | 5,300 |
| Cadets vs SAMSA | 1,750 | 200 | 1,950 |
| Haluodi vs SAMSA | 10,410 | 200 | 10,610 |
| | <u>18,660</u> | <u>600</u> | <u>19,260</u> |

Potential litigation from eSEK Solutions for an additional R0,400m in disputed service charges.

9. OPERATING LEASE ARRANGEMENTS

At the balance sheet date the Authority had outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | 2007 R '000 | 2006 R '000 |
|---------------|----------------|----------------|
| Up to 1 year | 5,082 | 4,401 |
| 1 to 5 years | 7,330 | 11,045 |
| 5 to 10 years | - | 1,444 |
| | <u>12,412</u> | <u>16,890</u> |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

10 GUARANTEES

| Contract number | Beneficiary Name | Guarantee Amount | Escape Clause |
|-----------------|----------------------------------|------------------|---------------|
| 81050403088 | Dimension Data | 15 | Y |
| 81050603295 | UMMI Properties | 14 | Y |
| 81050508690 | UMMI Properties (Pty) Ltd | 15 | Y |
| 81050604736 | Bands Properties (Pty) Ltd | 73 | Y |
| 81059816160 | SA Mutual Life Assurance Society | 36 | N |
| 81059926905 | Portnet Saldanha | 3 | Y |
| 81059928876 | Tuzi Gazi Waterfront (Pty) Ltd | 5 | Y |
| 81059928877 | Lofty Nel Eiendomme | 3 | Y |
| Total | | 164 | |

11 REVENUE

| | 2007 | 2006 |
|--------------------------|---------------|---------------|
| | R '000 | R '000 |
| Direct user charges | 6,911 | 6,065 |
| SAMSA Levies | 38,388 | 38,067 |
| Government service fees | 12,305 | 11,624 |
| Other Levies on shipping | 214 | 183 |
| | 57,818 | 55,939 |

Direct user charges increased inline with the normal growth in volumes. There was no tariff increase during the year. The increased staff establishment, however, resulted in increased staff costs. Government Service fees are determined each year based on a Memorandum of Understanding between the Authority and Department of Transport for services rendered by the Authority on behalf of the Department of Transport. The fees are payable quarterly.

12. OPERATING SURPLUS/(DEFICIT) FOR THE YEAR

| | NOTES | 2007 | 2006 |
|--|-------|--------|--------|
| | | R '000 | R '000 |
| Operating surplus/(deficit) is arrived at after taking into account the following expenditure: | | | |
| Auditor's remuneration | | 940 | 963 |
| - Current Year | | 940 | 241 |
| - Previous Year | | - | 722 |
| Depreciation | 2 | 1,169 | 664 |
| - Motor vehicles | | 57 | 4 |
| - Furniture and fittings | | 69 | 81 |
| - Equipment | | 126 | 160 |
| - Computer equipment and software | | 917 | 419 |
| Directors' remuneration | 15 | 601 | 728 |
| - For services as directors | | 489 | 401 |
| - For services as committee members | | 64 | 113 |
| - Expenses | | 48 | 214 |

ANNUAL FINANCIAL STATEMENTS

8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

OPERATING SURPLUS FOR THE YEAR (CONTINUED)

| | 2007 | 2006 |
|--|--------|--------|
| | R '000 | R '000 |
| Personnel remuneration | 36,233 | 32,082 |
| - Salaries and wages | 36,176 | 28,538 |
| - Post retirement benefit contribution | 57 | 3,544 |
| Rent | 4,535 | 3,154 |
| - Property | 4,535 | 3,154 |
| (Loss)/profit on disposal of equipment | (38) | 32 |
| Material losses through criminal conduct | | |
| No material losses through criminal conduct were incurred during the year ended 31 March 2007. | | |
| Irregular expenditure | | |
| No irregular expenditure were incurred during the year ended 31 March 2007. | | |
| Fruitless and wasteful expenditure | | |
| No fruitless and wasteful expenditure was incurred during the year under review. | 12 | - |

13 TAXATION

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 1 April 2005 the Authority has been de-registered from VAT.

14 CASH (OUTFLOW)/INFLOW FROM OPERATIONS

| | 2007 | 2006 |
|---|---------|---------|
| | R '000 | R '000 |
| Net surplus for the year | 5,202 | 6,968 |
| Adjustments for | (2,242) | (1,945) |
| Provisions | 2,982 | 2,070 |
| Leave pay | 158 | 338 |
| Bonus | 2,394 | (103) |
| Other | (1,330) | 173 |
| Post employment medical aid benefit | 1,760 | 1,661 |
| Depreciation | 1,169 | 664 |
| Adjustment to FAR | (92) | |
| Interest received | (6,352) | (4,654) |
| Interest paid | 12 | 7 |
| Loss/(Profit) on disposal of equipment | 38 | (32) |
| Operating profit before working capital changes | 2,960 | 5,023 |
| Working capital changes | (3,641) | 1,062 |
| (Decrease)/Increase in accounts payable | (1,589) | 718 |
| (Increase)/Decrease in accounts receivable | (2,051) | 344 |
| Cash (outflow)/inflow from operations | (681) | 6,084 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

15 RELATED PARTIES

Board Members and Executive Managers' emoluments:

| Salary | Leave pay-out | Pension Contributions | Other contributions | Motor Vehicle allowances | Total |
|--------|---------------|-----------------------|---------------------|--------------------------|--------|
| R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |

Board Members**Executive Members:**

| | | | | | | | |
|-------------------|---------------------------------------|------------|-----------|-----------|-----------|-----------|------------|
| Mr. C F P Briesch | - Acting CEO | 729 | - | 61 | 19 | 36 | 845 |
| Mr. L Haluodi | - Acting CEO (until 19 April 2006) | 48 | - | - | - | - | 48 |
| Mr. S Msikinya | - CEO resigned | - | 74 | - | - | - | 74 |
| Sub-total | | 777 | 74 | 61 | 19 | 36 | 967 |

| Salary | Savings Option | Pension Contributions | Other contributions | Motor Vehicle allowances | Total |
|--------|----------------|-----------------------|---------------------|--------------------------|--------|
| R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |

Executive Managers:

| | | | | | | | |
|------------------|---------------------------------------|--------------|-----------|------------|-----------|------------|--------------|
| Capt. S Modak | - Ops Manager | 426 | 37 | 90 | 31 | 48 | 633 |
| Mr. I Blackie | - CFO (Resigned 30 November 2006) | 285 | 33 | 58 | 29 | 90 | 495 |
| Ms. L Mphai | - HR Manager | 224 | 15 | 48 | 17 | 110 | 413 |
| Mr. S Mabena | - Corporate Communications Manager | 15 | - | 3 | 4 | 6 | 29 |
| Mr. D Serobatse | - ICT Manager | 32 | - | 7 | 6 | 7 | 52 |
| Mr. M Nhlungwana | - Acting CFO (01 December 2006) | 155 | - | 18 | - | 22 | 195 |
| Mr. A Botes | - MRCC Chief | 360 | - | 68 | 8 | 48 | 484 |
| Sub-total | | 1,498 | 85 | 292 | 95 | 331 | 2,301 |

| Fees | Other contributions | | Total |
|--------|---------------------|--------|--------|
| | Services | S & T | |
| R '000 | R '000 | R '000 | R '000 |

Non-Executive Members:

| | | | | | | |
|------------------|--|--------------|-----------|------------|------------|--------------|
| Mr. L L Manala | - Chairperson | 110 | 14 | 27 | 151 | |
| Ms. J John | - Deputy Chair | 91 | 10 | 1 | 102 | |
| Ms. M Mohlala | - Board Member | 67 | 6 | 1 | 74 | |
| Ms. T Shezi | - Board Member | 67 | 8 | 1 | 76 | |
| Mr. M Siko | - Board Member | 67 | 14 | 2 | 83 | |
| Mr. N Syms | - Board Member | 67 | 12 | 16 | 95 | |
| Mr. T C Dlamini | - Board Member (retired by Minister 14 June 2006) | 19 | - | - | 19 | |
| Sub-total | | 489 | 64 | 48 | 601 | |
| Total | | 2,764 | 85 | 353 | 162 | 3,869 |

ANNUAL FINANCIAL STATEMENTS

8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

RELATED PARTIES (CONTINUED)

| | Salary | Leave Payout | Pension Contributions & Services | Other contributions | S&T | Total |
|---------------------------------|--------------|--------------|----------------------------------|---------------------|-----------|--------------|
| | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| Year ended 31 March 2007 | | | | | | |
| Executive Members: | 2,275 | 159 | 353 | 114 | - | 3,267 |
| Non-Executive Members: | 489 | - | - | 64 | 48 | 601 |
| Total | 2,764 | 159 | 353 | 178 | 48 | 3,869 |

During the year, the following members attended the following committee meetings:

| Committee | Members | Appointed / Resigned | Number of meetings attended out of number held |
|-----------------------------------|------------------|-------------------------------------|--|
| 1. Audit Committee | Ms. J John | (Chairperson from 14 June 2005) | 3/4 |
| | Mr. M Schaafsma | (Deputy Chairperson) | 4/4 |
| | Ms. T Shezi | | 3/4 |
| | Mr. M Siko | | 3/4 |
| | Mr. T Gcaba | (Contract ended on 25 January 2007) | 3/3 |
| | Mr. L Nekhondela | (Resigned on 12 February 2007) | 2/3 |
| 2. Remuneration Committee | Ms. N Syms | (Chairperson from February 2007) | 2/3 |
| | Mr. L Manala | | 2/3 |
| | Ms. M Mohlala | | 1/3 |
| | Mr. A B Majola | (Contract ended in July 2006) | 2/2 |
| | Ms. N L Royds | (Contract ended in July 2006) | 1/2 |
| | Mr. T Dlamini | (Retired in June 2006) | 2/2 |
| 4. Research & Technical Committee | Mr. M Siko | (Chairperson from February 2007) | 1/1 |
| | Ms. N Syms | | 1/1 |
| | Mr. L Manala | | 1/1 |

Other related party transactions

During the year the Authority performed certain services on behalf of the Department of Transport as agreed in a Memorandum of Understanding. The value of these services was R12,305m (2006: R 11,623m). We also have an agreement with the NPA to collect SAMSA levies on our behalf. NPA charges a collection fee based on 2,5% of the amount collected and the value of these transactions were R1,189m (2006: R1,119m). The other transactions with government related to our administration of the Maritime Fund, the details of which appear in the attached financial statements.

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

16 FINANCIAL INSTRUMENTS

In the course of the Authority's business operations it is exposed to interest rates. SAMSA had a Risk Assessment done but has not developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risk is discussed under the headings below.

Interest rate risk

The Authority's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

| Floating rate | Fixed Rate | | | Non-interest bearing | | Total |
|---------------|------------|--|---|----------------------|--|-------|
| | Amount | Weighted average effective interest rate | Weighted average period for which the rate is fixed | Amount | Weighted average period until maturity | |
| R | R | % | Years | R | Years | R |

Year ended 31/3/2007**Assets**

| | | | | | | |
|-------------------------------|---------------|--|--|--|--|---------------|
| - Cash and cash equivalents | 90,310 | | | | | 90,310 |
| - Trade receivables | 7,412 | | | | | 7,412 |
| Total financial assets | 97,722 | | | | | 97,722 |

Liabilities

| | | | | | | |
|------------------------------------|----------|--|--|------------|------|------------|
| - Interest-bearing borrowings | - | | | | | - |
| | | | | 999 | 0.03 | 999 |
| Total financial liabilities | - | | | 999 | | 999 |

| Floating rate | Fixed Rate | | | Non-interest bearing | | Total |
|---------------|------------|--|---|----------------------|--|-------|
| | Amount | Weighted average effective interest rate | Weighted average period for which the rate is fixed | Amount | Weighted average period until maturity | |
| R | R | % | Years | R | Years | R |

Year ended 31/3/2006**Assets**

| | | | | | | |
|-------------------------------|---------------|--|--|--------------|------|---------------|
| - Cash and cash equivalents | 86,706 | | | | | 86,706 |
| - Trade receivables | 3,277 | | | 2,083 | 0.04 | 5,360 |
| Total financial assets | 89,983 | | | 2,083 | | 92,066 |

Liabilities

| | | | | | | |
|------------------------------------|----------|--|--|--------------|------|--------------|
| - Interest-bearing borrowings | - | | | | | - |
| | | | | 2,588 | 0.05 | 2,588 |
| Total financial liabilities | - | | | 2,588 | | 2,588 |

ANNUAL FINANCIAL STATEMENTS

8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL INSTRUMENTS (CONTINUED)

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 that are available-for-sale or held-for-trading.

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 approximates 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 approximates fair value due to the relatively short-term maturity of this financial liability.

Year ended 31 March 2007

Assets

| | |
|-----------------------------|--|
| - Cash and cash equivalents | |
| - Trade receivables | |
| Total financial assets | |

Liabilities

| | |
|-----------------------------|--|
| - Trade payables | |
| Total financial liabilities | |

| Fair value | Carrying amount |
|------------|-----------------|
| R '000 | R '000 |
| 90,310 | 90,310 |
| 7,412 | 7,412 |
| 97,722 | 97,722 |
| 999 | 999 |
| 999 | 999 |

Year ended 31 March 2006

Assets

| | |
|-----------------------------|--|
| - Cash and cash equivalents | |
| - Trade receivables | |
| Total financial assets | |

Liabilities

| | |
|-----------------------------|--|
| - Trade payables | |
| Total financial liabilities | |

| Fair value | Carrying amount |
|------------|-----------------|
| R '000 | R '000 |
| 86,706 | 86,706 |
| 5,360 | 5,360 |
| 92,066 | 92,066 |
| 2,588 | 2,588 |
| 2,588 | 2,588 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL INSTRUMENTS (CONTINUED)

Maturity profile

The maturity profiles of financial assets and liabilities at balance sheet date are as follows:

| | 1 year or less | 1 to 5 years | Over 5 years | Total |
|------------------------------------|-------------------|-----------------|-----------------|---------------|
| | R '000 | R '000 | R '000 | R '000 |
| Year ended 31 March 2007 | | | | |
| Assets | | | | |
| - Cash | 90,310 | | | 90,310 |
| - Trade receivables | 7,412 | | | 7,412 |
| Total financial assets | 97,721 | - | - | 97,721 |
| Liabilities | | | | |
| - Trade payables | 999 | | | 999 |
| Total financial liabilities | 999 | - | - | 999 |
| Percentage (%) | 100% | | | 100% |

| | 1 year or less | 1 to 5 years | Over 5 years | Total |
|------------------------------------|-------------------|-----------------|-----------------|---------------|
| | R '000 | R '000 | R '000 | R '000 |
| Year ended 31 March 2006 | | | | |
| Assets | | | | |
| - Cash | 86,706 | | | 86,706 |
| - Trade receivables | 5,360 | | | 5,360 |
| Total financial assets | 92,066 | - | - | 92,066 |
| Liabilities | | | | |
| - Trade payables | 2,588 | | | 2,588 |
| Total financial liabilities | 2,588 | - | - | 2,588 |
| Percentage (%) | 100% | | | 100% |

ANNUAL FINANCIAL STATEMENTS

8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2007

17 FINANCE COST

Interest due to discounting of payables

| 2007 | 2006 |
|--------|--------|
| R '000 | R '000 |
| 142 | 166 |
| 142 | 166 |

18 (A) DISCOUNTING OF RECEIVABLES

SAMSA performed an exercise of present valuing trade receivables. Prior year financial statements were restated. The impact is as follows on 2006 financial statements:

Decrease in opening accumulated surplus 2006, resulting from:

| | |
|-------------------------------|------|
| Decrease in revenue income | 132 |
| Increase in interest received | (80) |
| Decrease in trade receivables | (52) |

Decrease in surplus 2006, resulting from:

| | |
|-------------------------------|-------|
| Decrease in revenue income | 783 |
| Increase in interest received | (739) |
| Decrease in trade receivables | (44) |

18 (B) DISCOUNTING OF PAYABLES

SAMSA performed an exercise of present valuing payables. Prior year financial statements were restated. The impact is as follows on 2006 financial statements:

Increase in opening accumulated surplus 2006, resulting from:

| | |
|--------------------------------|------|
| Increase in interest expense | 20 |
| Decrease in operating expenses | (22) |
| Decrease in trade payables | 2 |

Increase in surplus 2006, resulting from:

| | |
|--------------------------------|-------|
| Increase in interest expense | 164 |
| Decrease in operating expenses | (177) |
| Decrease in trade payables | 13 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

19 PRIOR YEAR ADJUSTMENTS

| | 2007 |
|--|--------|
| | R '000 |
| Revenue to the value of R0,791 million was not received in the current year as it was deducted from the over payment in 2003/04 financial year | |
| The adjustment is as follows: | |
| Decrease in accumulated surplus 31 March 2006 resulting from | 791 |
| Correction of revenue for 2007 | 791 |

ANNUAL FINANCIAL STATEMENTS

8

VALUE-ADDED STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | NOTES | 2007 R '000 | 2006 R '000 | % |
|--|-------|----------------|----------------|--------------|
| Revenue | | 57,818 | 56,754 | 1.87% |
| Paid to suppliers for materials and services | | (21,185) | (21,230) | -0.21% |
| Investment income | | 6,352 | 4,654 | 36.49% |
| Total wealth created | | 42,985 | 40,178 | 6.99% |
| Salaries, wages and other benefits | 1 | 36,233 | 32,082 | 12.94% |
| Central and local government | 2 | 380 | 483 | -21.22% |
| Reinvested in the Authority to maintain and develop operations | | 6,371 | 7,613 | -16.31% |
| Depreciation and recoupments | | 1,169 | 664 | 76.03% |
| Retained income | | 5,202 | 6,968 | -25.34% |
| Total wealth distribution | | 42,985 | 40,178 | 6.99% |
| Value-added ratios | | | | |
| - Number of employees | | 105 | 104 | |
| - Revenue per employee | | 551 | 546 | |
| - Wealth created per employee | | 409 | 386 | |
| Notes | | | | |
| 1. Salaries, wages and other benefits | | | | |
| Salaries, wages, commissions, bonuses, allowances, overtime. | | 32,823 | 26,802 | |
| Employer contributions(Pension and Medical aid) | | 3,410 | 5,280 | |
| | | <u>36,233</u> | <u>32,082</u> | |
| 2. Central and local government | | | | |
| Regional services council levies | | 39 | 162 | |
| Skills development levy | | 254 | 216 | |
| Skills development levy rebate | | (46) | - | |
| Unemployment insurance fund | | 132 | 105 | |
| | | <u>380</u> | <u>483</u> | |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

MARITIME FUND: STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2007

| | 2007 | 2006 |
|----------------------------|--------------|--------------|
| | R '000 | R '000 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 9,973 | 9,982 |
| | <u>9,973</u> | <u>9,982</u> |
| LIABILITIES | | |
| Funds and reserves | | |
| Funds and reserves | 9,973 | 9,454 |
| Current liabilities | | |
| Other payables | - | 528 |
| | <u>9,973</u> | <u>9,982</u> |

MARITIME FUND: STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2007

| | 2007 | 2006 |
|-------------------------------------|--------------|--------------|
| | R '000 | R '000 |
| Revenue | 926 | 1,345 |
| Interest received | 608 | 494 |
| Gross income | 1,534 | 1,840 |
| Operating expenses (See note below) | (1,016) | (1,123) |
| Net surplus for the year | 518 | 717 |

Note

| | 2007 | 2006 |
|----------------------------------|--------------|--------------|
| | R '000 | R '000 |
| OPERATING EXPENSES | | |
| Bank charges | 9 | 6 |
| Marine Court of Enquiry expenses | 437 | 1,009 |
| Conferences | - | 35 |
| Donations | - | 74 |
| Disbursements | 570 | |
| | <u>1,016</u> | <u>1,123</u> |

ANNUAL FINANCIAL STATEMENTS

8

MARITIME FUND: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | 2007 R '000 | 2006 R '000 |
|--|----------------|----------------|
| CASH GENERATED FROM OPERATING ACTIVITIES | | |
| Net surplus for the year | 518 | 717 |
| Adjustments for | | |
| Interest received | (608) | (494) |
| Net cash inflow from operating activities | (90) | 222 |
| Interest received: | 608 | 494 |
| | 518 | 717 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| | - | - |
| Net increase in cash and cash equivalents | 518 | 717 |
| Cash and cash equivalents at beginning of year | 9,982 | 9,266 |
| Cash and cash equivalents at end of year | 9,973 | 9,982 |

MARITIME FUND: STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2007

| | Total R '000 |
|--------------------------|-----------------|
| Balance at 31 March 2005 | 8,738 |
| Net Surplus for the year | 717 |
| Balance at 31 March 2006 | 9,455 |
| Net Surplus for the year | 518 |
| Balance at 31 March 2007 | 9,973 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

MARITIME FUND: NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP), the PFMA and Treasury Regulations including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement.

1.2 Recognition of revenue

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. Revenue arising from the Maritime Fund is recognised when a final assessment of each individual case regarding the fine is issued.

1.3 Interest received

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity. Interest received, comprise the value of interest earned on investment of surplus funds and from current accounts with approved banking institutions.

1.4 Irregular and fruitless and wasteful expenditure.

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including: a) the PFMA, or b) any provincial legislation providing for procurement procedures in that provincial government. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.5 Currency

The currency used in these financial statements is South African Rand (ZAR).

1.6 Rounding

All amounts in these financial statements were rounded off to the nearest thousand and indicated by '000.

2. 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 SAMSA Act. Amounts paid into the Fund are received by the Authority 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 only for the purpose of furthering the objectives of the Authority. Money not required for immediate use may be invested with a bank registered under the Banks Act, 1990 (Act No. 94 of 1990), and money in the Fund at the end of a financial year must be carried forward to the ensuing year.

3. CASH AND CASH EQUIVALENTS

SAMSA investment account
(Money Market Call Account at ABSA)

| | 2007 | 2006 |
|--|--------|--------|
| | R '000 | R '000 |
| | 9,973 | 9,982 |



9

PERFORMANCE REVIEW FOR FISCAL 2006/07



SOUTH AFRICAN MARITIME SAFETY AUTHORITY

PERFORMANCE REVIEW FOR FISCAL 2006/07

SAMSA's core mandate is captured in its objectives given in section 3 of the *South African Maritime Safety Authority Act 1998*, namely:

- To ensure safety of life and property at sea
- To prevent and combat pollution of the sea by ships
- To promote South Africa's maritime interests

To execute this mandate SAMSA delivers four main outputs:

- Maritime safety and marine environment protection standards consistent with international obligations and contemporary safety management systems
- An infrastructure for monitoring compliance with safety and environment protection standards
- A capability to respond to marine pollution incidents and other maritime emergencies
- A capability to detect, locate and rescue people in maritime distress situations

| PERFORMANCE REVIEW 2006/07 | | | | | |
|---|---------------------------------|--|---|---|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Develop and implement capacity building strategies and plan | Capacity and skills development | Technical, critical and scarce skills | Holistically manage talent to ensure the attraction, development and retention of critical skills (particularly technical expertise from HDI groups). HR to participate and contribute to the DOT's Scarce Skills Committee 1 HDI Legal Officer to attend IMLI maritime law masters programme in Malta. | Partially achieved. HDI Principal Officer (PO) appointed to head Durban office. HDI Deputy PO in place in Cape Town office. HDI technical staff undergoing ongoing training and development. | Expected donor funding for IMLI programme could not be secured in time. Programme to be fully funded in F2008 budget. |
| | | Workplace Skills Plan implemented (i.e. SAMSA adheres and complies to the Skills Development Act). | Training and development programmes implemented. Planned training undertaken. Academic grants claimed. | Achieved | |
| | | Management development | To put in place training programmes to equip senior and line managers with appropriate management and people skills. | Not achieved | Comprehensive training is planned for F2008 |
| | | Performance Management | Performance management system to be implemented. | Not achieved | Delay in rolling out HR Focus system. System became operational in last quarter of the period, but comprehensive performance management will only become fully functional in F2008. |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|--|--|--|--|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Develop and implement capacity building strategies and plan | Capacity and skills development | Vacancies filled promptly | All critical vacancies to be filled | Partially achieved ICT Manger and Corporate Communications Manager recruited in last quarter of period. | CEO vacancy and CFO vacancy (which arose in third quarter) will be filled in 2 nd quarter of F2008. |
| | | Strategic partnerships for capacity development | At least one partnership arrangement to be established with a leading foreign maritime administration. | Achieved. Partnership established with the Danish Maritime Authority. | Favourable preliminary discussions were also held with the Singapore Maritime and Port Authority |
| Develop and implement governance model in line with PFMA, King II, Performance Agreement, SAMSA Act, etc | Compliant governance policies and practices | Oversight through appropriate Board structures, procedures and practices. | <ul style="list-style-type: none"> Board induction programme to be in place Board committees to be in place TORs to be in place for Board and Board committees Regular Board and committee meetings to be held | Board induction programme partially achieved. Board committees in place with appropriate TORs, but Board TOR still to be finalised. Regular Board and committee meetings held since appointment of new Board members in June 2006. | Appropriate Board induction and development courses have been identified and will be run in F2008. |
| | | | Revised delegation framework to be submitted to Board by 2 nd quarter of period. | Achieved. Revised framework adopted. | |
| | | | Proposed amendments to SAMSA Act submitted to Board by 3 rd quarter of period. | Achieved | Proposals under Board consideration. |
| | Internal audit (assurance) | Internal audit function established | <ul style="list-style-type: none"> Appoint internal audit consultant Recruit internal auditor | Partially achieved. Internal audit consultant appointed in 3 rd quarter of period. | Recruitment of internal auditor to be completed by 1 st quarter of F2008. |
| Risk management | Major risks identified and appropriate mitigation strategies developed and implemented. | Enterprise-wide risk management framework to be developed and implemented. | Partially achieved. Risk identification and rating completed. | Risk management strategy to be completed by 2 nd quarter of F2008. Risk officer to be recruited in 2 nd quarter to strengthen internal capacity. | |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|--|---|--|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Develop and implement governance model in line with PFMA, King II, Performance Agreement, SAMSA Act, etc | Quality management | Certified quality management system in place | In place for Operations Unit by 31 December 2008 (seafarer certification by 31 December 2007). | Work on procedures for QMS for seafarer certification is complete | Work is ongoing and on schedule |
| Develop and implement stakeholder and communications strategies to improve internal and external image of SAMSA | A corporate communications and public relations capability | Corporate communications unit established | Recruit a Corporate Communications Manager and upskill existing PR officer. | Substantially achieved. Manager post filled in last quarter of period. | Development plan for PRO to be in place in 1 st quarter of F2008. |
| | | Image and "brand" identity | <ul style="list-style-type: none"> Corporate Identity (CI) to be reviewed and documented in a CI manual Website and intranet to be redeveloped into effective communication tools | Partially achieved | <p>CI manual developed but printing and packaging will be completed in 1st quarter of F2008.</p> <p>Website and intranet service provider to be selected in 1st quarter of F2008. Redeveloped sites to be launched in 2nd quarter.</p> |
| | | Currency and relevance of corporate information | <ul style="list-style-type: none"> Up to date regulatory material to be published on intranet and website Updated information brochures to be produced | <p>Partially achieved.</p> <p>Latest material published on intranet but back-capturing of older regulatory material ongoing.</p> <p>Updated brochure produced.</p> | The process of redeveloping the intranet and website commenced during the last quarter of the period. Back-capturing to be completed as part of this process. |
| Develop and implement a financial model for SAMSA taking cognizance of SAMSA funding-mix and ensuring financial sustainability | Financial services | | | | |
| | <ul style="list-style-type: none"> Budget services | <ul style="list-style-type: none"> Approved budget policy Regular budget reviews | Budgeting and monitoring processes implemented and maintained | Partially achieved | Advanced budget monitoring modules to be added to financial system in F2008 |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|--|--|---|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Develop and implement a financial model for SAMSA taking cognizance of SAMSA funding-mix and ensuring financial sustainability | • Financial reporting | Monthly, quarterly and year-end reporting | Reliable and relevant financial reports to be produced | Substantially achieved | Financial system reporting modules, including BEE spend, to be enhanced in F2008 to reduce manual effort. |
| | • Financial transactions processing | Complete, accurate and valid financial transactions processed | New financial system to be implemented | Partially achieved. Development and testing completed but roll-out delayed. | Implementation of new financial system delayed mainly because of WAN readiness issues. New target date is 1 April 2007. |
| | • Revenue and investments management | <ul style="list-style-type: none"> • Approved investment policy • Quarterly review of NPA-collected levies by internal audit | <ul style="list-style-type: none"> • Investment policy to be developed and implemented. • Completeness of levy revenue to be audited | Partially achieved. Investment policy drafted, but not yet approved. | Completeness of revenue audits could not be conducted because of staffing constraints. These will be undertaken by internal audit during F2008. |
| Develop and implement a comprehensive and aggressive transformation strategy and plan | Demographic representation in the workplace | Employment Equity targets met | Targets to be set, and met, in terms of demographic profile requirement for each vacancy. | All vacancies filled have complied with targets | |
| | | Succession planning | Succession plans to be developed for all key positions | Not achieved | Succession planning will be informed by the HR strategy to be delivered in the 2 nd quarter of F2008. |
| | HR policies and practices that are aligned to business objectives | Currency and relevance of HR policies and practices | Hay Job Grading system to be implemented. | Achieved | |
| | | | Comprehensive HR strategy to be developed and implemented. | Not achieved | Delay in appointing permanent CEO has delayed the process. New target date 2 nd quarter of F2008. |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|--|--|--|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Develop and implement a comprehensive and aggressive transformation strategy and plan | | | Policies related to the following to be written and submitted for approval: <ul style="list-style-type: none"> • Remuneration (and related policies) • Performance • Grading • Whistleblowing | Partially achieved | Policies have been written. Approval thereof lies with Remco. Process halted awaiting approval of HR strategy. New target date 2 nd quarter of F2008. |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | Maritime safety and marine environment protection standards for responsible maritime transport operations | | | | |
| | <ul style="list-style-type: none"> • A regulatory framework of maritime safety and marine environment protection standards consistent with international obligations and contemporary safety management systems. | Currency and relevance of regulatory framework (Standards developed in accordance with regulatory plan agreed with DoT) | Measures covering <ul style="list-style-type: none"> • Tonnage tax initiative, including ship mortgage ranking • Safe Containers Convention • Shipowner limitation • Consolidated Maritime Labour Convention • Seafarer qualifications, including STCW-F Convention • Stevedore occupational safety • Small boat safety standards, including measures for safe boating on inland waters • Casualty investigation | Substantially achieved: <ul style="list-style-type: none"> • 6 Draft Bills • 17 Draft statutory instruments Participating in DoT-led working group on ballast water management. Stakeholder workshop hosted with IOPC Fund Secretariat i.c.w. implementation of CLC and Fund Conventions. | Torremolinos measures could not be completed because of staffing constraints in the legal unit. These measures to be given high priority in F2008. Draft revised agreements with classification societies were prepared but not finalised. Agreements to be finalised by 2 nd quarter of F2008. |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|--|---|---|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | <ul style="list-style-type: none"> A regulatory framework of maritime safety and marine environment protection standards consistent with international obligations and contemporary safety management systems. | Currency and relevance of regulatory framework (Standards developed in accordance with regulatory plan agreed with DoT) | <ul style="list-style-type: none"> Ship technical and operational standards, including Torremolinos Convention (fishing vessel safety) measures Relations with ship classification societies Ballast Water Management Convention | Substantially achieved: <ul style="list-style-type: none"> 6 Draft Bills 17 Draft statutory instruments Participating in DoT-led working group on ballast water management. Stakeholder workshop hosted with IOPC Fund Secretariat i.c.w. implementation of CLC and Fund Conventions. | Torremolinos measures could not be completed because of staffing constraints in the legal unit. These measures to be given high priority in F2008. Draft revised agreements with classification societies were prepared but not finalised. Agreements to be finalised by 2 nd quarter of F2008. |
| | <ul style="list-style-type: none"> Promotion of a safety culture in the maritime industries by influencing industry attitudes, behaviours and business practices | Improvement in safety records of the maritime industry. | Seminars and workshops covering <ul style="list-style-type: none"> Safe Working Practices HIV/Aids Awareness Working Conditions of Seafarers Seafarers' Welfare | Work on stevedore safety was commenced in the last (4 th) quarter. A Stevedore Safety Road Show was conducted Fishing companies were re-audited for continued compliance with the Maritime Occupational Safety Regulations. SAMSA hosted a successful Fishing Safety Indaba in Cape Town. HIV/Aids and Alcohol and Substance Abuse seminars were held in fishing communities and at schools in their areas. | |
| | An infrastructure for monitoring compliance with maritime safety and marine environment protection standards | | | | |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|--|--|---|---|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | <ul style="list-style-type: none"> Improving compliance with standards (flag and port state control) | <p><i>Ad hoc</i> inspections of South African vessels</p> <p>Port state control inspections of foreign vessels</p> | <p>Compliance monitoring and enforcement through inspection and certification of</p> <ul style="list-style-type: none"> All operational seagoing South African vessels 720 port state control inspections; and 160 ad hoc inspections of South African vessels | <p>Surveys activities totalled 7521 (FSI)</p> <p>624 port state control inspections</p> <p>160 ad hoc inspections</p> | <p>Inspection targets will be met in F2008 as more fully trained inspectors come on line.</p> |
| | <ul style="list-style-type: none"> A high standard of seafarer qualifications (including delivery of seafarer qualification services) | All serving seafarers qualified | A complete seafarer qualification and certification regime | <p>1395 seafarers assessed by SAMSA examiners.</p> <p>8671 certificates of competency and qualification issued, inclusive of small vessel skipper certificates</p> <p>Code of Qualifications updated to meet international and domestic requirements.</p> | |
| | <ul style="list-style-type: none"> A capability to investigate maritime casualties | Officers trained in maritime casualty investigation methodologies. | A maritime casualty investigation manual to be developed and investigators' training to be conducted. | <p>178 casualty/incident investigation visits were done.</p> <p>A casualty investigation manual has been developed.</p> | Casualty investigation training is planned for F2008. |
| | A capability to respond to maritime pollution incidents | Pollution contingency planning | Draft national pollution contingency plan to be updated and delivered to DoT. | Achieved | |
| | | Management of government contracted emergency towing capability | Contracted tugboat to be managed in accordance with contract. | Achieved | |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|--|---|---------------------|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | | Internal casualty response capability trained and exercised. | <ul style="list-style-type: none"> • 4 Casualty Response Unit members to be trained in managing marine emergencies • 1 casualty/pollution exercise to be held | Achieved | |
| | A capability to detect, locate and rescue people in maritime distress situations | | | | |
| | <ul style="list-style-type: none"> • Provide a 24/7 Maritime Rescue Coordination Centre | Ensure most effective and efficient Maritime SAR operational coordination | Complete development of "maritime incident management system" (MIMS) software for MRCC | Partially achieved | Software is being developed under the direction of the Head of SAR Operations and MRCC. MIMS software due to be tested in 1 st Beta version by MRCC in 2 nd quarter of F2008. |
| | | Provide for the management for the maintenance of a national maritime SAR operational capability. | Maintain operational liaison with harbour masters and participate in Rescue Sub-Centre (RSC) SAR operational meetings. | Achieved | |
| | <ul style="list-style-type: none"> • Provide distress and safety communications services | Ensure most advanced communications capability for MRCC to enhance Telkom terrestrial marine communications. | Install Inmarsat-C and Fleet 77 satellite monitoring and communications systems. | Partially achieved | Installation, integration, training and full operational capability will be achieved by 2 nd quarter of F2008. This equipment is sponsored by IMO in terms of a regional MRCC concept that will include the Southern African coastal states. |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|---|---|---|--|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | Provide training and coordination of search and rescue role players and assets. | Set up SAR training schemes for Port Control staff and other stakeholders to ensure that Rescue Sub-Centres provide proper SAR service in their area of responsibility. | Develop SAR training programs, syllabi and lesson plans for courses specifically designed for different organisations. | Target groups and training priorities identified. Syllabi and training programs developed. | SASAR Exco will be briefed and approval obtained to proceed in 2 nd quarter of F2008. Training by MRCC is a SASAR requirement and quality and standards have to be verified by SASAR Exco. |
| | <ul style="list-style-type: none"> Maintain and enhance strategic relationships and increase public awareness of maritime safety issues. | Ensure that the MRCC is recognised nationally, regionally and internationally as a leader in SAR in Southern African region. | Provide specialist assistance to DoT with <ul style="list-style-type: none"> • bilateral and multi-lateral agreements • establishing a multi-lateral SAR committee • participate in organisations or systems such as IMO and Cospas-Sarsat | Regular meetings with SA SAR stakeholders ad hoc meetings with regional stakeholders in advance of implementation of Regional SAR plan. | |
| | <ul style="list-style-type: none"> Provide an effective response to search and rescue incidents | Ensure information and access to the availability of committed and volunteer SAR operational assets available to MRCC on 24/7 basis | <ul style="list-style-type: none"> • Up to date and comprehensive database of contact information of readily available assets. • Regular contact with organisations in control of assets. • Support organisations in SAR operational training. | Achieved. Contact information up to date and available and operational contact maintained with organisations controlling SAR assets. | |
| | | Mandatory ship reporting (SAFREP project) | Submission to be made to IMO for mandatory ship reporting system on SA coast. | Not achieved | Submission will be made to IMO MSC.85 in F2008. |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|--|---|---|---|--|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | Promotion of the maritime industries | Tonnage tax for SA shipping | Continue participation in SA Ship Registration Advisory Group (SASRAG) i.c.w. tonnage tax initiatives to promote South Africa's shipping register and deliver regulatory changes on ship mortgage ranking | Achieved. Draft Bill delivered to SASRAG. | Tonnage tax proposal awaits Treasury approval |
| | | Industry partnerships for growth and development | 1 industry dialogue session (coal export and shipping industries) | Not achieved. Timing problematic for key partners. | Event will be take place in F2008 |
| | Organisational alignment to deliver strategic objectives | Realignment of Operations Division | Realignment plan for Operations Division to improve delivery of maritime safety and marine environment protection standards output. | Partially achieved. Plan developed and initial consultation completed. | Final approval and phased roll-out planned for 2 nd quarter of F2008. |
| | An optimal balance between business requirements and information technology opportunities. | Strengthen internal capacity to manage ICT infrastructure | Recruit ICT manager and network controller | Partially achieved. ICT manager appointed in last quarter of period. | Network controller to be recruited by 2 nd quarter of F2008. |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|--|---|--|---|---|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| Implement an organisational design model and processes that are aligned to the vision, mission, values and strategic objectives of SAMSA | | Infrastructure integration and performance | <ul style="list-style-type: none"> Procure and install new servers for mail / internet and network operating system Windows server 2003 Install new routers (network devices) in eight regional offices Upgrade internet bandwidth from 64K to 256K for both local and overseas traffic Upgrade Wide Area Network bandwidth from 128K to 512K Install new Local Area Network both in Cape Town 11th floor and MRCC offices Convert Frame Relay line to Diginet line | Substantially achieved | Awaiting Frame Relay conversion (dependent on third party). New target date 1 st quarter of F2008. |
| AFRICA: Effective activism in Africa region | Participation and influence in regional maritime forums, partnerships and projects | Providing appropriate technical support to government cooperation initiatives in the Africa region. | US\$11 million GEF/ World Bank WIOMH Project preparations to be finalised. | Project post appraisal completed and legal agreements negotiated and finalised for approval by relevant authorities. SAMSA to be lead executing agency, along with Indian Ocean Commission. | Project to be implemented in 2 nd quarter for F2008 |
| | | | Host Abuja MOU on Port State Control governing committee meeting. | Achieved | |
| | | | Participate in First African Union Conference of Ministers Responsible for Maritime Transport. | Achieved | |

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

| PERFORMANCE REVIEW 2006/07 | | | | | |
|--|--|--|--|--|----------|
| Strategic objectives | Outputs | Key performance indicators | Targets | Performance results | Comments |
| INTERNATIONAL: Participation and influence at international forums such as IMO, ILO, FAO, and in Peer Review projects | Participation and influence in international maritime forums (such as IMO and ILO), partnerships and projects. | Providing appropriate technical support for government engagement on issues of significance to South Africa. | Technical support given to government delegations to IMO and ILO in respect of issues of significance to South Africa. | IMO: <ul style="list-style-type: none"> • LEG.91 (wreck removal) • LEG.92 (wreck removal) • MSC 83 (MEPC.54 SA MARPOL Annex I special area) • SLF (fishing vessel safety) • WG chair on safety of small fishing vessels ILO: <ul style="list-style-type: none"> • Maritime Labour Convention • WG chair on labour standards for fishing vessels • Other • World Radio Conference • 3rd International Conference on Ballast Water Management | |





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