2010-11

SOUTH AFRICAN MARITIME SAFETY AUTHORITY

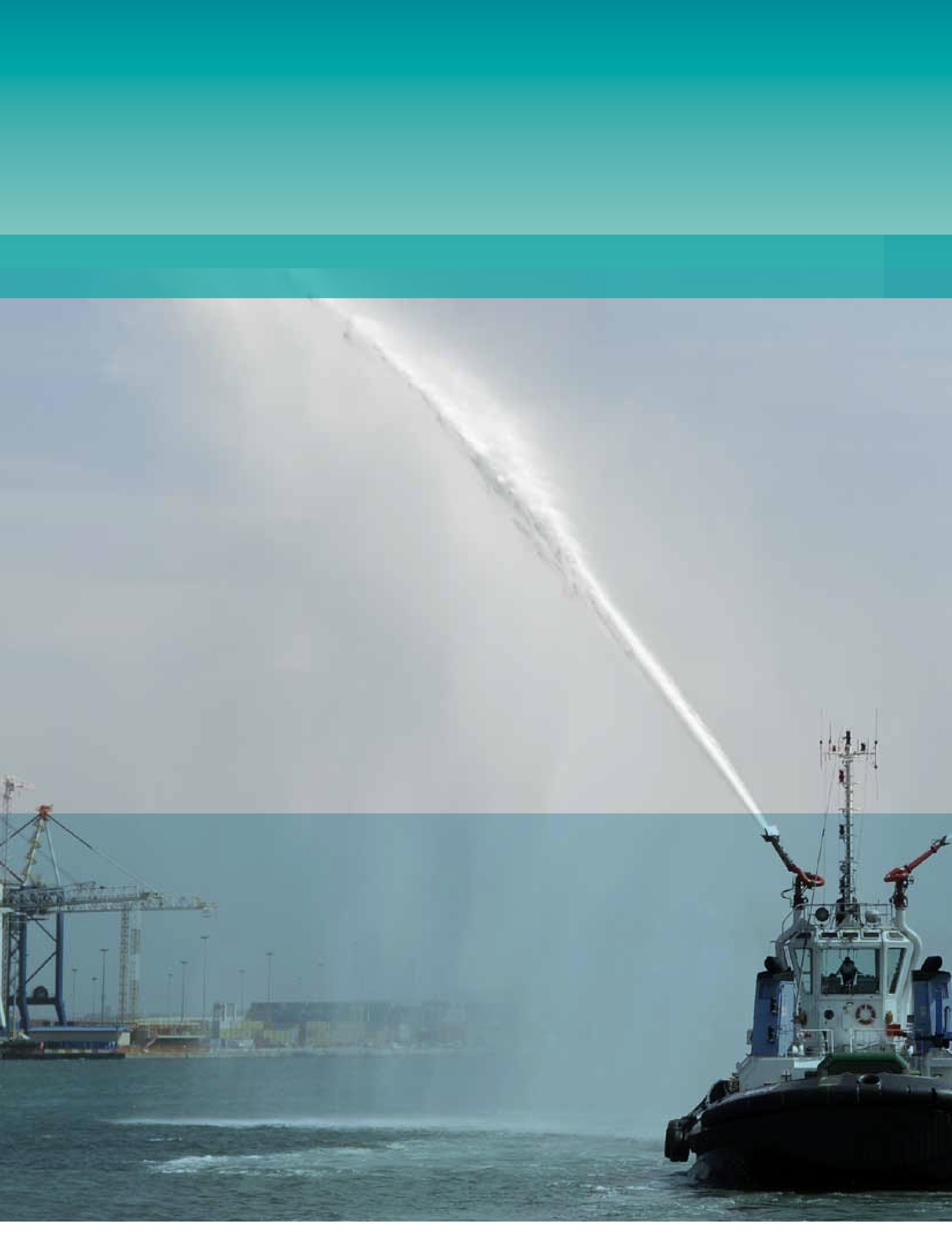
ANNUAL REPORT

SAMSA

SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

ANNUAL REPORT 2010/2011

CONTENTS



SECTION ONE 01

SAMSA'S BUSINESS OVERVIEW

SAMSA TRANSFORMING THE NATIONAL MARITIME LANDSCAPE

SAMSA was created in 1998 by an Act of Parliament with the specific aim to ensure safety of life and property at sea, prevent and combat marine pollution and advance South Africa's National Maritime interests.

VISION, MISSION AND VALUE PROPOSITION

Vision

The Authority championing South Africa's global maritime ambitions.

Mission

To promote South Africa's maritime interests and develop and position the country as an international maritime centre while ensuring maritime safety, health and environmental protection.

Value proposition

The Authority leading the advancement of maritime safety and development of the maritime industry in South Africa through service excellence.

SAMSA's turnaround strategy adopted in 2008 stands on five strategic pillars:

a) Service, operational and technical excellence
b) Innovative and technological breakthroughs
c) Corporate governance and institutional development
d) Societal and national developmental agenda
e) Global strategic positioning and influence

Summary of strategic goals and objectives adopted in 2011:

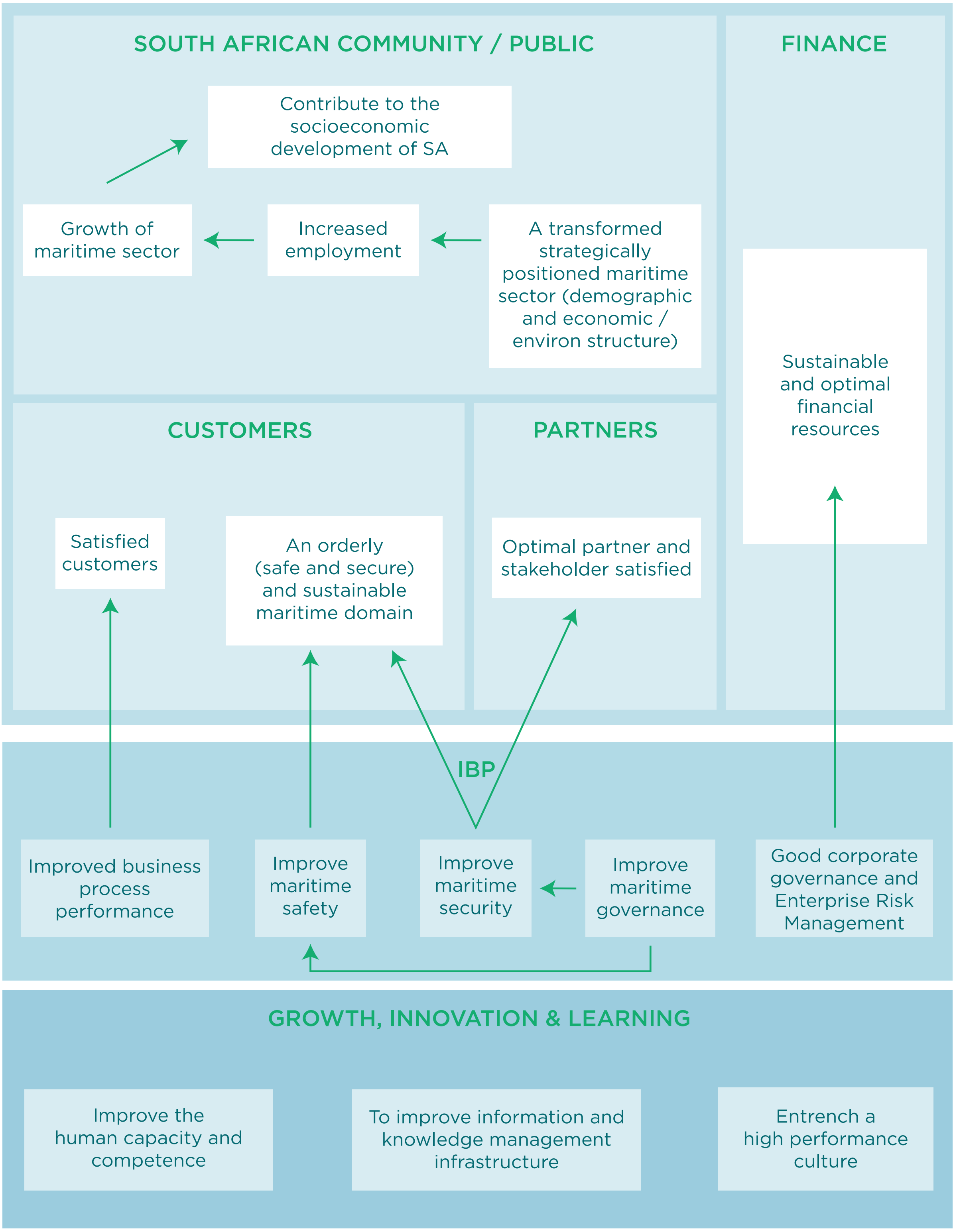
a) A significant contribution to South Africa's socioeconomic development
- To grow, develop and transform the South African maritime economy

b) An orderly and sustainable maritime operating environment
- To improve safety in the maritime sector
- To improve security of the maritime sector
- To effectively respond to the impact of climate change on the maritime environment
- To strengthen governance over the maritime domain

c) A highly competent maritime authority
- To improve the human capacity and competence of SAMSA staff
- To improve ICT and knowledge management capital
- To enhance the management and sustainability of SAMSA's financial resources
- To build a high performance culture

d) Operational excellence
- To improve the experience of customers when accessing SAMSA services
- To improve business process performance
- To improve governance and enterprise-wide risk management

The SAMSA Strategy Map of Objectives



INSTITUTIONAL STRUCTURE AND PROFILE

SAMSA adopted a new strategy in 2008 to strengthen its operational activities and committing it to playing a key role in the development of the maritime sector, i.e. advancing the Republic's maritime interests. With the added new role, SAMSA's structure and service offering inevitably changed to deliver on its strategic mandate and to reposition SAMSA and the maritime industry. Since 2008 SAMSA has been structured in centres but delivers its service through organisational clusters as follows:

a) Maritime Sector Safety, Monitoring and Enforcement

- **SAMSA Centre for Ships**
  - Port State Implementation
  - Flag State Responsibility
  - Coastal State Control
  - Ship Register
- **SAMSA Centre for Seafarers and Fishing**
  - Certification
  - Accreditation
  - Examination
  - Register
- **SAMSA Centre for Boating (small vessels)**
  - Certification
  - Examination
  - Accreditation
  - Register
- **SAMSA Centre for Sea Watch & Response**
  - Maritime Domain Awareness and Surveillance
  - Monitor Coastal and Offshore Activities
  - Search and Rescue
  - Protection of Marine Environment
  - Response to Maritime Incidents
  - Accidents and Incident Analysis

b) Maritime Economic Development

- **SAMSA Centre for Maritime Industry Development and Economic Analysis**
  - Industry Development
  - Cluster
  - International Maritime Centre
  - Economic Information
- **SAMSA Centre for Maritime Excellence**
  - Research and Information
  - Training
  - Knowledge Management

c) Maritime Sector Governance

- **SAMSA Centre for Policy and Regulatory Affairs**
  - Maritime Policies
  - Legislation
  - Legal
  - Regulations

d) Corporate Governance and Management

- **SAMSA Centre for Corporate Strategy, Risk, Compliance and Governance under the office of the Chief Executive Officer**
  - Strategy
  - Strategic planning
  - Reporting
  - Risk, Compliance & Governance
- **SAMSA Centre for Corporate Affairs**
  - Communications/Media
  - Branding
  - Events
- **SAMSA Centre for Corporate Services**
  - Finance
  - Human Resources
  - Information Communications and Technologies
  - Procurement

SAMSA's head office is in Pretoria, the administrative capital of South Africa, with offices through which most compliance and enforcement services are conduced in the following ports:

1. **Eastern Region**
   a. Richards Bay
   b. Durban

2. **Southern Region**
   a. East London
   b. Ngqura
   c. Port Elizabeth
   d. Mossel Bay

3. **Western Region**
   a. Cape Town
   b. Saldanha
   c. Port Nolloth

SAMSA'S DIRECTORATE

The SAMSA Board of Directors as its Accounting Authority is constituted as follows:

Non-Executive Directors

Chairperson: Comfort Ngidi
Mr Ngidi holds an LLB from the University of Durban Westville, a Certificate in Tax Competency from Natal University and Certificate in Corporate Governance from Wits Business School. Mr Ngidi is a practicing attorney and a director at Ngidi & Company Inc. in Durban.

Deputy Chairperson: Nadeema Syms
Ms Syms has extensive experience within organised labour, specifically the SATAWU labour union in the maritime sector.

John Martin
Mr Martin holds qualifications in the military and merchant navy with sporting honours from the SA Navy. He is a competent and experienced yachtsman with awards and trophies from national and international sailing and racing competitions. He retired from the SA Navy as a Commander and is currently involved in private business.

Ronnie Mkhwanazi
Mr Mkhwanazi is the managing director of law firm Mkhwanazi Incorporated. He previously worked as legal manager at the international trade & administration commission of South Africa. He was appointed to the board in June 2008 and serves on both the Audit and Maritime Industry committees.

Ashley Seymour
Mr Seymour is a chartered accountant (SA), holding a B Comm. and Hons. B Compt. together various with professional memberships. After completing articles at Ernst & Young he worked as an investment banker and was more recently chief executive officer of a national student finance public entity. Having been appointed to the SAMSA board in June 2008 Mr Seymour currently serves on the audit committee.

Nosipo Sobekwa
Advocate Sobekwa is currently Chief Director: Maritime Transport Regulation in the Department of Transport, having also worked in the Department of Water Affairs. Adv Sobekwa holds an LLB from UNITRA, an LLM Environmental and Maritime Studies from the University of Natal and a Diploma in Marine Surveying from Lloyds Maritime Academy and Kent University, UK. Adv Sobekwa was appointed to the SAMSA board in November 2010.

Loretta Feris
Professor Feris was appointed to the SAMSA Board in November 2010. She lectures at the University of Cape Town and was formerly an adjunct professor at the Washington College of Law in the United States. Professor Feris has lectured and conducted legal research in many disciplines, including international trade, development, environment and international property rights.

Executive Director

Commander Tsietsi Mokhele: Chief Executive Officer
Commander Mokhele was appointed as the CEO in 2008. Commander Mokhele commenced his maritime career whilst abroad in 1987 in the then Soviet Union at the Caspian Higher Naval College where he obtained his BSc Degree (Ship Navigation, Command) and later went on to serve as a Cadet Officer. He joined the SA Navy in 1994 as a Commander and the National Ports Authority from 1999-2007 where he served as the Executive Manager of Marine Business. Commander Mokhele amongst others holds a Master's Degree in Executive Defence Management from Wits University.

Company Secretary: Moyahabo Raphadu

SAMSA'S EXECUTIVE MANAGEMENT

SAMSA's Executive Management Team (EXCO) comprises:

Executive Heads

Commander Tsietsi Mokhele
Chief Executive Officer

Karl Otto
Executive Head, Centre for Sea Watch & Response.

Ayanda Mngadi
Executive Head, Centre for Corporate Affairs.

Fiona Gumede
Executive Head, Centre for Policy & Regulatory Affairs

Redge Nkosi
Executive Head: Centre for Strategy, Risk & Compliance; Centre for Maritime Industry Development and Centre for Maritime Excellence.

Sobantu Tilayi
Executive Head: Centre for Shipping; Centre for Seafarers and Fishing; and Centre for Boating.

Boetse Ramahlo
Executive Head: Office of the CEO

SAMSA'S EXECUTIVE MANAGEMENT

Executive Managers

Pule Mashiloane
Chief: Human Capital

Tudor Hungwe
Acting Chief Financial Officer

Khotso Maesela
Chief Procurement Officer

Denton Serobatse
Acting Chief Information Officer

Captain David Colly
Regional Manager: Western Region

Captain Francis Chilalika
Regional Manager: Inland Region

Captain Nigel Campbell
Regional Manager: Southern Region

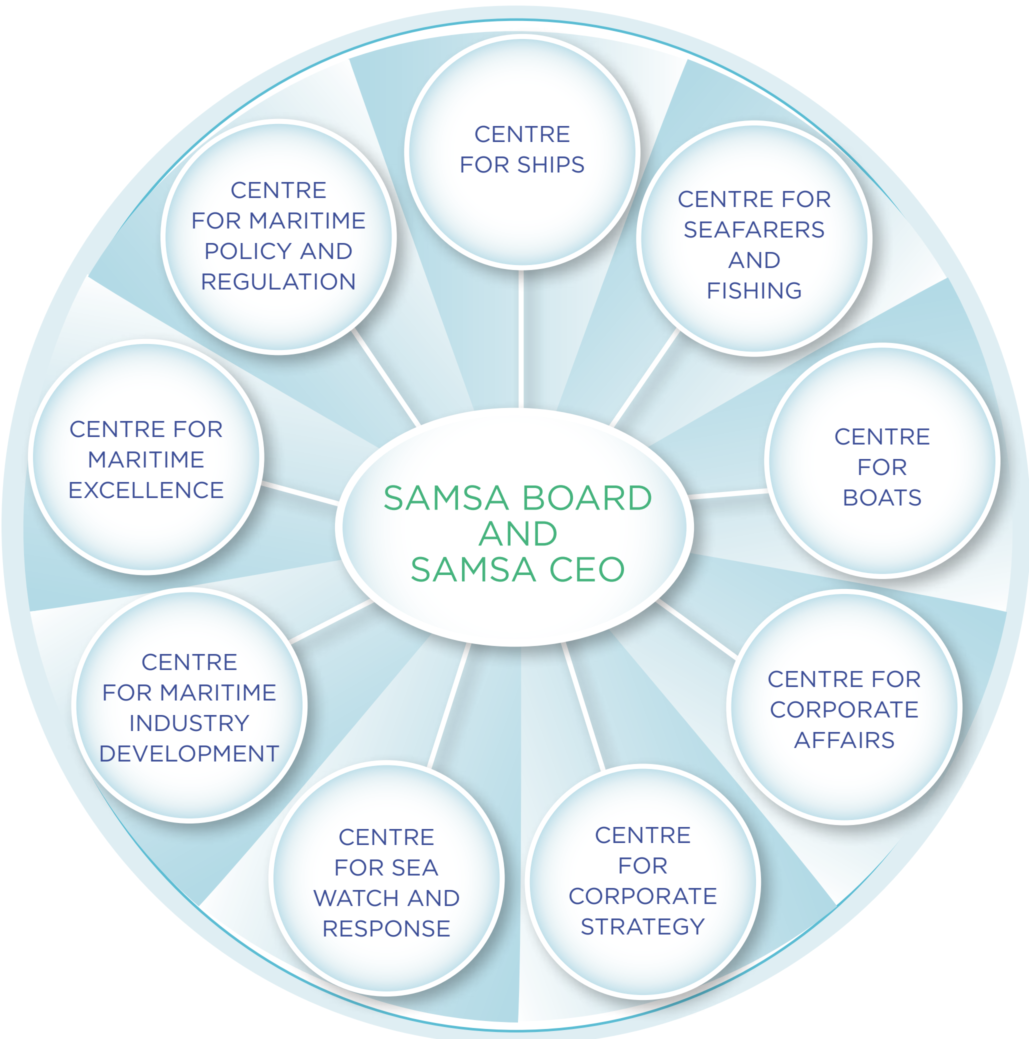
Captain Saroor Ali
Regional Manager: Eastern Region

Collins Makhado
Chief Corporate Strategist

Benard Bobison-Opoku
EXCO Secretary & General Counsel

ORGANISATIONAL STRUCTURE

SAMSA STRUCTURE



SECTION TWO 02

GENERAL INSTITUTIONAL COMMENTARIES

GENERAL INSTITUTIONAL COMMENTARIES

CHAIRMAN'S REPORT

By and large the 2010/11 financial year was amongst the most stable in the South African Maritime Safety Authority's (SAMSA) history. With the appointment of Advocate Rebaone Gaoraelwe as company secretary, the organisation had a functioning board.

SAMSA's revenues have grown significantly from R68 million in the 2008/09 financial year to R240 million in the 2010/11 financial year, thus enabling it to effectively deliver on its mandates. The organisation's dependency on revenue generated from the Department of Transport (DoT) for services offered by SAMSA has been much reduced, now constituting only 6 per cent of total revenue.

The staff increase of 60 per cent, from 108 to 171 employees, saw much-needed critical skills being brought into the organisation.

The Maritime Agenda

Through the maritime agenda we continue the drive to make the country and various stakeholders aware of the vital role maritime plays in the economy.

The maritime marketing drive is in full swing. In partnership with the Department of Basic Education we are looking at high schools, particularly in the rural areas, to include maritime studies in the curriculum. Some of these initiatives have already seen a marked increase in students choosing maritime as a career. SAMSA's partnership with the Eastern Cape provincial government has resulted in the first bursary intake of maritime students at Cape Peninsula University of Technology and Lawhill Maritime High School. SAMSA will join hands with the provincial authorities to establish a network of maritime high schools in all coastal provinces.

In the Northern Cape SAMSA participated in a safety training programme in collaboration with other industry players and employers. These partnerships will contribute to an increased safety consciousness in coastal communities.

Creating Employment

SAMSA's revenues have grown significantly from R68 million in the 2008/09 financial year to R240 million in the 2010/11 financial year, thus enabling it to effectively deliver on its mandates.

There is a heightened interest from provincial governments, particularly in the coastal regions, to work with SAMSA. In KwaZulu-Natal SAMSA participates in the eThekwini maritime cluster that has been established to reposition and develop the maritime industry in that province. This same initiative in the Eastern Cape led to the establishment of a network of maritime high schools mentioned above.

SAMSA recently launched the cadet programme, a partnership with the South African Maritime Training Academy (SAMTRA) and other shipping lines, which aims to place 140 cadets at sea by the end of 2011, 480 cadets by 2012 and no less than 45 000 cadets by 2020.

We continue to offer students internships and learnerships for maritime studies in our offices around South Africa. SAMSA also aims to increase the number of higher learning institutions who offer maritime studies. All of these initiatives require that we enhance relationships so as to be able to develop the industry. Increasing numbers of ships should be registered in South Africa and for those the requisite skills are needed to complement the vessels.

Internationally there is a shortage of seafarers. Therefore SAMSA has to contribute to government's job creation initiatives for the country to ensure a positive impact within the industry both shore-based and seaward where severe shortages prevail.

Black Economic Empowerment

An example of SAMSA's attempts to guide and sway professional interest in the maritime sector is our concerted efforts to increase the number of maritime lawyers and professionals. Besides routine corporate governance training for SAMSA board members in respect of the Public Finance Management Act (PFMA), the chairman is also encouraging board members to undergo maritime training to enhance their understanding of the industry over which they preside.

We consider the maritime industry to hold a great deal of potential in contributing to the national economy. The precondition for this contribution is a transformed industry that has adequate capacity to support itself. We have most of the required ingredients to realise this dream, particularly the trade and the cargoes the country should leverage in order to further the transformational objectives. The legislative review, one of the few missing links, is receiving attention. SAMSA is participating in the maritime economic development cluster together with other Government Departments including Treasury, Transport, Public Enterprises and Government Agencies like the Industrial Development Corporation. The next phase of this engagement will incorporate industry through various sub-clusters, some of which we have helped to create.

CHAIRMAN'S REPORT

As the country seeks to reposition our ports for a more equitable treatment of all players in a manner that best facilitates trade, SAMSA participates fully in the ports dialogue. SAMSA hosts the secretariat of the port consultative forums set up in terms of the National Ports Act. It is through these fora that port development and how it influences the local economy is deliberated.

In our view all these initiatives, when put together, will assist to reposition this industry.

Forward Looking

Going forward SAMSA will continue its endeavours for a more capacitated industry. In this regard SAMSA will develop a maritime skills strategy based on the findings of the skills study that we commissioned. The implementation of the strategy will see an improved skills profile for the maritime industry that will increase participation in the global maritime employment pool. We are focused on continued engagement of national and provincial governments to bringing them on board to the SAMSA vision for the country. We are focused on developing policies that encourage the registering of ships in South Africa, policies that would make the industry more attractive to the average South African.

We are hoping the Department of Transport will support us by developing policies to put shipping on the map. We are also promoting African trade in which African countries increasingly trade amongst themselves.

SAMSA has also initiated the marine investment promotion programme, through which South Africans are encouraged to invest in the maritime sector. We want to see more SMMEs investing in the sector and SAMSA will facilitate by bringing investment opportunities to the table. This goes hand in hand with getting finance houses to find ways of supporting communities' BEE initiatives.

We need to, and will, take the maritime industry to the next level.

Zibuse Comfort Ngidi
Chairman: SAMSA Board


21

02

GENERAL INSTITUTIONAL COMMENTARIES

CHIEF EXECUTIVE OFFICER'S REPORT

Looking back at the year it is important to highlight achievements, which include increased financial performance, investment in human capital, enhanced stakeholder engagement and service delivery and a remarkable improvement in corporate governance.

INTRODUCTION

Shipping is the life blood of South Africa's economy and global trade. As a Maritime Authority SAMSA has a fundamental interest in ensuring that shipping is carried out in a safe, reliable and efficient manner. Over the past years SAMSA has played a vital role in implementing ship safety, marine environment protection standards and promoting the interests of the shipping industry.

The year under review has been one of resounding success but with notable challenges alongside our achievements. I wish to thank all those who supported our worthy cause in this phenomenal surge towards repositioning South Africa as an International Maritime Centre.

In 2008 during the round-the-coast consultation with our industry partners I undertook that SAMSA would be transformed and positioned to assume the lead in maritime sector development within three years and serve South Africa as the country's strategic centre in maritime affairs. I am proud to report that great strides have been made towards this milestone. However, more gains would have been made had it not been for policy and regulatory constraints.

The end of 2010 brings to a close the three-year period in which we were focused on institution building, advocacy and sector mobilisation for transformation. This was a vital stage in our journey, which we termed *'All Hands On Deck!'* to build SAMSA into a leading Maritime

Authority. The 2010/11 Annual Report constitutes a fair reflection on the company and maritime sector challenges, as well as key achievements, highlights and lowlights in pursuit of our vision of developing the sector into a new growth curve for South Africa's economy.

The year under review has been one of resounding success but with notable challenges alongside our achievements. I wish to thank all those who supported our worthy cause in this phenomenal surge towards repositioning South Africa as an international maritime centre.

However, the 2011/12 financial year introduces a step change in SAMSA's development. Our strategy moves the company from advocacy to programme management; from lobbying and raising maritime awareness to implementation of actual maritime sector development. Starting in 2011 SAMSA has committed itself to move from planning to execution. This new orientation will inform the efforts to consolidate our organisational structure, and infuse a leadership focus and ethos commensurate with our vision for the future. SAMSA's 2011-2016 strategic plan contains key maritime development programmes, with outcomes and outputs measured by the quantum with which they move the industry forward. Following on the initial stage of *'All Hands on Deck!'*, our new clarion call commencing 2011 is *'Set Sail!'*, which requires of SAMSA as the Authority and the industry to head towards the high seas of risk and good returns.

On this note I wish to present the Chief Executive Officer's report for the 2010/11 financial year.

ACHIEVEMENTS AND HIGHLIGHTS

TURNAROUND STRATEGY AND PLAN

At the end of the financial year SAMSA closed its turnaround strategy, which was adopted for immediate implementation at the beginning of 2008/09. At the time the main thrust was to dislodge the entity from a moribund state and to revitalise it as the lead Maritime Authority for South Africa. The rollout of that ambitious and far-reaching strategy changed the way SAMSA was doing business and how it relates to markets and stakeholders.

The strategy rested on five strategic pillars, summarised as follows:

1. **Service, Operational and Technical Excellence**
   The purpose of this pillar was to transform SAMSA into an *efficient service provider*, improving on the quality of its service offering. During 2010 the service improvement programmes put into full swing throughout the company were started being felt by the nation, the sector and individual clients. Delays in the issuance of certificates, failure to respond to industry needs and long lead times in resolving queries were becoming things of the past. SAMSA is now largely regarded as a centre for world-class maritime expertise, information and service.

2. **Innovative and Technological Breakthroughs**
   With a view to turn SAMSA into a *competitive industry player and leader* it had to increase its technology and innovation. In 2010 it made successful breakthroughs with maritime satellite technologies, having commissioned ship surveillance, monitoring and tracking, such as the Automatic Identification Systems (AIS), Long-Range Identification and Tracking (LRIT), Vessel Traffic Management and Information Systems (VTMIS) and Maritime Incident

Management System (MIMS). All these played a key role to ensure maritime security at the 2010 Soccer World Cup tournament in South Africa.

SAMSA's Management Information Systems (MIS) were implemented through the rollout of the Great Plains Enterprise Resource Planning System (ERP), eliminating the outdated manual data manipulation which was still used in most of our financial accounting processes.

3. **Corporate Governance and Institutional Development**
The focus of this pillar was to transform SAMSA into an *Effective Maritime Authority*. Its success is evident in SAMSA having had its most stable period in 2010 in terms of corporate governance. Its fully constituted Board met most of all its compliance commitments and provided management with the requisite support to turn the company around. By adopting the RCS (Risk, Compliance and Sustainability) governance motto as clarion call, the entity could improve on all its governance processes, systems and standards.

4. **Societal and National Developmental Agenda**
What SAMSA aimed to achieve in terms of this pillar was to become a *responsible corporate citizen*. This successful turnaround was seen in SAMSA's alignment with its shareholder's agenda and programmes, and its responsiveness to the national interests of the society and communities in which it does business. SAMSA was included in presidential visits abroad in 2010 and the Minister of Transport assigned it a key role as an advisory body on maritime affairs. With the roll out of its corporate social programme in 2010 SAMSA now fully serves the country as an instrument of government policy and service delivery. SAMSA succeeded in raising maritime awareness through its major transformation programmes - which are elaborated upon below - such as the world's first all-female crew sailing a deep-sea going ship, SA Agulhas. The voyage has inspired many young people, particularly women, to seek out opportunities in this sector.

5. **Global Strategic Positioning and Influence**
SAMSA successfully repositioned itself internationally as the representative body of the South African maritime sector. Its visits to the World Trade Organization , International Labour Organization, United Nations Commission on Trade and Development (Geneva) and the International Maritime Organization (London) were aimed to canvas positions intended to benefit the South African industry. The global maritime sector recognises SAMSA as the country's strategic maritime centre, soliciting our views and engaging SAMSA on important global maritime issues such as climate change and global warming, maritime security and piracy and sector development.

ENTERPRISE OF INTEGRITY

At a Management Conference in May 2010 the SAMSA leadership reviewed the progress made in its 2008 strategy, which aimed at rebuilding SAMSA into South Africa's lead Maritime authority, a new growth sector for our economy and a strategic centre for global maritime affairs.

GENERAL INSTITUTIONAL COMMENTARIES

Although the conference agreed SAMSA had achieved much success as a key player in South Africa's socioeconomic development and a vital cog in the broader global discourse on maritime matters, more should be done to advance the role of maritime and SAMSA in the building of South Africa as a leader in maritime matters. I can proudly state that SAMSA is succeeding in becoming the voice of the maritime sector. At the close of the year under review SAMSA is geared towards rolling out an advanced agenda for the rapid development of the maritime sector in South Africa.

At the management conference the leadership concluded that only an enterprise and a leadership of integrity can be entrusted with the mandate of leading an economic sector as strategic as maritime. Therefore it agreed on the company's purpose and character statement as being an *'Enterprise of Integrity'*. On the bedrock of this statement a lot was achieved during the year, and it underpins the following set of character articulations:

- *This is our ship – mv SAMSA:* Management agreed to mobilise all our staff to assume the role of being the crew of the ship, not passengers. This would mean that we are all responsible for driving our corporate strategy and performance.
- *Everything and everybody matters:* Management committed to a leadership style that keeps all SAMSA staff and company's elements connected. In turn SAMSA staff commits to pay attention to all aspects of delivering a supreme value service to all our stakeholders.
- *Walk The Talk:* SAMSA recognises that as an authority and a regulator, the currency of trade in all its relationships is credibility which comes with ensuring that the performance

and conduct of all in the company are consistent with the brand promise and company ethos. This ethos is based on the principle that 'we do what we say' in delivering service to clients, in all our relationships and transactions with stakeholders and in staff conduct.

- *Service, Service, Service:* The purpose of SAMSA's existence is to deliver a quality of service that serves the national interest and company's stakeholders.

Looking back at the year it is important to highlight achievements, which include increased financial performance, investment in human capital, enhanced stakeholder engagement and service delivery and a remarkable improvement in corporate governance. Our expanded footprint has led to us being respected and active in many maritime forums, both locally and internationally.

CONTRIBUTION TO 2010 SOCCER WORLD CUP SUCCESS

We are proud of the success of the 2010 World Cup. SAMSA invested in the installation and operation of technological systems that assisted in keeping a watchful eye over South Africa's territorial waters and monitoring of ships along South Africa's coast.

We express gratitude to our partners who assisted in this successful operation. The television programme showing the maritime security agencies' preparedness drew in excess of 15 million viewers, thus raising to unprecedented levels the nation's awareness of the maritime sector's role.

CLIMATE CHANGE

With climate change one of the greatest challenges confronting our planet, South Africa is one country that is at risk from its impact, like an increase in the severity of floods and drought.

SAMSA was represented at local and international discussions on adopting mitigating measures and more specifically to adapt transport infrastructure. Debates are currently focused on raising up to $100bn for the climate change fund, to which the maritime transport sector has to make a significant contribution. SAMSA continues to ensure that the interests of our country and the maritime industry are protected in the global endeavours to seek a solution to climate change. The climate change conference of the parties (COP 17) takes place in Durban during November 2011, for which SAMSA has already established a task team to assist the government. It will deal with discussions on adapting transport, sustainable development, poverty eradication and safeguarding economic growth.

ALL-WOMEN CREW SAILS INTO HISTORY BOOKS

With 2010 having been declared 'Year of the Seafarer' by the International Maritime Organization (IMO) SAMSA showcased the achievements of gender transformation in South Africa's maritime industry. In September/October 2010 it organised a special voyage with the oceangoing ship, SA Agulhas, to sail with an all-female crew in charge from Cape Town to Durban with a stop-over in Port Elizabeth. In all three harbours it was attended by female crews on the tugs, including engineers and tug masters, female nautical pilots, berthing gangs and female vessel traffic services operators.

The voyage along with the mobilisation of the entire port to port supply chain consisting of female professionals was both a world first and a history-making event. During the stop-over in Port Elizabeth school female learners toured the ship and shown how such vessels operated. In Durban the ship was met by Minister of Transport, the honourable Sibusiso Ndebele and provincial and stakeholder community leaders. The Minister launched the SAMSA Centre for Seafarers and Fishing, with a commitment from government to support development of the industry, which he regards as strategic. SAMSA utilised the occasion to highlight maritime awareness and critical industry issues, including the shortage of seafarers that impacts on South Africa's sea trade contribution.

2010 'YEAR OF THE SEAFARER'

Under the leadership of its Secretary-General the IMO dedicated the entire year 2010 to recognising the unique contribution made by seafarers from all over the world to international seaborne trade, the world economy and civil society as a whole. Therefore the United Nations agency declared 2010 as the *'Year of the Seafarer'*, to encourage all nations to organise activities in honour of all the world's seafarers.

SAMSA pledged its support to the first-ever seafarer awards in the country to pay tribute not only to South African seafarers but also to the world's 1.5 million seafarers.

SAMSA pointed out their unique contribution and highlighted the jobs opportunities on the world fleet, which according to the IMO currently experiences a global shortage of 34 000 officers and 224 000 non-officers.

Considering the fact that ships carry 90% of world trade safely, efficiently and with minimal impact on the environment, SAMSA paid tribute to the seafarers for their vital role in the world economy. We wish to express appreciation to the government, industry and media representatives at the awards ceremony. We hope this recognition would continue given that the IMO has now declared *25 June* of every year as the *'Day of the Seafarer'*.

SAMSA CENTRE FOR SEAFARERS AND FISHING

SAMSA recognises that seafaring is a difficult and demanding job at the best of times and endeavours to ensure, together with international and national role-players, that seafarers enjoy the same rights as those accorded to workers ashore. These include the right to payment of wages; the right to healthy, safe and decent working conditions; and the right to time off – also time off ashore. However, according to the IMO Secretary General there are still too many instances of these rights being denied: seafarers abandoned in foreign countries, denied shore leave and at times incarcerated without conviction.

In line with the SAMSA mandate as set out in the SAMSA Act and supported by extensive powers in terms of the Merchant Shipping Act of 1951, we took a decision to establish a centre dedicated to the seafarers and fishers of our country. The *'SAMSA Centre for Seafarers and Fishing'* was officially launced by the Minister of Transport in October 2010 in eThekwini, KwaZulu-Natal.

CHIEF EXECUTIVE OFFICER'S REPORT

Marking a further milestone in the government's commitment to protection of these maritime workers the centre will serve the overall interests of the country's seafarers, ensuring their safety, security and welfare. It also attends to the sector development programmes such as awareness, growth, skills development, decent jobs and overall competitiveness. Though still lacking optimal resources in 2010, it will soon be fully operational to serve the purpose it was set up to fulfil.

TRAINING BERTHS FOR CADETS

SAMSA has begun to invest heavily in maritime skills, research and innovation, engaging the Sector Training Authorities (SETA's), departments for Basic Education, Higher Education and Training, Science and Technology, as well as Trade and Industry. Our aim is to increase the numbers of maritime qualified and employed South Africans, particularly youth and women.

Skills are needed for South Africa's strategic aim of domestic ship ownership and management. One obstacle that has hindered this development is the lack of trading ships on South Africa's Ship Registry that can be utilised to train South Africans. In 2010 SAMSA concluded a partnership agreement with the South African Maritime Training Academy (SAMTRA) to develop the SAMSA cadet training project, in which SAMTRA will serve as a cadet placement agency, obtaining training berths from global companies and supervising the cadets' on-board experiential training. This project has begun yielding results with 20 cadets being placed on board ships in March 2011 for training and a possible career at sea. I am optimistic that this partnership will ensure growth of our maritime industry. We are in the process of concluding a similar agreement with Marine Crew Services. These agreements should secure about 140 berths in the 2011 financial year.

CHALLENGES AND LOWLIGHTS

I wish to report that SAMSA continues to pursue the revitalisation and promotion of the South African ship registry. There are numerous enquiries on which we are following up and a few solid initiatives by South Africans to acquire and seek to register trading ships in the country.

END OF A SHIPPING ERA

January 2011 officially brought an end to an era in South African shipping history. When *'Safmarine Oranje'*, the last of the container merchant trading vessels on the South African ship register, was sold to an international shipping company, there no longer exists a trading ship on our register.

However, I wish to report that SAMSA continues to pursue the revitalisation and promotion of the South African Ship Registry. There are numerous enquiries on which we are following up and a few solid initiatives by South Africans to acquire and seek to register trading ships in the country.

SAMSA is cognisant of the fact that the success of this campaign requires a major policy shift and we are engaging the relevant stakeholders in this regard. This campaign supported by the Ship South Africa initiative is crucial in beneficiating our commodity trade in line with the National Growth Path, to create jobs and ensure security of supply. The ships so owned will play a strategic role in support of offshore naval deployment and overall maritime security. We are optimistic that our efforts will start to bear fruit in the near future.

TRAGIC DEATH OF CADET: MS AKHONA FELICITY GEVEZA

In June 2010 South Africa's seafaring profession and the shipping sector were saddened by the tragic death at sea of a young South African cadet, Ms Akhona Felicity Geveza. The facts surrounding her untimely death remain unknown.

SAMSA took a keen interest in pursuing an investigation into the case in view of the fact that the cause of her death could have been avoided or may even have resulted from criminal conduct on board *'Safmarine Kariba'*. Given the public interest and the welfare of other seafarers, besides justice for Ms Geveza and her family, the Minister of Transport has instructed SAMSA to thoroughly investigate the matter. SAMSA has commenced with the investigation and will be reporting progress.

FATAL BOATING INCIDENTS

During 2010 a number of and small vessel incidents were reported on inland waters where fatalities occurred. Of particular public interest were the capsizing of a paddle boat in Port Shepstone with four fatalities and a similar capsizing incident in Witbank in which six people lost their lives. SAMSA investigators have completed their report in both instances and submitted these to the prosecuting authorities for a decision.

Both incidents amongst the many have put SAMSA under pressure to roll out its presence and infrastructure to inland waters in the five landlocked provinces. The North West office at Hartebeespoort Dam, Madibeng Municipality, is already operational. The Vaal Dam office has already been allocated to SAMSA, although the company has yet to take occupancy. Both offices were transferred to SAMSA from the Department of Water Affairs. During 2011 the remainder of the provincial offices will be acquired and opened for business.

INTERNATIONAL MARITIME INCIDENTS

Japan: Following the horrific tragedy in Japan arising from the deep-sea earthquake and the resultant tsunami that also caused the catastrophic nuclear plant meltdown in March 2011, SAMSA wishes the Japanese people strength and speedy recovery. Their lesson for us is to be thoroughly prepared; to assess the risks, establish early warning systems and build adequate emergency response capabilities.

Gulf of Mexico: The devastating oil pollution in the Gulf of Mexico that affected parts of United States coastline also served to remind us about threats that come with seabed crude oil exploration and exploitation. South Africa is also involved in similar activities within our national waters, with added risks posed by the annual movement of more than 200 million tonnes of crude in some 5 000 tanker voyages around the Cape. The US incident raises the need to optimise our own oil pollution contingency planning systems and processes, as well as to gear up for oil spill emergency combating capabilities.

Piracy: At the end of 2010 a piracy attack occurred in the Southern African Development Community (SADC) waters for the first time, bringing the reality of this scourge closer to South Africa and its nationals. This followed hard on the hijacking of South African individuals on their yacht in the Indian Ocean, who are still being held for ransom by Somali pirates. SAMSA's Maritime Rescue Coordination Centre is receiving increasing numbers of ship distress signals with many ships also reporting at our ports after suffering attacks by the pirates. These piracy incidents and risks are beginning to have a direct impact on South African consumers in higher transportation and insurance cost. SAMSA is involved with local and international partners in seeking a lasting solution to this problem. We commend our government for taking strong measures, including naval deployment, to protect South Africa's maritime and economic interests.

BRAVO AND THANK YOU

Allow me this opportunity to express our gratitude to the Board and the Shareholder for their unrelenting support. All our achievements would not have been possible without their direction and endorsement of the company's repositioning strategy. That enabled us to execute our plans to turn around the fortunes of SAMSA and to transform the entity into South Africa's apex Maritime Authority. In particular I wish to thank the Honourable Minister of Transport, Mr Sibusiso Ndebele and Honourable Deputy Minister, Mr Jeremy Cronin, for making time to afford us the necessary audience when *'the going gets tough'* and in gracing our SAMSA functions without fail or discussing policy and strategic issues. I am also deeply indebted to the chairman of the SAMSA Board for his continuous leadership, wisdom and guidance. Le ka moso!

Thanks is also due to the maritime industry, our clients and various stakeholders, both locally and internationally. Your understanding and tolerance afforded us the space to improve on our service delivery and your constructive criticism helped make us the respected institution we are today. We appreciate your support and I trust we'll continue to partner with each other to build a sound and sustainable maritime industry for future generations.

To the South African maritime industry and in particular Maritime Southern Africa magazine who ran the campaign for the *'Maritime Newsmaker of the Year'* award, we are most grateful. It was an honour for SAMSA to receive the coveted award in 2010. We can assure you that SAMSA exists to serve, and will continue to do so in line with our mandate of promoting the Republic's maritime interests.

Bravo! to the South African Navy for the strategic partnership formed in action with SAMSA. This was in response to our MRCC request for the 5 000km round trip in the treacherous winter waters of the South Atlantic to save the lives of Taiwanese fishermen in peril following an on-board explosion. The incident resulted in six deaths, four missing persons and nine serious injuries. The Navy with its medics, the Cape Metro medics and South African Air Force responded to bring the traumatised sailors to safety in an act of decisiveness and bravery that made South Africa proud.

On behalf of the Executive Committee and the Board of Directors, I thank the crew of our ship SAMSA. 2010 was a particularly good year for the company due to your superb efforts to do better every day. You contributed to this miracle of turning SAMSA around within such a limited period of time, to make it the 2010 Maritime Newsmaker of the Year. We are a truly South African Maritime Authority with a global footprint of positive influence, representing the best that our people stand for in domestic, regional and international affairs.

Sail on, SAMSA! Sail on!

Commander Tsietsi Mokhele
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

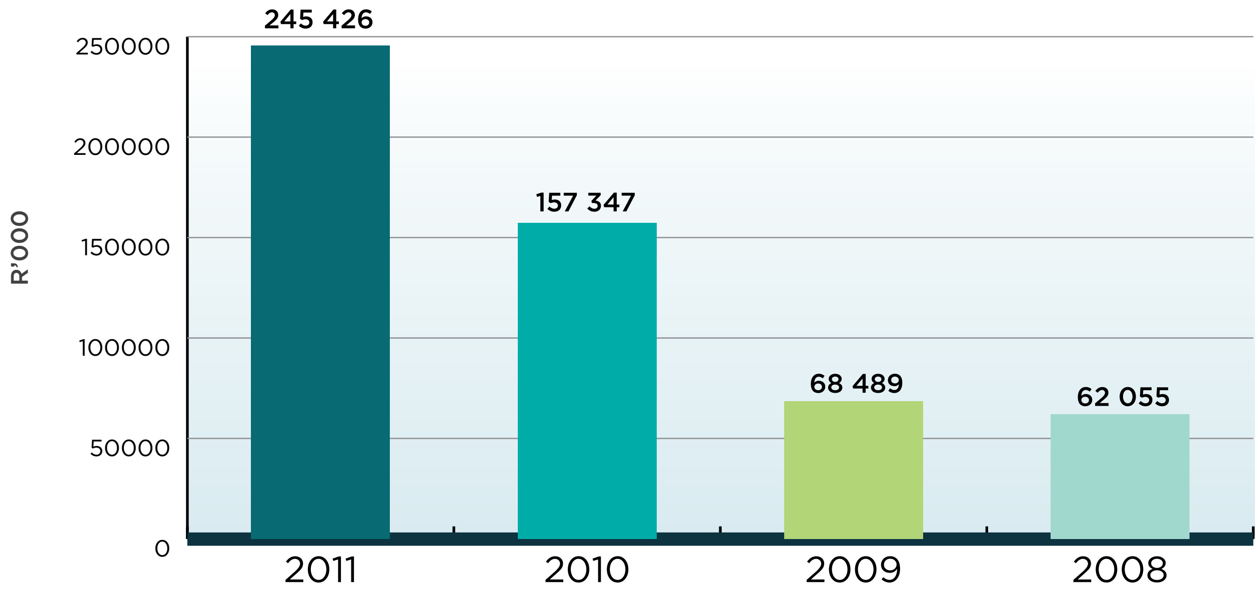
The Authority's focus will continue to be on making our balance sheet stronger, investment in human capital, and managing cost efficiencies in a disciplined way which does not impede on operational efficiencies.

Reported figures	2011 R'000	2010 R'000	% change
Revenue	245 426	157 347	56%
Expenditure	(180 203)	(111 591)	62%
Surplus	75 289	52 396	44%
Interest Income	9 944	6 941	43%
Total Assets	250 739	162 911	54%
Fixed Assets	10 407	6 080	71%
Cash and cash equivalents	218 060	134 290	62%
Cash from operating activities	91 293	41 765	119%

Reported figures

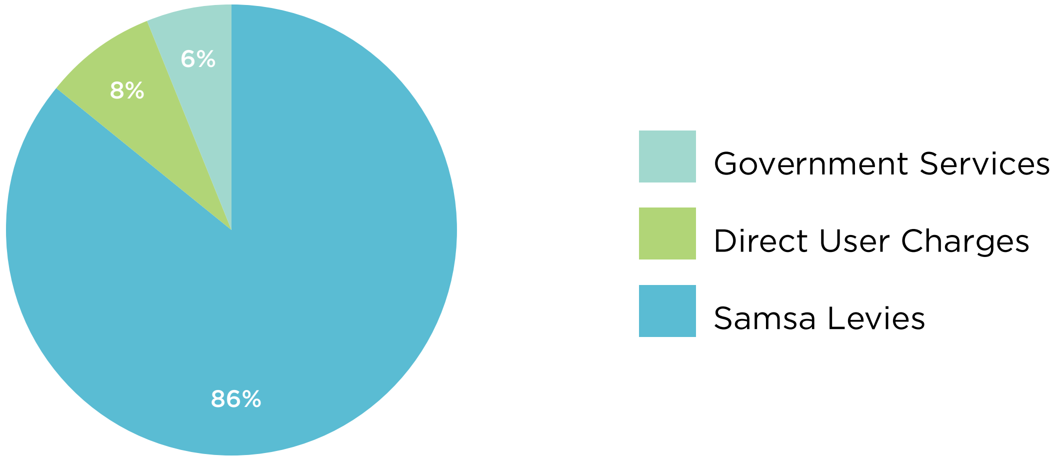
Revenue

The increase in revenue of 56% signifies, to a large extent, the full impact of the strategic turnaround programme which was put into place when the new leadership took over at SAMSA at the beginning of 2008. Revenue has more than tripled in the last three financial years as a result of the full implementation of the new pricing models. The development of pricing and new business models was part of the new strategy which endeavoured to ensure that the finance department was elevated to a strategic level within the organization which has seen a paradigm shift within the department. The department's focus will therefore continue to move away from pure focus on accounting issues to an increased focus on strategic thinking to ensure that it effectively supports the Authority's corporate strategy.



Revenue

SAMSA's revenue continues to be derived from three streams of which SAMSA Levies contributed 86% of total revenue. Direct user charges accounted for 8% with government service fees contributing 6% to the organisation's total revenue.



Revenue

Although the greater percentage of the increase in revenue is a result of the change in pricing models, there has also been an increase in ship tonnage on South African ports as indicated on the table below which had a positive impact on the revenue received:

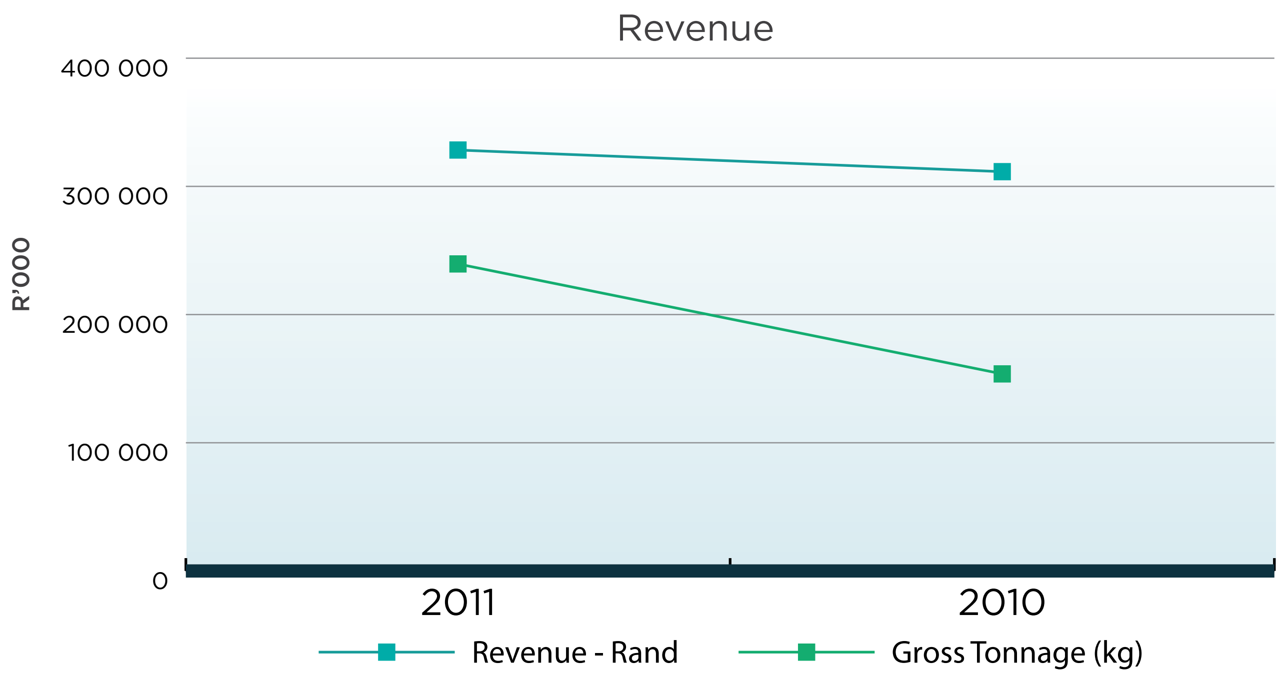
CHIEF FINANCIAL OFFICER'S REPORT

Ships calls by type

Vessel Type	Ship calls (number) 2009/10	Ship calls (number) 2010/11	Ship calls (gross tonnage) 2009/10	Ship calls (gross tonnage) 2010/11
General Cargo	1,279	1,161	18,664,852	18,813,836
Bulk	3,030	2,986	114,618,058	118,336,135
Containers	3,609	3,532	112,172,287	112,695,425
Tankers	1,128	947	27,385,226	26,603,790
Passenger Vessels	117	139	4,559,992	4,992,659
Car/Vehicle Carriers	473	523	24,383,071	29,009,361
Coasters	368	518	5,032,455	4,475,123
Foreign Fishing Vessels	593	530	383,940	541,872
SA Trawlers	1,284	1,111	437,199	469,208
Other*	912	1,152	3,850,149	12,419,172
Total	**12,793**	**12,599**	**311,487,229**	**328,356,581**

* *Other include livestock, barges, dredgers, hoppers, naval vessels, oil rigs, search and rescue, tugs, yachts and unidentified.*
Source: Transnet National Ports Authority and SAMSA calculations.

The number of ship calls on South African ports decreased from 12,793 to 12,599, but the gross tonnage increased from 311,487,229 to 328,356,581, and as SAMSA's revenues are based on tonnage, this had an incremental effect on the Authority's revenues. The graph below shows the gross tonnage trend as compared to the revenue trend for the 2010/11 financial year.



It is however important to note that the effect of the increase in tonnage on the revenue is much less compared to the effect of the new pricing models.

The bulk of the Authority's revenue continues to be derived from the eight ports around the country for which ship calls and tonnage per port are analysed as follows:

Ship calls by port

	Ship calls (number)		Ship calls (gross tonnage)	
Port of Call	Oct-09	Nov-10	Oct-09	Nov-10
Richards Bay	1,926	1,871	61,199,209	63,625,727
Durban	4,702	4,633	123,096,668	127,484,554
East London	281	294	6,879,715	7,343,435
Ngqura	85	358	4,238,107	15,469,577
Port Elizabeth	1,176	1,155	28,176,483	26,815,921
Mossel Bay	1,164	1,019	2,518,225	3,103,417
Cape Town	2,944	2,764	53,094,064	50,913,159
Saldanha	515	505	32,284,758	33,600,791
Total	**12,793**	**12,599**	**311,487,229**	**328,356,581**

Source: Transnet National Ports Authority and SAMSA calculations

The Authority also generated revenue from direct user charges levied on the Boating industry. The pricing models for this centre are being reviewed to enable the Authority to apply appropriate models which is expected to improve revenue when fully implemented.

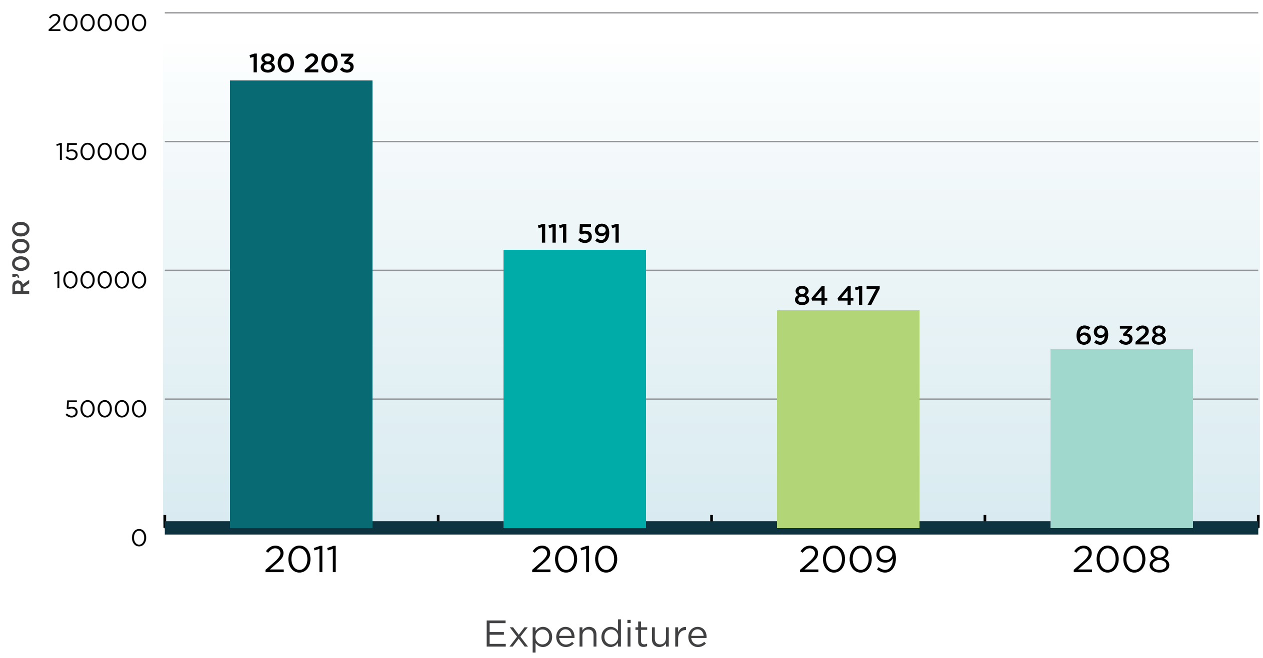
Interest Income

Cash reserves increased significantly during the financial year, from R134, 3 million in 2009/10 to R218,1 million in 2010/11. This impacted positively on the interest received which exceeded the budgeted amount, however better returns on the investments could have been obtained had the Authority's investment policy been timeously approved and implemented . The trend is expected to be reversed in 2011/12 as major capital expenditure projects for that financial year are implemented which will result in significant cash outflows.

Expenditure

The organization has continued to keep an unwavering focus on costs in order to build cost efficiencies within the organization. Expenditure has however increased significantly as the drive to fully capacitate the organization was put into overdrive during the final year. One such area of capacitation was in the human resources area, where the staff complement increased from 147 in 2009/10 to 171 in 2010/11 as many of the vacant positions were filled.

CHIEF FINANCIAL OFFICER'S REPORT



Balance Sheet Review

Fixed assets increased from R6,1 million to R10,4 million which is an indication of the investment which has been made in the organisation's infrastructure which is being done in order to ensure that the organization has adequate capacity to deliver on its mandates. The trend is expected to continue in the 2011/12 financial year as the drive to address the accommodation requirements of the organization are addressed.

Debtors decreased from R21,3 million to 21,5 million. In this respect debtor days decreased from 51 to 32 days. Although revenue collection mechanisms continued to improve during the year, the increase in turnover also impacted on the debtor days.

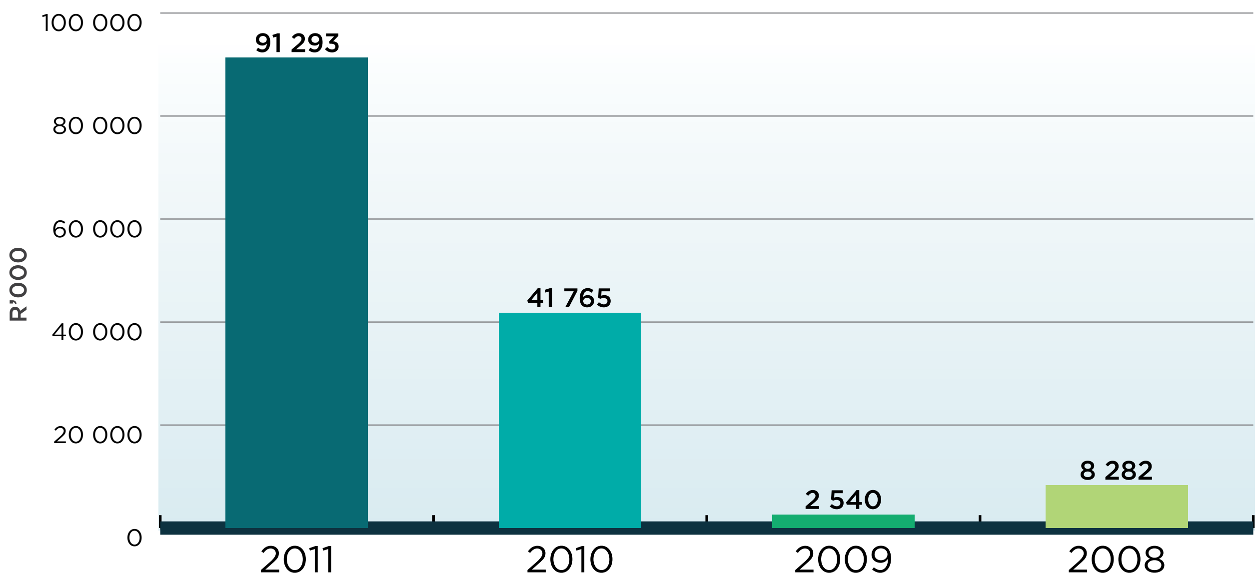
Provisions increased significantly from R7.4 million to R11.2 million which is a result of the significant increases of provisions relating to the staff members i.e. bonuses and leave pay.

Liquidity

The Authority's liquidity ratio decreased from 11.69 to 10.20. The high liquidity has been a result of improved cash flows during the last three financial years as shown by the balance of cash and cash equivalents on the financial statements.

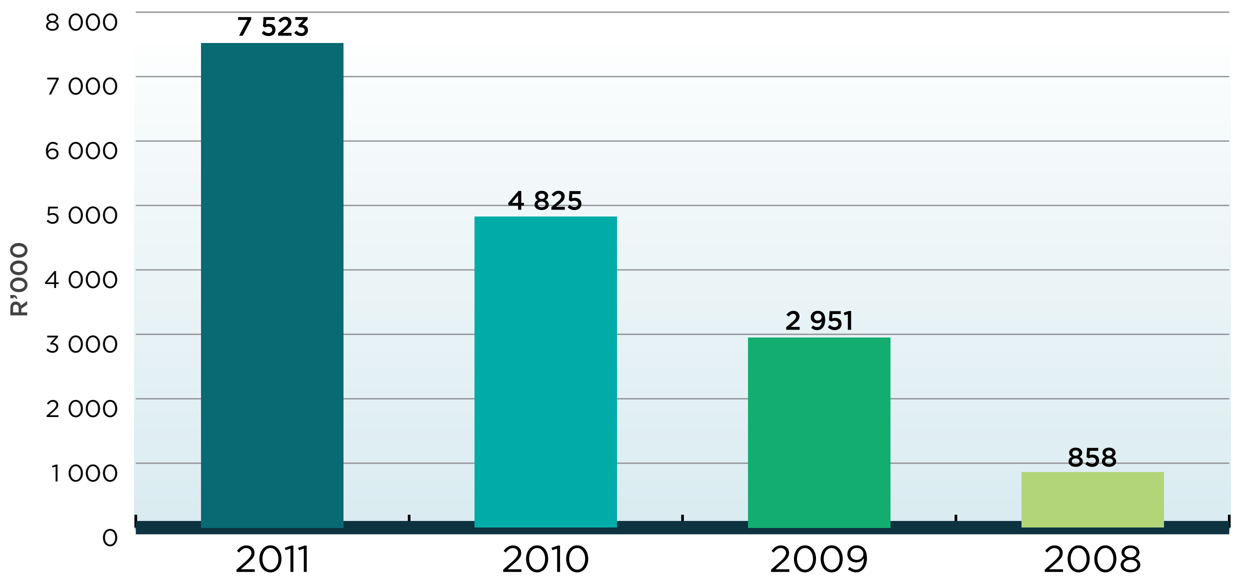
Cash Flow

SAMSA's cash flow from operating activities have significantly improved over the last two financial years which is a result of the new pricing models which have been fully implemented as shown on the graph below:



Cash Flow

Capital expenditure of R7.5 million was R2.7 million higher than the prior year and the trend below shows it has been rising significantly in the last three financial years due to the need to revamp the capital infrastructure within the organisation.



Capital Expenditure

CHIEF FINANCIAL OFFICER'S REPORT

Accounting Policies

There were no significant changes to the accounting policies during the 2010/11 financial year as most of the GRAP standards which are effective in the 2010/11 financial year were adopted early by the Authority. The Authority continues to adopt GRAP standards as they are implemented, in line with the guidance received from National Treasury. The status of the accounting policies are fully disclosed in the notes to the financial statements.

ERP System

The implementation of the enterprise resource system was successfully concluded during the financial year which has ensured the stability of systems within the business. The cornerstone of the success of this implementation was the partnership that was developed between the SAMSA, Microsoft (the supplier of the system) and Computer Initiatives (the organization which handled the implementation of the system with the SAMSA team. SAMSA will continue to build on these successes to better the current ERP system, with an upgrade planned in the new financial year.

Investments And Risk Management In Shipping

SAMSA is further developing its capability to provide support on issues relating to investment and risk management in shipping. As the Authority continues to drive the mandate of the promotion of South Africa's maritime interests, it is further evolving to meet related challenges, and it will ensure that internal expertise is developed in order to support shipping investments and risk management in the shipping industry.

Focus For The Future

The Authority's focus will continue to be on making our balance sheet stronger, investment in human capital, and managing cost efficiencies in a disciplined way which does not impede on operational efficiencies. As SAMSA gears itself to adequately address one of its mandates of promoting the maritime interests of South Africa, the Authority will continue to develop and implement strategies that will ensure that adequate financial resources are available to effectively deliver on this mandate. The Authority will also continue to place increased focus on the development of risk management strategies within the organization in order to enhance the understanding of risk, addressing of risk issues and balance it with the organisation's performance.

Tudor Hungwe
Acting Chief Financial Officer


LIRCAY

SECTION THREE 03

MANDATE AND GLOBAL TRENDS

ESTABLISHMENT OF THE SOUTH AFRICAN MARITIME SAFETY AUTHORITY AND MANDATES

The South African Maritime Safety Authority (SAMSA) was established under the SAMSA Act, No. 5 of 1998 on 1 April 1998. It is the authority charged with the promotion of South Africa's maritime interests even though in South Africa many maritime interests cut across several Ministerial and Departmental jurisdictions. SAMSA falls under the ambit of the Department of Transport.

These maritime interests, rights and obligations are covered under international conventions to which South Africa is party, such as the United Nations Convention on the Law of the Seas (UNCLOS), the Safety of Life at Sea (SOLAS) and others, which SAMSA has to protect and promote. These international conventions are administered by the International Maritime Organization (IMO) and International Labour Organization (ILO) which are SAMSA's major international stakeholders.

Its formation resulted from the 1996 Transport Policy, which aimed to ensure that South Africa's transport sector was in support of government strategies for economic and social development, whilst being environmentally and economically sustainable.

The articulation of the maritime policy and goals is as follows:

- Developing maritime awareness;
- Assisting in the fostering of an economic environment for the maritime transport industry that will allow it to compete with other nations;
- Contributing to the release of the full potential of the maritime industry in South Africa; and
- Ensuring fair labour practices such as employee rights, job creation and security with acceptable standards of employee health, welfare and safety in the maritime industry.

As a result of articulations in the transport policy the founding legislation of SAMSA identified three core mandates of the entity as:

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

Other mandates that have recently been entrusted to SAMSA are as follows:

- The lead agency to execute and implement the Western Indian Ocean Marine Highway Project. The project's objective is to introduce modern navigation aid systems in the SADC region, essentially an electronically supported marine highway to guide ships through sensitive areas.

MANDATE AND GLOBAL TRENDS

03

- The Authority charged with administering the Merchant Shipping (National Small Vessel Safety) Regulations, 2007 as amended ("the Regulations"). The regulations extend SAMSA's core mandate to include South Africa's inland waterways (only waterways accessible to the public) to ensure boating safety on our waters.
- The Authority charged with implementing and executing the Long-Range Identification and Tracking of Ships (LRIT) along the South African coastline. The long-range vessel monitoring system assists in securing South Africa's coastal waters amid rising lawlessness on the high seas, with particular reference the worrying surge in pirate attacks along the East African coast.

THE GLOBAL SHIPPING MARKET

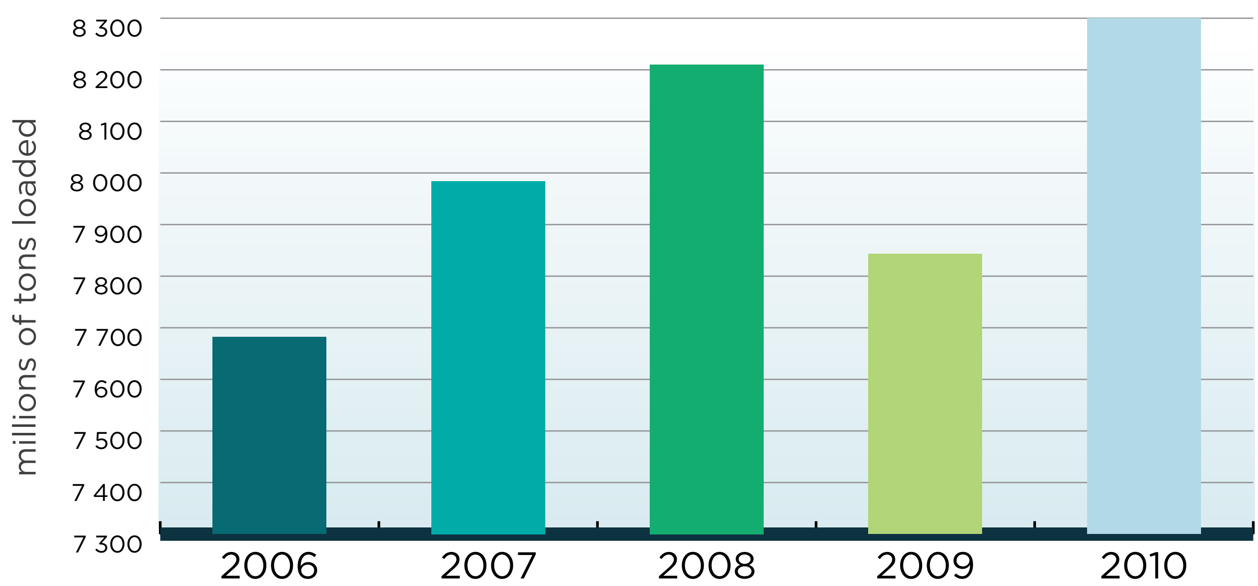
The importance of maritime transport to world trade and the global economy is undisputed. It is generally accepted that more than 90 per cent of international trade is transported by sea. The United Nations Conference on Trade and Development (UNCTAD) estimates the contribution of shipping activities to the global economy at US$380 billion in freight rates derived from ships operations[1].

However, maritime transport is a derived demand, closely linked to the economy and the need to move cargo between producers and consumers, as well as buyers and sellers worldwide. Accordingly, during periods of economic downturn the demand for shipping will tend to slow down, which affects all markets including South Africa. The inverse is also true during economic boom times. This link is practically illustrated by the slowdown in global seaborne trade in the late 1990s due to the Asian financial crisis and recently with the 2008/2009 global "credit crunch" with its epicentre in the United States.

Trade Developments

Total seaborne trade reached an estimated 8.3 billion tonnes in 2010, a volume increase of 5.8 per cent over the previous year (see figure below). The increase is mainly attributable to the recovery in the world economy fuelled by expansionary fiscal policies (in mitigating the impact of the global financial crisis experienced in 2009) in both developing and developed economies.

Trends in world seaborne trade (2006 – 2010)

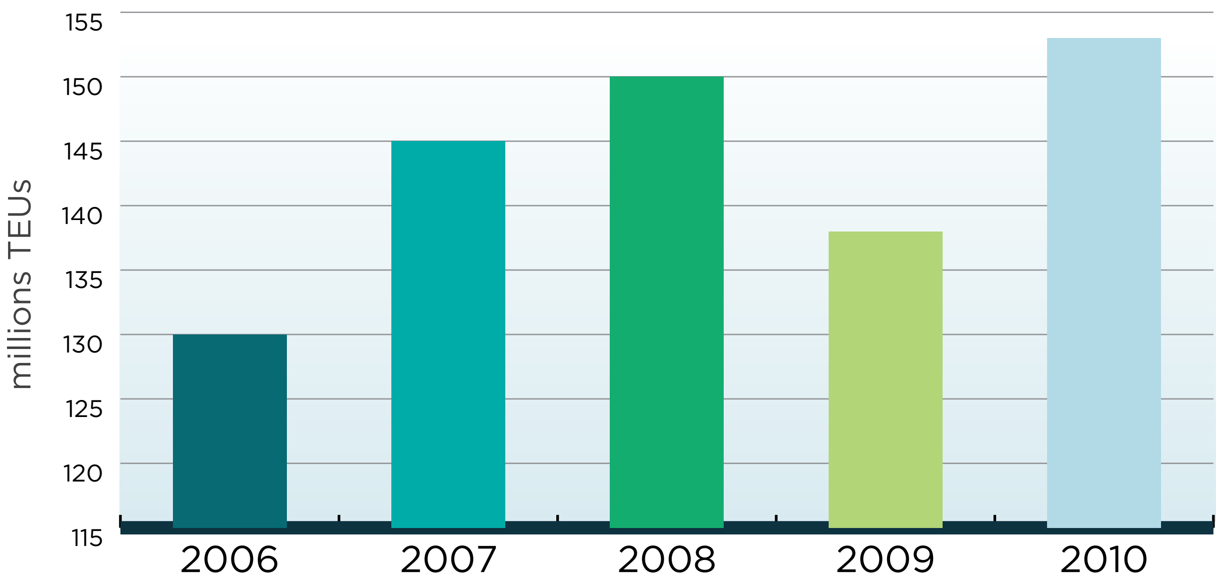


Source: UNCTAD Review of Maritime Transport 2009 and 2010 and SAMSA calculations

[1] *UNCTAD, Review of Maritime Transport, 2007 and 2008: Report by the UNCTAD Secretariat, United Nations: Geneva, 2007 and 2008*

World container trade recorded a year-on-year growth of 10.9 per cent in 2010 after it was negatively affected in 2009. The lack of credit in developed countries and plummeting consumption of manufactured goods in developing countries meant the volume of container trade declined from 148 million in 2008 Twenty-foot Equivalent Units (TEU) to 134 million TEU in 2009, an 8 per cent decline.

Trends in container trade (2006 – 2010)

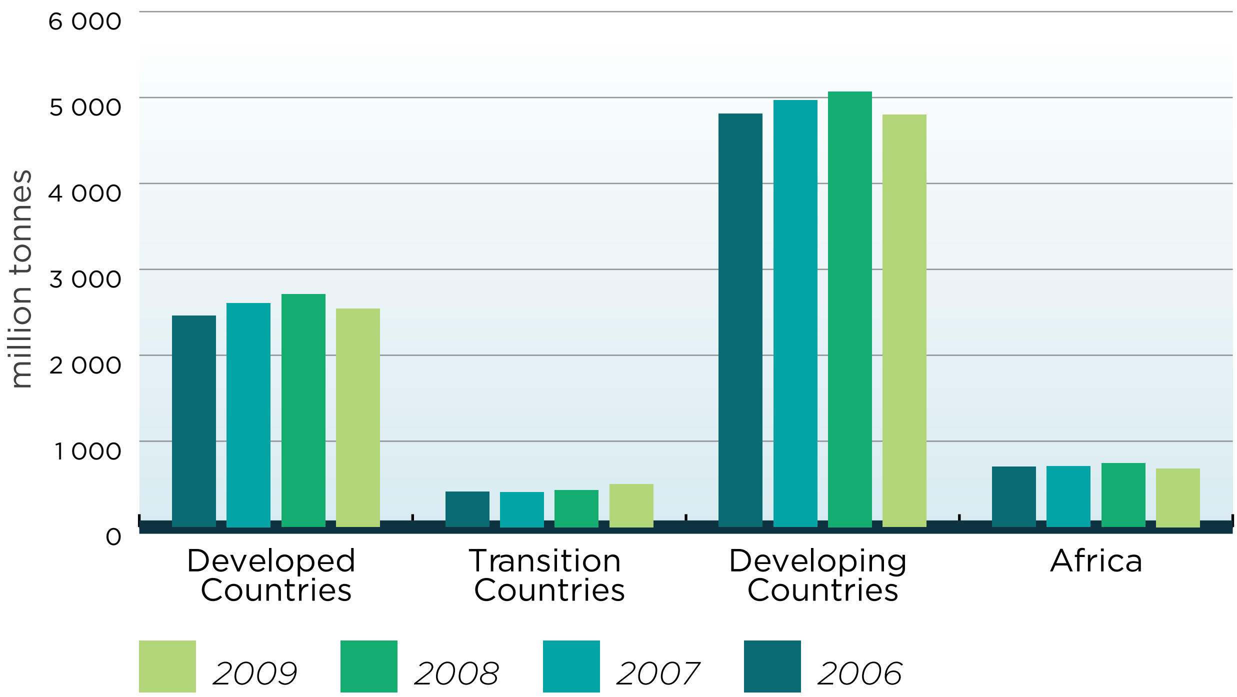


Source: UNCTAD Review of Maritime Transport 2010

THE GLOBAL SHIPPING MARKET

Highlighting the new geography of trade, the figure below illustrates that developing countries have been major loading areas, accounting for 61 per cent of total seaborne trade loaded in 2009. Data for 2010 was not available at the time of writing this report.

Seaborne trade by region (2006 – 2009)



Source: UNCTAD Review of Maritime Transport 2009 and 2010 SAMSA calculations

South Africa's seaborne trade is inextricably linked with global developments as shown by its increasing seaborne trade in 2010. The country's ports handled approximately 194 million tons of cargo in 2010 as compared to 183 million tons in 2009 (representing an average increase of 6.3 per cent year-on-year). The number and gross tonnage of ships that call on our ports is directly linked to SAMSA's revenue. SAMSA's revenue will increase if more ships (with increased gross tonnage) call on our ports, and vice versa.

SA seaborne trade – million tonnes (2006 - 2010)

	2006	2007	2008	2009	2010	Average Growth (2006 – 2010)
Deap sea	168.4	168.2	175.9	173.7	186.3	2.37%
Coastal	6.6	6.7	7.1	6.2	6.7	-0.47%
Transhipment	4.9	8.4	2	2.9	1.3	-31.05%
Total	179.9	183.3	185	182.8	194.3	1.52%

Source: National Ports Authority and SAMSA calculations

The marginal contribution of coastal shipping to total shipping in South Africa means the country should look beyond its borders if it intends to develop and enhance coastal trade. South Africa is well positioned to serve the west and east coasts of the continent by sea. Moreover, South Africa is strategically positioned to establish itself as a regional and global transhipment hub serving certain global trade routes. It is expected that this strategic aim will be achieved with the Port of Nqurha having been added to the already existing ports.

Table 2: SA seaborne container trade – million tonnes (2006 - 2010)

	2006	2007	2008	2009	2010	Average Growth (2006 – 2010)
Deep sea	2 637	2 953	3 067	3 204	3 000	3.45%
Coastal	96	84	83	92	73	-4.33%
Transhipment	683	675	750	1 039	939	11.26%
Total	3 416	3 712	3 900	4 335	4 012	4.88%

Source: National Ports Authority and SAMSA calculations

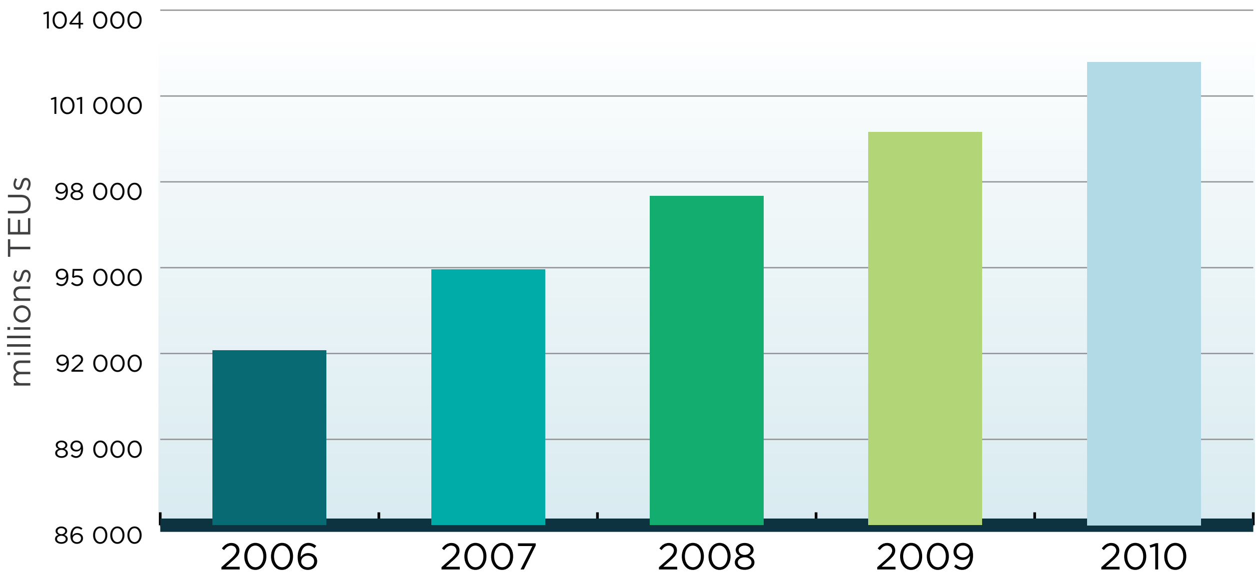
Container throughput stood at a combined total of 4,012 thousand TEUs in 2010 as compared to 4,335 thousand TEUs in 2009 (representing a year-on-year decline of 7.44 per cent).

Fleet Developments

Increasing global seaborne trade volumes are occurring at the same time as the world merchant fleet has expanded. In January 2010 the world fleet of sea-going merchant ships above 100 gross tonnage comprised 102 194 ships of 1.3 billion deadweight tonnage (dwt) compared to 99 741 ships of 1.2 billion dwt in January 2009. The growth was the result of vessel orders placed before the financial crisis when the industry was still expecting continued high demand for shipping.

THE GLOBAL SHIPPING MARKET

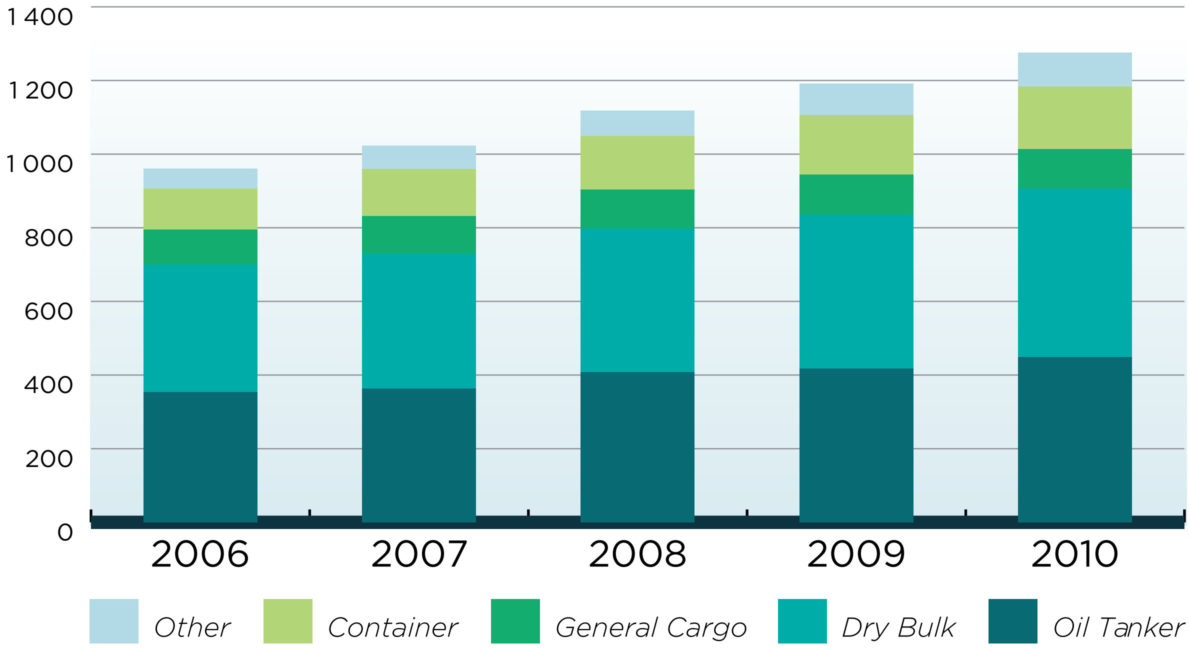
Figure 4: Total world merchant fleet (2006 – 2010)



Source: UNCTAD Review of Maritime Transport, Selected Annual Reports

Looking at individual sectors, oil tankers and dry bulk carrier tonnage, which together account for 71 per cent of the word fleet, increased by 7.6 per cent and 9.3 per cent respectively in 2010. The container ship fleet increased by 7 million dwt, or 4.3 per cent and currently represents 13.2 per cent of the world total fleet. General cargo ships recorded a decrease of 0.92 per cent in 2010.

Figure 5: World fleet by principal vessel types: beginning of year figures (2006-2010)



Source: UNCTAD Review of Maritime Transport, 2010 and SAMSA calculations

It is also important to note the increase in container fleet and size was also matched by an increase in the TEU capacity – from a handling capacity of 9.4 million TEUs in 2007 to 12.8 million TEUs in 2010 – as shipowners attempt to gain economies of scale .


4 STROKE
MED
ASSIST

04

SECTION FOUR

INSTITUTIONAL REVIEW

SAMSA: ENTREPRISE OF INTEGRITY

CORPORATE GOVERNANCE

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

The Board of SAMSA is the accounting authority in terms of the PFMA, 1999. SAMSA's Board, its management and employees subscribe to high levels of ethical conduct. The Directors are committed to conducting SAMSA's business with integrity and fairness and in accordance with good governance practice as set out in the King III Report on Corporate Governance for South Africa (2009) (King III). The board has reviewed the King III report and will implement, where appropriate, its recommendations.

The Board is in the process of establishing mechanisms and policies appropriate to the business and risks of the company, which will ensure the continuous reassessment of the quality of SAMSA's corporate governance practices.

HIGHLIGHTS

- The Board was appointed, well constituted, balanced and fully operational.
- Conclusion of the performance agreement with the Shareholder, the Minister of Transport.

SAMSA'S GOVERNANCE STRUCTURE

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

BOARD AND BOARD SUB-COMMITTEES

The SAMSA Board, including the CEO, is appointed by the Minister of Transport in terms of the SAMSA Act of 1998 as amended by the Transport Agencies General Laws Amendment Act of 2008. At the date of this report the Board comprised seven (7) independent Non-Executive Directors and one (1) Executive Director (CEO). In line with best practice in corporate governance (King III) the duties of Executive Directors are separate from those of the Non-Executive Directors.

The Board has delegated certain of its functions to sub-committees. The following committees have been established:

i. Audit & Risk;
ii. Remuneration & Human Resources (Remco); and
iii. Maritime Industry.

The Board is responsible for the proper management and ultimate control of the company. In order to meet this responsibility to members and other stakeholders, it sets the strategic objectives of the company. The affairs of the SAMSA Board and its sub-committees are governed by the Board and Sub-committee Charters respectively. These are subject to regular review so as to reflect best practice in corporate governance, such as the introduction of King III on 1 March 2010.

OFFICE OF THE COMPANY SECRETARY

Advocate Rebaone Gaoraelwe was appointed as the Company Secretary with effect from 1 March 2010. Advocate Gaoraelwe left SAMSA the financial year-end and was replaced by Mr Raphadu Moyahabo. All members of the Board and its sub-committees have unlimited access to the services of Board Secretariat, who provides guidance on governance and compliance-related issues. The office of the Board Secretariat also acts a link between the Board and its Sub-Committees, as well as between the Board (and Sub-Committees) and Management. The Company Secretary is also involved in board-initiated projects.

The office of the Company Secretary is responsible for ensuring there is induction and on-going director development within the SAMSA board and its sub-committees.

BOARD MEETINGS

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

Board	Audit and Risk Committee	REMCO	Maritime Industry Committee	AGM
29/04/2010	19/04/2010	29/04/2010	18/10/2010	27/09/2010
04/06/2010	18/05/2010	26/07/2010	02/11/2010	
29/07/2010	12/07/2010	02/11/2010		
29/09/2010	27/07/2010	29/03/2011		
03/11/2010	29/09/2010			
	29/10/2010			
	22/02/2011			

CORPORATE GOVERNANCE

Details of individual members' attendance:

Board						
Member	**29/04/2010**	**04/06/2010**	**29/07/2010**	**29/09/2010**	**03/11/2010**	**Total Attendance**
Mr Comfort Ngidi	✓	✓	*	✓	✓	4
Ms Nadeema Syms	✓	✓	✓	✓	✓	5
Mr John Martin	✓	*	✓	✓	✓	4
Mr Tsietsi Mokhele	✓	*	✓	✓	*	3
Mr Ronny Mkhwanazi	✓	✓	✓	✓	✓	5
Mr Ashley Seymour	*	✓	*	*	✓	2
Adv N. Sobekwa	*	✓	✓	✓	*	3
Prof L. Feris	N/A	N/A	N/A	N/A	✓	1

Audit and Risk								
Member	**19/04/2010**	**18/05/2010**	**12/07/2010**	**27/07/2010**	**29/09/2010**	**29/10/2010**	**22/02/2011**	**Total Attendance**
Mr M. Schaafsma	✓	✓	✓	✓	✓	✓	✓	7
Mr R. Mkhwanazi	*	✓	✓	✓	✓	*	✓	5
Mr Ashley Seymour	✓	✓	*	*	*	✓	✓	3

Remco					
Member	**29/04/2010**	**26/07/2010**	**02/11/2010**	**29/03/2011**	**Total Attendance**
Ms N. Syms	✓	✓	✓	✓	4
Mr C. Ngidi	✓	✓	✓	✓	4
Mr T. Mokhele	✓	✓	*	✓	3

Maritime Industry Committee			
Member	**18/08/2010**	**02/09/2010**	**Total Attendance**
Mr J. Martin	✓	✓	2
Mr R. Mkhwanazi	*	✓	1

N/A *Not yet appointed as Board Member*
* *Absent with Apology*

SAMSA'S SERVICE DELIVERY THROUGH CLUSTERS

In order to optimise its effort in creating and delivering value SAMSA works in clusters, which are themselves composed of centres. These are as follows:

Maritime Sector Safety, Monitoring and Enforcement

This cluster administers laws and regulations affecting the industry. Matters of safety, security, standards and quality are enforced through the cluster, which delivers on SAMSA's technical core mandate and which is comprised of the following centres:

- Centre for Ships
- Centre for Sea Watch and Response
- Centre for Seafarers and Fishing
- Centre for Boating (small vessels)

Maritime Economic Development

This cluster delivers on SAMSA's economic, social and related agenda to the nation through interventions in the maritime industry by means of the following two centres:

- Centre for Maritime Excellence
- Centre for Maritime Industry Development.

Corporate Governance and Management

This cluster is responsible for strategic direction, corporate administration and internal governance, risk and compliance, through the following centres:

- Centre for Corporate Affairs
- Corporate Services
- Strategy and Planning

Maritime Sector Governance

Maritime sector governance is undertaken by the Centre for Policy and Regulation, which is responsible for compiling policies and regulations for the maritime sector. It also assists in administering pieces of legislation and assists the department of transport on maritime related legislative matters.

SHIPPING

The cluster's work is centred on Port State, Flag State and Coastal State compliance in line with South Africa's global obligations. It is also the custodian of South Africa's national ship registry and seafarers' welfare.

The cluster's report for the fiscal year under review is as follows:

Vessel Incidents

Casualties and Incidents: SAMSA is required to investigate casualties or incidents—

(a) in the case of a ship which is registered or licensed in the Republic or which in terms of the relevant Act required to be licensed whenever:

(i) an allegation of incompetency or misconduct is made against the owner, the master or any member of the crew of such ship, or

(ii) (aa) such ship has been lost, abandoned or stranded:

(bb) an accident has occurred on board such ship or such ship has been damaged or has caused damage to any other ship: or

(cc) loss of life or serious injury to any person on board such ship has occurred at any place whatsoever:

(b) in the case of the ship registered or required to be registered in a country other than the Republic, whenever, in a port of or within the territorial waters of the Republic, any event referred to in paragraph (a)(ii) has occurred.

(c) in the case of any ship, wherever registered or required to be so registered, whenever an allegation referred to in paragraph (a)(i) is made against an employer or any person on board the ship while such ship is in a port of or within the territorial waters of the Republic:

(d) in the case of a ship registered in a foreign, whenever any event referred to in paragraph (a)(ii) has occurred elsewhere other than in a port of or within the territorial waters of the Republic and-

(i) such ship subsequently arrives at a port in the Republic and an inquiry into the casualty has not been held by any competent court or other investigatory body in any treaty country: or

(ii) in the case of a treaty ship, evidence is obtainable in the Republic as to the circumstances in which the ship proceeded to sea, or was last heard of, or any event referred to in paragraph (a)(ii) has occurred.

The year was relatively uneventful as far as catastrophic incidents were concerned. However, a great deal of work remains arising from the casualties that occurred. Of note was the incident on Witbank Dam on 19 November 2010, where six people drowned when a pleasure boat capsized. Following a preliminary inquiry SAMSA recommended to the Minister of Transport that a commission of inquiry into the incident be instituted.

A total of 34 incidents occurred in South African waters during 2010/11 as compared to 69 incidents in 2009/10. A significant amount of incidents occurred in October and November 2010, most of them involving fishing vessels. Some of notable incidents in the past fiscal year were:

- A patrol vessel encountered bad weather on 22 April 2010 resulting in damage and water leaks on the bridge;
- A fishing vessel collided with a mussel raft after missing the S3 buoy and going outside the line into a mussel farm demarcated area, causing serious damage to one of the mussel rafts. It continued going to sea without reporting or logging the incident;
- 'Augusta 1' fishing vessel collided with fishing vessel 'Forest Lily', and scrapped port anchor guide;
- Fishing trawler sank for unknown reasons while tied up alongside the quay (unmanned at the time).
- A bunker barge being towed by harbour tug sheered to port, colliding with the tug at bunker barge fender in November 2010.

Vessel inspections

Vessel inspections ensure that ships visiting South African waters comply with the applicable conventions on maritime safety, maritime security and protection of the marine environment from pollution by ships.

As a port state South Africa is required to inspect a certain percentage of foreign vessels calling at its ports. A total of 157 foreign vessels were inspected during the year under review as compared to 273 in 2009/10. Sixteen (10.19%) of the vessels were detained for serious safety and/or pollution prevention related deficiencies. The vessels were only allowed to leave port after they had taken corrective measures. Under the flag state implementation regime eight South African vessels were detained for serious safety and/or pollution prevention related deficiencies and were only released after corrective actions had been taken.

The decline in the number of ships that were port state inspected in the year under review compared to the previous year was due to a decline in the number of ships that called in our ports, which could be attributed to the effects of the global recession. A shortage of duly qualified port state control officers in SAMSA to carry out the task at the time also played a part.

MARITIME SECTOR SAFETY, MONITORING AND ENFORCEMENT

The table below reflects the Port State inspections and detentions over the past five years.

Port State Control Inspections

PSC	2006/07	2007/08	2008/09	2009/10	2010/11
Inspections	624	627	484	273	157
			DETENTIONS		
Type of Vessel	2006/07	2007/08	2008/09	2009/10	2010/11
S.A. Ships (under flag State inspections)	16	17	13	10	8
Foreign Ships (PSI)	20	25	14	10	16
TOTAL	**36**	**42**	**27**	**20**	**24**

Ship Registry Activities

One of the functions of SAMSA is to manage the South African ship registry and promote the register with a view to attracting investors to register their ships under the South African flag. It is anticipated that the promulgation of the Maritime Transport Policy and the Tonnage Tax Policy will provide a basis for the revamping of the ship register which, in turn will provide skills development and employment opportunities for South Africans and generate revenue for the country.

At the close of the year under review 1,362 ships (2009/10: 1,338) with a gross tonnage of 230 909 (2009/10: 260 147 gross tons) were registered under the South African flag. The table below reflects the number of ships and tonnage registered over the past five years in their various categories.

	2006/07		2007/08		2008/09		2009/10		2010/11	
Ship Types	**No.**	**Tonnage**	**No.**	**Tonnage**	**No.**	**Tonnage**	**No.**	**Tonnage**	**No.**	**Tonnage**
Convention (over 500 GT)	7	47 614	11	69 597	11	69 597	12	72 359	12	46 472
Non-convention over 25 GT	841	197 223	822	181 585	825	181 056	788	182 915	788	180 557
Sailing and under 25 GT	339	42 48	402	4 825	477	4 938	538	4 872	562	3 880
TOTAL	**1 187**	**249085**	**1235**	**256008**	**1313**	**255591**	**1338**	**260147**	**1362**	**230909**

Survey activities

Apart from Port State inspections SAMSA carries out statutory surveys and inspections in fulfillment of its Flag State obligations. These are surveys that clients contract SAMSA to carry out, in order to comply with legislation that affects their operations. The surveys could be for initial certification, renewal certification or to be issued with a certificate of approval to carry out a particular operation. In this regard a total of 7790 survey activities took place, with the biggest contributor being surveys and inspections of small vessels under 25 GT (3093), followed by radio surveys (1416). The table below shows the surveys that were carried out during the period under review.

No. of inspections concluded	2006/07	2007/08	2008/09	2009/10	2010/11
Tonnage measurement	61	205	219	113	76
Loadline	70	122	119	113	84
Small vessels <25GT (Internal)	703	3198	3435	3686	3093
Small vessels <25GT (External)	817	587	567	494	440
Fishing vessels >25GT≤400GT	3707	1306	1128	1076	833
Fishing vessels >400GT	1	0	215	146	177
Non-fishing vessels >25GT ≤ 500GT	117	619	631	510	395
Convention vessels >500GT	17	840	872	673	557
Oil pollution prevention and combating			64	38	38
MARPOL	139	241	140	108	80
Ship stability	60	304	437	312	155
Dangerous goods	984	769	735	470	168
Approvals, DOTFAS, liferaft stations	140	138	257	274	278
Radio surveys		839	905	1894	1416
TOTAL	**5999**	**8581**	**9157**	**9413**	**7790**

Casualties

Notwithstanding SAMSA's efforts to maintain safety standards, a number of casualties were reported involving vessels of various categories. As reflected in the tables below, there were 25 reported deaths from the 72 casualties that occurred, one fatality involving a stevedore. Three of the deaths occurred on small vessels, six on fishing vessels and 15 on other vessels. In the fishing sector SAMSA continued to educate the fishers on safety related issues and avoidance of substance abuse when on-board vessels at sea.

Type of Vessels	2006/07	2007/08	2008/09	2009/10	2010/11
Small vessels	11	8	10	11	12
S A fishing vessels	22	36	27	18	26
Other	52	47	50	34	34
TOTAL	**85**	**91**	**87**	**63**	**72**

Fatalities	2006/07	2007/08	2008/09	2009/10	2010/11
Small vessels	2	2	9	5	3
S A fishing vessels	9	10	19	8	6
Other vessels	4	3	7	7	15
Ship repairers	0	0	0	1	0
Stevedores	5	3	1	1	1
Incidental persons	0	1	0	0	0
TOTAL	**20**	**19**	**36**	**22**	**25**

Contraventions

Part of the authority's mandate in enforcing safety standards is to impose fines on vessels that contravene certain aspects of applicable legislation. It is part of a procedure followed by SAMSA after investigating a contravention, such as a pollution incident described above. As depicted in the table below, 24 penalties were imposed amounting to R438 539.00 at the close of the year, as compared to 14 penalties in 2009/10 amounting to R898, 741. The penalties imposed included those relating to oil pollution offences; offering services without the necessary accreditation; operating with expired certificates; non-compliance with Safe Manning Regulations; and failure to report incidents.

Year	2006/07	2007/08	2008/09	2009/10	2010/11
Total penalties imposed	25	24	14	14	24
Penalties paid	**R436,060**	**R720,797**	**R669,985**	**R898,741**	**R438,539**

SEA WATCH AND RESPONSE

South Africa as a coastal state has certain rights but also the obligation of control and responsibility. Under international law coastal states have powers though circumscribed to not only protect its own interests but exploit resources within its waters. In enjoying rights within its maritime zones, there are also policing activities that take place.

International maritime law accords the right of merchant vessels to innocent passage through maritime zones. South Africa, through SAMSA, plays a crucial role of ensuring that shipping enjoys innocent passage. However, SAMSA also ensures that ships do not cause harm or endanger the enjoyment of South Africa's rights or the rights of other ships. In addition, any risk to the marine environment either through pollution or any detrimental act should not be allowed.

SAMSA monitors the seas and any matter of maritime navigational safety or security noted is immediately responded to. The Centre for Sea Watch & Response is the custodian of this responsibility. The Centre monitors, searches, responds and assists with both the safety of life and property at sea, as well as pollution of the marine environment by ships. Furthermore, the Centre is mandated to track and identify ships in waters way beyond our Search and Rescue (SAR) region before they enter and whilst they are in South African waters. The Maritime Rescue Coordination Centre (MRCC) is an integral part of the Centre for Sea Watch & Rescue (CSWR).

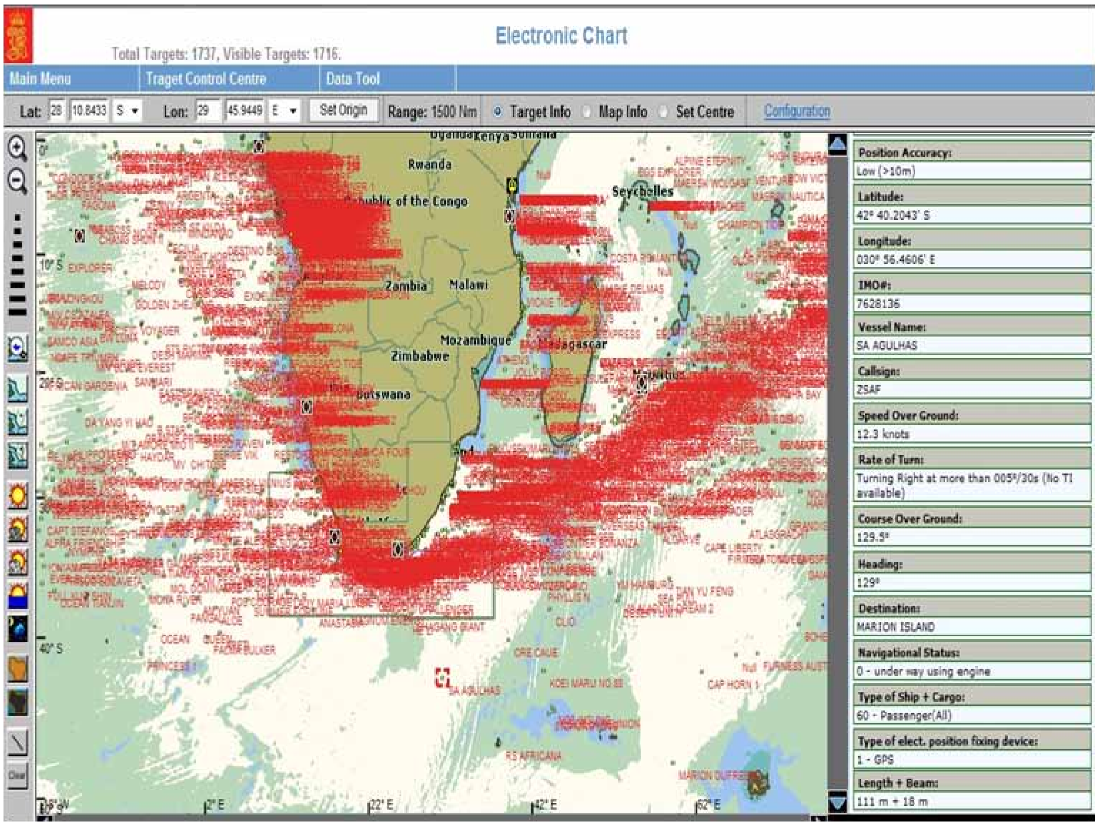
The highlight of the year was undoubtedly the FIFA Soccer World Cup 2010. The Centre was integral to the planning, preparation and implementation of the maritime security plan for the Soccer World Cup 2010 (SWC2010). A maritime domain awareness (MDA) workshop was held prior to the start of SWC2010 in which a number of government departments were represented, and collectively agreed to cooperate, share data and identify areas where progress needs to be made in the national interest of maritime safety and security.

The centre operates 24/7/365 to fulfil South Africa's maritime responsibility in complying with national, regional and international legislation and agreements.

Some of the highlights on some of the key projects of the Centre during the period under review year are as follows:

Long-Range Identification and Tracking of Ships

LRIT – the equipment tracking tool is operational and compliant. The picture below depicts the tracking of vessels at a particular time.



AIS vessel tracking – 1716 ships visible – SA AGULHAS heading towards Marion Island (13 Mar 2011).

Satellite AIS – trial which commenced during the Soccer World Cup season has been extended and is still under way, greatly enhancing maritime surveillance and security. Coastal as well as satellite AIS data is displayed in an operations room and on a website through secured and controlled access. Web-access has been given to the SAMSA ports and other Maritime Security (MarSec) entities. Access to the website by our neighbouring SADC countries, especially Mozambique with piracy attacks in their waters, is being pursued.

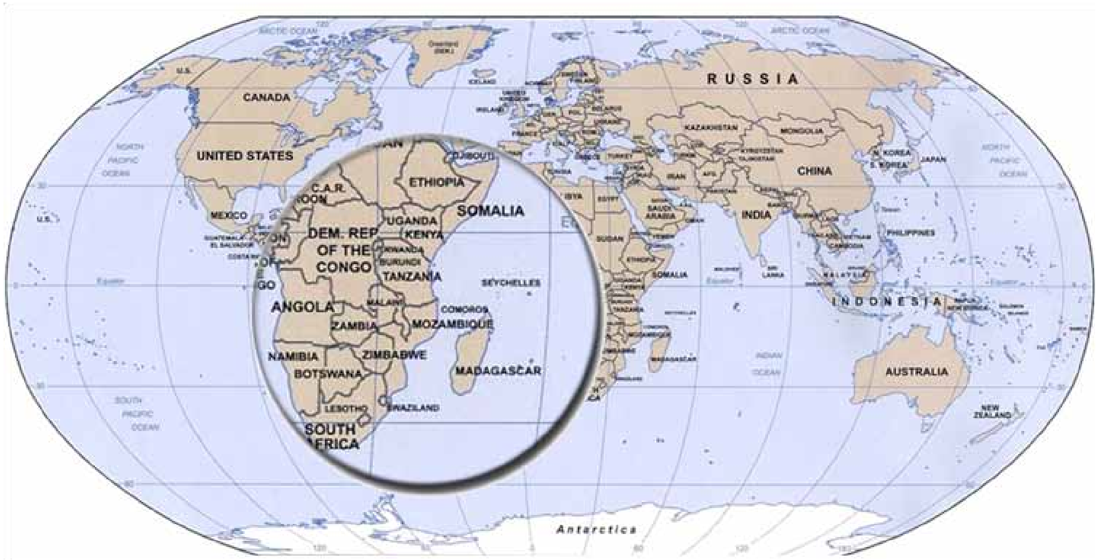
National Contingency Plan

The National Contingency Plan (2005) has undergone vigorous revision and review. The Department of Environmental Affairs has been an integral part of this process. The plan has also been reviewed as one of the outcomes of the Western Indian Ocean Marine Highway Project (WIOMH) with particular reference to the combating aspect. The plan is currently being reviewed and is expected to be presented to the Department of Transport in the next financial year.

Western Indian Ocean Marine Highway (WIOMH) Project

This project has been made possible as a result of a grant from the Global Environmental Facility Trust Fund, via the World Bank, to the governments of Comoros, Kenya, Madagascar, Mauritius, Mozambique, Seychelles, South Africa and Tanzania. It aims to reduce the risk of ship-based environmental contamination and to strengthen capacity to respond to oil or chemical emergencies in the region.

Mid-term review (MTR) was successfully completed by an independent consultant and the MTR full report is available. Tenders for hydrographic surveys in Zanzibar and Maputo have closed just before the year under review. An award will be made in the next financial year. Tender specifications for the installation of AIS base stations in the participating states have been compiled and tenders were advertised in April 2011. Hydrographic survey completed by SHOM (France) and data sent to UKHO (UK) for QC and promulgation as a 'surveyed corridor' on all charts. The motivation for an extension of agreement until December 2012, as requested by SAMSA and signed by Minister of Environmental Affairs was subsequently approved by the World Bank.



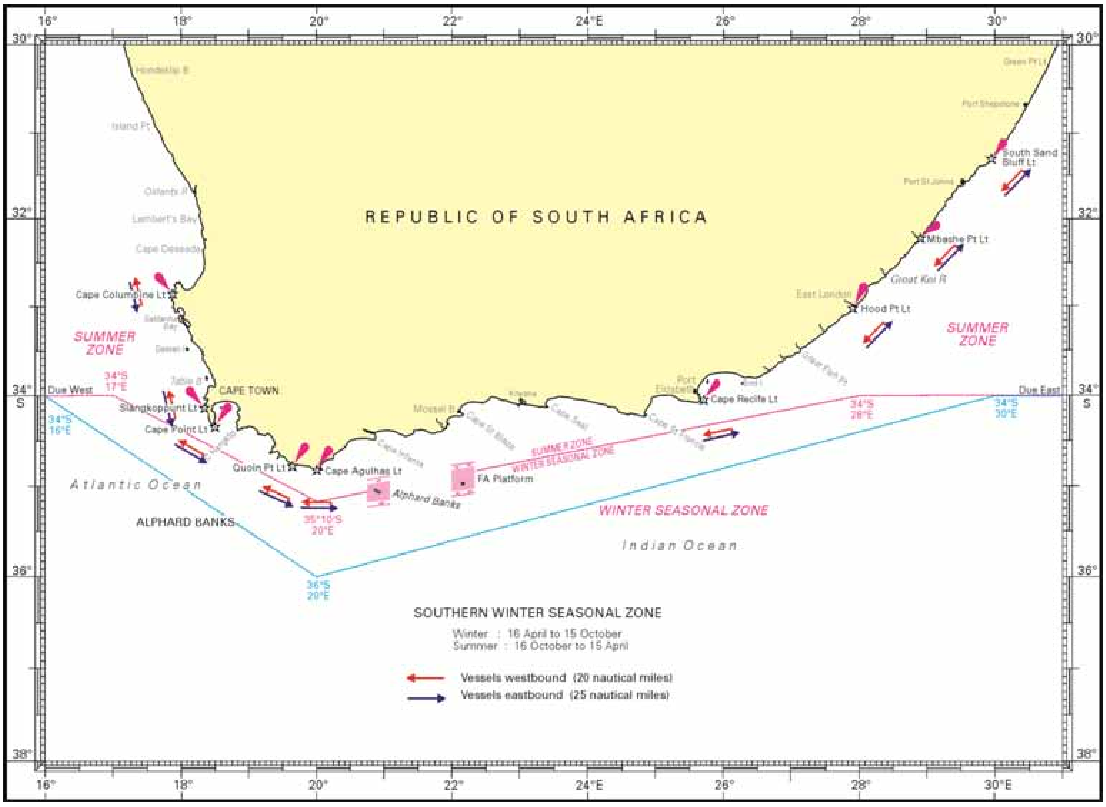
The WIOMH Project countries

Load Lines Convention Amendment Project

This project aims to amend the Load Lines Convention to shift the South African summer/winter load line 50 miles further southwards off Cape Agulhas to reduce the risk of marine incidents. IMO's Maritime Safety Committee (MSC) will receive a positive recommendation from the sub-committees involved and approval will be obtained at MSC 89 in May 2011. It is expected that it will receive final adoption at the following MSC 90 in 2012.

INSTITUTIONAL REVIEW

MARITIME SECTOR SAFETY, MONITORING AND ENFORCEMENT



The proposed Load Line indicated in light blue – 50 miles further southward of Cape Agulhas

Small Craft Identity Devices

Consideration is still being given to the development/utilisation of tracking devices for all vessels registered to operate in South African waters (offshore and inland). This item has been raised in MDA workshop as to other possibilities that will meet the need of all interested parties; this includes the possibility of satellite tracking. This item also forms part of the Maritime Radio Communications Plan.

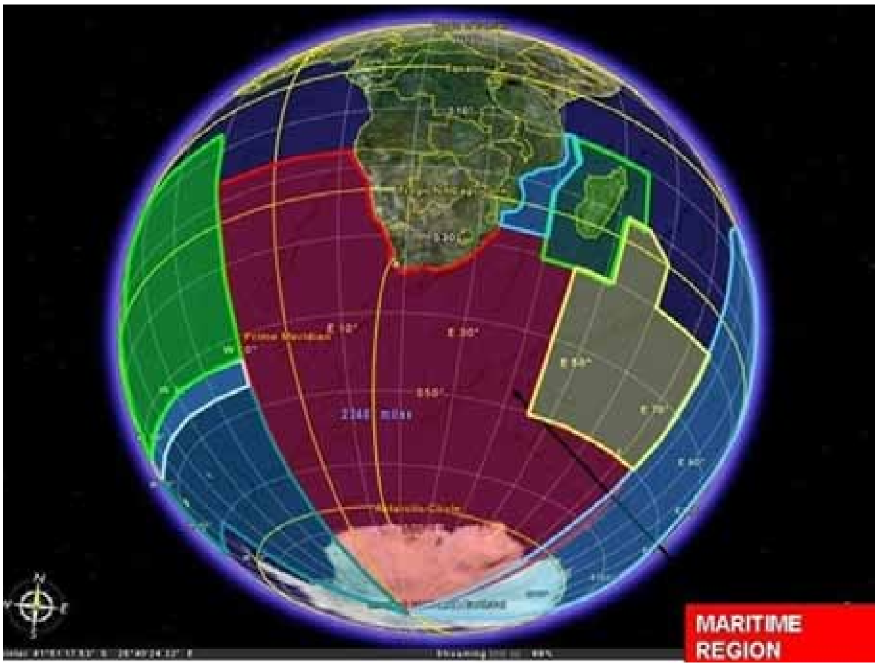
Maritime Search and Rescue

As signatory to the International Maritime Organisation (IMO) Convention on Maritime Search and Rescue 1979, SAMSA on behalf of South Africa is committed to providing comprehensive facilities to search for missing ships and make all necessary arrangements for the rescue of persons in distress within a sphere of 27 million kilometres which is a vast area if one considers that South Africa's landmass is only 1.2 million km square. Its area of responsibility extends all the way to the Antarctic, halfway to Asia on the west and halfway to South America.

INSTITUTIONAL REVIEW

04

The Maritime Rescue Coordination Centre (MRCC) is a Unit that has been established under SAMSA and based in Cape Town and responsible for the coordination of maritime and aeronautical search and rescue operations within South Africa's search and rescue regions in terms of the South African Maritime and Aeronautical Search and Rescue Act (Act 44 of 2002. The MRCC is operational 24 hours a day and 7 days a week.



South Africa's SAR Maritime area = 27,7 mil km

OPERATIONAL STATISTICS

ACTIVITY	TOTAL FOR YEAR		
SOLAS Distress Alerts	157		
Total Distress Signals	364	Persons saved	97
SOLAS Urgency	71		
COSPAS 406 Beacons Registered	642	Total registered	3000
MSI-Navigational Warnings	813		
SAFREPS (Ships Reporting To SA)	33408		
Medical Advice Incidents	93	Persons evacuated	32
Pre-Arrival Notifications	13812		
Maritime Assistance Services	157		
Ships Detected Daily By AIS – Equator To Antarctica	1800		
LRIT Vessel Reports – Weekly – Within 200 Miles Of SA Coastline	7800	Average Vessels weekly	530

LETTERS OF APPRECIATION TO THE MRCC

RESTRICTED

J TAC HQ WC/R/513/7
Joint Tactical HQ Western Cape
Silvermine
Private Bag X1
Tokai
7966
04 June 2009

Telephone: 021-7872313
Fax: 021-7872359
Enquiries: WO2 M.C. Laing

Mr C. Carstens
MRCC
PO Box 532
Parow
7499

THANKS AND APPRECIATION

1. We would like to express our sincere thanks and appreciation for your personal contribution in making the WO's Forum Day a success.
2. Your dedication and professional approach is noticed and commended for upholding values and standards with attention to detail to understand what the MRCC is all about.
3. Once again thank you for a pleasant day.

(M.C. LAING)
2IC MARO: WO2

DIRECTORATE FLEET FORCE PREPARATION SITUATION ROOM
Private Bag X1, Simon's Town, 7995

FAX

Date: 3 NOV 09
No of pages incl. Fax cover: 2

To: MRCC
COL(SAAF) RET J. CARSTENS
Telephone: (021) 938-3301
Fax No: (021) 938-3319

From: CAPT. P.S. BARNARD
SA NAVY
Telephone: (021) 787 - 4793
Fax No: (021) 787 4002

Greetings Cassie,
Attached please find a letter of thanks for an NCAGS group visit.
The original is in the post!
Many thanks again
Preston.

RESTRICTED

FOF/R/102/14/3
Fleet Command
Director Fleet Force Preparation
Private Bag X1
Simon's Town
7995
03 November 2009

Tel: +27 (0)21 787 4793
Fax: +27 (0)21 787 4352
Cell: +27 083 278 4216
Enq: Capt P.S. Barnard

The MRCC Chief
South African Search and Rescue Organisation
P O Box 532
Parow
7499

Dear Cassie,

VISIT BY SA NAVY NAVAL CO-OPERATION AND GUIDANCE FOR SHIPPING (NCAGS) LEARNING OPPORTUNITY GROUP TO MRCC 27 OCTOBER 2009

The visit to MRCC by the NCAGS Learner group on 27 October 2008 was one of the highlights of the Learning Opportunity.

Your presentation was enthusiastically received by the group and achieved the course objective of orientating the group to the South African Search and Rescue Organisation superbly.

Your enthusiastic presentation and vast knowledge of Search and Rescue gave the whole group new insights into this vital service. Your suggestion to visit Cape Town Radio is well accepted and arrangements for such a visit will be made for the forthcoming course.

Please accept my personal thanks and those of the learners for the time and effort you put in to accommodate us.

We look forward with anticipation to future visits by personnel from the SA Navy

Yours Aye,

(CAPT P.S. BARNARD)
FLAG OFFICER FLEET: REAR ADMIRAL
SB/PSB
MRCC VISIT

RESTRICTED

Tel: +27 (0)21 787 4793
Fax: +27 (0)21 787 4352
Cell: +27 083 278 4216
Enq: Capt P.S. Barnard

FOF/R/102/14/3
Fleet Command
Director Fleet Force Preparation
Private Bag X1
Simon's Town
7995
03 November 2009

The MRCC Chief
South African Search and Rescue Organisation
P O Box 532
Parow
7499

Dear Cassie,

VISIT BY SA NAVY NAVAL CO-OPERATION AND GUIDANCE FOR SHIPPING (NCAGS) LEARNING OPPORTUNITY GROUP TO MRCC 27 OCTOBER 2009

The visit to MRCC by the NCAGS Learner group on 27 October 2008 was one of the highlights of the Learning Opportunity.

Your presentation was enthusiastically received by the group and achieved the course objective of orientating the group to the South African Search and Rescue Organisation superbly.

Your enthusiastic presentation and vast knowledge of Search and Rescue gave the whole group new insights into this vital service. Your suggestion to visit Cape Town Radio is well accepted and arrangements for such a visit will be made for the forthcoming course.

Please accept my personal thanks and those of the learners for the time and effort you put in to accommodate us.

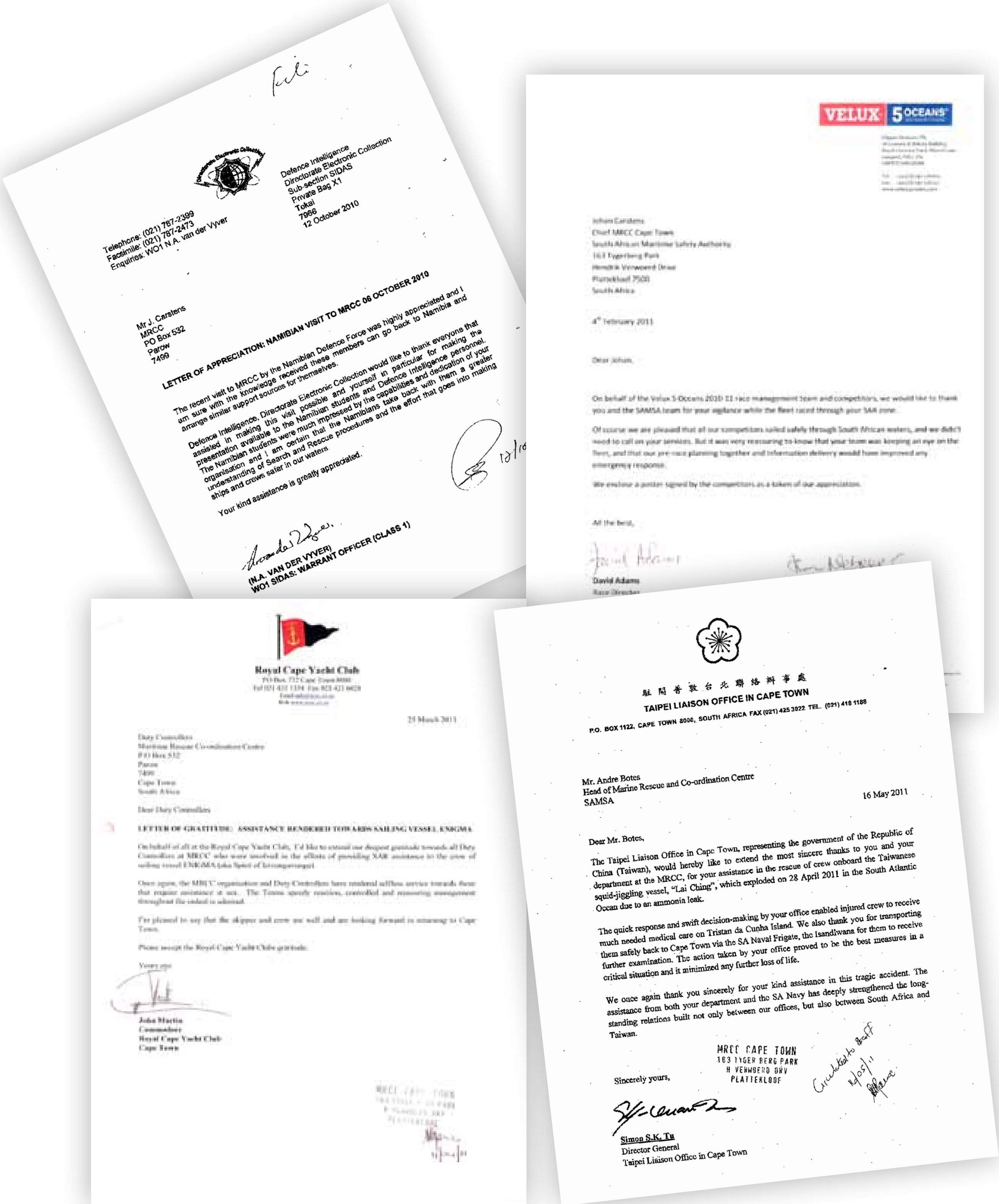
We look forward with anticipation to future visits by personnel from the SA Navy

Yours Aye,

(CAPT P.S. BARNARD)
FLAG OFFICER FLEET: REAR ADMIRAL
SB/PSB
MRCC VISIT

RESTRICTED

04 INSTITUTIONAL REVIEW



Telephone: (021) 787-2399
Facsimile: (021) 787-2473
Enquiries: WO1 N.A. van der Vyver

Defence Intelligence
Directorate Electronic Collection
Sub-section SIDAS
Private Bag X1
Tokai
7966
12 October 2010

Mr J. Carstens
MRCC
PO Box 532
Parow
7499

LETTER OF APPRECIATION: NAMIBIAN VISIT TO MRCC 06 OCTOBER 2010

The recent visit to MRCC by the Namibian Defence Force was highly appreciated and I am sure with the knowledge received these members can go back to Namibia and arrange similar support sources for themselves.

Defence Intelligence, Directorate Electronic Collection would like to thank everyone that assisted in making this visit possible and yourself in particular for making the presentation available to the Namibian students and Defence Intelligence personnel. The Namibian students were much impressed by the capabilities and dedication of your organisation and I am certain that the Namibians take back with them a greater understanding of Search and Rescue procedures and the effort that goes into making ships and crews safer in our waters.

Your kind assistance is greatly appreciated.

(N.A. VAN DER VYVER)
WO1 SIDAS: WARRANT OFFICER (CLASS 1)

VELUX 5 OCEANS

David Adams

Royal Cape Yacht Club

John Martin

駐開普敦台北聯絡辦事處
TAIPEI LIAISON OFFICE IN CAPE TOWN
P.O. BOX 1122, CAPE TOWN 8000, SOUTH AFRICA FAX (021) 425 3022 TEL. (021) 418 1188

Mr. Andre Botes
Head of Marine Rescue and Co-ordination Centre
SAMSA

16 May 2011

Dear Mr. Botes,

The Taipei Liaison Office in Cape Town, representing the government of the Republic of China (Taiwan), would hereby like to extend the most sincere thanks to you and your department at the MRCC, for your assistance in the rescue of crew onboard the Taiwanese squid-jiggling vessel, "Lai Ching", which exploded on 28 April 2011 in the South Atlantic Ocean due to an ammonia leak.

The quick response and swift decision-making by your office enabled injured crew to receive much needed medical care on Tristan da Cunha Island. We also thank you for transporting them safely back to Cape Town via the SA Naval Frigate, the Isandlwana for them to receive further examination. The action taken by your office proved to be the best measures in a critical situation and it minimized any further loss of life.

We once again thank you sincerely for your kind assistance in this tragic accident. The assistance from both your department and the SA Navy has deeply strengthened the long-standing relations built not only between our offices, but also between South Africa and Taiwan.

MRCC CAPE TOWN
163 TYGER BERG PARK
H VERWOERD DRV
PLATTEKLOOF

Sincerely yours,

Simon S.K. Tu
Director General
Taipei Liaison Office in Cape Town

MARITIME SECTOR SAFETY, MONITORING AND ENFORCEMENT

Maritime security

South Africa's endowment with the sea and its resources come with corresponding responsibilities and obligations, such as protection of these resources, because South Africa - as most African countries including the landlocked ones - is dependent on maritime trade for economic prosperity.

There are many challenges facing South Africa in discharging these responsibilities and obligations as far as securing the marine environment is concerned. Some of the challenges include:

- Increased acts of piracy and armed robbery against ships on the Indian Ocean and around Somalian waters;
- Threat to ports infrastructure and ships;
- Drugs and human trafficking activities due to poor policing of some of the entry points in SA;
- Illegal fishing, which poses a threat to food security for both commercial and subsistence fishing;
- Ship-sourced pollution, which is a threat to marine environment; and
- Threat to oil, gas and nuclear installations, that is security of the country's resources as well as environmental protection.

The ability to effectively respond to these issues lies in the need for a coordinated effort among government institutions to improve maritime security of the country. Currently maritime security issues are addressed through the Department of Transport (DoT) structures of Maritime Security Advisory Committee (MSAC) and Maritime Security Coordination Centre (MSCC), which were established as a result of the Maritime Security Regulations 2004. MSAC advises the government on measures that will enhance maritime security and MSCC coordinate and execute security clearance of ships intending to enter South African ports.

SAMSA is integral to South Africa's maritime security in that it receives the Pre-Arrival Notices from ships intending to visit South African ports. This information is then transmitted to MSCC and re-transmitted to other government maritime security departments and entities. SAMSA is also a member of MSAC, where it ensures attendance at this committee's meetings, given that shipping-related security issues are addressed by all relevant government departments and entities tasked with securing South Africa's ports, waters and ultimately the economy. The Centre for Sea Watch & Response is the custodian of SAMSA's responsibility of monitoring the seas and any matter of maritime navigational safety or security. Furthermore, the centre is mandated to track and identify ships in waters way beyond our SAR region before they enter and whilst they are in South African waters. The Maritime Search and Rescue Coordination Centre (MRCC Cape Town) is responsible for all maritime SAR operations within South Africa's internationally-designated maritime region.

One of the recent maritime security threats to shipping supply chain is piracy. According to the IMO, between February 2009 and February 2010, there were 286 piracy-related incidents off the coast of Somalia. These resulted in 67 hijacked ships, with 1130 seafarers on board.

Within the same period 714 seafarers were held for ransom on board 30 ships scattered at various points of the country's extensive coastline.

SAMSA is also increasing its efforts in ensuring that South Africa plays its part in all efforts to combat piracy but also, more importantly, to orchestrate from and among all stakeholders concerned, an effective response to a problem that has blighted the maritime community for too long.

As a result of SAMSA's commitment to join efforts in curbing this growing menace, SAMSA attended the Regional Djibouti Code of Conduct meeting to participate in the agreements of the Mombasa (Kenya) and Dar-es-Salaam (Tanzania) Information Sharing Centres (ISC), coordinated by the International Maritime Organization (IMO). The ISCs were established in line with the implementation of the Djibouti Code of Conduct in respect of coordination and information sharing. The objectives of ISCs include, among others:

- Facilitate reporting of incidents - actual attack, attempted attack or suspicious movements relating to piracy in the region;
- Collate, examine, analyse and exchange information and data transmitted by the contracting parties concerning piracy and armed robbery against ships in the region;
- Communicate appropriate alerts in a timely manner if there is a threat of incidents of piracy or armed robbery against ships in any shipping lane in the region; and
- Provide advice and guidance to ships on the additional preventive measures that may be needed by the ships when crossing waters of potential piracy attacks.

In its new five-year strategic plan 2011/12 - 2015/16 SAMSA has elevated two strategic maritime security programmes:-

- Maritime security governance to ensure the existence and functioning of representative maritime coordinating mechanisms; and
- Maritime security programme to ensure a protected and investment-friendly South African maritime environment through the following sub-programmes – e.g. trade security, environment protection, anti-piracy, navigation improvement, technology enhancement etc.

MARITIME SECTOR SAFETY, MONITORING AND ENFORCEMENT

SEAFARING

Seafaring is under the custodianship of the Centre for Seafarers. The Centre strives:

- To ensure that the entire spectrum of human activities performed by ships' crew, fishers, stevedores and shipyards is done safely;
- To ensure that the above spectrum of human capital is appropriately trained to safely perform its respective activities;
- To provide moral support to those stricken by death of a family member working at sea, as well as fishers addicted to substance abuse;
- To ensure that the provisions of Chapter IV of the South African Merchant Shipping Act 1951 relating to engagement, discharge, repatriation, payment, discipline and general treatment of seamen and cadets are complied with.

SEAFARERS ON THE SOUTH AFRICAN REGISTER

CATERGORY	TOTAL	S.A	NON S.A	AV. AGE
UNLIMITED				
MASTER	314	225	89	50
CHIEF MATE	149	119	30	39
DECK OFFICER	459	374	85	33
SKIPPER	23	18	5	40
RATINGS	890	772	118	38
LESS THAN 3000 GT				
MASTER	1	1	0	48
CHIEF MATE	5	4	1	44
COASTAL				
MASTER	37	29	8	48
MATE	46	34	12	50
SKIPPER	35	32	3	46
MINING				
MASTER	6	4	2	46
CHIEF MATE	7	2	5	35
DECK OFFICER	3	1	2	40
ADDITIONAL				
EFFICIENT COOK	322	294	28	46
DECK CADETS *	88	88	0	22
ENGINEERING CADETS*	92	92	0	24

* Awaiting for berths on ships to commence their training

CATERGORY	TOTAL	S.A	NON S.A	AV. AGE
		PORT OPERATIONS		
MASTER *	213	200	13	39
SKIPPER	90	80	10	49
RATINGS	116	114	2	37
* Of the 213 Masters, 113 are also STCW Deck Officers				
		UNLIMITED		
CHIEF ENG. OFFICER	215	154	61	52
SECOND ENG. OFFICER	170	117	53	44
ENGINEERING. OFFICER	345	250	95	41
RATINGS	390	311	79	37
		LESS THAN 3000 KW		
CHIEF ENG. OFFICER	5	4	1	45
SECOND ENG. OFFICER	60	47	13	55
		PORT OPERATIONS		
CHIEF ENG. OFFICER**	30	28	2	43
SECOND ENG. OFFICER	26	26	0	41
RATINGS	14	14	0	41
**Of the 30 CEO, 12 are also STCW Engineering Officers				

Seafarers fall in two main categories in relation to the discipline that they pursued, and that is the deck (navigation) discipline or the engineering discipline. In these disciplines there exist ranks which depend on the level of qualification attained as well as time (in months) spent on operating vessels. In the table below, the following terms have the following meanings:

- **Master** – a person having charge or command (other than a pilot) of a ship.
- **Chief Mate** – the deck officer next in rank to the master and upon whom the command of the ship will fall in the event of incapacity of the master.
- **Deck Officer** – a certificated officer at the entry level of the deck department, as opposed to the engineering department of the ship.
- **Skipper** – a person in command of a vessel that is not a trading vessel.
- **Rating** – a seafarer other than a master or officer. He/She could be a deck or engineer rating.
- **Cadet** – a seafarer under structured training to become an officer in either the deck or engineering discipline on a ship.
- **Chief Engineer Officer** – the senior engineer officer responsible for mechanical propulsion, operation and maintenance of the mechanical and electrical installations of a ship.

- **Second Engineer Officer** – the engineer officer next in rank to the chief engineer officer and upon whom responsibility for the mechanical propulsion, operation and maintenance of the mechanical and electrical installations of the ship will fall in the event of the incapacity of the Chief Engineer Officer.
- **Engineer Officer** – a certificated officer at the entry level of the engineering department on a ship.
- **STCW Officers** – officers (deck or engineer) who have qualifications in terms of the International Convention on Standards of Training, Certification and Watchkeeping of the International Maritime Organization (IMO).

The vessels that the seafarers work on are categorized in relation to the trade they are engaged in. These are:

- **Unlimited** – these are vessels of a size greater than 3000 Gross Tons (GT) plying their trade internationally.
- **Less than 3000 GT** – these are vessels plying their trade internationally, but of a size less than 3000 GT.
- **Coastal** – these are vessels plying their trade between ports in the same country, but does not include any fishing, sealing or whaling.
- **Mining** – these are vessels engaged in extracting minerals from the seabed, but excludes oil and gas exploration.
- **Port Operations** – vessels engaged in operations within a harbour.
- **Less than 3000 kW** – vessels of engine power of less than 3000 kiloWatts (kW).

REGISTRAR OF SEAFARERS

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

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

The certificates issued in 2010/11 in comparison to previous years are shown below.

Certificates issued	2006/07	2007/08	2008/09	2009/10	2010/11
Competency (Deck and Engine)	484	657	441	375	369
Ratings qualification	239	238	242	239	235
STCW I/10 Recognition of CoC	0	0	1	2	0
Endorsement	2664	2255	1945	1722	1913
Certified copies and revalidations	408	310	140	104	166
Small vessel CoC	4876	6384	16721	31301	17979
TOTAL	**8671**	**9844**	**19490**	**33743**	**20662**

BOATING

The Centre for Boating is charged with ensuring compliance with the Merchant Shipping (Small Vessel Safety) Regulations, 2007 promulgated by the Minister of Transport in September 2007. This extended SAMSA's mandate to include inland waterways, in addition to the tidal waters and the high seas. These regulations mandate SAMSA to regulate small commercial vessels and those used solely for sports and recreation.

The main areas of focus for SAMSA are the following:

Accreditations

SAMSA accredits a number of institutions to provide training for skippers of small vessels and also do the assessments. SAMSA then issues a national small vessel certificate of competence from Pretoria. The accreditations are subject to periodic audits by SAMSA to ensure compliance.

Surveys

All commercial small vessels must be surveyed by a SAMSA surveyor. SAMSA has delegated the surveying of sports and recreation small vessels to accredited agencies. In order to ensure that boats comply with the regulations, SAMSA small vessel surveyors carry out ad hoc inspections at dams and rivers.

Examinations

SAMSA carries out examinations for all commercial skipper licences, while accredited examiners can assess sports and recreation competencies.

Since its formation the centre has continued to ensure the following:

- Safety of boats and water users;
- Accident and incident management
- Development of the boating industry with regards to construction, repair and skills.

MARITIME ECONOMIC DEVELOPMENT

This cluster is devoted to the design and implementation of industry development initiatives, cluster development, and research and economic analysis. It aims to advance the development of the maritime sector to meet the country's development challenges. The cluster is charged with anticipating emerging industry themes, providing accurate and policy-oriented research, ensuring excellence in maritime skills and training while actively contributing to maritime industry public debate.

The Centre for Maritime Industry Development is responsible for the advancement of the maritime economy. This centre delivers its work in close partnership with the Centre for Maritime Excellence. The latter has to ensure excellence in skills, training and research outputs, whilst managing both the knowledge from research and other maritime knowledge stock.

Key initiatives for the year under review included the following:

Competitiveness of the South African Ship Registry

South Africa remains one of the least competitive registries of all notable maritime nations and has no merchant vessels registered on its national flag. The country is wholly dependent on foreign registered vessels to facilitate its international trade by sea. The absence of tonnage for a country does pose a range of economic, social and strategic challenges.

SAMSA's posits that the following regulatory interventions will have a significant influence on growing the South African Ship Registry:

- **Tonnage Tax:** The regime does not exist and introducing a tonnage tax will align South Africa's shipping tax regime with the fiscal systems of other major maritime nations. Levelling the playing field with respect to income tax relief for all seafarers (domestic and international) and consideration of preferential port dues and charges for locally flagged vessels are some of the incentives government will have to consider.

- **Ranking of Claims on Judicial Sale:** South African or foreign ship owners would not be able to obtain finance on the strength of ship mortgage if the ranking of the mortgagee remains low compared to judicial systems of other maritime nations.

- **Review of the Merchant Shipping Act, No. 57 of 1951:** To bring relevant provisions in line with international crewing standards.

- **Cargo Reservation** for South African flagged vessels.

- **Consideration of Cost, Insurance and Freight (CIF)** over free-on-board (FOB) where CIF is the agreed incoterm (terms of shipment), the seller pays the cost of freight, delivers when the goods pass over the ship's rail at the port of destination and is also entitled to nominate the shipping line which can be encouraged to be South African.

- **Exchange Controls** in shipping to be liberalised to transfer international shipping activities back into South Africa.

These interventions cut across many ministerial and departmental jurisdictions and therefore underscore the need for national coordination and coherence.

Global Maritime Strategy

From 1994 onwards South Africa's foreign and trade policy has been characterised by a greater emphasis on African concerns, favouring an African-led and African-owned approach. The work has developed in the context of the economic agenda of the African Union (AU) and the New Economic Partnership for Africa's Development (NEPAD) and has also involved engagements in the Southern African Development Community (SADC) and the Southern African Customs Union (SACU).

Foreign and trade policy has also shifted to include strengthening of political and economic linkages with countries of the 'south'. This is premised on the understanding that 'South-South' cooperation models somehow offer a more democratic and viable alternative to South Africa than enhanced alliances with the 'north'. This has been evident in South Africa's accelerated engagement with 'new' partners, such as China, India and Brazil, under the auspices of the IBSA dialogue and the Brazil-Russia-India-China-South Africa (BRICS) configuration, as well as within forums such as Non-Aligned Movement and Africa-Asia strategic partnership. Such 'South-South' cooperation is envisaged to provide valuable informal forum of discussion and cooperation between countries sharing common values and concerns.

South Africa is also a strong proponent of multilateralism as the necessary intergovernmental response to managing globalisation - hence the country's support for the launch of the World Trade Organization's Doha Round negotiations.

In line with South Africa's foreign and trade policy agenda SAMSA has embarked on a process that defines South Africa's terms of global integration. This is to pursue national maritime interests and leverage opportunities that arise from the country's political and economic partners. That process also enables South Africa to participate meaningfully in bilateral, regional, inter-regional and multilateral negotiations relating to the maritime sector.

Maritime Research Infrastructure

Any analysis that inform policy makers must rely on precise data in order to be effective. Currently maritime sector performance monitoring is limited and requires regular data updates and trend analyses. Although there are repositories of useful and relevant information e.g. National Ports Authority, Department of Agriculture Forestry and Fisheries, Department of Mineral Resources, Council for Geoscience, a nodal point is needed to warehouse cross-maritime sector data.

SAMSA has embarked on a process to mine data on piracy, trade, ports, shipping emissions and maritime sector economic performance. On ports data, for example, SAMSA has introduced a series of quarterly and annual maritime traffic developments reports. SAMSA will intensify its efforts to warehouse more data. Strenthening existing relations with the relevant sector data repositories will be a priority in the new fiscal year.

Skills Development

The organisation realises that poor education and skills are serious impediments to job creation in the Sector and to the country at large. To this end SAMSA has initiated a number of skills development projects including:

Cadetship, Learnerships, Bursary Offerings and Internship Programmes

SAMSA formed a cadetship programme partnership with the South African Maritime Training Academy and six shipping lines. Central to the aim of the programme is to increase the number of secured berths for cadets and equip the maritime sector with the means of meeting the current officer and ratings shortage. The facilitating mechanism in the programme is the subsidising of the cost of berths with public funds through SAMSA.

Other maritime training and development programmes such as learnerships and internships provide opportunities for students to gain experience in their field of study. Interns and learners actively participate in the various centres' research projects, thus allowing them to develop their research, writing and analytical skills. The programmes also expose the interns and learners to a working environment to familiarise them with the operation and management of an office.

The SAMSA bursary offering is targeted at both high school and tertiary levels. The bursaries are awarded preferably to the needy with the potential to succeed in the maritime environment. The following table shows the number of interns, bursary offerings, learnerships and cadetships offered by SAMSA's skills development programmes:

Area	Currently in the system
1. Internship	4
2. Bursary offerings	5
3. Learnerships (work exposure programme)	20
4. Cadetships	20
Total	**49**

Maritime Industry Skills Study

SAMSA commissioned Deloittes to conduct the maritime industry skills study, which would contribute to organisation's efforts to strategically position the maritime industry as a key economic sector. The study addressed five key objectives, namely:

- Reviewing of the maritime sector in South Africa;
- Assessment of trends in the supply and demand of maritime skills globally and consider opportunities for South Africa in light of global trends;
- Exploring policies, funding mechanisms and partnerships that relate to skills development in the South African maritime sector;

- Determining the number and types of skills available in South Africa, along with supply and demand dynamics surrounding South African maritime skills; and
- Determining skills offering and skills development gaps in South Africa.

The study calls for a comprehensive skills development strategy for the maritime sector, incorporating skills development requirements across all maritime economy clusters. The study has revealed the need for additional research focused on each of the primary industries to better understand the skills supply and demand dynamics and accurately determine the number of skills required, so as to better inform the maritime skills development strategy. A key finding is that all primary industry clusters (shipping, resources and leisure) serve global industries and there is a need for the skills development model to align local training and certification requirements with international standards.

SAMSA aims to roll out some of the initiatives recommended by the study in the new fiscal year.

Maritime Transport Policy

The Maritime Transport Policy is South Africa's framework policy document guiding the development of the shipping industry and other initiatives around the promotion of the maritime sector. The policy seeks to galvanise the country towards active participation in the maritime sector and build capacities of all forms to enable not only the industrialisation of the sector, but also greater integration of regional economies.

The policy document is still to be updated. The Department of Transport has commissioned a study into global and South African maritime trends, which will inform completion of the maritime transport policy. It is envisaged the policy will be completed by end of the 2011/12 fiscal year for implementation in 2012/13.

Coordination of the Maritime Agenda

The development and expansion of the maritime sector is not the domain of a single sub-sector and entity. It requires intensive coordination across a range of stakeholders, including National and Provincial Government Departments, business and other interest groups. This also entails the development of a participatory process that will also build trust with the maritime sectors and secure their involvement in the sector's development. In this regard SAMSA works with both industry and government to jointly pursue strategies and initiatives that are consistent with its and the government's developmental priorities.

At the national level SAMSA has been instrumental in the establishment of a Government Maritime Cluster, also known as the Maritime Economic Development Cluster. The cluster initiative is to provide Government with a path to effectively engage key role players to ensure the maritime sector optimally contributes to the country's economic growth. The cluster's objective is to provide a platform for Government Departments and institutions to address cross-cutting issues of strategic importance and facilitate implementation of maritime industry development programmes through public-private partnerships. SAMSA, in conjunction with other members of the cluster, will seek to establish closer relationships with industry and non-governmental organisations in the new fiscal year.

04 INSTITUTIONAL REVIEW

MARITIME ECONOMIC DEVELOPMENT

At the provincial level SAMSA solidified its cluster relations and will continue to do so with the Eastern Cape Government. Among other functions, it has an advisory role in the development of the provincial maritime development plan and joint advocacy on industry development initiatives (e.g. Maritime High School) emanating from the plan. SAMSA has also profiled the maritime economies of coastal provinces such as Kwazulu-Natal, Western and Northern Cape. This process serves as a foundation towards the development of integrated provincial maritime industry development strategies.

SAMSA continues to participate in the Port Consultative Committees (PCC) established by the National Ports Act, No. 12 of 2005 and the National Ports Regulations of 2007. The PPC serves as a consultative platform between the National Ports Authority (NPA) and port stakeholders, which include local port users, local and provincial government, organised labour and the DoT, on matters relating to port expansion/development, regulations, tariffs and other matters.

For the year under review SAMSA has been instrumental in the revival and establishment of PCCs in the eight ports. Some PCCs have taken off to a positive start, with their members having shown a high level of commitment. The local PCCs are represented in the National Ports Consultative Committee whose aim is to advise the Minister of Transport on the local port issues that have strategic national implications.

MARITIME SECTOR GOVERANCE AND REGULATIONS

The work of the maritime governance cluster is inextricably linked with that of maritime economic development. It deals with policy development, legal and regulatory compliance. It aims to produce innovative thinking on the major policy and legislative dynamics impacting on the maritime environment and to help decision-makers take well-informed decisions that contribute to sustainable development. The cluster's work further ensures that the country develops and implements legislation to comply with its regional, continental and international obligations. The Centre for Policy and Regulation is tasked with executing governance and related functions for SAMSA.

Legislation

One of the objectives of the centre is to ensure that relevant international regulations are adopted and translated into national laws. Despite delays in responding to new developments and trends in the maritime regulatory milieu, the centre continues to be at the forefront in ensuring that South Africa has a sound regulatory framework.

Bills and Draft Subordinate Instruments

There are some thirty-seven pieces of legislation, both bills and subordinate instruments that were drafted by SAMSA and awaiting to be promulgated into law.

In order to expedite the promulgation of these legal instruments the DoT and SAMSA established the Legislative Committee. It has already compiled a list of conventions to be adopted and a priority list of the bills to be tabled before Parliament. The following priority regulations were identified:

- Admiralty Jurisdiction Regulations Amendment Bill
- Merchant Shipping (Safe Container Convention) Bill
- Maritime Transport Security Bill
- Merchant Shipping (Civil Liability Convention) Bill
- Merchant Shipping (International Oil Pollution Compensation Fund) Bill
- Merchant Shipping (International Oil Pollution Compensation Fund Contribution) Bill

With some of the bills drafted as far back as 2004/05 and many new developments in the shipping fraternity having taken place since then, some of the legal instruments may have to be reviewed and updated.

The committee has had several consultations with relevant stakeholders e.g. State Law Advisers (SLA), Treasury and the Department of Justice and Constitutional Development (DoJ) in trying to identify areas that may need further review and redrafting.

Progress on the Bills is Provided Below:

Admiralty Jurisdiction Regulations Amendment Bill

The bill amends the Admiralty Jurisdiction Regulation Act, 1983 and aims to enhance the security afforded by ship mortgages, hypothecs and like charges, and to simplify the ranking of certain maritime claims. The bill was gazetted for public comment by the DoJ, which are being considered.

Merchant Shipping (Safe Container Convention) Bill

South Africa is a party to the International Convention for Safe Containers, 1972 since it acceded to it in 1982, whose principal objectives are to:

- Maintain the high level of safety of human life in the transportation and handling of containers by providing generally acceptable test procedures and related strength requirements; and
- Facilitate international transport of containers by providing uniform international safety regulations, equally applicable to all modes of surface transport.

The convention applies to freight containers used internationally except those designed specifically for carriage by air.

It was codified into domestic legislation, namely: International Convention for Safe Containers Act, 1985. However, the act has never been implemented, which resulted in South Africa not meeting its obligation as a contracting state to the convention.

The Merchant Shipping (Safe Container Convention) Bill was drafted and finalised in 2006 to give effect to the convention and repealing the act. The bill also reassigns functions related to the implementation and administration of the convention from the minister of trade and industry to the Minister of Transport and SAMSA. This will ensure that the functions are allocated to the appropriate Government Department and the authority with responsibility for transport and related safety matters.

The bill was gazetted for public comments and later presented before the transport portfolio committee and the national council of provinces by the DoT and SAMSA, and was approved with minor amendments.

Maritime Transport Security Bill

The bill replaces the existing Merchant Shipping (Maritime Security) Regulations, 2004, made under the Merchant Shipping Act, 1951. Whilst replacing the regulations it retains many of their main elements.

Its main purpose is to safeguard against unlawful interference with maritime transport through the risk-based and outcomes approach, first adopted in the regulations, and centred on security plans for ships, ports, offshore facilities and other maritime transport operations.
The SLA has recommended certain changes to the bill, which are being considered.

Marine Environment Related Bills

The Merchant Shipping (Civil Liability Convention) Bill, Merchant Shipping (International Oil Pollution Compensation Fund) Bill and Merchant Shipping (International Oil Pollution Compensation Fund Contribution) Bill emanate from two protocols, namely the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage (1969 CLC) and the 1992 Protocol to the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (1971 Fund Convention). The primary purpose of the bills is to deal with international compensation for damage caused by spills of persistent oil from laden tankers. These 1992 protocols provide higher limits of compensation and a wider scope of application than the original conventions.

The Merchant Shipping (Civil Liability Convention) Bill

This bill creates a system of compulsory liability insurance. Claims for compensation for oil pollution damage (including clean-up costs) may be brought against the owner of the tanker that caused the damage or directly against the owner's P&I insurer. The tanker owner is normally entitled to limit his liability to an amount which is linked to the tonnage of the tanker causing the pollution.

The bill was completed and sent to the SLA, and also gazetted for public comments. It is ready to be presented to Parliament for promulgation in the new fiscal year.

Merchant Shipping (International Oil Pollution Compensation Fund) Bill

The bill provides for the payment of supplementary compensation to those who could not obtain full compensation for oil pollution damage under the Merchant Shipping (Civil Liability Convention) Bill.

It was completed and sent to the SLA and also gazetted for public comment and will be presented to Parliament for promulgation in the new fiscal year.

Merchant Shipping (International Oil Pollution Compensation Fund Contribution) Bill

The International Oil Pollution Compensation Fund (IOPC Fund) was set up for the purpose of administering the compensation regime created by the fund convention. By becoming party to the 1992 Protocol to 1971 Fund Convention, a country became a member of the IOPC Fund. Payments of compensation and the administrative expenses of the 1992 Protocol to 1971 IOPC Fund is financed by contributions levied on companies in fund convention countries that received crude oil and heavy fuel oil by sea transport.

This bill enforces the relevant provisions of the 1992 Protocol to 1971 Fund Convention as far as payment of contribution by oil companies is concerned. It is a money bill in terms of the constitution of South Africa, therefore had to be referred to Treasury who raised certain concerns. The SLA was consulted to assist in addressing these concerns and the legal opinion has been conveyed to National Treasury for consideration.

Court Of Marine Enquiry Amendment Regulations and subsequent amendments to the Merchant Shipping Act, 1951

In 2005/06 the Court of Marine Enquiry (CoME) was conducted into the collision between MV 'Ouro do Brasil' and MFV 'Lindsay', which pointed out the following loopholes:

- The CoME was delayed in its compilation of evidence by not being able to examine the foreign witnesses;
- The CoME could have been more efficient in its task had it been granted appropriate time for a full and uninterrupted hearing;
- Delays of some months between court sittings caused both additional costs and a discontinuity in the hearing of valuable evidence; and
- The amount of time wasted and largely irrelevant evidence led by certain parties.

It was decided that the relevant provisions of the Merchant Shipping Act, 1951 (“the Act”) and the Marine Enquiry Amendment Regulations (“the Regulations”) had to be reviewed to address the issues raised above.

The centre has finalised the amendment to the regulations and subsequent amendments to Chapter VI of the Act. The amendments were sent to the DoT for promulgation into law.

International Instruments

The DoT is currently in the process of adopting and implementing the following instruments:

- Africa Maritime Transport Charter
- Abuja Memorandum of Understanding on Port State Control
- Code of Conduct concerning the Repression of Piracy and Armed Robbery against Ships in the Western Indian Ocean and the Gulf of Aden
- Manila Amendments to Standard of Training, Certification and Watchkeeping Convention
- Ballast Water Management Convention legislation.

The legislative committee is responsible for oversight of these matters and to ensure there is alignment between the DoT and SAMSA.

Centre for Strategy, Risk and Governance

The Centre for Strategy, Risk and Governance, part of the CEO's office is the driver of strategy and risk management, including governance. It is also responsible for performance management, reporting and operational compliance. Apart from driving the achievement of SAMSA-wide vision, the Centre also supports other Centres and Regions to ensure strategic alignment.

Compliance Documents

The centre was at the forefront in ensuring that all compliance and strategy documents and reports stipulated by the PFMA were attended to.

Risk Management

The risk framework provides a guideline for managing, measuring and monitoring risks. It sets out functional responsibilities and the organisational structure to manage internal and external risks facing the organisation. Emanating from the SAMSA-wide risk management workshop held in March 2010, the centre finalised SAMSA's risk management matrix for the 2010/11 financial year.

Corporate Performance Management

The introduction of a corporate performance management system will go a long way in organising and automating business methodologies and processes that underpin business performance. It will also drive SAMSA's strategy across the company. This tool can integrate business intelligence from the current human capital, procurement and financial systems. The centre assisted in the procurement and installation of the system, which will start operating in 2011/12 financial year.

CORPORATE SERVICES

Human Capital Review

SAMSA Cares!

In its 2008 strategy document SAMSA categorised its stakeholders into four value quadrants, with its employees as its main partners. This is on the basis that prospects for growth in career and skills are the bedrock of success for any company. SAMSA should be seen as such a home, thus drawing expertise and contribution, to ultimately become an employer of choice.

CORPORATE GOVERNANCE AND MANAGEMENT

The foundation of its 'SAMSA Cares!' strategic approach is its Values - listed as 'D-ETHICS' below:

Diversity: Strength in our diversity as a true South African company

Enterprising: Forward thinking and innovative in our business solutions

Teamwork: Recognising the support of others in building the future

High performance: Delivering service excellence

Integrity: Our business conduct and credibility beyond reproach

Caring: Respect and caring for our employees

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

Staff Complement

As a result of its vigorous pursuit of the maritime agenda for South Africa, SAMSA's staff complement continues to increase and new skills are being recruited. The table below provides a breakdown of SAMSA staff per office in the country.

Office	Number of Employees
Pretoria	58
Cape Town	53
Durban	25
Richards Bay	4
East London	4
Port Elizabeth	13
Mossel Bay	4
Port Nolloth	1
Saldanha	6
Total	**168**

Details of SAMSA's Human Capital Review are as follows:

Strategic Resourcing Processes (SRP)

In line with SAMSA's 2008 strategy document to reposition the company, it embarked on a selective recruitment drive to attract a specific profile of employees: the transformative institution builders and leaders to add to the already existing capacity.

Employment Equity Plan

At SAMSA the diversity of our people is seen as an asset where they can contribute to the growth of our company in various ways. It is our ambition to be seen as a responsible corporate citizen that invests in the future of the country, whilst protecting the interests of all its people and the community, as well as promoting business efficiency.

The company is opposed to tokenism and has a key objective to ensure sustainable development in which suitably qualified people from designated groups are provided with equal opportunities to ensure equitable representation in all occupational levels and categories in the workplace.

SAMSA is required by law to comply with the Employment Equity Act 55 of 1998. The objective is to achieve a staff profile that will, within set time frames, reflect the demographic composition of the country. SAMSA's plan is aimed at meeting the above objective and promoting equal opportunity and fair treatment in employment, as well as maintaining and promoting productivity, competitiveness and skills. The plan is flexible enough to develop with the changing objectives and requirements of the company and society. The table below illustrates employment equity dynamics during the period under review:

	AFRICAN		COLOURED		INDIAN		WHITE		TOTALS
COMPONENT	**MALE**	FEMALE	**MALE**	FEMALE	**MALE**	FEMALE	**MALE**	FEMALE	
Top Management	9	2	1	0	0	0	0	0	**12**
Senior Management	7	4	2	0	2	0	11	2	**28**
Professionally qualified and experienced specialists and mid-management	7	4	1	0	1	0	9	0	**22**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	9	5	8	1	0	1	7	8	**39**
Semi-skilled and discretionary decision making	7	5	3	8	0	1	0	3	**27**
Unskilled and defined decision making	2	2	0	0	0	0	0	0	**4**
Temporary employees	17	17	0	0	2	0	0	0	**36**
TOTAL	**58**	**39**	**15**	**9**	**5**	**2**	**27**	**13**	**168**
	A		C		I		W		
Percentage represented	**MALE**	FEMALE	**MALE**	FEMALE	**MALE**	FEMALE	**MALE**	FEMALE	
	35%	23%	9%	5%	3%	1%	16%	8%	
	58%		14%		4%		24%		

CORPORATE GOVERNANCE AND MANAGEMENT

An Employment Equity Committee was formed to set baseline targets. SAMSA will continue to take guidance from this committee in order to achieve the transformation objectives of the government.

Succession Plan

SAMSA has reviewed all current capacity requirements and identified immediate threats in areas where no succession planning exists. However, succession Plans have been put in place for the technical and critical staff given that most of them will retire in about five years' time. The succession plan is expected to produce a dangerous goods expert and a senior engineering examiner in two years, three principal officers and one chief examiner in three years, two principal officers in four years and one regional manager in seven years.

Human Resource Policies

The current human resource manual requires an update to be relevant in the current corporate culture and globalisation. In this regard a new human resource policy has been developed after reviewing and benchmarking the current policy. At the financial year-end the policy committee has reviewed it, but it is to go through further consultative processes before final approval.

Performance Management

SAMSA's performance management system was stopped in 2008 as result of the new strategy that needed to be workshopped with employees. A new system was purchased and position profiling for each position in the organogram was completed in order to continue the Performance Management System. Scorecards have been developed which individual managers are in the process of signing off. The performance management system will assist SAMSA to identify its high performers who will be incentivised for retention purposes.

Training

Training in the organisation continued as per allocated budget and SAMSA committed itself to making sure its employees are trained and developed for high performance and return on investment. Training interventions were for both long and short term, including seminars and summits.

Below is a summary of training interventions on a quarterly basis

PERIOD	BLACK	COLOURED	INDIAN	WHITE
Quarter 1	14	11	1	21
Quarter 2	24	21	5	27
Quarter 3	30	17	4	23
Quarter 4	26	1	4	4
TOTAL	**94**	**50**	**14**	**75**

Total number of interventions: 233

ABET

This programme has been completed for eight employees, four each from Pretoria and Cape Town. They will each recieve a Certificate in Business Administration constituting 120 credits from Umalusi. Currently the Seta has to undertake a site visit for the service provider that has offered ABET and then recommend to Umalusi and DHET to issue certificates.

Employee Assistance Programme

This programme has assisted a number of employees and their famillies during time of bereavement, chronic illnesses, relationship issues, divorce, work-related issues, substance abuse, stress, depression and personal finance matters. By way of example, one employee's daughter has successfully completed therapy to cure her of a phobia for water.

Occupational Health and Safety (OHS)

SAMSA has a Safety Committee, safety representatives and first-aiders in place to address safety issues at work and assist the CEO on matters of compliance around safety issues as prescribed by the OHS Act. There are seven safety representatives: two each in Pretoria, Western Region, Southern Region and one in the Eastern Region. The committee has adopted its terms of reference and drafted its policy. It will be relying on the audits conducted by the internal auditors to address issues of non-compliance.

SAMSA Leadership and Development Academy

SAMSA has embarked on the establishment of its academy to offer training courses for employees. Preparations are well under way for its functioning. As a result a task team was formed to work on the academy's terms of reference and functions. When it is well established the academy will extend its training to external people from the maritime industry.

Information Communication Technology Review (ICT)

The role of ICT has been to improve SAMSA's productivity and competitiveness levels, although the current ICT infrastructure and support simply cannot cope with the demands of advancing the nation's maritime interests, innovation, administration and communication. The strategic actions taken thus far were aimed at putting in place an ICT solution sufficiently reliable, flexible, cost-effective to meet today's and future demands. It has to provide capacity for future growth and be able to implement new technologies in a time frame that maximises the benefit to SAMSA and the maritime industry.

ICT accessibility and affordability has increased exponentially. As a result opportunities for utilising ICT solutions for e-services and for reaching all groups of society, have transformed the landscape for development. The actions implemented this financial year include the following:

- Procurement and installation of new servers and upgrading of operating systems;
- Upgrade of internet bandwidth both national and international from 1001 kb/s and 512kb/s to 2002 kb/s and 1001kb/s respectively;

- Implementation of an organisational budgeting system called Microsoft Forecaster, implementation of a document imaging system to scan existing hard copy documents onto a server and viewed by a user from a desktop, procurement and implementation of performance management system called QPR, implementation of Dynamics Great Plains supply chain management module where purchase orders are created;
- System specification compilation and tendering for procurement of a system for seafarers, examinations, incident management, ship registry and enterprise documents management; and
- Migration of a ship registry system running from a desktop in Cape Town to new a server in Pretoria.

The above-mentioned projects are explained as follows:

Implementation of Dynamics Great Plains Supply Chain Management Module

The second phase of Great Plains implementation project involved implementation of Supply Chain Management (SCM) module. A review of the system requirements showed the Dynamics Great Plains SCM module only includes purchase ordering. Whilst this module has been implemented, a system that would fully address SAMSA's supply chain issues would be considered in the new fiscal year.

Implementation of a Budgeting System (Microsoft Forecaster)

The Forecaster organisational budgeting and planning system has been implemented. It was uploaded on the server and is accessible in all offices but only to those who are using the system. Key personnel to use the system were identified and trained on its use. The system is now in operation and the budgeting process is now fully automated.

Implementation of a Document Imaging System

- Large volumes of hard copy documentation are created daily, be it certificates issued, applications received or general office filing. Although there are risks associated with keeping a lot of paper, these hard copy documents are essentially records that must be kept safely and retrievable in line with the requirements of South Africa's National Archives.
- In order to minimise risks and conform to the Archiving Act, all documents are now stored in a properly designed area where files are also retrievable and indexed. A system that is able to scan current and future document papers but also indexes files for easy retrieval is being implemented in the certification unit before being rolled out to other units.

A document imaging system was procured to scan and view existing hard copy documents, after which hard copy files will be archived at an offsite storage.

Implementation of the Performance Management System

The IT department assisted with the implementation of the system to monitoring organisational performance and risk, as well as for HR to monitor individual performance The system will assist in tracking corporate performance where it is properly registered and reported, and assist with people competency and skills management. The performance management system has been uploaded on the servers and is operational, although information to populate the system is being finalised.

Procurement of Seafarers, Examination, Incident Management, Ship Registry, Enterprise Document Management System

With no reliable system in place for seafarer, certification, incident management and ship registry, SAMSA appointed a project team to draft the system specification. This was compiled and a tender was published for its procurement.

The project team led by head of Supply Chain Management (SCM) reviewed all the submissions of shortlisted bidders. These bidders were invited to present their proposal to the team, based on the system specification, followed by site inspections of similar projects. The team is in the process of finalising its evaluation to make a recommendation to the EXCO for appointment in the new fiscal year.

Ship Registry System

The ship registry system running in Cape Town was successfully migrated to Pretoria from where it is accessed remotely from SAMSA's Cape Town offices. The server environment in Pretoria is more stable and the system information is backed up periodically.

Upgrade of Servers

A tender for the replacement of all servers, upgrading of server operating systems and databases was awarded. Immediately upon acceptance of the tender the ICT unit together with the successful bidder planned the installation, upgrade and the migration process according to project plan with tight time frames. The migration included upgrading of databases from MS SQL 2000 to MS SQL 2008, and of operating systems from server 2000 & 2003 to server 2008. The e-mail server was upgraded from 2003 to Exchange 2007. The replacement and upgrade of server included head office and regional offices. Microsoft best practice and standards were followed in setting up all servers. The Port Elizabeth and Durban servers were configured using virtualisation technology where each server hosted two virtual servers for authentication of users and the other virtual server is configured to host e-mails. Great Plains, HR Focus and FRX systems were migrated to a new server on 64 bit environment. All SAMSA employees are currently accessing business applications from the new servers. The installation of servers was done without disruptions to services including the financial audit proceedings.

Supply Chain Management

The Supply Chain & Facilities Management Department's (SCM) mission is to maximise administrative and operational efficiency; to enforce reasonable and cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of policy. SCM has the responsibility as sole custodian to commit SAMSA on all matters supply chain with external suppliers and service providers.

In line with government's priorities to develop and ensure participation of small, medium and micro enterprises (SMME) SAMSA has ensured that:

- All its suppliers are paid within 30 days from receipt of compliant invoices.
- Most of its goods and services are sourced from local suppliers utilising local skills as part of creating local and sustainable employment.

Staffing and Policy

The SCM Department with the assistance of HR has appointed incumbents for key positions (sourcing specialists) who are critical in the effective implementation and efficient running of SCM processes in three regional offices.

The SCM policy, systems and procedures manual is awaiting approval. It is expected that the policy will be approved and implemented in the 2011/12 financial year.

Socioeconomic Impact

SAMSA's total spend with suppliers for the 2010/11 period amounts to R 84 million. There are 30 companies that account for the highest spend (i.e. transactions above R 500 000 per annum), totalling about R 57.6 million. Of this spend 38.23% was with black-owned companies and 30.83% with black women-owned companies. SAMSA intends to improve on the percentage spend with black companies as most of our contracts are due for renewal in the 2011/12 financial period. The new procurement system envisaged to be procured in 2011/12 will further improve efficiency and monitoring of achievements in line with the National Growth Path.

During the year under review considerable amounts were spent with service providers who are BBBEE compliant but no proper collection and statistics could be drawn to measure the impact that the SAMSA business has had in the upliftment of historically disadvantaged individuals and groups. This was due to a lack of linked systems to classify categories of spend. SAMSA is expected to report on its expenditure quantitatively as required by the National Treasury and the Department of Trade and Industry.

The SCM module in Great Plains (creating purchase orders) has been activated to resolve this challenge. Purchase order statistics will now be collated and SAMSA would be able to report on its categories of spend in future.

Office Acquisitions

The unit acquired additional temporary office space for the Pretoria head office whilst still pursuing the acquisition of strategically located offices to further SAMSA's objectives and initiatives. As a result of SAMSA's personnel growth, the offices in Durban, Cape Town and Port Elizabeth have moved to new leased accommodation while a permanent solution is being sought. The unit has appointed a development project manager to assist SAMSA in acquiring a permanent office space solution. A tender will also be advertised for developers to propose office space solutions fitting SAMSA's profile.

The unit also concluded the process of disposing redundant assets in sought-after space so that it could be used more efficiently.

Facilities management has completed the relocation of the library, training and development office to the Hillcrest (Pretoria) premises.

Corporate Affairs

The Centre for Corporate Affairs utilised the 2010/11 financial year for advocacy work that was needed in laying the foundation of the repositioned SAMSA. It opened business Centres that were mooted in SAMSA's strategy.

In this regard it put in a concerted effort to build strategic relationships, especially with the shareholder and key business units within the shareholder environment, including Parliament. Other relevant stakeholders are those in the maritime industry who are important in positioning SAMSA as an accessible authority to civil society, its ultimate stakeholder.

Events

FIFA 2010 Soccer World Cup

The first important event in the year under review was to showcase maritime's preparedness in ensuring that South Africa and all its inhabitants, along with visitors to the football spectacle, were safe at the 2010 World Cup. SAMSA in collaboration with the Department of Environmental Affairs, Department of Agriculture and Fisheries, the SA Navy, and Government contracted tug, SMIT Amandla, demonstrated the capability of the maritime sector to protect and respond to emergencies. This was shown live on South Africa's popular television breakfast show, SABC Morning Live.

Domestic and International Conferences & Exhibitions

SAMSA participated at industry exhibitions with display booths and distributing pamphlets and brochures to tell the SAMSA story. Our primary brand ambassador, CEO Commander Tsietsi Mokhele was the natural choice in not only telling the operational aspects of maritime, but also the economic drivers that impact on global politics.

SAMSA's representation at the International Maritime Organization (IMO), International Labour Organization (ILO) and other international fora gave it a certain standing at international level. Thus when South Africa hosted two IMO bodies, notably the Marine Accident Investigators' International Forum (MAIIF) and International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA), SAMSA ensured it made a lasting impression on its overseaas guests which also presented South Africa as a destination of choice for tourism.

Boat Shows

There are three significant boat shows in the country that bring SAMSA's target audiences together in terms of the Small Vessel Inland Waters Regulation, 2007. These portals, held in Durban, Johannesburg and Cape Town, present an opportunity for the clients to interact with SAMSA to discuss essential services such as skippers licenses requirements and applications, boat surveying, etc. It was for this reason that the deployment of staff to these events, especially surveyors, was an essential element.

Marketing and communications

Print Magazines

Profiling the SAMSA story not only involved positioning but also putting a face to the brand. The CEO was the obvious choice as brand steward who could explain SAMSA's strategy and the Authority's impact on the South African economy. A drip strategy dictated the choice of publications, readership profile and distribution, and the selection was tactfully extended to non-traditional print media in tandem with industry-related publications.

Maritime Careers

The South African Government's announcement on the need to increase skills and create more jobs put renewed emphasis on how SAMSA was communicating about the maritime industry. It was on the back of this that SAMSA partnered with the Department of Environmental Affairs and the Department of Agriculture and Fisheries to showcase maritime careers. They encouraged a group of women to embark on an all-female crewed vessel, the SA Agulhas from Cape Town to Durban, with a stop-over in Port Elizabeth. The use of media to report on this excursion from start to finish made international headlines as it was the world-first exercise of its kind.

Communication Portals

In providing service to all our stakeholders the SAMSA website is increasingly used as an interactive communication tool. The intention is to have a portal that employees can use to update and provide information to different clients. To mirror this platform the SAMSA intranet has been re-designed and will be launched by 2011/12.

SAMSA's first internal newsletter, On Board, was launched simultaneously at all SAMSA offices throughout the country. This newsletter aims to be a light-hearted and fun publication in which employees can express their views and share different sides.

Corporate Social Responsibility

During the year under review, SAMSA placed increasing emphasis on Corporate Social Investment (CSI). Its initiatives that focused mainly on community welfare, education and training, and saving lives, were the following:

The Nxarhuni High School in the Eastern Cape was adopted and various projects were identified to improve learning conditions such as installation of computer equipment with internet access, encouraging reading by reviving its library and re-connecting the school's ablution facilities to a pipe water system. This high school was particularly chosen to honour the memory of Ms Akhona Geveza, the young and aspiring cadet who met an untimely death at sea.

The National Sea Rescue Institute (NSRI), run by highly skilled unpaid volunteers who render emergency rescue services, is constantly in need of funds. SAMSA donated R100 000 to the NSRI to help it remain efficient and operational for the benefit of the whole South African community.

SUSTAINABILITY

SAMSA embraces its responsibility in ensuring sustainability of the economic, social and natural environment in which it operates. In line with integrated sustainability reporting SAMSA wishes to concisely state the following:

Safety

SAMSA continues to ensure that it conducts its business with integrity, transparency and with focus on its social responsibility given its mandate to ensure safety of life and property at sea, prevent and combat pollution and promote South African's maritime environment. Most of what the authority undertakes on a daily basis in terms of ship surveys, port state inspections and the development of safety requirements for ships and seafarers meets the requirements of this mandate.

With regards to employee safety SAMSA has put in place an Occupational Health and Safety (OHS) Committee. Its members have undertaken some basic training on safety in the workplace and compliance requirements of the OHS Act. The policy drafted by the committee still needs to go through the approval processes, but the committee is optimistic it will continue to make progress with the implementation of the OHS Act.

Health

Having taken a lead role in addressing the impact of HIV/Aids, SAMSA drafted the HIV/Aids policy in support of its employees. It has conducted HIV/Aids education during World Aids Day where infected people were invited to educate our employees in all nine offices. This campaign made employees more aware, that one is either infected or affected, and SAMSA has now also allocated a budget in the new fiscal year for HIV/Aids related activities, including testing and counselling.

CORPORATE GOVERNANCE AND MANAGEMENT

SAMSA also engages in communication campaigns with various fishing communities to educate them on HIV/Aids awareness and the effects of substance abuse.

Furthermore, SAMSA has implemented an Employee Assistance Programme (EAP) to offer counselling on chronic illnesses, relationship issues, divorce, work-related issues, substance abuse, stress, depression and even personal finance matters. Employees are kept up to date with health related issues, especially during the national health days as recognised by the national department of health. SAMSA currently employs 180 people countrywide.

Environmental

Central to SAMSA's mandate is the protection of South Africa's maritime environment. In terms of the SAMSA Act, its work with regard to the environment is on a broader and strategic scale as reflected in its daily activities. As a maritime authority SAMSA not only ensures that stakeholders comply with environmental legislation and codes but also that its own conduct complies with world-class environmental management standards.

Since the Conference of Parties (COP 15) held in Copenhagen, Denmark and COP 16 in Cancun, Mexico, SAMSA has been advising the Department of Transport on implementing a concise programme of action for the transport sector. This concerns the broader climate change programme. With COP 17 due to be held in Durban in November/December 2011, the DoT has a significant and effective role to play in ensuring that there are clear Government articulations on climate change for the transport sector. SAMSA's task team has started advising the government on this matter with particular reference to maritime issues in preparation for COP 17.

South Africa has been at the forefront of protecting its maritime environment from any shipping disaster that can be detrimental to the environment. It was one of the first countries to initiate a marine salvage tug contract with a private company, in terms of which SAMSA has the right to command the vessel in the event of any incident to safeguard our coastline, including pollution prevention, saving lives and preventing loss of property at sea.

For progress on other environmental work carried out by SAMSA, please refer to the section dealing with maritime sector governance and regulations.

PERFORMANCE REVIEW

The activities for the year under review are captured in a balanced scorecard format, but are presented here in line with the needs of the shareholder, the government.

The table below shows SAMSA's performance for the year under review.

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
ECONOMIC DEVELOPMENT						
Develop, promote & transform the Maritime Industry and ensure Satisfaction of International Obligations on Maritime Matters	Roll out of cluster initiatives/ projects	Cluster initiatives and or projects undertaken	3 projects/ initiatives	1 x Eastern Cape Cluster 1 x National with a draft consultation action plan and endorsed by March 2011. 1 X Cape Boat Building Cluster	A Cluster seeks to bring all National Maritime Role payers together to find a common approach to growing the maritime Industry. The National Maritime Economic Development Cluster and the Cape Boat Building Cluster has been formed. SAMSA has further initiated the formation of the Eastern Cape Maritime Cluster.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator.
				1 x The centre for Seafarer's awards in partnership with the EThekwini Maritime Cluster 1 x Facilitating the development of a Maritime High School	SAMSA partnered with the EThekwini Maritime Cluster in launching the Centre for Seafarer's Award and contributed towards the successful voyage of the SA Agulhas which was all manned by female crew from Cape Town to Durban to mark 2010 as the Year of the Seafarer and to highlight gender transformation. SAMSA is assisting the Eastern Cape Provincial Government in facilitating the establishment of a Maritime High School.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator.
	Review port state control implementa-tion regime	Review conducted	Finished reviews	Review completed and the targeted recommendations implemented	Reviews have been completed to assist in the identification of key capacity development interventions. The Port State Control system has been established with its structure that is resourced, IT system that assists with targeting of vessels to be inspected and trained Port State Control Inspectors (7 Inspectors during the financial year). All ports have capacity to inspect vessels.	There is no deviation as the review was conducted and the interventions to improve PSC have been identified and implemented.
	Engage on and implement the SV pleasure/ social agenda	Boating agenda implemented	Agenda completed	A agenda has been developed with key interventions during the next financial year	The Cape Boating Building Sector reputed to be a producer of sturdy and high quality boats organised into a Cluster with SAMSA's Support. In the next reporting period, the Cluster will be engaged on issues such as transformation and interventions SAMSA can make on the reluctance of the South African Banks to provide finance against collateral in the boat. The contribution of the industry into the country's tourism industry will also be part of the program. A National Structure set up for implementation has been formed and liaison with industry as well as the Departments of Transport, Trade and Industry and National Treasury.	Although the key programme Quick Wins have been achieved, a complete implementation of the programme has not been undertaken as it was found not to be feasible for its list of interventions to be implemented in this financial year. We have established that this programme demands a partnership model with a number of stakeholders whom we will be engaging next financial year to enable its implementation

PERFORMANCE REVIEW

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Develop international contingency plan	Plan developed	Plan completed empowerment of the disadvantaged.	80% completed by March 2011	Review of the National Contingency Plan is nearing finalisation with the support of stakeholders such as Department of Environmental Affairs and Department of Agriculture, Forestry and Fishing.	About 80% of discussions concluded for the Plan to be entirely reviewed. Part of the outstanding work to be done is to undertake further risk assessments for the entire coastline as well as get the buy-in of other stakeholders.
						The funding for potential disaster still needs to be resolved and an agreement is required from National Treasury. The National Contingency Plan will ensure an effective response in the prevention and combating of Pollution from ships and offshore installations.
	Review/investigate changes in regulatory & legislative environment. Develop flag state implementation framework	Regulatory regime reviewed or implemented.	All required obligations (LRIT, Response, Rescue etc)	All have been achieved: Draft Bill Draft Regulation	SAMSA drafted the Court of Marine Enquiry Regulations and sent them to the DoT. SAMSA drafted the consequential amendments to Chapter VI of the Merchant Shipping Act. SAMSA assisted the in various consultative processes on the following Bills: Merchant Shipping (Safe Container Convention) Bill- Assisted the DoT to present the Bill to the Transport Portfolio Committee and the National Council of Provinces for approval. Maritime Transport Security Bill – Partnered with the DoT to consult the State Law Advisors on this Bill in order to address any concerns.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator. The legislation required for effective running of SAMSA remains out of date generally due to the inability by the Department of Transport to complete the process of developing and signing off of legislation and
					Assisted the DoT in all consultation processes to make the Merchant Shipping (Civil Liability Convention) Bill ready for presentation to Parliament. The Bill is dependent on the finalisation of the Merchant Shipping (International Oil Pollution Compensation Fund) Bill and Merchant Shipping (International Oil Pollution Compensation Fund Contribution) Bill and SAMSA is assisting in this consultation process as well.	policies.
	Review and Implement Small Vessels Regulatory Regime	Regulatory regime reviewed or implemented.	Finished reviews	100% of reviews and implementation completed	The Small Vessels Regulations has been implemented as a result of which there is a Boat Surveying Unit in SAMSA offices in Pretoria to conduct surveys on inland waters. Audits on all Accredited Agencieshave been completed. A stakeholder engagement committee has been formed wherein issues of implementation are discussed including industry training and safety standards. The SAMSA Port offices continue to support the Centre for Boating on surveys and audits.	There has been no deviation as the regulatory framework has been reviewed and implemented

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Establish Seafarer registry framework	Seafarer registry plan developed. Ensure availability of maritime services in SA for STCW-Fishing, Sport, port ops and commercial certificate of competence!!	Developed framework	100% of the review has been conducted	A database for Seafarers has been put in place and it is been quality assured for accuracy to locate the whereabouts of the Seafarers and to identify those deceased.	The Seafarer Registry Framework (database) has been completed and the database of seafarers exists as evidence. No deviation
	Develop / Review STCW (F) implementa-tion regime.	Number of services on STCW Set up of PSC, SAR & Accident investigation courses within IMO co-operation programme	Courses set-up	Reviews were conducted which led to the identification of deficiencies and SAMSA conducting training on the following courses: 3 courses held on Port State Control 4 Courses on Search & Rescue were held at MRCC in Cape Town 1 Maritime Accident Investigation course was held in Cape Town and 7 people attended.	A Port State Control Course was held in November 2010 in Durban and as a member of the Indian Ocean Memorandum of Understanding (IOMOU), one officer was sent to attend an advanced Port State Control course in India in October 2010; another two were sent to attend a similar course in Kenya in February 2011. These courses were conducted by the Tokyo MoU in cooperation with our IOMOU. The Marine Accident Investigators International Forum (MAIIF) Conference dedicated to the advancement of maritime safety and the prevention of marine pollution through the exchange of ideas, experiences and information acquired in marine accident investigation was held in Port Elizabeth in June 2010. A Marine Casualty Investigation Course was held in Cape Town from 09-20 August 2010 in which 7 SAMSA surveyors were part of the candidates. 2 Introduction to Maritime Search and Rescue Operation courses were presented to the SASAR role player such as Transnet National Ports Authority, South African National Defence Force and National Sea Rescue Institute. A total of 35 persons were trained.	Achieved - There is no reportable deviation on the achievement of this initiative and indicatoras all the courses have been set up and held
	Roll out maritime industry support initiatives.	Initiatives on industry development	Finished reviews	Submission made to the Departments of Justice and Transport on the Admiralty Jurisdiction Regulations Amendment Bill Input to tonnage tax policy prepared and documented.	Submissions made to DOT & DOJ Documentation prepared for input into the tonnage tax policy	Achieved - There is no reportable deviation on the achievement of this initiative and indicator.

PERFORMANCE REVIEW

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Develop skills strategy. Implement skills study	Skills strategy document and imple-mentation plan	Skills strategy document and skills implementation plan	A study to establish the maritime Skills gaps was completed by March 2011	A maritime skills study (analytical) has been conducted as a key milestone of the SAMSA Maritime Skills Development strategy. The report on the skills study by was conducted on our behalf by Deloitte and the report has emerged with key recommendations which we are in the process of integrating into our broader strategy for detailed design and implementation of our programme.	The deviation is in the non implementation of the strategy. The Strategy development and implementation plan needs to be developed in terms of the skills report which took longer to conclude. However, in anticipation of the results of the skills study, various skills initiatives have already been undertaken. These need to be interpreted in terms of the recommendations of the study to assess the implementation gap.
				A cadet programme implemented where 20 Cadets were trained.	There is a large pool of young Cadets who have undergone theoretical training at Universities but cannot enter the Labour market until they complete a practical component of their studies by training at Sea. SAMSA has intervened by allocating funds to secure berths on foreign vessels for Cadets to train in order to be appropriately skilled to be employable in the Labour Market. At the close of the financial year, 20 Cadets have been placed on Foreign Vessels on the SAMSA Cadet Training Programme based on a partnership agreement with SAMTRA (South African Maritime Training Academy). A further partnership agreement is been pursued with the Marine Crewing Services South Africa Ltd.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
	Initiate the modernisation of the shipping administration (New Ship Registry		Ship registry review plan	The system specification for 5 key processes: Seafarers, Examination, Incident management, ship registry processes have been drafted, a tender has been publicised for the appointment of a suitable service provider.	Specifications were drawn for a system to be utilised for Seafarer Certification, Incident Management, Ship Registry and document management system. A tender was issued in this regard and after evaluations, two Bidders were shortlisted. It is expected a Successful Bidder will be appointed in the 2nd Quarter of the 2011/12 Financial Year.	Achieved - There is no reportable deviation on the achievement of this initiative and indicatoras all the courses have been set up and held

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
FINANCIAL & RISK						
Improve SAMSA's financial position and reduce risk exposure	Auditing the Delegation for appointed institutions (Bodies).	Number of audits conducted		Audited Five Institutions by March 2011	5 Audits were carried out and further that the total accreditation regime has been revamped in that certain institutions lost their accreditation certificates and others had their certificates revalidated. Some of the institutions that were audited are the Cape Peninsula University of Technology, Durban University of Technology, UNICORN, SA Sailing, Stewelynne and internationally Tanzania Maritime Authority was also audited to ensure compliance with the Standards of Training Certification and Watchkeeping Convention and Code. The local audit assists SAMSA to ensure that the institutions are undertaking the requisite training and in some instances examinations and surveys in line with SAMSA's accreditation stipulations. As a result of cancelling accreditations of many agencies, SAMSA remains with only three out of the nine privately-run Accredited Agencies to perform the required duties.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
	Improve cost controls and improve billing and revenue (debt) collection.	Controls put in place to collect	Reduced from 52 days to 30 days New risk profiles Risk mitigating factors	30 days Risk mitigating factors	In terms of SAMSA's Business model, National Ports Authority (NPA) collects monies from shipping lines and transfers them to SAMSA. The audit of NPA's systems noted that the control environment in respect of the collection is adequate.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
					Collection of Debts has been standardised - Collection of Debts was done within the timeframe of 30 days originating from surveys that SAMSA conducts for its clients. These clients book SAMSA to carry out surveys in order to comply with legislation that affects their operations. A corporate wide risk assessment process was undertaken to establish the risks facing SAMSA as well as finance specific risks to establish the controls and risk mitigating actions that need to be implemented to avert the occurrence of such risks	

PERFORMANCE REVIEW

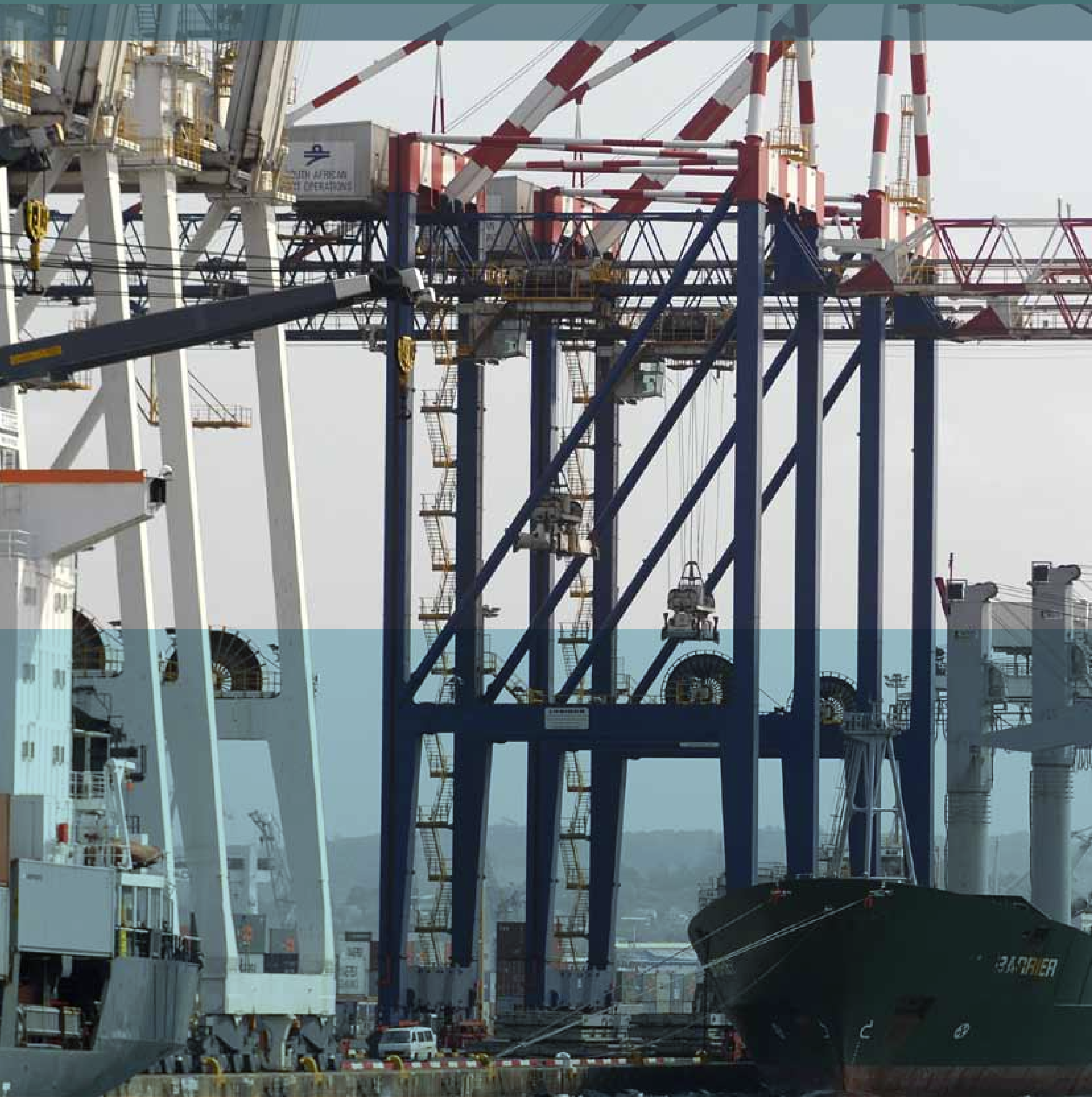
OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Develop/Improve new security features for certificates and related documents.	New security features	New Revenue model	The system specification for the Seafarers certification improvement system has been drafted, a tender has been publicised for the appointment of a suitable service provider.	Specifications were drawn for a system to be utilised for Seafarer Certification, Incident Management, Ship Registry and document management system. A tender was issued in this regard and after evaluations, two Bidders were shortlisted. It is expected a Successful Bidder will be appointed in the 2nd Quarter of the 2011/12 Financial Year.	Achieved - There is no reportable deviation on the achievement of this initiative and indicatoras all the courses have been set up and held
CUSTOMER & STAKEHOLDER						
Improve Service Quality to Customers & Engage in Corporate Social Responsibilities	Develop stakeholder (various) strategies	Stakeholder strategies	2 new databases (one for SAMSA as a whole , one for Industry Centre). one customer survey, new customer relationship strategy & communication plan	5 x international 4 x boating community 6 x boating safety campaigns 2 x partnerships with provincial clusters	Stakeholder strategy completed and relationships established culminating in interventions in the Eastern Cape in Education, Industry Development and Fishing Vessel Safety. The SAMSA stakeholder database has been developed, which identifies all the key stakeholders of SAMSA. A communication and CRM strategy exists A customer survey has not been undertaken.	Partially Achieved – The customer survey has not been conducted.
	Improve SAMSA brand in line with new SAMSA agenda	New customer and stakeholder commu-nication platform		2 x large scale events 2 x communication portals (website & newsletter)	SAMSA media monitoring report on both South African and global news indicated a very strong presence and positive coverage in the media as well as a positive brand perception particularly in the local media and the UK.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Re-brand and reposition SAMSA and centres in line with new agenda	Brand improvement		1 x 'Morning Live Outside Broadcast'2010 FIFA World Cup 1 x 'Morning Live Outside Broadcast' of All Female Crew Voyage 1 x Publications drive including branding publications on over 20 magazines	Branding SAMSA through 'Morning Live Outside Broadcast' in respect of Maritime Sector Readiness for 2010 FIFA World Cup with a viewership of about 15 million. Branding SAMSA through 'Morning Live Outside Broadcast' in respect of All Female Crew Voyage from Cape Town to Durban with a further objective of creating maritime awareness and gender transformation. Branding SAMSA through publications in notable magazines: SAA In-Flight Magazine during September 2010 which is the maritime month, Leadership Magazine , Africa Decisions Magazine etc.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
	Conduct fishing safety initiatives	Initiatives on safety		2 safety workshops conducted in PE and in Port Nolloth.	Safety Initiatives undertaken – Stability determination of fishing vessels in a cost effective manner was implemented in Port Elizabeth and in Port Nolloth workshops on substance abuse were conducted, free surveys were done and free life saving equipments were handed out.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
INTERNAL BUSINESS PROCESSES						
Develop & implement business processes, systems and policies.	Review or Develop business processes in respect of seafarers & fishing, Development and review of customer engagement processes, policies to enhance value.	Operable new processes, new systems and programmes	New or upgraded financial system	Great plains supply chain management module Microsoft Forecaster Budgeting system	The Implementation of the Procurement Module has been finalised on Great Plains and is operational. Forecaster – a system used for organizational budgeting and planning has also been implemented on Great Plains. Other Systems worthy of note that are running on SAMSA's servers are the Document Imaging System (a system procured from Metrofile) which is used to scan and view existing hard copy documents and the Ship Registry system which have been migrated from Cape Town to Pretoria. With regards to Policies, the Human Resources Policies and Financial Policies have been reviewed. Other new policies that has previously not been in place has been developed and it is expected that these policies would be adopted for implementation in 2011/12 financial year.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator

PERFORMANCE REVIEW

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Align systems, processes and policies Evidence of systems aligned Establish new and improve on ship registration system and seafarer certification systems	Evidence of systems aligned New processes for seafarer, ship registration	One operations processes One Service Delivery System	The system specification for key processes have been drafted, a tender has been publicised for the appointment of a suitable service provider. The system aims to develop and align the following processes: Seafarers Examination Certification Incident Management Ship Registry Enterprise Document Management	Specifications were drawn for a system to be utilised for Seafarer Certification, Incident Management, Ship Registry and document management system. A tender was issued in this regard and after evaluations, two Bidders were shortlisted. It is expected a Successful Bidder will be appointed in the 2nd Quarter of the 2011/12 Financial Year.	Achieved - There is no reportable deviation on the achievement of this initiative and indicatoras all the courses have been set up and held
LEARNING & GROWTH						
Enhance Human Capital	Ensure succession planning for all of SAMSA;	Number of staff employed or placed for succession		Succession Plan In Place for All staff due to retire. All staff due to retire within 8 years (12 Critical Staff)	All SAMSA current capacity requirements have been reviewed and where there are no immediate threats, there is no succession planning. As a result of the review, Succession Plans have been put in place for all critical Staff.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
	Enhance existing capacity and build new human capacity	Skills development programmes	2 Skills Programmes	2 Skills Programmes	The establishment of the SAMSA Leadership Academy has commenced. A task team has been put in place to ensure that it becomes fully functional. SAMSA has received tranche 1and tranche 2 to the amount of approximately R195 000 from TETA. This correlates to the successfulimplementation of the Workplace Skills Plan.	Achieved – There is no reportable deviation

OBJECTIVE	INITIATIVE	KPI (MEASURE)	TARGET	ACTUAL	ACHIEVEMENTS	DEVIATIONS
	Implement human resource development and talent management strategies		Required staff per centre hired	All targeted positions have been appointed as per the human capacity plan. We have taken a strategic decision not to appoint on some key positions, where we have not appointed staff	Regional support staff have been appointed to provide HR, ICT, SCM and Finance staff, newly appointed ship surveyors have been appointed as well	Achieved – There is no reportable deviation
	Build, enhance information capital	Number and type of systems developed & databases created.	New information platform	1 server upgraded 10 servers installed	Server upgrade implemented 10 servers procured and installed	Achieved - There is no reportable deviation on the achievement of this initiative and indicator
	Implement Human Resource Development and Talent Management Strategies	Change Management Programme	Performance culture developed New business culture (effective and dedicated team)	Not achieved	The finalisation of the appointment of a service provider to undertake a change management programme in SAMSA will be finalised in the new financial year.	It was agreed based on multiple requests from the various centres on the need for change management to review the approach and coverage of the change management programme to ensure that it is comprehensive. The new approach is for the CEO to conduct road shows starting in quarter of 1 2011/12.
	Develop and implement employment equity and gender transformation			An Employment Equity Plan EE report submitted	Employment Equity Committee has been established with baseline targets developed.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator.
				2 women (internal) 4 women (external)	Two women have been placed on the SAMSA Gender Based Programme. Both women are preparing to go to Sea to obtain their Class 2 Certificate of Competence SAMSA ensured a World first Event in that the Government owned polar research vessel AGULHAS was manned with an all women crew setting sail in Cape Town and ending in Durban. The event was to mark the year 2010 as the Year of the Seafarer and to showcase how transformation in the maritime Sector has progressed and needs to be furthered. 5 Women in various other parts of the business; (Executive Head, Search and Rescue, Business Information Systems and Seafarer Registry) are being developed and attend programmes.	Achieved - There is no reportable deviation on the achievement of this initiative and indicator. We have achieved 150% of our target on the women focus of our gender based programme.



05

SECTION FIVE

ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS

CONTENTS

MATERIALITY FRAMEWORK

This document was developed to give effect to the May 2002 amendment to the treasury regulations, in terms of which the following new requirement was placed on public entities:
Section 28.1.5 – "For purposes of material (sections 50(1), 55(2) and 66(1) of PFMA) and significant (section 54(2) of the PFMA), the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors."

From an external audit point of view SAAS 320.03 defines materiality as follows: "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful."
In order to arrive at the materiality framework we considered the following:

- Nature of SAMSA's business. For example, there may be different materiality figures for different aspects of the business;
- Statutory requirements;
- Risk associated with SAMSA's business; and
- Quantitative and qualitative factors.

Accordingly we will deal with this framework under two main categories, quantitative and qualitative aspects. The policy set out below should be appropriately presented in the annual report as required.

IMPLICATIONS OF A MATERIALITY FRAMEWORK FOR SAMSA

Ideally the materiality framework should be developed before the start of the financial year. This will enable SAMSA to identify any losses or irregular, fruitless or wasteful expenditure, and evaluate them against the materiality framework as and when they occur during the financial year. SAMSA will then be able to ensure the correct information is included in the annual report.

The public entity should submit the prepared materiality framework to the external auditors for evaluation in order to obtain their assessment as to the reasonability of the framework. The treasury regulations' (TR) requirement of consultation between the public entity and the external auditor aims to ensure alignment between the materiality figures set by the public entity and the external auditor respectively.

The public entity must include the materiality framework in the following documents to be submitted to the entity's executive authority:

- Annual Report [section 28.2.1 of the TR] – including financial statements
- Strategic plan [section 30.1.3 of the TR] – Three-year plan / Declaration of Intent

MATERIALITY FRAMEWORK

QUANTITATIVE ASPECTS

Total materiality

Materiality levels are only guidelines and SAMSA together with its auditors will consider our judgment in assessing the impact of errors found in the financial statements.

The following assertions have been made:

- **Financial figures analysis**
  Total assets: Showed an overall increase over the last 3 years of 132.99%.

  Revenue: Showed an overall increase over the last 3 years of 249.69%
  The core business of SAMSA is shipping levies and direct user charges, and it is also responsible for the regulation of inland waters.

  Net income: Showed an increase over the last 3 years of 3 050.68%, due to the increase of rates approved by the shareholder in 2009.

- **Both the income and balance sheets seems to be good indicators**
  Users of the financial statements are going to look at both income and balance sheet figures in order for them to make their final conclusions.

- **Ratio's**
  Revenue: Between 0, 25% and 1%
  Total assets: Between 0.5% and 2%
  Net income: Between 2.5% and 10%

- **Calculations**

Indicator	Ratio's	Lower limit	Upper limit
Revenue	0.25% - 1%	R598 750	R2 395 000
Total Assets	0.5% - 2%	R1 271 275	R3 258 220
Net income	2.5% - 10%	R1 893 600	R5 239 600

- **Risks**
  The general planning assessment of both inherent and control risk are assessed as medium, therefore our detection risk will also be medium in order for us to limit SAMSA's audit risk to an acceptable level. This is in light of the fact that SAMSA recently experienced a collapse of its financial system, which also led to a significant breakdown in internal control systems, even though these issues have largely been resolved.

- **Conclusion**
  Based on the above assumptions SAMSA's materiality is calculated based on revenue and is set at the mid-point of the upper and lower limit which amounts to R1 497 000. Flowing from the definition of materiality, and also taking into account the percentage guidelines detailed in the table above, SAMSA assessed the level of a material loss as: R1 497 000.

MATERIAL LOSSES

2.2.1 All transactions that result in a loss to SAMSA (including irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies) should be recorded in a register at the line function in question;

2.2.3 All losses should have explanations (detailing all information and reasons surrounding the transaction, as well as amounts recovered and strategies developed to prevent similar losses) should be prepared and submitted for authorisation to the CEO, the relevant board sub-committee and the board. The CFO should ensure that the transaction is appropriately allocated in the general ledger.

QUALITATIVE ASPECTS

Materiality is not merely related to the size of SAMSA and/or the elements of its financial statements. Obviously misstatements that are large, either individually or in the aggregate, may affect a "reasonable" user's judgment. However, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst others:

- New and potential ventures into public private partnerships (concessions) that SAMSA may enter into;
- Strategies to manage current public private partnerships (concessions) in order to prevent potential unexpected claims to reimburse financial losses.
- Executive management and board strategies to manage funding levels and limits, i.e. financial guarantees, medium term expenditure forecast (MTEF) allocations, etc.;
- Level of exposure to public interest and scrutiny;
- Level of compliance to applicable legislation;
- Unusual transactions entered into that are not of a repetitive nature and are disclosed purely due to the nature thereof (due to knowledge thereof affecting the decision making of the user of the financial statements);
- Transactions entered into that could result in a reputation risk to SAMSA;
- The impact of political decisions on SAMSA; and
- Any fraudulent or dishonest behaviour of an officer or staff of SAMSA. For example, losses resulting from criminal conduct may be seen as material, based on the public accountability of SAMSA, regardless of the monetary value of the amount.

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 2011.

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the South African Maritime Safety Authority, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 114 to 169.

Accounting Authority's Responsibility for the Financial Statements

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

Auditor-General's Responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 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 International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Maritime Safety Authority as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Emphasis of Matters

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

Restatement of Corresponding Figures

9. Misstatements in the corresponding figures were identified during our audit of the financial statements of the current year relating to revenue and commission expenses, which amounted to R3 631 000 and R3 631 000 respectively. Management corrected the misstatement by restating the corresponding figure for the year ended 31 March 2011.

Irregular Expenditure

10. As disclosed in note 24 to the financial statements, irregular expenditure of R6 083 000 was incurred in contravention of PFMA and Treasury Regulations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 93 to 101 and material non-compliance with laws and regulations applicable to the public of entity.

Predetermined Objectives

Usefulness of information

12. The reported performance information was deficient in respect of the following criteria:
    - Measurability: The indicators are well defined, and targets are specific.

13. The following audit findings relate to the above criteria:
    - For the selected objectives, 23% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance.
    - For the selected objectives, 23% of the planned indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

Compliance with Laws and Regulations

Strategic planning and performance management

14. The accounting authority did not submit the proposed strategic plan for 2010/11 financial year to the executive authority for approval at least six months before the start of the financial year of the Department of Transport, or another time period as agreed to between the executive authority and the public entity, which is in contravention of the requirements of TR 30.1.1.

Annual Financial Statements

15. The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting practice as required by section 55(1)(a) and (b) of the PFMA. The material misstatements identified by the Auditor-General of South Africa (AGSA) with regard to revenue, commission expenses, trade and other payables, prepayments were subsequently corrected.

Procurement and Contract Management

16. Tenders with a total value of R13 721 076,59 which have been awarded were only advertised in the media, and they were not advertised in the Government Tender Bulletin as required by the National Treasury Practice Note No.8, which is effective from 1 December 2007.

17. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure as per the requirements of section 51(1)(b)(ii) of the PFMA.

INTERNAL CONTROL

18. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

19. The accounting authority did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

20. Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.

21. Management did not adequately monitor the implementation of action plans to address internal control deficiencies.

Financial and Performance Management

22. The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit purposes.

23. Management does not review and monitor compliance with applicable laws and regulations.

24. Designed and implemented formal controls over IT systems are inadequate to ensure the reliability of the systems and the availability, accuracy and protection of information.

OTHER REPORTS

Preliminary Review in Progress

25. During the finalisation of the audit the preliminary review report performed by the internal audit commissioned by the audit committee to determine whether an investigation should be conducted at SAMSA, was not yet finalised.

Investigations Completed During the Financial Year

26. The investigation report issued by the consulting firm regarding allegations against South African Maritime Safety Authority was presented to the board of SAMSA, and no further actions were taken as no evidence was obtained confirming the allegations.

Pretoria
29 July 2011

AUDITOR-GENERAL
SOUTH AFRICA

AUDIT COMMITTEE REPORT

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011, as required by section 27.1.10 of the Treasury Regulations.

Audit Committee Responsibility

The audit committee has adopted appropriate formal terms of reference as its audit committee charter, regulated its affairs in compliance with this charter and accordingly discharged all its responsibilities. A summary of its role includes the following:

- oversees integrated reporting;
- ensures a combined assurance model is applied to provide a coordinated approach to all audit activities;
- reviews the expertise, resources and experience of the company's finance function, and discloses the results of the review in the integrated report;
- is responsible for oversight of internal audit;
- is an integral component in overseeing the risk management process;
- is responsible for overseeing the external audit process.

Furthermore the audit committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 27.1.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed below. During the financial year seven meetings were held, which members attended as follows:

Name of member	Qualifications	Number of meetings attended
Mr M Schaafma (Chairman)	CA(SA)	7
Mr R. Mkhwanazi	B.Proc, LLM	5
Mr A. Seymour	CA(SA)	3

The Chief Executive Officer, Chief Financial Officer, the External Auditors, other assurance providers, professional advisors and board members may attend at the committee's meetings, by invitation only but they may not vote.

Effectiveness of Internal Control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed.

In line with the PFMA and the King III Report on Corporate Governance, internal audit provides the committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the control process.

From internal audit reports, the audit report on the financial statements and management report of the Auditor-General, it was noted that there were material non-compliance in respect of procurement, and contract and expenditure management. As a result we are reporting that internal control for the period was not entirely effective in respect of these processes.

Management has been tasked to provide and implement action plans to address these issues as a matter of urgency to mitigate material non-compliance risks.

Evaluation of Financial Statements and Information on Predetermined Objectives

The Audit Committee has undertaken the following:

- reviewed and discussed with the Auditor-General and the accounting authority the audited financial statements to be included in the annual report, ,
- reviewed the Auditor-General's management report and the SAMSA management's response to it,
- reviewed any changes in accounting policies and practices,
- reviewed the information on predetermined objectives to be included in the annual report; and
- reviewed any significant adjustments resulting from the audit.

The audit committee concurs with the Auditor-General's findings and conclusions in his audit report in respect of the annual financial statements, information on predetermined objectives, compliance with laws and regulations and internal control.

Internal Audit

The audit committee fulfils an oversight role regarding the public entity's internal audit function. It is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing and authority within the organisation to discharge its duties. Furthermore, the audit committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions. The audit committee did consider the internal audit charter and recommended its approval by the board. The audit committee concludes that the internal audit function is effective and has addressed the risks pertinent to SAMSA in accordance with its annual internal audit plan.

Auditor-General South Africa

audit committee has met with the Auditor-General of South Africa to ensure there are no unresolved issues.

Mr M Schaafma
Chairman of the Audit Committee

GENERAL INFORMATION

Nature of business and principal activities	SAMSA was established in terms of the South African Maritime Safety Authority Act, 1998 (Act No. 5 of 1998), and has the objectives to ensure safety of life and property at sea, to prevent and combat pollution of the marine environment and to promote the Republic's maritime interests, in accordance with Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) and the South African Maritime Safety Authority Act, 1998 Act No. 5 of 1998 (SAMSA Act).
Registered office	161 Lynnwood Road Corner Duncan & Lynnwood Roads Brooklyn PRETORIA 0181
Postal address	P O Box 13186 HATFIELD 0028
Auditors	Auditor General South Africa
Bankers	ABSA FNB
Secretary	Mr Moyahabo V. Raphadu

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) (as amended by Act No. 29 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2012 and, in light of this review and the current financial position, it is satisfied the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the South African Maritime Safety Authority (SAMSA) has neither the intention nor the need to liquidate or curtail materially the scale of the entity. Although the accounting authority is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The Annual Financial Statements set out on pages 114 to 169 which have been prepared on the going concern basis, were approved by the accounting authority on 27 July 2011 and were signed on its behalf by:

Mr Z C Ngidi Board Chairperson

ACCOUNTING AUTHORITY'S REPORT

The Accounting Authority submits its report, which forms part of the audited financial statements of SAMSA for the year ended 31 March 2011.

1. Incorporation

SAMSA was incorporated in terms of the South African Maritime Safety Authority Act, 1998, No. 5 of 1998.

2. Review of Activities

Main business and Operations

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

Regulatory, Enforcement and Compliance Services

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

Strategic Maritime Interests Promotion

- Development, growth and transformation of the maritime sector, in particular:
- Promote awareness of the potential of, and the opportunities in, the maritime sector to contribute to the overall development of South Africa
- Grow the domestic maritime industry and its ship registry
- Ensure adequate and competitive skills and an inclusive sector with women and black participants in maritime jobs, professions and business opportunities
- Maritime Security and Communications
- Ensure effective maritime (transport) security infrastructure and services (long-range identification and tracking - LRIT) on behalf of the country
- Ensure availability of effective and modern global maritime communications systems
- Key participation at maritime security advisory committee (MSAC) and maritime security coordination center (MSCC)
- International Relations
- Represent South Africa's interests at key global maritime and regional fora

SAMSA is also the custodian of the Maritime Fund

Net surplus of the entity is R75,289 million (2010: surplus R52,396 million).

3. Going Concern

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

4. Subsequent Events

The accounting authority approved the disposal of old assets that had become uneconomical to use, and the disposal process commenced after year-end.

5. Accounting Policies

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

6. Accounting Authority

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

Mr ZC Ngidi - Board Chairperson	Appointed 10 November 2009	Term ends 9 November 2013
Mr J Martin - Board Member	Appointed 10 November 2009	Term ends 9 November 2013
Professor L Feris - Board Member	Appointed 1 November 2010	Term ends 9 November 2013
Mr A Seymour - Board Member	Appointed 1 June 2008	Term ends 31 May 2011
Ms N Syms - Board Member	Appointed 14 June 2006	Term ends 31 May 2011
Mr T Mokhele - CEO	Appointed 1 January 2008	
Mr R Mkhwanazi - Board Member	Appointed 1 June 2008	Term ends 31 May 2011

7. Secretary

Advocate Rebaone Gaoraelwe resigned as Board Secretary of the entity and Mr Moyahabo V. Raphadu was appointed on 1 April 2011 in this position.

8. Corporate Governance

General

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

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ('the Code') laid out in the King Report on Corporate Governance for South Africa. The Accounting Authority discusses the responsibilities of management in this respect, at board meetings and monitors the entity's compliance with the code.

Board of Directors

The Board:

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

Chairperson and Chief Executive Officer

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

The roles of chairperson and chief executive officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Audit and risk committee

The audit committee is chaired by Mr Martin Schaafsma and is comprised of two other non-executive directors, Mr Ronny Mkhwanazi and Mr Ashley Seymour.

Internal audit

SAMSA's internal audit function is outsourced to SAB & T Business Innovations Group on a three-year contract.

9. Materiality Levels

The materiality level for SAMSA has been set at R1.497 million for the 2011/12 financial year after considering the current revenue levels and the risks within the organisation.

10. Auditors

Auditor-General of South Africa as SAMSA's auditors will continue in office for the next financial period in accordance with the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999).

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 R'000	2010 R'000
Assets			
Current Assets			
Trade and other receivables	12	21,581	21,304
Prepayments	28	489	813
Cash and cash equivalents	14	218,060	134,290
		240,130	**156,407**
Non-Current Assets			
Property, plant and equipment	7	10,407	6,080
Intangible assets	8	202	424
		10,609	**6,504**
Total Assets		**250,739**	**162,911**
Liabilities			
Current Liabilities			
Trade and other payables	15	11,837	5,384
Retirement benefit obligation	11	493	396
Provisions	23	11,222	7,379
		23,552	**13,159**
Non-Current Liabilities			
Retirement benefit obligation	11	12,350	10,204
Total Liabilities		**35,902**	**23,363**
Net Assets		**214,837**	**139,548**
Net Assets			
Accumulated surplus		214,837	139,548

STATEMENT OF FINANCIAL PERFROMANCE

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 R'000	2010 R'000
Revenue - exchange transactions	2	245,426	157,347
Other income		2	-
Operating expenses		(180,203)	(111,591)
Operating surplus	20	**65,225**	**45,756**
Investment revenue	5	9,944	6,941
Fair value adjustments	6	120	-301
Surplus for the year		**75,289**	**52,396**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2011

	Accumulate surplus R'000	Total net assets R'000
Balance at April 01, 2009	**87,152**	**87,152**
(Deficit)/Surplus for the year	52,396	52,396
Total changes	52,396	52,396
Balance at April 01, 2010	**139,548**	**139,548**
Changes in net assets		
Surplus for the year	75,289	75,289
Total changes	75,289	75,289
Balance at March 31, 2011	**214,837**	**214,837**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 R'000	2010 R'000
Cash flows from operating activities			
Receipts			
Revenue		240,360	138,358
Interest income		9,944	6,941
		250,304	145,299
Payments			
Payments		(159,011)	(103,534)
Net cash flows from operating activities	17	**91,293**	**41,765**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(7,523)	(4,825)
Net increase/(decrease) in cash and cash equivalents		**83,770**	**36,940**
Cash and cash equivalents at the beginning of the year		134,290	97,350
Cash and cash equivalents at the end of the year	14	**218,060**	**134,290**

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2011

1. Presentation of Annual Financial Statements

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Property, Plant and Equipment

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.
Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Computer software that are an integral part of the hardware are recognised under property, plant and equipment and disclosed separately.

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

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	5 years
IT equipment	3 years
Computer software	3 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

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

1.2 Intangible Assets

An asset is identified as an intangible asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

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

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
  it will generate probable future economic benefits or service potential.

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

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

Item	Useful life
Computer software	3 years

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

The only intangible assets owned by the entity are computer software. Computer software that are not an integral part of the hardware and which can be identified and seperated are capitalised as intangible assets.

1.3 Financial Instruments

Initial Recognition and Measurement

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

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

Trade and Other Receivables

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

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and Other Payables

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

Cash and Cash Equivalents

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

1.4 Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance 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 financial year in which termination takes place.

Operating leased assets are not recognised on the entity's Statement of Financial Position.

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

Operating lease payments are recognized as an expense on a straight line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset or liability. This liability is not discounted.

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

1.5 Rounding Off

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

1.6 Impairment of Assets

The entity assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:

- tests intangible assets with an indefinate useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which it belongs is determined.

The recoverable amount of an asset of a cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Employee Benefits

Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short

term cash bonus or profit sharing plans if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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

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

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

1.8 Provisions and Contingencies

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

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

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

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 19.

1.9 Revenue from Exchange Transactions

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

Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
  it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
  the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

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

1.10 Related Party Disclosure

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

1.11 Bad Debts

It is the policy of the Authority to handle each potential bad debt case or impairment allowance on merit. A provision is made for all debtors over 120 days and in cases where there is objective evidence and indication to the impairment of a debt, such debts are written off.

1.12 Investment Income

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

1.13 Currency

The currency used in the Financial Statements is South African Rand (ZAR), which is the Authority's functional currency.

1.14 Translation of Foreign Currencies

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

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

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

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

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

1.15 Tax

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

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

1.16 Comparative Figures

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

1.17 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Irregular Expenditure

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

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

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

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

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

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

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

1.19 Significant Judgements, Estimates and Assumptions

In the process of applying the South African Maritime Safety Authority's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the Annual Financial Statements.

Post Retirement Benefits

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

Provision for Impairment of Trade Receivables

The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition.

Provisions

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

Depreciation

Assets are depreciated in line with their expected useful lives and management reviews the useful lives of the assets at least once each financial year.

1.20 Use of Estimates

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

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

1.21 Financial Risk Management

The Authority has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Interest Rate risk
- Cashflow risk

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

Credit Risk

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

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

Liquidity Risk

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

Interest Rate Risk

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

Cashflow Risk

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

		Notes	2011 R'000	2010 R'000
2	**Revenue**			
	Rendering of services		245,426	157,347
	Revenue consists of:			
	Direct user charges		18,911	13,426
	SAMSA Levies		211,580	126,589
	Commission Paid		(6,123)	(3,631)
	Government services fees		14,935	17,332
			239,303	153,716
3	**Depreciation, Amortisation and Impairments**			
	Furniture and fixtures		415	349
	Motor vehicles		139	83
	Office equipment		203	198
	IT equipment		1,399	810
	Computer Software		1,094	776
	Computer Software Intangible		221	221
			3,471	**2,437**
4	**Employee related costs**			
	Basic		62,900	43,388
	Bonus		6,926	5,989
	Medical aid entity contributions		870	736
	Unemployment Insurance Fund		222	185
	Workmen Compensation		468	21
	Skills Development Levy		598	433
	Leave pay provision charge		2,195	586
	Pension		8,624	6,411
	Long service awards		95	12
	Travel allowance		1,613	1,680
	Housing benefits and allowances		200	217
	Computer Allowance		26	26
			84,737	**59,684**

		Notes	2011 R'000	2010 R'000
5	**Investment revenue**			
	Interest revenue			
	Bank		9,944	6,941
	Investment Revenue is made up of the following:			
	Interest Bank (Commercial banks)		556	597
	Investment income		9,388	6,344
			9,944	**6,941**
6	**Fair value adjustments**			
	• Fair Value Adjustments		120	(301)
	Fair Value Adjustments consist of:			
	Fair value adjustment - debtors		143	(322)
	Fair value adjustment - creditors		(23)	21
			120	**(301)**

7 Property, plant and equipment

	2011 (R'000)			2010 (R'000)		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	5,582	(1,433)	4,149	3,149	(1,023)	2,126
Motor vehicles	927	(575)	352	768	(436)	332
Office equipment	2,199	(1,352)	847	1,698	(1,158)	540
IT equipment	8,383	(5,301)	3,082	5,518	(3,942)	1,576
Computer software	6,264	(4,287)	1,977	4,699	(3,193)	1,506
Total	**23,355**	**(12,948)**	**10,407**	**15,832**	**(9,752)**	**6,080**

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Impairment reversal	Total
Furniture and fixtures	2,126	2,433	(415)	5	4,149
Motor vehicles	332	159	(139)	-	352
Office equipment	540	501	(203)	9	847
IT equipment	1,576	2,865	(1,400)	41	3,082
Computer software	1,506	1,565	(1,094)	-	1,977
	6,080	**7,523**	**(3,251)**	**55**	**10,407**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,123	1,352	(349)	2,126
Motor vehicles	111	304	(83)	332
Office equipment	350	388	(198)	540
IT equipment	918	1,468	(810)	1,576
Computer software	969	1,313	(776)	1,506
	3,471	**4,825**	**(2,216)**	**6,080**

8 Intangible assets

	2011 (R'000)			2010 (R'000)		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	664	(462)	202	664	(240)	424

Reconciliation of intangible assets - 2011

	Opening balance	Amortisa-tion	Total
Computer software	424	(222)	202

Reconciliation of intangible assets - 2010

	Opening balance	Amortisa-tion	Total
Computer software	645	(221)	424

9 Financial Instruments

In the course of the Authority's business operations, it is exposed to interest rates. SAMSA is in the process of developing a comprehensive risk management process to monitor and control risks. The risk management process relating to each of these risks is discussed under the headings below:

Financial Risk Management

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

Liquidity Risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

Interest Rate Risk

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

9 Financial Instruments (continued)

		Fixed Rated			Non Interest Bearing		
	Floating rate	Amount	Weighted average effective interest rate	Weighted average period for which the rate is fixed	Amount	Weighted average period until maturity	Total
		R'000	%	Years	R'000	Years	R'000
Year ended 31 March 2011							
Assets							
Cash and cash equivalents	218,060	-	-	-	-	-	218,060
Trade & other receivables	-	-	-	-	21,581	-	21,581
TOTAL	**218,060**	**-**	**-**	**-**	**21,581**	**-**	**239,641**
Liabilities							
Trade & other payables	-	-	-	-	11,837	-	11,837
TOTAL	**-**	**-**	**-**	**-**	**11,837**	**-**	**11,837**
Year ended 31 March 2010							
Assets							
Cash and cash equivalents	134,290	-	-	-	-	-	134,290
Trade receivables	-	-	-	-	21,298	-	21,298
TOTAL	**134,290**	**-**	**-**	**-**	**21,298**	**-**	**155,588**
Liabilities							
Trade & other payables	-	-	-	-	5,101	-	5,101
TOTAL	**-**	**-**	**-**	**-**	**5,101**	**-**	**5,101**

9 **Financial Instruments (continued)**

Credit Risk

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

Trade and other receivables 2010/11 R21.6 million (2009/10 R21.3 million)

Fair Values

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

Cash and Cash Equivalents

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

Trade Receivables

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

Trade Payables

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

		Notes	2011 R'000	2010 R'000
10	**Financial assets and liabilities by category**			
	The accounting policies for financial instruments have been applied to the line items below:			
	2011			
			1 year or less	**Total**
	Cash and cash equivalents		218,060	218,060
	Trade and other receivables		21,581	21,581
	Trade and other payables		(11,837)	(11,837)
			227,804	**227,804**
	2010			
			1 year or less	**Total**
	Cash and cash equivalents		134,290	134,290
	Trade and other receivables		21,298	21,298
	Trade and other payables		(5,101)	(5,101)
			150,487	**150,487**

	Notes	2011 R'000	2010 R'000
11 Employee benefit obligations			
Post retirement medical aid benefit			

The Authority operates a defined benefit plan for qualifying employees. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2010, by Alexander Forbes. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

		2011 R'000	2010 R'000
The amounts recognised in the statement of financial position are as follows:			
Opening Balance			
Opening Balance		(10,600)	(8,661)
Amounts charged to income		(2,243)	(1,939)
Net liability		**(12,843)**	**(10,600)**
Non-current liabilities		(12,350)	(10,204)
Current liabilities		(493)	(396)
		(12,843)	**(10,600)**
Changes in the present value of the defined benefit obligation are as follows:			
Opening balance		10,600	8,661
Current Service Cost		294	435
Interest Cost		961	768
Actuarial Gain/(Loss)		1,401	(251)
Expected Employer Payments/(Benefit)		(413)	987
Closing balance		**12,843**	**10,600**

	Notes	2011 R'000	2010 R'000
11 Employee benefit obligations (continued)			
Key assumptions used			
Assumptions used at the reporting date:			
Average Retirement Age rate Males - Years		66	65
Discount rate - Percentage		9%	9%
Continuation of membership at retirement - Number of employees		6	6
Expected rate of return - plan assets		- %	- %
Expected rate of salary increases		7%	7%
Medical cost trend rates (Health Care Cost Inflation)		8%	8%
The material assumptions used in the valuation were the following:			
Consumer Price Index Inflation		6%	6%
In sevice members		2	2
Continuation Membership		100% of the current in service members	
Withdrawal rates		**- %**	**- %**
Minority rates - During employment		SA85 90 (Light) ultimate table	
Mortality rates - Post employment		PA (90) ultimate table rated down 2 years plus 1% future improvement	

Defined benefit plan

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plan(s) as a defined benefit plan(s). The entity accounted for this (these) plan(s) as a defined contribution plan(s):

11 **Employee benefit obligations (continued)**

	31 March 2007	31 March 2008	31 March 2009	31 March 2010	31 March 2011
Trend Information					
Present value of obligation	7,721	8,910	8,661	10,600	12,843
Fair value of plan assets	-	-	-	-	-
Present value of obligations in excess of plan assets	7,721	8,910	8,661	10,600	12,843
Experience adjustments actuarial gain(loss) before changes in assumptions					
In respect of present value obligations	-951	309	1,135	-166	-505
In respect of fair value of plan assets	-	-	-	-	-
Health Care Cost Inflation			**Central assumption 7.75%**	**-1%**	**1%**
Accrued Liability 31 March 2011			12.843	11.139	14.971
(R' million) % change			0.00%	-13.3%	16.60%
Current Service Cost + interest cost 2011/12			1.392	1.287	1.651
(R' million) % change			0.00%	-14.7%	18.60%
Sensitivity Results from Previous Valuation			**Central assumption 7.50%**	**-1%**	**1%**
Current Service Cost + Interest Cost 2010/11			1.255	1.074	1.484
(R'million) % change			0.00%	-14.4%	18.20%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

		Notes	2011 R'000	2010 R'000
12	**Trade and other receivables**			
	Trade receivables		20,232	20,463
	Deposits		994	715
	World Indian Ocean Maritime Highway Project		-	139
	Investment Income Accrued		900	508
	Other receivables		110	-
	Provision for doubtful debts		(339)	(92)
	Staff Travel Advances		56	48
	Discounting of receivables		(372)	(477)
			21,581	**21,304**

13 World Cup Expenditure

SAMSA, as part of its strategy to promote maritime awareness and interact with important stakeholders, approved the organisation's involvement in the World Cup activities. This expenditure, which was incurred in line with the Authority's budgets, was fully disclosed in the 2009/10 annual report. The breakdown of the expenditure is shown on Appendix C for comparative purposes.

14 Cash and cash equivalents

Cash and cash equivalents consist of:

	2011 R'000	2010 R'000
Cash on hand	65	47
Bank balances	217,995	134,243
	218,060	**134,290**

Bank balances and cash comprise cash and short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest risk. The carrying amount of these assets approximates their fair value.

As required in Section 7(3) of the Public Finance Management Act and Treasury Regulation 31.2.1, the National Treasury has approved the local bank where the bank accounts are held.

		Notes	2011 R'000	2010 R'000
15	**Trade and other payables**			
	Trade payables		8,061	4,434
	Lease liability		47	51
	Accruals		1,117	-
	Purchase order accruals		220	-
	Sundry Creditors		2,452	944
	Discounting of payables		(60)	(45)
			11,837	**5,384**
16	**Reconciliation of budget surplus/deficit in the financial statement of financial performance**			
	Net surplus/deficit per statement of financial performance		75,289	52,396
	Adjusted for:		-	-
	Fair value adjustments		(120)	301
	Increase in provisions		3,855	(2,489)
	Underspending of expenditure		(25,688)	(33,450)
	Under/(over) recovery of income		(18,951)	(6,114)
	Actuarial gains and losses		2,243	1,939
	Net surplus/(deficit) per approved budget		**36,628**	**12,583**
17	**Cash generated from operations**			
	Surplus		75,289	52,396
	Adjustments for:			
	Depreciation and amortisation		3,473	2,436
	Fair value adjustments		(120)	301
	Movement in retirement benefit assets and liabilities		2,243	(1,939)
	Movements in provisions		3,843	(2,489)
	Other non-cash items		77	3,584
	Impairment adjustment		(55)	-
	Changes in working capital:			
	Trade and other receivables		(237)	(13,642)
	Prepayments		324	(813)
	Trade and other payables		6,456	1,931
			91,293	**41,765**

18 Operating lease

Office Equipment

The Authority has commercial leases on certain office equipment. These leases have an average of between 2 and 5 years with no renewal option included in the contracts. There are no renewal restrictions placed upon the lessee by entering into these leases.

Office Buildings

Port Elizabeth

The Authority entered into a lease agreement with UMMI Properties for the ground and first floors of Vodacom Building. The Initial period is for 3 years and 6 months notice period is required prior to termination of the lease agreement. The escalation percentage in the lease agreement is 10%. The lease agreement expired on 31 March 2011.

Port Elizabeth Regional

The Authority entered into a lease agreement with Rickett Sales SA (Pty) Ltd for premises comprising of the first and second floor units at 1 A Humewood Road, Humerail, Bay Suites, Port Elizabeth. The initial lease period is three years and three months notice is required prior to termination of the lease agreement. The escalation percentage in the lease agreement is 10%. The lease agreement expires on 30 June 2013.

Pretoria

The Authority entered into a lease agreement with Ozmik Property Investments for the offices being used as the SAMSA head office. The initial lease period is for 5 years and it has been extended and the escalation percentage is 10%. The Authority has also entered into a lease agreement with Encha Properties for the lease of a second Pretoria office. The lease agreement is for one and half years and the escalation percentage for rentals is 9%, and 10.5% for operating costs. The lease agreements expires on 30 September 2011.

Durban

The Authority entered into a lease agreement with Old Mutual Properties for its offices in Durban. The initial lease period is 3 years and the escalation percentage is 10%. The lease agreement expires on 31 March 2012.

Durban Regional

The Authority entered into a lease agreement with Old Mutual Properties for its offices on the 13th floor in Durban. The initial lease period is also for 3 years and the escalation percentage is 10%. The lease agreement expires on 30 June 2013.

MRCC Cape Town

The authority entered into a lease agreement with Dimension Data for the MRCC offices in Cape Town. The Initial lease period is for 5 years and the lessor requires 6 months written notice prior to the termination of the lease agreement. The escalation percentage is 9%. The lease agreement expires on 31 March 2012.

Cape Town

The Authority entered into a lease agreement with Bands Properties for its offices in Cape Town for the 11th and 19th floors. The initial lease period is 3 years and the escalation is 10%. The initial lease period is for 10 months. The lease agreement expires on 31 March 2012.

Mossel Bay

The Authority entered into a lease agreement with Plaza Aquada for the Mossel Bay offices situated at 55 Marsh Street, Mossel bay. The initial lease period is for 5 years. The escalation percentage is 8%. The lease agreement expires on 31 January 2013.

Richards Bay

The Authority entered into a lease agreement with Tuzi Gazi Waterfront (PTY) Ltd for its office in Richards Bay. The initial lease was for 1 year, and was renewed for one more year ending 31 December 2010. In December 2010 the initial lease period was extended once more to 31 December 2013. The escalation percentage is 9%. The lease agreement expires on 31 December 2011.

Port Nolloth

The Authority entered into a lease agreement with SA Post Office for its offices in Port Nolloth. The initial lease is for 5 years. The escalation percentage is 8%. The lease agreement expires on 31 March 2012

Saldanha

The Authority entered into a lease agreement with Transnet National Ports Authority for its offices in Saldanha. The initial lease is for 5 years. The escalation percentage is 9%. The lease agreement expires on 30 September 2013.

East London

The Authority entered into a lease agreement with The Department of Public Works for its offices situated in East London. The escalation percentage is 10% per annum and a three months written notice is required prior to termination of the lease agreement. SAMSA has been given notice to vacate the premises and the office will move to a new building acquired by the Authority in East London.

		Notes	2011 R'000	2010 R'000
18	**Operating lease (continued)**			
	Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2011 are as follows:			
	Up to 1 year		7,182	7,064
	2 to 5 years		1,294	3,939
			8,476	11,003
19	**Contingencies**			
	Cadets vs SAMSA		-	1,950
	Wreck removal shortfalls		-	13,300
	SARS		674	-
	National Treasury		127,685	-
			128,359	15,250

The Cadets vs SAMSA has not been disclosed in the current year as the litigant has not acted on the case for more than 4 years. There was no wreck removal work underway at the end of the financial year. A statement received from SARS incorrectly reflects that SAMSA owes 0.674 million in outstanding taxes and penalties. This was as a result of the payment dates for PAYE being reflected incorrectly on the SARS system. SARS have been engaged on the issue and a meeting will be organised to correct the differences. SAMSA has incurred surpluses amounting to R127.7 million in the 2010/11 and the 2009/10 financial years which are intended for use in financing the capital expenditure requirements of the organisation. A submission will be prepared for National Treasury to allow the Authority to retain the surpluses to ensure that the service delivery capacity of the organisation is not compromised as a result of inadequate infrastructure.

		Notes	2011 R'000	2010 R'000
20	**Operating surplus**			
	Operating surplus for the year is stated after accounting for the following:			
	• Rentals		10,442	7,138
	• Advertising		13,043	3,199
	• Auditors' Remuneration		2,111	2,810
	• Computer Expenses		1,894	1,864
	• Consulting Fees		9,720	5,743
	• Conferences & seminars		10,824	3,062
	• Telephone & Fax		3,299	2,299
	• Training		1,811	1,186
	• Travel - Overseas		3,501	2,552
	• Internal audit fees		2,144	332
	• Operating leases		393	216
	Depreciation on property, plant and equipment		3,473	2,431
	Employee costs		84,737	59,684
	Research and development		848	-

21 Related Party Transactions

During the year the Authority performed Maritime and Rescue Co ordination and other services on behalf of the Department of Transport as agreed in the Memorandum of Understanding. Fees received for these services amounted to R14.9 million in the current financial year (2010: R17.3 million) and there were no amounts outstanding at year end. We also have an agreement with the National Ports Authority for the collection of SAMSA levies on our behalf. NPA charges a collection fee of 2.5% of the amount collected and the value of those transactions were R6.1 million in the current financial year (2010: R3.6 million). The commission outstanding as at year end was R0.131 million (2009: R0.95 million). The other transactions with government related to our administration of the Maritime Fund, detais of which appear in the Maritime Fund financial statements disclosed as part of this annual report.

Board Members and Executive Managers Emoluments

Executives

2011	Emoluments R'000	Bonus R'000	Pension R'000	Acting Allowance R'000	Total R'000
Mr T Mokhele - CEO	1,834	301	325	-	2,460
Mr B Ramahlo - Executive Head (Office of CEO)	952	88	172	-	1,212
Mr S Tilayi - Executive Head (Centre of Ships)	920	78	153	-	1,151
Ms A Mngadi - Executive Head (Corporate Affairs)	900	76	160	-	1,136
Mr R Nkosi - Executive Head (Strategy, Excellence & Industry)	1,078	78	-	-	1,156
Mr K Otto - Executive Head (Centre for Sea Watch & Response)	918	79	163	-	1,160
Mr T Hungwe - Acting Chief Financial Officer	599	47	-	96	742
Ms F Gumede - Executive Head (Policy & Regulatory Affairs)	947	82	157	-	1,186
Mr D Serobatse - Acting Chief Information Officer	521	47	84	-	652
Mr K Maesela - Chief Procurement Officer	791	71	107	-	969
Mr P Mashiloane - Acting Chief Human Capital Manager	466	43	81	98	688
	9,926	990	1,402	194	12,512

21 Related Party Transactions (continued)

Executives

2010	Salary R'000	Bonus R'000	Pension R'000	Consulting Fees R'000	Total R'000
Mr T Mokhele - CEO	1,690	201	316	-	2,207
Mr S Tilayi - Executive Head (Centre of Ships)	676	79	117	-	872
Ms A Mngadi - Executive Head (Corporate Affairs)	636	76	121	-	833
Mr R Nkosi - Executive Head (Strategy, Excellence,& Industry)	802	80	-	-	882
Mr K Otto - Executive Head (Centre for Sea Watch & Response)	683	81	130	-	894
Mr T Hungwe - Acting Chief Financial Officer	-	-	-	718	718
Ms F Gumede - Executive Head (Policy & Regulatory Affairs)	745	88	130	-	963
Mr D Serobatse - Acting Chief Information Officer	458	54	78	-	590
Mr K Maesela - Chief Procurement Officer	698	80	98	-	876
Mr P Mashiloane - Acting Chief Human Capital Manager	473	48	77	-	598
	6,861	787	1,067	718	9,433

21 **Related Party Transactions (continued)**

Non-executives

2011	Board Fees R'000	Committee Fees R'000	Travel & Subsistence R'000	Other R'000	Total R'000
Mr Z C Ngidi - Board Chairperson	160	118	-	84	362
Prof L Feris - Board Member (Appointed 1 November 2010)	68	-	-	-	68
Mr J Martin - Board Member	120	27	-	37	184
Mr R Mkhwanazi - Board Member	120	79	-	55	254
Ms N Syms - Deputy Board Chaiperson	120	90	-	2	212
Mr A Seymour - Board Member	120	48	-	2	170
Mr MA Schaafsma - Acting AC Chairperson	-	97	-	-	97
	708	459	-	180	1,347

2010	Board Fees R'000	Committee Fees R'000	Travel & Subsistence R'000	Gain of exercise of options R'000	Total R'000
Mr M Siko - Chairperson (Resigned June 2009)	38	-	-	-	38
Mr Z Ngidi - Acting Board Chairperson (Appointed 10 November 2009)	60	4	-	-	64
Mr J Martin - Deputy Board Chairperson (Appointed 10 November 2009)	47	-	-	-	47
Mr M Schaafsma - Acting AC Chairperson (Appointed March 2010)	-	5	-	-	5
Ms N Syms - Board Member	119	5	-	-	124
Mr R Mkhwanazi - Board Member	119	4	-	-	123
Mr A Seymour - Board Member	119	-	-	-	119
Ms N Majokweni - Board Member (Resigned October 2009)	70	-	-	-	70
	572	18	-	-	590

22 Guarantees

Guarantees

Contract Number	2011 Guarantee Amount R'000	2010 Guarantee Amount R'000	Escape Clause
81059816160	36	36	N
81059926905	3	3	Y
81059928876	5	5	Y
81059928877	3	3	Y
TOTAL	**47**	**47**	

23 Provisions

Reconciliation of provisions	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
2011				
Leave Provision	2,261	2,202	-157	4,306
Bonus Provision	5,075	6,926	(5,085)	6,916
Other	43	-	-43	-
	7,379	9,128	(5,285)	11,222
2010				
Leave pay provision	1,872	585	-196	2,261
Bonus Provision	4,558	5,986	(5,469)	5,075
Other Provisions	3,438	43	(3,438)	43
	9,868	6,614	(9,103)	7,379

Leave pay and service bonus

The leave pay provision and service bonus provisions are based on the liability for the current leave cycle not utilised and service bonuses payable.

		Notes	2011 R'000	2010 R'000
24	**Irregular expenditure**			
	Opening balance		37,490	-
	Irregular Expenditure - current year		6,083	37,490
	Less: Amounts condoned		(37,490)	-
			6,083	**37,490**

The irregular expenditure incurred during the 2009/10 financial year was condoned by National Treasury during the 2010/11 financial year and has been reversed accordingly. The irregular expenditure incurred during the 2010/11 financial year arose from the fact that, after an open tender was advertised to award a marketing services tender for fixed period of time, the adjudication process took longer than anticipated. This resulted in management having to award tenders for two events on a project basis using the the three quote system as cancellation of the events would have led to a major reputational risk.

25 Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

SAMSA was able to fully operate within its approved budget for the 2010/11 financial year and projects were satisfactorily implemented. Budget controls were made more effective by the implementation of a realtime budgeting system which has been completed and is now fully operational.

26 Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

The SAMSA Board approved the acquisition of a building in East London at a cost R3.9 million. The contract of sale was signed with the seller and at the end of the 2010/11 financial year and the building was being made ready to house the SAMSA East London operations.

	Notes	2011 R'000	2010 R'000

27 Assets held for Disposal

Assets classified under assets held for disposal

The SAMSA Board approved the disposal of old assets within the business which had become unusable and uneconomic for the organisation to keep them in use. The actual disposal processes commenced after year-end and the assets with zero values were thus assets which were held for disposal. They are not separately disclosed on the face of the Statement of Financial Position due to the fact their book values is zeros. These assets are being categorised as Assets held for disposal for the following reasons:

- Management is committed to a plan to sell;.
- The assets were available for immediate sale;
- An active programme to locate buyers was initiated;
- The sale is highly probable, within 12 months of classification as held for sale;
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

28 Capital Commitments

The Authority had capital commitments amounting to R4.3 million which represented capital expenditure for capital items which were delivered after year-end. A building was purchased at a cost of R3.9 million in East London to house SAMSA operations and it forms part of the capital commitments at year-end.

29 In-kind donations and assistance

		2011	2010
Donations		195	100

SAMSA donated R0.100 million to the National Sea Rescue Institute (NSIR), an organisation which is involved in search and rescue activities with a mission to save lives on South African waters, among other donations.

30 Review of useful lives for Property and Equipment

SAMSA reviewed the useful lives of its property and equipment and as result of the fact that the Authority's old assets has become uneconomic to use and are being disposed and replaced with Board approval, the existing assets' useful lives will remain the same.

	Notes	2011 R'000	2010 R'000

31 New standards and interpretations

31.1 Standards and interpretations effective and adopted in the current year

In the current 2010/11, the Authority has adopted the following standards and interpretations that are effective for the current financial 2010/11 and that are relevant to its operations:

GRAP 24: Presentation of Budget Information in the Financial Statements

The Authority adopted the standard for the first time in the 2009/10 annual financial statements.

IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

The effective date of the interpretation is for years beginning on or after April 01, 2010.

The Authority adopted the interpretation for the first time in the 2011 annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

The effective date of the standard is for years beginning on or after April 01, 2010.

The Authority has adopted the standard for the first time in the 2011 annual financial statements.

31.2 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

GRAP 25: Employee benefits

The effective date of the standard is for years beginning on or after April 01, 2011.

32 Prior year adjustment

Commission amounting to R3.6 million has been reclassified from revenue to expenditure for the 2009/10 financial year to comply with GRAP 1. This commission is paid to the National Ports Authority for the collection of SAMSA Levies which they do on the Authority's behalf.

This adjustment has no impact on the net surplus for the 2009/10 financial year.

33 Auditors' remuneration

		2011 R'000	2010 R'000
Fees		2,111	2,810

MARITIME FUND
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 R'000	2010 R'000
Assets			
Current assets		16 909	15 584
Cash and cash equivalents	3	16 835	15 542
Accrued Interest	4	74	42
		16 909	15 584
Equity and liabilities			
Funds and reserves		16 909	15 584
Accumulated Surplus		16 498	14 628
Contraventions deposits	5	412	956
		16 909	**15 584**

MARITIME FUND
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 R'000	2010 R'000
Revenue	2	**984**	**36**
Interest Received		890	980
Gross Income		**1 874**	**1 016**
Operating expenses		(4)	(4)
Net surplus for the year		**1 870**	**1 012**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Accumulated surplus R'000
Balance at 31 March 2009		13 630
Surplus for the period		1 012
Prior year adjustment	4	(14)
Balance at 31 March 2010		14 628
Surplus for the period		1 870
Balance at 31 March 2011		**16 498**

MARITIME FUND
ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 R'000	2010 R'000
Cash flow from operating activities			
Cash receipts		557	690
Cash payments		-	-
Cash generated from operations		557	690
Interest received		736	919
Cash flow from investing activities			
Net increase in cash and cash equivalents		1 293	1 609
Cash and cash equivalents at beginning of the period		15 542	13 933
Cash and cash equivalents at end of the period	3	**16 835**	**15 542**

1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP), the PFMA and the Treasury Regulations.

1.1 Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus, in the case of a financial instrument not at fair value through statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Fund's principal financial assets are cash and cash equivalents.

Cash and Cash Equivalents

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

1.2 Rounding Off

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

1.3 Investment Income

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

1.4 Currency

The currency used in these financial statements is South African Rand (ZAR) which is the Authority's functional currency.

1.5 Comparative Figures

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

1.6 Recognition of Revenue

Revenue is recognised when it is probable that future economic benefits will flow to the fund and these benefits can be measured reliably.

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of financial performance, using the effective interest method.

1.7 Maritime Fund

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

Amounts paid into the The Fund are received by way of penalties, fines or forfeitures for contraventions in terms of laws administered by SAMSA.
In terms of the SAMSA Act, money in the fund may be applied on ly for the purpose of furthering the objectives of the Fund. Money not required for immediate use may be invested with a bank under the Banks Act, 1990 (Act No. 94 of 1990), and money in the Fund at the end of the financial year must be carried forward to the ensuing year.

		Notes	2011 R'000	2010 R'000
2	**Revenue**			
	Revenue arising from exchanges of goods or services (included in revenue) comprises:		984	36
	Revenue - Admission of Contravention		177	36
	Revenue - Pollution Admission Contravention		807	-

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

		Notes	2011 R'000	2010 R'000
3	**Cash and cash equivalents**			
	Maritime Pollution Fund Account		4	3 359
	Maritime Fund Fines Current Account		4	2 008
	Maritime Fund Investment Account Money		16 812	7 397
	Maritime Fund Deposit Account		15	2 778
	Cash and cash equivalents		**16 835**	**15 542**

Bank balances and cash comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest risk. The carrying amount of these assets approximates their fair value.

As required in Section 7(3) of the Public Finance Management Act and Treasury Regulation 31.2.1, the National Treasury has approved the registered Banking Institution where the bank accounts are held.

		Notes	2011 R'000	2010 R'000
4	**Accrued Interest**			
	Accrued interest represents investment interest that was due at year end but which paid into the Fund's bank accounts after year end.			
	Accrued interest - ABSA		74	42
5	**Contraventions Deposits**			
	Contraventions deposits represent deposits received on cases which have not been finalised, they will only be recognised as revenue once the outstanding issues are finalised.			
	Contraventions Deposits		412	956
6	**Contingencies**			
	Smit Amandla		14 500	-

This contingency relates to the amount disclosed in note 6 above which relates to an invoice by payable by the Department of Transport. If the invoice is not settled, there is a possibility that this amount could be settled from the Maritime Fund.

ANNUAL FINANCIAL STATEMENTS

APPENDIX A

FOR THE YEAR ENDED 31 MARCH 2011

	YTD MARCH R'000	Budget 2010/11 R'000	Variances R'000
Revenue	245 426	224 495	20 931
Other Income	10 066	6 000	4 066
Gross Income	255 492	230 495	24 997
Operating expenses	(180 203)	(193 867)	13 664
Net (deficit)/surplus for the year	75 289	36 628	38 661

APPENDIX B

FOR THE YEAR ENDED 31 MARCH 2011

ITEM	Actuals 2010/11	Commitments 2010/11	Budget 2010/11	Variance
	R'000	R'000	R'000	R'000
Buildings	-	3 913	25 000	21 087
Computer Equipment	2 865	-	2 636	(229)
Computer Software	1 565	-	7 308	5 743
Furniture	2 433	-	2 399	(35)
Motor Vehicles	159	-	180	21
Office Equipment	501	-	3 905	3 403
TOTAL	7 524	3 913	41 427	29 991

APPENDIX C

FOR THE YEAR ENDED 31 MARCH 2011

	2010/11	2009/10	
	R'000	Quantity	R'000
Tickets acquired			
Distribution of tickets			
Clients/stakeholders		51	735
Accounting Authority			-
Executive		8	135
Non-executive		20	323
Accounting Officer			-
Senior Management		8	135
Other employees		14	221
Family members of officials		29	476
Other government entities		12	202
Audit Committee members			
Other			
Match Hospitality			
Total	**-**	**142**	**2 227**
Travel costs			
Clients/Stakeholders			
Accounting Authority			
Executive			
Non-executive			37
Accounting Officer			
Senior Management			
Other employees			
Family members of officials			37
Other government entities			
Audit Committee members			
	-		**74**
Purchase of other Soccer World Cup apparel			
Specify nature of the purchase (e.g t-shirts, caps, etc.)			
Bafana replica jerseys		200	150
Brighton winter set (beanie, gloves,scarves)		200	29
Vuvuzelas		100	7
Small SA flags		100	8
Big flags / bags		20	8
Flags (all countries)		20	8
Adidas soccer balls		20	11
Total Soccer World Cup 2010 expenditure	**-**		**221**
			2 521

maritime NEWSMAKER OF THE YEAR 2010

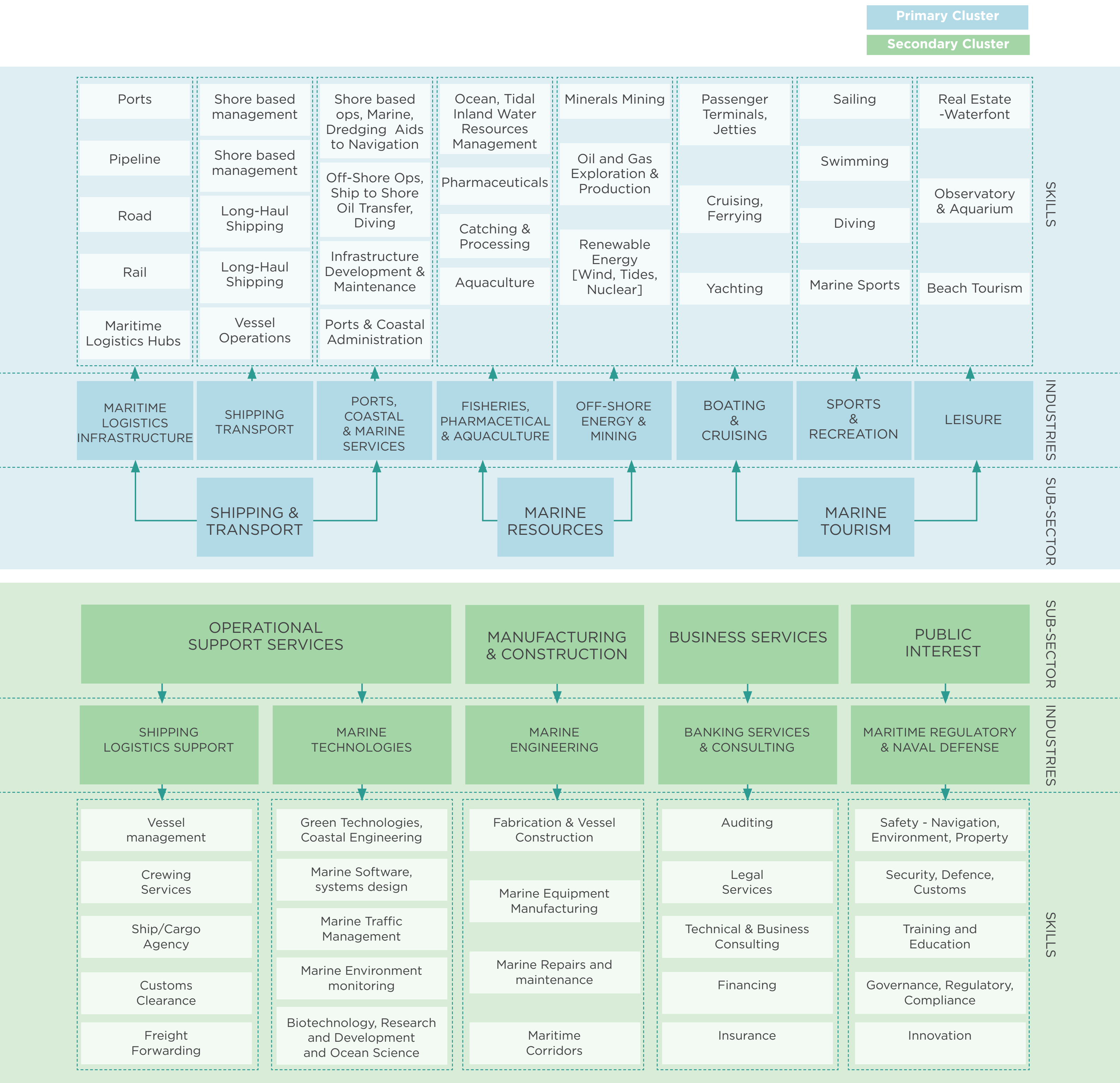
was presented on 14 April 2011 to:

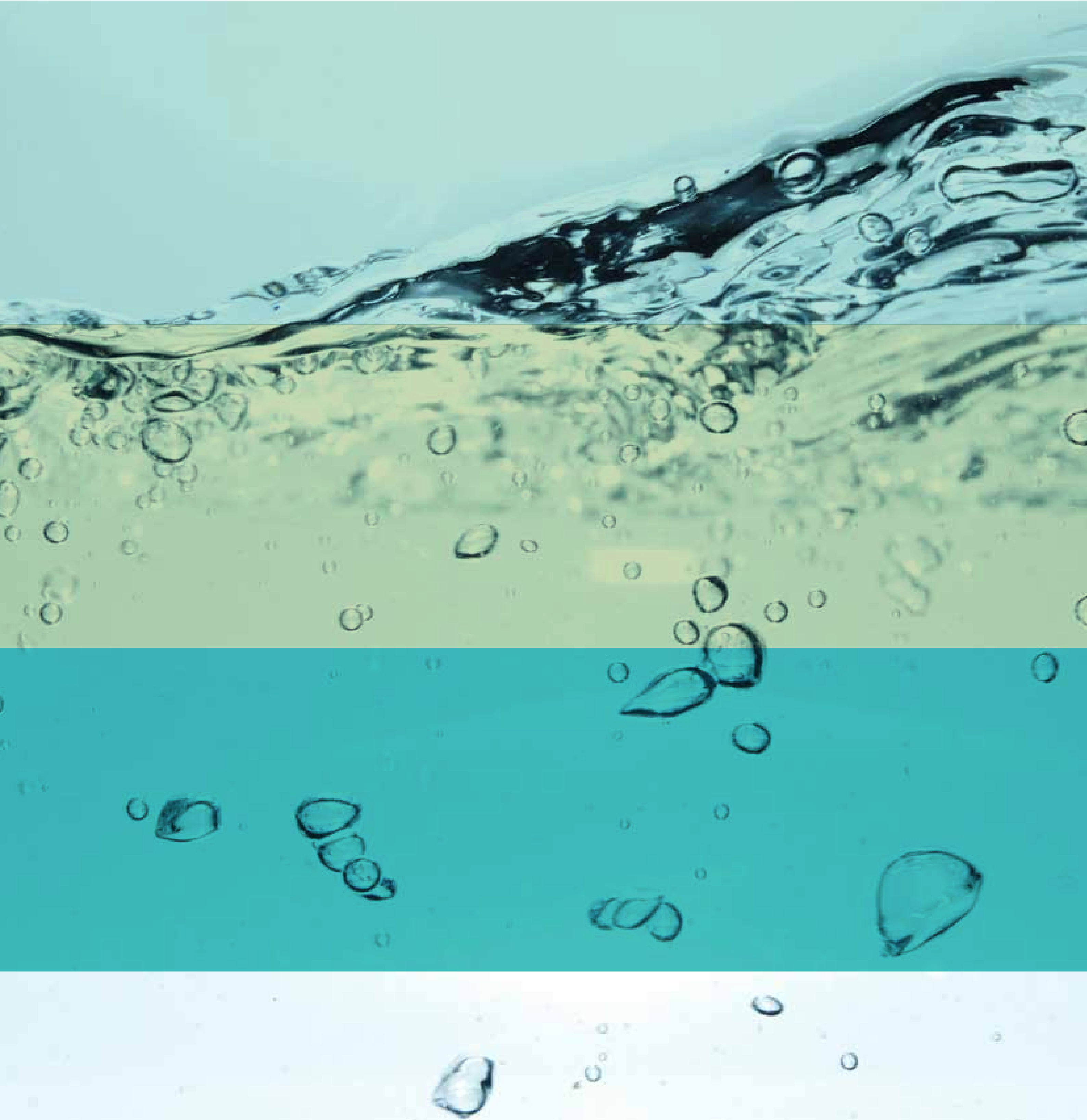
South African Maritime Safety Authority


S.A. AGULHAS
CAPE TOWN


SANAP

THE MARITIME SECTOR





SOUTH AFRICAN MARITIME SAFETY AUTHORITY (SAMSA)

Pretoria – Head Office:
Tel : +27 12 366 2600
Fax : +27 12 366 2601

Durban:
Tel : +27 31 307 1501
Fax : +27 31 306 4983

Cape Town:
Tel : +27 21 421 6170
Fax : +27 21 419 0730

Operations Division:
Tel : +27 21 402 8980
Fax : +27 21 421 6109

MRCC (MARITIME RESCUE CO-ORDINATION CENTRE)
Cape Town:
Tel : +27 21 938 3310
Fax : +27 21 938 3319

Operations
Tel : +27 21 938 3300

Richards Bay:
Tel : +27 35 788 0068
Fax : +27 35 788 0067

Saldanha:
Tel : +27 22 714 1612
Fax : +27 22 714 3635

East London:
Tel : +27 43 722 4120
Fax : +27 43 722 2264

Mossel Bay:
Tel : +27 44 690 4201
Fax : +27 44 691 1206

Port Nolloth:
Tel : +27 27 851 7695
Fax : +27 27 851 7699

Port Elizabeth:
Tel : +27 41 585 0051
Fax : +27 41 582 1213

ISBN: 978-0-9870082-4-4
RP238/2011

SAMSA
SOUTH AFRICAN
MARITIME SAFETY AUTHORITY

www.samsa.org.za