SOUTH AFRICAN
CIVIL AVIATION
AUTHORITY

ANNUAL **REPORT**
2020/21

"Keeping you safe in the sky"

MISSION, VISION AND VALUES

SOUTH AFRICAN
CIVIL AVIATION
AUTHORITY

“Keeping you safe in the sky.”

VISION

A world-class civil aviation regulator

MISSION

To regulate civil aviation safety and security in support of the sustainable development of the aviation industry

VALUES

Value	Attributes
Integrity	Maintain high ethical standards and engage others professionally, without any bias and in a transparent manner that engenders trust amongst all our stakeholders.
Service excellence	Service delivery ahead of customer expectations, striving to always exceed customer expectations.
Teamwork	Working together and taking joint responsibility and accountability for the results.
Collaboration	Working with our stakeholders to achieve mutually beneficial goals.

HIGHLIGHTS

- The SACAA achieved another clean audit from the Auditor-General with no material findings. This is the eighth clean audit since the Auditor-General started auditing the SACAA nine years ago.
- The SACAA maintained a 100% achievement against the approved Annual Performance Plan targets. This is the seventh (7^{th}) such achievement in the past nine years.
- Due to the outbreak of the COVID-19 pandemic, the SACAA implemented financial prudence, implementing cost-containment measures, coupled with the reserves that were built over the years enabled the organisation to continue operating for approximately ten (10) months without any financial assistance from the national fiscus. This was a rare feat for an agency that operates with no state funding and relies solely on revenue generated through services offered to users and clients.
- The SACAA is making strides in ensuring that the organisation is fully transformed – with a racial profile of 88% black employees and a gender split that is 50/50 male and female.
- The SACAA still maintains its level 2 Broad-Based Black Economic Empowerment (B-BBEE) rating.
- The SACAA has applied all the principles as encapsulated in the King IV Report on Corporate Governance.
- After the ICAO Universal Safety Oversight Audit Programme (USOAP) Continuous Monitoring Approach (CMA) audit of 2017, the SACAA closed 91.35% of the specific findings, including those relating to the AIID, by the end of the financial year.
- Out of the twelve (12) CAPs that were considered during the off-site validation, eleven (11) were found to be satisfactory, which improved South Africa's Effective Implementation of critical elements on safety from 87.41% to 88.68% and placed South Africa and its various aviation role players amongst the world's most compliant countries, above the global average of 60%.
- The SACAA works hand in hand with the general aviation sector to reduce the number of accidents especially those that lead to loss of life. During the period under review, the number of accidents decreased by one (1) from 98 to 97. Although the decrease is miniscule, it goes a long way in giving assurance that the actions taken by the Regulator and the industry are making a difference in dealing with the number of accidents.

- The SACAA's digitisation and automation journey started three years ago with the roll-out of the Enterprise Business System solution. Several internal interface modules were rolled out successfully in the past three years and the external interface modules were rolled out during the reporting period. Together with the roll-out of the Electronic Documents and Records Management System (EDRMS) the organisation is close to a paperless environment, a timely move in the face of the COVID-19 era.
- The SACAA hosted a successful National Aviation Conference (NAC) through a virutal platform, with the theme: "Reigniting the Aviation Sector Beyond COVID-19."
- The SACAA introduced and launched the Personnel Card Licence, which replaced the booklet-size licences that were used to identify personnel licence holders. The card is embedded with state-of-the-art security features making it possible for licence holders to access their licence details from anywhere in the world with updates reflecting in real time.
- Engagements with stakeholders continued throughout the reporting period, with SACAA conducting approximately 80 virtual conferences, workshops and meetings.
- Due to lockdown restrictions brought about by the COVID-19 pandemic, the SACAA could not travel for aviation career awareness and opted to reach the students and communities using 41 radio stations and one (1) television programme, with an estimated listenership of 13 million.
- The SACAA produced an Aviation Career TV series that focused on careers and opportunities within the aviation industry, including careers in piloting, engineering, and air traffic control. The videos were aired via Career TV and shared on the SACAA's social media platforms.
- Despite the financial pressures presented by the COVID-19 pandemic, the SACAA continued to enable 49 of its employees who were on its bursary programme to continue with their professional development programmes.
- Similarly, a total of 26 external students also benefitted from the bursary programme in the financial year, while 24 interns were hosted during the reporting period, of which 18 were carried over from the previous financial year.
- The SACAA is making strides in its transformation drive with a race profile of 88% Black African employees and a gender representation of 50/50 - male and female employees.

CONTENTS

PART A
GENERAL INFORMATION

PART B
PERFORMANCE INFORMATION

PART C
GOVERNANCE

PART D
HUMAN RESOURCES

PART E
ANNUAL FINANCIAL STATEMENTS

31 August 2021

Mr Fikile April Mbalula, MP
Minister of Transport
Private Bag X193
PRETORIA
0001

Honourable Minister Mbalula,

It is a privilege and honour to hereby submit the 2020/21 Annual Report of the South African Civil Aviation Authority (SACAA). This report gives a comprehensive account of the SACAA's performance and efforts to fulfil its mandate for the period 01 April 2020 to 31 March 2021.

Yours sincerely,

Mr Ernest Khosa
Chairperson: SACAA Board

PART A

GENERAL INFORMATION

GENERAL INFORMATION

REGISTERED NAME:	South African Civil Aviation Authority
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EXTERNAL AUDITORS:	Auditor-General of South Africa (AGSA)
BANKERS:	Standard Bank of South Africa
COMPANY SECRETARY:	Ms Nivashnee Naraindath (BA, LLB, LLM, Admitted Attorney)
ISBN NUMBER:	978-0-621-49476-1

ABBREVIATIONS AND ACRONYMS

AASA	Airlines Association of Southern Africa
ABC Model	Activity Based Costing Model
AC	Account Consignment
ACI	Airports Council International
ACSA	Airports Company South Africa
AEP	Aviation Environmental Protection
AFCAC	African Civil Aviation Commission
AfCFTA	The African Continental Free Trade Area
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AI	Aviation Infrastructure
AIID	Accident and Incident Investigation Division
AMO	Aircraft Maintenance Organisation
AO	Air Operator
AOC	Air Operator Certificate
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ARO	Aviation Recreational Organisation
ASC	Aviation Security Committee
ASEC	Aviation Safety and Environment Committee
ASMF	Aviation Security Managers Forum
ASO	Aviation Safety Operations
ATO	Aviation Training Organisation
ATPL	Airline Transport Pilot Licence
ATS	Air Traffic Services
AU	African Union
AvMed	Aviation Medicine
AvSec	Aviation Security
BA	Bachelor of Arts
B-BBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Plans
B. Juris	Bachelor of Jurisprudence
BRP	Business Rescue Process
BRPs	Business Rescue Practitioners
CA Model	Combined Assurance Model
CAA	Civil Aviation Authority
CAE	Chief Audit Executive
CAEP	Committee on Aviation Environmental Protection
CAP	Corrective Action Plan
CAPSCA	Cooperative Arrangement for the Prevention of the Spread of a Communicable Disease through Air Travel
CAR	Civil Aviation Regulations
CART	Council Aviation Recovery Task Force
CASSOA	Civil Aviation Safety and Security Oversight Agency
CATS	Civil Aviation Technical Standards
CCMA	Commission for Conciliation, Mediation and Arbitration
CDE	Cabin Designated Examiners
CE	Critical Elements
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMA	Continuous Monitoring Approach
CoI	Captains of Industry
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CO2	Carbon Dioxide
COVID-19	Coronavirus Disease
CPI	Consumer Price Index
CPL	Commercial Pilot Licence
CSA	Comprehensive System Audit
CSR	Corporate Social Responsibility
DBA	Doctor of Business Administration
DCA	Director of Civil Aviation
DE	Designated Examiner
DoA	Delegation of Authority
DoT	Department of Transport
EBS	Enterprise Business System
EC	European Commission
EE	Employment Equity
EI	Effective Implementation
EMP	Emissions Monitoring Plans
ENE	Estimates of National Expenditure
ERD	Exemption and Regulations Department
ERDMS	Electronic Records and Document Management System
ESAF	Eastern and Southern Africa
EVP	Employee Value Proposition
ExCo	Executive Management Committee
FAA	Federal Aviation Administration
FAO	Foreign Air Operator
FIU	Flight Inspection Unit
FSTD	Flight Simulation Training Device
FY	Financial Year
GACA	General Authority of Civil Aviation of Saudi Arabia
GASeP	Global Aviation Security Plan

ABBREVIATIONS AND ACRONYMS

GASS	General Aviation Safety Strategy
GRAP	Generally Recognised Accounting Practice
GPL	Glider Pilot Licence
HR	Human Resources
HRC	Human Resources Committee
IATA	International Air Transport Association
ICAD	International Civil Aviation Day
ICAO	International Civil Aviation Organization
ICS	ICAO Compliance Section
ICT	Information and Communication Technology
IFALPA	International Federation of Airline Pilot's Association
IoDSA	Institute of Directors of South Africa
LAC	Legal and Aviation Compliance
LASC	Local Airport Security Committee
LLB	Bachelor of Laws
LLD	Doctor of Laws
LLM	Master of Laws
MANCO	Management Committee
MBA	Master of Business Administration
MD	Managing Director
MOSP	Master Oversight and Surveillance Plan
MoU	Memorandum of Understanding
MP	Member of Parliament
MTEF	Medium-Term Expenditure Framework
N/A	Not Applicable
NAC	National Aviation Conference
NCLB	"No Country Left Behind"
NCPF	The National Cybersecurity Policy Framework
NDOH	National Department of Health
NDP	National Development Plan
NED	Non-Executive Director
NPL	National Pilot Licence
NT	National Treasury
NTCA	Non-Type-Certified Aircraft
OHS	Occupational Health and Safety
OJT	On-The-Job-Training
ORTIA	OR Tambo International Airport
PCOT	Portfolio Committee on Transport
PESTLE	Political, Economic, Social, Technological, Legal, and Environmental
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PPE	Personal Protective Equipment
PPL	Private Pilot Licence
PSC	Passenger Safety Charge
RAASA	Recreational Aviation Administration of South Africa
RPA	Remotely Piloted Aircraft
RPASP	Remotely Piloted Aircraft Systems Panel
RPK	Revenue Passenger Kilometres
RPL	Recreational Pilot Licence
SAA	South African Airways
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SANParks	South African National Parks Board
SARIF	South African Remotely Piloted Aircraft System Industry Forum
SARPs	Standards and Recommended Practices
SAQA	South African Qualifications Authority
SAX	South African Express Airways
SCM	Supply Chain Management
SED	Socio-Economic Development
SHE	Safety, Health and Environmental issues
SMP	Stakeholder Management Plan
SSEC	Safety, Security and Environmental Committee
STEM	Science, Technology, Engineering and Mathematics
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SPL	Student Pilot Licence
TCA	Type Certified Aircraft
ToR	Terms of Reference
TSA	Transport Security Administration
TSDBF	Transnet Second Defined Benefit Fund
UAS	Unmanned Aerial System
UCT	University of Cape Town
UK	United Kingdom
UN	United Nations
USA	United States of America
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme
VAT	Value Added Tax
WGASC	Working Group on Air Cargo Security
WHO	World Health Organisation

LIST OF DIAGRAMS, GRAPHS AND TABLES

Diagrams

Tables

GRAPHS

FOREWORD BY THE CHAIRPERSON

MR ERNEST KHOSA

INTRODUCTION

On behalf of the Board of Directors, I am pleased to present the South African Civil Aviation Authority's (SACAA's) Annual Report for the 2020/21 financial year. This is the third (3rd) Annual Report that I am presenting since taking office as Chairperson of the SACAA Board on 01 December 2018.

This particular Annual Report is also the first (1st) to fall within the period of the SACAA's Five-Year Strategic Plan, covering the 2020/21 to 2024/25 financial years. The Strategic Plan serves as the blueprint to guide the SACAA's delivery against the assigned mandate over the five-year period. The drafting of the Strategic Plan was influenced by several key global, continental and national imperatives, such as those contained in the United Nations Sustainable Development Goals (UNSDG) document, the African Union's Agenda 2063 Master Plan, our country's National Development Plan (NDP) as well as the Department of Transport's Strategic Outcomes. Moreover, the Strategic Plan is premised on the State's continued support, and thus also considers constructive input from the various government departments and organisations.

In developing the Strategic Plan, the Regulator gave due consideration to balancing the needs of the various stakeholders and in so doing taking advantage of the collaboration that the SACAA has at various levels, locally, regionally, and globally. Due regard was given to the contribution of all relevant stakeholders on the discourse regarding best practices essential to the effective and efficient administration of civil aviation operations. All these considerations took place against the backdrop of the need to uphold global standards relating to civil aviation safety and security, as set by the International Civil Aviation Organization (ICAO).

These reflections culminated in a Strategic Plan that enables the SACAA to make an impact on local and international civil aviation administration matters; including the need to fulfil the requirements of the environmental protection programme. Crucially, in drafting the Strategic Plan, the SACAA was also alive to the need to ensure that the regulatory framework supports commercial viability, but not at the expense of compliance, which is essential to a safe and secure air transport network.

While being mindful of the fact that the SACAA plays a crucial role in the local, regional and global aviation industry landscape, and has for several consecutive years managed to fulfil and even exceed its mandate with outstanding professionalism, I am confident that we can look forward to tangible improvements in the delivery of the Regulator's mandate over the next five (5) years – courtesy of the adopted Strategic Plan.

A ROCKY PATH TRAVERSED SUCCESSFULLY

As is the norm, the Board of Directors, assisted by Management, is expected to deliver annually against the approved Strategy by submitting an Annual Performance Plan (APP) which is duly approved by the Minister of Transport. Looking back at the unique challenges faced by the world and in particular the SACAA, in the form of the outbreak of COVID-19, one can completely understand my elation in presenting a 100% achievement against the approved APP. To enable the organisation to meet its annual targets, the SACAA revised the APP for the consideration of the Minister soon after realising that the impact of COVID-19 may hamper the world-class projects the organisation originally lined up for implementation during the reporting period. To this end, the Minister approved the revised APP in August 2020, which allowed the organisation to once again achieve another clean audit from the Auditor-General with no material findings. This is the eighth (8th) clean audit since the Auditor-General started auditing the SACAA in the past nine years. The SACAA maintained a 100% achievement against the approved Annual Performance Plan targets. This is the seventh (7th) such achievement in the past nine years.

FINANCIAL PRUDENCE SAVED THE DAY

The rapid spread of the COVID-19 pandemic and the sudden closure of borders brought business and leisure air travel to an abrupt halt. The coffers of commercial passenger operators suddenly dried up. A similar fate befell a number of agencies, such as the SACAA, that is a self-funded agency and relied solely on revenue generated through the services that the SACAA offered to its clients and stakeholders. As the Board and Management of the SACAA, we recognised a while back that the heavy reliance on the "user-pay" model, especially passenger fees and the fuel levy, could pose a potential risk to the entity. With this in mind, the Board and Management included **'Financial Sustainability'** in the Strategic Plan as an outcome and embarked on a project of identifying other revenue streams.

It is said that "fortune favours not only the brave, but also those with foresight" and it was with scenarios such as a pandemic in mind, that the previous Board had directed Management to build up a six-month reserve, which carried the entity for a while.

The SACAA has in the last few years also made a concerted effort to cultivate a culture of good corporate governance, as well as robust financial prudence at all levels of the organisation. These, together with various cost-containment initiatives that the organisation gradually adopted, became the SACAA's lifeline when passenger air travel and general aviation activities came to a standstill. COVID-19 caught the institution when the culture of cost-saving and financial prudence was engraved in its DNA. As a result of these habits, when the pandemic started causing financial havoc, the SACAA managed to continue operating for a period of approximately ten (10) months without any financial help from the national fiscus. This is a rare feat for an agency that operates with no state funding and relies solely on revenue generated through the services offered to users. It was only later on in the financial year that SACAA would require additional assistance from the Executive Authority, which was duly received towards the end of the financial year.

COMPLIANCE WITH LEGISLATION AND REGULATIONS

The Board continuously monitors the compliance of the organisation to relevant legislative prescripts including the Public Finance Management Act (PFMA) and Treasury regulations.

During the reporting period, the PFMA compliance checklist was reviewed and no incidents of non-compliance were identified. In addition, and in line with the Internal Audit Coverage Plan, Internal Audit conducted and concluded an audit on PFMA compliance within the SACAA in the period under review, with the aim of providing assurance on the adequacy and effectiveness of internal controls pertaining to the PFMA compliance process.

In this regard, I am pleased to report that the SACAA during the period under review achieved 100% compliance with the Public Finance Management Act (PFMA). In addition, the Auditor-General's findings of the last reporting periods were also closed. It is no surprise, given the strong entrenched governance of the entity, that the SACAA has once again achieved a clean audit.

TRANSFORMATION MUST CLOSE THE SKILLS GAP SHORTAGE IN AVIATION

The stark reality is that aviation skills are in short supply across the world. In our case, we have seen many of our well-trained and experienced aviators being lured away from South Africa to jobs and opportunities in countries that are offering much better remuneration. The aftermath of the COVID-19 outbreak will only serve to intensify the fight for limited scarce and critical skills. It is imperative, therefore, to plan ahead for such a reality, as this scenario may compromise our country's sterling record in upholding civil aviation safety and security.

Another challenge that we must confront head-on is the elephant in the room: transformation, or to put it bluntly, the lack of transformation in the aviation industry. Using the 2020/21 financial year as an example, the picture revealed by aviation personnel statistics showed no meaningful progress in terms of the transformation of the aviation industry, particularly for previously disadvantaged individuals. Africans, Coloureds, and Indians represent only 11% of licence holders, while at 89%, the proportion of White licence holders is still significantly higher. This depiction remains bleak and needs to change. The statistics must reflect the racial demographics of our beloved country. Among other issues that must be prioritised is the need to demystify aviation from being seen as an exclusive industry that is reserved for a particular class or racial grouping in our society.

AFRICA AND THE WORLD MUST SOLDIER ON

The effects of the coronavirus have been felt far and wide. The economic consequences for the continent have been severe, with the loss of millions of jobs and livelihoods in family-run enterprises and large corporations along the entire travel and tourism value chain. This economic decimation is anticipated to increase, with an estimated 3.5 million job losses predicted. That is more than half of the region's 6.2 million aviation-related employees and 400 000 more than the previous estimate made by the International Air Transport Association (IATA). The above losses, due to decreased passenger numbers and travel restrictions, have a far-reaching impact on the broader African economy, with the GDP declining across every metric within the five (5) biggest African markets.

Bleak as the current scenario seems, there is still hope for the future that can and will be realised if we all continue to collaborate and pull in the same direction. The aviation industry will eventually take off again, and when it does, the entire value chain must be ready. This sentiment is echoed by the likes of

IATA, which reported that the restart of travel in the second half of 2020 was slower than expected, driven in part by the sluggish return of international flights. IATA further said that the recovery of air travel depended on several factors, namely:

- The flattening of the COVID-19 contagion curve across the world, which would mostly guide measures for the lifting of travel restrictions between countries
- Recovery of consumer confidence in travel, which might again be affected by some countries' quarantine measures for international visitors
- The various lockdown levels implemented by various countries and the opening of the economies of each country, with the possibility of a second wave of re-infection in these countries after the lifting of lockdown restrictions

Notably, most recently, Africa's initiative to boost regional integration came into effect in July 2019. The African Continental Free Trade Area (AfCFTA) Agreement, which plans to expand regional trade by 54% by cutting tariffs on 90% of goods traded across the continent to zero, has entered the implementation phase. For aviation, the AfCFTA, together with other continental initiatives, including the Single African Air Transport Market, will be a game changer in stimulating intra-Africa trade, if fully implemented. These complementary instruments are expected to stimulate demand for air travel and trade, unlock the poor connectivity issues on the continent, resulting in the upgrading of transport infrastructure as well as increasing the diversification of economies, which have traditionally relied on abundant natural resources. All these are dependent on the recovery from the pandemic, which is anticipated to commence in 2021 as the vaccine is rolled out by countries in efforts to mitigate the effects of COVID-19 pandemic.

At the national level, the Airlines Association of Southern Africa (AASA) noted that airlines across the Southern African Development Community (SADC) have reported a massive collective loss of about R4.08 billion. This despite the fact that travel and tourism, for leisure and business, is the fastest growing sector in the world and represents one of the largest sources of growth opportunities in the local aviation sector. The National Development Plan (NDP) highlighted tourism as one of South Africa's three (3) priority industries.

Around 69 million people visited Africa in 2018, which is 7% more than in 2017. However, according to the Department of Tourism in South Africa, to take full advantage of the opportunities offered by the tourism industry, certain inhibitors must first be removed. These include finding speedy solutions with which to unlock the economic levers responsible for jumpstarting the stalling economy and the visa regime.

For the local aviation industry to expand and reach its potential Government, the Regulator and operators must collaborate to ensure that the aviation industry is well set to recover and capitalise on the opportunities presented by the pandemic.

The economic impact analysis of the International Civil Aviation Organization (ICAO) of 4 May 2021 ***(a date slightly more recent than the financial year covered in this report)*** sketches a scenario where the decline in world total passengers in comparison with 2019, went from -60% in 2020 to a decline that went from -41 to -49% in the earlier parts of 2020. The figures show a slight improvement in the early part of 2021, followed by a further depression in the figures. For example, the overall reduction of passenger seats in world scheduled passenger traffic in 2021 improved to -33% and then reduced further again, to -39%. It is clear that civil aviation activity has improved from the decline in 2020, yet the improvement has not stabilised yet, leaving the situation in a state of flux.

One aspect that stands out, is that domestic aviation traffic is faring better than international aviation traffic. Whereas international aviation traffic in 2021 reduced from -58% to -68% of seats, with a loss of approximately USD 223 to 259 billion of gross operating revenue, domestic passenger traffic in 2021 showed an overall reduction of -16% to -19% of seats offered by airlines, with a loss of approximately USD 55 to 68 billion of gross operating revenues of airlines.

These figures echo a similar experience in South Africa. South African Airways (SAA) grounded its fleet as a result of the business rescue process. However, all is not doom and gloom as the transporting of cargo has been continuing and has even been an option for passenger airlines across the globe. Nevertheless, it is likely that global passenger traffic may not return to pre- COVID-19 levels until at least 2024 or 2025.

CONCLUSION

The financial year 2020/21 will remain one that was very challenging to the transport sector, our country and the world at large. When the coronavirus outbreak was announced, Government moved swiftly to ensure it minimised the spread thereof. This, however, and as I alluded to earlier, came at a huge cost to the aviation industry and we were all compelled to think on our feet. While it is good to reflect on our experiences, it is more important for us to learn from them and move forward with a sense of deliberate resolve to succeed against all the odds. Challenging as this time has been, I watched with a sense of pride the collaboration between the civil aviation industry operators and associations, under the leadership of the SACAA, as everyone ensured the preparedness of the civil aviation industry for what lay ahead. This collaboration made it easier to make decisions that allowed for the lifting of certain restrictions, especially those related to air travel.

The worst is not yet over, though, and I am therefore committing on behalf of Team SACAA that we will work together with the Captains of the Industry to continue ensuring that aviation does not contribute to the further spread of COVID-19 and ultimately the devastating carnage the virus continues to cause.

Lastly, allow me to convey my sincere appreciation to the outgoing Secretary General of ICAO, Dr Fang Liu, who handed over the reins to Mr Juan Carlos Salazar on 01 August 2021.

Dr Liu, who held the position for two consecutive terms since 2015, has done a stellar job. I have no doubt that Mr Salazar will do the same during his term. We wish him well and commit to providing all the necessary support, as we often do.

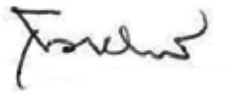
I am equally aware that the term of the current Board comes to an end in November 2021 and therefore would like to take this time to thank and congratulate the entire Board for their commitment and dedication in providing strategic direction to the organisation during our tenure. It was indeed an honour to serve with all of you in the past three (3) years.

I would be failing in my role as Chairperson of the Board if I did not acknowledge the exemplary support and encouragement received from the Honourable Minister of Transport, Mr Fikile Mbalula (MP), and the Deputy Minister of Transport, Ms Dikeledi Magadzi (MP). Your attentive leadership has seen this entity grow from strength to strength and we thank you for entrusting us with this role. I thank Ms Magadzi (now the former Deputy Minister) for her stellar performance during her tenure as Deputy Minister of Transport and wish her well in her new Portfolio. In the same breath, I congratulate and welcome back the Deputy Minister Ms Sindisiwe Chikunga (MP), who was reappointed to this Portfolio in August 2021.

The Board also appreciates the continued support provided by the entire Department of Transport under the leadership of its Director-General, Mr Alec Moemi. My sincere appreciation goes to the members of the Transport Portfolio Committee, Captains of the Aviation Industry and the civil aviation industry in general.

To the SACAA family under the leadership of the DCA, Ms Poppy Khoza, I am humbled by the trust and respect you have shown us as we both built a mutually beneficial working relationship at Board level. We have all grown in the past three (3) years and may the lessons we picked up along the way help us grow, wherever the future may lead us.

Yours sincerely



Mr Ernest Khosa
Chairperson of the SACAA Board
Board of the South African Civil Aviation Authority
31 August 2021

OVERVIEW BY THE DIRECTOR OF CIVIL AVIATION

MS POPPY KHOZA

INTRODUCTION

I am humbled to once again join, the Board in presenting the SACAA's Annual Report for the 2020/21 financial year. By any measure, this was not an ordinary fiscal year. In aviation terms, this year would be likened to a **'turbulent flight**, as it would be the most appropriate description due to the coronavirus pandemic.

Despite the havoc caused by COVID-19, and the resultant challenges that characterised the 2020/21 financial year, the SACAA still managed to deliver on its mandate and ensured compliance with aviation safety and security standards. For the eighth (8th) year in succession, the SACAA achieved another clean audit from the Auditor-General with no material findings. This is the eighth (8th) clean audit since the Auditor-General started auditing the SACAA in the past nine (9) years. The SACAA also maintained a 100% achievement against the approved Annual Performance Plan targets. This is the seventh (7th) such achievement in the past nine (9) years. This outstanding performance is announced, rightfully, with the greatest sense of pride, given the torrid year that was: a year that chocked many industries and entities ***'in an unprecedented manner.'*** The number of organisations,

across the globe, that were suffocated out of existence sends shivers down the spine. Perhaps this explains why no one has yet come out in public to claim, with great self-assurance, that they could predict the impact and magnitude of the COVID-19 pandemic with precision.

The past year was a true test of resilience from many angles, a test that Team SACAA passed with flying colours because all of us understand that the organisation's mandate is far too important to aim for anything less than 100% performance against set objectives. For an outsider, the SACAA's excellent operational performance may hide the true effects of the pandemic, including the myriad of sacrifices and difficult decisions that had to be made, from the top to the lower levels of the organisation. It is motivating to note that all the hard work and sacrifices paid off.

On the other hand, the great operational performance, to a degree, masks the financial bruises that the organisation sustained. A closer look at the SACAA's financial performance tells the true story of the pandemic's impact, proving that the Authority was not spared from the fiscal havoc caused by COVID-19.

Notwithstanding, at the time of preparing this report, there were encouraging signs that parts of the economy, especially the travel, tourism and aviation sectors, were taxiing towards the runway, ready for the desperately needed take-off.

All the above matters and others are captured in more detail, further in the report.

EXCEPTIONAL PERFORMANCE AGAINST ALL ODDS

As alluded to earlier, a review of the Performance Information table captured further in this report, indicates that the SACAA has once again attained 100% against the set targets for the financial year. The SACAA remains confident that despite the challenges faced during the reporting period, its performance did not fall short of expectations. This was confimed by the Auditor-General of South Africa who stated that they did not identify any material findings on the usefulness and reliability of the reported performance information.

I must pause at this point and confirm that the Minister of Transport allowed the organisation to revise its APP, considering the devastating impact the pandemic has had on the organisation's finances. It is indeed my honour to confirm that the revised targets were all met and exceeded in a few instances. These are discussed in detail in the report under Performance Information.

OVERVIEW OF THE SACAA'S FINANCIAL STANDING

Notably, the SACAA started the 2020/21 financial year with cash reserves sufficient to survive a total of seven (7) months of harsh lockdown restrictions. Focused, astute financial management, coupled with the implementation of strict cost-containment measures, helped to extend the period to ten (10) months. In addition, the Board and Management worked collaboratively to explore various scenarios aimed at maintaining financial stability. This helped the SACAA to ensure that no staff member was laid off and clients continued to receive services in line with the Regulator's mandate. Additional cost savings were realised as a result of the use of technology and the cost-containment measures as per the instructions issued by the National Treasury.

The SACAA reported a net operating deficit of R139.4 million for the year ending 31 March 2021 compared to a budgeted deficit of R195.5 million, resulting in a positive variance of R56.1 million. The variances are the net result of the following:

Positive variance in revenue	R23.4m
Positive variance in staff-related costs	R 8.2m
Positive variance in non-staff-related costs	R24.5m
Total positive variance	**R56.1m**

The variances reported above are as a result of the revised Estimates of National Expenditure (ENE) budget for the 2020/21 financial year as approved by the SACAA's Board and submitted to National Treasury (NT) during the ENE process in December 2020.

The revised ENE Budget is reporting an expected deficit of R195.5 million for the 2020/21 financial year after an additional allocation of R155.5 million by the Department of Transport (DoT) as part of the adjusted ENE 2020/21 process. These funds were received in February 2021. The DoT committed an additional baseline support of R551.3 million over the Medium-Term Expenditure Framework (MTEF) period.

More about the entity's finances will be detailed further in the report.

CIVIL AVIATION BILL

The Portfolio Committee on Transport (PCOT) met in February and March 2021 in order to table, consider, and deliberate on public comments received, and to propose amended clauses to the Civil Aviation Bill, 2018. On 17 March 2021, the PCOT approved the Civil Aviation Bill for further submission to the National Assembly, for debate and approval.

The Bill was deliberated upon and approved by the National Assembly on 11 May 2021. After this step, the Bill will be submitted to the National Council of Provinces (Select Committee) and, once approved, it will be submitted to the President for assent.

HELPING SOUTH AFRICA MAINTAIN GLOBAL STANDARDS

Subsequent to the ICAO Universal Safety Oversight Audit Programme (USOAP) Continuous Monitoring Approach (CMA) audit of 2017, the SACAA closed 91.35% of its specific findings, including those of the AIID, by the end of the 2019/20 financial year. A limited scope off-site validation was conducted by ICAO in October 2020 in order to confirm the correctness of the submitted evidence by South Africa to close the audit findings. Out of the twelve (12) CAPs that were considered during the off-site validation, eleven (11) were found to be satisfactory. This ICAO off-site validation exercise resulted in an improvement of South Africa's Effective Implementation rating from 87.41 to the current 88.68%, against a world average of 68.68%. This puts South Africa and its various aviation role players among the world's most compliant countries.

OVERVIEW OF AVIATION SAFETY

In conjunction with the South African aviation industry, the SACAA plays an integral role in ensuring the prevention and reduction of aircraft accidents. It is commendable that the country still reflects a zero fatal accident rate in the scheduled commercial airline sector as it has for over three decades.

One of the strategic outcomes identified by the organisation for the next five (5) years is to reduce fatal accidents by 50% in the general aviation space. To achieve this target, the organisation is implementing a five-year General Aviation Safety Strategy (GASS). The approach taken with this Strategy involves multi-stakeholders and the solutions are informed by the causal factors highlighted in the accident investigation reports produced by the Accident and Incident Investigations Division (AIID).

The number of accidents in the reporting period decreased by four percent (4%) when compared with the 2019/20 financial year. A total of ninety-four (94) accidents were reported from 01 April 2020 to 31 March 2021.

AVIATION SECURITY MUST REMAIN A TOP PRIORITY

Air travel is the quickest and most viable form of transport for commercial and social activities.

One major security incident can change the picture, more specifically, reliance on air transport. Hence, ICAO, the SACAA, and many other key stakeholders regard security and safety as vital elements in the success of air transport.

It is thus not surprising that ICAO, through **Resolution 40-11** that was adopted by the 40th Session of the ICAO Assembly, sought to continue to work with States, their Regulators and Operators, on the development of tools to enhance security awareness and the security culture. The aim is to ensure that aviation security becomes a permanent civil aviation priority. In this regard, the ICAO designated the year 2021, as the **'Year of Security Culture'.**

The SACAA heeded this international call and has started implementing initiatives and campaigns signalling South Africa's commitment towards ensuring that adequate aviation security requirements and measures are in place to continuously improve security and to encourage the effectiveness and efficiency of security in mitigating risks.

SACAA SET TO ROLL OUT RISK-BASED OVERSIGHT

The SACAA started the process of implementing risk-based oversight (RBO), where oversight is done systematically and in a planned way, taking into account the combination of the risk profile as well as the safety and security performance of an operator. The risk-based oversight is an ICAO recommended model, which the SACAA has embraced, where oversight focuses on the management of risk, in addition to ensuring compliance. The planning cycle for such oversight may evolve from 24 to 48 months, up to five (5) years, with the audit intervals determined largely by the safety and security performance of each operator.

In practical terms, the oversight functions over approval holders presented new challenges, as oversight had to be done within the confines of COVID-19 lockdown levels and safety precautions. Keeping these limitations in mind and being cognisant of the mandate of the SACAA to oversee and ensure aviation safety and security, the Risk-Based Oversight approach which the SACAA was already implementing, became an ideal systematic oversight tool in supporting both the industry and the SACAA for oversight and financial viability.

The SACAA will continue to engage the industry through workshops and surveys, to identify hazards and risks relevant to the sector. With further engagements taking place with industry, the SACAA will identify risk owners and possible controls and treatments.

PRIOR TRAINING IN AVIATION MEDICINE PAYING OFF IN MANAGING COVID-19

South Africa, unlike other countries, has never directly experienced the consequences of global pandemic outbreaks to the current extent. Regardless, our country has since 2007, invested in training both the aviation and health practitioners in key aspects critical to the management of pandemic outbreaks. In between the hosting of ICAO and World Health Organisation (WHO) conferences, local training workshops were held with academia, airlines, air ambulances, airports, air traffic navigation services, and other segments of the aviation industry. This resulted in good and essential preparation by the entire industry and the downstream value chain. This paid off when the COVID-19 struck in 2020 as the industry was, to a certain degree prepared, even though no one could have been fully prepared for the magnitude of the pandemic.

It is worth pointing out that the SACAA spearheaded activities to ensure the effective implementation of the ministerial directions, issued by the Minister of Transport, for the purpose of ensuring efficient and effective facilitation of passengers and cargo during the various levels of lockdown. The organisation also supported the Ministry in the development of guidelines for the prevention of the spread of COVID-19 and was given an oversight responsibility to ensure compliance with the health protocols adopted, including ensuring the smooth facilitation of repatriation flights. Considering the challenging environment in which the Regulator had to operate, this year's achievements represent a great victory indeed.

I wish to commend the entire South African civil aviation industry for the valuable cooperation during what was indeed a challenging era. The determination to keep the aviation industry afloat was a proud moment to witness.

Internally out of all the SACAA employees who tested positive for COVID-19, a 100% recovery rate was reported as at the end of the reporting period.

ENGRAVING A NEW AND DESIRABLE ORGANISATIONAL CULTURE

During the financial year, the organisation increased its focus on embedding the organisational culture. To this end, in a quest to ensure that the culture pillars adopted were fully engaged upon and embraced by the employees, culture masterclasses were hosted. The focus of the masterclasses were to emphasise the importance of employee engagement and link it to organisational culture. The sessions also encouraged reflection among employees on their individual contributions and their roles in their own successes, in the successes of fellow colleagues and the SACAA's mandate. The importance of elevating a common consciousness and work-life integration was also emphasised.

EMBRACING TECHNOLOGY AND INNOVATION

One of the SACAA's strategic outcomes for 2020-2025 is **'Innovation and technology management**. The successful realisation of this outcome enables the SACAA to proactively respond to the changing business environment through technological platforms, while addressing the stakeholder needs for efficiency, agility and client-centricity.

The organisation recognised a while back, that the level and speed of the adoption of technology and innovation was central and critical to ensuring that the SACAA not only remains one of the best-performing government agencies, but is also known for being a truly client-centric organisation. In this regard, process automation would most certainly revolutionise client transactions and experiences significantly. It is for this reason that in the previous years, the SACAA began acquiring and implementing an Electronic Business System (EBS) earmarked to migrate the organisation from a paper-based organisation to an entity that uses technology to ensure efficiency. When COVID-19 landed on our shores, the SACAA was almost at the finishing line of implementing the EBS project.

As a result of this migration, I am pleased to report that since the lockdown restrictions were imposed across the country, the SACAA has been accepting online licence applications, ensuring that our clients no longer have to travel far to submit their applications manually. Continuous improvements are made to the system to ensure swifter and more efficient client services.

When the SACAA staff was forced to work remotely, the organisation accelerated the use of virtual platforms, which were introduced several months before the outbreak of the pandemic. Hence, one can confidently say that without all these investments, which were as the result of forward thinking, the Regulator would have been scrambling around for solutions at possibly higher prices as a result of the demand. All these developments indicate that until now, what may not have been public knowledge is that the SACAA's intent to automate the full range of our client services is in full motion, with gradual implementation taking place behind the scenes.

At the time of compiling this report, the SACAA was at the initial stages of the implementation of the Electronic Documents and Records Management System (EDRMS) **'Shanduka** Project. However, the COVID-19 pandemic has served as an unpleasant propeller with regard to the full implementation and adoption of this initiative.

SACAA LAUNCHED THE GENERAL AVIATION SAFETY STRATEGY

On 11 September 2020, the SACAA launched the General Aviation Safety Strategy (GASS), a new initiative aimed at reducing accidents that are prevalent in the private flying and recreational segment of aviation, commonly referred to as the general aviation sector.

NOTEWORTHY EVENTS POST THE END OF THE FINANCIAL YEAR

This section outlines some of the key activities that unfolded after the end of the financial year.

NATIONAL AVIATION CONFERENCE (NAC) 2021

Recognising the fact that the aviation industry has been one of the sectors dealt a hard blow by COVID-19, the SACAA convened the National Aviation Conference (NAC) 2021 with the aim of sparking discourse among and with various stakeholders on ways to reignite the industry.

The virtual Conference was held on 08 April 2021 and was attended by nearly 500 local and international delegates, with the Honourable Minister of Transport, Mr Fikile Mbalula (MP), delivering the keynote address.

Various topics were discussed under the theme: **'Reigniting the Aviation Sector Beyond COVID-19.'**

MINISTERIAL ORDER TO ISSUE FOREIGN OPERATOR PERMITS DURING COVID-19

On 13 April 2021, the Minister of Transport issued a Ministerial Order authorising the SACAA to issue Foreign Operator permits to those operators who have submitted such applications. This is a temporary measure whilst the department finances the appointment of the Air Services Licensing Councils.

SACAA INTRODUCES CARD LICENCES FOR AVIATION PERSONNEL

A few weeks after the closing of the financial year, the SACAA announced the introduction of card licences for aviation personnel, which replaced the passport-type booklets that were used to identify personnel licence holders. This move by the Regulator made South Africa one of the pioneering countries to replace the passport-type licences with the nifty card-type. The wallet-size card is convenient, simpler, safer, and more environmentally friendly. It also comes with security features that makes it almost impossible to replicate and prevent the ability to counterfeit, alter or modify the information on it.

Simple scanning of the digitally secure 2D barcode allows access to real-time information, anywhere and anytime. All personnel information that will not be reflected visibly on the card, such as type ratings, medical status, expiry dates etc., can be accessed by scanning the back of the card. Although the information can be accessed through a barcode, for security reasons, this information cannot be downloaded.

The Honourable Deputy Minister of Transport, Ms Dikeledi Magadzi (MP), delivered the keynote address during the launch event, which was held on 21 April 2021.

CONCLUSION AND ACKNOWLEDGEMENTS

If one evaluated the SACAA's performance during this reporting period, it would be justifiable to refer to the Authority as a resilient entity, backed by a very determined Team, from the most junior through to Board level, that does not associate with the phrase 'giving up'.

The report also serves as a reminder that even in the most adverse of situations, no hope should be lost at all. This annual report thus goes into the SACAA's history book as a report of hope and resilience.

ACKNOWLEDGEMENTS

Miraculous milestones such as the one recorded by the SACAA under very trying circumstances cannot be celebrated in isolation, as in reality they are the result of a bigger collaboration.

As stated, the civil aviation industry is starting to show signs of recovering from the impact of the COVID-19 outbreak. This much-awaited recovery did not come through sheer luck. What could perhaps have gone unnoticed by the public and the passengers that eventually started enjoying the opportunity to travel during the reporting period, and in the midst of the pandemic, is the fact that the SACAA with its various stakeholders and leaders of aviation entities and organisations, under the guidance of its shareholder – the Department of Transport, and particularly the Honourable Deputy as well as the Minister of Transport, worked almost around the clock to ensure that air travel did not come to a complete standstill. We remain thankful to our country's leadership, as led by President Cyril Ramaphosa, for each and every announcement of the easing of the restrictions per level, which we welcomed with both hands, as it led to the gradual resumption of local and then international travel during the course of the year and amid the pandemic.

Let me take this opportunity to thank the Honourable Minister of Transport, Mr Fikile Mbalula (MP), the Honourable former Deputy Minister of Transport, Ms Dikeledi Magadzi (MP), from whom we have received immeasurable support. We wish her well in her new portfolio. I also join the Chairperson of the SACAA Board in congratulating the Honourable Deputy Minister Ms Sindisiwe Chikunga (MP) on her reappointment to this portfolio. I pledge my full support as we journey together in taking the SACAA to a higher trajectory.

I also appreciate the support that we continue to receive from the entire Department of Transport under the leadership of the Director-General, Mr Alec Moemi. I extend my gratitude to the members of the Transport Portfolio Committee, the SACAA Board, Captains of the Aviation Industry and the civil aviation industry in its totality.

To the SACAA Executive Management Team, your support and commitment has been nothing, but exceptional! Lastly but certainly not least, each member of the SACAA staff complement – without your dedication and hard work, the achievements recorded would have not been possible.

I would like to emphasise that we have not lost hope, as we know that through sheer determination and hard work, everything will eventually fall into place and work seamlessly, thus leading to the aviation industry not only taking off, but soon reaching the cruising levels we are accustomed to.

Until COVID-19 is declared a thing of the past, we as Team SACAA will continue to put our shoulders to the wheel and also work hand in hand with all stakeholders to ensure that our country's civil aviation sector returns to the pre-COVID-19 status, or even better, to a level higher. Most importantly, we will do everything possible to ensure that the aviation industry does not contribute to the spread of the coronavirus.

Yours sincerely,

Ms Poppy Khoza
Director of Civil Aviation
31 August 2021

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in this Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and is free from any omissions. The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Public Finance Management Act, 1999, (Act No.1 of 1999) as amended, and standards applicable to the SACAA.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal controls, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance and human resources information, as well as the Annual Financial Statements.

The External Auditors were engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report is a fair reflection of the operations, performance information, human resources information and the financial affairs of the SACAA for the financial year ended 31 March 2021.

Yours faithfully

Mr Ernest Khosa
Chairperson: SACAA Board

Ms Poppy Khoza
Director of Civil Aviation

STRATEGIC OVERVIEW

MISSION

To regulate civil aviation safety and security in support of the sustainable development of the aviation industry

VISION

A world-class civil aviation regulator

BRAND PROMISE

"Keeping you safe in the sky."

VALUES

Value	Attributes
Integrity	Maintain high ethical standards and engage others professionally, without any bias and in transparent manner that engenders trust amongst all our stakeholders.
Service Excellence	Service delivery ahead of customer expectations, striving to always exceed customer expectations.
Team work	Working together and taking joint responsibility and accountability for the results.
Collaboration	Working with our stakeholders to achieve mutually beneficial goals.

LEGISLATIVE AND OVERSIGHT MANDATE

THE ACT

The South African Civil Aviation Authority (SACAA) is an agency of the Department of Transport (DoT), established in terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009), which came into effect on 31 March 2010. The Civil Aviation Act provides for the establishment of a stand-alone authority, mandated with controlling, promoting, regulating, supporting, developing, enforcing, and continuously improving levels of safety and security throughout the civil aviation industry.

The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa, in line with the Civil Aviation Authority Act (the Act), and in accordance with the standards and recommended practices (SARPs) prescribed by the ICAO. The above is achieved by complying with the Standards and Recommended Practices (SARPs) of the International Civil Aviation Organization (ICAO), while considering the local context.

The SACAA, as prescribed by the Civil Aviation Act as well as the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), is a Schedule 3A public entity, governed and controlled by a Board of Directors (the Board) that serves as the Accounting Authority. In turn, the Board is accountable to the Minister of Transport, who is the Executive Authority.

The Board comprises seven (7) non-executive directors and one (1) executive director, being the Director of Civil Aviation, all of whom are appointed by the Minister of Transport. The Board is expected to retain full and effective control over the governance of the SACAA; and in this regard, a clear division of responsibility exists at Board and Executive Management level. It has delegated some of its powers to the Director of Civil Aviation and the SACAA's Executive Committee through a delegation of authority (DoA) framework. The DoA, however, does not absolve the Board of its responsibilities and accountability.

The DCA is responsible for the administration and management of the day-to-day affairs as well as the staff of the SACAA. In addition, the DCA is also responsible for the SACAA's regulatory oversight functions of civil aviation safety and security operations. In relation to this particular responsibility, the DCA reports to the Minister of Transport.

The SACAA, through a Ministerial order, is mandated with the administrative functioning of the Aircraft Accident and Incident Investigation Division (AIID), while the Department of Transport is responsible for the functional running of this Division. At the time of establishment, the SACAA was also tasked with the running of the Flight Inspection Unit (FIU), whose aim is to conduct calibration and flight inspection of ground radio navigational aids in South Africa and beyond.

ICAO

The International Civil Aviation Organization (ICAO) is a United Nations (UN) specialised agency, established by member states in 1944 to manage the administration and governance of the Convention on International Civil Aviation (Chicago Convention).

The Republic of South Africa is a signatory to the Convention on International Civil Aviation of 1944. The ICAO is responsible for standardising and administering the safety and security of civil aviation operations across the world.

ICAO works with the Convention's 193 member states and industry groups to reach consensus on international civil aviation Standards and Recommended Practices (SARPs) and policies in support of a safe, efficient, secure, economically sustainable, and environmentally responsible civil aviation sector. These SARPs and policies are used by ICAO member states to ensure that their local civil aviation operations and regulations conform to global norms, which in turn permit more than 100 000 daily flights in aviation's global network to operate safely and reliably in every region of the world.

In addition to its core function of resolving consensus-driven international SARPs and policies among its member states and industry, and among many other priorities and programmes, ICAO also coordinates assistance and capacity-building for states in support of numerous aviation development objectives; produces global plans to coordinate multilateral strategic progress for safety and air navigation; monitors and reports on numerous air transport sector performance metrics; and audits states' civil aviation oversight capabilities in the areas of safety and security.

The Republic of South Africa, as a signatory State to ICAO, is committed to working with the international community to ensure safe and secure skies. This is coordinated through the Department of Transport, and all aviation organs of the State are required to collaborate to achieve this mandate. The SACAA, through the Civil Aviation Act, 2009 (Act No. 13 of 2009), has a mandate to regulate aviation safety and security in accordance with ICAO prescripts.

ICAO CRITICAL ELEMENTS

There are eight (8) critical elements governing each of the two (2) major civil aviation oversight pillars, i.e., safety and security. The safety framework is audited by ICAO under the Universal Safety Oversight Audit Programme (USOAP), Continuous Monitoring Approach (CMA), while the security element is audited under the Universal Security Audit Programme Continuous Monitoring Approach (USAP- CMA).

ICAO contracting states, in their efforts to establish and implement an effective safety and security oversight system, need to consider the Critical Elements (CEs) for safety and security oversight. Critical Elements are essentially the safety and security advancement tools of a safety and security oversight system and are required for the effective implementation of policies and associated procedures related to aviation safety and security. States are expected to implement the safety and security oversight critical elements in a way that assumes the shared responsibility of the State and the aviation community.

The Critical Elements of a safety and security oversight system encompass the whole spectrum of civil aviation activities. The effective implementation of the Critical Elements is an indication of a State's capability regarding safety and security oversight.

The following diagram demonstrates the regulatory areas depicted under the different Critical Elements. Critical Elements 1 to 5 pertain to the establishment of the safety and security systems, while Critical Elements 6 to 8 address the effective implementation of such systems by the Regulator:

ICAO CRITICAL ELEMENTS ON SAFETY AND SECURITY

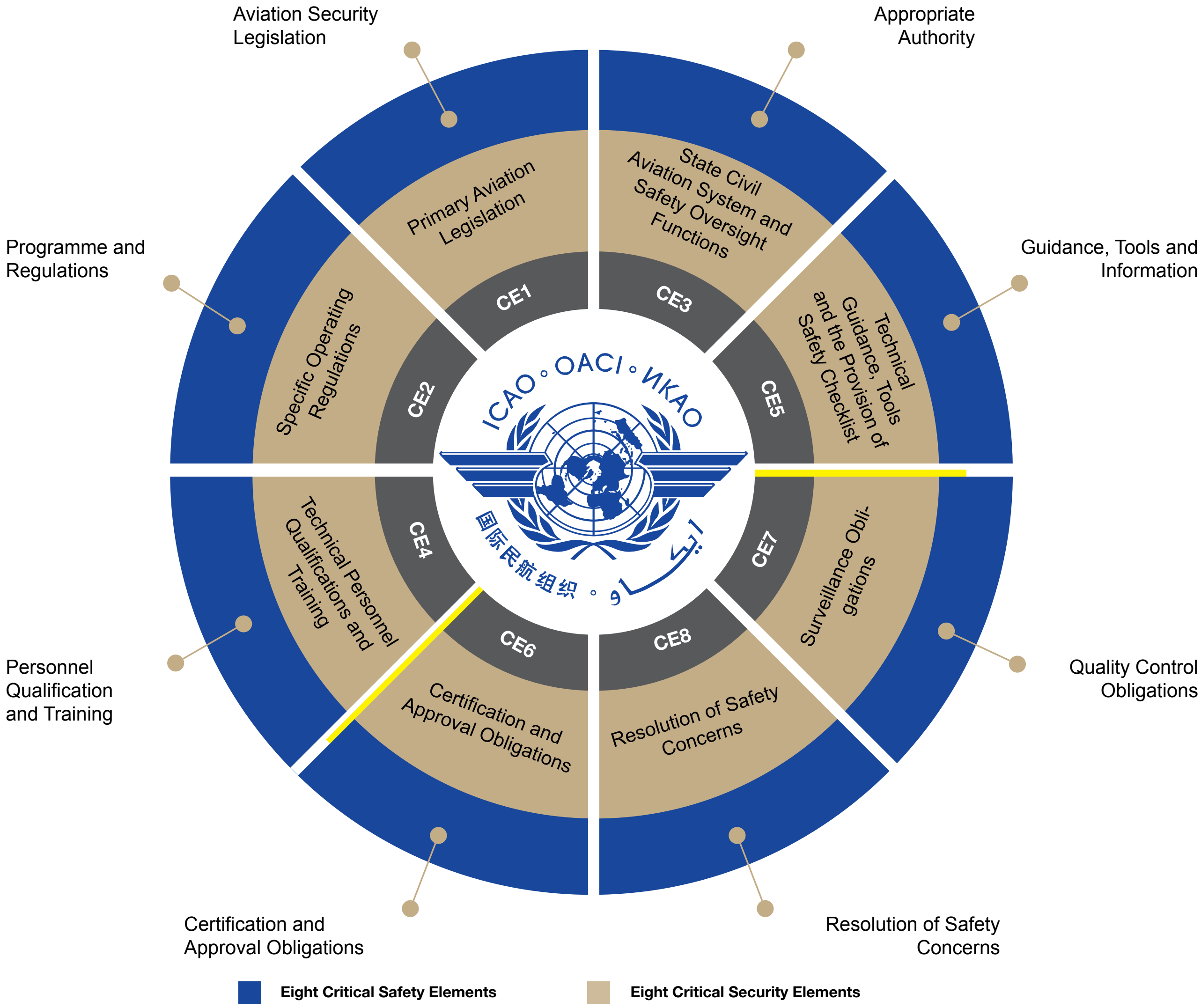


Diagram 1: ICAO Safety and Security Eight (8) Critical Elements (CEs)

ORGANISATIONAL STRUCTURE

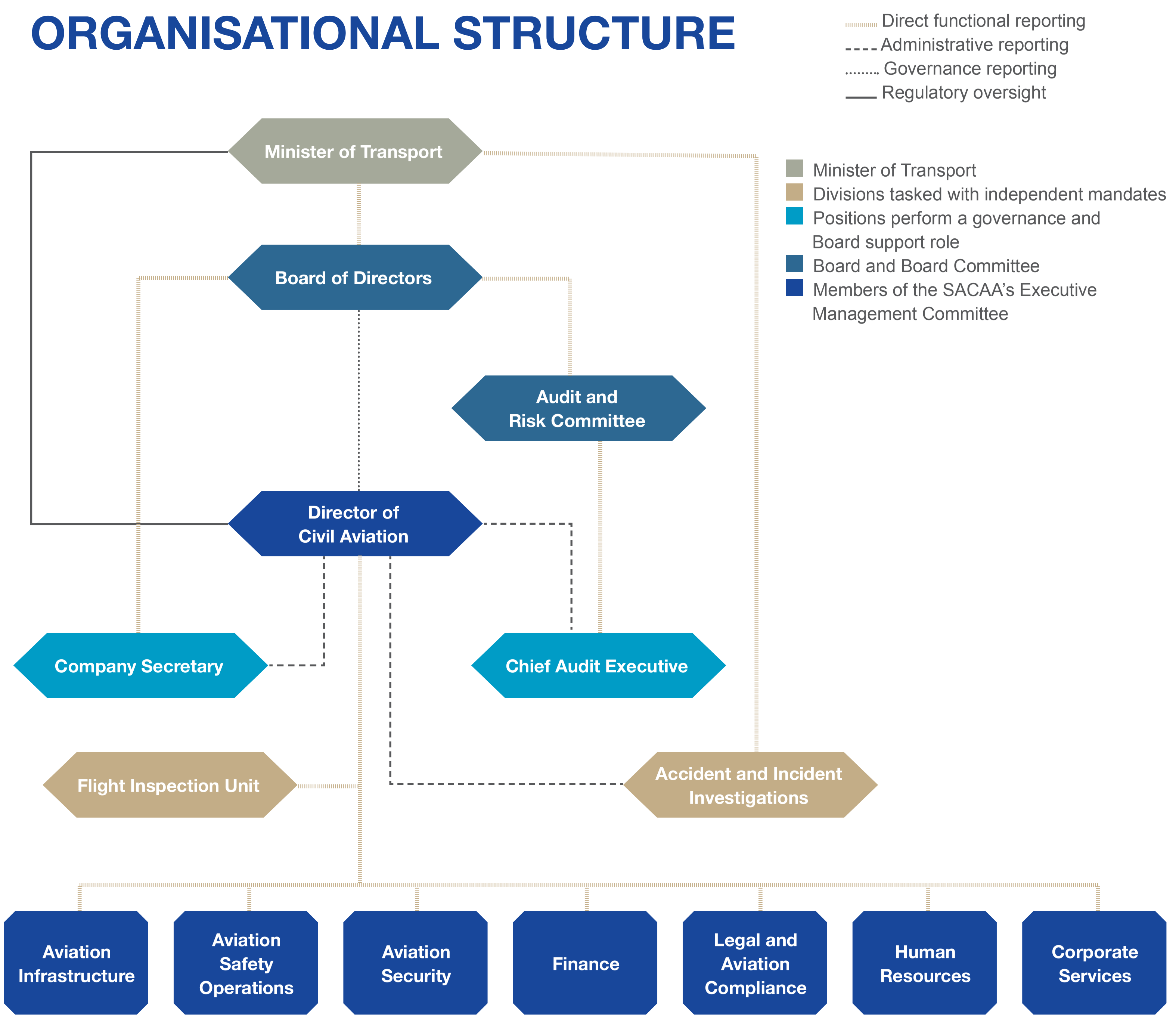


Diagram 2: Organisational Structure

THE BOARD
31 MARCH 2021

MR ERNEST KHOSA
Chairperson of the Board

MS POPPY KHOZA
Director of Civil Aviation

MR MONGEZI INDIA
Board Member

PROF. NTOMBIZOZUKO DYANI-MHANGO
Board Member

MR SURENDRA SOOKLAL
Board Member

MS BULELWA KOYANA
Board Member

MS TSHITSHI PHEWA
Board Member

DR BRIAN SUCKLING
Board Member
(resigned 17 August 2020)

MS NIVASHNEE NARAINDATH
Company Secretary

EXECUTIVE MANAGEMENT COMMITTEE

31 MARCH 2021

MS POPPY KHOZA
Director of Civil Aviation

MR ASRUF SEEDAT
Executive: Finance

MS PHINDIWE GWEBU
Executive: Corporate Services

MR LUVUYO GQEKE
Executive: Aviation Security

MS THOBILE MASOOA
Executive: Human Resources

MR SIMON SEGWABE
Executive: Aviation Safety Operations

MR GAWIE BESTBIER
Executive: Aviation Infrastructure

 # MS BABALWA NDANDANI
Executive: Legal and Aviation Compliance

MR KING SOTSHEDE
Chief Audit Executive

MR PETER MASHABA
Executive: Accident & Incident Investigation

MS NIVASHNEE NARAINDATH
Company Secretary

Ms Babalwa Ndandani was acting Executive Legal and Aviation Compliance until her appointment as Executive Legal and Aviation Compliance on 1 June 2021.

##The Chief Audit Executive performs a Governance and Board support role. Mr King Sotshede was appointed on 1 June 2021. Before his appointment Mr Lufuno Tshitaudzi was Acting Chief Audit Executive.

###The Executive: Accident and Incident Investigations heads the Accident and Incident Investigations Division, which administratively reports to the DCA and functionally to the Department of Transport.

PART B

PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION AND CONFIRMATION OF ACCURACY FOR THE YEAR ENDED 31 MARCH 2021

In line with the applicable regulatory prescripts, the DCA is responsible for the preparation of the SACAA's performance information and for judgements made in this report. In addition, the DCA is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the outlined performance information.

In my opinion, the performance information outlined in this report fairly reflects the actual achievements against planned objectives, indicators, and targets as per the strategic and annual performance plans of the SACAA for the year ended 31 March 2021.

The Auditor-General of South Africa (AGSA) has audited the SACAA's performance information for the year ended 31 March 2021 and reports no unresolved audit findings. The AGSA's report is presented on pages **115-118** of this document.

The SACAA's Board of Directors has approved the performance information of the SACAA, set out from pages **38-65**.

Ms Poppy Khoza
Director of Civil Aviation

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management. The Auditor-General confirmed that there were no material findings on the usefulness and reliability of the reported performance information in the Annual Report and on legal and regulatory requirements section of the Auditor's Report.

Refer to pages **115-118** of the Auditor's Report, published as **Part E: Financial Information.**

SITUATIONAL AND PERFORMANCE ANALYSIS

The SACAA's performance against targets is defined in its 2020/21 Annual Performance Plan (APP). The 2020/21 APP takes cue from the SACAA's Five-Year 2020/21-2024/25 Strategic Plan.

The situational analysis provides an analysis of internal and external factors impacting on the SACAA's ability to deliver on its mandate and attain its set annual targets.

The financial year that ended on 31 March 2021, was undoubtedly the most challenging period in decades, locally and globally. As a result, the civil aviation industry, as a sector that operates in the global sector, was equally affected.

The following narrative puts the above mentioned assertion into perspective.

KEY INDUSTRY DEVELOPMENTS

DRASTIC DROP IN AIR TRAVEL PASSENGER NUMBERS AS A RESULT OF COVID-19

The drastic measures taken by governments across the world were necessary to safeguard lives. With that said, the effect of these risk mitigation measures resulted in a paralysis of sorts in various sectors of society and the economy. Overnight, there was a slump in passenger numbers, as the normal flow of air traffic was brought to a standstill. This had a negative impact on air operations, including airports, airlines, and related services. This unfortunately meant that many jobs were lost, and others were left hanging by a thread.

In one of its recent reports, the International Civil Aviation Organization (ICAO) had estimated that as a result of the COVID-19 pandemic, international passenger traffic dropped by a dramatic 60% during the 2020 calendar year, with just R1.8 billion passengers using air transport compared to R4.5 billion in 2019.

Locally, passenger numbers also decreased significantly when compared to the previous years. The Airports Company South Africa (ACSA) reported at the beginning of March 2021 that the number of departing passengers in 2020 fell by 65.8% compared to 2019, from a healthy 21.6 million to a paltry 7.4 million passengers. The decline in domestic departing passengers was 61.9% with international departing passengers falling by 74.6%. ACSA also reported that in 2020, seats made available by airlines for destinations within South Africa and between the country and international destinations were at 41% of the previous year's levels. ACSA further indicated that at the beginning of 2021, seats published were at 74% of the 2019 levels.

SUMMARY OF FOREIGN AIRLINE OPERATIONS INTO SOUTH AFRICA

Various reports outlined the following changes and developments pertaining to operations by some major international airlines. This information changes frequently influenced by the behaviour of the COVID-19 virus.

- The Air France schedule between Johannesburg and Paris increased from three (3) to five (5) flights per week with effect from 29 March 2021.
- KLM maintained its schedule to South Africa since the international borders were reopened in October 2020. However, at the time of compiling this report, South African travellers were banned from entering the Netherlands, with its Ministry of Foreign Affairs expected to occasionally review the border restrictions.
- Lufthansa, which includes Swiss Airlines, Austrian Airlines and Brussels Airlines, had at the time of compiling this report, restarted commercial passenger flights between Frankfurt, Johannesburg and Cape Town after an extended suspension at the beginning of the 2021 calendar.
- Emirates' flights from South Africa would remain suspended until 30 June 2021.
- British Airways, which operated daily flights between London, OR Tambo, and Cape Town prior to the pandemic – and returned with limited services in October 2020 – suspended all flights to and from South Africa on 23 December 2020. At the time of compiling this report, South African travellers were still banned from entering the United Kingdom; however, British Airways was selling tickets for travelling in June 2021 from London's Heathrow Airport to Cape Town and Johannesburg.
- Likewise, Virgin Atlantic was aiming to resume flights to South Africa from early June 2021.

Other airlines set to resume operations into South Africa included:

- Cathay Pacific – 30 June 2021
- Qantas – end of October 2021
- Delta Airlines – middle of 2021
- Singapore Airlines – no return date set
- Etihad Airways – no return date set

REGIONAL AND MIDDLE EAST ROUTES RETURN TO SERVICE

A closer look at the regional and some Middle East routes indicated that the two regions were not as badly affected, and many operators had returned to service.

- Ethiopian Airlines offered consistent flights since the South African borders opened in October 2020.
- The local airline, Airlink, intensified its flight frequency to several destinations across Africa.
- Air Botswana, Air Mozambique, EgyptAir, Zimbabwe's Fastjet, Kenya Airways, and Proflight Zambia were operating flights to and from South Africa with varying degrees of consistency.
- Angola's TAAG reinstated its South African service.
- Turkish Airways restarted flights to and from South Africa in October 2020, and while Turkey still maintained fierce restrictions on South African travellers, Istanbul Airport served as a key transit hub connecting to more than 200 international destinations.
- With Emirates and Etihad largely out of the picture, Qatar Airways managed to remain as the strongest and only contender for passage between South Africa and the Middle East.

AFRICA

As elsewhere across the globe, the continent suffered from low passenger volumes since the global pandemic struck. This had inevitably affected efforts at regional integration across the continent. A huge economic impact on the disconnected continent has been the loss of millions of jobs and livelihoods in family-run enterprises, and large corporations along the entire travel and tourism value chain; with the GDP declining across every metric within the five (5) biggest African markets.

AVIATION TRENDS IN SOUTH AFRICA

A new airline, Global Aviation, trading as LIFT, entered the South African Airlines low-cost carrier market in mid-December 2020.

Comair was placed under voluntary business rescue on 05 May 2020 and resumed flights from 1 December 2020, with a limited fleet of 20 aircrafts.

FlySafair reported that it would operate at full domestic scheduled passenger capacity from 01 December 2020, with very competitive prices.

STATE-OWNED AIRLINES

The Minister of Public Enterprises announced on 05 December 2019 that the South African Airways (SAA) would enter into business rescue.

A Business Rescue Plan (BRP) was presented and finally approved on 27 July 2020. Although the Minister of Finance announced an additional allocation of R10.5 billion to SAA during the Medium-Term Expenditure Framework (MTEF) Budget Speech in October 2020, the Business Rescue Practitioners (BRPs) decided to suspend all airline operations and pursued a process to put the airline under care and maintenance until funding was received.

The SAA BRPs then declared a dispute with the SAA Pilots' Association (SAAPA) that led to an extended lockout. On the other hand, SA Express was provisionally liquidated on 29 April 2020. The liquidators announced that they were in negotiations with potential investors and major creditors, and applied for final liquidation to be postponed. The airline suspended all operations from 18 March 2020. A bid by "Fly SAX" to buy the assets was approved by liquidators.

EQUITY PARTNER FOR SAA

The Minister of Public Enterprises announced on 11 June 2021 **(a date slightly after the reporting period)** the equity partner for South African Airways (SAA).

This announcement signals Government's plans with regard to the future of the national carrier. The announcement was that the Takatso Consortium, comprising Harith General Partners, a leading investor in African infrastructure and airports, and airline management firm Global Airways, were selected as the preferred Strategic Equity Partner (SEP) for SAA.

The Minister noted that the objectives of this partnership included relaunching a viable, scalable, agile and sustainable national South African airline that is no longer dependent on the South African fiscus. He noted that the SAA would be a substantial operating business in its own right. The Consortium's platform, intellectual property, experience, expertise and substantial balance sheet would be leveraged to build a world-class airline.

The consortium is part of government's aim to evaluate and explore the revival and re-establishment of partnerships with African and International airlines and networks, to fully access the growing African aviation market and for the SAA to once again become the leading airline on the African continent.

The Regulator is watching the developments in this project keenly as the airline has applied for the renewal of its Air Operator Certificate.

MEASURES TAKEN TO ENSURE THE CONTINUATION OF AIR TRAVEL - REGIONALLY

In the previous reporting period of 2019/20, the SACAA, through the Aviation Medicine Department, assisted and guided local aviation role-players as well as those from the SADC and East-African regions with preparedness plans for the outbreak of the COVID-19 pandemic. This resulted in greater preparedness for these organisations when the pandemic struck.

ASSISTING THE INDUSTRY

Locally, the SACAA participated in activities to ensure the effective implementation of the Ministerial directions regarding the efficient and effective facilitation of passengers and cargo during the COVID-19 pandemic.

The SACAA played a critical role in ensuring that international designated airports, approved for international and domestic passenger operations, developed measures and standard operating procedures for the purpose of containing the spread of COVID-19.

Before the outbreak of the pandemic, industry workshops were hosted for airlines, airports, charter companies and other industry bodies. Additional measures taken included virtual workshops, compliance checks at the various airports as well as a publicity campaign that was aimed at sensitising passengers about the new travel etiquette centred on compliance with COVID-19 protective measures.

CONTINUED ENGAGEMENT WITH STAKEHOLDERS

Engagement with stakeholders continued through the reporting period since the pandemic was declared a world-wide disaster. With the various lockdown levels restricting mass and unmonitored gatherings, the engagements had to continue, albeit in another form. The SACAA had to ensure that aviation did not become the conduit for further COVID-19 infections. Virtual conferences, meetings and workshops became the order of the day. Key among these was the COVID-19 Vaccine Airfreight Readiness Working Group meeting. This group played a critical role in ensuring the safe, secure, and seamless transportation of COVID-19 vaccines via airfreight.

THE SACAA'S INTERACTIONS WITH PEERS ACROSS THE GLOBE AND REGIONALLY

The role of international and regional institutions, such as ICAO and the African Civil Aviation Commission (AFCAC), cannot be underestimated, as every country has a contribution to make towards achieving the primary goal of regional aviation integration. In pursuit of a comprehensive and inclusive global aviation system, the agenda of ICAO needs a balance of views, and therefore every voice counts.

EFFECTIVE MANAGEMENT OF COVID-19 BY THE SACAA

When the COVID-19 outbreak struck South Africa, immediate action had to be taken to limit exposure to and the potential spread of the virus among the population. In order to achieve this, on 15 March 2020 the President of the Republic of South Africa declared a national state of disaster due to the COVID-19 outbreak. The Department of Employment and Labour then issued a directive to employers, detailing the guidelines that had to be followed within the workplace during the lockdown period.

The SACAA, like all aviation regulators across the world, had to continue delivering on its mandate, while coping adequately with the COVID-19 pandemic. Organisational plans and policies were put in place to respond to the changes, uncertainties and the anxiety brought about by the challenges created by the pandemic, while making it possible for air travel to continue.

FLEXIBLE WORKING ARRANGEMENTS

As the SACAA was classified as an essential service by Government during the pandemic and had to continue functioning, Management implemented various methods to deal with this quandary. Flexible working arrangements, which are widely used in the digital work environment world-wide, were made to allow the SACAA employees to work remotely, on a rotational basis, from the start of the lockdown. Where there was an absolute need, physical inspections were conducted, supplemented by several desktop assessments. As a result of these interventions, the SACAA had to reflect on a suitable approach for the future. The Director of Civil Aviation (DCA) therefore made a presentation to staff on this topic, highlighting that the pandemic had presented the organisation with the opportunity to reflect on the working model going forward. She however acknowledged that there was no **'one-size-fits-all'** solution, and that the SACAA will take an evolving approach in dealing with this issue.

Additionally, the Executive Management drafted a flexible working arrangement consultation document, which was used by Executives to consult with their Teams as part of the change management process and to understand as well as reflect on the different dynamics brought about by this new way of working. Furthermore, and in an effort to ensure that employees were given an opportunity to voice their opinions and their experiences regarding the flexible working arrangements, a staff survey was sanctioned to be conducted in October 2020, to address all aspects that will inform the route to be taken by the SACAA, going forward. Concurrently, a benchmarking exercise was also undertaken to ensure that best practice models form part of the development of a SACAA-specific model.

INTERNAL FUNCTIONING OF THE WORKFORCE

To protect the employees, a COVID-19 risk assessment was conducted, and mitigation strategies were developed and implemented. In line with government's guidance to observe social distancing and for a set of hygiene measures to be put in place and adhered to, the SACAA procured personal protective equipment (PPEs) and hygiene products, which were distributed at the SACAA offices. All walk-in clients were sanitised and underwent a screening test as per the stipulated regulations. Surfaces in all the SACAA's offices were sanitised to curb the potential spread of the virus and medical waste bins were distributed where required.

During the reporting period, the number of recoveries from COVID-19 in the workplace was 100%. This is owing to the robust health and safety programmes that Management had put in place, such as daily inspections in accordance with the directives issued by the Department of Employment and Labour, among others. Regular building disinfections were conducted when positive cases were reported, and weekly meetings with Labour and the COVID-19 Committee ensured that the organisation remained a safe place for both employees and clients. Weekly reports were given on the status of employees who tested positive, and all positive cases were reported to the Department of Employment and Labour and the Department of Health.

MANAGEMENT OF LEAVE ACCRUAL

As a result of the COVID-19 related national lockdown and the resultant hybrid working arrangements, employees accumulated leave days at an exponential rate.

The Leave Management Policy makes provisions for maximum leave days, according to which termination of employment shall result in payment of the employee's annual leave for no more than the annual equivalent leave of either 21 days for employees who have been in the organisation for less than five (5) years, or 25 days for those employees who have been in the organisation for five (5) years or more.

To reduce the leave liability for the organisation as part of its cost-containment measures, all employees, including Management, were required to take a minimum of five (5) days' compulsory annual leave during the period of 01 June 2020 to 31 October 2020. Management then resolved to implement another five (5) days' compulsory leave between November 2020 and February 2021, to further reduce leave.

Divisional leave planners were implemented to ensure that all employees took a minimum of five (5) days' compulsory annual leave before the end of the stipulated periods. Non-adherence to this request led to the forfeiture of five (5) days' leave. Any excess leave would be managed in accordance with the policy, wherein leave is forfeited if not taken on time.

PROACTIVE USE OF TECHNOLOGY PREPARED THE SACAA

The SACAA's strategy to make more effective use of technology embraced a few years before the outbreak of the epidemic, proved to be the bedrock of its efforts to surmount the challenges brought about by the global coronavirus pandemic.

The business continuity plan (BCP), which allowed employees to continue working from home, enabled the ICT Department to provide the relevant systems and tools to support them as they work remotely. The process of implementation of the Electronic Document and Records Management System (EDRMS) '**Shanduka'**, a software application that manages a wide range of digital information and automates relevant tasks, further enhanced the SACAA's ability to continue business as usual by automating many aspects of its day-to-day functioning. One such process, the integration of the EBS with the EDRMS **'Shanduka'**, provided a single view of a SACAA client, thereby giving the Inspectorate the ability to view all historic records and trends of operators or aviation personnel.

One does not have to go far beyond the various engagement platforms that the SACAA uses to interact with stakeholders in order to identify the specific industry pain-points. These engagements have been valuable in the SACAA's quest to arrive at solutions focusing on people, systems, and processes, to meet client expectations. This has been a worthwhile and long journey and one the SACAA intends to keep pursuing. At the centre of these ambitious projects of the SACAA is the deliberate and intentional will to improve the experiences of clients when transacting with the Regulator.

Part of the redesign of the SACAA's business processes was the implementation of the integrated Enterprise Business Solution (EBS), which commenced in 2015. Involving various functionalities within the SACAA, this automation project ensures compliance with international and domestic obligations while optimising business processes, improving the client experience and promoting faster information-sharing. The adoption of the EBS served the SACAA well, especially when the COVID-19 pandemic struck the globe, the Regulator already had technology-based solutions to continue serving clients, even if remotely, during the hard lockdown restrictions. More functionalities are expected to be implemented during the 2021/22 financial year and it will not be long before the SACAA announces additional 24-hour e-services that will be convenient and enhance service offering to our clients.

LESSONS LEARNT DURING THE CRISIS

Three (3) key lessons emerged from the challenging situation that the SACAA suddenly found itself in. These were:

a) Collaboration is key as no entity is an island, and organisations depend on one another;
b) Leaders must lead, even in times of crisis; more so Regulators, as the entire value chain is dependent on their guidance and the directions emanating from their oversight mandate; and
c) The mantra: **'adapt or die'**, holds true in this era where the world as we know it came to a standstill.

Similarly, the tragedy that was the year 2020 proved that human beings are a resilient species, especially when there is concerted effort and collaboration towards a common goal – and had it not been for this resilience, the human species would have perished as a result of the pandemic. It was remarkable to witness how quickly the globe, Africa, South Africa, and the SACAA as well as the local aviation industry managed to swiftly adapt and remain standing steadfastly amid shifting quicksand beneath their feet. As the Regulator, the SACAA managed to continue working and fulfilling its mandate, despite the rapidly changing goal posts and the changing working environment. Yes, there were challenges in the beginning, but on closer reflection, the challenges were fewer than the gains.

Although the Regulator is not yet completely out of the woods, the organisation is very grateful that Government continued to play its part to support aviation as the bedrock and catalyst for socio-economic development. In return, the Regulator and the air travel operators will work hand-in-hand to ensure that health protocols are adhered to at all times.

AMENDMENT AND DEVELOPMENTS OF REGULATIONS TO ASSIST THE INDUSTRY

THE AMENDMENT OF RPAS REGULATIONS

The amendment of the Remotely Piloted Aircraft System (RPAS) regulations will help enforce the monitoring of and tracking of RPAS operations.

DEVELOPMENT OF THE INDUSTRY CYBERSECURITY STRATEGY

In the recent years, the aviation industry evolved at an exponential rate with the adoption of cyber enabled technologies to increase safety, security and efficiency within the air transport sector.

The interconnectivity and digitisation of aviation systems with increased dependency on technology created new risks and emerging vulnerabilities. This is evident in the increased interoperability within aviation infrastructure systems, avionics systems, the deployment of technology advanced information systems ranging from legacy systems to smart airports and next generation satellite communication systems providing an increased cyber-attack surface. This has necessitated that the aviation industry acknowledge the pertinent challenges arising from embracing technology.

Responding to these challenges, the 40th Session of the ICAO Assembly adopted an amended **Resolution A40-10.** This resolution urged States to implement Cybersecurity Strategies and underlined the importance of developing a sustainable implementation plan for the Strategy.

In line with the above, the SACAA developed an Industry Cybersecurity Strategy to ensure that the civil aviation sector is resilient to cyber-attacks and remain safe and secure, whilst continuing to innovate and grow. The Strategy also seeks to implement the objectives of the South African National Cybersecurity Policy Framework (NCPF) which states that, “All other organs of State are required to align their ICT policies and practices with the NCPF relating to Cybersecurity”. As part of this process, the SACAA reinforced its Cybersecurity capacity within the Aviation Security Division to lead the process of developing and establishing the civil aviation Cybersecurity national plans and priorities as part of the framework of action necessary to safeguard the air transport sector.

ECONOMIC VIABILITY OF THE CIVIL AVIATION INDUSTRY AND THE SACAA

GLOOM-INDUCING PASSENGER NUMBERS

Passenger numbers have a major impact on the SACAA’s financial position, hence the consistent monitoring of passengers’ travel partners and news.

The International Air Transport Association (IATA) reported that the international revenue passenger-kilometres (RPKs) contracted by 74.7% in February 2021 year-on-year, to be largely the same as the 72% decrease in January 2021. The RPK on the African continent contracted by 66.1% year-on-year. Further, IATA commented that while COVID-19 cases had fallen globally in February 2021, they still remained high, especially with the new strain and slow vaccination progress in many countries that have led many governments maintaining strict travel restrictions. Overall, globally, the willingness to travel was low.

Furthermore, IATA reported that airline passenger revenues decreased by a little over 60% in the 2020 calendar year and that social as well as economic immobility caused by COVID-19 would take longer to reverse than was originally expected and a recovery to 2019 (pre-COVID levels) will not occur before 2024. The recovery of air travel would depend on several factors:

a) The flattening of the contagion’s curve across the world, which mostly guides measures for the lifting of travel restrictions between countries;
b) Recovery of consumer confidence in travel, which might again be affected by some countries’ proposed quarantine measures for international visitors;
c) The various lockdown levels implemented by various countries and the opening of the economies of each country, with these countries possibly beginning to see waves of reinfection after lifting lockdown restrictions; and
d) Vaccine production and distribution.

IATA warned that the emergence of new virus variants might affect its passenger traffic forecast for 2021 and added a risk scenario to their earlier forecast, accounting for this factor. Where they previously forecasted a 50% year-on-year growth for 2021, they now expected that this might be as low as 13%.

Similarly, ICAO confirmed a 60% decline in world total passengers in 2020. ICAO expected an overall reduction of -59% to -66% (compared to 2019 levels) on world scheduled passenger traffic for the first half of year 2021 (January to June 2021).

On a similar trend, the Airports Council International (ACI)reveals that the global airport industry will record a reduction of more than six (6) billion passengers by the end of 2020 compared to the pre-COVID-19 forecast for 2020. This represents a decline of 64.2% of global passenger traffic. Global passenger traffic in the first half of 2021 will remain heavily impacted as vaccination campaigns are rolled out and organised. Major logistical challenges will need to be addressed, mainly related to cold chain logistics, distribution capabilities and air cargo capacity. Due to the second wave of COVID-19, ACI updated their global passenger number forecast to a decline of 56% from the 2019 base and in a pessimistic scenario this could drop to a 64% decline. Passenger numbers were expected to be subdued until June 2021, after which the expected vaccination roll-out and travel restrictions, being at least partially lifted, were expected to yield increased numbers of travellers.

COVID-19 DECIMATES PASSENGER NUMBERS AND THE SACAA'S PASSENGER SAFETY CHARGE

The SACAA is a self-funded public entity that relies on a combination of revenue streams to fulfil its mandate and run its business operations. The revenue streams consist mainly of the passenger safety charge (PSC), user fees, fuel levy, as well as a fee from the Department of Transport for the investigation of aircraft accidents and incidents.

Additional financial support of R155.5 million was received from the Department of Transport for the 2020/21 financial year, as a result of the financial impact on the SACAA due to lower passenger numbers, caused by the pandemic.

The total passenger numbers for the 2020/21 period amounted to 4 755 994, compared to the original (pre-COVID) budget of 23 701 000. This is 80% below budget, and 78.8% lower than the same period last year. The impact of the COVID-19 pandemic and resultant regulations, as well as the business rescue proceedings of various airlines, had a negative impact on passenger numbers.

Unrestricted local air travel in South Africa has been allowed since 18 August 2020 and limited international travel was allowed from 01 October 2020. Although some land borders were closed in December 2020, air borders remained open. Foreign travel restrictions limited international travel. Local airlines reported a surge in activity in March 2021, just before the Easter weekend and school holidays.

In February 2019, the Minister of Transport, with the concurrence of the Minister of Finance, approved an annual increase of 5.5% on the PSC for the 2020/21 financial year, bringing the amount to R26.23 per ticket. The authorised increase in the passenger safety charge for 2020/21 of 5.5% to R26.23 became effective from 01 April 2020.

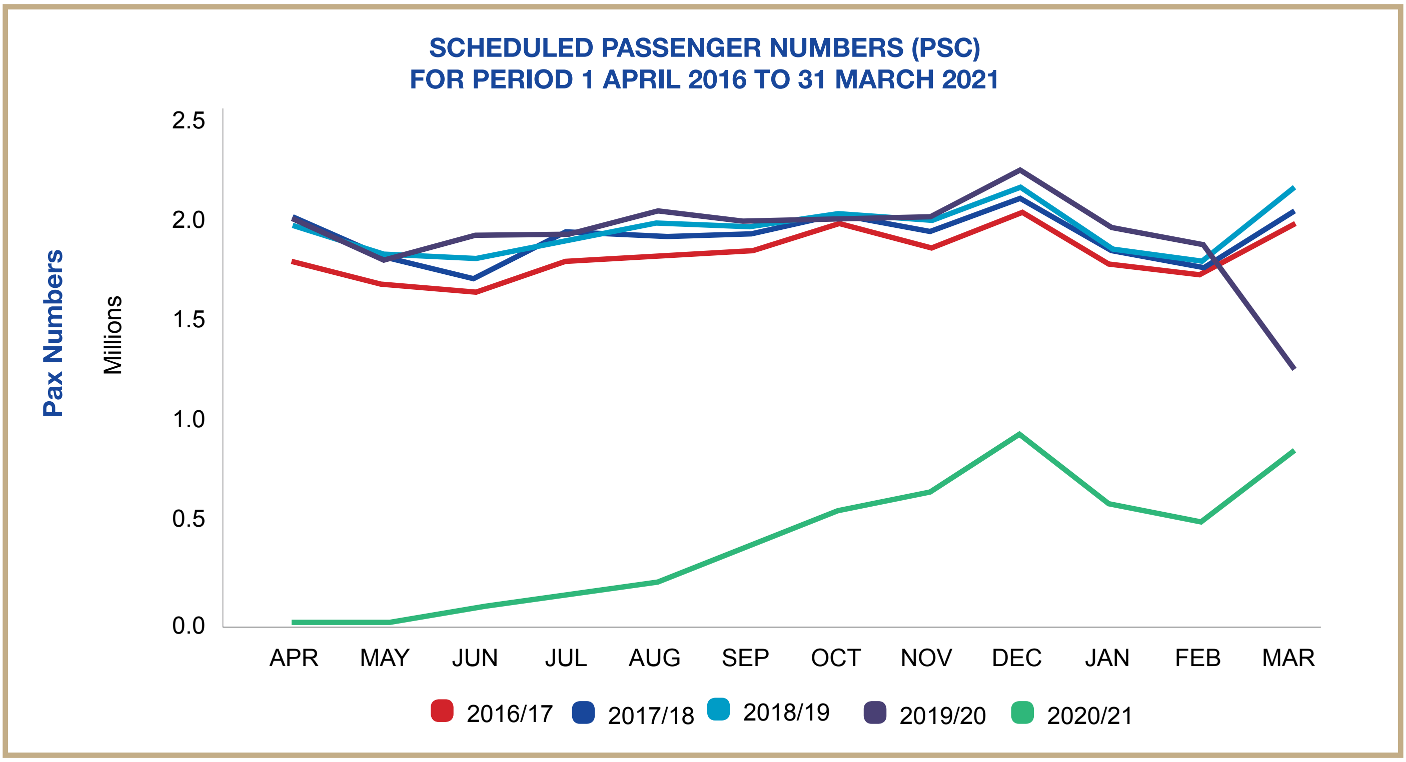
The passenger safety charge of R124.8 million was generated against an original (pre-COVID) budget of R621.7 million. Passenger numbers during the last quarter of the reporting period reduced from December's seasonal highs and were also significantly affected by the second wave of COVID-19, associated curfew, and other regulations. Flight cancellations by international airlines and countries to South Africa also had a negative impact.

In the current financial year, the passenger safety charge accounts for only 27.1% of the total revenue, user fees 19.7%, fuel levy 8.1%, the Department of Transport (DoT) 41.2% and other income 3.9%. Under normal circumstances, the passenger safety charge contributes around 76% of the total revenue. As the passenger safety charge is the biggest contributor to revenue, the passenger numbers have a major impact on the financial performance of the SACAA and these numbers are closely monitored every month.

The SACAA's revenue officials conduct regular PSC audits to ensure compliance by airlines and to strengthen relations between the Authority and the airline industry. Airlines earmarked for audits are selected by using a risk-based, annual audit plan. Larger airlines and airlines where previous problems were encountered, are visited more frequently. The regulations require all airports to submit monthly passenger numbers to the SACAA, which are then compared with the declarations received from the airlines. Substantial, unexplained variances in numbers supplied by the airports and those from airlines are examined during the audit process.

The SACAA invoices the PSC one month in arrears to allow for information received from airlines to be processed; thus the actual passenger numbers reflected in the graph are also a month in arrears. Monthly provision is being made for the arrears.

The graph below provides an analysis of the passenger numbers for the last five (5) years, a comparison of passenger numbers over the years with the impact of the COVID-19 pandemic clearly visible since March 2020.



Graph 1: Scheduled passenger numbers between the 2016/17 – 2020/21 financial years

SACAA REVENUE COLLECTION

The next table illustrates that the total revenue of R460.9 million for the financial year under review decreased by 41.3% when compared to the R785.4 million in 2019/20. It is 5.5% higher than the budgeted revenue collection of R436.9 million for the financial year under review, due to slightly higher passenger numbers than expected during the last two months of the year under review, as well as increased fuel levy revenue due to increased activity in cargo and charter flights.

Support from the Department of Transport increased from last year, including the additional financial support of R155.5 million in response to the COVID-19 pandemic. The passenger safety charge contributes 27.1% of the total revenue. The revenue from the passenger safety charge decreased by 77.5% compared to the previous year, mainly due to the impact of the COVID-19 pandemic and resultant regulations.

During the previous financial year, the SACAA recorded insurance proceeds to the value of R43.9 million relating to a claim for the unfortunate destruction of the flight inspection aircraft and equipment in January 2020.

Interest revenue from financial institutions decreased, as surplus funds were utilised during the year.

SACAA REVENUE COLLECTION

Revenue Collection	2020/21				2019/20			
Source of Revenue	Budget R' million	Actual R' million	Variance R' million	Variance %	Budget R' million	Actual R' million	Variance R' million	Variance %
Passenger Safety Charge	115.4	124.8	9.4	8.1%	572.5	555.3	(17.2)	(3.0%)
User Fees	89.9	90.4	0.5	0.6%	111.2	102.9	(8.3)	(7.5%)
Fuel Levy	28.4	37.6	9.2	32.4%	24.6	21.3	(3.3)	(13.4%)
Department of Transport	190.0	190.0	-	-	33.2	33.2	-	-
Interest Received	8.0	10.3	2.3	28.8%	15.7	18.5	2.8	17.8%
Other Income	5.2	7.8	2.6	50.0%	5.1	54.2	49.1	962.7%
Total	**436.9**	**460.9**	**24.0**	**5.5%**	**762.3**	**785.4**	**23.1**	**3.0%**

Table 2: SACAA revenue collection

AIRLINES SENT OUT DISTRESS CALLS

The COVID-19 global lockdown and its effect on the aviation industry is a disastrous reality on its own. With this reality, conjoined with the news of the possible closures of three (3) key South African airlines, the situation turned into a distressing calamity.

The national carrier, namely the South African Airways (SAA), was placed under business rescue with effect from 05 December 2019. At the time, SAA confirmed that none of its subsidiaries, namely Mango, SAA Technical, and Air Chefs were directly affected. Passenger safety charges amounting to R5.7 million were outstanding on the date of the business rescue and a claim by the SACAA was submitted to the Business Rescue Practitioners (BRPs). This amount was also provided for as potential doubtful debt. The SAA duly paid all passenger safety charges for flights undertaken after the date of business rescue. This was crucial, as approximately 10% of SACAA passenger safety charges were derived from the SAA.

The business rescue plan was approved in July 2020, with a promise to pay concurrent creditors 7.5 cents in the Rand over a period of three (3) years. The business rescue proceedings were concluded on 30 April 2021 and control of the company reverted to the Board.

The situation was exacerbated by a further announcement, that SA Express would be provisionally liquidated. The airline suspended all operations from 18 March 2020 and the full outstanding amount of R4.5 million was provided for as a potential doubtful debt at year-end.

Comair was placed in voluntary business rescue on 5 May 2020. The SACAA submitted a claim for the outstanding amount of R8.8 million. In September 2020, creditors approved the business rescue plan, that aimed to pay concurrent creditors 1 - 2 cents in the Rand within 12 to 24 months. Comair resumed flights from 01 December 2020 with a limited fleet.

PERSONNEL LICENCE STATISTICS

Transformation remains the biggest challenge in the aviation industry, as it has been for several years. At the end of the reporting period (31 March 2021), the number of South African personnel with technical licences was **15 180** compared to the previous financial year's **14 539**.

The movements of aviation personnel statistics have not shown any significant improvements, particularly for those classified as previously disadvantaged individuals. At 85%, the proportion of White licence holders is still significantly higher than those of other racial groups, i.e., Africans, Coloureds, and Indians, which amounts to 15%.

The table below depicts the breakdown of demographical statistics:

SOUTH AFRICAN CIVIL AVIATION AUTHORITY – DEMOGRAPHICS BY TRADE

	South African					Foreign Nationals
Licence Type	African	Coloured	White	Indian	Total	Total
Student Pilots (Active Licences)	638	100	1690	113	2541	1274
Private Pilots – Aeroplane	341	76	3676	99	4192	1739
Private Pilots – Helicopter	17	3	765	12	797	132
Commercial Pilots – Aeroplane	164	31	1657	64	1916	1651
Commercial Pilots – Helicopter	28	7	608	6	649	138
Airline Transport (Aeroplane)	64	34	2190	47	2335	177
Airline Transport (Helicopter)	8	1	220	1	230	7
Total Pilots	**1260**	**252**	**10806**	**342**	**12660**	**5118**
	10%	2%	85%	3%	100%	
Aircraft Maintenance Engineers	**491**	**59**	**1893**	**77**	**2520**	**147**
	19%	2%	75%	3%	100%	
Grand Total – Excl. Cabin Crew	**1751**	**311**	**12699**	**419**	**15180**	**5265**

Table 3: Aviation Personnel Licence Demographics by Trade

REVIEW OF TYPE AND NON-TYPE-CERTIFIED AIRCRAFT

Aeroplanes consist of two (2) categories, namely:

- Type certified aircraft (TCA)
- Non-type-certified aircraft (NTCA)

The TCA are typically used for commercial activities, are regulated under stricter conditions and require a more intense approval process. The NTCAs are regarded as experimental aircraft and are given what is referred to as **'an authority to fly'.**

The maintenance of type certified aircraft is strictly controlled and regulated through aircraft maintenance organisations, whereas maintenance matters regarding non-type-certified aircraft are less stringent.

In order to monitor trends, the SACAA keeps a register and statistics of the two types of aeroplanes, as outlined in the table below:

STATISTICS OF TYPE CERTIFIED AIRCRAFT VERSUS NON-TYPE-CERTIFIED AIRCRAFT

	31 Mar 2013	31 Mar 2014	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021
Type Certified Aircraft	5 914	5 994	6 053	6 126	6 165	6 253	6 318	6 610	6 548
Non-Type-Certified Aircraft	5 889	5 992	6 106	6 203	6 293	7 128	7 338	7 776	8 054
Total Number of Aircraft	11 803	11 986	12 159	12 589	12 936	13 381	13 656	14 386	14 602
% of Type Certified	50.10 %	50.01 %	49.78 %	48.66 %	47.66 %	46.73 %	46.26 %	45.94 %	44.84 %

Table 4: Statistics of type certified aircraft versus non-type-certified aircraft

LEGISLATIVE AND REGULATION DEVELOPMENT

AMENDMENT OF THE CIVIL AVIATION ACT, 2009 (ACT NO. 13 OF 2009)

In 2016, the former Minister of Transport, Ms Dipuo Peters, issued a Ministerial Order to address the governance matters relating to the Accident and Incident Investigation Division (AIID). The Ministerial Order, as is the case now, prescribes that the AIID shall report to the Department of Transport in relation to functional matters pertaining to accident investigations, and to the SACAA on administrative matters.

The process of amending the Civil Aviation Act, 2009 (Act No.13 of 2009) ensued in the period under review and followed a rigorous process, involving the Bill being presented before the Parliamentary Portfolio Committee on Transport (PCOT), a presentation by the SACAA before the Parliamentary Portfolio Committee as well as the Bill being published for public comments, especially from industry players.

During the reporting period, the PCOT met in February and March 2021 to table, consider and deliberate on public comments received and the proposed amended clauses to the Civil Aviation Amendment Bill, 2018. On 17 March 2021, the PCOT approved the Civil Aviation Amendment Bill for submission to the National Assembly for debate and approval.

The Bill was deliberated upon and approved by the National Assembly on 11 May 2021. The Bill will be submitted to the Select Committee of the National Council of Provinces (NCOP) for consideration. Upon approval of the Bill by the NCOP, it will be submitted to the President of the Republic for assent.

PROMULGATED CIVIL AVIATION REGULATIONS AND TECHNICAL STANDARDS

In the period under review, the following South African Civil Aviation Technical Standards (SA CATS) were promulgated:

1. SA CATS 1 2020 were approved and promulgated by the Director on 14 October 2020 and published on the SACAA website with the effective and operational date being 14 October 2020. SA CATS 1 2020 contains the provisions relating to Documents SA CATS 24, 43, 44, 47, 61, 66, 91, 121, 127, 128, 135, 171 and 172.
2. SA CATS 2 2020 were approved and promulgated by the Director on 30 November 2020 with the effective and operational date being 30 November 2020. SA CATS 2 2020 contains the provisions relating to Documents SA CATS 109, 110 and 111.

Further, the SACAA has, during the reporting period, submitted the following Civil Aviation Regulations (CARs) to the DoT for consideration and promulgation:

1. The 21st Amendment of the Regulations is currently before the Minister of Transport for approval. The 21st Amendment contains provisions relating to Part 1, Part 11, Part 13, Part 21, Part 24, Part 43, Part 47, Part 48, Part 60, Part 61, Part 62, Part 63, Part 65, Part 67, Part 68, Part 69, Part 71, Part 91, Part 93, Part 94, Part 96, Part 101, Part 108, Part 109, Part 110, Part 113, Part 114, Part 121, Part 127, Part 128, Part 129, Part 135, Part 138, Part 139, Part 140, Part 141, Part 145, Part 148, Part 149, Part 171, Part 172, Part 173, Part 174, Part 175, Part 177, Part 187 and Part 188.
2. The 23rd Amendment of the Regulations, which contains provisions relating to the increase of the passenger safety charge and user fees, is currently before the Minister of Transport and the Minister of Finance. In terms of the Civil Aviation Act, 2009 (Act 13 of 2009) all regulation amendments relating to fees require the concurrence of the Minister of Finance. The 23rd Amendment contains proposals for fees charged in terms of Regulation 187 relating to the fees for services rendered by the SACAA to aviation personnel and the industry. The SACAA has proposed an increase in user fees linked to the forecasted CPI rate for the 2021/22 financial year. The proposal for the increase of the passenger safety charge is based on the CPI. It is proposed that the passenger safety charge be revised from R26.23 to R27.54.
3. An amendment of the Fuel Levy Determination in terms of Section 2 (2) of the South African Civil Aviation Levies Act, 1998 (Act No. 41 of 1998) for the 2021/22 financial year is part of the 23rd Amendment and also before both the Minister of Transport and Minister of Finance. This proposed increase also requires the concurrence of the Minister of Finance. The fuel levy was last increased from 16.4 c/1 per litre to 17.3 c/1 per litre with effect from 1 April 2019. The proposed increase of the fuel levy is from 17.3 cents per litre to 18.3 cents per litre for the 2021/22 financial year.

ENFORCEMENT OF COMPLIANCE

In the aviation industry, omissions and non-compliance are precursors to the loss of lives. One of the primary responsibilities of any civil aviation regulator is to enforce compliance with applicable standards and rules. In terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009), the SACAA is empowered to impose sanctions in instances of non-compliance.

The total number of punitive measurements taken during the 2020/21 financial year were **85**.

The table below provides a breakdown of the sanctions imposed as well as the categories of aviation operations where transgressions occurred.

BREAKDOWN OF SANCTIONS TAKEN AGAINST AVIATORS

Penalties

Licence Category	Number of Offenders 2019/20	Number of Offenders 2020/21
National Pilot's Licence Holders	0	2
Air Operating Certificate Holders	4	1
Aircraft Maintenance Organisations	1	2
Airline Transport Pilot's Licence Holders	6	2
AvSec Screening Organisations	7	1
Cargo Handling Companies	2	1
Commercial Pilot's Licence Holders	9	3
Private Pilot's Licence Holders	10	5
RPAS/Drone Operators	3	1
TOTAL	**42**	**18**

Suspensions

Licence Category	Number of Suspensions 2019/20	Number of Suspensions 2020/21
Airline Transport Pilot's Licence Holders	1	1
Approved Persons	0	1
Aircraft Maintenance Organisations	0	1
Licensed Aerodromes	11	2
Private Pilot's Licence Holders	1	2
TOTAL	**13**	**7**

Warnings

Licence Category	Number of Warnings 2019/20	Number of Warnings 2020/21
Air Operator Certificate Holders	3	4
Airline Transport Pilot's Licence Holders	0	1
Approved Persons	0	1
Commercial Pilot's Licence Holders	4	4
Foreign Operator Permit Holders	0	8
Private Pilot's Licence Holders	2	5
RPAS/Drone Operators	3	14
Cargo Operators	0	1
AvSec Regulated Agents	0	1
TOTAL	**12**	**39**

BREAKDOWN OF SANCTIONS TAKEN AGAINST AVIATORS - CONTINUED

Verbal Counselling Letters

Licence Category	Number of Counselling Letters in 2019/20	Number of Counselling Letters in 2020/21
Commercial Pilot's Licence Holders	1	4
Private Pilot's Licence Holders	4	1
RPAS/Drone Operators	14	10
TOTAL	**19**	**15**

Disqualifications

Licence Category	Number of Disqualifications in 2019/20	Number of Disqualification in 2020/21
Private Pilot's Licence Holders	0	2
TOTAL	**0**	**2**

Remedial Training

Licence Category	Number of Remedial Training in 2019/20	Number of Remedial Training in 2020/21
Private Pilot's Licence Holders	0	1
TOTAL	**0**	**1**

Downgrades

Licence Category	Number of Downgrades in 2019/20	Number of Downgrades in 2020/21
Licensed Aerodromes	1	1
Approved Persons	0	1
Commercial Pilot's Licence Holders	0	1
TOTAL	**1**	**3**

Summary: Breakdown of Sanctions issued in the 2020/21 Financial Year (only)

Penalties	18
Suspensions Issued	7
Warning Letters Issued	39
Verbal Counselling Letters Issued	15
Disqualification	2
Remedial Training	1
Downgrades	3
TOTAL	**85**

Table 5: Breakdown of sanctions taken against aviators

STRATEGIC OUTCOME-ORIENTED GOALS

In compliance with the National Treasury guidelines on the development of Strategies and Annual Performance Plans for Schedule 3A entities, the SACAA conducted a situational analysis, employing the **SWOT** (strengths, weaknesses, opportunities, and threats) planning tool, the **PESTLE** (political, economic, social, technological, legal, and environmental) framework as well as the stakeholder analysis to ensure relevance.

In revising the Strategy and developing the 2020/21 Annual Performance Plan, the SACAA ensured alignment to and support for the National Development Plan (NDP) Vision 2030 and the Department of Transport Outcomes.

SACAA 2020/21 STRATEGIC OUTCOMES

The SACAA adopted the following outcomes that inform the Strategic Thrust in the next five (5) years and thus informed the 2020/21 goals:

1. Strengthened safety and security oversight system
2. Financial sustainability
3. Enhanced human capital management
4. Innovation and technology management
5. Improved stakeholder engagement and service excellence
6. Sustained good corporate governance

PERFORMANCE INFORMATION

At the end of March 2021, the SACAA's performance information against the set objectives for the period 1 April 2020 – 31 March 2021 was 100%. The following tables detail the targets and the actual performance quarterly and annually.

PERFORMANCE INFORMATION REPORT

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Achieved	(green)
In Progress	(yellow)
Not Achieved	(red)

Outcome 1: Strengthened Safety and Security Oversight System

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
1	ExCo approved Strategy and regulations on Industry Cyber Security.	Develop an Industry Cyber Security Strategy for ExCo approval.	Conduct stakeholder consultations towards the development of the Industry Cyber Security Strategy and report progress to ExCo	Consultations with external and internal stakeholders took place during the quarter and progress report was approved by ExCo.	Finalise stakeholder consultations towards the development of the Industry Cyber Security Strategy and report progress to ExCo.	Stakeholder consultations towards the development of the Industry Cyber Security Strategy was finalised and a report was submitted to and approved by ExCo.	Develop 1st draft Industry Cyber Security Strategy and report progress to ExCo.	The 1st draft Industry Cyber Security Strategy was developed and progress was reported to ExCo.	Submission of final Industry Cyber Security Strategy for approval by ExCo.	The final Industry Cyber Security Strategy was submitted to ExCo and was approved.	The Industry Cyber Security Strategy was developed, submitted, and approved by ExCo.	N/A	N/A	E: AvSec	Achieved
2	ExCo approved Aviation Safety Plan.	Develop an Aviation Safety Plan for approval by ExCo.	Consult industry stakeholders and report progress to ExCo.	Consultations with stakeholders took place during the quarter and a progress report was approved by ExCo.	Finalise stakeholder consultations towards the development of the Aviation Safety Plan and report the outcome to ExCo.	Stakeholder consultation towards the development of the Aviation Safety Plan were finalised. A report was submitted to and approved by ExCo.	Develop Draft Aviation Safety Plan for ExCo comments.	The draft Aviation Safety Plan was developed, and comments were received from ExCo.	Submit Aviation Safety Plan to ExCo for approval.	The final Aviation Safety Plan was submitted and approved by ExCo.	The Aviation Safety Plan was developed, submitted and approved by ExCo.	N/A	N/A	E: ASO, E: AI	Achieved
3	ExCo approved Risk-Based Oversight model.	Develop a Risk-Based Oversight model for approval by ExCo.	Consult stakeholders towards the development of a Risk-Based Oversight model and report progress to ExCo.	Consultations with the safety operations, infrastructure and aviation security stakeholders took place. A progress report was approved by ExCo.	Develop 1st draft Risk-Based model and report progress to ExCo.	The first draft Risk-Based Oversight model was reported to ExCo.	Submit Risk-Based Oversight model to ExCo for comments.	The Risk-Based Oversight model was developed and presented to ExCo. ExCo provided feedback for improvement on the final version of the model.	Submit Risk-Based Oversight model to ExCo for approval.	The RBO model was submitted and approved by ExCo.	A Risk-Based Oversight model was developed, submitted and approved by ExCo.	N/A	N/A	E: ASO, E: AI, E: AvSec	Achieved

PERFORMANCE INFORMATION REPORT - CONTINUED

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Achieved	(green)
In Progress	(yellow)
Not Achieved	(red)

Outcome 1: Strengthened Safety and Security Oversight System - continued

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
4	Draft RPAS regulations signed off by Exemption and Regulations Department (ERD). Progress report approved by ExCo.	Development of regulations that enforce the monitoring of and tracking of RPAS. Submit draft regulations to ERD for CARCom readiness. Report progress to ExCo.	Consult industry and report outcome to ExCo.	Consultations have taken place with the stakeholders and a progress report was approved by ExCo.	Consult industry and report outcome to ExCo.	Industry consultations took place on 25 September 2020. Progress was reported to ExCo on 29 September 2020.	Develop draft regulations and report progress to ExCo.	Draft Regulations for RPAS were developed and progress was reported to ExCo.	Submit draft regulations to ERD for CARCom readiness and report progress to ExCo.	Final revised draft RPAS regulations have been developed and were submitted to the ERD for CARCom process. Progress report was submitted to and approved by ExCo.	Regulations that enforce the monitoring of and tracking of RPAS operations were developed. The draft regulations were submitted to ERD for CARCom readiness. A progress report was submitted to ExCo.	N/A	N/A	E: ASO	Achieved
5	ExCo approved USAP CMA Preparedness Plan.	Develop and Implement 80% of the USAP CMA Preparedness plan for approval by ExCo.	Develop the preparedness plan and consult with ICS.	A review of all Audit Areas has been conducted and a draft plan was consulted with ICS. ExCo approved the progress report.	Submit preparedness plan for approval by ExCo.	ICAO USAP Preparedness plan was submitted to and approved by ExCo.	Implement 30% of the USAP Preparedness plan and report progress to ExCo.	35% of the USAP Preparedness plan was implemented by the end of the quarter. The report was submitted to and approved by ExCo.	Implement 80% of the USAP Preparedness plan and report progress to ExCo.	The USAP CMA preparedness plan was developed and approved by ExCo. Eighty-two percent (82%) of the USAP Preparedness plan was implemented.	USAP CMA preparedness plan was developed and approved by ExCo. Eighty-two percent (82%) of the plan was achieved and approved by ExCo.	N/A	N/A	E: AvSec	Achieved
6	ExCo approved ICVM preparedness plan.	Develop an ICVM Preparedness Plan for approval by ExCo.	Conduct an ICAO compliance gap analysis against the PQs and make recommendations for ExCo approval.	The ICAO Compliance Gap analysis has been prepared and submitted to ExCo for approval. ExCo approved the progress report.	Develop draft ICVM preparedness plan and consult with Technical Divisions for input and report progress to ExCo.	The draft ICVM preparedness plan was developed, consultation with Technical Divisions was also conducted. The progress report was submitted to and approved by ExCo.	N/A	N/A	Consolidate Divisional input and present final preparedness plan to ExCo for approval.	The divisional input was considered in the development of the ICVM preparedness plan, and the plan was submitted and approved by ExCo in Quarter 2.	The ICVM preparedness plan was developed and approved by ExCo.	N/A	N/A	E: LAC	Achieved

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Achieved	(green)
In Progress	(yellow)
Not Achieved	(red)

Outcome 1: Strengthened Safety and Security Oversight System - continued

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
7	80% of Phase 2 of Improved Personnel Licensing Approach Project Plan implemented and progress reported to ExCo.	Implement Phase 2 of Improved Personnel Licensing Approach project plan and report to ExCo.	Implement 20% of approved Plan and report progress to ExCo.	30% of the improved Licensing Approach plan was achieved. A report was submitted and approved by ExCo.	Implement 40% of approved plan and report progress to ExCo.	45% of the improved Licensing Approach plan was achieved. A report was submitted and approved by ExCo.	Implement 60% of approved plan and report progress to ExCo.	77% of the improved Licensing Approach plan was achieved. A report was submitted to and approved by ExCo.	Implement 80% of approved plan and report progress to ExCo.	100% of the Improved Personnel Licensing Approach project was achieved and reported to ExCo. ExCo approved the final implementation report.	100% of the Phase 2 Improved Personnel Licensing Approach project plan was achieved. A report was presented to ExCo and was approved.	N/A	N/A	E: ASO	
8	100% implementation of the FIU programme.	Develop and implement 100% of the FIU programme to close calibration missions' backlog for all SACAA FIU clients.	Develop the FIU programme to close backlog of calibration missions for approval by DCA.	The FIU backlog recovery programme was submitted to and approved by the DCA.	Implement the FIU programme to close the backlog and report progress to ExCo.	All the Quarter 2 targeted flight inspection missions were achieved as per the plan. A progress report was submitted and approved by ExCo.	Implement the FIU programme to close the backlog and report progress to ExCo.	The backlog with the calibration of South African airports was completedThe organisation is now calibrating facilities at the regional airports. A report was submitted to and approved by ExCo.	Implement the FIU programme to close the backlog and report progress to ExCo.	The FIU backlog programme was developed and approved by the DCA. The calibration was completed for all SACAA FIU clients who qualified and facilities were calibrated as per the plan. Progress report was approved by ExCo.	The FIU programme to close the backlog was submitted to and approved by the DCA. 100% of the missions in the backlog programme was closed and a report was submitted to and approved by Exco.	N/A	N/A	E: CS	
9	Percentage implementation of the GASS plan.	Implement Phase 1 of the General Aviation Safety Strategy and report quarterly to ExCo and Board.	Implement 30% of Phase 1 of the General Aviation Safety Strategy and report progress to Board.	30 % of the plan has been implemented. A progress report was approved by ExCo and progress reported to Board.	Implement 50% of Phase 1 of the General Aviation Safety Strategy and report progress to Board.	50% of the GASS implementation plan was achieved. A progress report was submitted and approved by ExCo. Progress was reported to Board.	Implement 70% of Phase 1 of the General Aviation Safety Strategy and report progress to Board.	78% of the GASS implementation plan was achieved. A progress report was submitted and approved by ExCo. Progress was reported to Board.	Implement 90% of Phase 1 of the General Aviation Safety Strategy and report progress to Board	90% of the GASS implementation plan was achieved. The project report was tabled at ExCo and was approved. Progress was reported to Board.	90% of the GASS implementation plan was achieved. The project report was tabled at ExCo and was approved. Progress was reported to Board.	N/A	N/A	E: ASO	

PERFORMANCE INFORMATION REPORT - CONTINUED

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Status	
Achieved	(green)
In Progress	(yellow)
Not Achieved	(red)

Strategic Outcome 2: Financial Sustainability

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
10	90% Implementation of the ABC model.	Develop the implementation plan for ABC model and implement 90% for approval by the Board.	Consult stakeholders on the ABC model and report progress to ExCo.	Internal and external consultations took place on 15 and 29 June 2020. A report was approved by ExCo.	Develop a project plan for implementation of the ABC model and seek approval from ExCo.	The project plan for the implementation of the ABC model was not approved by ExCo.	Implement 50% of the ABC model and report progress to Board.	The ABC Project plan was approved by ExCo and Board. 50% of the implementation plan was achieved and a report was submitted and approved by ExCo. A progress report was submitted to Board.	Implement 90% of the ABC model and report progress to Board.	The ABC model implementation plan was developed and approved by Board. 100% of the plan was achieved and a report was approved by ExCo. A progress report was submitted to Board.	The ABC model implementation plan was developed and approved by Board. 100% of the plan was achieved and a report was approved by ExCo. A progress report was submitted to Board.	N/A	N/A	E: FIN	Achieved

Strategic Outcome 3: Enhanced human capital management

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
11	HRC approved five-year Human Capital Strategy.	Develop and implement a 5- year comprehensive Human Capital Strategy that supports organisational strategy for approval by HRC.	Conduct consultations with internal stakeholders and report progress to ExCo.	Consultations with stakeholders were concluded in Quarter 1 and a progress report was approved by ExCo.	Develop a 5-year Human Capital Strategy and Plan and submit to ExCo for comments.	The 5-year Human Capital strategy was developed and submitted and approved by ExCo. The Human Capital Strategy was submitted to and approved by HRC.	Submit Human Capital Strategy to HRC for approval.	A five-year Human Capital Strategy and Implementation Plan was developed and approved by the HRC in Q2. The targets due in Quarter 3 were successfully implemented and were approved by ExCo. The implementation report was submitted to Board and was approved.	Implement Year 1 targets in the Human Capital Plan and report to ExCo and HRC quarterly.	A five-year Human Capital Strategy and Implementation Plan was developed and approved by the HRC in Q2. 100% of the Plan was achieved for the year under review. ExCo and HRC approved the report.	A five-year comprehensive Human Capital Strategy and Implementation Plan was developed and approved by the HRC. 100% of year 1 targets were achieved. The report was submitted and approved by ExCo and HRC.	N/A	N/A	E: HR	Achieved

PERFORMANCE INFORMATION REPORT - CONTINUED

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Achieved	
In Progress	
Not Achieved	

Strategic Outcome 4: Innovation and Technology Management

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
12	ExCo approved Business Process Project Plan.	Develop a Project Plan for Business Process Redesign (BPR) for approval by ExCo.	Develop a Project Plan to map Business Processes from As-Is to To-Be for approval by ExCo.	The Business Process Redesign (BPR) Project Plan was submitted to ExCo and was approved.	Consult stakeholders as per Project Plan to draft To-Be processes and report progress to ExCo.	Consultations with relevant Divisions were conducted and all actions in the project plan were implemented as per the project plan. A progress report was submitted to and approved by ExCo.	Consult stakeholders as per Project Plan to draft To-Be processes and report progress to ExCo.	The Q3 targets in BPR Project Plan were not completed as per the plan. A report was submitted and approved by ExCo.	Consult stakeholders as per Project Plan to draft To-Be processes and report progress to ExCo.	The Business Process Redesign Project Plan was developed and approved by ExCo. To-Be processes were drafted with identified Divisions and 108% of the planned activities were completed at the end of the financial year.	The Business Process Redesign Project Plan was developed and approved by ExCo. To-Be processes were drafted with identified Divisions and 108% of the planned activities were completed at the end of the financial year.	The organisation mapped the business processes for additional departments as was scheduled in the project plan. These departments were mapped as part of the training programme of the project team.	N/A	E: CS	
13	Percentage implementation of the ICT Plan.	Implement 90% of Phase 1 of ICT Strategy approved by Board.	Implement 30% of Phase 1 of ICT Plan and report progress to Board.	10% of the ICT activities were completed during the quarter. A report was submitted to and approved by the ExCo and Board.	Implement 50% of Phase 1 of ICT Plan and report progress to Board.	The organisation implemented and achieved a cumulative 58% of the targets in the ICT Strategy in Quarter 2. A progress report was submitted to and approved by ExCo and the Board.	Implement 70% of Phase 1 of ICT Plan and report progress to Board	75% of the Quarter 3 targets were achieved. Reports of the individual targets were submitted and approved by ExCo. A report was submitted and approved by Board.	Implement 90% of Phase 1 of ICT Plan for Board approval.	92% of the ICT Plan was implemented and achieved. A report of this progress was submitted and approved by ExCo. A progress report was submitted and approved by Board.	92% of the ICT Plan was implemented, and a report was submitted to and approved by ExCo. A report was also submitted to and approved by Board.	N/A	N/A	E: FIN	
14	Board approved Research Strategy.	Develop SACAA research strategy and implementation Plan for approval by ExCo.	Consult all relevant stakeholders and report outcome to ExCo.	The progress report on the stakeholder consultations was submitted to ExCo and was approved.	Develop draft research strategy and report progress to ExCo.	Draft Research Strategy was developed and submitted to and approved by ExCo.	Develop final research strategy and submit to ExCo for approval.	The final research strategy was submitted to and approved by ExCo.	Submit final research strategy to Board for approval.	The Research Strategy and implementation plan was developed and approved by ExCo and Board.	A research strategy incorporating an implementation Plan were developed and approved by ExCo and Board.	N/A	N/A	DCA	

PERFORMANCE INFORMATION REPORT - CONTINUED

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Achieved	(green)
In Progress	(yellow)
Not Achieved	(red)

Strategic Outcome 5: Improved Stakeholder Engagement and Service Excellence

No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
15	Percentage implementation of the Stakeholder Management Plan approved by the Board.	Implement 80% of Phase 1 Stakeholder Management Plan and report progress to the Board.	Implement 30% of Stakeholder Management Plan and report progress to Board.	Only 22% of the SMP was achieved during the quarter. A report was submitted to and approved by ExCo and the Board.	Implement 50% of Stakeholder Management Plan and report progress to Board.	The organisation has implemented and achieved a cumulative 61% in the implementation of the Stakeholder Management Plan. A progress report was submitted to and approved by ExCo and the Board.	Implement 70% of Stakeholder Management Plan and report progress to Board.	89% of the SMP was achieved in Quarter 3. A report was submitted to and approved by ExCo.	Implement 80% of Stakeholder Management Plan and report progress to Board.	The SMP final report was submitted to and approved by ExCo. Ninety percent (90%) of the plan was achieved. A progress report was submitted to the Board.	90% of the Stakeholder Management Plan was implemented. A report was approved by ExCo and a progress report was submitted to Board.	N/A	N/A	E: CS	Achieved
16	Percentage implementation of the Customer Contact Centre Plan approved by Board.	Implement 80% of Phase 1 Contact Centre Business Case and report progress to ExCo.	Implement 25% Phase 1 Contact Centre Project and report progress to ExCo.	15% of the Customer Contact Centre targets were achieved at the end of quarter 1. A report was submitted and approved by ExCo. A progress report was approved by Board.	Implement 40%of Phase 1 Contact Centre project and report progress to ExCo.	40% of the targets for Quarter 2 were implemented and a progress report was submitted to and approved by ExCo. A progress report was approved by Board.	Implement 60% of Phase 1 Customer Contact Centre and report progress to ExCo.	60% of the Customer Contact Centre implementation plan was achieved. A report was submitted to and approved by ExCo. A progress report was approved by Board.	Implement 80% of Phase 1 Customer Contact Centre and report progress to ExCo.	100% of the Customer Contact Centre plan was achieved. A report was submitted to and approved by ExCo. A progress report was approved by Board.	100% of the Customer Contact Centre plan was achieved. A report was submitted and approved by ExCo. A progress report was approved by Board.	N/A	N/A	E:CS	Achieved
17	Board approved Transformation Plan.	Develop a three-year Transformation Plan targeting youth, women and people living with disabilities for approval by the Board.	Consult stakeholders and develop a Transformation Plan and seek Board approval.	The Stakeholder consultation was conducted and the transformation plan was developed, submitted to, and approved by ExCo. The plan was submitted to Board and was approved.	Implement 30% approved Transformation Plan and report progress to ExCo.	57% of the Transformation Plan targets were implemented and achieved in quarter 2. A progress report was submitted to and approved by ExCo.	Implement 50% approved Transformation Plan and report progress to ExCo.	62% of the Transformation Plan was achieved in the quarter. A report was submitted to and approved by ExCo.	Implement 80% of approved Transformation Plan and report progress to ExCo.	The Transformation Plan was developed and approved by the Board. 83% of the plan was implemented and ExCo approved the report. The progress report was submitted to and approved by Board.	A three-year Transformation Plan targeting youth, women and people living with disabilities was developed and approved by the Board. 83% of the plan was implemented and ExCo approved the report. The progress report was submitted to and approved by Board.	N/A	N/A	E: CS E: HR E: FIN	Achieved

PERFORMANCE INFORMATION REPORT - CONTINUED

2020/21 PERFORMANCE INFORMATION REPORT – 01 April 2020 – 31 March 2021

Achieved	Green
In Progress	Yellow
Not Achieved	Red

Strategic Outcome 6: Sustained Good Governance

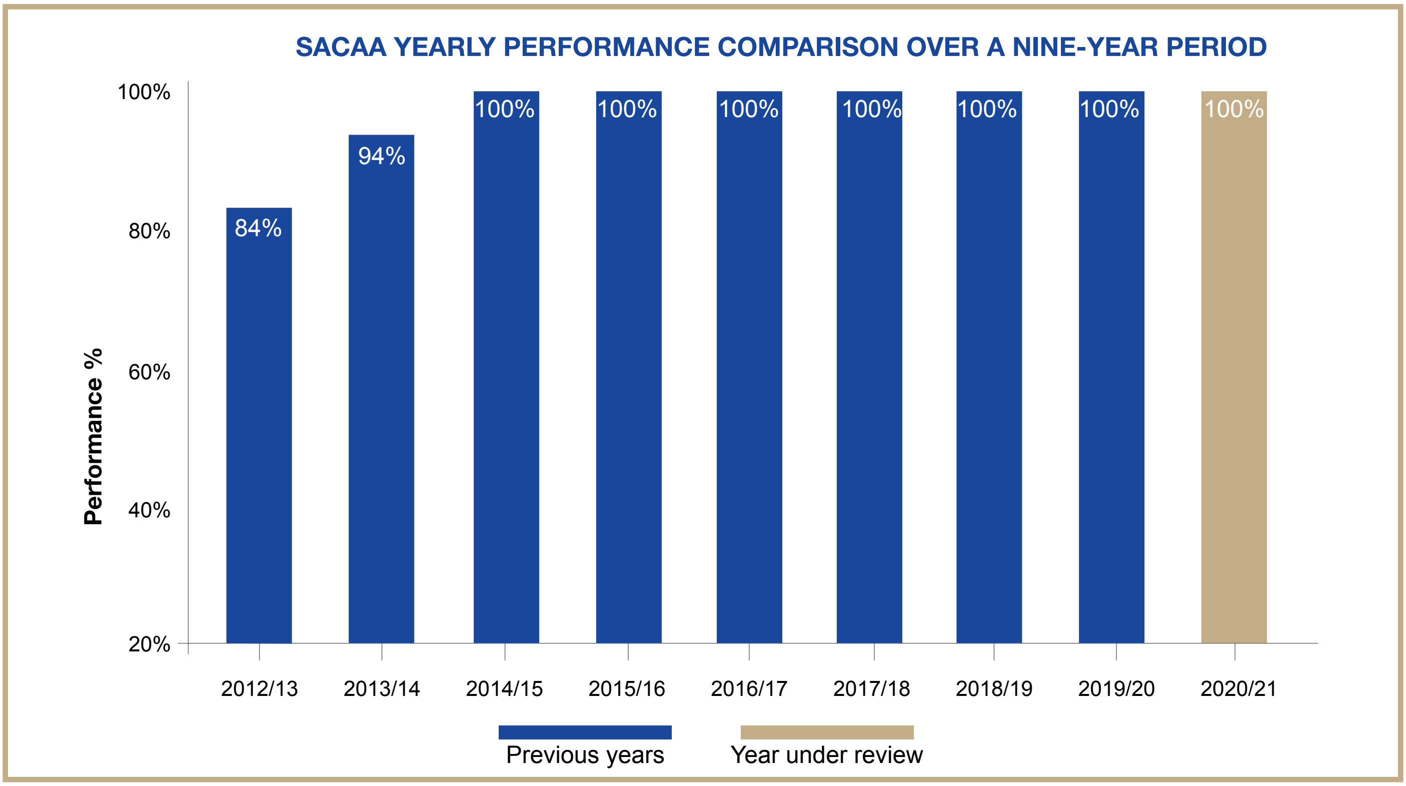
No	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual May 2020	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action Taken for any Deficiencies	Responsible Person	Status
18	Unqualified audit outcome by AGSA approved by the Board.	Achieve unqualified audit with no significant findings approved by the Board.	Develop a corrective action plan for approval by Board.	The AG CAP could not be developed due to the delays in the completion of the audit.	Close 50% of the audit findings and report progress to Board.	The AG Audit CAP was developed and out of 7 findings, 5 were closed, bringing the percentage achieved to 71%. A progress report was submitted to and approved by ExCo and the Board.	Close 75% of audit findings and report progress to Board.	71,4% of the findings were closed by the end of Quarter Three. A report was submitted to and approved by ExCo and Board.	Close 100% of the audit findings and report progress to Board.	100% of the audit findings were closed. A progress report was approved by ExCo and Board.	An unqualified audit with no significant findings was achieved and the audit report was approved by the Board.	N/A	N/A	E: FIN	Green
19	% PFMA Compliance approved by the Board.	100% Compliance with PFMA for approval by the Board.	Achieve 100% PFMA Compliance and report status to ExCo and Board.	100% compliance against the PFMA was achieved during the quarter and a report was approved by ExCo and Board.	Achieve 100% PFMA Compliance and report status to ExCo and Board.	100% PFMA Compliance has been achieved. A progress report was submitted to and approved by ExCo and Board.	Achieve 100% PFMA Compliance and report status to ExCo and Board.	100% PFMA Compliance has been achieved. A progress report was submitted to and approved by ExCo and Board.	Achieve 100% PFMA Compliance and report status to ExCo and Board.	100% of the PFMA Compliance was achieved. A progress report was approved by ExCo and Board.	100% of the PFMA Compliance was achieved. A progress report was approved by ExCo and Board.	N/A	N/A	E: CS	Green

Table 6: The SACAAs Performance Information Report

SACAA ANNUAL PERFORMANCE OVER THE PAST NINE-YEAR PERIOD

The graph below depicts the SACAA's organisational performance over the last nine (9) financial years, i.e. from financial year 2012/13 through to the 2020/21 reporting period.

The SACAA is a Schedule 3A public entity and therefore its performance is audited by the Auditor-General of South Africa (AGSA)



Graph 2: SACAAs Annual Performance over the last nine (9) years

KEY STAKEHOLDER ENGAGEMENTS AND INITIATIVES

Stakeholder engagement continued to form an integral part of the SACAA's regulatory mandate by being an important contributor to SACAA's Outcome 5; namely, **'improved stakeholder engagement and service excellence'**. This outcome plays a a vital role in how stakeholders and the public alike perceive the SACAA, and also drives stakeholder management and regional cooperation.

The objective of stakeholder engagement and regional cooperation is to create and enhance a better understanding among stakeholders of the role and mandate of the SACAA. The SACAA mandate is to administer civil aviation safety and security oversight in the Republic of South Africa and as such provides an essential service in the country and abroad. To this end, the SACAA continued to embark on initiatives to proactively engage those operating within the aviation environment and those that influence the environment, using appropriate and effective communications to build understanding and ownership of the effective implementation of the regulatory role of the SACAA.

To this end, the SACAA held a number of meetings with the Captains of Industry as well as meetings with the Director-General and the Minister of Transport to discuss the Transport Directions allowing for the restart of operations. The SACAA played a leading role in ensuring the drafting of Transport Directions and guidelines as well as performing oversight to ensure compliance with the Transport Directions as assigned by the Ministry of Transport.

Other stakeholder initiatives that the SACAA embarked on for the year ending 31 March 2021:

STAKEHOLDER ENGAGEMENT: DOMESTIC

- On 29 May 2020, the SACAA hosted a virtual Aviation Security Managers Forum (ASMF) meeting. The session's main topic was on operational sustainability under COVID-19 and included renowned speakers from the industry. A meeting targeting security representatives and instructors of Regulated Agents, Aviation Security Training organisations and Security Screening organisations followed. Both sessions received positive feedback from the industry.
- On 26 June 2020, the SACAA held two (2) virtual meeting sessions of the Aviation Security Managers Forum. The first session targeted airports and air carriers, while the second focused on Aviation Security Training Organisations, Screening Organisations, Regulated Agents and Known Consignors. The SACAA used the platforms to consult with the industry on the Industry Cyber Security Strategy and the Risk-Based Oversight Model. Both sessions were well attended.
- In June 2020, the SACAA through the Division: AvSec attended the ORTIA LASC meeting, where ACSA presented a plan to ensure that all staff and arriving passengers are screened prior to entering the Domestic Arrivals Hall. This was in an effort to correct a deficiency identified during a previous SACAA covert test.
- A virtual AvSec Instructor Recertification Workshop was hosted on 30 June 2020.
- The SACAA held a virtual workshop on 30 July 2020 with members of the Local Airport Security Committee (LASC), to discuss the roles and responsibilities of all government agencies, and stakeholders. Focus areas included:
  - o Measures and procedures for the facilitation of potentially disruptive passengers, who are obliged to travel because they have been the subject of judicial or administrative proceedings;
  - o Processes for any inadmissible persons, who arrive by aircraft;
  - o Defining landside security measures and coordination among relevant government agencies and other organisations of the state; and
  - o Contingency plans to respond to acts of unlawful interference.
- The hosting of the Instructor Re-certification Webinar, which was held on 21 August 2020.
- The Virtual COVID-19 Airlines/Airports Regional Guidelines workshops on 25 and 31 August 2020, respectively.
- The successful hosting of the **'On-the-Job** (OJT) Training Personnel Workshop Webinar on 26 August 2020.
- A virtual meeting of the National Aviation Security Committee on 02 September 2020.
- On 24 and 27 November 2020, Awareness Training using virtual platforms to make the air cargo industry and relevant airport role players aware of the security, dangerous goods, and facilitation requirements for importation of the COVID-19 vaccines. An awareness poster was distributed electronically to the air cargo industry, focussing on increasing vigilance among cargo acceptance staff, with regard to suspicious activities and packages. Emphasis was placed on reporting.
- On 4 December 2020, the SACAA held a virtual "Carriage of Sanitisers by Passengers and Crew" Workshop to sensitise the dangerous goods instructors and airlines of the dangers of the carriage of hand sanitisers and the precautionary measures to implement.
- On 14 December 2020, the SACAA held its first virtual working group on **'COVID-19 Vaccine Airfreight Readiness'**. The meeting discussed possible areas of focus that will require attention and planning in preparation

for the arrival and movement of COVID-19 vaccines and was attended by relevant air cargo industry role players and government entities. The subsequent meeting was held 08 January 2021.

- The SACAA embarked on COVID-19 Interdepartmental Protocol Compliance Check Visits in Gauteng, KwaZulu-Natal and Cape Town from 4-5 January 2021. The airports visited were OR Tambo International Airport, King Shaka International Airport and Cape Town International Airport.
- A virtual meeting was held on 29 January 2021 with industry participants, to update them on amendments to the SA-CATS 109 and 110. The updates were well received by the industry.
- Three (3) meetings, were held on 8 and 19 January 2021 and again on 2 February 2021 with the Vaccine Readiness Working Group. A total of 73 participants took part in these meetings.
- The SACAA continued its participation in the work of the Multidisciplinary COVID-19 Vaccine Facilitation Team, which coordinates the movement of vaccines.
- On 26 February 2021, the SACAA, through the AvSec Division met with representatives of the SAPS Chief Inspector of Explosives, to discuss operational matters of mutual interest. Both parties reiterated their commitment to sound relationships and mutual cooperation.

STAKEHOLDER ENGAGEMENT: INTERNATIONAL

- On 4 May 2020, the SACAA attended a virtual meeting of the AvSec Panel to discuss the plan regarding the intersessional work for the year 2020.
- On 5 May 2020, the SACAA attended a virtual meeting, convened by the ICAO ESAF Regional Office for CMA National Coordinators, to discuss operations during COVID-19.
- On 9 May 2020, the SACAA assisted with the facilitation of a shipment of ventilators that arrived on 11 May 2020. The ventilators were donated by the US Federal Government to South Africa and the shipment was received by the US Ambassador to South Africa. With the assistance of the Airports Company of South Africa (ACSA), in particular the O.R. Tambo International Airport (ORTIA) Airport Security

Manager and the Security Manager of World Flight Services (WFS) at Foreign Cargo ORTIA, the Ambassador was escorted to a designated area within the WFS warehouse for a photo session.

- On 27 May 2020, the SACAA attended a virtual meeting of the ICAO DG Panel, to share information during this period of COVID-19.
- The third (3rd) ICAO UPU Contact Committee was held virtually over the period 22-23 June 2020. Discussions mainly centred on safety regarding dangerous goods, mail items containing lithium batteries and areas of cooperation. Mr Nico Smit, a representative from the SACAA, was nominated as the Co-chair of the meeting. A subsequent meeting was held in March 2021.
- The ICAO Working Group on training held a virtual meeting from 13 – 15 October 2020. The focus of the meeting was mainly on security culture. The year 2021 was thus declared the **'Year of Security Culture'** and the Working Group was expected to develop the tools to assist countries in implementing a security culture, as a priority action from the Global Aviation Security Plan (GASeP).
- Furthermore, in preparing the states to participate in the **'Year of Security Culture'**, the Working Group piloted a Security Culture workshop on 30 November 2020. A total of 12 member states attended and participated in the training, which included South Africa, Belgium, Portugal, the UK, the USA, Italy and other observers from ICAO.
- On 29 October 2020, the SACAA met with the General Authority of Civil Aviation of Saudi Arabia (GACA) regarding technical cooperation between the two authorities with regard to the Sling aircraft technical support assistance.
- On the same day, the SACAA attended a virtual meeting of the 8th RASFALG-AFI, which also reiterated the pronouncement of the year 2021 as the **'Year of Security Culture'** and encouraged African states to prepare presentations for the event. New targets were introduced, comprising security culture and improvement of the technical resources. Among other points of discussion, were the review and alignment of the Windhoek targets, and some deadlines were moved owing to the outbreak of the COVID-19 pandemic. At the end of the reporting period, the level of implementation for the Windhoek targets as per the survey results stood at 62%. The meeting also pointed

out that capacity building should focus on targets 1, 6, 9, 14 and 15. The Council Aviation Recovery Taskforce (CART) Report was also discussed, although South Africa is not a CART member at this stage. The Effective Implementation (EI) was reported to be at 60.3% as of March 2020. CASE project activities were also discussed and the following training to assist countries was announced:

- o Insider threat
- o Vetting awareness
- o Vulnerability assessment
- o Chemical and biological

- The 14th meeting of the ICAO Working Group on Air Cargo Security (WGACS) was held virtually on 17-18 November 2020. The ICAO Secretariat provided an update on the threat and risk picture. Hong Kong and China gave a presentation on its Account Consignor (AC) phase-out processes. The European Commission (EC) provided an update on its plans to implement its Pre-Load Advance Cargo Information (PLACI) system, which began in March 2021. The security challenges being faced by the air cargo industry during the COVID-19 pandemic, were also discussed.
- On 31 March 2021, the SACAA presented a paper during a virtual meeting on the topic: **'Regulatory Review, at IATA Africa and Middle East Regional Workshop, on Vaccine Distribution and Cargo Safety'**. The presentation covered the regulatory overview, emerging cargo safety issues emanating from the new processes adopted due to the pandemic, and preparations to mitigate safety issues that could arise during the vaccine distribution task.

OTHER STAKEHOLDER ENGAGEMENTS – TECHNICAL WORKSHOPS

- The Division: ASO hosted two (2) Webinars focused on the Safety Management & Related Systems Implementation, on 23 June and 26 June 2020, respectively. The Webinars were hosted to discuss how the various safety plans link with SMS and when fully implemented, how all the plans integrate at regional, national and global levels.
- The Personnel Licensing (PEL) Department hosted fifteen (15) virtual workshops to satisfy the SACAR requirements regarding the revalidation of Flight Instructors and Flight Examiners. (19, 20, 26 & 27 August, 2, 3, 16 & 17 September, 7, 8, 21 & 22 October, 4 and 5 November and 2 December 2020.)
- The General Aviation Safety Strategy (GASS) was officially launched at a virtual event to the aviation industry on 11 September 2020, to contextualise its objectives and further communicate the implementation plan. The platform was also used to call for nominations from industry into the various Focus Groups that will be the actual drivers of the implementation of the goals and outputs of the Strategy.
- The Personnel Licencing (PEL) Department also hosted Virtual Workshops for the Air Traffic Services Designated Examiners and Cabin Designated Examiners and instructors, which were compulsory for their redesignation on 15 September, 13 October, 20 October, and 10 November 2020 respectively. The Webinars were attended by a total of 153 attendees. The meetings also addressed the changes in travel protocols, training, assessments and SACAA requirements in the context of the COVID-19 pandemic.
- The Division: AvSec hosted an ICAO USAP-CMA Industry Readiness Webinar on 7 October 2020, which was attended by 60 delegates.
- The Centralised Occurrence Report System was launched through a virtual platform on 4 November 2020, with 170 industry members in attendance.
- The Division: AvSec also hosted initial Instructor Workshops on 4-5 November 2020 and the Regulated Agents and Known Consignor workshop on 13 November 2020, to communicate amendments to security measures as per ICAO requirements.
- The Division: AvSec hosted the AvSec Aviation Security Training Instructors' workshop on 4 February 2021 and the Training & Certification Forum on 10 March 2021, which were attended by various AvSec stakeholders, inclusive of Aviation Security Training and Screening organisations.
- The AvSec **'On-the-Job** (OJT) training workshop was held on 18 March 2021, which focused on Part 110 and was attended by a total of 110 delegates.

AVIATION CAREER AWARENESS

One of the SACAA's organisational outcomes calls for the implementation of an Outreach Programme aimed at demystifying aviation to predominantly and previously disadvantaged communities. The aim is to build interest and awareness of aviation and its associated industries among learners, graduates, and the public. Additionally, the Aviation Awareness Programme ensures the SACAA's presence and visibility around the country during selected Science, Technology, Engineering and Mathematics **(STEM)** related career exhibitions coordinated by collaborative partners, including the Department of Transport.

The SACAA's Aviation Awareness Programme also includes the management of awareness events, ranging from school visits, school airport tours, aviation youth shows and the annual October Month Career Exhibition and airshows. The mandate extends to the SACAA's full participation in logistical preparations for the commemoration of the annual International Civil Aviation Day (ICAD) Career Expo and Airshow, led by the Department of Transport as the shareholder.

Due to the COVID-19 lockdown regulations which prohibited most physical events, the SACAA too, could not activate and implement programmes requiring physical interactions. As a result, during the reporting period, no school visits were undertaken, instead the SACAA embarked on a nationwide community radio campaign to create awareness around careers in the aviation industry. The interviews focused on aviation career awareness, transformation and opportunities in aviation. At the end of the reporting period, the SACAA had conducted 53 interviews on 41 radio stations and one (1) television programme. This was against the planned target of 27 interviews on radio for the reporting period, which translated into an over-achievement of 155%. The interview slots were secured at no cost to the SACAA. The campaign's combined listenership and reach was estimated to be in excess of 13 million.

Over and above the radio campaign, the SACAA produced the Aviation Career TV series that focused on careers and opportunities within the aviation industry, including careers in piloting, engineering and air traffic control. The videos aired by Career TV were shared on the SACAA's social media platforms – such as its YouTube channel, Facebook page as well as uploads of each episode on the SACAA's Twitter and Instagram feed.

Over and above the aforementioned initiatives, the SACAA attended and participated in two (2) Exhibitions relating to career awareness – the Heritage Celebrations in Ga-Kibi Village in the Limpopo Province at the invitation of the Department of Transport and a three-day TETA Aerospace Virtual Career Expo, held towards the end of the reporting period.

ACCIDENT AND INCIDENT INVESTIGATION DIVISION

The Accident and Incident Investigation Division is responsible for:

- Investigating aircraft accidents and serious incidents;
- Identifying weaknesses in the activities of the civil aviation industry;
- Making safety recommendations to be implemented by the Regulator as well as the industry; and
- Ensuring that there is no recurrence of similar accidents in the future.

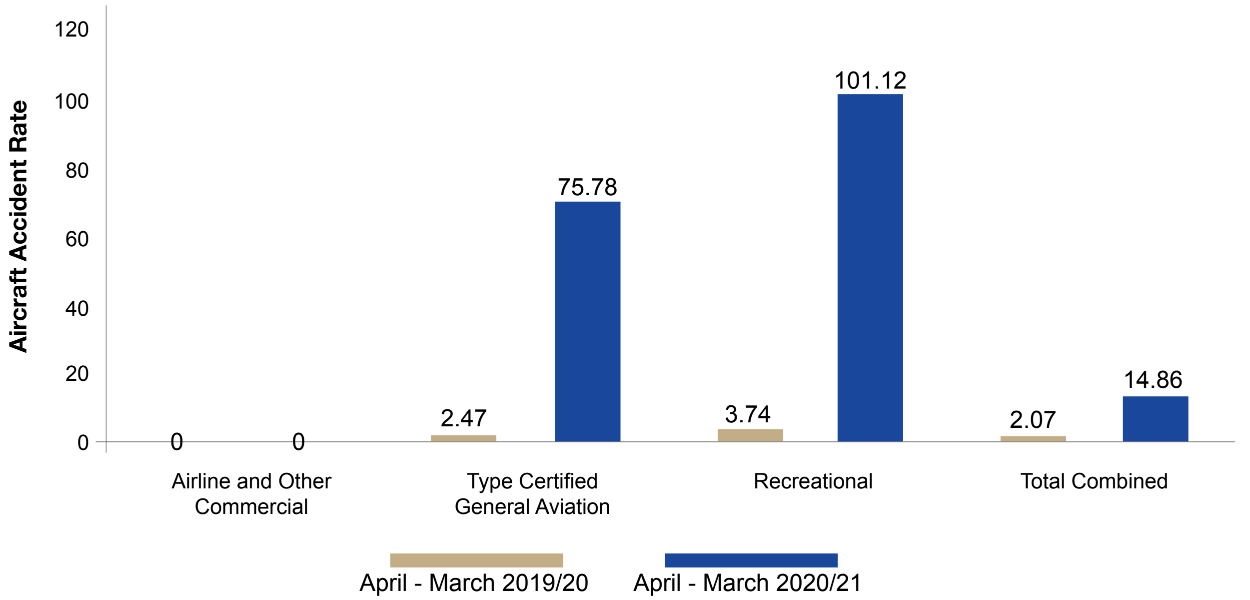
This section of the report provides a comparative analyses of the aircraft accidents and incidents. The below table demonstrates the aircraft movement statistics against the types of operations. The statistics clearly shows the decrease in the number of hours flown between 2019/20 and 2020/21.

Type of Aircraft Operations	Estimated Number of Hours Flown per Aircraft Operations 2019/20	Estimated Number of Hours Flown per Aircraft Operations 2020/21
Airline and Other Commercial	658 514	44 686
Type Certified General Aviation	207 314	52 336
Recreational	115 174	17 876

Table 7: Types of aircraft and hours flown between 2019/20 and 2020/21

AIRCRAFT ACCIDENT RATE

The aircraft accident rate is calculated using the actual number of accidents in the operations category and the estimated hours flown aggregated per 10 000 flying hours. The graph below indicates the comparison of the accident rates per 10 000 hours flown between the 2019/20 and 2020/21 financial years.



Graph 3: Accident rates between 2019/20 and 2020/21

ACCIDENTS PER AIRCRAFT CATEGORY AND OPERATION TYPE

Operations Category	Total no. of accidents 2018/19	% Contribution 2018/19	Total no. of accidents 2019/20	% Contribution 2019/20	Total no. of accidents 2020/21	% Contribution 2020/21
Agricultural Operations	6	7%	9	9%	12	13%
Air Ambulance Operations	0	0%	0	0%	1	1%
Air Transport Operations: Small Aeroplanes	0	0%	2	2%	0	0%
Aviation Training Organisation	12	14%	30	31%	23	24%
Commercial Helicopter Operations	2	2%	0	0%	1	1%
Commercial Operations NTCA	1	1%	1	1%	1	1%
Corporate Aviation Operation	2	2%	0	0%	0	0%
General Aviation and Operating Flight Rules	34	41%	26	26%	25	25%
General Maintenance Rules	1	1%	0	0%	0	0%
Operation of Non-Type Certificated Aircraft	25	29%	30	31%	33	34%
RPAS	3	3%	0	0%	1	1%
Grand Total	**86**		**98**		**97**	

Table 8: Accidents per aircraft category and operation type in the past three financial years – 2018/19, 2019/20 and 2020/21

During the 2020/21 financial year, the majority of the accidents were in the operations category of Non-Type Certificated Aircraft which attributed to 34% of the total accidents recorded. This was followed by the general aviation and aviation training organisations which accounted for 25% and 24% respectively of the total number of accidents.

Further analysis shows that the 2020/21 financial year, compared to the previous 2019/20 financial period, indicates the following results in the operational categories:

i. Agricultural Operations increased by 4%
ii. Aviation Training Organisation decrease by 7%
iii. General Aviation and Operating Flight Rules decrease by 1%
iv. Operation of Non-Type-Certified Aircraft increased by 3%

FATAL ACCIDENTS PER OPERATIONAL CATEGORY BETWEEN 2018/19 AND 2020/21 FINANCIAL YEARS

Even though the Regulator targets to reduce the number of accidents by 50% from the 2020/21 until the 2024/25 financial years, the main concern is the loss of life as a result of aircraft accidents. Below is comparative data on the number of accidents vs fatal accidents per operational category between the financial years 2018/19 and 2020/21. A slight decrease in the number of accidents is observed in the last two (2) financial years whilst an increase is noted in the number of fatal accidents in the last two (2) financial years. This increase may have an impact in the number of fatalities.

ACCIDENTS PER AIRCRAFT CATEGORY AND OPERATION TYPE

Operations Category	2018/19		2019/20		2020/21	
	No. of Accidents	No. of Fatal Accidents	No. of Accidents	No. of Fatal Accidents	No. of Accidents	No. of Fatal Accidents
Agricultural Operations	6	1	9	2	12	3
Air Ambulance Operations	0	0	0	0	1	1
Air Transport Operations: Small Aeroplanes	0	0	2	1	0	0
Aviation Training Organisation	12	1	30	2	23	3
Commercial Helicopter Operations	2	1	0	0	1	0
Commercial Operations NTCA	1	1	1	1	1	0
Corporate Aviation Operation	2	0	0	0	0	0
General Aviation and Operating Flight Rules	34	6	26	3	25	5
General Maintenance Rules	1	0	0	0	0	0
Operation of Non-Type Certificated Aircraft	25	5	30	4	33	4
RPAS	3	0	0	0	1	0
Grand Total	**86**	**15**	**98**	**13**	**97**	**16**

Table 9: Fatal accidents per operational category between 2018/19 and 2020/21 per financial year

SERIOUS INCIDENTS PER OPERATIONS BETWEEN 2018/19 AND 2020/21 PER FINANCIAL YEAR

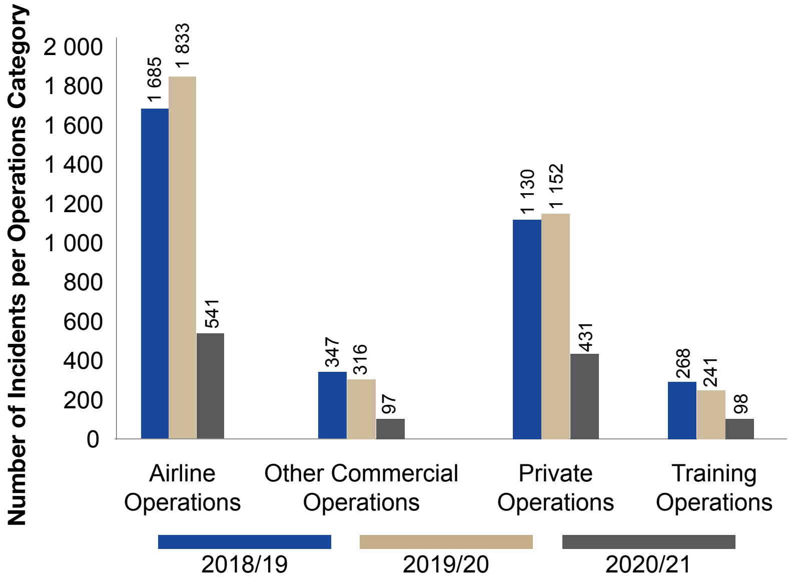
During the 2020/21 financial year, the breakdown of serious incidents recorded indicate that 33% of the serious incidents were attributable to Aviation Training Organisations, 27% to General Aviation and 20% to the Operations of Non-Type Certificated Aircraft. The efforts of the General Aviation Safety Strategy must focus on addressing the challenges faced by these three (3) categories of operations. There is a correlation between the number of reported incidents and the number of accident occurrences hence the numbers are an indication of the areas where most accidents would likely come from if the causes are not addressed aggressively.

SERIOUS INCIDENTS PER OPERATION TYPE

Operations Category	2018/19	% Contribution	2019/20	% Contribution	2020/21	% Contribution
Agricultural Operations	3	5%	2	4%	1	3%
Air Ambulance Operations	0	0%	2	4%	0	0%
Air Transport Operations – Carriage on Aeroplanes of more than 19 Passengers or Cargo	7	13%	14	25%	4	13%
Air Transport Operations: Small Aeroplanes	2	4%	3	5%	1	3%
Aviation Training Organisation	12	21%	9	16%	10	33%
General Aviation and Operating Flight Rules	15	27%	11	20%	8	27%
Operation of Non-Type Certificated Aircraft	14	25%	14	25%	6	20%
Operation of Parachutes and Drop zones	1	2%	0	0%	0	0%
General Maintenance Rules	2	4%	0	0%	0	0%
Grand Total	**56**	**100%**	**55**	**100%**	**30**	**100%**

Table 10: Serious incidents per operations between 2018/19 and 2020/21 per financial year

INCIDENTS PER OPERATIONS CATEGORY, COMPARISON BETWEEN 2018/19 AND 2020/21 FINANCIAL YEAR

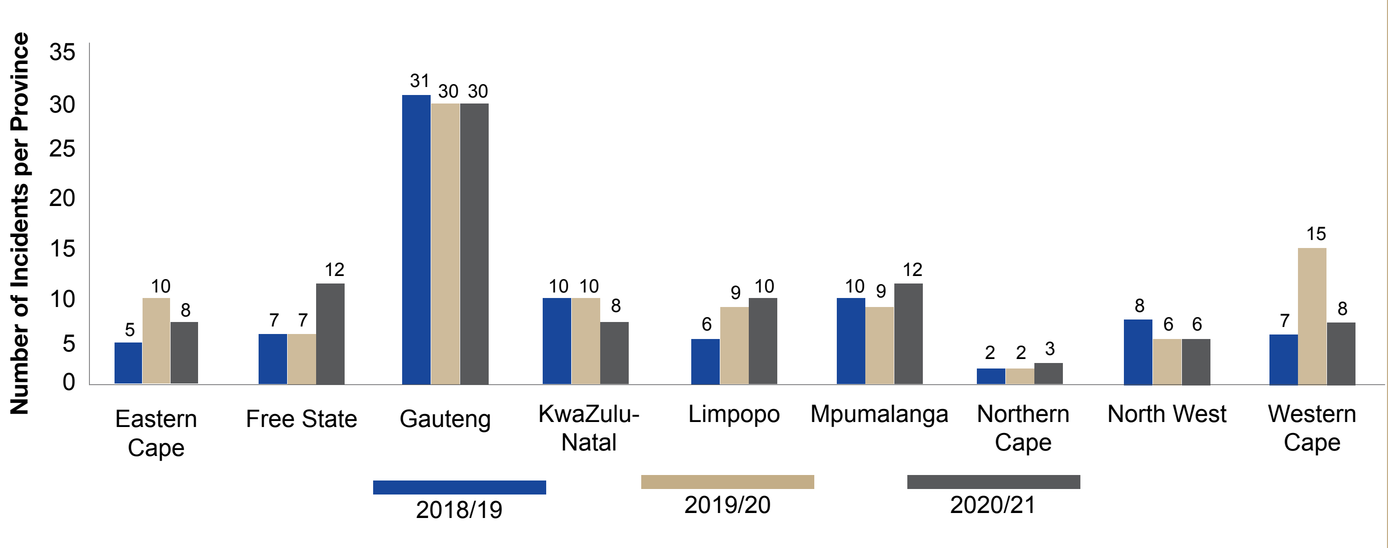


% Contribution of Each Operations Category per FY			
Operations Category	2018/19	2019/20	2020/21
Airline Operations	49%	51%	47%
Other Commercial Operations	10%	9%	8%
Private Operations	33%	33%	37%
Training Operations	8%	7%	8%
Total Operations Category	100%	100%	100%

Graph 4: Incidents per operations category, comparison between 2018/19 and 2020/21 financial year

PROVINCIAL DISTRIBUTION OF ACCIDENTS BETWEEN 2018/19 AND 2020/21 PER FINANCIAL YEAR

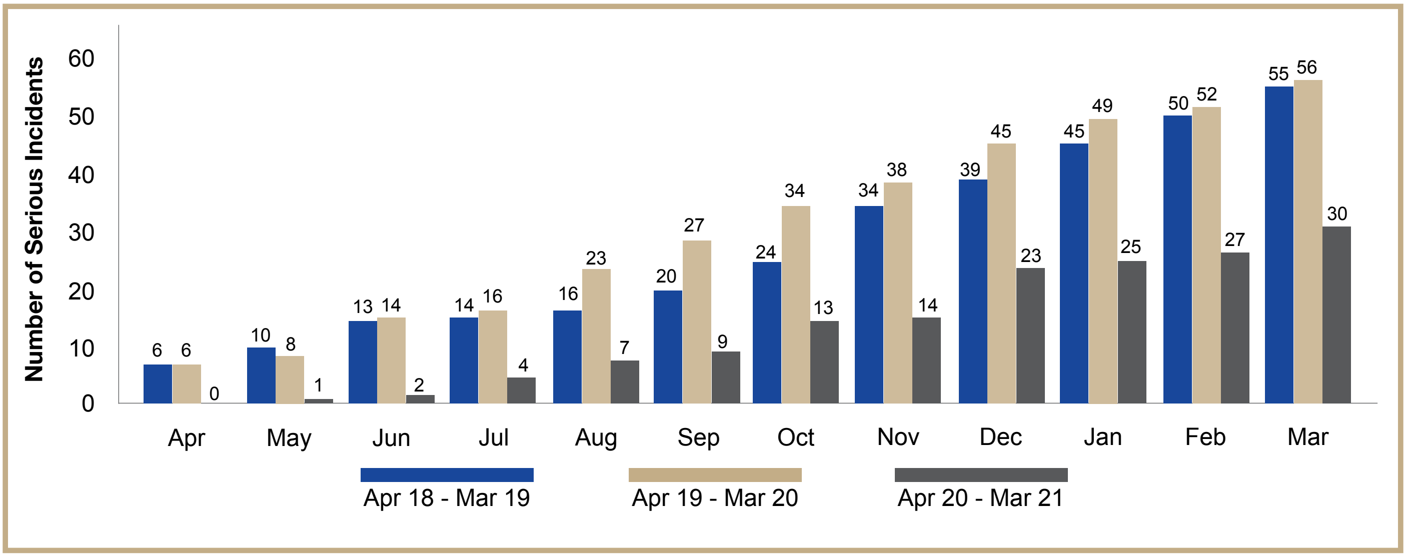
The graph below shows that most of the accidents took place in Gauteng, however the data shows an increasing trend in the number of recorded accidents in Limpopo, Mpumalanga, and the Free State.



Graph 5: Provincial distribution of accidents between 2018/19 and 2020/21 per financial year

SERIOUS INCIDENTS REPORTED BETWEEN 2018/19 AND 2020/21 FINANCIAL YEARS

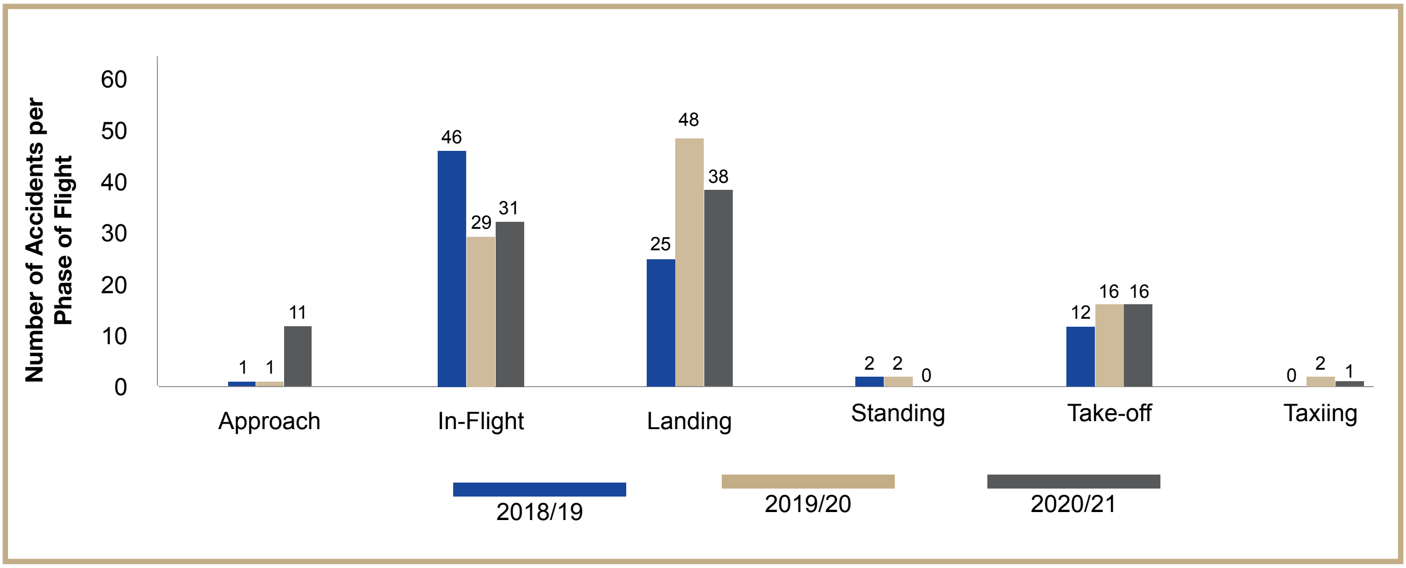
A total of 30 serious incidents were reported from 1 April 2020 to 31 March 2021, which is a 45% decrease in the number of serious incidents recorded compared to the 2019/20 financial year. The graph below gives a comparison of reported accidents between 2018/19, 2019/20 and 2020/21 respectively.



Graph 6: Cumulative serious incidents reported between 2018/18 and 2020/21 financial years

ACCIDENTS PER PHASE OF FLIGHT BETWEEN 2018/19 AND 2020/21 PER FINANCIAL YEARS

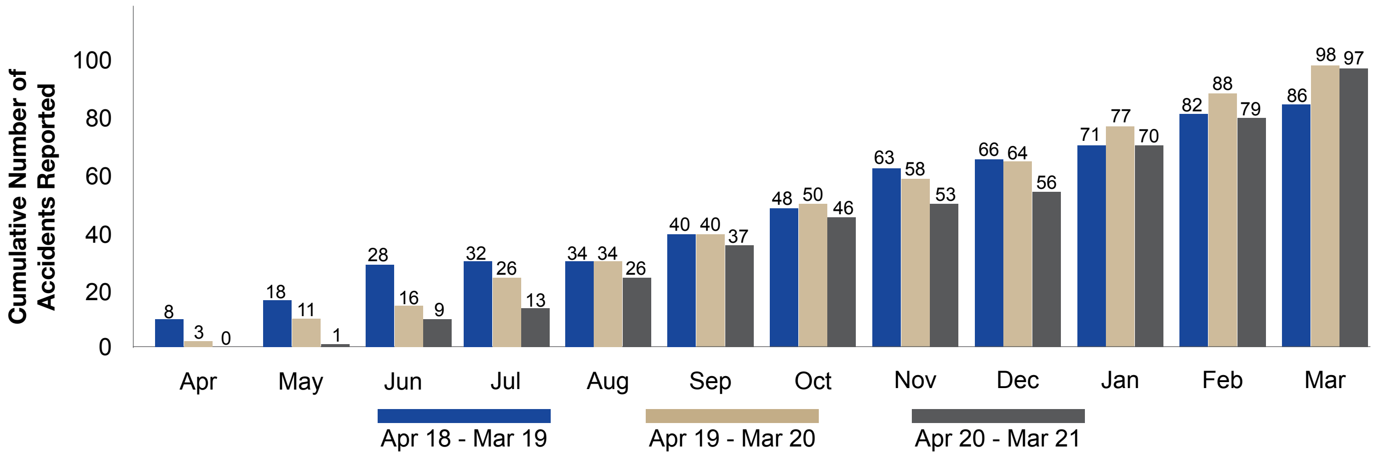
The graph below depicts the aircraft accident occurrences per phase of flight or operations. According to this graph most accidents occur either during landing or inflight followed by the take-off phase of the flight.



Graph 7: Accidents per phase of flight from 2018/19 to 2020/21 financial years

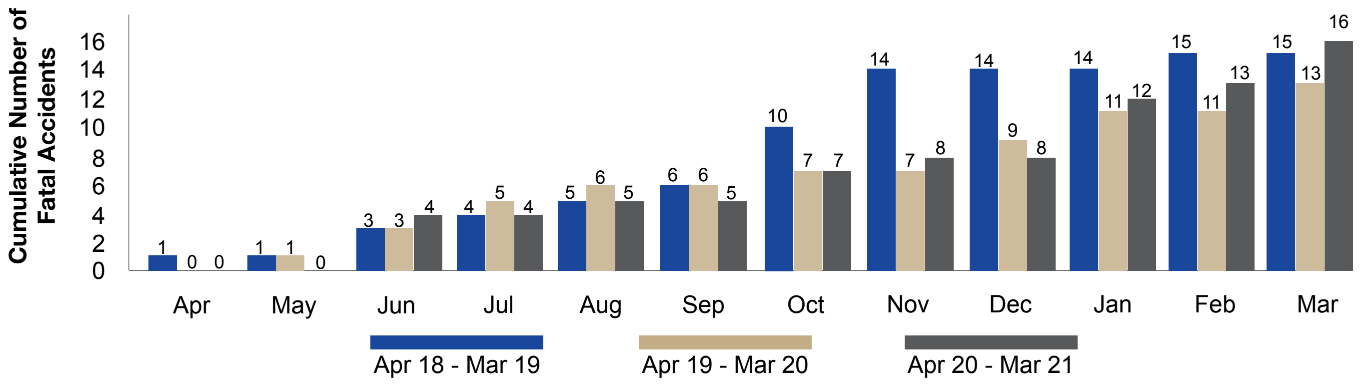
CUMULATIVE NUMBERS OF ACCIDENTS REPORTED: THREE-YEAR COMPARISON

A total of 97 accidents were reported from 1 April 2020 to 31 March 2021, which is a 1% decrease in the number of accidents recorded in the current financial year as compared to 2019/20. The graph below gives a comparison of reported accidents between 2018/19, 2019/20 and 2020/21 respectively.



Graph 8: Cumulative number of accidents from 2018/19, 2019/20 and 2020/21 financial years

CUMULATIVE NUMBER OF FATAL ACCIDENTS: THREE-YEAR COMPARISON

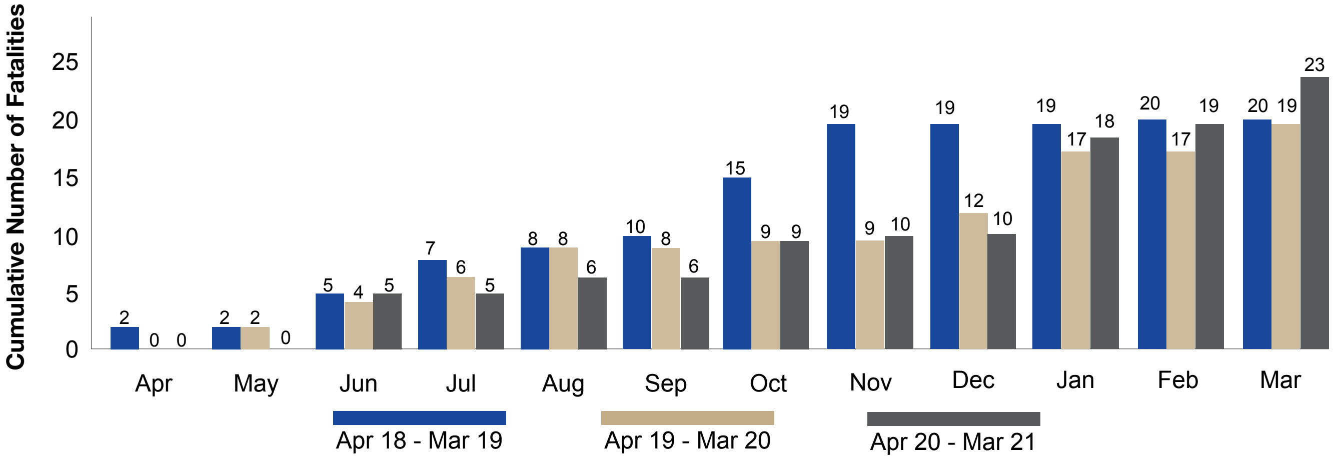


Graph 9: Cumulative number of fatal accidents from 2018/19 to 2020/21 financial years

The graph above depicts a three-year cumulative comparison of fatal accidents. The number of fatal accidents recorded in 2020/21 increased by 23% when compared to the same period for 2019/20. In June 2020, following the easing of the hard lockdown, a spike in the number of fatal accidents was observed and this was the case again in January 2021, in which both months recorded four (4) fatal accidents, respectively.

CUMULATIVE NUMBER OF FATALITIES: THREE-YEAR COMPARISON

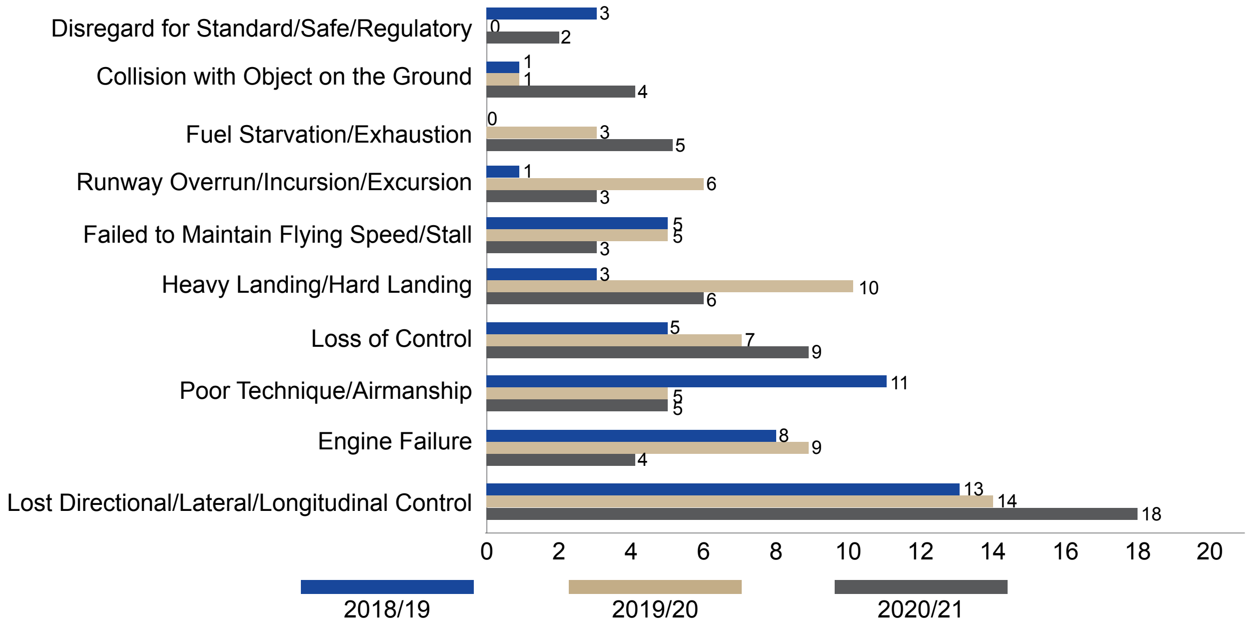
The number of fatalities resulting from fatal accidents in the current period of 2020/21 has increased by 21% compared to the same period in 2019/20.



Graph 10: Cumulative number of fatalities: 2018/19/20, 2019/20 and 2020/21 financial years

TOP 10 CAUSAL FACTORS ATTRIBUTED TO ACCIDENTS BETWEEN 2018/19 AND 2020/21 PER FINANCIAL YEAR

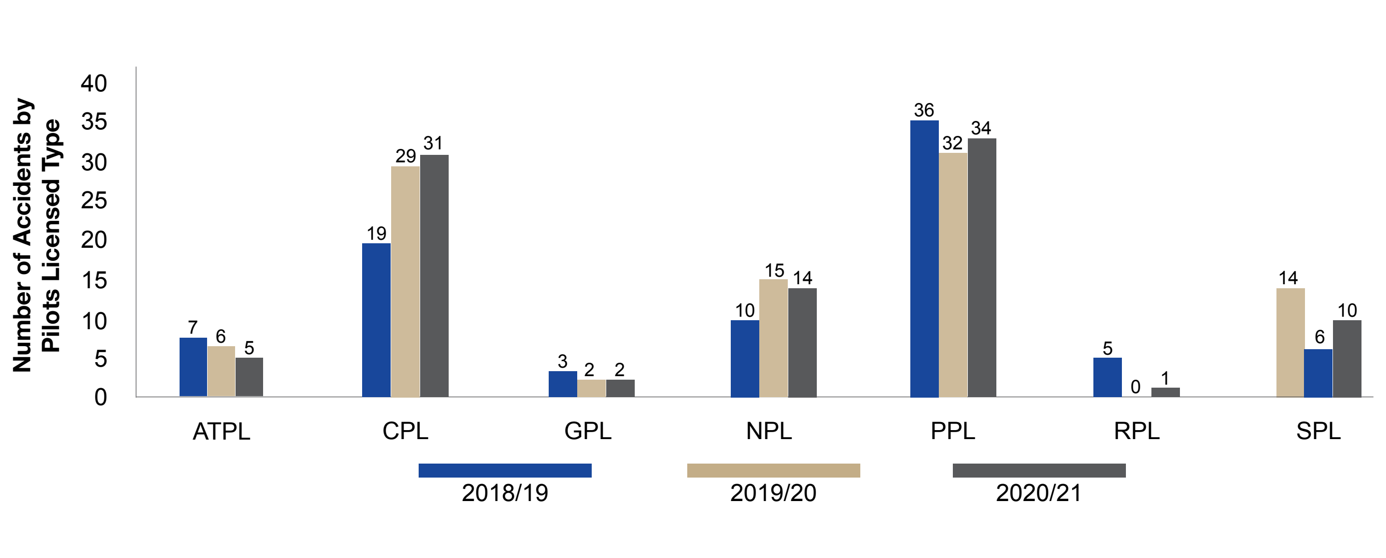
Below is the breakdown of leading causal factors between 2018/19 and 2020/21



Graph 11: Top 10 causal factors attributed to accidents between 2018/19 and 2020/21 financial years

LICENCE TYPE FOR PILOTS INVOLVED IN ACCIDENTS BETWEEN 2018/19 AND 2020/21 PER FINANCIAL YEAR

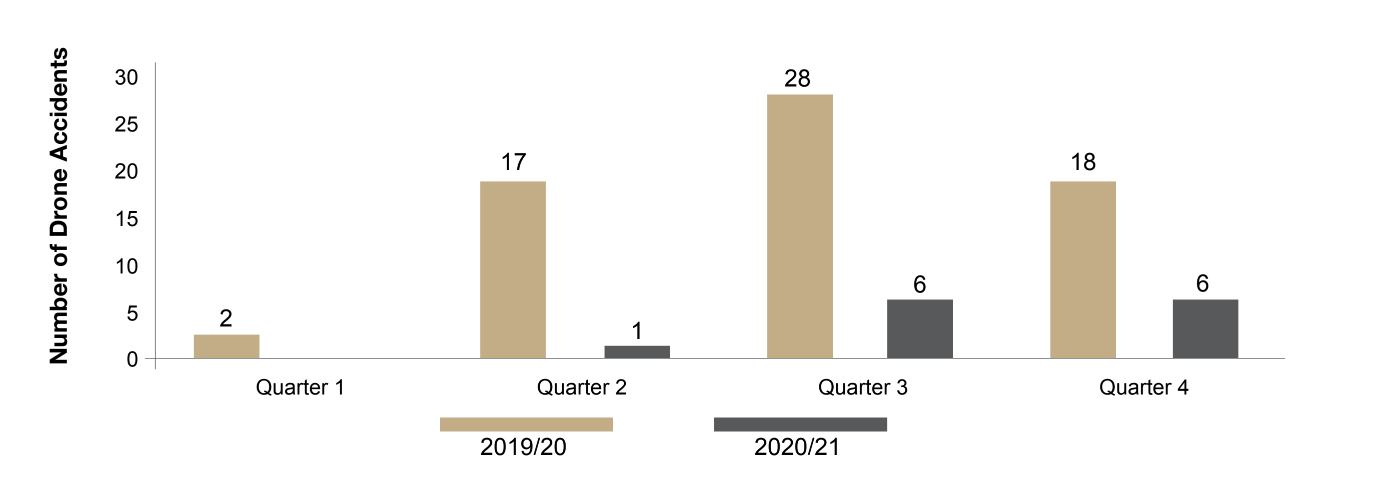
For the accidents which occurred between 2018/19 and 2020/21, on average the highest number of accidents involved Private Pilot Licence holders followed by Commercial Pilot Licence holders.



Graph 12: Licence type for Pilots involved in accidents between 2018/19 and 2020/21 per financial year

DRONE STATISTICS

For the year under review (2020/21), the AIID recorded 13 events involving drones, whereas in 2019/20, 65 events were recorded.

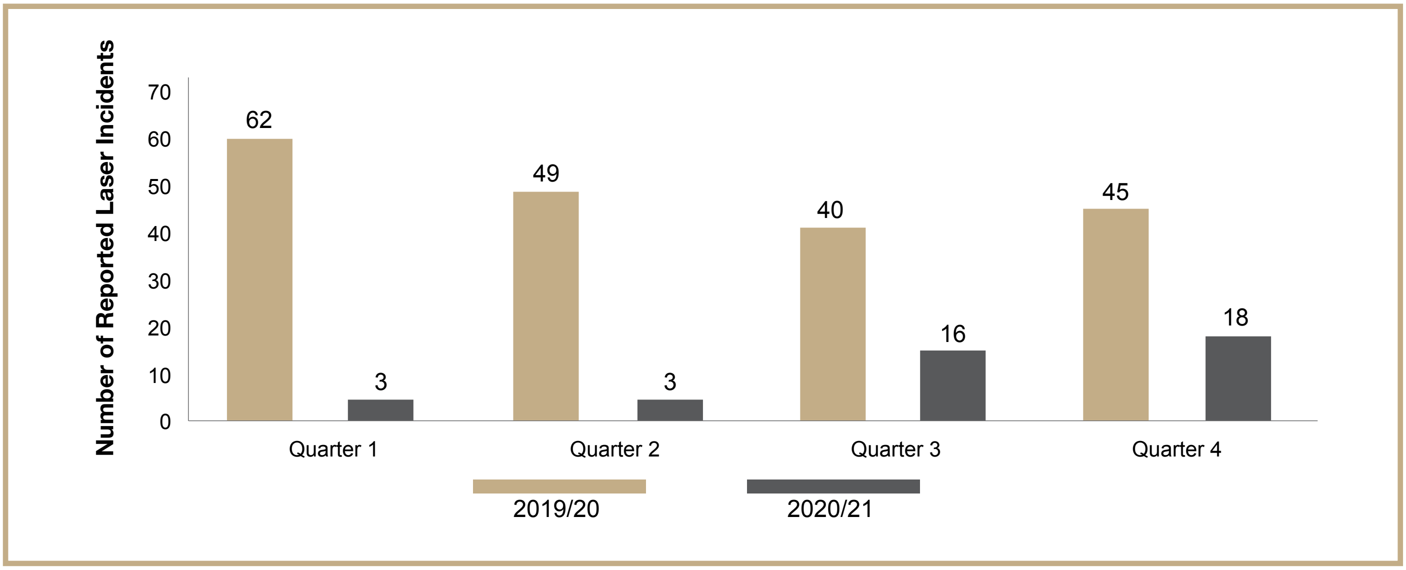


Graph 13: Drone statistics

The data above was only collected from the 2019/20 and 2020/21 financial years.

LASER ACTIVITIES STATISTICS

In the period under review, the SACAA recorded a total of 40 laser activities. This is in comparison to the 196 laser activity events recorded in 2019/20, resulting in a decrease of 80%. This decline is attributed to less aviation activity as a result of the pandemic.



Graph 14: Laser Activities Statistics

The data above was only collected from the 2019/20 and 2020/21 financial years.

SURVEILLANCE AND OVERSIGHT AUDITING ACTIVITIES

The next tables provide a comprehensive analysis of the Master Oversight and Surveillance Plan (MOSP) activities.

AVIATION SAFETY OPERATIONS DIVISION

The Aviation Safety Operations Division achieved 87% against the annual target of 95% on the MOSP.

AVIATION SAFETY OPERATIONS DIVISION SCORECARD 2020/21

Strategic Objective	Audit Areas	Annual Status				Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		Status
		*RT	*RA	**ST	**SA	RT	RA	ST	SA	RT	RA	ST	SA	RT	RA	ST	SA	RT	RA	ST	SA	
Strengthened safety and security oversight system	Aircraft Maintenance Organisation	429	300	86	135	107	57	21	11	108	84	22	2	107	74	21	28	107	85	22	94	-16%
	Manufacturing Organisation	20	13	4	21	5	0	1	5	5	2	1	4	5	6	1	2	5	5	1	10	42%
	Air Operator Certificate	228	200	54	30	57	33	13	5	57	57	13	18	57	51	14	7	57	59	14	0	-18%
	Aviation Training Organisation	50	83	260	176	14	3	66	14	12	21	66	43	14	44	66	46	10	15	62	73	-16%
	Remotely Piloted Aircraft Systems Panel	39	57	10	1	10	15	3	0	10	18	3	0	9	19	3	0	10	5	1	1	18%
	Flight Simulation Training Device	143	151	0	0	36	25	0	0	36	44	0	0	36	56	0	0	35	26	0	0	6%
	AvMed (International Airport Inspection)	0	0	13	21	0	0	4	6	0	0	3	11	0	0	3	2	0	0	3	2	62%
	Design Organisation	13	2	4	17	4	0	1	2	4	2	1	0	4	0	1	7	1	0	1	8	12%
	Foreign Air Operator	0	0	50	15	0	0	12	0	0	0	13	0	0	0	12	14	0	0	13	1	-70%
	Aviation Recreational Organisation	9	7	9	13	3	1	3	0	2	2	2	7	1	2	1	2	3	2	3	4	11%
	TOTAL	**931**	**813**	**490**	**429**	**236**	**134**	**124**	**43**	**234**	**230**	**124**	**85**	**233**	**252**	**122**	**108**	**228**	**197**	**120**	**193**	**-13%**

***RT/RA - Renewal Target/Renewal Actual*

****ST/SA - Surveillance Target /Surveillance Actual*

Table 11: Aviation Saftey Operations Scorecard 2020/21

AVIATION SECURITY DIVISION

In the reporting period, the Aviation Security Division achieved 107% against the target of 95% in the Master Oversight and Surveillance Plan Performance as reflected in the following table:

AVIATION SECURITY SCORECARD 2020/21

Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		Status
	Operations	*Ren Target	Ren Actual	**Surv Target	Surv Actual	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
Strengthened safety and security oversight system	Airports and Airlines	29	24	156	140	5	22	5	16	12	53	6	30	9	45	11	50	3	36	2	44	-11.35%
	Regulated Agents and Known Consignors	136	128	184	200	64	12	57	24	43	44	41	42	15	75	12	68	14	53	18	66	2.5%
	Dangerous Goods	138	176	71	88	19	10	26	9	31	32	43	35	39	21	49	28	49	8	58	16	26.32%
	Training Organisations	27	22	54	79	9	13	9	14	8	15	7	26	5	12	3	17	5	14	3	22	24.69%
	Screening Organisations	28	30	56	60	11	16	14	15	7	11	9	11	7	12	6	11	3	17	1	23	7.14%
	Total MOSP Activities	**358**	**380**	**521**	**567**	**108**	**73**	**111**	**78**	**101**	**155**	**106**	**144**	**75**	**165**	**81**	**174**	**74**	**128**	**82**	**171**	**7.74%**

**Renewal – New approvals and renewal audits*
***Surveillance – Surveillance and follow-up audits (includes addressing of safety and security concerns)*

Table 12: Aviation Security Scorecard 2020/21

AVIATION INFRASTRUCTURE DIVISION

In the reporting period, the Aviation Infrastructure Division achieved 114% against the target of 95% in the Master Oversight and Surveillance Plan Performance.

AVIATION INFRASTRUCTURE SCORECARD 2020/21

Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		Status
	Operations	*Ren Target	Ren Actual	**Surv Target	Surv Actual	RT	RA	ST	SA	RT	RA	ST	SA	RT	RA	ST	SA	RT	RA	ST	SA	
Strengthened safety and security oversight system	Air Traffic Services	28	27	28	25	8	4	7	3	9	9	9	8	6	8	6	6	5	7	5	8	-7%
	Aerodromes	86	115	19	27	25	6	24	6	28	1	36	6	20	4	34	5	13	8	21	10	+35%
	Communication Navigation Surveillance	0	0	55	55	0	28	0	28	0	16	0	16	0	4	0	4	0	7	0	7	0%
	Aviation Environmental Protection	0	0	16	16	0	4	0	1	0	7	0	8	0	2	0	2	0	3	0	5	0%
	Total MOSP Activities	**114**	**142**	**118**	**123**	**33**	**42**	**31**	**38**	**37**	**33**	**45**	**38**	**26**	**18**	**40**	**17**	**18**	**25**	**26**	**30**	+14% Annual Variation

**Renewal – New approvals and renewal audits*
***Surveillance – Surveillance and follow-up audits (includes addressing of safety and security concerns)*

Table 13: Aviation Infrastructure MOSP 2020/21

INFORMATION AND COMMUNICATION TECHNOLOGY

Information and Communication Technology (ICT) remains a strategic driver for the SACAA, relating to strategic outcome number 4: **'Innovation Technology Management'.** The successful realisation of this outcome will enable the SACAA to proactively respond to the changing business environment and technological shifts, while addressing stakeholder needs for efficiency, agility, and client-centricity.

As part of the APP deliverables for the reporting period, the Board approved the three-year ICT Strategy and tender for the ERDMS Project. The ICT Strategy and Implementation Plans are aligned to the SACAA Strategy and Implementation Plan.

ICT STRATEGY

The implementation of the Information and Communication Technology (ICT) Strategy 2020/21 – 2022/23 began in the year under review. The annual target was to implement 90% of Phase I of the ICT Strategy (2020/21 – 2022/23). The organisation achieved 92.5% of its target for the year.

UPDATE ON ICT OPERATIONAL PLAN

The ICT Operational Plan for the year was approved by ExCo. The Plan included all the critical deliverables for the ICT to ensure that operational and business needs are met and that the ICT provides the necessary support services required by the Business Departments to carry out its mandate. As at the end of the reporting period, six (6) of the nine (9) projects were completed (66.6%).

The remaining three (3) projects that are work in progress, will be carried over to the new financial year.

STRATEGIC ICT PROJECTS

ENTERPRISE BUSINESS SYSTEM (EBS)

Implementation of the Enterprise Business System (EBS) was completed at the beginning of the reporting period. All the modules procured by the organisation as part of the original contract were successfully implemented. The better part of the

financial year was spent stabilising the application and ensuring user take-up of the system.

The SACAA also started work on Phase II of the EBS programme, which includes the ability of operators to make online submissions for corrective action handling, online bookings for licence holders' examinations as well as online payments. The modules will be implemented in the coming financial year.

These systems ensure that the organisation can deliver on its mandate and safeguard client-centricity in our services to the aviation industry.

CARD LICENCE PROJECT

The much-awaited Card Licence Project was completed and handed over to the Business Department for implementation. The Card Licence will be phased in from the beginning of the 2021/22 financial year.

The benefits of implementing the Card Licence includes, but is not limited to:

- Improved turnaround times for the issuance of licences, as the cards will not require manual printing and signing by the licensing officers.
- Changes and updates to the licence holder's ratings, medical reports and renewals will not require a new card to be issued every time, as the information will be stored on a portal that is accessible through a 2D barcode found on the card. This will save clients trips to the SACAA office and the courier costs of collecting their licence inserts after every renewal or update.

ELECTRONIC DOCUMENT AND RECORDS MANAGEMENT SYSTEM (EDRMS) **"Shanduka"**

The EDRMS **'Shanduka'** contract was awarded to the successful bidder during the reporting period and the project has begun. Its successful implementation will result in Operators being able to interact with the SACAA without having to visit the physically. Once implemented, the system will further provide the Inspectorate with a bird's-eye view of the Operators, as the EDRMS **'Shanduka'** will also be integrated with the EBS.

The eradication of paper-based processes will also assist the SACAA with implementing the requirements of the POPI Act. This project will be rolled out over a period of three (3) years.

ICT GOVERNANCE

The ICT Steering Committee continued with their oversight responsibilities during the financial year under review. The Committee was established to ensure that the ICT Governance forms an integral part of the overall governance structure of the organisation. The Committee's responsibilities include :

- Overseeing the development and implementation of the ICT Strategy, ensuring that it conforms to and supports the strategic priorities of the SACAA.
- Advising ExCo and the Board on strategic ICT projects and any risks that have been identified relating to the ICT projects.
- Ensuring that ICT Policy initiatives are consistent with the strategic objectives of SACAA and to monitor their delivery and benefit realisation.
- Considering initiatives and innovations to advance the SACAA's Strategy and sustainable growth.
- Monitoring the redressing of all IT audit findings as per the internal and external auditors' reports.

CYBERSECURITY STRATEGY

No Cybersecurity incidents were detected or reported during the reporting period, other than fictitious emails, requesting information or payments. These were all referred to the ICT Department and regular communications were issued to staff advising them not to respond to these types of emails.

The Board approved the Cybersecurity Strategy and Information Security Improvement Plan and the SACAA is in the process of implementing the Information Security Improvement Plan.

As part of ensuring that disruptions related to Cybersecurity do not result in the complete breakdown of the SACAA services, the organisation migrated its critical services and applications to a high availability data centre.

PART C

GOVERNANCE

INTRODUCTION

Good governance remains fundamental to the success of the SACAA, even amidst the COVID-19 pandemic. The pandemic has no doubt tested the resilience of the SACAA's governance systems and highlighted the critical role that effective and inclusive governance can play in times of unprecedented upheaval.

The rising uncertainty brought about by the COVID-19 pandemic, also required a more adaptive governance approach from the SACAA Board of Directors. This approach enabled the SACAA to rapidly and effectively respond with appropriate regulatory policies, anchored by strong leadership both at Board and Management level. The Board and Management remained committed to improving governance, thereby instilling confidence and trust in the SACAA as a regulator, in spite of the challenges experienced by the aviation industry.

The SACAA Board continued to accentuate its responsibility by being robust, resourceful, and adaptable in its deliberations and decision-making. Through inclusive decision-making, the Board strengthened its accountability.

Sustained good governance in 2020/21 entailed more effective policy review and implementation, continued service delivery, in spite of the disruptions to the aviation sector, better management of resources, transparency and greater institutional resilience. Having solid processes, procedures and controls remained the cornerstone of good governance and one of the SACAA's key success factors during the year.

Due to its agile mindset, the Board of Directors retained its focus on sustained good governance in the reporting period, and continued to apply the four (4) corporate governance outcomes articulated in the King IV Report on Corporate Governance™ (King IV Report™) namely:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

This approach ensured that the entity was able to cushion the disruptions created by the COVID-19 pandemic, as well as to recover and adapt to the changing environment. In this period the entity continued to fulfil the same functions and responsibilities as it did prior to the pandemic, while delivering on its core mandate as encapsulated in the Civil Aviation Act.

In the 2020/21 financial year, prominence was placed on the various governance tenets, including financial sustainability, ICT governance, risk management, ethics, legal compliance and information and communication technology. These enabled the Board to mitigate risks appropriately, remain accountable and provide the necessary oversight to Management, while delivering on its strategic imperatives to the Executive Authority.

As part of the governance mandate, the Board held a Strategic Planning Session to review the strategic goals, outcomes, values and vision. These initiatives made governance all-inclusive and ensured that the Board conducted its affairs with accountability, transparency, fairness and prudence, to ensure that the entity remained relevant. Risk, performance and sustainability considerations were effectively integrated into the Board's oversight responsibility and were appropriately balanced.

The Board also kept abreast of the latest developments affecting the SACAA, despite the stringent cost-containment measures in place, thereby ensuring that its consideration of matters of strategy, policy and performance were always robust, informed, and impactful.

As implied above, the Board subscribes to the principles of the King IV Report on Corporate Governance™ and is pleased with the entity's application of the King IV™ principles and will constantly strive for improvement as governance best practices evolve.

The table on the following pages exemplifies the Board's application of the King IV™ principles during the reporting period:

SACAA KING IV™ COMMITMENT

SACAA King IV™ COMMITMENT

Outcome	Principle	Application	Status
1. Ethical Leadership	The governing body should lead ethically and effectively.	The Board adopted a Board Charter that sets the tone at the top and assigns responsibility to the Board to ensure that SACAA is ethically and effectively managed. The conduct of the Board, its committees, individual directors, and the Company Secretary are evaluated and reviewed to establish that those charged with governance, exhibit the required characteristics. Along with directing the strategy of the SACAA and being tasked with its performance, the responsibility for good corporate governance lies with the Board of Directors. Accordingly, Management is required to make strategically sound decisions, complying with the relevant legislation and policies in the interests of all stakeholders, to achieve the principles of good corporate governance. The Board has adopted a set of values and an Ethics Policy, which assist the Board in setting the ethical tone from the top.	The Board is of the opinion that the principle was applied satisfactorily.
2. Organisational Ethics	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board is responsible for creating and maintaining an ethical corporate culture and ensures that the ethical standards that have been set are adhered to in all aspects of the business. Ethical standards and expectations are clearly communicated to all employees and breaches of ethical conduct are viewed in a serious light. The SACAA Board has adopted various ethics governance instruments to enable the effective oversight of ethics.	The Board is of the opinion that the principle was applied satisfactorily.
3. Responsible Corporate Citizenship	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board acknowledges that the COVID-19 pandemic has had a serious impact on the financial affairs of the SACAA but that has not negatively impacted the SACAA's standing as a responsible corporate citizen. The Board has put in place adequate policies to ensure that SACAA remains a responsible corporate citizen. The entity has also adopted a stakeholder-inclusive approach and the Board regularly received reports on corporate social responsibility and stakeholder management activities from Management.	The Board is of the opinion that the principle was applied satisfactorily.
4. Strategy and Performance	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Progress against the adopted SACAA Strategic Plan is monitored on a continuous basis. The Board exercises ongoing oversight of the implementation of the Strategy and Operational Plans by Management against agreed performance measures and targets. Quarterly reports are tabled at Board meetings.	The Board is of the opinion that the principle was applied satisfactorily.
5. Reporting	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	The Board ensures that the annual report provides an accurate, complete, and integrated representation of SACAA's operations during the year, including its financial and strategic performance, corporate governance, risk management and sustainability.	The Board is of the opinion that the principle was applied satisfactorily.

SACAA King IV™ COMMITMENT

Outcome	Principle	Application	Status
6. Responsibilities of the Governing Body	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board meets regularly to fulfil its duties and responsibilities in terms of the adopted Board Charter.	The Board is of the opinion that the principle was applied satisfactorily.
7. Composition of the Governing Body	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Most directors are non-executive and independent. The conduct of the Board, committees, individual directors, and Company Secretary are evaluated and reviewed at least every second year. This is to establish that those charged with governance exhibit the required skills, diversity, independence, and knowledge. It is noted that the composition of the skills required of Board Members is prescribed by Section 77 of the Civil Aviation Act, 2009 (Act No. 13 of 2009).	The Board is of the opinion that the principle was applied satisfactorily.
8. Committees of the Governing Body	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	The Board established the Audit and Risk Committee, Human Resources Committee and the Safety, Security and Environmental Committee to assist it in the discharge of its corporate governance responsibilities. Committees' Terms of Reference (ToR) are reviewed at least annually and the committees are appropriately constituted by considering the relevant skills, expertise and objectives of the SACAA.	The Board is of the opinion that the principle was applied satisfactorily.
9. Evaluation of the Performance of the Governing Body	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair, and its individual members, support continued improvement in its performance and effectiveness.	The effectiveness of the performance of the Board, its committees, individual directors, and the Chairman is assessed every second year. The SACAA is satisfied that the evaluation process improves the Board's performance and effectiveness. The contribution of directors is considered, to determine whether directors still have sufficient time to fulfil their responsibilities with care, skill and diligence and are free from conflict of interest.	The Board is of the opinion that the principle was applied satisfactorily.
10. Appointment and Delegation to Management	The governing body should ensure that the appointment of, and delegation to Management contribute to clarity of roles and the effective exercise of authority and responsibilities.	While retaining overall accountability, and subject to matters reserved for itself, the Board has delegated authority to the Director of Civil Aviation to run the day-to-day affairs of the SACAA, subject to a delegation of authority framework. The delegation of authority framework sets out authority thresholds and governs delegation of key decisions to Management. It is reviewed annually to ensure relevance.	The Board is of the opinion that the principle was applied satisfactorily.

SACAA King IV™ COMMITMENT

Outcome	Principle	Application	Status
11. Risk Governance	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance, and sustainability of the SACAA. The enterprise risk management and combined assurance frameworks, together with other SACAA policies and procedures, inform its risk management culture. The entity has a Risk Committee that considers the material outcomes of these processes and probes risk exposure above the desired levels. This informs the SACAA strategy and assists with decision-making at the Board level. The risk assessment process is formally integrated into the SACAA's annual business planning. A comprehensive Combined Assurance Framework and Plan was adopted and is monitored by the ARC.	The Board is of the opinion that the principle was applied satisfactorily.
12. Technology and Information Governance	The governing body should govern technology and information in a way that supports the organisation to set and achieve its strategic objectives.	The Board has delegated its oversight role of ICT governance to the ARC. An IT Steering Committee is in place at ExCo level, and reports on technology and information communication are tabled quarterly at the ARC. The Cybersecurity Strategy was reviewed and approved by the Board in this reporting period.	The Board is of the opinion that the principle was applied satisfactorily.
13. Compliance Governance	The governing body should govern compliance with the applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Board is responsible for SACAA's compliance with applicable laws, rules, codes and standards. Compliance is monitored by the ARC quarterly. Compliance is implemented through the development and monitoring of the Regulatory Compliance Universe that contains all relevant applicable legislation, categorised according to the level of significance, namely: Critical, High, Medium, and Low.	The Board is of the opinion that the principle was applied satisfactorily
14. Remuneration Governance	The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long-term.	The SACAA's remuneration strategy's objective is to attract and retain key talent and to motivate and reward employees appropriately, to ensure that they achieve key organisational objectives. The SACAA remunerates fairly, responsibly, and transparently, to promote the creation of value in a sustainable manner. The Remuneration Policy aims to enable the attraction and retention of skilled resources and results in rewards that are aligned with shareholder interests.	The Board is of the opinion that the principle was applied satisfactorily.
15. Assurance	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Internal Audit, Risk Committee and the Combined Assurance Committee conduct annual reviews of the SACAA's internal controls and report their findings to the Audit and Risk Committee. This review covers financial, operational and compliance controls, as well as a review of the SACAA's risk management policies and procedures. Internal Audit functions are recommended and monitored, and risks are reported to the Audit and Risk Committee by way of quarterly reporting.	The Board is of the opinion that the principle was applied satisfactorily.

SACAA King IV™ COMMITMENT

Outcome	Principle	Application	Status
16. Stakeholders	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Establishing and maintaining effective stakeholder relationships are not only essential to keep our skies safe and secure, but also to enable the growth of the SACAA. The Board has approved a Stakeholder Management Strategy and Policy. Engagements with stakeholders are aligned with the strategic initiatives identified. The Board understands its responsibility to all stakeholders and therefore considers, as far as possible, the legitimate interests and expectations of its stakeholders as part of its decision-making.	The Board is of the opinion that the principle was applied satisfactorily.
17. Responsibility of Institutional Shareholders	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.	The Board is the custodian of corporate governance across the SACAA. The Delegation of Authority Framework is approved by the Board and reviewed annually. The approved framework and authority levels are implemented throughout the SACAA. Policies are developed and implemented at the operational level of the SACAA. The entity also applies the PFMA and National Treasury regulations and guidelines in terms of investments. An Investment Policy is in place, aligned to these prescripts.	The Board is of the opinion that the principle was applied satisfactorily.

Table 14: SACAA King VI™ Commitment

SACAA's CORPORATE GOVERNANCE

The Board remains the epicentre of corporate governance as enunciated in the King IV Report™. In this reporting period, the Board concerned itself with the following:

- Consideration and approval of the new five-year Strategic Plan 2021/22 to 2025/26, which included the revision of the vision, mission, values, strategic goals, and objectives.
- Consideration and approval of the Annual Performance Plan 2022-2023.
- Finalisation of the Strategic Risk Register for 2022/23.
- Monitoring of the entity's performance against the approved annual targets as per the Annual Performance Plan 2020/21.
- Approval of the following Strategies and Frameworks:
  - Human Resources Strategy and Plan
  - Cyber Security Strategy
  - Ethics Framework.
- Enhancing stakeholder value through oversight over the implementation of the previously approved Stakeholder Management Strategy.
- Oversight over the following key projects: Enterprise Business System, Flight Inspection Unit Aircraft Acquisition and Relocation of the SACAA Head Office.
- The Board successfully held its Annual General Meeting on 27 October 2020 virtually, and all the resolutions tabled were approved by the Shareholder.
- The Board also submitted its Performance Agreement to the Minister of Transport in March 2021 and it was approved.
- The Board Charter and all Committee Terms of Reference were reviewed during the year, as well as various policies and strategies, including the Delegation of Authority (DoA).

The Board affirmed that through its stakeholder-inclusive model, the interests of all stakeholders were considered in developing and implementing the SACAA Strategy, including the Annual Performance Plan.

The Board needs to appreciate its own strengths and weaknesses if it is to govern responsibly and effectively. To this end, the Board successfully conducted its biennial Board evaluation, as required in terms of the Board Charter and as enunciated in the King IV Report on Corporate Governance™. The evaluation was conducted independently and focused on the Board's processes, directors' skills, competencies, and Board dynamics.

The Board evaluation process and report yielded positive results and provided sound feedback to members on their roles and responsibilities. It afforded the Board an opportunity to reflect on its commitments to the Shareholder, the entity and best practices in terms of good governance. It is gratifying to report that the SACAA Board continued to be effective at a functional, administrative, and strategic level during the reporting period.

PARLIAMENT'S PORTFOLIO COMMITTEE ON TRANSPORT

The Accounting Authority received ongoing support and guidance from the Portfolio Committee on Transport. On 18 May 2020, a meeting was held with the Committee to present the Annual Performance Plan 2021/22.

EXECUTIVE AUTHORITY

As prescribed in the Public Finance Management Act, 2009 (Act No.13 of 2009), the Minister of Transport is the Executive Authority.

In terms of the Civil Aviation Act, and in compliance with the Public Finance Management Act, 1999 (No. 1 of 1999) as well as the Board Performance Agreement, the Accounting Authority is expected to provide regular reports on the overall performance of the SACAA to the Executive Authority. The Accounting Authority confirms that in compliance with the aforementioned legislative prescripts, it consistently reported to the Executive Authority on a quarterly basis. All four (4) quarterly reports were submitted timeously to the Executive Authority.

At the end of the reporting period, the Board affirmed that the entity had yet again met 100% of its annual targets, validating an astounding commitment in terms of King IV™ to realise a good, stable performance, despite the volatile economic climate that was brought about by the COVID-19 pandemic. The Accounting Authority maintained an open and transparent engagement with the Executive Authority and regularly informed the Executive Authority of the SACAA's progress, milestones and challenges through written correspondence and interfaces with the Minister and Deputy Minister of Transport.

ACCOUNTING AUTHORITY

The Accounting Authority appreciates the constructive engagements with the Executive Authority on its reported performance and its positive support in dealing with challenges facing the entity from time to time. The Board, as the Accounting Authority, provided strategic direction to the entity and constantly endeavoured to achieve all obligations as stated in the Annual Performance Plan and contracted in the Performance Agreement.

The Accounting Authority presented its 2019/20 Annual Report to the Shareholder at the Annual General Meeting on 27 October 2020, which report was well received by the Executive Authority, represented by the Deputy Minister of Transport. The feedback received from the Shareholder was progressive and encouraging.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control over the governance of the SACAA, and a clear division of responsibility exists at Board and Executive level. It has delegated some of its powers to the Director of Civil Aviation (DCA) and the Executive Committee through a Delegation of Authority (DoA) framework, which was approved by the Board. The DoA, however, does not absolve the Board of its responsibilities and accountability.

THE ROLE OF THE BOARD, AMONG OTHERS IS TO:

- Provide effective leadership.
- Develop the SACAA Strategy and Annual Performance Plan.
- Oversee the SACAA's income, expenditure and assets.
- Determine, oversee, and revise the corporate governance structures within the SACAA.
- Determine, oversee, and revise the human resources policies and human resources strategies of the SACAA.
- Ensure that the SACAA is managed effectively in pursuance of its mission, by providing oversight over the entity's strategies, policies, decisions, and the execution thereof.
- Review and approve the SACAA's financial objectives, plans and actions, including cost allocations and expenditures.
- Ensure that the entity has an effective and independent Audit and Risk Committee.
- Ensure that there is an effective, risk-based internal audit function, as well as effective governance of risk management and information technology infrastructure.
- Ensure that the SACAA complies with all the applicable laws, and also considers adherence to non-binding rules, codes, policies, and standards.
- In line with Section 76 (c), of the Civil Aviation Act, the Board monitors service standards and customer satisfaction levels and reports to the Minister on any matter concerning such issues.

The above-mentioned are not exhaustive, but provide a high-level summary of the roles and responsibilities of the Board as stipulated in the Civil Aviation Act and the Board Charter.

THE BOARD CHARTER

The Board, in keeping with the strategic outcome of sustained good governance, adopted a formal Charter, which is informed by the Constitution of the Republic of South Africa, the Civil Aviation Act, the PFMA and the King IV Report™, among others.

The Charter defines the respective roles, responsibilities, and authority of the Board, both individually and collectively, and reflects the values system in terms of which the Board operates. The Board Charter is reviewed and approved annually to ensure relevance and alignment with the changing governance landscape. It also lays the foundation for a shared understanding of the Board's role throughout the organisation. The Board confirmed that, in the period under review, it had satisfactorily discharged all its duties and obligations as contained in the Board Charter, thereby ensuring value creation in terms of ethics, performance, financial sustainability and human capital.

BOARD COMPOSITION

At the end of the reporting period, the Board comprised seven (7) members, six (6) of whom were appointed by the Executive Authority with effect from 1 December 2018. The Board at the beginning of the financial year had seven (7) Non-Executive Directors and one (1) member, Dr B Suckling, resigned on 17 August 2020. The Executive Authority has not yet filled the casual vacancy.

Members of the Board as at 31 March 2021:

- Mr E Khosa (Non-executive) – **Chairperson**
- Prof. NV Dyani-Mhango (Non-executive) – **Lead Independent**
- Mr M India (Non-executive)
- Mr S Sooklal (Non-executive)
- Ms B Koyana (Non-executive)
- Ms T Phewa (Non-executive)
- Ms P Khoza – **Director of Civil Aviation (Executive Director)**

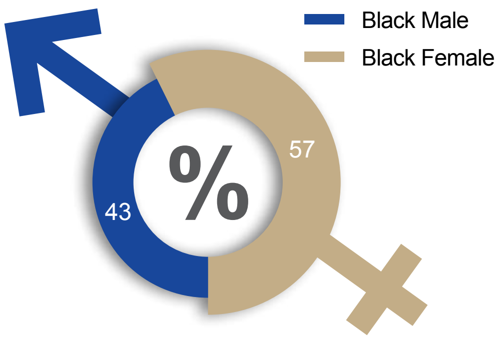


Table 15: Board Composition

All non-executive Directors listed above are independent and appointed for a three-year term, which comes to an end on 30 November 2021. The Director of Civil Aviation, Ms Poppy Khoza, is the only Executive Director appointed on a five-year contract. The Minister of Transport renewed the contract for a further five years, effective from 1 December 2018.

The roles of the Chairperson of the Board and the Director of Civil Aviation are clearly defined and distinct, both in terms of the Civil Aviation Act and the Board Charter. Mr E Khosa was appointed as an independent, non-executive Chairman by the Minister of Transport and remains free from any conflict of interest. The Board continued to endeavour to ensure proper and seamless achievement of the regulatory mandate of the entity as contained in the Civil Aviation Act, 2009, (Act No. 13 of 2009) and the strategic objectives as approved by the Executive Authority. A total of ten (10) Board meetings were held in the year under review.

The mix of skills facilitates sound decision-making and enriches the discussions and deliberations at Board and Committee meetings.

BOARD COMPOSITION - CONTINUED

SACAA BOARD APPOINTED: 01 DECEMBER 2018

Name of Board Member	Designation	Date Appointed	Date Retired	Qualifications	Area Of Expertise	Board Directorship	Membership of Professional Association	Other Committees
Mr E Khosa	Non-Executive Director (NED) / Member Chairperson of the Board	Reappointed 01/12/2018	-	MPhil Law LLB Higher Diploma: Company Law Master of Science (International Development) Master of Arts (Development) B.A Honours B.A Humanities	Development Finance Realignment of Organisations Compliance Management Organisational Development	Johannesburg Social Housing Company National Student Financial Aid Scheme (NSFAS) Shipoyila Khosa Associates	Institute of Directors of South Africa (IoDSA) Rixaka Forum	None
Mr M India	Non-Executive Director (NED) / Member Chairperson of the Safety, Security and Environmental Committee (SSEC)	Reappointed 01/12/2018	-	National Diploma in Security Risk Management Diploma in Aviation Security Management Project Management Certificate Programme in Economics and Public Finance Disaster and Communication Management Certificate Certificate in the Aviation Leaders Programme in Public Policy – Singapore Aviation Academy Aviation Security Supervision Management Course certificate - Kenya Aviation Security Management Course (Florida) Aviation Security Ops Course (Canada) Former Military/ Defence/ Police Officer	Aviation Security	Incomar Aerospace Defence Systems Evilox Holdings Evilox Security Risk Company	Institute of Directors of South Africa (IoDSA) Former SA Representative of AvSec Panel of Experts of ICAO United Nations Specialised Agency Former Chairperson of the SADC Aviation Security Working Group	SSEC & ARC

SACAA BOARD APPOINTED: 01 DECEMBER 2018

Name of Board Member	Designation	Date Appointed	Date Retired	Qualifications	Area Of Expertise	Board Directorship	Membership of Professional Association	Other Committees
Professor N Dyani-Mhango	Non-Executive Director (NED) / Member Lead Independent	Reappointed 01/12/ 2018	-	LLB LLM LLD Professor of Law	Legal and Governance	-	Institute of Directors of South Africa (IoDSA)	ARC & HRC
Mr S Sooklal	Non-Executive Director (NED) / Member Chairperson of the Audit and Risk Committee (ARC)	Reappointed 01/12/2018	-	Post-Graduate Diploma: Taxation Public Accountants' and Auditors' Examinations Chartered Accountant (SA) Diploma: Accounting and Auditing (Postgraduate) Bachelor of Commerce	Finance Tax Risk Management Corporate Governance Due Diligence Reviews Assurance (Internal and External) Mergers and Acquisition Listing and Delisting of companies on the JSE Regulatory	Garuda Chemical (Pty) Ltd Mascom Wireless Botswana Limited Econet Wireless Citizens Limited Lunar Capital (Pty) Ltd Member of the Disciplinary Committee: Independent Regulatory Board of Auditors	South African Institute of Chartered Accountants Independent Regulatory Board for Auditors Institute of Directors of South Africa (IoDSA)	ARC & HRC

SACAA BOARD APPOINTED: 01 DECEMBER 2018

Name of Board Member	Designation	Date Appointed	Date Retired	Qualifications	Area of Expertise	Board Directorship	Membership of Professional Association	Other Committees
Ms B Koyana	Non-Executive Director (NED) / Member Chairperson of the Human Resources Committee (HRC)	01/12/2018	-	Honours Bachelor of Arts in Social Science (Psychology) Transnet MD's Executive Women Development Programme (EDP) Airline Management (Postgraduate Certificate) Bachelor of Social Sciences	Airline Industry Experience Business Process Outsourcing Human Resources Stakeholder Management Communications Customer Service Coaching and Leadership Development	South African Civil Aviation Authority (SACAA) South African National Parks Board (SANParks)	Institute of Directors of South Africa (IoDSA) Honorary Member of the Golden Key International Honour Society from the University of Pretoria Chapter	HRC & SSEC
Dr BC Suckling	Non-Executive Director (NED) / Member	Reappointed 01/12/2018	Resigned 17/08/2020	B. Juris LLB LLM MBA DBA ALTP Admitted Advocate of the High Court, South Africa SAQA Rated Assessor IATA – IOSA Auditor International Federation of Airlines Pilots Association (IFALPA): Airport Runway and Airport Safety Representative Family and Divorce Mediation ICAO Subject Matter Expert Commercial Mediation (UCT)	Aviation Law Flight Operations and Airports Law	Transnet Pension Fund (TBF)	Institute of Directors of South Africa (IoDSA)	None

SACAA BOARD APPOINTED: 01 DECEMBER 2018

Name of Board Member	Designation	Date Appointed	Date Retired	Qualifications	Area Of Expertise	Board Directorship	Membership of Professional Association	Other Committees
Ms T Phewa	Non-Executive Director (NED) Shareholder Representative	Reappointed 01/12/2018	-	Diploma in Airport Management Managing Integrated Development Service Delivery M.A in Rural Development Honours: B. Social Science, majored in Sociology B. Social Science, majored in Sociology and Political Science	Aviation	-	Institute of Directors of South Africa (IoDSA)	HRC & SSEC
Ms P Khoza	Executive Director Director of Civil Aviation (DCA)	01/12/2013 Reappointed 1/12/2018	-	B. Management and Advanced Business Programme International Executive Development Programme (Wits and London Business School) SACAA Executive Development Programme – Henley Business School Certificate in Travel and Tourism Civil Aviation Chief Executive Programme Certificate (Singapore Aviation Academy) / ICAO International Visitor's Leadership Programme (USA) Various Civil Aviation Certificates from ICAO and IATA	Leadership and Aviation	-	Institute of Directors of South Africa (IoDSA)	None

Table 16: SACAA Board Appointments

BOARD AND BOARD COMMITTEES

Board committees are an integral part of sound and deeper decision-making, which remains fundamental for the SACAA Board. In terms of Principle 8 of the King IV Report™, the Board is required to delegate certain functions to well-structured committees, however, without abdicating its own responsibilities. This provision also finds credence under Section 81 of the Civil Aviation Act. They allow for more in-depth deliberation on crucial and complex matters and enable the Board to make better-informed decisions on such matters, based on the recommendation of its Committees. The governance structure adopted by the Board at committee level enables the Board to provide oversight and strategic direction on material issues affecting the entity, while empowering Management to execute and deliver against the approved Strategy.

The Board at the commencement of the 2020/21 financial year had four (4) Committees, namely:

- Audit and Risk Committee (ARC)
- Human Resources Committee (HRC)
- Aviation Security Committee (ASC)
- Aviation Safety and Environmental Committee (ASEC)

The Board, as part of ongoing improvement of its governance responsibilities, revisited its Committee structure in September 2020 as per the recommendation from the Board evaluation held during the year, and reduced the number of Committees to three (3), namely:

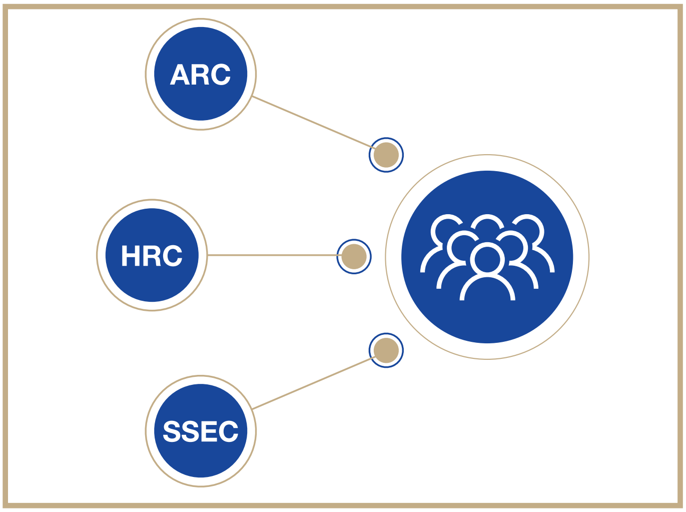


Diagram 3: Board Committees

- Audit and Risk Committee (ARC)
- Human Resources Committee (HRC)
- Safety, Security and Environmental Committee (SSEC)

The Board reported that all Committees operated within the framework of the Board approved Terms of Reference (ToR), which are reviewed annually by the various Committees and approved by the Board. In addition, each Committee had an approved Annual Work Plan linked to its Terms of Reference, the Civil Aviation Act, the PFMA and the Board Performance Agreement. The Board appoints the Chairperson and members of each of the Committees. The Board nominated Audit and Risk Committee (ARC) members, but membership is ratified annually at the Annual General Meeting (AGM). This ensures a robust and healthy system of governance and the rotation of members.

AUDIT AND RISK COMMITTEE (ARC)

The Committee is a statutory committee that provides independent and objective oversight over, amongst others, financial and sustainability reporting, financial management, risk management, internal controls, internal audit functions and processes, external audit, procurement processes, and information technology governance.

The mandate of the ARC is mostly derived from the PFMA. Members of the ARC were nominated by the Board and their appointment was ratified at the AGM of 27 October 2020. An independent member, Ms Z Nkosi, was appointed to the ARC by the Board to bolster the financial skills of the ARC with effect from 1 November 2020.

The responsibilities of the Committee are as follows, but are not limited to the following:

- Ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities. The adequacy, reliability and accuracy of the financial information provided by Management and other users of such information;
- Reviewing the internal control systems and structure, including financial controls and accounting systems, as well as evaluating whether the system of internal control is adequate to manage critical risks;
- Reviewing the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of Management to specific recommendations;
- Reviewing the enterprise-wide risks as well as the strategic risks on a quarterly basis and ensuring that risk management assessments are performed on a continuous basis;
- Reviewing the Annual Report and Annual Financial Statements to ensure that they fairly present a balanced assessment of the SACAA's position, performance and prospects before recommending them to the Board for approval; and

- Reviewing and recommending tenders above R10 million to the Board for approval.

The Committee reviewed the following quarterly reports, in the year under review:

- Financial reports
- Materiality
- Internal Audit reports
- Fraud Management
- Risk Management reports
- Performance Management
- Combined Assurance
- Legal Compliance
- Information and Communication Technology.

In the year under review additional emphasis was placed on risk management, internal audit and the combined assurance functions.

A detailed report from the Committee is contained in **PART E: Annual Financial Statements** of this report.

HUMAN RESOURCES COMMITTEE (HRC)

The Human Resources Committee (HRC) advises the Board on matters relating to human resources (HR) and recommends to the Board for approval all policies and strategic documents related to HR.

This Committee provides independent and objective oversight over, among others, the human resources issues, labour relations, collective bargaining issues, remuneration, performance management systems, reward strategy, retention policy, succession planning and any other issues relating to the workforce of the SACAA.

The HRC's duties and responsibilities are detailed in the Board-approved Terms of Reference.

In the year under review, the Committee focused on the following activities:

- Review and approval of the human resources operational plan
- Monitoring of the performance against the approved HR operational plan on a quarterly basis
- Review and recommendation to Board of the annual performance bonuses
- Review of the annual salary increases
- Review of the Stakeholder Management Strategy, Contact Centre Business Case, and other policies
- Review of the HRC Terms of Reference

SAFETY, SECURITY AND ENVIRONMENTAL COMMITTEE (SSEC)

The Safety, Security and Environmental Committee was established to ensure that the Board is fully appraised of aviation safety and security matters, including environmental issues. The Committee provided oversight on aviation safety, security and environmental matters and mobilised the requisite resources for safety, security, and environmental matters, including audits. The SSEC also reviewed key strategies impacting safety and security in the aviation industry as well as the quarterly divisional reports.

BOARD AND BOARD COMMITTEE MEETINGS

BOARD MEETINGS

BOARD MEETINGS
NUMBER OF MEMBERS – 7 (as at 31 March 2021)

Name	Designation	Number of Meetings held	Total Number of Meetings Attended
1. Mr E Khosa	Chairperson	10	10/10
2. Mr M India	Member	10	10/10
3. Mr S Sooklal	Member	10	10/10
4. Prof. N Dyani-Mhango	Member	10	10/10
5. Dr B Suckling (Resigned on 17 August 2020)	Member	4	4/4
6. Ms B Koyana	Member	10	10/10
7. Ms R Phewa	Member	10	10/10
8. Ms P Khoza	Member	10	10/10

BOARD STRATEGY SESSION
NUMBER OF MEMBERS – 7

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Mr E Khosa	Chairperson	2	2/2
2. Mr M India	Member	2	2/2
3. Mr S Sooklal	Member	2	2/2
4. Prof. N Dyani-Mhango	Member	2	2/2
5. Ms B Koyana	Member	2	2/2
6. Ms R Phewa	Member	2	2/2
7. Ms P Khoza	Member	2	2/2

ANNUAL GENERAL MEETING
NUMBER OF MEMBERS – 7

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Mr E Khosa	Chairperson	1	1/1
2. Mr M India	Member	1	1/1
3. Mr S Sooklal	Member	1	1/1
4. Prof. N Dyani-Mhango	Member	1	1/1
5. Ms B Koyana	Member	1	1/1
6. Ms R Phewa	Member	1	1/1
7. Ms P Khoza	Member	1	1/1

BOARD TASK TEAM MEETING
NUMBER OF MEMBERS – 3

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Mr E Khosa	Chairperson	5	5/5
2. Mr S Sooklal	Member	5	5/5
3. Prof. N Dyani-Mhango	Member	5	4/5

BOARD COMMITTEE MEETINGS

AUDIT AND RISK COMMITTEE
NUMBER OF MEMBERS – 3

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Mr S Sooklal	Chairperson	8	8/8
2. Mr M India	Member	8	8/8
3. Dr B Suckling (Resigned on 17 August 2020)	Member	3	3/3
4. Prof. N Dyani-Mhango (Appointed on 9 September 2020)	Member	4	4/4
5. Ms Z Nkosi (appointed 1 November 2020)	Independent Specialist Member	3	3/3

HUMAN RESOURCES COMMITTEE
NUMBER OF MEMBERS – 4

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Ms B Koyana	Chairperson	7	7/7
2. Mr S Sooklal	Member	7	7/7
3. Prof. N Dyani-Mhango	Member	7	7/7
4. Ms T Phewa (Appointed on 9 September 2020)	Member	4	3/4

AVIATION, SAFETY AND ENVIRONMENTAL COMMITTEE
(ASEC dissolved on 09 September 2020)
NUMBER OF MEMBERS – 3

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Dr B Suckling	Chairperson	2	2/2
2. Ms T Phewa	Member	2	2/2
3. Prof. N Dyani Mhango	Member	2	2/2

AVIATION SECURITY COMMITTEE
(ASC dissolved on 09 September 2021)
NUMBER OF MEMBERS – 3

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Mr M India	Chairperson	4	4/4
2. Ms B Koyana	Member	4	4/4
3. Ms R Phewa	Member	4	3/4

SAFETY, SECURITY AND ENVIRONMENTAL COMMITTEE
(SSEC was reconstituted on 09 September 2020)
NUMBER OF MEMBERS – 3

Name	Designation	Number of Meetings Held	Total Number of Meetings Attended
1. Mr M India	Chairperson	2	2/2
2. Ms B Koyana	Member	2	2/2
3. Ms R Phewa	Member	2	2/2

*** ASEC disbanded on 9 September 2020.
*** ASC disbanded on 9 September 2020.
*** SSEC reconstituted on 9 September 2020.

Table 17: Board and Board Committee meetings

BOARD REMUNERATION

The Minister of Transport determines the Board remuneration in accordance with the Civil Aviation Act. Board members are paid a monthly stipend and, in addition, are remunerated for meeting attendance and preparation. Members are also reimbursed for any travel expenses incurred.

The Board remuneration is disclosed in the Annual Financial Statements and is summarised below:

Name	Annual Stipend Remuneration R	Other Allowance	Other Reimbursements* R	Total R
Mr E Khosa[1]	420 613	-	4 772	425 385
Mr Sooklal[2]	409 111	-	3 070	412 181
Mr M India	360 612	-	647	361 259
Prof. NV Dyani-Mhango	374 132	-	681	374 813
Dr B Suckling*	156 283	-	1 775	158 058
Ms B Koyana	360 959	-	2 053	363 012
Ms Z Nkosi**	21 186	-	0	21 186

Reimbursement expenses are disclosed in terms of Section 28 (1) (4) of the PFMA as reimbursement costs paid to Board members.

* Resigned 17 August 2020
**Ms Z Nkosi – Independent Specialist Member, appointed 1 November 2020

1. *Fees include 15% VAT.*
2. *Fees include 15% VAT.*

Table 18: Board remuneration

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2021.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 50(1) and 51(1) of the PFMA and Treasury Regulations. The Audit and Risk Committee also reports that is has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit and Risk Committee is established as an Independent Statutory Committee in terms of the PFMA and the Civil Aviation Act. The Committee oversees all audit, compliance, information technology, internal audit and risk matters for the SACAA; however, the Board is ultimately accountable for financial and risk management.

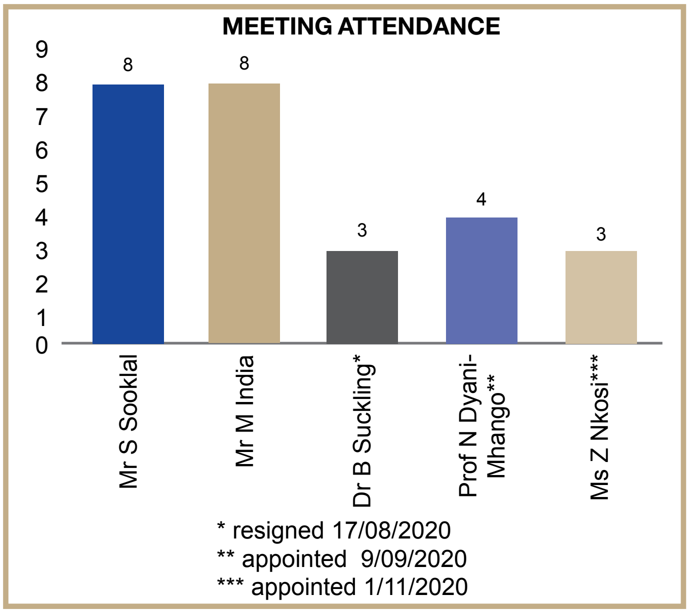
The Audit and Risk Committee for the year ended 31 March 2021 comprised three (3) non-executive members and an independent specialist member appointed in November 2020 and was chaired by an independent non-executive member, Mr Surendra Sooklal. It is noted that one (1) member of the Audit and Risk Committee (ARC) resigned on 17 August 2020 and a new member appointed in September 2020. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General of South Africa all have a standing invitation to the Audit and Risk Committee meetings. The appointment of the Audit and Risk Committee members is confirmed annually at the Annual General Meeting by the Executive Authority.

On an annual basis, the Audit and Risk Committee assesses the effectiveness of the Internal Audit activity against the criteria outlined below:

- Achievement of the annual Internal Audit Plan
- Compliance with the Institute of Internal Auditors' professional standards
- Achievement of reporting protocols through management to the Audit and Risk Committee
- Timelines of reporting of findings and activities
- Responsiveness to the changing business and operational environment
- Management's acceptance of the internal audit findings
- Quality and relevance of the annual assessment reports
- Level of co-operation and interaction with other assurance providers within the agreed combined assurance approach
- Maintenance of adequate staffing and resource levels to achieve the annual Internal Audit Plan outcomes and meet the requirements of the Internal Audit Charter
- Meeting the budget allocated to the internal audit function

During the period under review, the Committee held five (5) scheduled meetings, three (3) special meetings and one (1) workshop. The purpose of the workshop was to review the reporting and plans relating to internal audit, risk management and combined assurance. The Chairperson of the Committee reports to the Board quarterly, with regard to the Committee's deliberations, decisions and recommendations. In addition the Committee also reports quartlery to the Executive Authority.

ATTENDANCE OF AUDIT AND RISK COMMITTEE MEETINGS BY AUDIT AND RISK COMMITTEE MEMBERS



Graph 15: Attendance of ARC meetings by members

WORK OF THE COMMITTEE IN 2020/21

During the period under review, the Committee fulfilled its statutory duties as required by the PFMA and Treasury Regulations, as well as various additional responsibilities assigned to it by the Board. The Committee's activities are also guided by its Terms of Refence which are annually reviewed and approved by the Board.

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

Internal Audit provides the Audit and Risk Committee with reasonable assurance that internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal and external auditors, we noted that matters which indicated any deficiencies in the system of internal control have been brought under management's attention and corrective measures were implemented. Accordingly, we can report that the systems of internal control over financial reporting for the period under review was efficient and effective.

Section 51(1)(a)(i) of the PFMA states that the Accounting Authority must ensure that the SACAA maintains an effective, efficient, and transparent system of financial, risk management and internal control.

The Audit and Risk Committee is responsible for overseeing risk management and reviewing the internal controls. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessment.

During the year under review, the Audit and Risk Committee conducted the following activities;

REVIEWED AND RECOMMENDED THE FOLLOWING MATTERS TO THE BOARD FOR APPROVAL:

- Quarterly risk reports containing potential and emerging risks and opportunities aligned to the SACAA's vision and mission and reportable incidents
- Quarterly PFMA compliance reports
- Quarterly finance and materiality reports
- Quarterly performance management reports
- SACAA's policies on fraud and corruption, bank and cash, investment, telephone & cellphone and security
- The risk assessment and risk management, including fraud risks and information technology risks
- The Medium-Term Expenditure Framework for the ensuing periods
- The draft Annual Report 2019/20
- Revision of the Delegation of Authority
- Cyber Security Strategy, amongst others

REVIEWED AND APPROVED THE FOLLOWING QUARTERLY REPORTS:

- Information and Communication Technology;
- Combined assurance reports;
- Materiality reports;
- Legal compliance, litigation and fraud incidents; and
- Oversight on capex projects.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee reviewed the annual financial statements of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate. The annual financial statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the annual financial statements
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context
- Quality and acceptability of, and any changes in accounting policies and practices
- Compliance with accounting standards and legal requirements
- Significant adjustments and/or unadjusted differences resulting from the audit
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted
- Reasons for major year-on-year fluctuations
- Asset valuations and revaluations
- Calculation and levels of general and specific provisions;
- Write-offs and reserve transfers
- The basis for the going-concern assumption

FINANCIAL REPORTING

In addressing our key objective, which is to assist the entity through the Board, in ensuring the integrity of its financial statements, we reviewed the financial statements with both management and the external audit, concentrating on:

- Compliance with financial reporting standards and governance reporting requirements
- Areas requiring significant judgements to be made in applying accounting policies
- The appropriateness of accounting policies
- The procedures and controls around estimates that are key to applying accounting policies
- Whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for the stakeholders to assess the entity's business model, strategy and performance

The Committee focused on ensuring the integrity of the SACAA's financial reporting and improving the financial controls framework and assessed the fair presentation of the financial statements.

INTERNAL AUDIT

The Internal Audit Division is responsible for providing a professional, independent and objective assurance review on the adequacy and effectiveness of the internal control environment across all the significant areas of the SACAA's operations, and assisting the SACAA in the achievement of set objectives.

The key activities of Internal Audit are:

- To develop and implement a three-year Risk Based Annual Plan including risk and concerns identified by management, and the Plan is submitted to the Audit and Risk Committee for review and approval
- To build and enhance a professional audit staff with knowledge and skills required in the execution of planned audit in accordance to the role defined in the charter
- To provide an optimal audit coverage by considering the scope of work of the external auditors and other assurance providers

The Internal Audit Division completed all planned audits and allocated ad-hoc audits for the period under review.

The Audit and Risk Committee is responsible for ensuring that the Internal Audit function is independent and has the necessary resources, standing and authority within the SACAA to enable the Division to discharge its duties. Furthermore, the Audit and Risk Committee oversees cooperation between the Internal and External Auditors and serves as a link between the Board of Directors and these two (2) functions namely Internal and External Auditors and their respective audit work.

The Audit and Risk Committee reviews and approves the risk-based Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Chief Audit Executive tables progress reports in this regard to the Audit and Risk Committee on a quarterly basis.

During the reporting period, the Audit and Risk Committee conducted the following activities:

Reviewed and approved/noted the following matters:

- Annual Internal Audit Plan and the three-year rolling plan
- Progress reports on the closure of the internal audit findings
- Internal Audit's Quarterly Reports in line with the approved internal audit plan
- Internal Audit Charter for the 2020/21 financial year

Furthermore, the Audit and Risk Committee monitored the implementation of the Combined Assurance Plan and Model to ensure the coordination and alignments of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach, including resource optimisation.

The Audit and Risk Committee has formed an opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Division has complied with the internal audit standards, the required legal, regulatory and other responsibilities as stipulated in its Charter during the period under review. We are satisfied that the Internal Audit function is operating effectively, and that it has addressed the risks pertinent to the SACAA in its internal audits.

WHISTLE-BLOWING

In compliance with the Protected Disclosures Act, 2000, (Act No. 26 of 2000), the SACAA has established and maintains an independent fraud hotline service. The Audit and Risk Committee wishes to report that, for the financial year under review, it received and dealt with all concerns or complaints, whether from within or outside of the SACAA, relating to the accounting practices, content or auditing of SACAA's financial statements, the internal financial controls and other matters.

The Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by the Internal Audit Division. The Audit and Risk Committee reviews on a regular basis progress reports on the status of the investigations, and the Committee ensured that the necessary corrective actions were taken by Management. The Committee in the year under review also reviewed the Fraud and Corruption Policies.

THE QUALITY OF MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied that it received sufficient, reliable and timely information from Management in order to enable it to fulfill its responsibilities. During the year under review, quarterly Management reports were presented by Management to enable the Committee to:

- Monitor the integrity, accuracy and reliability of the financial position of the SACAA
- Review the management accounts of the SACAA to provide the Accounting Authority with an authoritative and credible view of the entity's financial position
- Review the disclosures made in the financial reports of the SACAA and the context in which statements on financial health of the entity are made
- Review all material information presented together with the management accounts

THE QUALITY OF BUDGETS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied that it received sufficient, reliable and timely information that enabled it to:

- Review and ensure that the annual budgets are balanced, credible and realistic against the approved Business Plan
- Monitor and periodically review the implementation of the approved budget by the Accounting Authority

AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)

The Audit and Risk Committee, in consultation with the SACAA's Management, agreed to the terms of the Auditor-

General South Africa's engagement letter, audit strategy and audit fees in respect of the 2020/21 financial year.

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

The Audit and Risk Committee monitored the implementation of the Action Plan to address matters arising from the management report issued by the Auditor-General of South Africa for the 2019/20 financial year. All the action items were closed by the end of the 2020/21 financial year.

The Auditor-General has unrestricted access to the SACAA's records and Management furnishes a written report to the Committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Committee.

The Audit and Risk Committee concurs with, and accepts the conclusions and the audit opinion of the Auditor-General of South Africa on the annual financial statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General of South Africa.

Mr S Sooklal
Chairperson of the Audit and Risk Committee
29 July 2021

RISK MANAGEMENT

The objective of the SACAA's Enterprise-Wide Risk Management programme is to reduce the total cost of risk, maximise available opportunities, and add maximum sustainable value to all activities of the organisation by assisting in achieving key strategic objectives. To this end, enterprise-wide risk management is embedded throughout the SACAA, to ensure that the organisation fulfils its mandate, achieves its strategic outcomes, and explores identified opportunities. This is achieved through the continuous reassessment of current risks and the identification of emerging risks and opportunities.

All identified risks, whether strategic, tactical, or operational in nature, were assessed, updated in the risk registers, mitigated through existing controls and implemented by means of recommended actions, to ensure an acceptable level of control effectiveness.

The risk appetite was determined directly in relation to the SACAA's strategy and considered in terms of strategy setting, resource allocation, and key management decisions and actions. To this end, the organisation established a Risk Committee comprising of Executives who held quarterly meetings. In addition, monthly meetings were held between Risk and Internal Audit to ensure an alignment between these two functions. Risk Management is a standing item on the Executive Management Committee (ExCo) and Audit and Risk Committee agendas. The Audit and Risk Committee reviews Organisational Risk on a quarterly basis.

Two (2) major risks on the SACAA risk registers materialised during the period under review, due to the national COVID-19 lockdown, and they are:

- The financial sustainability risk when South African Airways (SAA) was put under business rescue. The SAA was one of the biggest contributors to the SACAA's passenger safety charge revenue stream.
- The outbreak as well as the risks associated with new variants/ strains of the novel coronavirus (COVID-19). Responses to the COVID-19 pandemic, including lockdowns and travel restrictions, have brought the global aviation industry to a virtual standstill, resulting in the following operational and reputational risks:
  - Reduced income
  - Reduced levels of service delivery and an increase in exemptions
  - Reduced levels of productivity
  - Some restrictions on travel for inspectors to other provinces, necessitating virtual audits where possible

As outlined in the Strategic Risk Register Matrix below, progress was achieved in terms of the identified recommended actions.

SACAA STRATEGIC RISK MATRIX – 2020/21

No.	Reg No	2020/21 Top 10 Risk Issues	Inherent Risk Level	Residual Risk Level
1	CAA10	Long-term financial sustainability is constantly threatened		
2	CAA2	Unavailability and vulnerability of ICT services impacting on the mandate		
3	CAA8	Lack of critical and scarce skills to deliver on SACAA mandate		
4	CAA7	Poor stakeholder relations impacting negatively on aviation safety and security oversight		
5	CAA4	Regulatory risks (non-compliance, regulatory changes)		
6	CAA6	Poor corporate governance		
7	CAA9	Fraud and corruption negatively impacting on the mandate and sustainability of SACAA		
8	CAA1	Ineffective aviation safety and security oversight		
9	CAA5	Non-compliance with ICAO SARPS and relevant national legislation and regulations		
10	CAA3	Data interception resulting in data integrity being compromised		

Legend: Low Medium High Extreme

Table 19: SACAA Strategic Risk Matrix

INTERNAL AUDIT

The SACAA established a Internal Audit Division in line with the Public Finance Management Act, Treasury Regulations, and Standards for the Professional Practice of Internal Audit, including the best practice of the King IV™ Report on Corporate Governance.

Internal audit provides both assurance and consulting services. It assists the SACAA to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control, and governance processes, which must be managed in a manner that ensures:

- The effectiveness and efficiency of operations, investments, and projects
- The safeguarding of the SACAA's assets
- The reliability and integrity of financial and non-financial information
- Processes regarding compliance with laws and regulations

The work of the Internal Audit Division in the reporting period was guided by the approved Internal Audit Charter, which is aligned to the Board's Audit and Risk Committee Charter.

The Internal Audit Division reports functionally to the Board's Audit and Risk Committee and administratively to the Director of Civil Aviation. The Audit and Risk Committee approved strategies/plans and reviewed the work of the Division on a quarterly basis or as and when the need arose.

The Internal Audit Division performed its work in line with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics for Internal Auditing, issued by the Institute of Internal Auditors. All employees within the Division are registered and also members of the Institute of Internal Auditors. Continuous professional development (CPD) was implemented to ensure that the audit personnel remain relevant and up to date with the developments within the profession.

KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT DIVISION

The Internal Audit Division mainly focuses on assurance and consulting services as required by the Institute of Internal Auditors standards.

Assurance services consisted of independent reviews on the adequacy and effectiveness of the risk management, internal control and governance processes within the organisation. Independent reviews included continuous review of compliance by management and staff to relevant legislation, regulations, approved policies and procedures as well as to best industry practices where applicable. Consulting services are advisory in nature and intended to add value and improve the SACAA's operations. They were generally performed at the specific request of Management and/or an engagement client. The nature and scope of the consulting engagement were subject to agreement with the engagement client.

In addition, the Internal Audit Division constantly and regularly monitors organisational performance, to ensure that the deliverables as outlined in the Annual Performance Plans (APP) are achieved.

SUMMARY OF AUDIT WORK UNDERTAKEN

The Internal Audit Charter was reviewed and approved by the Board's Audit and Risk Committee. The Internal Audit Methodology was revised to remain consistent and relevant to new updates of the Internal Audit Standards for the Professional Practice of Internal Auditing. This was also aimed at ensuring that there is continuous improvement of the internal audit processes.

A three (3) year Risk-based Coverage Plan and Annual Plan for 2020/21 were reviewed and approved by the Board's Audit and Risk Committee. The number of audits completed for the 2020/21 financial year were 56 compared to 47 in the previous reporting period.

The results are reflected in the table below:

Progress Report for the Year	2018/19	2019/20	2020/21
Annual planned audits finalised, and reports issued.	32	33	44
Ad-hoc audits finalised and reports issued.	4	14	12
Total Internal Audit Reports Issued During the Year.	**36**	**47**	**56**

Table 20: Summary of Audit work undertaken

The Chief Audit Executive presents the progress reports against the Plans to the ExCo every month and quarterly to the Audit and Risk Committee. The increase in the number of Ad-hoc requests over the past two years demonstrated that Internal Audit is playing a meaningful and support role to stakeholders; this is demonstrated by Management and the Audit Committee's requests for assurance work from the Internal Audit Division. Management takes accountability for implementing the agreed actions and Internal Audit conducts follow-up reviews to ascertain the implementation status.

An Internal Audit Findings Tracking Register was developed and monitored monthly for the progress made by Management in implementing the actions and plans that had been agreed upon. As at the end of the 2020/21 financial year, the progress made was as follows:

Financial Year	2018/19	2019/20	2020/21
Total number of findings	51	77	38
Total number of findings resolved	51	73	17
Total number of findings being attended to	-	4	21
Percentage of Resolved Findings	**100%**	**95%**	**55%**

Table 21: Internal Audit Progess

All findings for the year 2018/19 were closed. About 95% of the findings from the previous financial year were closed or resolved by Management; the remaining 5% was planned to be resolved in the first quarter of the next financial year. The outbreak of COVID-19 affected the final implementation of management actions to address the outstanding findings.

In the year under review, Internal Audit started with monitoring the findings issued in the same year. About 55% of the findings were closed or resolved by Management. The majority of outstanding findings related to reports issued in the 4th Quarter, where the implementation timelines were planned for the first and second quarters of the following year.

The Internal Audit Division is pleased with the effort that Management has made to ensure the speedy resolution of the outstanding findings.

In the year under review, a campaign was undertaken, to intensify awareness among the SACAA's employees regarding the role and services of the Internal Audit Division. The awareness initiatives included, among others, participation during the induction of new employees, as well as presentations to Management Structures, during Management Committee (MANCO) and staff meetings. Similarly, in the year under review, the Internal Audit Division conducted a series of Internal Audit awareness campaigns around fraud and corruption, the role of employees in ethical conduct, and whistleblowing processes. Over and above, the Internal Audit also participated in the Ethics Day, bringing awareness across the organisation on ethical conduct.

COMBINED ASSURANCE (CA) MODEL

In accordance with corporate governance best practice, the SACAA adopted the King IV™ guidelines to ensure that the organisational Combined Assurance (CA) model incorporates and optimises assurance activities and functions, thereby enabling an effective control environment. The SACAA Combined Assurance model, which considered the five (5) lines of defence, integrated the efforts of internal assurance providers with that of independent and external assurance providers, local and international, regarding the significant risk areas affecting the SACAA.

In the period under review, the SACAA Risk Management function facilitated the implementation of the approved Combined Assurance Plan and coordinated the efforts of all assurance providers, to ensure that significant risk exposures were adequately addressed/managed. The Combined Assurance Matrix, which provides an overview of the SACAA's significant risks, internal control and assurance environment, was reviewed and approved as part of the 2020/21 Combined Assurance Plan.

Implementation of identified Management Action Plans was monitored by Management and the Audit and Risk Committee on a quarterly basis. This was to improve the SACAA's control environment and to reduce risks to an acceptable level. The assurance providers within the SACAA provided Senior Management and the Board with assurances on the effectiveness and adequacy of controls that mitigate the identified risks. The quarterly combined assurance reports were reviewed by the Combined Assurance Committee (CACom), the Executive Committee (ExCo), and the SACAA Board.

The SACAA Ethics and Compliance Frameworks further aided in the alignment process, as the actions identified and associated risk registers were coordinated, to ensure a value-added outcome to the SACAA. With the procurement of the additional licences for the Barn-Owl system already implemented in its Internal Audit function, the SACAA was able to further integrate and automate the assurance functions. Phase 1 of the project, which included Quality Assurance, Occupational Health and Safety, Organisational Performance and Risk Management were completed in the period under review.

MANAGING FRAUD AND CORRUPTION

The Fraud and Corruption Prevention Framework, as previously approved by the Board, continued to be implemented by the SACAA and this included the Framework and all other supporting policies. The Forensic Department also developed the Investigation Standard Operating Procedures to properly guide the entire process when investigating allegations.

The amended Whistle-Blowing Policy followed the continuous efforts by the ExCo to create awareness of the Fraud Hotline as a tool and/or mechanism to reduce fraud and corruption within the aviation industry. In the period under review, eleven (11) awareness campaigns were conducted internally and externally, including awareness campaigns relating to the whistleblowing processes, to the Industry Liaison Forum (ILF), AvMed Conferences, general Staff meetings, Management meetings as well as sessions during the Ethics Week.

Implementation of the plans continued throughout the year and some of the key focus areas were:

- The implementation of the Fraud and Corruption Prevention Plan and the Forensic Plan were satisfactorily implemented
- In the 2019/20 financial year, a total of 111 cases were received and 103 (93%) were finalised/completed
- In the 2020/21 financial year, a total of 66 cases were received and 38 (58%) were finalised/completed
- A total of six (6) cases were received during this period from reporting channels/methods other than the Whistle-blowing Hotline

The majority of the incidents reported related to irregular aviation business practices, which needed intervention for the SACAA to enforce compliance to regulations by stakeholders.

Management continued monitoring the few forensic investigations that were conducted; and expedited the implementation of the recommendations made by the SACAA's Forensic Department, as well as incidents reported through the Fraud Hotline. The reporting and investigation of incidents was enhanced by Management's commitment to fully implement the recommendations contained in the Forensic Investigation Reports. The Audit and Risk Committee also monitored the implementation of the forensic reports.

A comprehensive Fraud Risk Assessment was conducted during the year and monitoring of corrective and improved management actions were done periodically to strengthen the internal control system.

The work done to manage and/or reduce fraud and corruption, provided the Audit and Risk Committee as well as the Board with the required level of assurance that the risks associated with fraud, corruption, and maladministration were being managed effectively by the SACAA. Management is satisfied that sufficient assurance was provided; and accepted reports by the Audit and Risk Committee as well as the Board that potential incidents relating to fraud, corruption, and irregularities were well managed within the organisation.

MINIMISING CONFLICT OF INTEREST

The issue of conflict of interest is central to SACAA's independence and objectivity and forms an integral part of the sound ethical practices at SACAA; is managed by means of mandatory annual Declarations of Interest by all employees.

This is over and above the requirement that employees disclose matters of conflict of interest, as and when they arise. In the year under review, the Board ensured compliance to the Conflict of Interest Policy, which ensured alignment with the Civil Aviation Act and best practice in dealing with conflict of interest.

Internal Audit verifies the declarations for validity, accuracy, and completeness and, where discrepancies exist, such discrepancies are subjected to a forensic investigation. Internal Audit has the mandate to conduct lifestyle audits at any given moment where they deem it appropriate on all Divisions, including Supply Chain Management (SCM). In addition, all employees within the Department: SCM are vetted annually to manage issues of potential conflict.

Board members are required to declare any conflict of interest on an ongoing basis. The Board Charter, read together with Section 84 of the Civil Aviation Act, details the importance of declaring conflict of interest and contains prescripts for dealing with such conflicts. Board members are required to complete an Annual Declaration of Interest and to declare interest on any item on the agenda at each Board and Committee meeting.

ETHICS AND CODE OF CONDUCT

Once again, in the reporting period, the Board continued to provide ethical and effective leadership by upholding the highest standards of ethical conduct and good governance. The King IV Report on Corporate Governance™ describes ethics as:

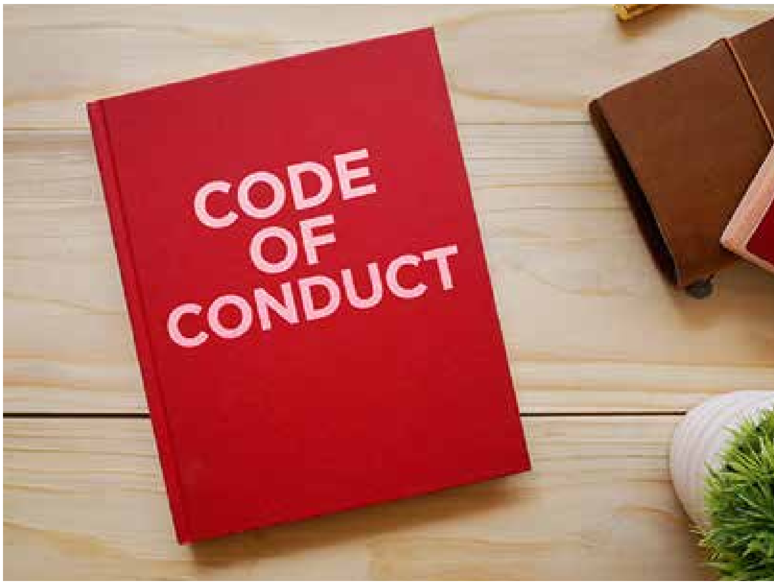
"Considering what is good and right for the self and the other; can be expressed in terms of the golden rule, namely, to treat others as you would like to be treated yourself. In the context of organisations, ethics refers to ethical values applied to decision-making conduct, and the relationship between the organisation, its stakeholders and the broader society."

In keeping with the above ethical direction, the Board reviewed and approved the Ethics Policy and Framework in July 2020. The Ethics Framework was developed to ensure that the SACAA maintains the reputation of integrity in all of its dealings. Various initiatives aimed at further embedding the culture of ethics in the organisation were undertaken throughout the reporting period; and included the following:

- Ethics workshops and training
- The revision of policies and procedures related to ethics
- The Ethics Day, which was successfully hosted on March 2021 and included:
  - An Ethics Talk
  - Message from the Chairperson of the Board
  - Message from the DCA
  - An overview of the Ethics Plan
  - Fraud statistical data

SACAA employees are expected to fulfil their duties with integrity and respect towards customers, stakeholders, and the community, without abuse of authority and in line with the approved Ethics Policy and Code of Conduct. These governance instruments conscript the ethical principles envisaged at the SACAA for its directors, employees and contractors and are linked to values adopted by the Board, which provide guidance and ensure that ethics are put into action. This is important for strengthening the relationships among different role-players and fostering a credible ethical working relationship and culture at the SACAA.

To give effect to the King IV™ ethics outcome, the Board delegated the oversight of ethics to the Human Resources Committee, to ensure a more dedicated focus. The Board also ensured that Ethics Risks are documented and monitored on a quarterly basis.



SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The Health and Safety issues within the SACAA have never been more elevated than in the period under review, especially since the outbreak of the COVID-19 virus. Besides having to conduct a COVID-19 Risk Assessment, the SACAA also developed a COVID-19 Policy to ensure alignment to the COVID-19 directives from the Department of Employment and Labour.

In the reporting period, the SACAA recorded a total of forty-nine (49) COVID-19 cases and all forty-nine (49) cases recovered fully from the virus. COVID-19 protocols were strictly adhered to and implemented, to ensure the safety of all employees and clients who visited the SACAA on a daily basis. This included the screening of all employees and clients before entering the building and daily inspections of the offices and public areas. The public areas were regularly disinfected and employees were provided with Personal Protective Clothing (PPEs), sanitisers and masks, when in the office and when conducting inspections.

Most of the SACAA employees continued to work remotely from the office – mostly from home, as all the necessary tools of trade and training were provided to ensure the continuity of the services. This was also done to safeguard and ensure the safety of all SACAA employees.

In terms of incidents of injury on duty, eight (8) cases were recorded, and all these employees have recovered.

COMPANY SECRETARY

The Board confirmed that it is supported by a competent and qualified Company Secretary. The Company Secretary plays an instrumental role in advising the Board on its roles and responsibilities, among other duties.

The roles and responsibilities of the Company Secretary are defined in the Board Charter, read together with the King IV report™, and the Company Secretary is evaluated on an annual basis, and every second year as part of the Board evaluation.

The Directors have full access to the services and advice of the Company Secretary, as well as to all information and records necessary for the discharge of their duties. In addition, the Board of Directors had access to the services of independent professionals and advisors where necessary; and such advice was obtained in accordance with the Board-approved process. The Company Secretary continued to maintain an **'arm's length'** relationship with the Board and its Directors.

The Company Secretary continued to be empowered with the necessary authority and support to carry out her duties, as follows:

- Maintaining all statutory records
- Reviewing all Board and Committee Charters on an annual basis
- Assisting the Chairperson with the annual Board evaluation
- Advising the Board on business ethics and good governance
- Ensuring that the Board's policies and instructions are communicated to the appropriate persons in the Authority
- Ensuring that the Board receives adequate information to assist them to make informed decisions
- Ensuring that the Board's induction, training, and development are conducted
- Monitoring of legislative compliance
- Being responsible for implementation of the ethics programme

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, it was once again important for the SACAA to make an impact beyond its mandate of controlling, promoting, regulating, supporting, developing, enforcing, and continuously improving levels of safety and security throughout the civil aviation industry. To this end, the SACAA continued in the period under review; to explore transformation-related initiatives to help address the imbalances of the past, including the triple challenges of poverty, inequality, and unemployment through its socio-economic development (SED) project.

The SACAA's socio-economic development (SED) involved a process of identifying both the social and economic needs within certain communities and creating strategies that could be implemented in addressing those community needs, in a manner that is practical and in the best interests of those communities in the long run. Thus, the main objective of the SED Plan was to find ways in which the SACAA could assist in improving the standard of living of those disadvantaged communities. In this manner, the SACAA's SED Plan continued to serve as one of the self-regulating mechanisms, that allowed for monitoring and ensuring compliance with the country's legislative prescripts as enshrined in the B-BBEE Act, 2013 (Act No. 46 of 2013) (as amended) by also assisting the SACAA to comply with the ethical standards as contained in the King IV Code of Good Governance™. Thus, the implementation of the SED Plan ensured SACAA's continued commitment to the communities that it served, while allowing it to meet its Annual Performance Plan targets.

THE SACAA CHILD/YOUTH-HEADED FAMILIES SUPPORT PROJECT

The SACAA continued its support of the nine (9) families, with an additional 12-months' donation of monthly grocery vouchers. The amount of the vouchers was increased from R2500 to R4000. The families continued to receive their monthly groceries and sent the grocery receipts as per the agreement with retailers. In the year under review, the SACAA replaced one (1) family who did not meet the criteria for the programme as their financial situation had improved. The SACAA continuously audits this process to ensure that the groceries are claimed and used for the intended purposes. Further support and interventions were provided by means of relevant and necessary interventions.

SCHOOL SUPPORT PROGRAMME

In the 2019/20 financial year, the SACAA responded to a request from a rural-based primary school in Howick, in KwaZulu-Natal, for equipment and various other resources needed to facilitate a conducive teaching and learning environment.

Since then, the SACAA has supported the Crystal Springs Primary School as a beneficiary of its School Support Programme. In the period under review, the SACAA made a generous donation of audio-visual equipment to further enhance the teaching and learning at the school.

Within the next financial year, the SACAA envisages completing the borehole project at the school.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

Under preferential procurement, and in line with the SACAA's target, the organisation continued to increase the percentage and participation of black-owned businesses and maintain its level 2 Broad-Based Black Empowerment (B-BBEE) rating.

The table below depicts the SACAA's B-BBEE compliance status.

B-BBEE SCORECARD SUMMARY: Management Control

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Board Participation	Exercisable voting rights of black Board members as a percentage of all Board members	2.5	33.00%	100.00%	2.50
	Exercisable voting rights of black female Board members as a percentage of all Board Members	2.5	16.50%	60.00%	2.50
	Black persons who are Executive Directors as a percentage of all Executive Directors	2	33.00%	100.00%	2.00
	Black female Executive Directors as a percentage of all Executive Directors	2	16.50%	100.00%	2.00
Top Management	Black Senior Top Management	2	26.00%	100.00%	2.00
	Black Women Senior Top Management	2	13.00%	100.00%	2.00
	Black Other Top Management	1.5	26.00%	85.71%	1.50
	Black Women Other Top Management	1	13.00%	42.86%	1.50
	Percentage of black people living with disability as percentage of total management	1	3.00%	0.00%	0.00
Bonus Points	Black independent non-executive Board Members	3	26.00%	100.00%	3.00
					19.00

B-BBEE SCORECARD SUMMARY: Employment Equity

Sub-Element	Indicator	Weighting Points	Compli-ance Target	Actual	Score
Disabled	Black disabled employees as a percentage of all employees	2	2.00%	1.00%	1.00
	Black women disabled employees as a percentage of all employees	2	1.00%	0.67%	1.34
Management	Black employees in Senior Management as a percentage of all such employees	4	43.00%	100.00%	4.00
	Black women employees in Senior Management as a percentage of all such employees	3	21.50%	50.00%	3.00
	Black employees in Middle Management as a percentage of all such employees	2	63.00%	83.65%	2.00
	Black women employees in Middle Management as a percentage of all such employees	2	31.50%	36.54%	2.00
	Black employees in Junior Management as a percentage of all such employees	2	68.00%	87.34%	2.00
	Black women employees in Junior Management as a percentage of all such employees	2	34.00%	40.90%	2.00
Pilots	Black Pilots as a percentage of total Pilots	2	8.00%	78.48%	2.00
	Black women Pilots as a percentage of total Pilots	2	3.00%	27.85%	2.00
Technicians	Black Technicians as a percentage of total Technicians	2	25.00%	91.74%	2.00
	Black women Technicians as a percentage of total Technicians	2	3.00%	28.10%	2.00
Bonus Points	Bonus point for meeting or exceeding the EAP targets in each category	4	91.10%	-	1.33
					26.67

B-BBEE SCORECARD SUMMARY: Skills Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Skills Development Expenditure	Skills Development Expenditure on learning programmes for black employees as a percentage of leviable lmount	3	3.00%	2.56%	2.56
	Skills Development Expenditure on the learning programmes for black women employees as a percentage of Leviable Amount	3	1.50%	1.54%	3.00
	Skills Development Expenditure on learning programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of leviable amount	1.5	0.30%	0.06%	0.31
	Skills Development Expenditure on learning programmes for black women employees with disabilities as a percentage of leviable amount	1.5	0.15%	0.06%	0.58
Learnerships	Number of Black Employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees	3	5.00%	7.01%	3.00
	Number of black women employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees	3	2.50%	5.01%	3.00
					12.44

B-BBEE SCORECARD SUMMARY: Preferential Procurement

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Procurement Spend	B-BBEE spent on all suppliers based on the B-BBEE procurement recognition levels as a percentage of total procurement Spend	12	50.00%	57.92%	12.00
	B-BBEE procurement spent from qualifying small enterprises or exempted micro-enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3	10.00%	5.90%	1.77
	B-BBEE procurement spent as a percentage of total measured procurement spend from suppliers that are 50% black-owned	3	9.00%	24.23%	3.00
	B-BBEE procurement spent as a percentage of total measured procurement spend from suppliers that are 30% black-women-owned	2	6.00%	22.94%	2.00
					18.77

B-BBEE SCORECARD SUMMARY: Enterprise Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
ED Contributions	Investment in black-owned-enterprises as identified in the 'Benefit Factor Matrix' (Annexure 600A) as a percentage of Net Profit After Tax	15	3.00%	1.03%	5.14
					5.14

B-BBEE SCORECARD SUMMARY: Socio-Economic Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
SED Contributions	Average annual value of all qualifying SED contributions made by the measured entity as a percentage of NPAT	6	1.00%	0.70%	4.21
					4.21

TOTAL BEE SCORE	86.23 Points
Broad-Based Contribution Level	Level 2
Value-Adding Supplier	No
Enterprise Development Beneficiary	No
Procurement Level	125%
Youth Employment Service	No

Table 22: SACAA B-BBEE Compliance Status

PART D

HUMAN RESOURCES

OVERVIEW OF HUMAN RESOURCES MATTERS

The Division: Human Resources (HR) has a primary responsibility for managing all employee-related matters/programmes such as policy administration, recruitment processes, benefits administration, skills development, bursary, internship and trainee programmes, leadership development, talent management, organisational culture alignment, employee value proposition, performance management, employee wellness and rewards and recognition, among others.

The SACAA prides itself on its continued implementation of the best practice HR programmes to attract and sustain a high-performing workforce and retain the best talent.

ORGANISATIONAL CULTURE

The SACAA organisational culture is a system of shared values and beliefs that governs and provides guidelines and boundaries for the behaviour of its employees. The SACAA continuously seek to ensure that there is a common understanding of the SACAA culture among its employees, to enable the execution of its mandate. In this regard, the SACAA embarked on a culture transformation journey to define and embed the SACAA culture that would become the blueprint for the SACAA's way of doing things.

In the year under review, the SACAA concentrated its efforts towards creating a consistent understanding of the culture pillars and the behaviours that define them. All initiatives were aimed at encouraging employees to engage more intentionally with the culture behaviours and their meaning.

Some of the activities that were rolled out in the financial year included a Culture Masterclass that sought to embed a consistent level of understanding of the behaviours that define the SACAA culture pillars throughout the whole organisation. The Masterclass encouraged reflection on individual employees' and team members' contribution to the bigger SACAA mandate. This was the first of a series of Masterclasses that will be rolled out within the organisation in the year ahead.

The SACAA believes that a successful organisational culture transformation is characterised by individual employees demonstrating the espoused culture behaviours in their daily interactions and dealings. To encourage employees to engage with the culture behaviours and understand what is expected of them individually, an internal competition was rolled out, where employees were encouraged to share their understanding of each specific pillar and what it meant to the organisation. The competition was done on a platform that allowed employees to have robust and authentic conversations around their shared views.

TALENT MANAGEMENT

The SACAA continued to implement its talent management framework, to ensure that it retains its superior and most skilled and talented workforce. Talent reviews and talent plotting sessions were held for the Divisions where scarce and critical positions were identified, and the succession plans for these positions were consolidated. These actions took place to ensure that a strong and healthy talent pipeline is maintained at these levels of the organisation.

The focus for the financial year was on the implementation of the mentorship programme for the newly selected employees in the talent pool. The purpose of this programme was to ensure that the identified **'talent'** was equipped with the **'fit-for-purpose'** skills and knowledge to enable them to be ready to fill the identified future roles should the opportunity arise. The programme continued to add great value to the identified employees, to the extent that most of those employees requested an extended mentorship period.

EMPLOYEE VALUE PROPOSITION (EVP)

The SACAA employees are a critical element in the successful implementation of the SACAA mandate. This is illustrated in the way that the employee value proposition (EVP) was positioned as one of the cornerstones of the SACAA Human Resources 5-Year Strategy. EVP refers to the set of monetary and non-monetary offerings that the organisation gives its employees in return for their skills, capabilities, and experiences.

In the past financial years, more emphasis was placed on repositioning the SACAA employer brand externally, to increase the organisational attractiveness. However, in the period under review, more work was done internally, focusing on aligning the expectations of employees with the SACAA EVP offering. Securing this alignment was necessary, to ensure that the SACAA remains relevant and valuable to the many employees who have already aligned and associated themselves with it. In this regard, a survey was rolled out across the organisation to assess the employees' experience and receive their feedback on the SACAA's current EVP offering under three (3) main themes, namely:

- Employee Benefits
- Attraction and Retention
- Attributes and Skills Development

A total of 30% of the employees responded to the survey. This group of employees was representative of the total employee population in terms of their race, gender, and age profile.

Whilst the survey results demonstrated that there is an alignment between the expectation and the offering, it also provided insights on areas of improvement that the SACAA should be focusing on in the future, as it continues to implement progressive engagement and retention strategies and to create an exciting experience for its most important capital, the employees.

BURSARY PROGRAMME

Amidst the pressures presented by the COVID-19 pandemic and whilst there were no new intakes for the Bursary Programme, the SACAA was able to continue to provide the much-needed bursary sponsorship to both its employees and external students. A total of 49 employees were able to continue with their studies on various programmes that were related to their professional development.

A total number of 26 external students also benefited from the bursary programme in the financial year. These students were funded for studies in Aircraft Maintenance Engineering, the Pilot Training Programme and Aeronautical Engineering. Four (4) students have successfully completed the Pilot Training Programme qualifications in the same period.

The SACAA remains committed to achieving its objective of contributing to the transformation of the South African aviation industry through investing in this programme; and it looks forward to accepting more students into the programme and creating opportunities for more aspiring young South African aviators.

PRODUCTIVITY DURING TIMES OF CHANGE

The COVID-19 pandemic resulted in a large-scale disruption throughout the world and the country, and, of course, the SACAA was not spared. The impact of COVID-19 on our daily lives - how we work, live, and interact, was undeniable, and it brought much uncertainty and anxiety to people.

In response to this unprecedented adjustment and to equip both our leaders and employees to successfully adapt to the changes brought about by COVID-19, a Change Management Response Plan was developed and deployed to continue to deliver on the SACAA mandate and to maintain productivity. Various Change Management initiatives such as the Divisional Change Management Engagement Sessions, identification of Change Champions, Survey on Flexible Working Arrangements, Leadership Toolkit (leading in times of crisis and change) were

developed for all leaders in the organisation. Over and above that, the "All Staff Change Engagement Session" led by the DCA was implemented, which included equipping leaders with tips and tools on how to lead during the times of crisis and how to adjust to what has become known as the **'new normal'**.

Like many organisations in the world, the SACAA was catapulted into a forced scenario where working remotely from the office had to be actioned within a short space of time. This meant that employees and management had to adapt quickly to the new world of work.

Whilst it was without teething problems as the organisation had to quickly introduce new ways of connection, communication with the teams, the SACAA's leveraging on technology that was already in place enabled the continued efficient delivery of the SACAA mandate. The organisation was able to maintain high levels of productivity. This was also supported by the fact that employees were able to work comfortably in their own settings, with less commuting time. As part of ensuring that there was structured and expeditious adaptation, a customised Flexible Working Arrangement Survey was rolled out to benchmark and assess the impact of this unplanned change. The survey assisted the organisation to evaluate its readiness to adapt to this working model and to identify and eliminate operational barriers while employees work remotely. The results indicated that whilst there was undoubtedly a lot of learning and a substantial amount of work that the organisation put into this exercise in a short space of time, it was clear that there was still a lot to be learnt. The vital and positive outcome of the survey was that it has assisted in charting the way forward.

SKILLS DEVELOPMENT COST

The SACAA believes that investing in skills development is beneficial to the organisation, as much as it is to the employees. Therefore, skills development has remained at the centre of the organisational performance, growth, and success. Due to challenges presented by the COVID-19 pandemic and the resultant cost-cutting initiatives, the organisation had to prioritise critical skills development interventions in the reporting period.

Of the employees that were trained, 89% were black employees, 49% were female and 21% of them were below the age of 35. Below is a table that depicts the training costs per Division:

TRAINING COSTS PER DIVISION

Division	Personnel Expenditure (R)	Training Expenditure* (R)	Number of Employees Trained	Average Training Cost per Employee (R)
Accident and Incident Investigations Division	17 850 750	464 610	24	19 359
Aviation Infrastructure	41 098 239	102 450	50	2 049
Aviation Safety Operations	178 922 637	1 263 569	168	7 521
Aviation Security	32 795 565	44 581	39	1 143
Finance	38 192 303	192 901	58	3 326
*Human Resources	19 926 419	2 842 419	69	41 194
Company Secretary	4 867 570	13 601	4	3 400
Legal and Aviation Compliance	21 586 954	(55 880)	25	(2 235)
Internal Audit	8 463 261	16 952	10	1 695
Flight Inspection Unit	5 811 872	96 732	3	32 244
Cape Town Regional Office	6 642 140	-	-	-
**Corporate Services	38 976 018	246 586	42	5 871
Total	**415 133 728**	**5 228 521**	**492**	**10 627**

*This number includes training for interns and bursars.
**The training expenditure for staff members based in the Cape Town Regional Office is allocated in the respective Divisions to which they report.

Table 23: Training Costs per Division

INTERNSHIP PROGRAMME

A total of 24 interns were hosted during the period under review, of which 18 were carried over from the previous financial year.

The Internship Programme was introduced with the aim of providing young and aspiring aviators and other professionals with an opportunity to get the necessary exposure and to gain experience in the various fields within the aviation environment. This was to ensure that these young people are equipped with the necessary skills that will bolster their opportunities of being employed, whether within the SACAA or in any other organisation within this industry. The enhanced programme integrates with other people processes such as performance management; recruitment and selection; training and development; remuneration and benefits; employment equity and succession.

The programme includes training in areas such as Life Skills and Job Readiness, Occupation/Job Skills Development, Workplace Mentorship Strategies and Generic Workplace Skills. The interns are assessed at the end of the programme to determine their competency levels in all the areas of the training to which they had been exposed.

SACAA TRAINEE PROGRAMME

The SACAA developed a Trainee Programme as part of the Talent Management Programme, to provide **'on-the-job'** training opportunities to young pilots and aircraft mechanic students who completed their training and were now looking for opportunities to gain experience in the field of aviation. The programme focused on building capacity and creating a talent pool in the areas where there is a scarcity of critical skills that are required for the organisation.

The students who were appointed were taken through rigorous training programmes, aimed at providing exposure to both the practical and administrative functions of specific jobs within the organisation. The training programme also provided them with all the required formal training to become qualified SACAA inspectors.

For the period under review, the SACAA had a total of four (4) trainees, of which two (2) successfully completed their training and were appointed as fully fledged SACAA inspectors. The remaining two (2) will continue with their training and are expected to complete their programme over the next two (2) years.

EMPLOYEE WELLNESS

The SACAA implemented an Employee Wellness Programme to improve employee's health and well-being, but most importantly to ensure that employees are productive and capable to support the SACAA five (5)-year Strategic Plan.

In view of the **'new normal'** that was brought about by the COVID-19 pandemic, the Employee Wellness Programme was intensified, to cover areas such as:

- Lifestyle Management
- Mental Health Awareness
- Occupational Health and Safety
- Chronic Disease Management
- Physical Wellness
- Managing Incapacity and Performance.

Other wellness topics that were covered during the year under review were on family-related issues, work-life balance, financial issues, and legal matters.

These programmes were implemented through various touchpoints such as webinars, podcasts, online workshops, social media platforms, email communication and posters.

The SACAA continued to provide the much-needed psychosocial services to employees through the Employee Assistance Programme (EAP) for dealing with issues such as bereavement counselling, substance abuse and psychosocial issues resulting from HIV and AIDS issues.

EMPLOYEE RELATIONS

The relationship between the employer, employee and organised labour is the foundation upon which the overall organisational Strategic Plan can be achieved. This is because employees are at the forefront of executing the strategic mandate of the organisation.

The SACAA recognises that effective ongoing communication and engagement with organised labour is central to creating and maintaining sound employee relations. To improve and maintain employee relations, the SACAA engaged with the National Union of Metalworkers of South Africa (NUMSA), which is a recognised union in the organisation, to develop an Engagement Plan. The Engagement Plan was successfully implemented during the financial year.

Furthermore, the SACAA, in consultation with NUMSA, developed a two-year Employee Relations (ER) Training Plan for implementation in the 2021/22 and 2022/23 financial years.

HUMAN RESOURCES OVERSIGHT STATISTICS

This section of the report provides statistics in relation to various human resources activities and functions.

PERSONNEL COSTS BY DIVISION

The personnel costs in the table below are inclusive of fixed and variable payments for permanent and fixed-term employment, as well as a stipend for bursars and interns. The amounts that follow relate to the payments made through the payroll, and thus exclude accruals and provisions as disclosed in the Annual Financial Statements.

PERSONNEL COSTS BY DIVISION

Division	Personnel Expenditure R	Personnel Expenditure as a % of Total	Number of Employees	Average Personnel Cost per Employee R
Accident and Incident Investigation Division	17 850 750	4.3%	24	743 781
Aviation Infrastructure	41 098 239	9.9%	52	790 351
Aviation Safety Operations	178 922 637	43.1%	*233	767 908
Aviation Security	32 795 565	7.9%	47	697 778
Finance	38 192 303	9.2%	*59	647 327
Human Resources	19 926 419	4.8%	*66	301 915
Company Secretary	4 867 570	1.2%	5	973 514
Legal and Aviation Compliance	21 586 954	5.2%	*21	1 027 950
Internal Audit	8 463 261	2.0%	*7	1 209 037
Flight Inspection Unit	5 811 872	1.4%	6	968 645
Cape Town Regional Office	6 642 140	1.6%	10	664 214
Corporate Services	38 976 018	9.4%	**40	974 400
Total	**415 133 728**	**100%**	**570**	**728 305**

* This number includes fixed-term contractors, interns, and bursars.
**This number includes the Office of the DCA.

Table 24: Personnel Costs by Division

PERSONNEL COSTS BY SALARY BAND

The personnel costs reflected in the table below depict all positions according to the different occupational levels in the organisation. The occupational levels are aligned to the Paterson Grading System.

PERSONNEL COSTS BY SALARY BAND

Band/Level	Personnel Expenditure R	% of Personnel Expenditure to Total	Number of Employees	Average Personnel Cost per Employee R
Top Management	4 298 976	1.0%	1	4 298 976
Senior Management	23 672 987	5.7%	8	2 959 123
Professional qualified	91 944 953	22.2%	84	1 094 583
Skilled	272 924 964	65.7%	373	731 702
Semi-skilled	19 644 746	4.7%	51	385 191
Unskilled	2 647 102	0.7%	53	49 945
Total	**415 133 728**	**100%**	**570**	**728 305**

Table 25: Personnel Costs by salary band

As part of the cost-containment initiatives that the SACAA implemented, the Performance Rewards were not paid out in the period under review.

EMPLOYMENT AND VACANCIES

As a result of the economic impact of the COVID-19 pandemic and the cost-containment measures that the SACAA had put in place, a moratorium was placed on the filling of vacant positions, which led to most of the vacant positions being put on hold. However, the SACAA prioritised the positions that were identified as critical and only those were filled during the period under review, in line with the targets set in the Employment Equity (EE) Plan.

The Employment Equity Plan focused on employing more black males, females and coloured males and females in the technical and management level positions.

EMPLOYMENT AND VACANCIES PER DIVISION

Division	2019/20 Number of Employees	2020/21 Approved Posts	2020/21 Number of Employees	2020/21 Vacancies	% of Vacancies
Accident and Incident Investigation Division	25	29	24	5	17.2%
Aviation Infrastructure	55	54	52	2	3.7%
Aviation Safety Operations	245	263	233	30	11.4%
Aviation Security	47	53	47	6	11.3%
Finance	67	58	59	*(1)	(1.7%)
Human Resources	47	18	66	**(48)	(266.7%)
Company Secretary	5	5	5	0	0.0%
Legal and Aviation Compliance	21	27	21	6	22.2%
Flight Inspection Unit	9	10	6	4	40.0%
Internal Audit	6	9	7	2	22.2%
Cape Town Office	9	11	10	1	9.1%
Office of the DCA	4	6	3	3	50.0%
Corporate Services	49	46	37	9	19.6%
Total	**589**	**589**	**570**	**19**	**3.2%**

* This number includes fixed-term contract employees.
**The negative variance is due to the inclusion of fixed-term contract employees, interns, and bursars

Table 26: Employment and Vacancies per Division

EMPLOYMENT CHANGES

The table below reflects changes that took place during the period under review.

EMPLOYEE CHANGES PER LEVEL

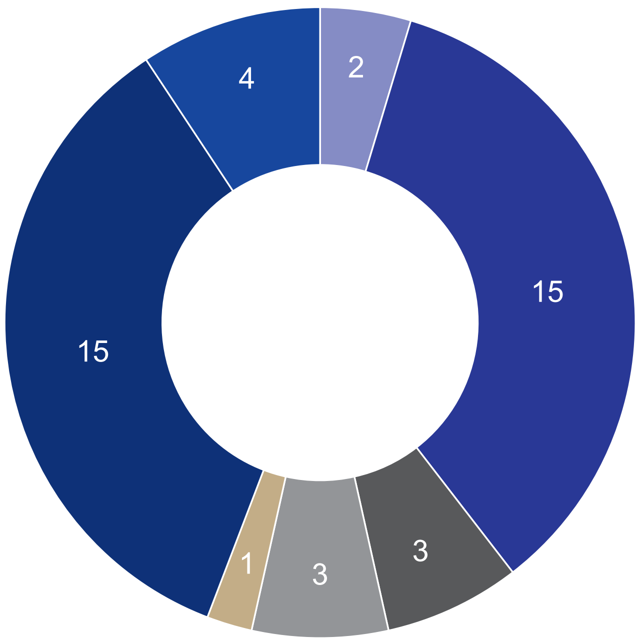
Salary Level	Employment at Beginning of the reporting period	Appointments	Terminations	Employment at End of the Reporting Period
Top Management	1	0	0	1
Senior Management	8	0	0	8
Professional Qualified and Middle Management	85	4	5	84
Skilled	384	11	22	373
Semi-skilled	58	1	8	51
Unskilled	53	8	8	53
Total	**589**	**24**	**43**	**570**

Note: The total number of appointments and terminations include fixed-term contract employees, interns, and bursars.

Table 27: Employee changes per level

REASONS FOR STAFF EXITS

The table below indicates attrition rate as well as the reasons for staff exiting the organisation. Information obtained during exit interviews feeds into the organisational retention plan.



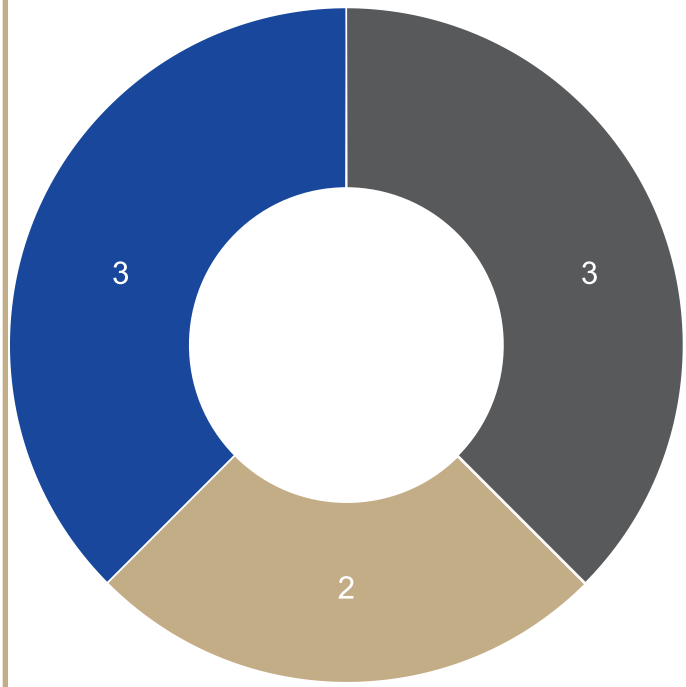
Death	2
Resignation	15
Dismissal	3
Retirement	3
Permanent Disability	1
Seconded	0
Expiry of contract	15
Other: End of Internship and Bursary Programmes	4
Total	43

Note: This table includes fixed-term contractors, interns, and bursars.

Graph 16: Reasons for staff exits

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTIONS

The table below provides information on cases of misconduct and actions taken.



Verbal Warning	0
Written Warning	3
Final Written Warning	2
Dismissal	3
Total	8

Graph 17: Labour relations: misconduct and discplinary actions

EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS

The table below details the status around employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – MALE

AFRICAN

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	3	4	32	35	142	145	9	9	0	0	**186**	**193**

COLOURED

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	0	0	4	4	11	11	0	0	0	0	**15**	**15**

INDIAN

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	1	1	3	3	22	22	0	0	0	0	**26**	**26**

WHITE

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	1	1	10	11	21	25	0	0	0	0	**32**	**37**

Note: The table includes fixed-term contract employees; but excludes interns and bursars.

Table 28: Employment equity status – male.

EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS – continued

The table below details the status around employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – FEMALE

AFRICAN

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
1	1	2	3	26	26	136	130	36	37	3	3	**204**	**200**

COLOURED

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	0	0	3	3	11	14	1	2	0	0	**15**	**19**

INDIAN

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	1	1	1	1	11	11	2	1	0	0	**15**	**14**

WHITE

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
0	0	0	0	4	4	21	21	2	2	0	1	**27**	**28**

Note: The table includes fixed-term contract employees; but excludes interns and bursars.

Table 29: Employment equity status – female.

EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS – continued

The table below details the status around employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – DISABLED STAFF

MALE

Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current
0	0	0	0	1	0	3	2	0	0	0	0	**4**	**2**

FEMALE

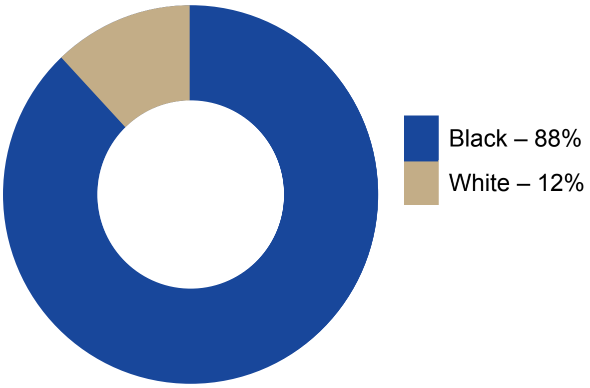
Top Management		Senior Management		Professional Qualified		Skilled		Semi-skilled		Unskilled		Total	
Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target	Current
0	0	1	0	1	0	1	2	3	1	0	0	**6**	**3**

Note: The tables exclude fixed-term contractors, interns, and bursars.

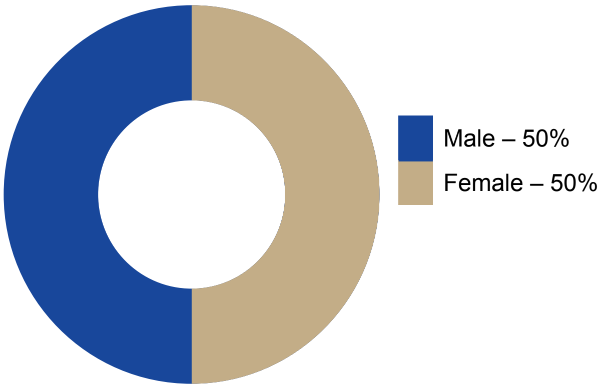
Table 30: Employment equity status – disabled staff.

RACE AND GENDER PROFILE

RACE PROFILE



GENDER PROFILE



Graph 18: Race and Gender Representations

PART E

ANNUAL FINANCIAL STATEMENTS

Financial Statements for the year ended 31 March 2021

The reports and statements set out below comprise the Annual Financial Statements presented to Parliament:

INDEX

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN CIVIL AVIATION AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the South African Civil Aviation Authority set out on pages 130 to 173 which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget to actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Civil Aviation Authority as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA) of South Africa, 1999 (Act no.1 of 1999).

BASIS FOR OPINION

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

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

7. I draw attention to note 27 of the financial statements, which states that the COVID-19 pandemic has had a severe impact on the aviation industry in which SACAA operates due to the restrictions that were imposed on air travel. The main sources of revenue of the entity is passenger safety charge, user fees and fuel levies generated from the aviation industry. The pandemic continues to cause significant reduction in air travel both locally and globally that impacts on the ability of the entity to generate revenue. The continued impact of the pandemic on the aviation industry and its impact on the entity's revenue creates a material uncertainty on the ability of the entity to continue as a going concern. As part of mitigating against this uncertainty, the entity has received a commitment for financial support for the next three financial years which is fully disclosed in note 27 to the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Financial Statements for the year ended 31 March 2021

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

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

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

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the public entity's annual performance report for the year ended 31 March 2021:

Objectives	Pages in the Annual Performance Report
Objective 1 – Strengthened safety and security oversight system	39-41

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

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:•
    - Objective 1 – Strengthened safety and security oversight system

OTHER MATTER

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 38-45 for information on the achievement of planned targets for the year and management's explanations provided for the over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

Financial Statements for the year ended 31 March 2021

OTHER INFORMATION

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

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

23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

24. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

OTHER REPORTS

26. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

27. There is an ongoing investigation by the Ethiopian Aircraft Accident Investigation Bureau relating to the flight inspection aircraft that crashed on 23 January 2020. At the date of this report, the investigation is still ongoing.

Auditor-General

Pretoria
30 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

Financial Statements for the year ended 31 March 2021

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Board is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and are 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 Board to ensure that the annual financial statements fairly present the state of affairs of the SACAA as at the end of the financial year and the results of its operations and cash flows for the period 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 the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the SACAA and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or fraud 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 SACAA and all employees are required to maintain the highest ethical standards in ensuring that SACAA's business is conducted in a manner that under all reasonable circumstances is above reproach. The focus of risk management in the SACAA is on identifying, assessing, managing and monitoring all known forms of risk across the SACAA. While operating risk cannot be fully eliminated, the SACAA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board 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 error.

The Board has reviewed the SACAA's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, it is satisfied that the SACAA has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the financial affairs of the SACAA, they are supported by the SACAA's external auditors. The external auditors are responsible for independently reviewing and reporting on the SACAA's annual financial statements. The annual financial statements have been examined by the SACAA's external auditors and their report is presented on pages **115-118**.

The annual financial statements set out on pages **130-173**, which have been prepared on the going concern basis, were approved by the Board on 29 July 2021 and were signed on its behalf by:

Mr E Khosa	Mr S Sooklal	Ms GNB Khoza
Chairperson: SACAA Board	Chairperson: Audit and Risk Committee	Director of Civil Aviation

Financial Statements for the year ended 31 March 2021

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2021.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 50(1) and 51(1) of the PFMA and Treasury Regulations. The Audit and Risk Committee also reports that is has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit and Risk Committee is established as an Independent Statutory Committee in terms of the PFMA and the Civil Aviation Act. The Committee oversees all audit, compliance, information technology, internal audit and risk matters for the SACAA; however, the Board is ultimately accountable for financial and risk management.

The Audit and Risk Committee for the year ended 31 March 2021 comprised three (3) non-executive members and an independent specialist member appointed in November 2020 and was chaired by an independent non-executive member, Mr Surendra Sooklal. It is noted that one (1) member of the Audit and Risk Committee (ARC) resigned on 17 August 2020 and a new member appointed in September 2020. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General of South Africa all have a standing invitation to the Audit and Risk Committee meetings. The appointment of the Audit and Risk Committee members is confirmed annually at the Annual General Meeting by the Executive Authority.

On an annual basis, the Audit and Risk Committee assesses the effectiveness of the Internal Audit activity against the criteria outlined below:

- Achievement of the annual Internal Audit Plan
- Compliance with the Institute of Internal Auditors’ professional standards
- Achievement of reporting protocols through management to the Audit and Risk Committee
- Timelines of reporting of findings and activities
- Responsiveness to the changing business and operational environment
- Management’s acceptance of the internal audit findings
- Quality and relevance of the annual assessment reports
- Level of co-operation and interaction with other assurance providers within the agreed combined assurance approach
- Maintenance of adequate staffing and resource levels to achieve the annual Internal Audit Plan outcomes and meet the requirements of the Internal Audit Charter
- Meeting the budget allocated to the internal audit function

During the period under review, the Committee held five (5) scheduled meetings, three (3) special meetings and one (1) workshop. The purpose of the workshop was to review the reporting and plans relating to internal audit, risk management and combined assurance. The Chairperson of the Committee reports to the Board quarterly, with regard to the Committee’s deliberations, decisions and recommendations. In addition the Committee also reports quartlery to the Executive Authority.

ATTENDANCE OF AUDIT AND RISK COMMITTEE MEETINGS BY AUDIT AND RISK COMMITTEE MEMBERS

Mr S Sooklal	8 out of 8
Mr M India	8 out of 8
Dr B Suckling	3 out of 8 (resigned 17/08/2020)
Prof N Dyani-Mhango	4 out of 4 (appointed 9/09/2020)
Ms Z Nkosi	3 out of 3 (appointed 1/11/2020)

Financial Statements for the year ended 31 March 2021

WORK OF THE COMMITTEE IN 2020/21

During the period under review, the Committee fulfilled its statutory duties as required by the PFMA and Treasury Regulations, as well as various additional responsibilities assigned to it by the Board. The Committee's activities are also guided by its Terms of Refence which are annually reviewed and approved by the Board.

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

Internal Audit provides the Audit and Risk Committee with reasonable assurance that internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal and external auditors, we noted that matters which indicated any deficiencies in the system of internal control have been brought under management's attention and corrective measures were implemented. Accordingly, we can report that the systems of internal control over financial reporting for the period under review was efficient and effective.

Section 51(1)(a)(i) of the PFMA states that the Accounting Authority must ensure that the SACAA maintains an effective, efficient, and transparent system of financial, risk management and internal control.

The Audit and Risk Committee is responsible for overseeing risk management and reviewing the internal controls. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessment.

During the year under review, the Audit and Risk Committee conducted the following activities;

REVIEWED AND RECOMMENDED THE FOLLOWING MATTERS TO THE BOARD FOR APPROVAL:

- Quarterly risk reports containing potential and emerging risks and opportunities aligned to the SACAA's vision and mission and reportable incidents
- Quarterly PFMA compliance reports
- Quarterly finance and materiality reports
- Quarterly performance management reports
- SACAA's policies on fraud and corruption, bank and cash, investment, telephone & cellphone and security
- The risk assessment and risk management, including fraud risks and information technology risks
- The Medium-Term Expenditure Framework for the ensuing periods
- The draft Annual Report 2019/20
- Revision of the Delegation of Authority
- Cyber Security Strategy, amongst others

REVIEWED AND APPROVED THE FOLLOWING QUARTERLY REPORTS:

- Information and Communication Technology;
- Combined assurance reports;
- Materiality reports;
- Legal compliance, litigation and fraud incidents; and
- Oversight on capex projects.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee reviewed the annual financial statements of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate. The annual financial statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the annual financial statements
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context
- Quality and acceptability of, and any changes in accounting policies and practices

Financial Statements for the year ended 31 March 2021

- Compliance with accounting standards and legal requirements
- Significant adjustments and/or unadjusted differences resulting from the audit
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted
- Reasons for major year-on-year fluctuations
- Asset valuations and revaluations
- Calculation and levels of general and specific provisions;
- Write-offs and reserve transfers
- The basis for the going-concern assumption

FINANCIAL REPORTING

In addressing our key objective, which is to assist the entity through the Board, in ensuring the integrity of its financial statements, we reviewed the financial statements with both management and the external audit, concentrating on:

- Compliance with financial reporting standards and governance reporting requirements
- Areas requiring significant judgements to be made in applying accounting policies
- The appropriateness of accounting policies
- The procedures and controls around estimates that are key to applying accounting policies
- Whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for the stakeholders to assess the entity's business model, strategy and performance

The Committee focused on ensuring the integrity of the SACAA's financial reporting and improving the financial controls framework and assessed the fair presentation of the financial statements.

INTERNAL AUDIT

The Internal Audit Division is responsible for providing a professional, independent and objective assurance review on the adequacy and effectiveness of the internal control environment across all the significant areas of the SACAA's operations, and assisting the SACAA in the achievement of set objectives.

The key activities of Internal Audit are:

- To develop and implement a three-year Risk Based Annual Plan including risk and concerns identified by management, and the Plan is submitted to the Audit and Risk Committee for review and approval
- To build and enhance a professional audit staff with knowledge and skills required in the execution of planned audit in accordance to the role defined in the charter
- To provide an optimal audit coverage by considering the scope of work of the external auditors and other assurance providers

The Internal Audit Division completed all planned audits and allocated ad-hoc audits for the period under review.

The Audit and Risk Committee is responsible for ensuring that the Internal Audit function is independent and has the necessary resources, standing and authority within the SACAA to enable the Division to discharge its duties. Furthermore, the Audit and Risk Committee oversees cooperation between the Internal and External Auditors and serves as a link between the Board of Directors and these two (2) functions namely Internal and External Auditors and their respective audit work.

The Audit and Risk Committee reviews and approves the risk-based Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Chief Audit Executive tables progress reports in this regard to the Audit and Risk Committee on a quarterly basis.

Financial Statements for the year ended 31 March 2021

During the reporting period, the Audit and Risk Committee conducted the following activities:

Reviewed and approved/noted the following matters:

- Annual Internal Audit Plan and the three-year rolling plan
- Progress reports on the closure of the internal audit findings
- Internal Audit's Quarterly Reports in line with the approved internal audit plan
- Internal Audit Charter for the 2020/21 financial year

Furthermore, the Audit and Risk Committee monitored the implementation of the Combined Assurance Plan and Model to ensure the coordination and alignments of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach, including resource optimisation.

The Audit and Risk Committee has formed an opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Division has complied with the internal audit standards, the required legal, regulatory and other responsibilities as stipulated in its Charter during the period under review. We are satisfied that the Internal Audit function is operating effectively, and that it has addressed the risks pertinent to the SACAA in its internal audits.

WHISTLE-BLOWING

In compliance with the Protected Disclosures Act, 2000, (Act No. 26 of 2000), the SACAA has established and maintains an independent fraud hotline service. The Audit and Risk Committee wishes to report that, for the financial year under review, it received and dealt with all concerns or complaints, whether from within or outside of the SACAA, relating to the accounting practices, content or auditing of SACAA's financial statements, the internal financial controls and other matters.

The Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by the Internal Audit Division. The Audit and Risk Committee reviews on a regular basis progress reports on the status of the investigations, and the Committee ensured that the necessary corrective actions were taken by Management. The Committee in the year under review also reviewed the Fraud and Corruption Policies.

THE QUALITY OF MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied that it received sufficient, reliable and timely information from Management in order to enable it to fulfill its responsibilities. During the year under review, quarterly Management reports were presented by Management to enable the Committee to:

- Monitor the integrity, accuracy and reliability of the financial position of the SACAA
- Review the management accounts of the SACAA to provide the Accounting Authority with an authoritative and credible view of the entity's financial position
- Review the disclosures made in the financial reports of the SACAA and the context in which statements on financial health of the entity are made
- Review all material information presented together with the management accounts

THE QUALITY OF BUDGETS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied that it received sufficient, reliable and timely information that enabled it to:

- Review and ensure that the annual budgets are balanced, credible and realistic against the approved Business Plan
- Monitor and periodically review the implementation of the approved budget by the Accounting Authority

Financial Statements for the year ended 31 March 2021

AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)

The Audit and Risk Committee, in consultation with the SACAA's Management, agreed to the terms of the Auditor-General South Africa's engagement letter, audit strategy and audit fees in respect of the 2020/21 financial year.

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

The Audit and Risk Committee monitored the implementation of the Action Plan to address matters arising from the management report issued by the Auditor-General of South Africa for the 2019/20 financial year. All the action items were closed by the end of the 2020/21 financial year.

The Auditor-General has unrestricted access to the SACAA's records and Management furnishes a written report to the Committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Committee.

The Audit and Risk Committee concurs with, and accepts the conclusions and the audit opinion of the Auditor-General of South Africa on the annual financial statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General of South Africa.

Mr S Sooklal
Chairperson of the Audit and Risk Committee
29 July 2021

ACCOUNTING AUTHORITY'S REPORT

The Board submits its report for the year ended 31 March 2021.

1. INTRODUCTION

The Board presents its twenty-third Annual Report in terms of the Civil Aviation Act, 2009 (Act No.13 of 2009), (previously governed by the South African Civil Aviation Authority (Act No.40 of 1998)) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which forms part of the audited annual financial statements for the year ended 31 March 2021.

2. PRINCIPAL ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The South African Civil Aviation Authority (SACAA) is a statutory body which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry.

The Civil Aviation Act, 2009, read in conjunction with the South African Civil Aviation Authority Levies Act, 1998 (Act No. 41 of 1998), enables the SACAA to charge a passenger safety charge on scheduled operations, a fuel levy on non-scheduled operations and general aviation, and charges for services rendered to the aviation industry, allowing it to generate revenue to fund its operations.

The operating results and state of affairs of the SACAA are fully set out in the attached annual financial statements and do not, in the opinion of the Board, require any further comment.

The SACAA recorded a net deficit of R139 375 765 for the year ended 31 March 2021 (2020: surplus R93 031 774).

3. GOING CONCERN

The COVID-19 pandemic has and continues to cause devastation in the world. The impact on the aviation industry has been severe. As a regulator of the aviation industry in South Africa the SACAA is dependent on passenger safety charge, user fees and fuel levies from the aviation industry for a major part of its revenue. The severe restrictions on airline flights in the earlier period of the financial year both locally and globally had a major impact on the number of people flying and hence a negative impact on the revenue of the SACAA.

In South Africa the total ban on flights since the beginning of a hard lockdown on the 26 March 2020 has resulted in the SACAA earning very little revenue in the first six months of the financial year. Unrestricted local air travel in South Africa has been allowed since 18 August 2020 and limited international travel was allowed from 1 October 2020. Foreign travel restrictions also limited international travel. Indications are that the conditions in the industry could take up to three years to return to normalcy. This has caused significant strain on the financial resources of the SACAA and as a result of the financial constraints, the SACAA had to approach its shareholder to fund the shortfall.

Management is of the view that the SACAA will continue as a going concern for the foreseeable future as it has sufficient available reserves currently as well as financial support from its shareholder, the Department of Transport for the next three financial years. Conditions in the aviation industry are also expected to improve in the later years.

In addition the SACAA is a juristic person established in terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009). The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa in line with the Civil Aviation Act (the Act), and in accordance with the standards and recommended practices (SARPs) prescribed by the International Civil Aviation Organisation (ICAO). The SACAA as such is a statutory body, an organ of state in terms of the Constitution of the Republic of South Africa, 1996, that is obliged to perform this function and should receive the full support of the state. The SACAA has received additional funding of R155.5 million from its shareholder, the Department of Transport in the 2020/21 financial year.

The entity's shareholder has confirmed financial support to the entity for an amount of R551.3 million for the next three years of the Medium Term Expenditure Framework (MTEF) period i.e. financial years ending 31 March 2022 (R277.6 million), 31 March 2023 (R187.9 million) and 31 March 2024 (R85.8 million).

Financial Statements for the year ended 31 March 2021

3. GOING CONCERN (continued)

Based on the facts and circumstances known at this point and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is appropriate in the circumstance, hence the annual financial statements are prepared on the assumption that the SACAA is a going concern.

4. EVENTS AFTER THE REPORTING DATE

The Board is not aware of any significant events that occurred after the reporting date that were not adjusted or disclosed in the financial statements. Furthermore, and except for the matters referred to in the going concern paragraph, management is not aware of any circumstances that exist that would impede the SACAA's ability to continue as a going concern.

5. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. ACCOUNTING AUTHORITY

The Board of the SACAA during the year and to the date of this report are as follows:

Name	Appointment	Resignation
Mr E Khosa (Chairperson)	Appointed 1 December 2018	
Mr S Sooklal	Appointed 1 December 2018	
Dr BC Suckling	Appointed 1 December 2018	Resigned 17 August 2020
Mr MG India	Appointed 1 December 2018	
Ms T Phewa	Appointed 1 December 2018	
Ms GB Koyana	Appointed 1 December 2018	
Prof. NV Dyani-Mhango	Appointed 1 December 2018	
Ms GNB Khoza	Appointed 1 December 2018	

7. COMPANY SECRETARY

The Secretary of the SACAA is Ms N Naraindath of:

Business address

Ikhaya Lokundiza
Building 16 Treur Close,
Waterfall Park,
Bekker Street,
Midrand,
1685

Postal address

Private Bag X73,
Halfway House,
1685

Financial Statements for the year ended 31 March 2021

8. INTERESTS OF BOARD MEMBERS

The Board members have, at each Board meeting, confirmed that they had no material personal interests in any transactions of any significance with the SACAA. Board members are required to sign a declaration of interest at every meeting attended. In addition, they are required to declare any interests in contracts annually. Accordingly, no conflict of interest with regard to directors' interests in contracts was reported. There was no change in directors' interests in contracts in the period between the financial year end and the date of signature of this report.

9. CORPORATE GOVERNANCE

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board subscribes to the highest standards of corporate governance and the ongoing alignment with best practice.

The Board confirms and acknowledges its responsibility to apply the principles set out in the King IV Report on Corporate Governance for South Africa 2016. The Board discusses the responsibilities of management in this respect at Board meetings and monitors the SACAA's compliance with the relevant legislative prescripts.

The salient features of the SACAA's adoption of King IV are outlined below:

Board of directors

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board:

- Retains full control over the SACAA, 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 SACAA
- Is of a unitary structure comprising:
  - Six (6) non-executive directors, all of whom are independent directors as defined in King IV
  - One (1) non-executive director appointed as a representative of the Executive Authority
  - One (1) executive director

Chairperson and Director of Civil Aviation

The Chairperson of the Board is a non-executive and independent director as defined by the code.

The roles of Chairperson and Director of Civil Aviation are distinct, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The Director of Civil Aviation is appointed by the Minister of Transport, who is the Executive Authority of the SACAA. In terms of the Civil Aviation Act, the Executive Authority determined the remuneration of the Director of Civil Aviation upon appointment. The Board determines the Remuneration Policy and Strategy of the SACAA.

Board meetings

In terms of the Board Charter, the Board meets at least five times per annum, and during the year under review met on 13 occasions. In addition, it has also successfully held strategic planning and risk sessions.

Non-Executive Directors have access to all members of management of the SACAA.

Financial Statements for the year ended 31 March 2021

10. AUDITORS

In terms of the Public Audit Act, 2004 (Act No. 24 of 2004), as amended by the Public Audit Act, No. 5 of 2018, specifically section 4 (3) provides that the Auditor General may audit and report on the accounts and annual financial statements.

The Executive Authority confirmed the appointment of the Auditor-General as the external auditors of the SACAA at the Annual General Meeting held 27 October 2020.

11. NUMBER OF EMPLOYEES

The number of employees as at 31 March 2021 was 570 (2020: 589) which includes permanent, fixed term, interns, bursars and contract employees.

12. MATERIALITY FRAMEWORK

In terms of Treasury Regulation 28 (3) of the PFMA, the Board must develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority. This has been agreed with the Executive Authority as part of the Board Performance Agreement.

The SACAA has developed a materiality framework whereby all material and significant information is disclosed to the Audit and Risk Committee, the Board and the Executive Authority on a quarterly basis.

Financial Statements for the year ended 31 March 2021

COMPANY SECRETARY'S CERTIFICATION

In my capacity as Company Secretary, I hereby confirm that the SACAA has lodged all returns as required by the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, for the year ended 31 March 2021.

Ms N Naraindath
Company Secretary
Midrand

Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

Description	NOTES	2021 R	2020 R
ASSETS			
Current assets			
Cash and cash equivalents	3	198 696 727	297 976 532
Statutory receivables	4	39 789 143	38 589 883
Receivables from exchange transactions	5	13 462 937	54 978 415
Consumable stores	6	930 263	1 064 149
		252 879 070	**392 608 979**
Non-current assets			
Property, plant and equipment	7	20 511 203	22 233 902
Intangible assets	8	67 346 054	71 918 625
		87 857 257	**94 152 527**
Total assets		**340 736 327**	**486 761 506**
LIABILITIES			
Current liabilities			
Trade and other payables	10	52 539 238	58 724 323
Operating lease liability	11	114 247	578 576
Total liabilities		**52 653 485**	**59 302 899**
Net assets		**288 082 842**	**427 458 607**
Total net assets		**288 082 842**	**427 458 607**

Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2021

Description	Notes	2021 R	2020 R
Revenue			
Revenue from exchange transactions			
Interest revenue	13	10 324 585	18 453 003
Other revenue	14	5 388 245	51 564 088
Gain on foreign exchange		2 404 740	2 631 640
Total revenue from exchange transactions		**18 117 570**	**72 648 731**
Revenue from non-exchange transactions	15	442 772 960	712 754 049
Total revenue		**460 890 530**	**785 402 780**
Expenditure			
Personnel cost	16	(444 528 476)	(423 734 183)
Operating expenses	17	(96 440 676)	(183 573 781)
Depreciation and amortisation		(11 443 278)	(15 417 328)
Impairment loss on property, plant and equipment		-	(3 742 490)
Lease rentals on operating lease		(32 659 289)	(31 028 610)
Debt Impairment	18	(13 468 920)	(12 598 717)
Bad debts written off	18	(1 585 395)	(1 312 076)
Loss on disposal of assets		(140 261)	(20 963 821)
Total expenditure		**(600 266 295)**	**(692 371 006)**
(Deficit)/surplus for the year		**(139 375 765)**	**93 031 774**

Financial Statements for the year ended 31 March 2021

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

Description	Accumulated Surplus R	Total Net Assets R
Balance at 1 April 2019	**334 301 729**	**334 301 729**
Changes in net assets		
Transfer of RAASA assets*	125 104	125 104
Net income recognised directly in net assets	125 104	125 104
Surplus for the year	93 031 774	93 031 774
Total recognised surplus for the year	93 156 878	93 156 878
Total changes	93 156 878	93 156 878
Balance at 1 April 2020	**427 458 607**	**427 458 607**
Changes in net assets		
Deficit for the year	(139 375 765)	(139 375 765)
Total recognised deficit for the year	(139 375 765)	(139 375 765)
Balance at 31 March 2021	**288 082 842**	**288 082 842**

*During the previous financial year, the property, plant and equipment and intangible assets of the Recreation Aviation Administration of South Africa (RAASA) were transferred to the SACAA and revalued to adjust the basis of accounting used to align it to the Standards of GRAP.

Financial Statements for the year ended 31 March 2021

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

Description	Notes	2021 R	2020 R
Cash flows from operating activities			
Receipts			
Receipts from customers and Department of Transport		475 827 849	734 899 442
Interest revenue	13	10 324 585	18 453 003
		486 152 434	753 352 445
Payments			
Payments made to suppliers and employees		(579 502 931)	(737 403 768)
Net cash flows from operating activities	21	**(93 350 497)**	**15 948 677**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(4 776 016)	(14 313 777)
Proceeds from sale of property, plant and equipment		621 708	352 067
Purchase of intangible assets	8	(1 775 000)	(4 118 043)
Net cash flows from investing activities		**(5 929 308)**	**(18 079 753)**
Net decrease in cash and cash equivalents		**(99 279 805)**	**(2 131 076)**
Cash and cash equivalents at the beginning of the year		297 976 532	300 107 608
Cash and cash equivalents at the end of the year	3	**198 696 727**	**297 976 532**

Financial Statements for the year ended 31 March 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

Budget on the Accrual Basis	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Note ref.
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other revenue	2 826 490	16 376	**2 842 866**	5 388 245	**2 545 379**	31
Interest received	16 451 289	(8 469 151)	**7 982 138**	10 324 585	**2 342 447**	31
Gain on foreign exchange	-	2 404 740	**2 404 740**	2 404 740	**-**	
Total revenue from exchange transactions	**19 277 779**	**(6 048 035)**	**13 229 744**	18 117 570	**4 887 826**	
Revenue from non-exchange transactions						
Transfer revenue						
Passenger safety charge	621 677 227	(506 265 227)	**115 412 000**	124 749 719	**9 337 719**	31
User fees	118 409 046	(28 541 228)	**89 867 818**	90 440 081	**572 263**	
Fuel levy	28 390 951	-	**28 390 951**	37 551 736	**9 160 785**	31
Department of Transport	34 552 424	155 479 000	**190 031 424**	190 031 424	**-**	
Total revenue from non-exchange transactions	**803 029 648**	**(379 327 455)**	**423 702 193**	**442 772 960**	**19 070 767**	
Total revenue	**822 307 427**	**(385 375 490)**	**436 931 937**	**460 890 530**	**23 958 593**	

Financial Statements for the year ended 31 March 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Cont.)

FOR THE YEAR ENDED 31 MARCH 2021

Budget on the Accrual Basis	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Note ref.
Expenditure						
Personnel cost	(576 766 179)	128 405 139	**(448 361 040)**	(444 528 476)	**3 832 564**	31
Operating expenses	(197 534 079)	82 799 089	**(114 734 990)**	(96 440 676)	**18 294 314**	31
Depreciation and amortisation	(20 752 978)	5 716 073	**(15 036 905)**	(11 443 278)	**3 593 627**	31
Finance costs	(10 557 854)	10 557 854	**-**	-	**-**	
Lease rentals on operating lease	(36 694 219)	1 726 757	**(34 967 462)**	(32 659 289)	**2 308 173**	31
Debt Impairment	-	(19 778 239)	**(19 778 239)**	(13 468 920)	**6 309 319**	31
Bad debts written off	-	-	**-**	(1 585 395)	**(1 585 395)**	31
Loss on disposal of assets	-	415 270	**415 270**	(140 261)	**(555 531)**	31
Total expenditure	**(842 305 309)**	**209 841 943**	**(632 463 366)**	**(600 266 295)**	**32 197 071**	
Deficit for the year	**(19 997 882)**	**(175 533 547)**	**(195 531 429)**	**(139 375 765)**	**56 155 664**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**(19 997 882)**	**(175 533 547)**	**(195 531 429)**	**(139 375 765)**	**56 155 664**	

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act 1 of 1999).

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

These annual financial statements were prepared based on the expectation that the SACAA will continue to operate as a going concern for at least the next twelve months.

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

1.1 SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

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

Loans and receivables

The SACAA assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the SACAA makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Management has applied judgement in estimating the extent of any impairment deemed necessary on the gross carrying value of loans and receivables and has impaired all doubtful accounts in arrears for a period longer than normal expected trading terms. The impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired.

Fair value estimation

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

Impairment testing

A cash-generating or non-cash generating asset is impaired when the carrying amount of the asset exceeds its recoverable amount. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then have an impact on our estimations and may then require a material adjustment to the carrying value of tangible assets.

The SACAA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level at which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Useful lives of property, plant and equipment

The SACAA's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Financial Statements for the year ended 31 March 2021

1.1 SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES (continued)

In estimating the useful lives of the assets, management assesses the present status of the assets and the expected future benefits associated with the continued use of the assets.

Provisions

Provisions were raised and management determined an estimate based on the information available, as well as past experience.

1.2 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the SACAA; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

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

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

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

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

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 it.

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

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

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 are carried at cost less accumulated depreciation and any impairment losses.

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

Description	2021	2020
Leasehold improvements	Period of lease	Period of lease
Furniture and fixtures	3 - 24 years	2 - 22 years
Motor vehicles	3 - 8 years	2 - 7 years
Computer equipment	3 - 19 years	2 - 17 years
Generator equipment	15 years	15 years
Calibration equipment		15 - 27 years
Canteen equipment	6 - 11 years	6 - 9 years

Financial Statements for the year ended 31 March 2021

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

The assets' residual values, useful lives and depreciation methods are reviewed at the end of each reporting date and change(s) is/are accounted for as a change in accounting estimate in accordance with the relevant standard of GRAP.

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.

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.

1.3 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SACAA
- The cost or fair value of the asset can be measured reliably

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

Amortisation is provided to write off the cost of the intangible assets over their estimated useful lives, using the straight-line method.

Item	Useful life
Computer software	3 - 25 years

Intangible assets are derecognised:

- On disposal
- When no future economic benefits or service potential are expected from its use or disposal

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

Financial Statements for the year ended 31 March 2021

1.4 FINANCIAL INSTRUMENTS

Classification

The SACAA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Statutory receivables	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The SACAA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Operating lease liability	Financial liability measured at amortised cost

Initial recognition

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

The SACAA recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Gains and losses

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

Impairment and uncollectibility of financial assets

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

Objective evidence of impairment includes:

- Long overdue amounts for which further collection procedures have been regarded as uneconomical
- Information received about the debtor indicating their inability to settle the debt
- Legal action has been instituted to recover the amount owing

Financial Statements for the year ended 31 March 2021

1.4 FINANCIAL INSTRUMENTS (continued)

Financial assets measured at amortised cost:

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

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

Derecognition

Financial assets

The SACAA derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived
- The SACAA transfers to another party substantially all of the risks and rewards of ownership of the financial asset
- The SACAA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the SACAA:
  - derecognises the asset
  - recognises separately any rights and obligations created or retained in the transfer

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The SACAA removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or is waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the SACAA currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Statements for the year ended 31 March 2021

1.5 STATUTORY RECEIVABLES

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Statutory receivables are made of the following:

Passenger safety charge

The passenger safety charge is levied in accordance with the provisions of section 74(1)(b) of the Civil Aviation Act, 2009 (Act No. 13 of 2009) read with Part 187, Sub Part 2 of the Civil Aviation Regulations, 2011. The charge is collected by airlines from passengers on commercial flights departing from an airport within the Republic of South Africa on a scheduled passenger flight or part of a flight to a destination within or outside the country. The passenger safety charge tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance. The collected charges are paid over to the SACAA on a monthly basis.

User fees

The user fees are levied in accordance with the provisions of section 74(1)(a) of the Civil Aviation Act, 2009 (Act No. 13 of 2009) read with Part 187, Sub Part 1 of the Civil Aviation Regulations, 2011. These are charged on amongst others for aviation regulatory related exemptions, certificates, authorisation, licences and registrations. The user fee tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance.

Fuel levy

Government Notice R307 of 13 April 2012 provides notice containing the terms and conditions relating to the payment of the aviation fuel levy in terms of section 2 of the South African Civil Aviation Authority Levies Act, 1998 (Act No. 41 of 1998) read in conjunction with section 74(1)(g) of the Civil Aviation Act, 2009 (Act No. 13 of 2009). The levy is based on litre of aviation fuel sold by fuel wholesalers to general aviation, cargo and charter operators within the Republic of South Africa. The fuel levy tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance. The collected levies are paid over to the SACAA on a monthly basis.

Recognition

The SACAA recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on Revenue from exchange transactions
- If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions
- Taxes and transfers
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the SACAA and the transaction amount can be measured reliably

Initial measurement

The SACAA initially measures statutory receivables at their transaction amount.

Financial Statements for the year ended 31 March 2021

1.5 STATUTORY RECEIVABLES (continued)

Subsequent measurement

The SACAA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable)
- Impairment losses
- Amounts derecognised

Accrued interest

Where the SACAA levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

The SACAA levies interest at prime plus two percentage points.

Other charges

Where the SACAA is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the SACAA applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The SACAA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the SACAA considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the SACAA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced directly. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, the SACAA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the SACAA discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted directly. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Financial Statements for the year ended 31 March 2021

1.5 STATUTORY RECEIVABLES (continued)

Derecognition

The SACAA derecognises a statutory receivable, or a part thereof, when:

- The rights to the cash flows from the receivable are settled, expire or are waived
- The SACAA transfers to another party substantially all of the risks and rewards of ownership of the receivable
- The SACAA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the SACAA:
  - derecognise the receivable
  - recognise separately any rights and obligations created or retained in the transfer

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The SACAA considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.6 LEASES

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

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

Operating leases – lessee

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

The operating lease liability is derecognised when the SACAA's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the SACAA no longer anticipates economic benefits to flow from the asset.

1.7 CONSUMABLE STORES

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

Consumable stores comprise of ID licence cards held for issuance to the aviation stakeholders and various people in the aviation value chain.

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

1.8 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

Financial Statements for the year ended 31 March 2021

1.8 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

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

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

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

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

Useful life is either:
- The period of time over which an asset is expected to be used by the SACAA
- The number of production or similar units expected to be obtained from the asset by the SACAA

Identification

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

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

Reversal of impairment loss

The SACAA assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the SACAA estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

1.9 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

Financial Statements for the year ended 31 March 2021

1.9 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)

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

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

Useful life is either:
- The period of time over which an asset is expected to be used by the SACAA
- The number of production or similar units expected to be obtained from the asset by the SACAA

Identification

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

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

Reversal of an impairment loss

The SACAA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the SACAA estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.10 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by the SACAA in exchange for services rendered by employees.

Short-term employee benefits

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

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

Financial Statements for the year ended 31 March 2021

1.10 EMPLOYEE BENEFITS (continued)

When an employee has rendered service to the SACAA during a reporting period, the SACAA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the SACAA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset

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

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

Post-employment benefits: Defined contribution plans

The SACAA provides post-employment benefits for its employees. Defined contribution plans are post-employment benefit plans under which the SACAA pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the SACAA during a reporting period, the SACAA recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid
- As an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset

1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The SACAA 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
- 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.

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.

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

Provisions are not recognised for future operating deficit.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

Financial Statements for the year ended 31 March 2021

1.12 REVENUE RECOGNITION FROM EXCHANGE TRANSACTIONS

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

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

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

Measurement

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

Other income

Other income comprise of fees that are collected and not related to the mandate of the SACAA.

Interest

Revenue arising from the use by others of the SACAA's assets yielding interest is recognised when:

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

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

1.13 REVENUE RECOGNITION FROM NON-EXCHANGE TRANSACTIONS

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

Non-exchange transactions are defined as transactions where the SACAA receives value from another entity without directly giving approximately equal value in exchange, or gives value to another SACAA without directly receiving approximately equal value in exchange.

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

Measurement

The invoice value of sales and services rendered, excluding value-added tax in respect of trading operations, is recognised at the date on which services are provided.

The safety charge is based on the number of passengers on scheduled services departing from all airports in the country. This data is obtained from the scheduled airlines and verified by data received from the airports.

Fuel levies are based on litres of aviation fuel sold by fuel wholesalers and verified biannually by independent external auditors appointed by the SACAA.

Accident and incident investigation fees are received from the Department of Transport on a cost-recovery basis negotiated annually in advance.

User fees are generated from examinations, licence renewals, certifications, airworthiness and calibrations. The revenue is recognised when the service is rendered.

1.14 TRANSLATION OF FOREIGN CURRENCIES

Financial Statements for the year ended 31 March 2021

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.

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.

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 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.

1.16 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or in contravention of the SACAA' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 SEGMENT INFORMATION

A segment is an activity of an entity:

- That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity)
- Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance
- For which separate financial information is available

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

The SACAA is a statutory body, which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry. Although revenues do have certain streams, they are not related to any segments or specific divisions within the SACAA. SACAA's expenditure relates mainly to salaries and the rest relates to operational activities and cannot be linked to any specific segments. Resources are not allocated, nor is reporting done or performance measured for any separate activities.

Management is of the opinion that any attempt to divide the SACAA into further separate activities or geographical information will not add any additional value to its stakeholders. The entire SACAA is viewed as a single reportable segment.

1.18 Budget information

Financial Statements for the year ended 31 March 2021

SACAA is typically subject to budgetary limits in the form of appropriations or budget authorisations, which are given effect through authorising legislation.

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

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

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

An explanation is provided for all variances between actual and budgeted amounts above 5% or in excess of R2 million in the notes to the annual financial statements.

1.19 Related Parties

The SACAA has processes in place to aid in the identification of related parties. Related parties are defined as persons or entities with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

The Department of Transport was identified as being able to exercise significant influence over the SACAA. As a result, all other entities under the same influence are regarded as related parties.

1.20 Taxation

The SACAA is exempt from taxation in terms of the provision of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

Financial Statements for the year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The SACAA has not applied the following standards and interpretations, which have been published and are mandatory for the SACAA's accounting periods beginning on or after 1 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	To be determined by the Minister of Finance	Not expected to have a material impact, but may require additional disclosures.
GRAP 25: Employee Benefits	1 April 2021	Not expected to have a material impact

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Description	2021 R	2020 R
Cash on hand	3 000	3 000
Bank balances	836 371	8 201 793
Short-term deposits	197 857 356	289 771 739
	198 696 727	297 976 532

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of bank balances and short-term deposits is the credit rating of financial institutions. Cash and cash equivalents attract interest at variable rates linked to prime.

The credit quality of bank balances and short-term deposits, excluding cash on hand that is neither past due nor impaired can be assessed/monitored by reference to historical information about counterparty default rates. Furthermore, the credit quality of bank balances and short-term deposits is ensured by only contracting with reputable financial institutions registered in terms of the Banks Act of South Africa, 1990 (Act No. 94 of 1990) and endorsed by National Treasury.

Financial Statements for the year ended 31 March 2021

4. STATUTORY RECEIVABLES

Description	2021 R	2020 R
Statutory trade receivables	77 533 509	59 638 745
Provision for impairment of statutory trade and other receivables	(35 592 407)	(22 123 487)
Unallocated receipts	(2 151 959)	(887 513)
Other receivables	-	1 962 138
	39 789 143	**38 589 883**

Statutory receivables are carried at cost, which normally approximates their fair value due to the short-term maturity thereof. An adjustment for the impairment of statutory receivables has been made for estimated irrecoverable amounts.

Statutory trade receivables ageing

Description	2021 R	2020 R
Current	27 281 870	35 001 325
0 to 30 days	4 162 776	2 344 343
31 to 60 days	3 545 445	7 956 630
61 to 90 days	4 484 466	2 614 397
Over 90 days	38 058 952	11 722 050
	77 533 509	**59 638 745**

Credit quality of statutory receivables

The credit quality of Statutory receivables that are neither past nor due nor impaired can be assessed by reference to historical nformation about counterparty default rates as well as payment history.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of statutory receivables

Description	2021 R	2020 R
Statutory receivables	39 789 143	38 589 883

The management considers the carrying amount of statutory receivables to approximates fair value.

Financial Statements for the year ended 31 March 2021

4. STATUTORY RECEIVABLES (continued)

Statutory receivables past due but not impaired

At 31 March 2021 R14 665 747 (2020: R4 732 669) were past due but not impaired.

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

Description	2021 R	2020 R
One month past due	4 122 418	1 721 438
Two months past due	3 537 733	1 831 432
Three months past due	1 737 922	835 513
Older than three months past due	5 267 674	344 286
	14 665 747	**4 732 669**

Statutory receivables impaired

As at 31 March 2021, statutory receivables of R35 592 407 (2020: R22 123 487) were impaired and provided for.

The ageing of these receivables is as follows:

Description	2021 R	2020 R
Less than one month past due	46 873	622 905
Less than two months past due	7 712	6 125 198
Less than three months past due	2 746 544	1 778 884
Over three months past due	32 791 278	13 596 500
	35 592 407	**22 123 487**

Reconciliation of provision for impairment of statutory receivables

Description	2021 R	2020 R
Opening balance	22 123 487	9 524 770
Increase in provision	13 468 920	12 598 717
	35 592 407	**22 123 487**

Included in debt impairment is amounts for South African Airways of R5 700 373 which is in business rescue, South African Express of R4 999 534 which is in liquidation, Comair of R8 453 883 which is also in business rescue, Mango Airlines of R2 739 449 and other debtors.

Financial Statements for the year ended 31 March 2021

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2021 R	2020 R
Other receivables*	1 524 300	46 898 165
Prepayments	9 886 289	6 051 903
Deposits	1 947 347	1 947 347
Staff advances	105 001	81 000
	13 462 937	**54 978 415**

Receivables from exchange transactions are carried at cost, which normally approximates to the short-term maturity thereof.

* Included in other receivables in the previous financial year was an amount of R43.9 million that relates to insurance proceeds for the flight inspection aircraft and calibration equipment as well as R344 905 that was paid to an incorrect service provider. The service provider signed an acknowledgement of debt as well as a personal surety and agreed to pay the full amount back to SACAA. The full insurance proceeds was received in the current financial year as well as a R225 000 towards the incorrect payment. The amount reflected in the current financial year includes the remaining balance of R119 905 relating to the incorrect payment.

As at the end of the year, the other receivables ageing were as follows:

Description	2021 R	2020 R
Current	1 394 175	46 898 165
Over 90 days	130 125	-
	1 524 300	**46 898 165**

Receivables past due but not impaired

On 31 March 2021, other receivables of R130 125 (2020: R-) were past due but not impaired.

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

Description	2021 R	2020 R
Over 90 days	130 125	-

6. CONSUMABLE STORES

Description	2021 R	2020 R
ID licence card consumables	930 263	1 064 149

7. PROPERTY, PLANT AND EQUIPMENT

Description	2021 Cost R	2021 Accumulated depreciation and impairment R	2021 Carrying value R	2020 Cost R	2020 Accumulated depreciation and impairment R	2020 Carrying value R
Leasehold improvements	169 253	(91 679)	77 574	169 253	(63 470)	105 783
Furniture and fixtures	17 933 429	(13 576 211)	4 357 218	17 046 211	(11 840 424)	5 205 787
Motor vehicles	5 247 168	(2 233 585)	3 013 583	4 168 624	(2 872 111)	1 296 513
Computer equipment	31 652 681	(19 109 196)	12 543 485	32 037 497	(17 019 314)	15 018 183
Generator	1 097 633	(604 219)	493 414	1 097 633	(531 044)	566 589
Aircraft engine	3 991 119	(3 991 119)	-	3 991 119	(3 991 119)	-
Canteen equipment	171 157	(145 228)	25 929	171 157	(130 110)	41 047
TOTAL	**60 262 440**	**(39 751 237)**	20 511 203	**58 681 494**	**(36 447 592)**	**22 233 902**

Reconciliation of property, plant and equipment - 2021

Description	Opening balance R	Additions R	Disposals R	Reallocations R	Depreciation R	Total R
Leasehold improvements	105 783	-	-	-	(28 209)	77 574
Furniture and fixtures	5 205 787	31 040	-	885 905	(1 765 514)	4 357 218
Motor vehicles	1 296 513	2 286 020	-	-	(568 950)	3 013 583
Computer equipment	15 018 183	2 458 956	(173 794)	(776 173)	(3 983 687)	12 543 485
Generator	566 589	-	-	-	(73 175)	493 414
Canteen equipment	41 047	-	-	-	(15 118)	25 929
	22 233 902	**4 776 016**	**(173 794)**	**109 732**	**(6 434 653)**	**20 511 203**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2020

Description	Opening balance R	Additions R	Disposals R	Revaluations* R	Reallocations R	Depreciation R	Impairment loss R	Total R
Leasehold improvements	133 992	-	-	-	-	(28 209)	-	105 783
Furniture and fixtures	5 919 982	1 196 921	(58 315)	46 004	(10 683)	(1 888 122)	-	5 205 787
Motor vehicles	1 912 854	-	-	-	-	(616 341)	-	1 296 513
Computer equipment	16 562 311	4 625 699	(755 408)	58 130	45 258	(5 517 807)	-	15 018 183
Generator	639 765	-	-	-	-	(73 176)	-	566 589
Aircraft	6 321 693	8 491 157	(9 912 955)	-	-	(1 157 405)	(3 742 490)	-
Calibration equipment	10 394 907	-	(9 470 733)	-	-	(924 174)	-	-
Canteen equipment	66 613	-	(1 017)	-	-	(24 549)	-	41 047
	41 952 117	**14 313 777**	**(20 198 428)**	**104 134**	**34 575**	**(10 229 783)**	**(3 742 490)**	**22 233 902**

* The revaluations were performed for the RAASA assets that were taken over on 01 April 2019 to adjust the basis of accounting used to align it to Standards of GRAP.

Expenditure incurred to repair and maintain property, plant and equipment

Description	2021 R	2020 R
Aircraft repairs and maintenance	-	5 029 646
Calibration repairs and maintenance	-	1 325 819
Other operational repairs and maintenance	1 047 347	2 435 404
	1 047 347	**8 790 869**

8. INTANGIBLE ASSETS

	2021			2020		
Description	**Cost R**	**Accumulated amortisation R**	**Carrying value R**	**Cost R**	**Accumulated amortisation R**	**Carrying value R**
Computer software	71 027 275	(17 965 036)	53 062 239	70 501 943	(14 737 305)	55 764 638
Work in progress	14 283 815	-	14 283 815	16 153 987	-	16 153 987
Total	**85 311 090**	**(17 965 036)**	**67 346 054**	**86 655 930**	**(14 737 305)**	**71 918 625**

Reconciliation of intangible assets - 2021

Description	Opening balance R	Additions R	Disposals R	Transfers R	Other Changes*** R	Reallocations R	Amortisation R	Total R
Computer software	55 764 638	-	(588 169)	3 004 127	-	(109 732)	(5 008 625)	53 062 239
Work in progress*	16 153 987	1 775 000	-	(3 004 127)	(641 045)	-	-	14 283 815
	71 918 625	**1 775 000**	**(588 169)**	**-**	**(641 045)**	**(109 732)**	**(5 008 625)**	**67 346 054**

Reconciliation of intangible assets - 2020

Description	Opening balance R	Additions R	Disposals R	Transfers R	Revaluations** R	Reallocations R	Amortisation R	Total R
Computer software	60 726 673	472 870	(1 117 462)	883 707	20 970	(34 575)	(5 187 545)	55 764 638
Work in progress	13 392 521	3 645 173	-	(883 707)	-	-	-	16 153 987
	74 119 194	**4 118 043**	**(1 117 462)**	**-**	**20 970**	**(34 575)**	**(5 187 545)**	**71 918 625**

* Work in progress includes Electronic Documents and Records Management System (EDRMS) **"Shanduka"** of R1 775 000 as well as software licence and installation costs of the Enterprise Business System (EBS) of R12 508 815. As the phases of the EBS project are completed and implemented, they are transferred to computer software.

** The revaluations were performed for the RAASA assets that were taken over on 01 April 2019 to adjust the basis of accounting used to align it to Standards of GRAP.

*** Moved to software expenses.

Financial Statements for the year ended 31 March 2021

9. CHANGE IN ESTIMATE

Property, plant and equipment

The revised GRAP 17 - Property, plant and equipment requires the review of the residual value and useful life of an asset at least at each financial year end. The SACAA extended the estimated useful lives of certain assets. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the SACAA for the current financial year have been decreased by R2 471 376.

Description	Previous carrying value	Current carrying value	Net effect
Computer equipment	1 150 329	2 157 731	1 007 402
Computer software	425 391	552 743	127 352
Furniture and fixtures	1 020 378	2 081 255	1 060 877
Motor vehicles	87 032	354 967	267 935
Canteen equipment	9 794	17 604	7 810
	2 692 924	**5 164 300**	**2 471 376**

10. TRADE AND OTHER PAYABLES

Description	2021 R	2020 R
Trade payables	1 595 557	1 213 885
Income received in advance	141 562	91 700
Statutory receivables with credit balances	13 788 099	14 388 267
Sundry accruals	8 254 297	18 557 059
Salary-related accruals	1 254 484	1 842 595
Leave pay accrual	27 505 239	22 630 817
	52 539 238	**58 724 323**

The SACAA does not have any long term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.

11. OPERATING LEASE LIABILITY

Description	2021 R	2020 R
Current liabilities	114 247	578 576

The operating lease liability relates to the smoothing of the rental lease payments for property rental over the lease period.

Financial Statements for the year ended 31 March 2021

12. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of the SACAA to provide retirement benefits to all its employees. The defined contribution provident fund, which is subject to the Pensions Fund Act, 1956 (Act No. 24 of 1956) exist for this purpose.

The SACAA is under no obligation to cover any unfunded benefits.

Description	2021 R	2020 R
The total amount recognised as an expense for defined contribution plans is	57 321 320	55 796 695

13. INTEREST REVENUE FROM EXCHANGE TRANSACTIONS

Interest revenue

Description	2021 R	2020 R
Financial institutions	7 457 937	17 477 773
Trade and other receivables	2 866 648	975 230
	10 324 585	**18 453 003**

14. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

Description	2021 R	2020 R
Sundry income	3 565 345	3 757 626
Sponsorship income	1 674 576	3 705 303
Insurance claims received*	148 324	44 101 159
	5 388 245	**51 564 088**

* The prior year amount included an insurance claim received for an amount of R43 921 800 for the flight inspection unit aircraft and calibration equipment that was involved in an accident.

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Description	2021 R	2020 R
Passenger safety charge*	124 749 719	555 178 876
User fees	90 440 081	102 933 649
Fuel levy**	37 551 736	21 491 236
Department of Transport***	190 031 424	33 150 288
	442 772 960	**712 754 049**

* The decrease in the passenger safety charge in the current financial year of 77.5% was due to the air travel restrictions necessitated by COVID-19 pandemic. Air travel was severely restricted for the first half of the financial year. Total passenger numbers for the year declined from 22 277 178 in 2019/2020 to 4 755 994 in the current year.

** The fuel levy income has increased by 74.7% for the year due to increased cargo flights during the year as a result of COVID-19 pandemic.

*** The Department of Transport allocation has increased as a result of additional funding of R155.5 million received in the current year.

Financial Statements for the year ended 31 March 2021

16. PERSONNEL COST

Description	2021 R	2020 R
Basic salary*	338 124 273	325 305 324
Bonus	103 095	(1 457 395)
Pension fund contributions	57 321 320	55 796 695
Medical aid contributions	21 561 311	20 888 785
Other employee benefit costs	12 296 840	11 669 812
Temporary staff	1 443 113	2 651 664
Acting allowances	1 491 883	1 611 035
Leave pay provision charge	5 966 475	1 726 298
Travel and other allowances	4 237 300	3 651 932
Compensation for occupational injuries and diseases fund	1 002 710	895 509
Unemployment Insurance Fund	980 156	994 524
	444 528 476	**423 734 183**

* Basic salary costs increased by 3.9% as a result of salary increase of 5.5% effective from 1 April 2020. The SACAA also placed a moratorium on the filling of non-critical vacant positions during the year.

Financial Statements for the year ended 31 March 2021

17. OPERATING EXPENSES

Description	2021 R	2020 R
Aircraft operation expenses	16 233 554	3 573 510
Auditors' remuneration	2 559 439	2 757 722
Bank charges	380 470	777 210
Bursaries	2 767 932	6 197 314
Cleaning	2 123 119	1 834 625
Conferences, seminars and venue hire	642 765	5 846 565
Consulting and professional fees	5 565 652	10 263 926
Consumables	127 382	1 125 071
Electricity	4 266 676	4 642 589
Fuel and oil	346 147	429 555
IT expenses	4 324 810	4 738 332
Insurance	1 036 778	1 431 090
Legal fees	4 723 934	7 996 286
Magazines, books and periodicals	467 536	923 837
Motor vehicle expenses	46 269	7 031
Placement fees	468 982	1 569 714
Postage and courier	1 095 826	1 262 358
Printing and stationery	1 100 546	3 207 955
Public relations	992 504	9 849 016
Refuse	618 811	285 335
Regulation development	17 785	269 792
Repairs and maintenance	1 047 347	8 790 869
Safety and promotion	725 356	7 090 098
Security	4 510 421	4 466 094
Skills development levy	2 518 279	4 438 085
Software expenses	24 710 916	27 751 599
Sponsorships	423 360	3 732 149
Staff events	450 104	1 162 613
Staff welfare	95 011	376 067
Telephone and fax	5 275 011	6 307 218
Training	2 460 589	14 347 236
Travel – domestic	4 008 512	21 364 200
Travel – international	140 839	13 875 111
Uniforms	47 274	319 345
Other expenses	120 740	564 264
	96 440 676	**183 573 781**

Operating expenses decreased by 47.4% in the current year mainly due to the implementation of cost containment measures as a result of the COVID-19 pandemic.

Financial Statements for the year ended 31 March 2021

18. DEBT IMPAIRMENT

Description	2021 R	2020 R
Increase in debt impairment provision*	13 468 920	12 598 717
Bad debts written off	1 585 395	1 312 076
	15 054 315	**13 910 793**

* Included in debt impairment are amounts for Comair of R8 453 883 which is in business rescue, Mango Airlines of R2 739 449 and other debtors.

19. TAXATION

No provision for taxation has been made, as the SACAA is exempted in terms of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

20. AUDITORS' REMUNERATION

Description	2021 R	2020 R
Fees	2 526 789	2 706 012
Reimbursive expenses	32 650	51 710
	2 559 439	**2 757 722**

21. NET CASH FLOWS FROM OPERATING ACTIVITIES

Description	2021 R	2020 R
(Deficit)/surplus	(139 375 765)	93 031 774
Adjustments for:		
Depreciation and amortisation	11 443 278	15 417 328
Loss on disposal of assets	140 261	20 963 821
Gain on foreign exchange	(2 404 740)	(2 631 640)
Impairment loss on property, plant and equipment	-	3 742 490
Debt impairment and bad debts written off	15 054 315	13 910 793
Movements in operating lease liability	(464 329)	(1 106 733)
Movements in provisions	-	(80 269 113)
Other non-cash items	641 045	-
Changes in working capital:		
Consumable stores	133 886	14 696
Statutory receivables	(1 199 259)	28 208 115
Movement in debt impairment and bad debts written off	(15 054 315)	(13 910 793)
Receivables from exchange transactions	43 920 218	(43 716 018)
Trade and other payables	(6 185 092)	(17 706 043)
	(93 350 497)	**15 948 677**

Financial Statements for the year ended 31 March 2021

22. COMMITMENTS

Authorised capital and maintenance expenditure

Description	2021 R	2020 R
Authorised and contracted for		
Property, plant and equipment	-	4 627 656
Intangible assets	29 405 088	-
	29 405 088	**4 627 656**
Authorised and not contracted for		
Property, plant and equipment	119 519 200	143 240 800
Intangible assets	6 395 846	45 716 244
	125 915 046	**188 957 044**
Total capital commitments		
Authorised and contracted for	29 405 088	4 627 656
Authorised and not contracted for	125 915 046	188 957 044
	155 320 134	**193 584 700**

The capital commitment authorised and contracted for in intangibles is for the acquisition of the Share Point Based Electronic Document and Records Management System of R29 405 088.

The capital commitment authorised and not contracted for in property, plant and equipment is for the acquisition of an aircraft of R119 519 200 for the Flight Inspection Unit (FIU).

The capital commitment authorised and not contracted for in intangible assets is for the acquisition of the Enterprise Business System of R6 395 846.

The capital expenditure budget for the year ending 31 March 2022 is R88 000 000.

Operating leases

Description	2021 R	2020 R
Minimum lease payments due		
- Within one year	39 823 579	9 182 409
- In second to fifth year inclusive	197 097 826	174 850 629
- Later than five years	369 731 161	424 831 100
	606 652 566	**608 864 138**

Operating lease payments represent rentals payable by the SACAA for certain of its office properties and equipment. Leases are negotiated for an average term of between three to ten years. No contingent rent is payable.

23. CONTINGENCIES

The SACAA is currently dealing with a litigation matter relating to a civil claim for damages against it. Summons have been issued by the plaintiff, claiming damages for loss of earnings as well as damages to its business reputation and good name. The SACAA is defending the civil claim and the quantum of this exposure is R317 500 000. The SACAA is confident that it can successfully defend the matter.

With effect from 01 April 2019, the SACAA took over the assets and liabilities and the functions of Recreational Aviation Administration of South Africa (RAASA) which was previously designated to conduct its statutory recreational oversight functions in terms of the Civil Aviation Act. The plaintiff instituted civil claim against seven defendants and RAASA is the first defendant. The plaintiff is claiming compensation for an amount of R17 713 398 for loss of support. This claim is covered by RAASA's insurance policy. Based on the legal opinion received from the RAASA legal task team, RAASA is confident that it can successfully defend the matter.

The SACAA has approached the Labour Court to review a CCMA Arbitration Award that was issued against it by the CCMA. The claim against the SACAA is reinstatement of the employee as well as back-payment of an amount of R1 258 537. The SACAA is confident that it can successfully review the matter at the Labour Court.

Financial Statements for the year ended 31 March 2021

24. RELATED PARTIES

Related party balances

Loan accounts owing (to)/by related parties

Description	2021 R	2020 R
Department of Transport	(672 755)	(625 838)
South African Airways*	5 897 587	4 563 180
Air Traffic and Navigation Services	991 316	124 895
Airports Company South Africa	(194 555)	19 315
South African Express (safety charge and general aviation)*	5 001 923	4 541 023
Mango Airlines**	12 725 265	127 978
	23 748 781	**8 750 553**

* These amounts have been fully impaired during the current financial period.

** The debt of Mango Airlines was partially impaired by an amount of R2 739 449.

Except for the impairments indicated above, no expense has been recognised in the current period for impairment of trade receivables in respect of amounts owed by related parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Department of Transport either controls or exercises significant influence over all entities listed as related parties.

Related party transactions

Purchases from/(invoices to) related parties

Description	2021 R	2020 R
Department of Transport (accidents and incidents)	(36 227 000)	(34 860 000)
Department of Transport (secondment allowance)	2 777 749	451 053
Department of Transport (baseline adjustment)	(155 479 000)	-
Air Traffic and Navigation Services	(11 670 658)	(4 885 253)
Airports Company South Africa (licences)	(1 696 389)	(2 810 375)
Airports Company South Africa (rentals)	1 731 079	1 842 872
South African Airways	(3 186 114)	(75 970 757)
South African Express (safety fees and general aviation)	(161 171)	(8 931 996)
Mango Airlines	(24 733 700)	(87 308 105)
	(228 645 204)	**(212 472 561)**

These transactions are carried out on commercial terms and conditions.

Financial Statements for the year ended 31 March 2021

25. MEMBERS' EMOLUMENTS

Executive Management – 2021		Salary R	Medical aid R	Provident fund R	Total R
Ms G Khoza	DCA	3 515 071	167 556	616 349	4 298 976
Mr AAA Seedat	Executive: Finance	2 075 986	136 272	370 258	2 582 516
Mr S Segwabe	Executive: Aviation Safety Operations	2 232 606	102 264	390 780	2 725 650
Mr GH Bestbier	Executive: Aviation Infrastructure	2 283 929	77 208	558 033	2 919 170
Ms T Masooa	Executive: Human Resources	1 985 678	118 080	352 099	2 455 857
Ms P Gwebu	Executive: Corporate Services	1 636 288	100 449	290 672	2 027 409
Ms N Naraindath	Company Secretary	1 644 437	167 922	303 329	2 115 688
Mr L Gqeke	Executive: Aviation Security	2 332 080	-	390 780	2 722 860
Mr P Mashaba	Executive: Accident and Incident Investigation	1 999 615	55 296	343 924	2 398 835
Ms B Ndandani (Acting from 1 April 2020 – 31 March 2021)	Executive: Legal and Aviation Compliance	1 635 239	45 144	332 466	2 012 849
Mr L Tshitaudzi (Acting from 1 April 2020 – 31 March 2021)	Chief Audit Executive	1 442 046	86 928	180 037	1 709 011
		22 782 975	**1 057 119**	**4 128 727**	**27 968 821**

Financial Statements for the year ended 31 March 2021

25. MEMBERS' EMOLUMENTS (continued)

Executive Management – 2020		Salary R	Medical aid R	Provident fund R	Bonuses R	Total R
Ms G Khoza	DCA	3 598 801	155 154	568 828	2 128 000	6 450 783
Mr AAA Seedat	Executive: Finance	2 013 516	111 198	354 722	892 633	3 372 069
Mr S Segwabe	Executive: Aviation Safety Operations	2 166 465	95 955	374 382	942 107	3 578 909
Mr GH Bestbier	Executive: Aviation Infrastructure	2 186 434	76 356	534 618	1 021 446	3 818 854
Ms T Masooa	Executive: Human Resources	1 877 508	110 790	337 325	840 817	3 166 440
Ms P Gwebu	Executive: Corporate Services	1 550 303	99 625	278 475	701 401	2 629 804
Ms N Naraindath	Company Secretary	1 569 139	145 071	290 601	741 663	2 746 474
Mr L Gqeke	Executive: Aviation Security	2 080 113	-	374 382	1 141 352	3 595 847
Mr P Mashaba	Executive: Accident and Incident Investigation	1 905 767	51 894	329 493	1 344 363	3 631 517
Mr P Kewana (Resigned 30 November 2019)	Chief Audit Executive	1 159 257	62 568	198 534	737 144	2 157 503
Ms M Mamabolo* (Terminated 31 January 2020)	Executive: Legal and Aviation Compliance	1 553 592	46 845	269 356	838 385	2 708 178
Ms B Ndandani (Acting from 1 April 2019 – 31 March 2020)	Executive: Legal and Aviation Compliance	1 547 935	42 363	318 515	475 149	2 383 962
Mr L Tshitaudzi (Acting from 1 December 2019 – 31 March 2020)	Chief Audit Executive	467 996	28 380	58 189	-	554 565
		23 676 826	**1 026 199**	**4 287 420**	**11 804 460**	**40 794 905**

* Seconded to the Department of Transport from 15 October 2018 to 31 January 2020.

Financial Statements for the year ended 31 March 2021

25. MEMBERS' EMOLUMENTS (continued)

Non-Executive Director's fees – 2021	Members' fees R	Reimbursive expenses R	Total R
Mr E Khosa	420 613	4 772	425 385
Mr S Sooklal	409 111	3 070	412 181
Mr MG India	360 612	647	361 259
Prof. NV Dyani Mhango	374 132	681	374 813
Ms GB Koyana	360 959	2 053	363 012
Ms GZ Nkosi**	21 186	-	21 186
Dr BC Suckling (Resigned 17 August 2020)	156 283	1 775	158 058
	2 102 896	**12 998**	**2 115 894**

Non-Executive Director's fees – 2020	Members' fees R	Reimbursive expenses R	Total R
Mr E Khosa	381 569	20 900	402 469
Mr S Sooklal	383 027	12 560	395 587
Mr MG India	326 376	23 278	349 654
Prof. NV Dyani Mhango	335 592	24 307	359 899
Ms GB Koyana	356 305	9 321	365 626
Dr BC Suckling	336 007	17 590	353 597
	2 118 876	**107 956**	**2 226 832**

Fees

*Reimbursive expenses are disclosed in terms of Treasury Regulation 28 (1) (4) of the PFMA as reimbursive costs paid to Board members. The costs include flights, car hire, accommodation and travel costs for all meetings of the Board and its committees.

**Appointed as a specialist Audit and Risk Committee member from 1 November 2020.

Financial Statements for the year ended 31 March 2021

26. RISK MANAGEMENT

Capital risk management

The SACAA's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for its shareholder and benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the SACAA consists of cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As the SACAA is not exposed to debt, there is no meaningful debt to equity ratios, such as gearing ratio, to be disclosed.

There are no externally imposed capital requirements.

There have been no changes to what the SACAA manages as capital. The strategy for capital maintenance or externally imposed capital requirements remained the same as in the previous year.

Financial risk management

The SACAA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The SACAA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Management meets on a regular basis to analyse interest rate exposures and evaluate Treasury management strategies against revised economic forecasts. Compliance with policies and exposure limits is reviewed by management on a continuous basis. Management believes that, to the best of its knowledge, there are no significant undisclosed financial risks.

Liquidity risk

Liquidity risk refers to the risk that the SACAA will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management is satisfied that the SACAA will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The SACAA's risk to liquidity is a result of the funds available to cover future commitments. The SACAA manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The COVID-19 outbreak and the related reduction in economic activity and limitations on air travel has resulted in a significant reduction in revenue for the SACAA in the current year. Cash flow reserves will be utilised to ensure sufficient liquidity and our shareholder will be engaged for financial assistance.

The liquidity ratio below illustrates:

Description	2021 R	2020 R
Current ratio		
Current assets	252 879 070	392 608 979
Current liabilities	52 653 485	59 302 899
	4.8:1	6.62:1

Financial Statements for the year ended 31 March 2021

26. RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The SACAA is exposed to interest rate risk as it invests funds in the money market at floating interest rates. At 31 March 2021, no derivative financial instruments were used to manage the SACAA's exposure to interest rate risk.

The SACAA has adopted a policy of investing the majority of surplus cash in call account investments as a means to safeguard and mitigate interest rate risk. The risk is further managed through the fact that the surplus funds are invested in reputable financial institutions.

Credit risk

The SACAA is exposed to credit risk, which is the risk of financial loss to the SACAA if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors and other receivables. The SACAA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

Certain credit limits were exceeded during the reporting period, and where management considered these debtors to be impaired, a provision for doubtful debts was raised.

The COVID-19 outbreak caused a reduction in economic activity and severely impacted the aviation industry and the SACAA client base. This was taken into account when impairment of receivables were considered.

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

Description	2021 R	2020 R
Financial instrument		
Statutory receivables less unallocated receipts	75 381 550	58 751 232
Other receivables	1 524 300	48 860 303
Staff advances	105 001	81 000
Cash and cash equivalents	198 696 727	297 976 532
	275 707 578	**405 669 067**

Default

Default occurs when:
a) Credit limits are exceeded
b) Payments are not received within the approved period

In such cases the necessary collection measures were taken with due regard to the financial risk connected to a specific debtor account.

Collection measures included handing accounts over to the Legal Department for follow-up.

As at 31 March 2021, the SACAA did not consider that any significant concentration of credit risk existed in the receivable book which had not been adequately provided for.

Financial Statements for the year ended 31 March 2021

26. RISK MANAGEMENT (continued)

The table below provides an analysis of credit risk exposure inherent in the loans and receivables book at the year-end reporting dates, reconciled to the carrying value of net trade receivables as reported in notes 4 and 5.

2021	Direct charges R	Indirect charges R	Total R
Current balances	1 764 854	25 517 016	27 281 870
Overdue balances	8 549 090	41 702 549	50 251 639
Subtotal	10 313 944	67 219 565	77 533 509
Impairment provision	(5 568 792)	(30 023 615)	(35 592 407)
Net trade receivables	**4 745 152**	**37 195 950**	**41 941 102**

2020	Direct charges R	Indirect charges R	Total R
Current balances	36 535	34 964 789	35 001 324
Overdue balances	6 940 786	17 696 635	24 637 421
Subtotal	6 977 321	52 661 424	59 638 745
Impairment provision	(19 136 237)	(2 987 250)	(22 123 487)
Net trade receivables	**(12 158 916)**	**49 674 174**	**37 515 258**

Definitions

Direct charges include regulatory fees and calibration fees.

Indirect charges include passenger safety fees and fuel levies.

Liquidation

As soon as it becomes known that a debtor has been placed into provisional liquidation/sequestration or has been placed into final liquidation/sequestration, the credit facility is automatically revoked. Interest is charged from the date of last payment to the date of final liquidation/sequestration and the debt is provided in full as irrecoverable.

Foreign exchange risk

The SACAA incurs currency risk as a result of expenses in foreign currencies, hence exposure to exchange rate fluctuations arises. The foreign currency in which the SACAA primarily deals is the US Dollar. No forward cover is taken out for these transactions. Management considers the foreign currency risk to be insignificant.

27. GOING CONCERN

The COVID-19 pandemic has and continues to cause devastation in the world. The impact on the aviation industry has been severe. As a regulator of the aviation industry in South Africa the SACAA is dependent on passenger safety charge, user fees and fuel levies from the aviation industry for a major part of its revenue. The severe restrictions on airline flights in the earlier period of the financial year both locally and globally had a major impact on the number of people flying and hence a negative impact on the revenue of the SACAA.

In South Africa the total ban on flights since the beginning of a hard lockdown on the 26 March 2020 has resulted in the SACAA earning very little revenue in the first six months of the financial year. Unrestricted local air travel in South Africa has been allowed since 18 August 2020 and limited international travel was allowed from 1 October 2020. Foreign travel restrictions also limited international travel. Indications are that the conditions in the industry could take up to three years to return to normalcy. This has caused significant strain on the financial resources of the SACAA and as a result of the financial constraints, the SACAA had to approach its shareholder to fund the shortfall.

Management is of the view that the SACAA will continue as a going concern for the foreseeable future as it has sufficient available reserves currently as well as financial support from its shareholder, the Department of Transport for the next three financial years. Conditions in the aviation industry are also expected to improve in the later years.

In addition the SACAA is a juristic person established in terms of the Civil Aviation Act, 2009 (Act No. 13 of 2009). The SACAA's mandate is to administer civil aviation safety and security oversight in the Republic of South Africa in line with the Civil Aviation Act (the Act), and in accordance with the standards and recommended practices (SARPs) prescribed by the International Civil Aviation Organisation (ICAO). The SACAA as such is a statutory body, an organ of state in terms of the Constitution of the Republic of South Africa, 1996, that is obliged to perform this function and should receive the full support of the state. The SACAA has received additional funding of R155.5 million from its shareholder, the Department of Transport in the 2020/21 financial year.

The entity's shareholder has confirmed financial support to the entity for an amount of R551.3 million for the next three years of the Medium Term Expenditure Framework (MTEF) period i.e. financial years ending 31 March 2022 (R277.6 million), 31 March 2023 (R187.9 million) and 31 March 2024 (R85.8 million).

As at the 31 March 2021, the SACAA has a fairly strong financial position with total net assets of R288 082 842 and cash and cash equivalents of R198 696 727 and its short-term liquidity has a strong current ratio of 4.8 cover.

Based on the facts and circumstances known at this point and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is appropriate in the circumstance, hence the annual financial statements are prepared on the assumption that the SACAA is a going concern.

28. EVENTS AFTER THE REPORTING DATE

The Board is not aware of any significant events that occurred after the reporting date that were not adjusted or disclosed in the financial statements. Furthermore, and except for the matters referred to in the going concern paragraph, management is not aware of any circumstances that exist that would impede the SACAA's ability to continue as a going concern.

Financial Statements for the year ended 31 March 2021

29. IRREGULAR EXPENDITURE

Description	2021 R	2020 R
Opening balance	6 982 371	6 686 342
Add: Irregular expenditure – current	-	457 529
Less: Amounts condoned	(6 982 371)	(161 500)
Closing balance	**-**	**6 982 371**

The irregular expenditure in prior years relates to contract variations greater than 15% of the initial value of the contract that was not pre-approved by National Treasury. The internal investigation which resulted in an employee being disciplined relating to the irregular expenditure has now been concluded. The outcome of the disciplinary hearing is that the employee was found not guilty.

The irregular expenditure was condoned by National Treasury after year end.

30. FRUITLESS AND WASTEFUL EXPENDITURE

Description	2021 R	2020 R
Opening balance	-	5 448
Less: Amounts condoned	-	(5 448)
Closing balance	**-**	**-**

31. BUDGET VARIANCES

Material differences between budget and actual amounts

The material variances between actual and budgeted above 5% or in excess of R2 million can be explained as follows:

Other revenue

Other revenue is R2 545 379 higher than budget due to the realisation of debtors credit balances that have prescribed.

Interest revenue

Interest revenue is R2 342 447 above budget as a result of surplus funds invested being higher than expected due to the implementation of cost containment measures as well as the postponement of capital expenditure projects in response to the COVID-19 pandemic.

Passenger safety charge

Passenger safety charge is R9 337 719 higher than budget due to the passenger numbers for the year being higher than budgeted. Actual passenger numbers for the year were 4 755 994 compared to the budget of 4 400 000.

Fuel levy

Fuel levy is R9 160 785 higher than budget due to higher fuel volumes on cargo flights and charter flights not being impacted by COVID-19.

Personnel cost

Personnel costs is R3 832 564 lower than budget due to the implementation of cost containment measures in response to the COVID-19 pandemic as well as a moratorium that was placed on the filling of non-critical vacant positions.

Financial Statements for the year ended 31 March 2021

31. BUDGET VARIANCES (continued)

Operating expenses

Operating expenses is R18 294 314 lower than budget mainly due to the implementation of the cost containment measures in response to the COVID-19 pandemic. Savings were realised especially in the areas of aircraft operating expenses, conferences & seminars, printing & stationery and travel.

Depreciation and Amortisation

Depreciation and amortisation is lower than budget by R3 593 627 as a result of the extension of the useful lives of certain property, plant and equipment as well as the postponement of non-critical capital expenditure for the year.

Lease rentals on operating lease

Lease rentals is below budget by R2 308 173 mainly due to the implementation of the cost containment measures in response to the COVID-19 pandemic and relieve granted by Landlords.

Debt impairment and bad debts write-off

Debt impairment is R6 309 319 lower than budget due to the impact of the COVID-19 on the debtors book being less than expected. The actual write off amounted to R1 585 395.

Loss on disposal of assets

Loss on disposal of assets is R555 531 lower than budget. The budget included a profit on disposal of R415 270 relating to transactions that occurred earlier in the financial year, which was offset by the scrapping of various items of property, plant & equipment and in tangible assets at year end.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. These adjustments and reallocations were necessary to align the budget with business needs.

32. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

33. Comparative figures

Certain comparative figures have been reclassified.

NOTES

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