SAMSA ANNUAL REPORT 2020/21

SAMSA General Information

The Nature of Business and Principal Activities:

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

Registered Office
146 Lunnon Road
Hillcrest
Pretoria
0083
Republic of South Africa

Head Office Pretoria
(City of Tshwane)

Tel: +27 (0) 12 366 2600 | **Fax:** +27 (0) 12 366 2601
services@samsa.org.za
www.samsa.org.za

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

transport
Department:
Transport
REPUBLIC OF SOUTH AFRICA

SAMSA
SOUTH AFRICAN

With great perseverance and momentum towards sustainability, the maritime sector has been able to demonstrate its resilience amidst the pandemic. It has reshaped globalisation and enabled agility. We now strive to build the **maritime sector of the future.**

Our Core Operations

- Shipping
- Seafarer Wellness
- Maritime Education & Training System
- Technical Service Unit
- Maritime Sector Development
- Boating
- Fishing
- Ship Safety
- Certification
- Sea Watch & Response
- Marine Pollution

Introduction

The South African Maritime Safety Authority (SAMSA) is a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA").

SAMSA was established on the 1st of April 1998, following the enactment of the South African Maritime Safety Authority Act No.5 of 1998 ("the Act"). The Act provides for the establishment of an authority charged with the responsibility for regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa's maritime interests. It is governed and controlled by the Board of Directors, appointed by the Minister of Transport in terms of the Act.

Board Approval

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

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

Ms Nthato Minyuku
(Board Chairperson)

Ms. Tsepiso Taoana - Mashiloane
(Acting Chief Executive Officer)

Ms. Zama Chonco
(Chief Financial Officer)

Board

Mr. Bheka Zulu
Ms. Lindelwa DlaminiMr.
Mr. Lucas Haluodi
Ms. Eva Khosa

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7 456
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90
Incidents

145
Port State Inspections

12
Fatalities

47
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11
Lives Saved

187
Maritime Assistance Services

221
Ad hoc Inspections

275
Alerts Responded to

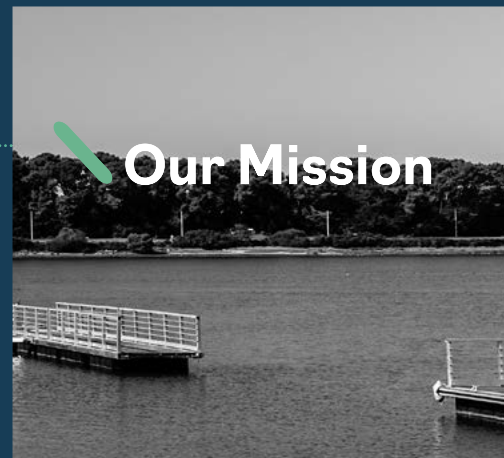
Finance

1

Our Business

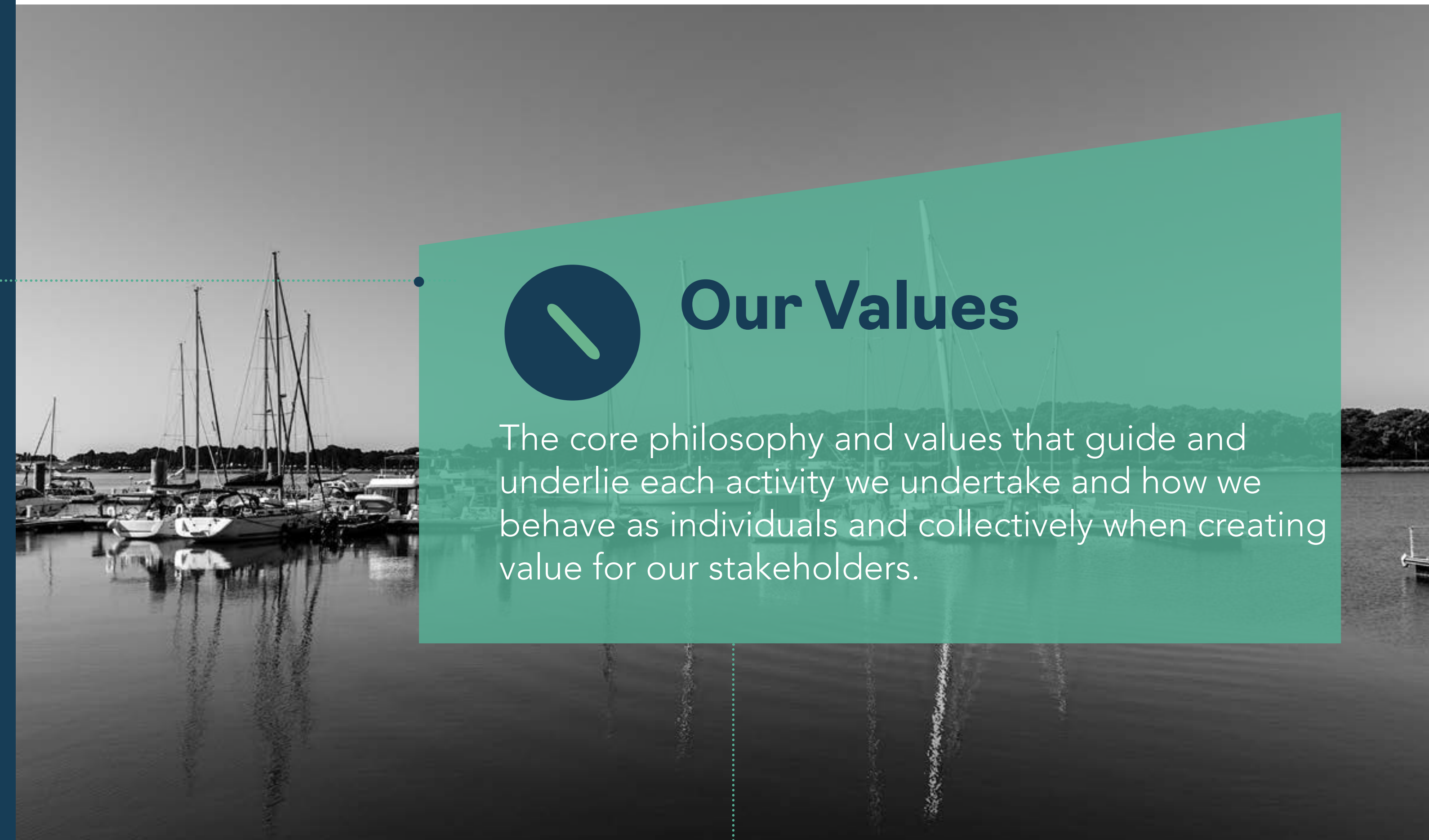
Our Vision

"The Authority championing South Africa's maritime ambitions to be an International **Maritime Centre** by 2030".



Our Mission

"To provide leadership in maritime safety, prevent and combat marine pollution for a sustainable maritime environment whilst supporting an innovative, progressive and a vibrant maritime economy"



Our Values

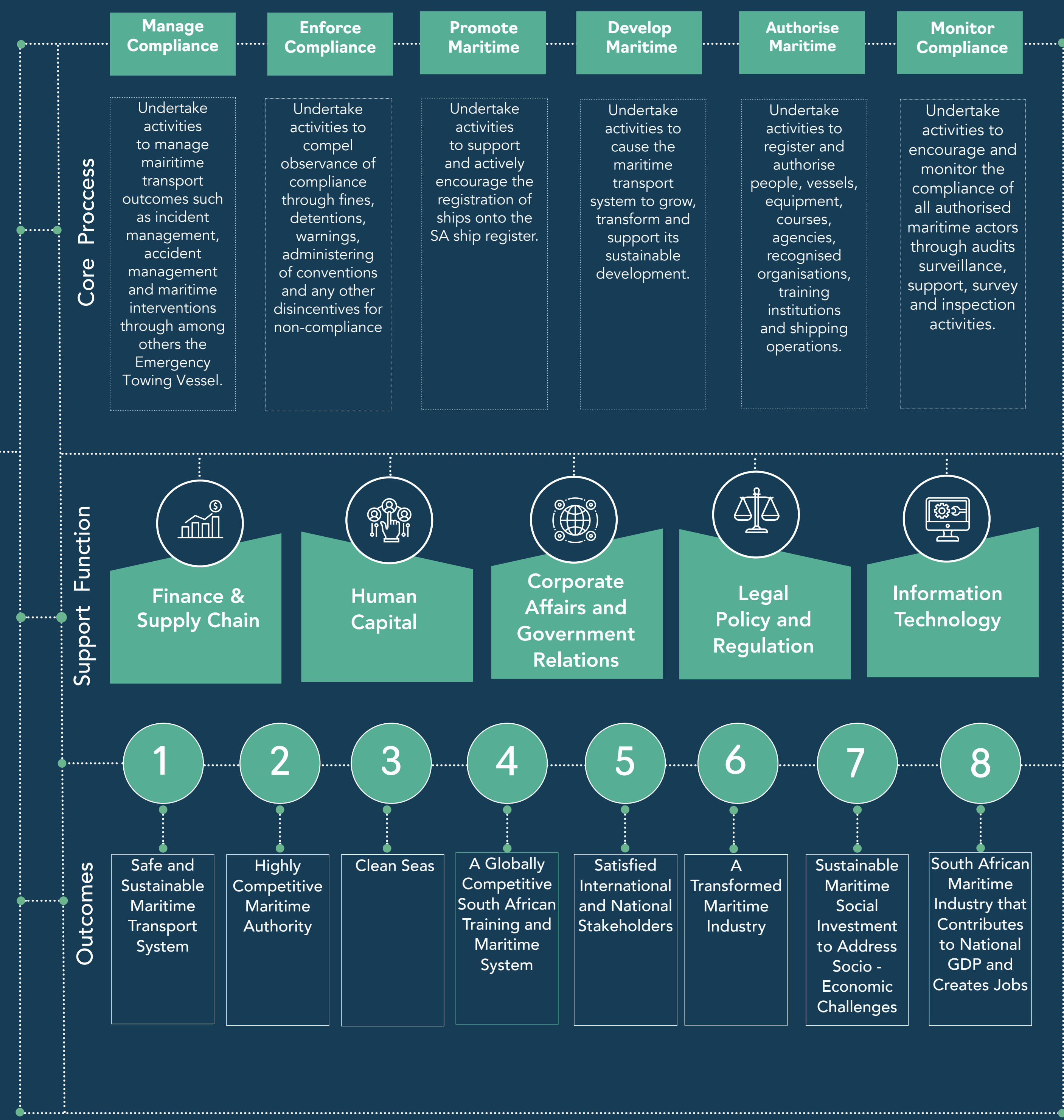
The core philosophy and values that guide and underlie each activity we undertake and how we behave as individuals and collectively when creating value for our stakeholders.

- **Diversity**: Strength in our diversity as a true South African entity.
- **Enterprising**: Forward thinking and innovative in our business solutions.
- **Team Work**: Recognising the support of others in building the future.
- **High Performance**: Delivering service excellence.
- **Integrity**: Our business conduct and credibility beyond reproach.
- **Caring**: Respect and caring for our employees.
- **Sustainability**: Acting responsibly and ensuring lasting continuance of all our well meant efforts and the environment within which we operate.

D-ETHICS

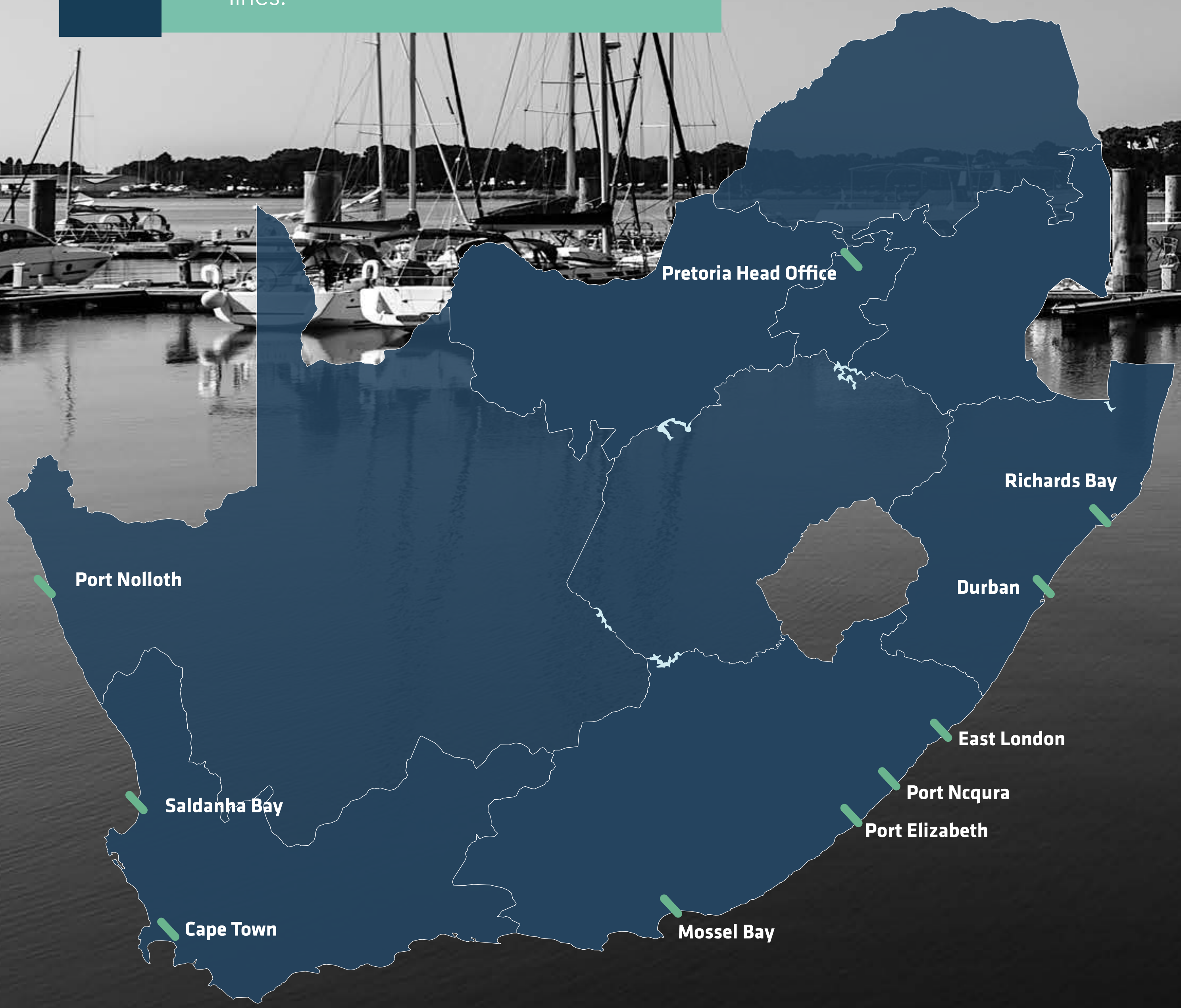
SAMSA Value Chain

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



Our Footprint

SAMSAS offices of operations are divided by regions along South Africa's coastal lines.



Our Offices

Head Office

Pretoria
Tel: +27 (0) 12 366 2600
Fax: +27 (0) 12 366 2601
Email: services@samsa.org.za
146 Lunnon Rd, Hillcrest, Pretoria, 0083

Western Region

Saldanha Bay
Tel: +27 (0) 22 714 1612
Fax: +27 (0) 22 714 3635
Email: saldanhabayoffice@samsa.org.za
Old Salcon Building, Harbour Area
Fishing Harbour, Saldanha, 7395

Cape Town
Tel: +27 (0) 21 421 6170
Fax: +27 (0) 21 419 0730
Email: samsacpt@samsa.org.za
19th Floor, 2 Long Str, Cape Town, 8001

Port Nolloth
Tel: +27 (0) 27 851 7695
Fax: +27 (0) 27 851 7699
Email: portnolloth@samsa.org.za
Old Post Office Building, Kus Rd
Port Nolloth, 8280

Eastern Region

Durban
Tel: +27 (0) 31 307 1501
Fax: +27 (0) 31 306 4983
Email: ponreception@samsa.org.za
17th Floor, 333 Anton Lembede Str, Durban, 4001

Richards Bay
Tel: +27 (0) 35 788 0068
Email: samsarb@samsa.org.za
Gazi Centre, Small Craft Harbor, Newark Rd
Richards Bay, 3900

Southern Region

Port Elizabeth
Tel: +27 (0) 41 585 0051/3
Fax: +27 (0) 41 582 1213
Email: pereception@samsa.org.za
1st Floor, Bay Suites Building, 1A Humewood Rd, Humerail, 6000

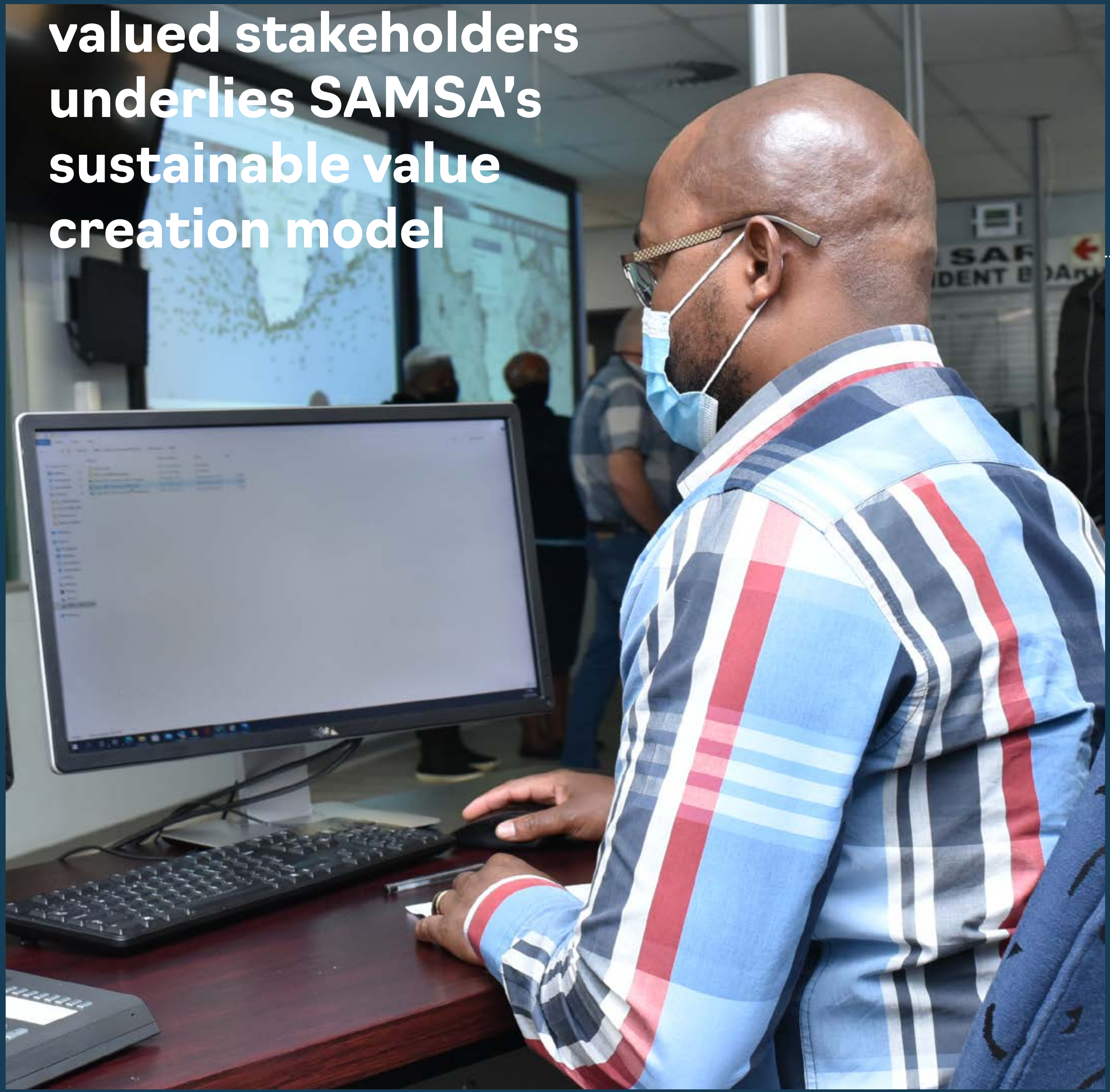
East London
Tel: +27 (0) 43 722 4120
Fax: +27 (0) 43 722 2264
Email: pereception@samsa.org.za
18 Marine Terrace, Quigney, East London, 5211

Port Ncqura
Tel: +27 (0)79 512 1017
Fax: +27 (0)41 582 2130
Email: ponreception@samsa.org.za
TNPA Admin Building, Coega, Gqeberha, 6100

Mossel Bay
Tel: +27 (0) 44 690 4201
Fax: +27 (0) 44 691 1206
Email: samsacpt@samsa.org.za
Plaza Aquda, Room 109, Marsh Str, Mossel Bay, 6500

Our Stakeholders

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

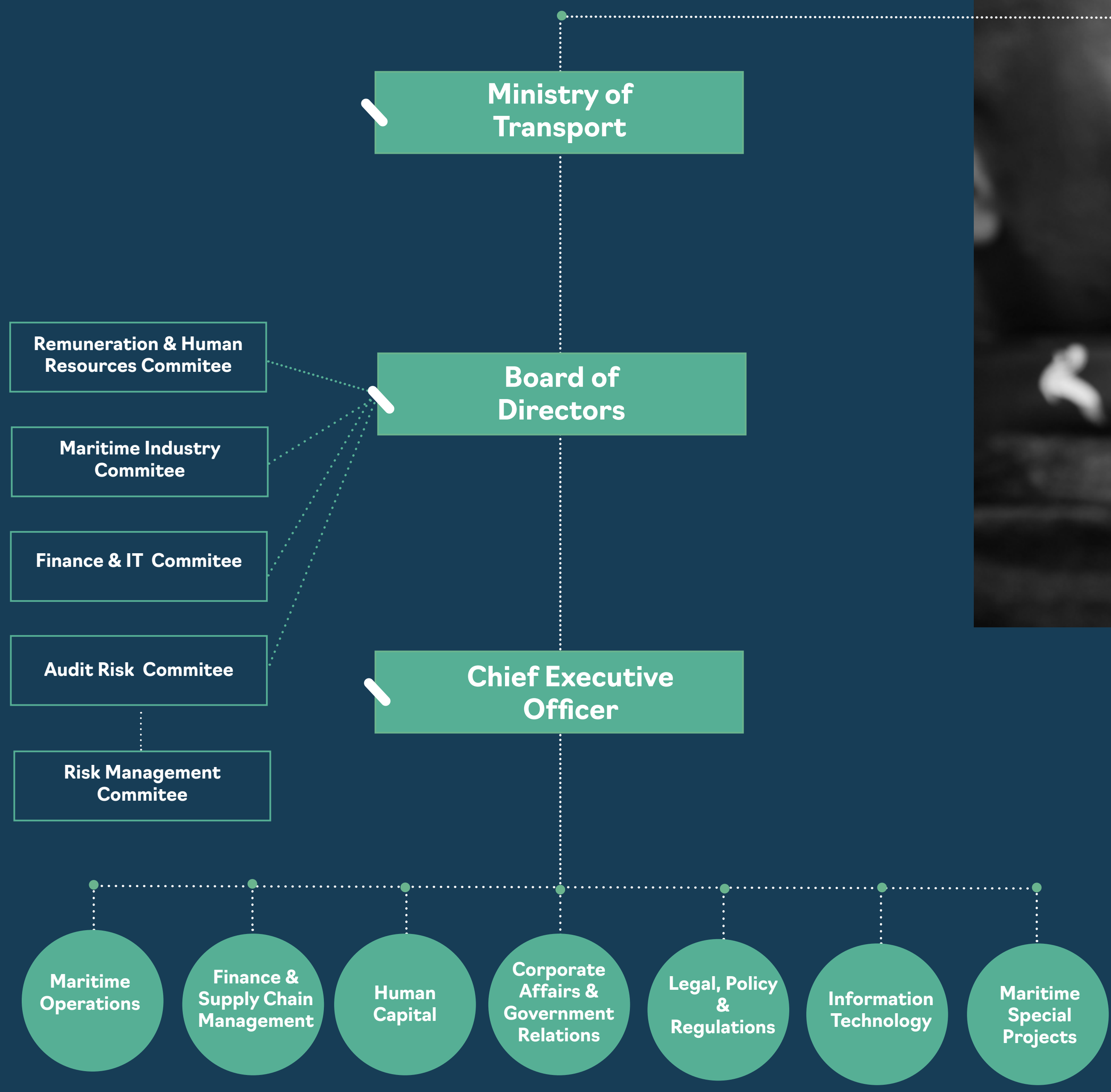


Our Stakeholders

The ultimate outcome of SAMSA is to maximise the value generated for all our stakeholders. The stakeholders of SAMSA include the International and National stakeholders categorised as follows; shipping industry, communities, partners, trade associations, suppliers, employees, customers, beneficiaries, interested parties and government who can be affected by or may affect, the delivery of a safe and sustainable maritime transport system.

- Maritime Industry
- Employees
- Society
- Partners
- Interested Parties
- Beneficiaries
- Government
- Trade Association
- Customers

Our Organisational Structure



Our Organisational Structure

Our Governance Structure

The Public Finance Management Act No.1 of 1999 (PFMA) appoints the Minister of Transport as the Executive Authority for SAMSA and the shareholder on behalf of the South African Government. The Accounting Authority, which is represented by the SAMSA Board of Directors reports to the Minister of Transport.

The Board is made up of six non-executive members and the Chief Executive Officer.

The Chief Executive Officer is the Accounting Officer who manages SAMSA under the strategic guidance of the Board of Directors.

Board of Directors

Ms. Nthato Minyuku
Chairperson

Mr. Bheka Zulu
Board Member

Ms. Lindelwa Dlamnini
Board Member

Ms. Eva Khosa
Board Member

Mr. Lucas Haluodi
Board Member

Executive Members

Ms. Tsepiso Taoana-Mashiloane
Acting Chief Executive Officer

Ms. Zama Chonco
Chief Financial Officer

Captain Vernon Keller
Deputy Chief Operations Officer

Mr. Boetse Ramahlo
Executive: Policy, Legal and Regulation

Mr. Ian Calvert
Executive: Maritime Special Projects

Mr. Vusi September
Executive: Corporate Affairs & Government Relations

Mr. Ndzimeni Ramugondo
Chief Information Officer

Maritime transport is the backbone of international trade and the global economy. Over 80% of the volume of international trade in goods is carried by sea, and the percentage is even higher for most developing countries.

Review on Maritime UNCTAD 2021

A Word from our Chairperson

It is a pleasure to present the Chairperson's Report for the financial year ended 30 March 2021 and SAMSA's first unqualified audit result, since the 2016-2017 financial period.

From its inception on 17 August 2020, the focus of the Board has been to ensure the stability and continuity of SAMSA.

In the context of the Executive Authority expectations, a number of achievements and actions are currently underway. New Committee members were appointed. The Committee supports the Board and SAMSA in fulfilling its mandate and strategic objectives, namely; to ensure the safety of life and property at sea, prevent and combat pollution of the marine environment by ships, and to promote South Africa's maritime interests.

The unqualified audit status attained for this financial year is a testimony to the hard work and commitment of the staff of SAMSA. In acknowledging performance, it is also incumbent on the Board as the Accounting Authority, to recognise the need to implement appropriate actions that address problems and challenges where they exist. This year saw lockdown restrictions continuing as a result of the global COVID-19 pandemic and further negatively impacting the global economy. SAMSA's core business relies largely on tariffs obtained from trade volumes in and out of South African waterways, which was been severely impacted.

Faced with the continued difficult circumstances due to COVID-19, SAMSA implemented strict cost containment measures to ensure it remains viable and to protect its staff during turbulent times.

The Board has in its seven (7) months to 31 March 2021, approved the implementation of amended policies and procedures. The appointment of a headhunter to assist in the filling of the position of a permanent CEO, is expected to occur imminently. SAMSA continues to play a strategic role in the maritime sector for South Africa. Through the implementation of its strategy, it endeavors to ensure that all partners and stakeholders operating within the South African maritime environment, responsibly observe the applicable safety legislation, regulations and practices to effectively facilitate a maritime environment, which is clean, safe, sustainable and economically viable. A safe maritime environment must promote a safety culture, fostered through the application of global and local safety and security standards and their rigorous enforcement.

Overview of the Maritime Sector Environment for the period

Maritime transport is the backbone of international trade and the global economy. Over 80% of the volume of international trade in goods is carried by sea, and the percentage is even higher for most developing countries. Over 50,000 merchant ships trading internationally, transporting every kind of cargo. An International

3
Additional Ships on Register

Monetary Fund (IMF) forecast indicated that the global economy would grow by 5.5% in 2020, following a 3.5% drop in 2019. Effectively this would see the world's economy expanding by as much as 1.8% compared with 2019.

The IMO, as part of the United Nations family, is actively working towards the implementation of 2030 Agenda for Sustainable Development and the associated Sustainable Development Goals (SDGs). The majority of the elements of the 2030 Agenda will only be realized with a sustainable transport sector supporting world trade and facilitating the global economy. SAMSA will be launching its Vision 2030 Strategy, aimed at facilitating the pursuit of its goal of contributing to South Africa's vision of being an International Maritime Centre.

Corporate Governance

At the close of the financial year under review, the Board of SAMSA consisted of five (5) non-executive directors with diverse skills and expertise. Accordingly, one vacancy existed, the Board was barely constituted but was able to discharge its mandate as per the SAMSA Act and the PFMA.

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

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

Key Strategic Performance highlights

There are still significant challenges facing the nation, however I am of the firm view that with a common purpose and a vision of becoming an International Maritime Centre, we can work together and transform the Industry. SAMSA will continue to collaborate with Stakeholders, in making considerable contribution towards the development of the country's Maritime Industry.

The Comprehensive Maritime Transport Policy (CMTP) was pronounced and this policy will serve as the basis for the sustained growth and development of the South African Maritime Industry

Key Strategic Performance highlights

During the financial period under review, SAMSA recorded 323 lives saved and 177 Medical Evaluations (MedEvacs) through its Maritime Rescue Co-ordination Centre (MRCC), a division of the SAMSA Centre for Sea Watch and Response that monitors the Ocean's from a safety and security perspective, environmental issues, as well as monitoring the implementation of international standards for Aids To Navigation. Sadly, 12 fatalities were recorded for the period 1 April 2020 to 31 March 2021, the majority of these fatalities due to vessels capsizing/listing.

The number of Maritime Assistance Services (MAS) incidents was 157 during the financial year. MAS involves the monitoring of towing operations, vessels not under command, pollution reports and vessels going aground around the coast within the South African Strengthening of Relative Rights (SRR) and Exclusive Economic Zone (EEZ). SAMSA is maintaining the national (MAS) database with approximately 7 468 beacons recorded at the end of the financial year.

SAMSA has the authority and responsibility to enforce regulations over vessels registered under the South African flag (Flag State Responsibility), and over foreign registered vessels that visit the South African ports (Port State Responsibility). SAMSA discharges these requirements through the adoption of national legislation such as the Merchant Shipping Act, Marine Traffic Act, Marine Pollution (Control and Civil Liability) Act, Marine Pollution (Prevention of Pollution from Ships) Act, Marine Pollution (Intervention) Act, Maritime Zones Act, Wreck and Salvage Act, SAMSA Act and the SAMSA Levies Act. During the period under review SAMSA conducted 16,300 Flag State survey activities. These are surveys that clients book SAMSA to carry out on their behalf, in order to comply with legislation that affects their operations. The surveys can be for initial certification, renewal certification, or a certificate of approval to carry out an operation.

Key Challenges faced by the Board

The SAMSA Board continuously dealt with business challenges. Among these are the development and periodic reviews of a business model that must be flexible to survive tough economic conditions and ensure SAMSA remains relevant. This involves the development and implementation of a supporting funding model, which not only ensures sustainability of the organisation, but also allows for SAMSA to create value for its customers and key stakeholders. Furthermore, staying abreast with industry specific regulations, as laid down by the IMO, particularly the domestication of these regulations as they impact directly on SAMSA's ability to carry out its day-to-day operations. This will be fortified by the assurance of stable leadership, including the current recruitment drive of a permanent CEO.

I would like to express my gratitude to the Board for their support in repositioning an effective Maritime Authority. I also wish to express my appreciation to the Management team in assisting the Board to continue to execute SAMSA's mandate as guided by its Annual Performance Plan and Five-Year Strategy. My appreciation also goes to the Staff of SAMSA for a year of hard work and dedication, during difficult times.

SAMSA continues to enjoy the support of the Shareholder, the Department of Transport, which continues to play an active and crucial role in the affairs of SAMSA. For this we are indeed grateful.

I thank you all.

Ms. Nthato Minyuku
Board Chairperson

South Africa recorded zero ship losses for five consecutive years this bears testimony of the technical competency of our surveyors in the execution of our mandates.

A Word from our Acting Chief Executive Officer

On behalf of the SAMSA Management and staff, it gives me great pleasure to present the Chief Executive Officer's Annual Report for the 2020/21 financial year, doing so in my capacity as the SAMSA Acting Chief Executive Officer.

. The South African Maritime Safety Authority (SAMSA) is a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 ("PFMA"). SAMSA was established on the 1st of April1998, following the enactment of the South African Maritime Safety Authority Act No.5 of 1998. The Act provided for the establishment of an authority charged with the responsibility for regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa's maritime interests.

SAMSA, led by the Department of Transport and amongst other national public entities forms an important part of South Africa's participation on global, continental and regional maritime transport platforms aimed at developing and regulating maritime transportation. Maritime transport is international in nature and requires strong multinational cooperation to make sure that standardised approaches, international conventions and systems for safe, clean, sustainable and secure shipping and seafaring are established and adhered to across the globe.

The Maritime Operating Environment

As SAMSA finished the second year of the Medium-Term Strategic Framework (MTSF 2019-24), the entity has the responsibility of transforming the fortunes of our maritime Industry whilst ensuring that the country becomes a recognised International Maritime Centre.

During the reporting financial period Maritime transport defied the COVID-19 disruption. In 2020, trade volumes fell less dramatically than expected and by the end of the year had rebounded, laying the foundations for a transformation in global supply chains and new maritime trade patterns. The COVID-19 pandemic disrupted maritime transport, though the outcome was less damaging than initially feared. The shock in the first half of 2020 caused maritime trade to contract by 3.8 per cent in the year 2020. But in the second half of the year there was a nascent, if asymmetric, recovery, and by the third quarter, volumes had returned, for both containerized trade and dry bulk commodities. However, there has yet to be a full recovery for tanker shipping.

While carriers generally managed to mitigate the shock and disruption, port and land side operations found it more difficult to adjust, and seafarers were in a precarious situation as the pandemic triggered an unprecedented global crew-change crisis. The health risks and related travel restrictions meant that hundreds of thousands of seafarers could not return home, while an equivalent number were unable to join their ships and to provide for their families. On 1 December 2020, the UN General Assembly unanimously adopted a resolution on 'International cooperation to address challenges faced by seafarers as a result of the COVID-19 pandemic to support The resolution also calls upon governments to facilitate maritime crew changes by enabling them to embark and disembark and expediting travel and repatriation efforts, while also ensuring access to medical care.

Lockdowns, travel restrictions and production cuts have compressed the demand for fuel. In 2020, shipments of crude oil, refined petroleum products, and gas together fell by 7.7 per cent. The impact was less, however, for dry bulk commodity trade: supported by strong demand from China for iron ore and grain, total dry bulk trade fell by only 1.5 per cent. Containerized trade also resisted, falling by only 1.1 per cent. Global container port throughput fell at a roughly similar rate – and in 2020 totalled 815.6 million twenty-foot equivalent units (TEU).

The COVID-19 pandemic has interfered with international trade, creating inefficiencies, delays and supply-chain disruptions on an unprecedented scale – which also have legal consequences if contractual performance is disrupted, delayed, or becomes impossible. For shipping this can lead to litigation that raises complex international jurisdictional issues. Government and industry will need to work together to address the related contractual rights and obligations, and arrive at standard contractual clauses for commercial risk-allocation.

Limiting Sulphur emissions from ships is important to improve air quality and protect both human health and the environment. On 1 January 2020 an IMO regulation entered into force that reduces the limit on the sulphur content in ship fuel oil from 3.5 to 0.5 per cent. In designated emission control areas, the limit remained even lower, at 0.1 per cent. To further support enforcement, in December 2020, the IMO adopted several amendments to MARPOL Annex VI, which will enter into force on 1 April 2022. These mainly relate to definitions and on-board sampling of the sulphur content of fuel oil, fuel verification.

At a national level the Government the Government has signalled its intention to be more ambitious in both leading and supporting the maritime sector. In his State of the Nation Address (SONA) 2020, the State President,Honourable Cyril Ramaphosa, confirmed that since the launch of Operation Phakisa in 2014, South Africa has secured investments of nearly R42,5 billion and created over 12 000 direct jobs. The expected investment in the Ocean Economy over the next five (5) years is estimated at R3.8billion by government and R65billion by the private sector, creating over 100 000 direct jobs and more than 250 000 indirect jobs.

Operation Phakisa: Oceans Economy

R30 billion
Investment since 2014

7000
Direct Jobs

R3.8 billion
Expected Government Investment over next 5 years

R65 billion
Expected Private Sector Investment over next 5 years

100 000
Estimated Direct Jobs over next 5 years

250 000
Estimated Indirect Jobs over next 5 years

Corporate Performance Overview

2020-21 was a year like no other. When we started out, we were looking forward to a great year of implementing our strategic initiatives for our stakeholders and in the second year of the strategy cycle we were well on track to achieving all the medium-term targets we had set out in our strategy 'championing South Africa's maritime ambitions to be an International Maritime Centre by 2030.

The entity was able to achieve an overall corporate performance of 87, 67% against its set strategic outputs for the financial year, which reflects a significant improvement from the 66, 67% achieved in the 2019.20 financial year. This huge improvement been attributed to the corporate performance turnaround plan implemented by management under the guidance of the Board.

For the first time in the last four financial period SAMSA has been able to achieve a positive audit opinion (Unqualified) by the Auditor General of South Africa. This truly bears testimony of the hard work been implemented by management working hand in hand with different key combined assurance providers.

The unqualified audit opinion been achieved through implementing through the following mitigating actions and measures:

- Effective implementation of internal consequence management measures to ensure employees are held accountable for their actions or lack thereof
- Combined assurance responsibilities with the Internal Auditors for the full duration of the 2020/21 financial year by implementing the internal audit plan.
- Enhanced internal controls in the ICT and SCM environments, including providing further training for key
- Supply Chain Management personnel.
- SAMSA created a Monitoring and Evaluation team within Strategy. The team works closely with compliance coordinators, validates all reported information for validity, reliability, consistency and accuracy to reduce possible reporting errors
- Implementation of Austerity Measures (in line with National Treasury's Cost Containment measures).

SAMSA reported a Net deficit of R13,96 million for the 2020--21 financial year, as a result of low volumes of foreign vessels visiting the country affecting the revenues which declined by 12% . The adverse decline in revenue is attributed to the impact of the COVID-19 global pandemic that led to a national lockdown by the South African government in the first six months of the year under review. SAMSA levies which contribute 77% of SAMSA revenue decreased by 8.9% when compared to the previous financial year, contributing to the total budgeted revenue declining slightly by R3 to R413m (2018: R453.2m).

During the financial year the entity continues to encounter key strategic challenges in its journey to pursue its strategy. The following are the key issues preoccupying the Authority in its journey to ensure that the country becomes an International Maritime Centre.

- Maritime Enforcement Resources - The entire capacity to respond to incidents lies outside the control of SAMSA, which includes the emergency tug, pollution control vessels and helicopter capabilities, remain a huge constraint on the effectiveness of the maritime safety and pollution capacity of SAMSA
- Outdated and slow ratification of legislation - There has been very slow progress in processing some of the conventions, protocols, bills and subsidiary instruments. This will have a huge effect on the forthcoming IMO Mandatory Member State audit scheduled for March 2023 i.e Ballast Water, Low Sulphur 2020 regulations
- Funding of the SAMSA SA Agulhas as an enabler of maritime skills development
- No Permanent Chief Executive Officer for more than five years since 2016
- Slow growth of the South Africa Ship Registry due to progress in resolving Shipping Taxation, Customs and Excise challenges with SARS.
- Slow transformation of the Maritime Industry to enable blacks, youth and women participation
- Negative Media publicity and Court Cases on some of the Executives of the entity - Precautions suspensions instituted by the Board

We have to plan for the long-term. We will soon be launching our vision 2030 strategy – aimed at pursuing our intentions to contribute to South Africa's vision of being a Maritime Centre. This vision is in line with Agenda

2063, aspirations of the Africa Integrated Maritime Strategy 2050 (AIMS2050), and our own national imperatives such as the National Development Plan and the Ocean Economy programme of government (Operation Phakisa). Some of the specific initiatives to look forward to in the 2021/22 financial year are:

1. Enhanced efforts in promoting and growing the SA Ship Register
2. Entrenching South Africa as a maritime nation that it is, and reaffirming its status as a White listed nation by the IMO
3. Heightened maritime awareness and education systems and standards initiatives, in collaboration with our partners
4. Launch and implementation of the Rural Maritime Economy Development programme
5. Improved effectiveness and efficiency of the administration through internal competency development, and the introduction of supporting technologies and innovation.

We will closely with government department partners and industry partners across the maritime sector to promote its vital importance to the South African economy domestically and internationally.

SAMSA intends to publish a State of the Maritime Industry report (over and above the launch of the State of the Maritime Safety report), which will contribute towards creating an industry informed, strategic approach to international engagement, ensuring that opportunities are seized and realising tangible deliverables.

This is very critical for the future sustainability of the entity as it seeks to ensure that SAMSA is adequately funded to perform all its legislated functions. In line with the Batho Pele principle of government, SAMSA will continue to revamp its service offering to the public through the rollout of an enhanced end-to-end automated public interface system.

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

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

I thank you

Sincerely,

Ms. Tsepiso Taoana-Mashiloane
Acting Chief Executive Officer

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Our Corporate Performance Overview

Our Strategic Response Overview to Strategic Challenge 1

Managing risks with regards to maritime safety of life and property, equipment, seafarers and pollution incidents from vessels.

Impact Statement	To safeguard life and property across the maritime transportation environment such that we have a reduced occurrence of maritime fatalities and maritime incidence and accidents in South African waters. We anticipate ensuring safe shipping in South African waters with minimum pollution from vessels and a secure maritime environment.			
No	**Outcome**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
1	A Safe South Africa Maritime Transport System- (Safer Lives and Property)	State of Maritime Transport Safety Index (Trend analysis) – including variables such as 1. Reportable Maritime Incident rate from all types of vessels.	10 Reportable Incident Rate reported in 2018-19 (April 2018- March 2019) financial period.	Below 5 Reportable Incident Maritime Rate
		2. Maritime fatalities rate reported from all types of vessels	New Indicator	Below 1 Maritime fatalities rate.
2	Clean Seas – Reduced reportable maritime pollution incidents by vessels	Status of Reportable Maritime pollution Incidents. (Trend analysis) on Maritime pollution incidents rate from all types of vessels	2 maritime pollution incidents rate from all types of vessels	Below 1 maritime pollution incidents rate from all types of vessels

Overview of Strategic Risk

Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
	A serious and very serious maritime incident occurs involving the total loss and damage to property and loss of life.	A maritime safety incident occurring because of human errors, vessels technical issues and act of God.	1. SAMSA to determine South Africa's required capacity and make recommendations to Government and the Private Sector on the required capacity and the geographical location to ensure a State of Readiness to respond effectively and efficiently to a maritime incident. 2. Conduct an analysis of previous maritime incidents to determine the adequacy of the Maritime Fund. 3. Investigate a better funding model, consider Environmental Levies and other alternatives to fund Maritime Domain Awareness responsibility
	A serious or very serious maritime oil, harmful and harmful noxious substances, pollution incident occurs.	A major pollution incident occurring because of human errors, vessels technical issues and act of God	1. An assessment on existing Capacity and resources within the maritime environment in line with the requirements to respond effectively to maritime incidents. 2. Implement the 2019 South Africa Maritime Risk Workshop resolution on response capability in line with the ETV feasibility report
	Non- compliance to the International Maritime Organisation Instruments Implementation Code (III Code)	Non-compliance to the International Maritime Organisation Instruments Implementation Code (III Code)	1. Develop and Implement the South Africa Mandatory Audit action plan on IMO Instruments Implementation Code (III Code).

Key Highlights of the performance

SAMSA is responsible for the management of the safety of the vessels including matters of design, construction as well as ensuring safe operation including manning, maintenance and management of incidents that may arise, administering the small vessel regime. This includes implementation of policies, auditing of training institutions, examiners and authorised agencies and maintaining standards on examinations of skippers, the promotion of safe seafaring, boating and fishing by providing the overall management, support and promotion. The entity is also responsible in monitoring shipping within South Africa jurisdiction to ensure safety of navigation and the protection of the marine environment so as to protect South Africa's maritime region.

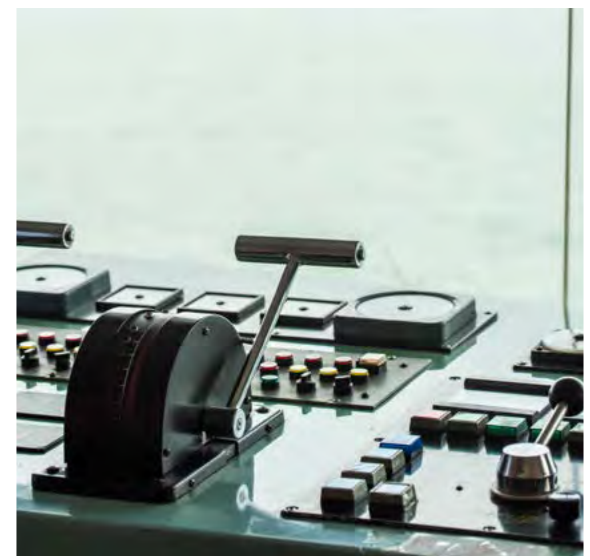
During the financial period under review SAMSA responded to 275 alerts and 323 lives were saved through the Maritime Rescue Co-ordination Centre (MRCC), a part of the SAMSA Centre for Sea Watch and Response, which monitors the coast from a safety and security perspective and environmental issues as well as monitoring the implementation of international standards for Aids to navigation. SAMSA assisted in 117 medical advice incidents by connecting passing vessels along the coast to local telemedical services. The number of Maritime Assistance Services (MAS) incidents were 187 during this financial year which involves the monitoring of towing operations, vessels not under command, pollution reports and vessels aground around the coast within the South African SRR and EEZ. SAMSA is maintaining the national database with approximately 7 456 beacons at the end of the reporting period.

SAMSA has the authority and responsibility to enforce regulations over vessels registered under the South African Flag (Flag State Responsibility), and over foreign registered vessels that visit the South African Ports (Port State Responsibility). SAMSA discharges these requirements through adopted national legislation such as the Merchant Shipping Act, Marine Traffic Act, Marine Pollution (Control and Civil Liability) Act, Marine Pollution (Prevention of Pollution from Ships) Act, Marine Pollution (Intervention) Act, Maritime Zones Act, Wreck and Salvage Act, SAMSA Act and the SAMSA Levies Act.

During the period under review SAMSA conducted 16,299 Flag State surveys activities. These are surveys that clients book SAMSA to carry out for them to comply with legislation that affects their operations. The surveys could be for initial certification, renewal certification, or to be issued with a certificate of approval to carry out an operation.

SAMSA conducted 145 Port State inspections which is a process by which a nation exercises its authority over foreign vessels when those vessels are in waters subject to its jurisdiction. The vessels to inspect, in normal circumstances, are those that have not been inspected in the previous six months in any of the countries that are members of the Indian Ocean Memorandum of Understanding (IOMOU) on Port State Control, in which South Africa is a member. The inspections seek to ensure that the ships visiting South African waters comply with applicable conventions that deal with maritime safety, maritime security and the protection of the marine environment from pollution by ship.

SAMSA is responsible for the management of the safety of the vessels including matters of design, construction as well as ensuring safe operation including manning, maintenance and management of incidents that may arise, administering the small vessel regime.



Port State Inspection

Port	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Q1	Q2	Q3	Q4
Cape Town	**22**					3	3		1	2	9	1	3	22		6	3	13
Saldanha Bay	**16**											1	2	3				3
Mossel Bay	**4**					1	1					1		3		2		1
Port Elizabeth	**28**				8	3	1	2	1	3	4	4	4	30		12	6	12
Port of Ngqura	**18**			4	2	5	1				2	3	1	18	4	8		6
East London	**6**						2		2		2		1	7		2	2	3
Durban	**45**						1	5	13	5	2	5	19	50		1	23	26
Richards Bay	**12**				1		1	3	3	1	2	1		12		2	7	3
	151			**4**	**11**	**12**	**10**	**10**	**20**	**11**	**21**	**16**	**30**	**145**	**4**	**33**	**41**	**67**

Ship Risk Profile

Under the NIR of IOMOU, existing targeting factor matrix is replaced by the Ship Risk Profile (SRP). The SRP will be assigned as High-Risk Ship (HRS), Standard Risk Ship (SRS) or Low Risk Ship (LRS), based on generic and historic performance parameters such as Type of Ship, Age of Ship, Flag State Performance, Recognized Organization Performance, Company Performance and Ship Performance.

Each performance parameter will be evaluated using appropriate formula and weighting points will be assigned for HRS, SRS and LRS as per defined criteria. Finally, sum of weighting points pertaining to all considered performance parameters, in real time utilizing PSC inspection and ship historical data over running 36 months will decide High, Standard or Low risk ships

Port State Inspection

Inspection Categories - Port State Inspections

1. Periodic inspections are carried out at intervals determined by the SRP.
2. Overriding or Unexpected factors might trigger an inspection in between periodic inspections and is referred to as an Additional Inspection.

For carrying out periodic inspections, time window is based as per SRP and is as follows:

1. For **HRS** - between 5-6 months after the last periodic/additional inspection.
2. For **SRS** - between 10-12 months after the last periodic/additional inspection.
3. For **LRS** - between 18-24 months after the last periodic/additional inspection.

No of Inspections (N)	No. of Inspections as per SRP calculated before Inspection with % Age		
	HRS (%)	SRS (%)	LRS (%)
145	88 (60.69%)	28 (19.31%)	29 (20%)

For selection of inspections, the priority is based as per SRP and is as follows:

1. Priority I: ships must be inspected, for which the time window has been closed or there is an overriding factor.
2. Priority II: ships may be inspected which is within the time window of inspection or the port State considers there is an unexpected factor warrants an inspection.

	No of Inspections (N)	Target 70% of N	HRS	SRS	LRS	Total	Target Achieved (%)		
MAR	**30**	21				30	142.86%	0	0
YTD	**145**	102				125	121.57%	10	11

The priority and the level of selection will be shown for each ship in the information system of IOMOU.
The NIR will assign SRP to every individual ship available in the database of the IOMOU

High Risk vessel are vessels that have been declared by the Indian Ocean Memorandum of Understanding as a high-risk vessel that is on a watchlist kept by the IOMOU. To date, 0 high risk vessels, have called at a South African port, therefore the performance ratings is 100% year to date

High Risk Vessels PSCI	
Reported By	**Annual**
Reported By MRCC	**0**
Reported By Port	**0**
Total	**100%**

Vessel Detention

SAMSA has the authority and responsibility to detain a ship if, because of its non-compliance with applicable legislation, poses a threat to safety of life at sea, or maritime security, or poses a serious risk of pollution of the marine environment. Detention can be carried out on a foreign ship under the port State control regime, or on a South African registered ship under domestic legislation.

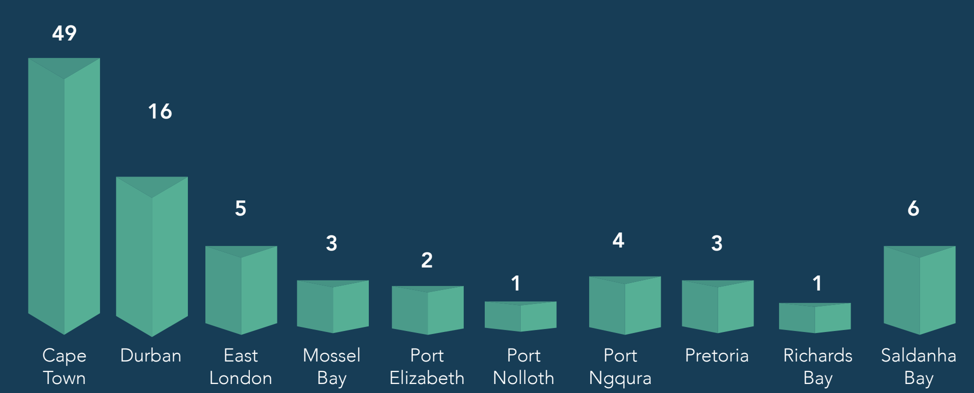
Vessel Name	Port	Region	Date of Detention	AOC Issued
Top Grace	Richards Bay	Eastern Region	03 Apr 20	No
Top Grace	Richards Bay	Eastern Region	17 Apr 20	No
Yeung Horng No 2	Cape Town	Western Region	15 May 20	No
Lady I	Richards Bay	Eastern Region	15 Jun 20	Yes
Archagelos Michael	Richards Bay	Eastern Region	22 Jun 20	Yes
MSC Palak	Port of Ngqura	Southern Region	15 Jul 20	No
Hyundai Loyalty	Port of Ngqura	Southern Region	21 Aug 20	No
El Shaddai: 21014	East London	Southern Region	12 Oct 20	No
On the Rocks: DTE1236R	East London	Southern Region	17 Oct 20	Yes
Aloha: DTE3209R	East London	Southern Region	17 Oct 20	Yes
Cheers: DTE1239R	East London	Southern Region	17 Oct 20	Yes
Coyote	Richards Bay	Eastern Region	09 Nov 20	Yes
Certainty	Richards Bay	Eastern Region	09 Nov 20	Yes
Star Paola	Richards Bay	Eastern Region	29 Jan 21	No
Red Bishop	Port of Ngqura	Southern Region	01 Feb 21	Yes
Fairy Tale	Durban	Eastern Region	11 Feb 21	Yes
Jenna	Port Elizabeth	Southern Region	09 Mar 21	Yes

Casualties and Incidents

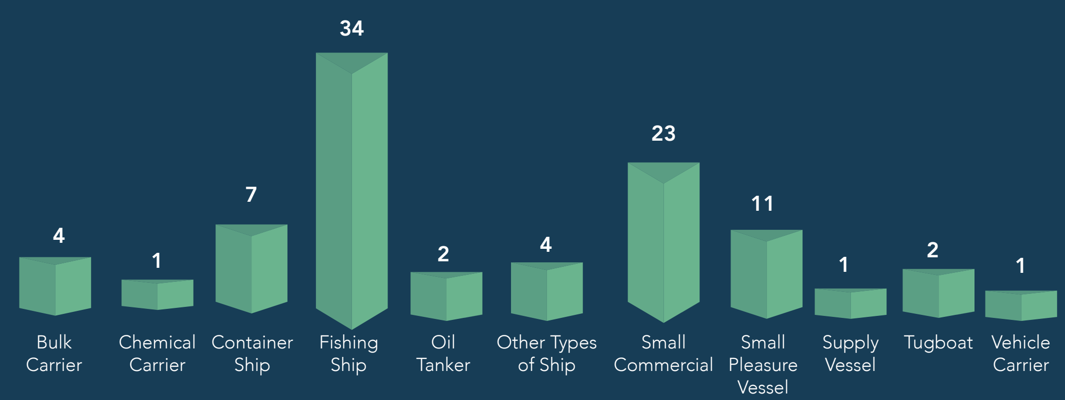
A total of 90 incidents with 12 fatalities were reported this financial year. Brief details of all the incidents reported are listed

90 Incidents **12 Fatalities**

Port Incidents / Accidents 2020-2021



Vessel Types



Event Severity	Number	Fatalities	Injuries
Marine Casualty	29	4	12
Capsize/Listing	6	2	
Fire/Explosion	5		2
Flooding/ Foundering	3		2
Grounding	2		
Loss of Control	1		
Occupational Accident	4	1	2
Other	2	1	1
Ship/Equipment Damage	3		
Collision	3		5
Marine Incident	58		9
Contact	4		
Fire/Explosion	2		
Grounding	1		
Loss of Control	32		1
Occupational Accident	10		7
Other	5		1
Ship/Equipment Damage	3		
Collision	1		
Very Serious Marine Casualty	3	8	
Capsize/Listing	**3**	**8**	
TOTAL INCIDENTS (YTD)	**90**	**12**	**21**

Sustainable shipping, decarbonization and ship pollution control remain priorities in 2020

The Review of Maritime Transport UNCTAD

Casualties and Incidents

There were 47 Admissions of Contravention for the year, with a total value of R1 249 778

Event Severity	Number	Fatalities
Port	**NO**	**Final AOC Amount**
Durban	4	R 47 000
Cape Town	4	R 275 000
East London	14	R 194 000
Mossel Bay		
Port Elizabeth	2	R 30 000
Port Nolloth		
Port of Ngqura	6	R 207 500
Pretoria		
Richards Bay	10	R 318 278
Saldanha Bay	7	R 178 000
Total By Region	**ZAR**	
Eastern Region	14	R 365 278
Northern Region		
Southern Region	22	R 431 500
Western Region	11	R 453 000

Ad hoc Inspections

The ad-hoc inspection process ensures that skippers, seafarers and vessels owners discharged their responsibility in line with maritime safety procedures and standards.

It is the experience of the Authority that vessels are prepared for survey and what appears on the day of survey is not how the vessel is always operated and maintained during the period of validity of a safety certificate.

A safety certificate issued by SAMSA confirms that on the day the vessel was surveyed, and after the rectification of any defects, the vessel was in a seaworthy condition. The onus lies with the Skipper/ Owner, to ensure the vessels is maintained in that state. The Ad-hoc inspection campaign was introduced in 2001 to ensure that skippers and owners discharged their responsibility; the reports have been correlated and compared to previous years. The trends should be used when reviewing safety procedures and structures on your vessel.

A total of **221 Ad hoc** were conducted year to date

Port	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Q1	Q2	Q3	Q4
Cape Town	**15**	1	5				3		2	4				15	6	3	6	
Saldanha Bay	**15**				1				3	25	15		1	45		1	28	16
Port Nolloth	**20**					1				12	4		22	39		1	12	26
Mossel Bay	**20**					1			2	17				20		1	19	
Port Elizabeth	**15**			1				4	1	5	2		6	19	1		10	8
Port of Ngqura	**7**			1						1	1	1	3	7	1		1	5
East London	**10**						3	8	2	4	4	4		25		3	14	8
Durban	**15**							2	3	7	1	1	2	16			12	4
Richards Bay	**12**					1	2		10					13		3	10	
Pretoria	15							1		6		13	2	22			7	15
Total	144	1	5	2	1	3	8	15	23	81	27	19	36	**221**	8	12	119	82

Marine Pollution Incidents

Mandate Objective 2 in line with the SAMSA ACT NO.5 of 1998: to prevent and combat pollution of the marine environment by ships

Pollution of the marine environment is strictly prohibited by international and national laws. However, such incidents still occur, and as a result, one of SAMSA's responsibilities is to investigate such incidents.

There were seven (7) oil pollution incidents reported in during this financial year

Year to date far R330 000 admissions of contraventions were issued relating to Pollution incident.

Vessels Name	Port	Date of Incidents	Type of Spill	Spill entered the water	QTY spill in M3	Detained	AOC Issued	AOC Amount
Uhuva	Richards Bay	22/04/2020	Bunker	Yes	0,0500 m3	No	No	R -
Nomzamo 1	Cape Town	09/06/2020	Bunker	Yes	0,1500 m3	No	Yes	R 75 000
Uzavolo RB3	Richards Bay	11/07/2020	Bunker	Yes	0,0500 m3	No	Yes	R 50 000
Ukhozi	Richards Bay	09/11/2020	Oil	Yes	0,0010 m3	No	Yes	R 5 000
Unknown source	Port of Ngqura	23/11/2020	Oil	Yes	0,2000 m3	No	No	R -
Sierra King	Cape Town	08/12/2020	Bunker	Yes	0,0050 m3	No	Yes	R 100 000
Harvest Veronica	Saldanha Bay	17/03/2020	Oil	Yes	0,0050 m3	No	Yes	R 100 000

Strategic Challenge 2

South Africa losing its status on the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List affecting employability of the South African seafarers across the world.

Whilst maintaining the SCTW White List status the lack of recognition of the STCW training, assessment and certification systems within the South African Higher Education system, thus holders of Certificate of Competency's not able to be recognised by institutions of Higher Learning as 'appropriately' qualified to become lectures thereby destroying the maritime skills development and training industry and in the process losing on all the gains made towards seafarers employment.

Our Strategic Response Overview to Strategic Challenge 2

Impact Statement	To ensure that all seafarers within the maritime sector have the knowledge, skills and competency to effectively perform their roles in safely operating vessels, in a manner that protects lives, property and the environment. This competency is at the core of seafarer development, seafarer registry, seafarer employment, seafarer/stevedore welfare and its administration. The following outcomes will he achieved such as the development and maintenance of an excellent maritime education and training system that is current, flexible and supports industry needs and South Africa's national maritime development aspirations, maintain IMO Whitelist Status, a World class Seafarer Welfare programme and South African Seafarers qualifications that are accepted in most maritime jurisdictions across the globe.

No	Outcome	Output Indicator	Baseline Performance	Five Year Target
1	A Globally Competitive South Africa Maritime Education and Training System. A Globally competitive and supported South African Seafarer.	1. A Globally Competitive South Africa Maritime Education and Training System through confirmation of being on STCW Whitelist.	Maintain South Africa Whitelist Status	Maintain South Africa Whitelist Status

Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
	South Africa removed from the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List.	South Africa removed from the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List.	1. The Legislation must be improved to become complaint with the STCW Convention, viz; a. the Merchant Shipping (Safe Manning, Training and Certification) Regulations, 2013, as amended (joint responsibility with the DOT b. the Merchant Shipping (Eyesight and Medical Examinations) Regulations, 2004, as amended 2. A Quality Management System (QMS) ensuring effective implementation of the provisions of the Regulations and the STCW Convention 3. An Independent Evaluation, a report of which will be submitted to the IMO.

Registrar of seafarers overview

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

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

Registrar of Seafarers I

Certificates Issued					
Type	**Q1**	**Q2**	**Q3**	**Q4**	**Annual**
Certificate of Competency (Deck and Engine)	15	790	217	194	1216
Certificate of equivalent Competency (STCW I/10)	2	12	11	6	31
Certificate of Proficiency (Ratings)	5	38	87	45	175
Seafarer Records Books	303	243	220	260	1026
GMDSS Radio Certificates	15	25	53	87	180
Short Range Radio Certificates	109	710	289	334	1442
Long Range Radio Certificates	4	9	6	6	25
Small Vessel Certificates of Competence	404	1172	1997	2200	5773
Total	**857**	**2999**	**2880**	**3132**	**9868**

South Africa is a state party to the International Convention on STWC for Seafarers Progress Overview

South Africa is a state party to the International Convention on Standards of Training, Certifications and Watchkeeping for Seafarers, 1978, as amended (STCW Convention). The STCW Convention places obligations on parties to give "…full and complete effect…" to its provisions and requirements. Parties to the STCW Convention are required, in the first instance, to provide and communicate information regarding implementation of the STCW Convention and furthermore, at regular intervals (5 years) undergo an Independent Evaluation, and submit the report of the Evaluation to the International Maritime Organisation.

Context requirements of the SCTW Regulations

Communication of information

In addition to the information required to be communicated by article IV, each Party shall provide to the Secretary-General, within the time periods prescribed and, in the format, specified in section A-I/7 of the STCW Code, such other information as may be required by the Code on other steps taken by the Party to give the Convention full and complete effect.

When complete information as prescribed in article IV and section A-I/7 of the STCW Code has been received and such information confirms that full and complete effect is given to the provisions of the Convention, the Secretary-General shall submit a report to this effect to the Maritime Safety Committee.

Following subsequent confirmation by the Maritime Safety Committee, in accordance with procedures adopted by the Committee, that the information which has been provided demonstrates that full and complete effect is given to the provisions of the Convention:

1. *the Maritime Safety Committee shall identify the Parties so concerned;*
2. *shall review the list of Parties which communicated information that demonstrated that they give full and complete effect to the relevant provisions of the Convention, to retain in this list only the Parties so concerned; and other Parties shall be entitled, subject to the provisions of regulations I/4 and I/10, to accept, in principle, that certificates issued by or on behalf of the Parties identified in paragraph 3.1 are in compliance with the Convention.*

Amendments to the Convention and STCW Code, with dates of entry into force later than the date information has been, or will be, communicated to the Secretary-General in accordance with the provisions of paragraph 1, are not subject to the provisions of section A-I/7, paragraphs 1 and 2.

The South African Maritime Safety Authority is to give full and complete effect to the STCW Convention and is Codes to ensure that SAMSA remains on the IMO "Whitelist". The IMO "Whitelist" distinguishes the nations that have displayed and established a plan of full compliance with the STCW Convention and Code. Developed by an unbiased group of "competent persons" at the IMO, the White List was created using criteria such as what system of licensing the administration has, training centre oversight, process of certificate revalidation, flag state control, and port state control.

During the reporting period the Minister of Transport signed the MS (Certification, Training and Manning) Regulations. SAMSA completed the Quality Standards System for STCW Certification.

Maritime Transportation System must deliver safe, secure, efficient and reliable transport of goods across the world, while minimizing pollution, maximizing energy efficiency and ensuring resource conservation

The Review of Maritime Transport UNCTAD

Strategic Challenge 3

South Africa has outdated maritime legislation which needs to be prioritised for urgent reviewing and International Conventions that South Africa recently acceded to are not domesticated expeditiously into national laws to ensure execution of enforcement.

A structured and documented training regime to train surveyors to enforce regulations consistently must also be prioritised. Penalties for transgression of legal requirements are also very low in comparison with other countries and environmental laws and thus not a real deterrent for offenders

The entity achieved the following in with yearly targets

- Implementation of the Approved SAMSA Policy Monitoring and Evaluation Plan 2020-2021, in line with Comprehensive Policy Universe;
- Approval of SAMSA Position Paper on the CMTP, CMTP Strategy and CMTP Implementation Plan by 31 March 2021.
- The first output/KPI was achieved during the financial period under consideration. The approval of the SAMSA Position Paper on the CMTP, CMTP Strategy and CMTP Implementation Plan was not achieved due to EXCO Resolution which required for a SAMSA CMTP Roadmap to be developed and annexed to the draft position paper before its approval.
- An approved Report on Monitoring and Evaluation of the Regulatory Compliance Management Plan to be submitted at the end of the 2nd and 4th Quarters
- Approved Compliance Report with recommendations supported by EXCO for implementation by relevant Process Owners. To be submitted at the end of each Quarter
- Approved Report on Reviewed maritime Acts and Regulations to update the Priority List;
- Approved SAMSA Records Management Framework (File Plan, Policy and Procedures) by 31 March 2021
- Developed Research Paper in line with the Risk Workshop Resolutions by 31 March 2021. The Research study was aimed at assessing the existing capacity within the maritime environment with regards to the capabilities to respond effectively and efficiently to maritime incidents, within the South African Economic Exclusive Zone.
- Commission and complete a study on the impact of Sulphur Cap on the South African trade and economy (distance and freight rates) by 31 March 2021;
- Commission and complete a study on Open Loop scrubbing in line with the South African 2020 Sulphur Cap Workshop Resolutions by 31 March 2021. The research paper was titled 'Maritime Regulation for Exhaust Gas Cleaning Systems: a status quo review and feasibility study

Strategic Challenge 4

To be a Maritime Centre by the year 2030, capable of delivering on its mandate, SAMSA needs to be appropriately resourced and capacitated, with complete and correct financial resources, manpower, competencies (processes, systems, leadership, structures, management approaches, etc.), ICT infrastructure and able to retain the inherent institutional knowledge.

Our Strategic Response Overview to Strategic Challenge 4

Impact Statement	Without a competent, engaged workforce that is properly resourced and capable to fully execute the mandate, the entity will not able to promote South Africa's Maritime interests on a national and global platform to become a Maritime Centre. The entity will be able to retain scarce skills, become an employer of choice, improve service delivery using an integrated management system with effective and efficient processes and systems, as well as using technology to improve our service delivery to all our Stakeholders.

No	Outcome	Output Indicator	Baseline Performance	Five Year Target
	A Highly Competent Maritime Authority with a Certified Quality Management System in place.	Certified Quality Management System	No Quality Management System in place.	Certified Quality Management System fully implemented in line with the plan
	A Highly Competent Maritime Authority with engaged, diverse and sustainable workforce capable of delivering on SAMSA's mandate and other global initiatives	Top Quality Workforce - Best Company to Work for Employee Survey Rating	No Quality Management System in place. Scarce Skills Turnover rate. Current employment equity ratio 360 Degree evaluations	An engage and highly competent staff complement with the right knowledge, skills and competencies capable of delivering on SAMSA's mandate other global initiatives
	A Digitalised SAMSA with all systems fully optimised with new technologies embraced to ensure better work practises and greater synergies, allowing for integrated systems, to prevent pollution incidents and safer ships and people and promoting the maritime interests for the country.	SAMSA Digital Strategy and Roadmap with all systems fully optimised	Status of all SIOMS modules and implementation. No App-based Survey software exists currently. Limited MDA software available. No Maritime Patrols conducted around the South African Coastline	Phase 5 SAMSA Digital Strategy and Roadmap with all systems fully implemented and optimised. (New Technological SMART" systems implemented, such as Surveyor Survey Software (apps) and faster turnaround times for customers. Better MDA with the coastline monitored 24/7 through integrated intelligence systems and Drones)
	A Financially sustainable SAMSA with enough resources to implement SAMSA's mandate other global initiatives.	Cash cover,	Level 4 of the SAMSA's Long term financial sustainability model	Cash cover of 2,5

Overview to Strategic Risk 4

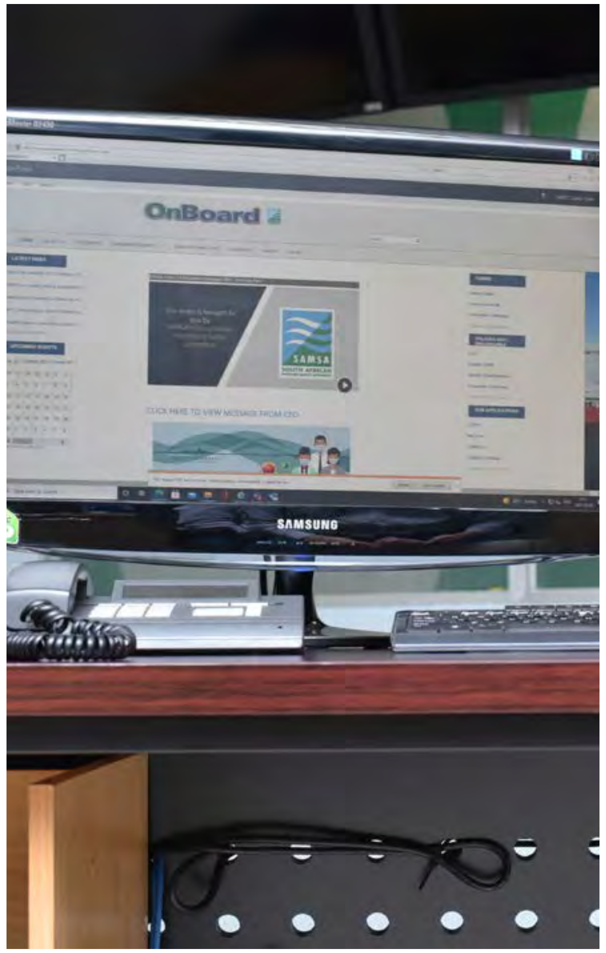
Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
	Limited technical and support skills to deliver on the SAMSA mandate.	Inability to attract and retain maritime technical skills the following skills have been identified as critical: Vessels (Deck and Engine and radio) surveyors, Naval architects, MRCC Chief, Chief Examiner, Senior examiners, Registrar of Seafarers. Registrar of Ships, Principal Officers. The loss of scarce technical skills effects our ability to successfully perform our Mandate and contributes to the loss of Inherent Knowledge and Skills.	1. Implement the SAMSA Funding Model to ensure Market Related salaries and the recruitment of scarce technical skills 2. Implement the SAMSA Employee Value Proposition 3. Reward and Recognition Performance Management System implemented which allows for both financial rewards and succession planning 4. Training and Development Programs for Surveyors and Naval Architects 5. Review the current Age Profile of scarce technical skills and introduce programs to reduce the profile allowing for a younger workforce.
	ICT System Failure and Poorly integrated Systems and Processes	Down time of Network Infrastructure and IT Systems that host business application The implementation of SAMSA Digital Strategy the can allow for greater synergies between integrated systems.	1. SIOMS fully implemented 2. Web-based Quality Management System which is ISO 9001:2015, ISO14001:2015 and Certified 3. Introduce Surveyor Tools, such as Drones and Tablet or Cell-based Survey Software integrated with other software systems 4. Complete a Gap Analysis of current Maritime Domain Awareness systems, recommend improvements and implement
	SAMSA funding cannot meet its mandate obligations	SAMSA's funds are inadequate to fund the mandate due to the limitation of the current funding model.	1. SAMSA to conduct an analysis of previous maritime incidents to determine the adequacy of the Maritime Fund. 2. SAMSA and DoT to ensure immediate implementation of the SAMSA Funding Model 3. Timeous approval of the SAMSA Tariffs on a short- and long-term period.

Incident Report SAMSA Virus (Ransomware Attack)

On the 18th April 2021, the Western Region ICT Officer was alerted of the suspicious activity where the user was unable to access documents on the network drive indicating that the documents had an unusual icon. The ICT officer then alerted the team in Head Office to look at the environment and it was discovered that there are activities that prevented the system administrator access to the server. The Senior Manager: ICT Operations and the Chief Information Officer (CIO) were also alerted of the incident which a priority (1) service request was logged with Vox. Vox is the current service provider responsible for provisioning of connectivity, managed firewall, backups and replication services.

Upon inspection of the situation, the technical team confirmed the existence of the ransomware virus (Devil) which has started to lock the servers with the message indicating that the files have been encrypted. As the team was trying to log into the servers to inspect, this action also assisted the virus to execute infecting the servers that were being logged into to inspect the activities which the team stopped logging into the servers.

The virus seems to have targeted the backups and file servers in which the local backups were compromised together with the backup copies hosted at Vox Cloud environment and the services hosted at Microsoft Azure Cloud environment. It seems the administrator account (UGQIRHA) which its usage caused the virus to spread. The virus impacted the whole SAMSA ICT environment were all ICT services were not available with exception of SharePoint online, OneDrive and other hosted services (Sage Payroll, WordPress websites).



Strategic Challenge 5

To be an International Maritime Centre by the year 2030, SAMSA will have to be focused on creating awareness on the role and value of South Africa `s oceans and maritime sector as well as addressing the impact it can have in addressing the socio-economic challenges facing the country. SAMSA will have to systematically identify, understand and interact with its stakeholders to solicit for collaboration and support in the implementation of initiatives to promote the country`s maritime interests.

Our Strategic Response Overview to Strategic Challenge 4

Impact Statement	To ensure that the South Africa maritime Agenda of becoming an International Maritime Centre with its entire marine, maritime, governance and related socio-economic activities, offers and promote the opportunities within the industry for enterprise growth, new jobs, new knowledge, new technologies and innovation for South Africans, Africans and the global community.			
No	**Outcome**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
	Satisfied SAMSA International and National stakeholders	Status of all Stakeholder Value offering in line our service standards	Level 4 Stakeholders Satisfaction survey rating	90% Stakeholders Satisfaction survey rating
	A fully implemented South Africa`s Maritime Interests Promotion Agenda.		None	A fully implemented South Africa`s Maritime Interests Promotion Agenda In line with the Plan
	Sustainable Maritime Corporate Social Investment to address the socio-economic challenges.	Corporate Social Investment Sustainability Framework and Programme	No Corporate Social Investment Sustainability Framework.	1000 Beneficiaries (Women, Youths, previously disadvantaged entrepreneurs, businesses and society etc) under the Corporate Social Investment Sustainability Programme in line the National Broad-Based Transformation agenda.

Key Highlights of Performance

1. **SAMSA Virtual Pre-SONA Stakeholder Engagement**

The entity hosted the virtual 2021 Pre-SONA Stakeholder Engagement event. The event was anchored by the SAMSA Board, supported by Management, and attracted interest and participation of industry leaders across the broad maritime transport. Participation was also extended to the public and participants on social media via our Facebook platform where the event was streamed live. The event received a lot of attention from our Facebook platform, recording over 1,8K views on the video that was streamed live and a lot of active participation and commentary on the various topics that were presented on by industry experts. The event assisted SAMSA take stock of some of the key issues affecting the South African maritime sector as well as contributed to the entity's stakeholder engagement plans.

Some of the key issues that came out are:

- The COVID-19 induced plight of seafarers (main crew change challenges)
- Lack of training and employment opportunities for South African seafarers and youth in general
- Barriers to entry faced by aspirant blacks, youth and women to participate in maritime economy as entrepreneurs
- COVID-19 regulations impact on cruise liners, thereby prohibiting from implementing their training and employment creation plans
- Income Tax and Customs and Excise (and Customs VAT) challenges faced by companies whose ships are either registered under the South African flag or aspire to do so.
- Potential instability of SAMSA due to the non-employment of a permanent Chief Executive Officer over a lengthy period of time

2. **MTCC Africa Virtual Energy Efficiency ConfEx**

A Consortium comprising of the Kenyan Maritime Authority, Kenya Ports Authority and the Jomo Kenyatta University of Agriculture were named by the IMO as the host for the MTCC Africa region. It is one of the 4 global Centres located in the Pacific, Asia and the Caribbean regions. South Africa accepted the role of being a Southern African Region Focal Point in the implementation of the MTCC-Africa, wherein it is expected to support the Centre in promoting technologies and operations, aimed at improving energy efficiency in the maritime sector, and helping to navigate shipping into a low-carbon future.

The Southern African Region comprises of Mozambique, Namibia, Angola, Zambia, Zimbabwe and Malawi. The country also signed a Memorandum of Understanding (MoU) to support the efforts of the Centre.

South Africa is fully behind MTCC-Africa to ensure that it can deliver on amongst other objectives:

- Improving regional compliance with existing and future international regulations on energy efficiency for ships;
- Promoting the uptake of low-carbon technologies and operations; and
- Raising awareness on the need to reduce Greenhouse Gas and other emissions from the maritime transport sector

3. **2020 South Africa Day of the Seafarer celebrations**

On 25 June 2020, SAMSA, in partnership with the DOT and partners, hosted the 2020 South Africa's Day of the Seafarer celebrations via a virtual platform, MS Teams. The event was also streamed live on the SAMSA Facebook platform.

The Day of the Seafarer was first celebrated in 2011, following its establishment by a resolution adopted by the Conference of Parties to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), 1978, held in Manila, Philippines, in June 2010, which adopted major revisions to the STCW Convention and Code.

The Day of the Seafarer has now been included in the annual list of United Nations Observances. In recognition of the seafarers' contribution to the shipping industry and the economy in general. For 2020, the IMO decided on a theme "Seafarers are Key Workers", as the world salutes and acknowledges them.

The 2020 theme was made even more relevant by the advent of COVID-19 pandemic and its impact on seafarers who in the face of challenges such as closure of international airports, effectively making crew changes difficult, continue to soldier on as shipping continued to ensure that essential goods and services required to manage the spread of COVID-19 are rendered. The South African chapter was also characterised by a strong international presence, with speakers and guests from international institutions such as the International Maritime Organisation (London), World Maritime University (Sweden), International Transport Workers

Key Highlights of Performance

4. **COVID-19 Relief Initiative and Small-scale Fishers Incubation programme**

In response to the devastating effects of the COVID-19 pandemic on vulnerable communities and sectors, the Centre initiated a Relief Initiative and Small-scale Fishers Incubation programme aimed at assisting communities with the provision of immediate to near-term basic food support to vulnerable coastal communities in the Eastern Cape and Kwa-Zulu Natal. Unlike the basic food provision initiative, the Small-scale Fishers Incubation programme is medium to long-term, and covers all nine (9) provinces, but delivered in a staggered approach (two provinces at a time).

Through this intervention, SAMSA commits to ensuring safety awareness at sea and capacitating the coastal fishing community/ fisherpersons through sustainable interventions that will assist them in their career and business endeavours.
The SAMSA COVID-19 Relief Initiative and Small-scale Fishers Incubation Programme focuses on the following two (2) main intervention areas:

a. Food Distribution: SAMSA and its donor(s) will partner with local NGOs to procure and distribute to established fishing cooperatives and identified vulnerable communities in the provinces of the Eastern Cape and Kwa-Zulu Natal.
b. Capacity Building and Training: SAMSA and its donor(s) will facilitate a comprehensive training programme for identified fishing cooperatives in the coastal communities in the Eastern Cape and Kwa-Zulu Natal. This will be delivered in partnership with relevant training institutions, providing targeted pre-sea course and skippers training, as well as business, financial management and entrepreneurship training

5. **World Maritime Day Parallel Event**

South Africa as represented by the DOT was awarded hosting rights for the IMO's 2020 World Maritime Day Parallel Event. The event was scheduled for 27-29 October 2020, In Durban. In a bid to create what would have been a Maritime Week for South Africa, the 2020 WMDPE Steering Committee scheduled and/or approved a few supporting maritime events in the week of 26-30 October 2020.

Due to current restrictions imposed by the COVID-19 pandemic globally, South Africa requested the IMO to consider postponement of the 2020 WMDPE. In its 32nd extraordinary Council session, the IMO accepted SA's proposal, which was also supported by the Islamic Republic of Iran (hosts 2022) and the Russian Federation (hosts 2023). Consequent events (i.e. the Islamic Republic of Iran in 2021, the Russian Federation in 2022 and the United Arab Emirates in 2023) have been shifted by one year.

As a result of the above developments, the entity is consulting its stakeholders (locally and in the Continent) for purposes of establishing the feasibility of hosting the above three (3) mentioned events that were scheduled alongside the WMDPE.

Strategic Challenge 6

To enhance the competitiveness of South Africa's Maritime industry and exploit the potential for job creation, transformation and economic contribution to the country's Gross Domestic Product

Our Strategic Response Overview to Strategic Challenge 6

Impact Statement	To grow and transform the South Africa maritime industry to ensure jobs creation in line our maritime global ambitions priorities whilst ensuring growth of the maritime contribution to the country`s gross domestic product.			
No	**Outcome**	**Output Indicator**	**Baseline Performance**	**Five Year Target**
	South Africa's Maritime industry that contributes to the National Gross Domestic Product And creates jobs	Jobs created in the South Africa maritime industry	Level 4 Stakeholders Satisfaction survey rating	1,000 jobs created in South Africa maritime industry
	Value of Maritime contribution to South Africa Gross Domestic Product (GDP).	Value of Maritime contribution to South Africa Gross Domestic Product (GDP)	No study conducted	3% increase in value of Maritime contribution to South Africa Gross Domestic Product (GDP)
		Number of merchant vessels registered onto the South Africa Ship Register	Five of merchant vessels registered onto the South Africa Ship Register	Ten new merchant vessels registered onto the South Africa Ship Register
	A Transformed South Africa's Maritime industry	Small, Medium and Micro-Enterprises (SMME`s) assisted in South Africa maritime industry	None	Ten new SMME`s assisted in South Africa maritime industry

Overview to Strategic Risk

Strategic Risks	Identified Risks	Risk Description	Action to Mitigate Risks
	COVID 19 Pandemic	On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 a pandemic (an infectious disease outbreak that spreads on a global scale). The COVID 19 pandemic will have a great effect on job creation and maritime sector growth due to downturn of the global economic activities in areas such as cruise shipping which were some of the key focus areas of our strategic initiatives.	1. Continuously strategic stakeholder engagements with prospective shipping companies on the creation of employment in line with a new plan taking cognisance of COVID 19. 2. Implement the MYDP programme in line with the new MSC requirements
	Loss of South African ships from the South African Register	Loss of ships registered on the SA ships register due to among other factors such as: 1. Business factors as: financial viability, investment decision, operating country factors such as the political risk of a country. 2. Circumstances that can lead to a vessel being written off such as accidents. 3. SAMSA internal efficiency in the ship registration process: turnaround time, easiness of the registration process (automation of the ship registration process), uncompetitive ship registration costs 4. Uncompetitive incentives scheme to ship owners: preferential treatment, port charges discounts, taxation (income tax, customs and excise and Customs VAT, PAYE for seafarers	1. Continuously conduct comparative studies on ship register incentives in order to devise informed promotion and retention strategies 2. Address the treatment of Customs and Excise, and Customs VAT, involving relevant institutions among them, National Treasury, SARS, the Department of Trade and Industry (DTI), DoT and SAMSA. Also, seafarers doing duty on qualifying ships are exempt from Pay As You Earn (PAYE) tax.

Ship Registration

One of the functions of the Authority is to manage the South African Ship Registry as well promote the Register with a view to attracting investors to register their ships under the South African Flag. The adoption of the South Africa`s Comprehensive Maritime Transport Policy will provide basis for the revamping of the Ship Registry to generate revenue for the country and provide employment for South African Seafarers.

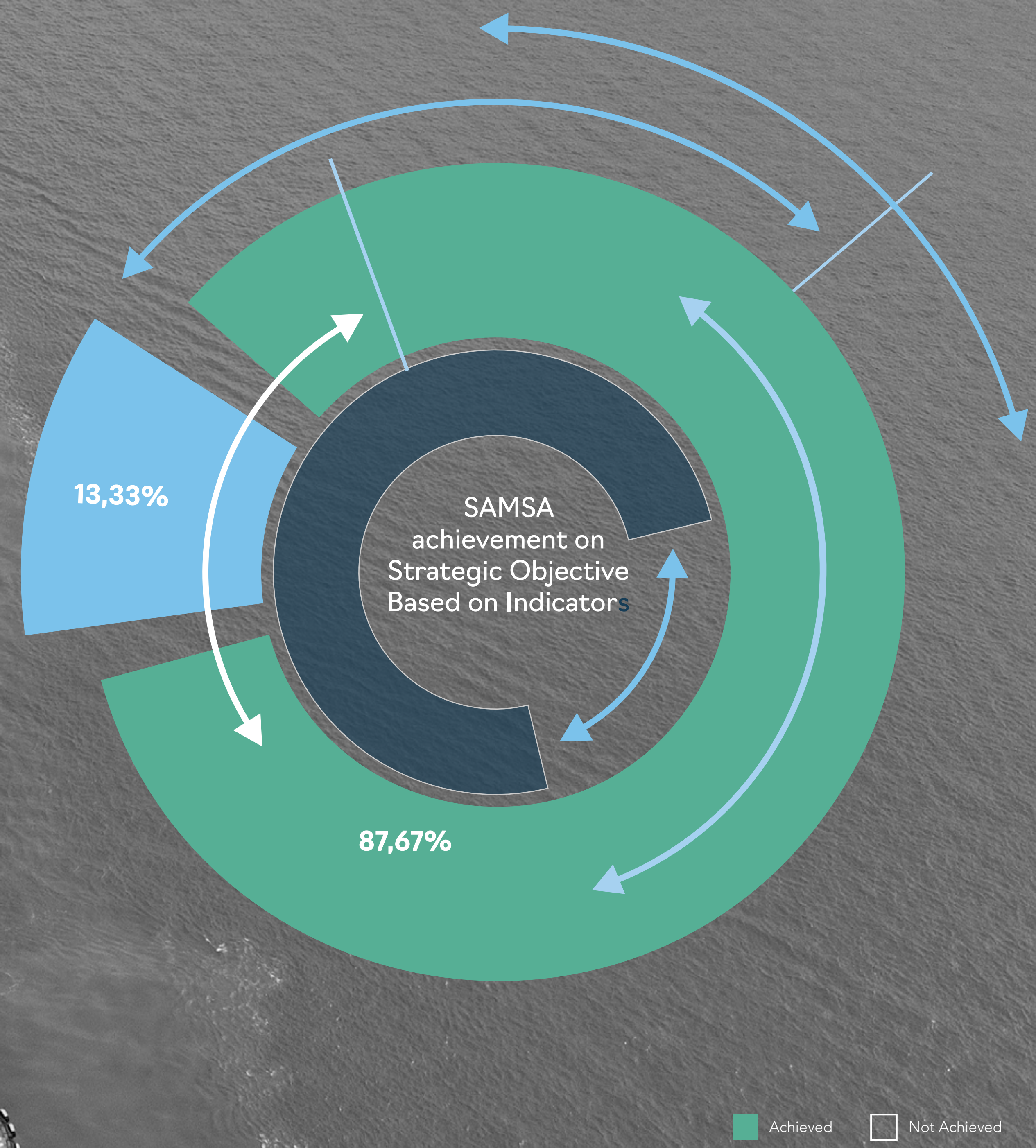
At the close of the financial **1, 290 ships with a gross tonnage of 477 207.12 tons were under the South African Flag**. The table below reflects the number of ships and tonnage registered over the years in their various categories.

Ship Register								
	Q1		Q2		Q3		Q4	
Vessel Type	NO	GT	NO	GT	NO	GT	NO	GT
Convention >500GT	15	266 221.48	15	265 825.48	16	183450.48	18	289 624.48
Non-Convention >25GT	730	184978.25	722	185 964.17	721	185433.19	718	185 205.42
Sailing and Ships <25GT	574	2195.93	564	2195.93	558	2195.93	554	2195.93
Total	**1298**	**366 683**	**1301**	**454 142**	**1295**	**71238**	**1290**	**477 207**

Types Of Vessels on the South African Register	
No of Vessels	Vessel Type
18	Convention Vessels
529	Fishing Vessels
109	Harbour Craft
30	Passenger Vessels
6	Patrol And Research Vessels
11	Diamond Mining Vessels
33	Other Vessels
411	Yachts – Under 100 Gross Tons Sport And Recreation
79	Under 25 Gross Ton Fishing Vessels
6	Other Under 25 Gross Ton Vessels
58	Under 25 Gross Ton Commercial Vessels

Corporate Performance Information Dashboard

The following report provides an annual result of achievements on SAMSA's predetermined objectives as outlined in the 2020-21 Annual Performance Plan.



Performance Information

Strategic Challenge 1	Managing risks with regards to maritime safety of property, equipment, seafarers and pollution incidents from vessels.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Reportable Maritime Incident rate from all types of vessels.	Below 10 Reportable Maritime Incident Rate	**Achieved** 4.38 Reportable Maritime Incident Incident Rate	None	-	-
2	High priority foreign vessels inspected under Port State responsibility	100% High priority Foreign vessels Inspected under Port State responsibility	**Achieved** 100% High priority Foreign vessels Inspected under Port State responsibility	None	None	None
3	Reportable Maritime fatalities rate reported from all types of vessels	Below 2 Reportable Maritime fatalities rate reported from all types of vessels	**Achieved** 0.63 Reportable Maritime fatalities rate reported from all types of vessels	None	None	None
4	Number of Ad hoc Inspections conducted	100 Number of Ad hoc Inspections conducted	**Achieved** 221 Number of Ad hoc Inspections conducted	Reallocation of the surveyors work schedules to concentrate of the ad hoc inspections	None	None
5	Reportable Maritime pollution incidents rate from all types of vessels	Below 2 Reportable Maritime pollution incidents rate from all types of vessels	**Achieved** 0.37 Reportable Maritime pollution incidents rate from all types of vessels	None	None	None

Performance Information

Strategic Challenge 2	South Africa losing its status on the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) White List affecting employability of the South African seafarers across the world. Whilst maintaining the STCW White List status the lack of recognition of the STCW & STCW-F training, assessment and certification systems within the South African Higher Education system, thus holders of Certificate of Competency's not able to be recognised by institutions of Higher Learning as 'appropriately' qualified to become lectures thereby destroying the maritime skills development and training industry and in the process losing on all the gains made towards seafarers employment.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Status of South Africa International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) Whitelist	Maintain the South Africa International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) Whitelist Status	**Achieved** South Africa on the International Convention of Standards of Training, Certification and Watchkeeping for Seafarers (STCW) Whitelist as per IMO Circular MSC.1CIRC1163/Rev 10 or latest version	None	None	None

Performance Information

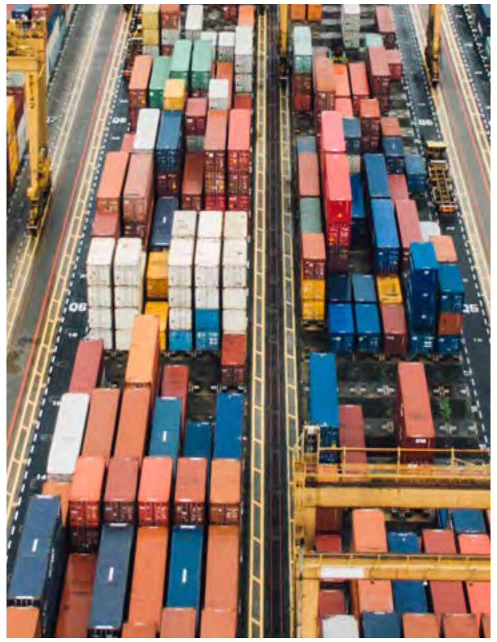
Strategic Challenge 3	South Africa has outdated maritime legislation which needs to be prioritised for urgent reviewing and International Conventions that South Africa recently acceded to be not domesticated expeditiously into local laws to ensure execution of enforcement. A structured and documented training regime to train surveyors to enforce regulations consistently must also be prioritised. Penalties for transgression of legal requirements are also very low in comparison with other countries on environmental laws and thus not a real deterrent for offenders. South Africa has outdated maritime legislation which needs to be prioritised for urgent reviewing and International Conventions that South Africa recently acceded to be not domesticated expeditiously into local laws to ensure execution of enforcement. A structured and documented training regime to train surveyors to enforce regulations consistently must also be prioritised. Penalties for transgression of legal requirements are also very low in comparison with other countries on environmental laws and thus not a real deterrent for offenders.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Number of maritime legislations, regulations updated and submitted to the Department of Transport.	Two Maritime Regulations updated in line with the plan.	**Achieved** Two Maritime Regulations submitted to the Department of Transport. (Maritime Occupational Safety Regulations, 1994 & Collision and Distress Signals Regulations 2005)	None	None	None

Performance Information

Strategic Challenge 4	To be a Maritime Centre by the year 2030, capable of delivering on its mandate, SAMSA needs to be appropriately resourced and capacitated, with complete and correct financial resources, manpower, competencies (processes, systems, leadership, structures, management approaches, etc.), ICT infrastructure and able to retain the inherent institutional knowledge.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Quality Management System as per recognised standards.	The "as is" status of all identified business processes are modelled to SIPOC configuration.	**Not Achieved**	The QMS project is behind by three months due to the late approval of the Project Charter due the restructuring of the QMS Unit in order to align with the requirements of the Programme and Project Management Framework.	A new QMS Plan will need to be developed with key milestones to be delivered in the first quarter on the next financial period	None
2	Vacancies filled as per the Capacity Plan – Occupancy Rate	Budgeted Vacancies in line with the approved Capacity Plan resulting in 95% occupancy rate.	**Achieved** 95% Occupancy Rate	None	None	None
3	Scarce skills turnover rate	</= 5% Scarce Skills Turnover rate.	**Achieved** </= 5% Scarce Skills Turnover rate.	None	None	None
4	Cash cover	0.5 Cash cover	**Achieved** 1.43 Cash cover	Implementation of costs containment corrective actions and other Expenditure restrictions due to COVID19.	None	None

Performance Information

Strategic Challenge 5	To be Maritime Centre by the year 2030, SAMSA will have to be focused on creating awareness on the role and value of South Africa `s oceans and maritime sector as well as addressing the impact it can have in addressing the socio-economic challenges facing the country. SAMSA will have to systematically identify, understand and interact with its stakeholders to solicit for collaboration and support in the implementation of initiatives to promote the country`s maritime interests.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Stakeholders Satisfaction Ratings in line with our Stakeholders Management Plan	80% Stakeholders Satisfaction survey rating	**Achieved** 80% Stakeholders Satisfaction survey rating	None	None	None



Performance Information

Strategic Challenge 6	To enhance the competitiveness of South Africa's Maritime industry and exploit the potential for job creation, transformation and economic contribution to the country's Gross Domestic Product.					
No	**Key Performance Indicator**	**Annual Target as per APP**	**Actual Achievements For The Year**	**Actual Deviation reported on the planned target**	**Reason for Deviation**	**Additional comment**
1	Number of Jobs (Women, Youths etc) created in South Africa maritime industry	60 Jobs (Women, Youths etc) created in South Africa maritime industry.	**Not Achieved** Only 8 jobs were created during the period	Due to the impact COVID-19 on business, creation of promised jobs has not yet materialised	COVID 19 pandemic resulted in the entity not being able to implement the Maritime Youth Development Programme (MYDP) which was set to create the maritime jobs in cruise shipping.	None
2	Number of merchant vessels registered onto he South Africa Ship register	One merchant vessel registered onto the South Africa Ship register	**Achieved** 1 x Vuka Marine's Cape Acacia Bulk Carrier was registered on 19/02/21, with PE as its new Home Port	None	None	None
3	Number of new SMME`s assisted in South Africa maritime industry	Two new SMME`s assisted in South Africa maritime industry	**Achieved** Two new SMME`s assisted in South Africa maritime industry	None	None	None

Human Capital Management Performance

Human Capital Management Performance

The Human Capital's core function is to source, develop and retain talented workforce to fulfil SAMSA's core mandates. It is further to manage the effectiveness of their contribution, which is achieved through Human Capital interventions that include Organizational Design, Workforce Planning, Talent Management, Employee Engagement, Performance Management and Rewards & Recognition.

Human Capital Management Performance

In this financial year, SAMSA' Annual Performance Plan has six strategic programmes to achieve its objectives. Of the six strategic programmes, only strategic challenge four that has a direct relationship with Human Capital functions. This relates to organizational capability development with the aim of ensuring an appropriately resourced and capacitated Authority with specific reference to manpower and competencies (including processes, systems, leadership, structures, management approaches, etc.). In order to enable SAMSA to meet its objectives, the strategic priorities for Human Capital were as follows:

1. Priority 1 — Develop a SAMSA multi skilled maritime workforce with global mindset
2. Priority 2 — Reward and Recognition Performance Management System implemented which allows for both financial rewards and succession planning
3. Priority 3 — Training and Development Programs for Surveyors and Naval Architects
4. Priority 4 — Succession Planning implemented which allows for proper handovers prior to retirement of specialised positions.
5. Priority 5 — Review the current Age Profile of scarce technical skills and introduce programs to reduce the profile to <45 years of age, allowing for a younger workforce

Human Capital Management Performance

The staff complement as at the end March 2021 was 314. In order for the organization to achieve the strategic objectives set for the five years business planning period, a capacity plan was developed in alignment with the SAMSA's 5-year strategy as follows:

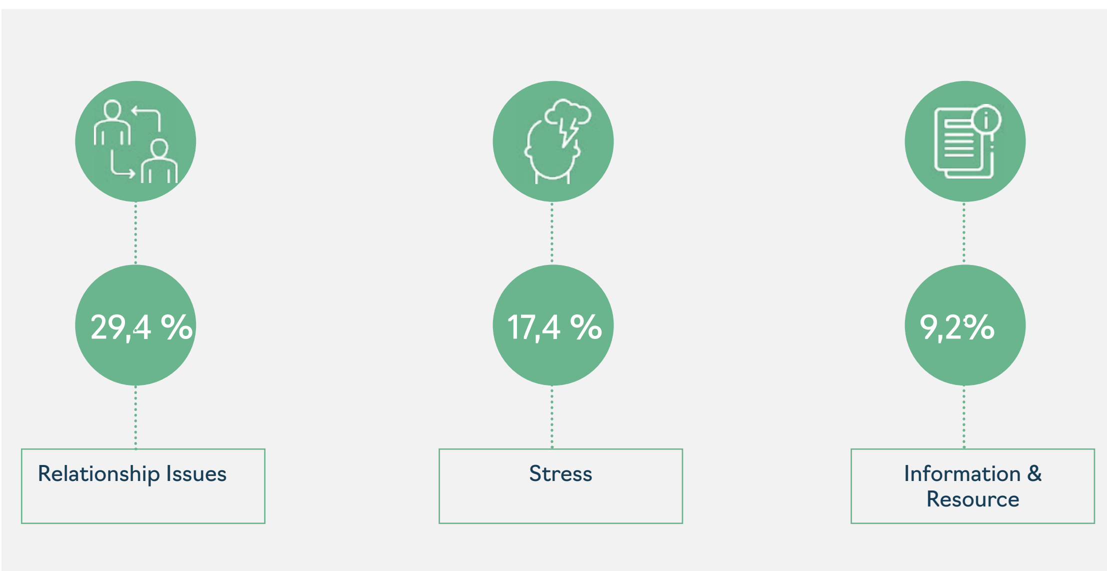
2021	2022	2023	2024	2025
357	345	345	345	345

The achievement of strategic objectives depends on an integrated talent management programme that not only considers our recruitment needs, but also seeks to link performance management, training and development and succession planning, with specific focus and retention of leadership and scarce and critical technical skills, in line with the transformation initiatives set out in the Employment Equity strategy. Targeted skills development programmes are also required to increase representation of priority groups in the workplace, including females, people living with disabilities and the youth. The achievement of strategic objectives also depended on having the necessary culture that aligns with and supports SAMSA's mission, vision and values. A cultural analysis provided insight into what employees and Leadership wanted to see in the desired culture and The Culture Shaping Programme was designed to then provide a specific set of strategies needed to change and strengthen the desired organizational culture, with a focus on addressing key shifts in leadership, management and employee behaviour and organisational practices.

Employee Wellness Programme

The ICAS utilisation rate for January-December 2020 for the services has decreased to 20.3% compared to the previous year of 27.1% but higher than the National ICAS rate of 19.1%. This may be due to the continuous awareness programs of the services run throughout the year. The 3 most services consulted on were Relationship Issues (29,4%), Stress (17,4%) and Information and Resources (9,2%).

The new service provider, Company Wellness Solutions, was appointed and took over the EAP of SAMSA employees. The utilisation rate from February to March is 25,87% and out of 180 cases during this period 87,93% were closed.



Policies

The following 10 Policies were reviewed and awaiting approval		
No	Policy Name	Status
1	Acting Policy	Awaiting REMCO Approval
2	Leave Policy	Awaiting REMCO Approval
3	Recruitment Policy	Awaiting REMCO Approval
4	Code of Conduct Policy	Awaiting REMCO Approval
5	Disciplinary Policy	Awaiting REMCO Approval
6	Education Training & Development Policy	Awaiting REMCO Approval
7	Grievance Policy	Awaiting REMCO Approval
8	Harassment Policy	Awaiting REMCO Approval
9	Medical Aid Policy	Awaiting REMCO Approval
10	Probation Policy	Awaiting REMCO Approval

Achievements

1. Ongoing implementation and entrenching of the SAMSA Talent Management Framework through Annual Talent reviews
2. Employment Equity and Skills Development targets contributed to the achievement of level 2 BBBEE status
3. Implementation of the Retention strategy through the design and development of a targeted remuneration strategy for scarce and critically technical skills for REMCO and Board approval in FY21/22
4. Development and approval of the SAMSA Culture Shaping Programme for implementation in FY21/22
5. DOL reports submitted on time in December 2020
6. ACEO 2020 Excellence rewards ceremony successfully conducted virtually on 4 December 2020

Challenges

1. Ongoing implementation and entrenching of the Lack of an integrated and automated HR systems to improve efficiency and productivity
2. Limited supply of scarce and technical skills from previously disadvantaged groups
3. Lack of representation of females at management level as well as employees living with disabilities at all levels which has a serious impact on employment equity and transformation.
4. Samsa is not compensating market related salaries which makes it difficult to attract talent
5. Retention of scarce and critical skills due to dismissals and due to better prospects
6. Budget constraints to achieve planned activities

Future HC Plans/Goals

1. Lack of an integrated and automated HR systems to improve efficiency and productivity
2. Limited supply of scarce and technical skills from previously disadvantaged groups
3. Lack of representation of females at management level as well as employees living with disabilities at all levels which has a serious impact on employment equity and transformation
4. SAMSA is not compensating market related salaries which makes it difficult to attract talent
5. Retention of scarce and critical skills due to dismissals and due to better prospects
6. Budget constraints to achieve planned activities

Human Resource Oversight Statistics

Personnel Cost by Programmme/ Activity / Objectives					
Programmes	Total Expenditure for the entity ('R000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	No of employees	Average personnel cost per employee (R'000)
Programme 1 Maritime Safety and Pollution	403 938	124 214	30,8%	141	881
Programme 2 - International Convention on STCW & Maritime Education and Training Systems for SA	403 938	16 726	4,1%	26	643
Programme 3 Maritime Legislation, Standards and Procedures	403 938	14 398	3,6%	12	1 200
Programme 4 A Competent Maritime Authority	403 938	74 783	18,5%	98	763
Programme 5 Effective International and National Maritime Partnerships	403 938	12 552	3,1%	11	1 141
Programme 6 South African Maritime Sector Growth	403 938	23 388	5,8%	25	936
Total		**R266 061**		**313**	

Future HC Plans/Goals

Personnel Cost by Salary Band				
Level	Personnel Expenditure ('000)	% of personnel exp to total personnel cost	No of employees	Personnel Costs per level (R'000)
Top Management	266 061	1,3%	1	3 381
Senior Management	266 061	10,8%	12	28 670
Professional Qualified	266 061	55,8%	119	148 364
Skilled	266 061	20,7%	84	55 036
Semi-skilled	266 061	9,6%	71	25 579
Unskilled	266 061	1,5%	19	3 917
Temporary Workers	266 061	0,4%	7	1 114

Performance Rewards			
Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel costs
Top Management	0,00	266 061	0,00%
Senior Management	0,00		0,00%
Professional qualified	0,00		0,00%
Skilled	0,00		0,00%
Semi-Skilled	0,00		0,00%
Unskilled	0,00		0,00%
Total	**0,00**	**266 061**	**0,00%**

Training Cost

Training Cost					
Programme/Activity/Objective	Personnel Expenditure ('000)	Training Expenditure	Training Expenditure as a % of Personnel Cost	No of employee trained	Avg training cost per employee (R'000)
Long Term Training (6months-3years)	R266 061	R1 171 673,00	21%	98	12
Short Term Training (1-5 days)		R4 354 902,00	79%	209	21
Total		**R5 526 575,00**		**307**	**18**

Employment and Vacancies					
Occupational Level	2018/2019	2017/2018 Approved Posts	2019/2020 No of employees	2019/2020 Vacancies	% of Vacancies of Total Approved Posts
Top Management	1	2	1	1	0,3%
Senior Management	9	13	9	4	1,1%
Professional Qualified	95	138	104	34	9,2%
Skilled	76	94	76	18	4,9%
Semi-Skilled	66	78	71	7	1,9%
Unskilled	19	20	19	1	0,3%
Fixed Term	38	25	25	0	0,0%
TOTAL	**304**	***370**	**305**	**65**	**17,6%**

*The total approved permanent positions are 353. The total approved posts stated above at 370 include all non-permanent staff (i.e. contract workers, temporary workers, interns, workplace exposure).

Employment Changes

There were no considerable changes in the employment profile due to the number of terminations with majority being the end of fixed term contractors.

Employment Changes				
Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	1	0	0	1
Senior Management	9	2	1	11
Professional Qualified	96	15	7	115
Skilled	77	4	2	82
Semi -Skilled	65	5	3	69
Unskilled	19	0	0	19
Fixed	38	5	10	16
TOTAL	305	31	23	313

Labour Relations: Misconduct and Disciplinary Action	
Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	0
Final written Warning	3
Dismissal	3

Reason for Staff Leaving

Reasons For Staff Leaving		
Reason	Number	% of total no .of staff leaving
Death	2	0,6%
Resignation	8	2.5%
Dismissal	2	0.6%
Retirement	4	1.2%
Ill Health	0	0,0%
Expiry of contract	9	2.8%
Other	0	0.0%
TOTAL	25	7.7%

The total number of exits for this financial year is 8.1 % compared to the last financial year 8.5%.
Most of the resignations due to Dismissals and incompatible salaries. The Reward & Recognition Policy as well as the Retention strategy have been put in place to mitigate the risks of turnover. HC is on an ongoing drive to conduct Policy awareness to address the issue of policy contravention.

Employment Changes

EE Committee quarterly meetings for the financial year under review dealt with the following:

- Election and appointment of a new Employment Equity Forum
- The annual EE Report submitted to the Department of Labour
- Progress against the objectives for the year 1 of the EE Plan
- Organisational and Regional EE Targets and movement towards the targets
- The SAMSA Employment Equity Strategy and EE plan for Year 2

Equity Target and Employment Equity Status

Males

Occupational Levels	African		Coloured		Indian		White		Foreign National	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0	0	0
Senior management	5	5	3	3	0	1	1	2	0	1
Professionally Qualified	47	44	15	11	1	3	23	31	3	6
Skilled Technical	29	32	6	7	1	3	3	4	1	0
Semi-Skilled	20	26	3	4	0	1	0	2	0	0
Unskilled	2	2	0	1	0	0	0	0	0	0
Temporary Workers	2	0	0	0	0	0	0	0	0	0
TOTAL	106	110	27	26	2	8	27	39	4	7

A Sustainable Maritime Transportation System requires coordination at national and international levels. At the national level, coordination for environmental protection must always take into account the other pillars of sustainable development.

Employment Changes

Equity Target and Employment Equity Status										
Females										
Occupational Levels	African		Coloured		Indian		White		Foreign National	
	Current	Target	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0	0	0
Senior management	3	3	0	0	0	0	0	1	0	0
Professionally Qualified	19	27	1	7	2	1	7	8	1	1
Skilled Technical	36	30	3	3	1	4	2	4	0	0
Semi-Skilled	33	37	7	10	1	2	5	9	0	0
Unskilled	16	14	1	1	0	0	0	0	0	0
Temporary Workers	9	0	1	0	0	0	0	0	0	0
TOTAL	116	112	13	21	4	7	14	22	1	1

Employment Changes

Employees with Disabilities				
Occupational Levels	Males		Females	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professionally Qualified	1	1	0	0
Skilled Technical	2	2	0	0
Semi-Skilled	0	0	2	2
Unskilled	0	0	2	2
Temporary employees	0	0	0	0
TOTAL	3	3	4	4

SAMSA continues to experience challenges in meeting targets for Black female representation at management level as well employees living with disabilities.

Even though 2019/20 shown an increase in Black female representation at Management level's it is still well below the EE and BBBEE targets. A large percentage of critical and core technical skills reside at the management level and being a male dominated industry, has made it difficult to recruit and retain suitably technically qualified females. The surveyor development programme that has been implemented is designed to target largely females at lower levels with the aim of assisting them to acquire the highest level qualification, whilst at the same time creating a pool of potential skills to draw from for permanent placement.

In terms of people living with disabilities, there is a need for a targeted recruitment strategy, aimed largely at internship and learnership levels that is being considered, required together with greater awareness and sensitization of the need to recruit employees living with disabilities in order to change current mindsets and misperceptions related to persons living with disabilities.

The new Employment Equity plan has been approved and is being implemented to increase and enhance efforts to achieve transformational objectives specifically targeting these groups. Future plans include the possible merger of the Employment Equity and Skills Development Forum to improve the effectiveness, monitoring and evaluation of transformation efforts.

SAMSA Corporate Social Investment Report

SAMSA Corporate Social Investment Overview and Approach

SAMSA's vision and objective is to lead and champion South Africa's maritime interests as custodian and steward of maritime policy, to be the vigorous promoter of the maritime sector and give full and complete effect to its obligations for the benefit of all stakeholders.

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

SAMSA's CSI Focus Areas

SAMSA's CSI strategy is based on Education, Water Sport Development, Entrepreneurial Development, Employee Voluntarism and Special Projects. Special project's or rather the partnership funds, resides in the CEO's office, where projects are identified mostly with the shareholder.

Whilst SAMSA is a parastatal entity, its focus areas of implementation are aligned to the overall objectives of Government and the principles of **Batho Pele** in terms of the following focus areas:

SAMSA's CSI Focus Areas

Education

Education is the most powerful weapon which can use to change the world – Nelson Mandela

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

Water Skills Development

No water, no life, no blue, no green - Sylvia Earle

Across the world, water is fast becoming one of the scarcest resources and as a result one of the most sought after commodities. SAMSA, through its CSI has identified water sport as a developmental initiative, as it has an opportunity to bring talent to those communities leaving next to dams. It also offers an opportunity to open up tourism initiatives that can also create jobs around communities. It also covers safety aspects as most children, in particular in African communities drown in dams, due to the lack skills in waterways. Water skills that SAMSA's CSI offers in terms of awareness is Life Guard Training, Deep Sea Diving and Swimming to those candidates who have failed assessments on life guard and diving.

Entrepreneurial Development

Every enterprise is a learning and teaching institution. Training and development must be built on it on all levels, training and development that never stops- Peter Drucker

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

Employee Voluntarism

The project encourages SAMSA employees to identify projects and programs that render community assistance programs within the confines of their community. Whilst the concept of CSI is still very new within SAMSA, the organisation has made significant charitable donations, year in and year out, SAMSA encourages staff to join forces with the organisation, to create awareness of what is done in the CSI's space. The project allows the employees to be seasoned ambassadors in their own communities.

Maritime transport is fundamental to sustaining economic growth and spreading prosperity throughout the world.

Corporate Social Investment and Sustainability in Line with the National Priorities on Economic Growth And Transformation

Boat Repair Structure in Mapuzi, Coffee Bay, Eastern Cape Province

Partnership with Moses Kotane Research Institute (MRI): discussions to enter into a Memorandum of Agreement are at an advanced stage. Key pillars and areas of cooperation include funding of co-projects, Skipper's Licence Training, Research projects and entrepreneurial development. SAMSA is currently vetting a draft MoA prepared by MKI to this effect.

International Mandela Day

On 23 July 2020, SAMSA, in partnership with the King Sabata Dalindyebo Municipality in Mthatha, Eastern Cape, hosted about 250 elderly people during a function to mark the international Mandela Day at the Mthatha dam. The choice of the massive dam (or lake, by some accounts) for the function was consistent with SAMSA's expanded mandate to promote the environmental and economic potential value of the country's inland waterways within context of the development of the country's maritime and marine economic sector as espoused through the Operation Phakisa (Oceans Economy) programme.

3

Our Corporate Governance Report

SAMSA'S Corporate Governance Report

SAMSA, led by the Board, understands that adhering to the good corporate governance principles and basics is key to the sustainability of the entity and its activities. The SAMSA Board is committed to complying with good governance principles and guidelines, in particular, the King Governance Code and national legislation as well as governance and compliance directives from the Shareholder department, the Department of Transport and National Treasury. The Board directs the affairs and business of the entity through a clear governance structure and established committees to assist it in discharging its responsibilities as outlined in the Board Charter. The Board gives strategic direction to the entity and monitors the executive management team in implementing plans and strategies. All board members are suitably qualified for their roles as Directors and have extensive business experience and specialist skills across a range of sectors and as prescribed by founding legislation. This enables them to provide balanced and independent advice and judgement in the decision making process.

The Board of SAMSA is the Accounting Authority in terms of the PFMA, 1999 and is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that the affairs and resources of the entity are safeguarded and properly accounted for, used economically, efficiently and effectively. In discharging its overall responsibility, the Board has approved and adopted a code of conduct, which is consistent with the King Corporate Governance Principles and the SAMSA Act.

On 12 August 2020, by instruction of the Shareholder's Minister, a new Board was appointed to SAMSA, consisting of the following members:

- Ms N. Minyuku (Chairperson)
- Ms L. Dlamini
- Adv E.D. Khoza
- Mr L. Haluodi and
- Mr B.C. Zulu

To the Board that was retired, it has been a privilege and an honour serving with the members who guided SAMSA from June 2015. The retired Board members were as follows:

- Mr. Mavuso Msimang (Chairperson)
- Ms. Nomsa Cele (Deputy Chairperson)
- Ms. Sekabiso Molemane and
- Mr. Mervyn Burton

Access to records and independent advice

Board members have unrestricted access to all the entity's information. All directors have access to the advice and services of the Company Secretary, and Board members may obtain independent professional advice at the entity's expense, should such a need arise.

Company Secretary

The Board is aware of the duties of the Company Secretary who is accordingly experienced and qualified to fulfil those duties. The Company Secretary fulfils the following functions in line with the Board Charter:

- induction of directors
- provides the Board with guidance as to fiduciary responsibilities;
- provides guidance to the Board matters of ethics and good governance; and
- acts as the primary point of contact between Shareholder Minister and the Board.

The Board and its committees are governed by charters which are reviewed and updated annually.

These set out the:
i. authority,
ii. roles and responsibilities,
iii. composition and
iv. scope and functioning of the Board and its committees.

The Board members and the CEO are appointed by the Shareholder Minister. The Shareholder has not yet appointed a CEO since the resignation of the former CEO, Mr Tsietsi Mokhele in June 2016.
Mr Sobantu Tilayi was appointed the Acting CEO for the period to 10 February 2021. Ms Tsepiso Taoana-Mashiloane of the Department of Transport, was seconded to the Acting CEO position, with effect from 15 February 2021, until such time that a permanent CEO appointment has been made.

The Board are in the process of recruiting for and have mandate an independent Agency, to drive the CEO appointment, of which a recommendation is expected to be tabled to the Shareholder Minister in the upcoming months for approval.

SAMSA's Corporate Governance Report

1 April 2020 to 12 August 2020		
Mr Mavuso Msimang	Chairperson	
Ms Nomsa Cele	Deputy Chairperson	
Mr Mervyn Burton	Board Member	
Ms Sekabiso Molemane	Board Member	
Mr Mthunzi Madiya	Shareholder Representative	
Mr Sobantu Tilayi	Acting CEO	1 April 2020 to 31 January 2021
Mr Devendra Erriah	CFO	Retired as at 31 July 2020
Ms Zamachonco Chonco	CFO	Appointed 1 August 2020

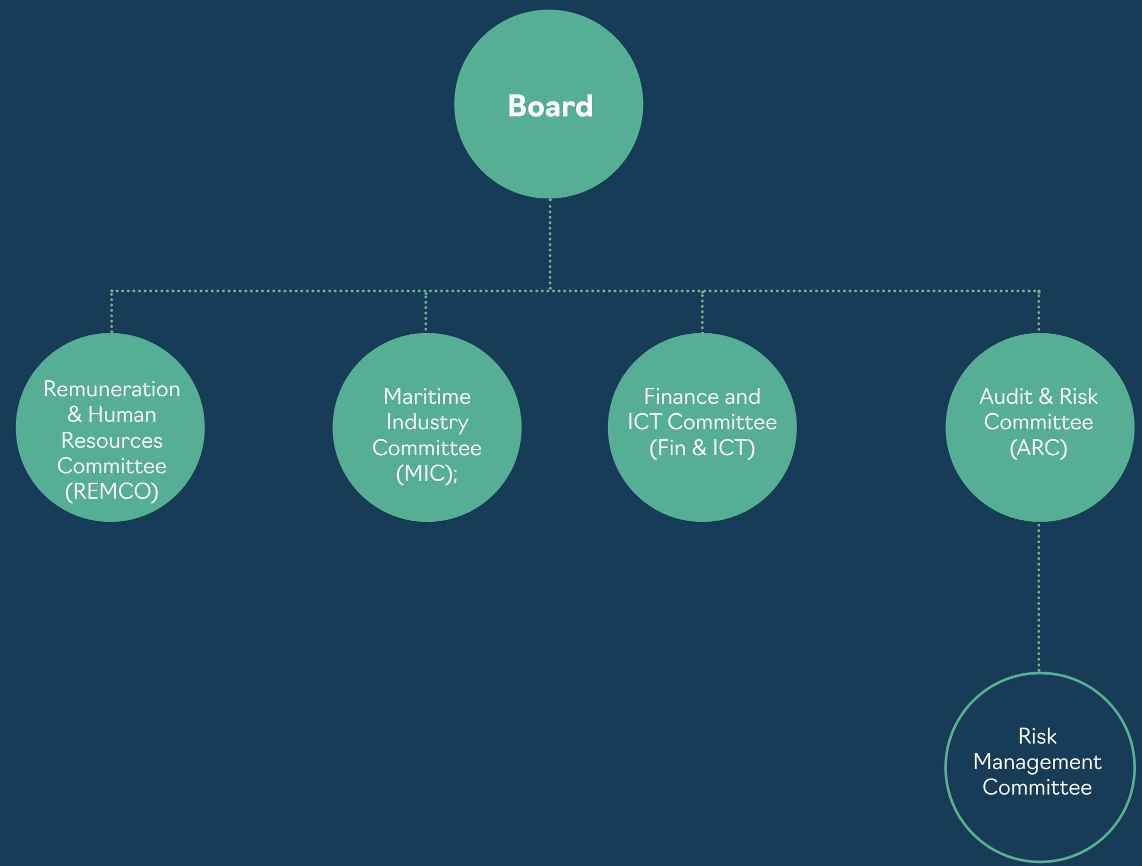
12 August 2020 to 31 March 2021		
Ms Nthato Minyuku	Chairperson	
Ms Lindelwa Dlamini	Board Member	
Advocate Dorothy Khosa	Board Member	
Mr Lucas Haluodi	Board Member	
Mr Bheka Zulu	Board Member	
Mr Zhakele Thwala	Shareholder Representative	17 August 2020 to 31 January 2021
Mr Mthunzi Madiya	Shareholder Representative	
Mr Sobantu Tilayi	Acting CEO	1 April 2020 to 10 February 2021
Ms Tsepiso Taoana-Mashiloane	Acting CEO	Seconded 15 February 2021
Ms Zama Chonco	CFO	Appointed 1 August 2020

SAMSA'S Corporate Governance Report

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

Board and its Committees

SAMSA Board, including the CEO, are appointed by the Minister of Transport in terms of the SAMSA Act of 1998 as amended. The Board has delegated certain of its functions to the committees.



SAMSA'S Corporate Governance Report

Directors' Responsibility Statement pursuant to the requirements of Section 15 of the SAMSA Act as amended, with respect to Directors' Responsibility Statement, is hereby confirmed:

- That in the preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material disclosures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit or loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records
- That the Directors, had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

- **Audit & Risk Committee (ARC);**
- **Remuneration & Human Resources Committee (REMCO);**
- **Maritime Industry Committee (MIC); and**
- **Finance and ICT Committee (Fin & ICT).**

In addition to Board members being appointed to these committees, external non-Board members are recruited for and appointed to the committees.

The Audit and Risk Committee (ARC)

- The Audit Committee operates within written guidelines to assist the Board in fulfilling its oversight responsibilities for:
- The integrity of the entity's financial statements;
- The entity's compliance with legislative, regulatory and governance requirements;
- The performance of the external audit(Auditor-General's) function and independence;
- The performance of the entity's internal audit function and independence;
- The entity's risk management process;
- Review and agrees on the terms of engagement and annual fees for the external auditor;
- Review the external auditor's annual audit scope and audit approach;
- Provides a forum for communication between the Board, management and both the internal and external auditors; and
- makes recommendations to the Board on audit, risk management and compliance matters.

ARC comprises four (4) members in total, with the Chairperson who is an independent member, Mr Haluodi who is a Board member and two members who are not Board members. Each member is:

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

SAMSA'S Corporate Governance Report

1 April 2020 to 31 July 2020	1 August 2020 to 31 March 2021
Mr Mervyn Burton (Chairperson); Ms Sekabiso Molemane; Ms Adila Chowan; and Mr Siyakhula Simelane	Mr Mervyn Burton (Chairperson); Mr Lucas Haluodi (Board member); Mr RG Nicholls; and Ms Fikile Mkhize

The Risk Management Committee is the sub-committee of ARC, which is responsible for overseeing the adequacy and effectiveness of the entity's risk management function and advices ARC accordingly. The ARC Chairperson attends meetings as an invitee.

REMCO is responsible for the development, approval and assessment of the remuneration strategy for the entity, determination of the pay structures, the organogram, HR policies and recently mandated to extend their scope to encompass Social and Ethics.

REMCO composition:

1 April 2020 to 31 July 2020	1 August 2020 to 31 March 2021
Ms Nomsa Cele (Chairperson); Mr Fred Jacobs; Ms Hazel Devraj; and Ms Ndileka Nobaxa	Adv. ED Khosa (Chairperson) (Board member); Dr. Vuyo Mthethwa; Adv. Lindelwa Ndziba; and Ms. Kokodi Morobe

MIC composition:

1 April 2020 to 31 July 2020	1 August 2020 to 31 March 2021
Ms Sekabiso Molemane (Chairperson); Mr Fred Jacobs; Mr Brian Williams; Ms Doreen Mgoduka; and Mr Greg Christy	Mr. Bheka Zulu (Chairperson) (Board member); Mr. Lucas Haluodi (Board member); Ms. Lindelwa Dlamini (Board member); Ms. Innocentia Mudau; and Mr. Jeremy Marillier

SAMSA'S Corporate Governance Report

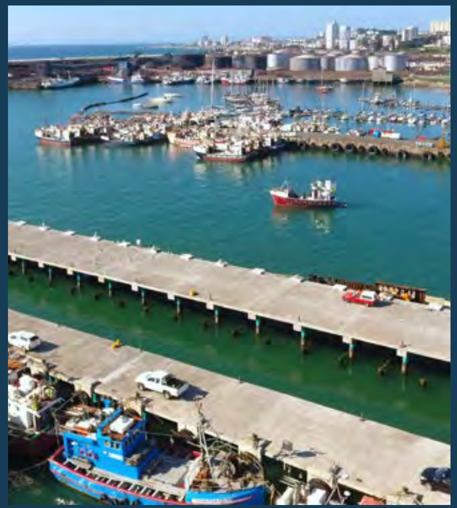
The Finance and ICT Committee (Fin & ICT) established the IT Steering Committee in November 2018 as its sub-committee to help in dealing with specific ICT related matters. ICT Governance is taken seriously by the Board and is essential to support the growth and sustainability of the entity. The Chief Information Officer oversees the day-to-day technology and information operations and the Board has delegated the responsibility to Fin & ICT for overseeing its governance and direction.

Finance & ICT composition

1 April 2020 to 31 July 2020	24 February 2021 to 31 March 2021
Dr Michael Hendricks (Chairperson); Mr Mervyn Burton; and Mr. Faizal Docrat	Mr. Bheka Zulu (Chairperson) (Board member); Mr. Faizal Docrat Dr. Prittish Dala Mr. Molefi Nkhabu

Whistle-blower function

The Board approved the appointment an independent service provider to operate its whistle-blowers' function, to enable employees and other stakeholders to report, confidentially and anonymously, any unethical behaviour. There are procedures in place to ensure that each whistle-blowing report is investigated and a report is availed to the Board.



Board and Committee Meetings

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

Board	ARC	REMCO	MIC	Finance & IT	AGM
07/08/2020 10/09/2020 16/09/2020 09/10/2020 22/11/2020 26/02/2021	22/07/2020 23/10/2020 01/12/2020 12/03/2021	08/07/2020 25/03/2021	06/07/2020 10/03/2021	09/07/2020 18/03/2021	27/11/2020

BOARD	Details of the individual members attendance				
MEMBER	07/08/2020	10/09/2020	16/09/2020	09/10/2020	22/11/2020	26/02/2021
Mr Mavuso Msimang	✓					
Ms. Nomsa Cele	✓					
Mr. Mervyn Burton	✓					
Ms. Sekabiso Molemane	✓					
Ms Nthato Minyuku	✓	✓	✓	✓	✓	✓
Ms Lindelwa Dlamini	✓	✓	✓	✓	✓	✓
Advocate Dorothy Khosa	✓	✓	✓	✓	✓	✓
Mr Lucas Haluodi	✓	✓	✓	✓	✓	✓
Mr Bheka Zulu	✓	✓	✓	✓	✓	✓

Legend

- ✓ Present
- * Absent with apology
- • Not yet appointed

Board and Committee Meetings

AUDIT & RISK COMMITTEE	Details of the individual members attendance			
MEMBER	22/07/2020	23/10/2020	01/12/2020	12/03/2021
Mr Mervyn Burton	✓	✓	✓	✓
Ms Sekabiso Molemane	✓			
Ms Adila Chowan	✓			
Mr Siyakhula Simelane	✓			
Mr Lucas Haluodi		✓	✓	✓
Mr RG Nicholls				✓
Ms Fikile Mkhize				✓

REMCO	Details of the individual members attendance	
MEMBER	29/10/2019	10/12/2019
Ms Nomsa Cele	✓	
Mr Fred Jacobs	✓	
Ms Hazel Devraj	✓	
Ms Ndileka Nobaxa	✓	
Adv. ED Khosa		✓
Dr. Vuyo Mthethwa		✓
Adv. Lindelwa Ndziba		✓
Ms. Kokodi Morobe		✓

Board and Committee Meetings

FINANCE AND ICT COMMITTEE	Details of the individual members attendance	
MEMBER	09/07/2020	18/03/2021
Dr Michael Hendricks	✓	
Mr Mervyn Burton	✓	
Mr Faizal Docrat	✓	✓
Mr. Bheka Zulu		•
Dr. Prittish Dala		✓
Mr. Molefi Nkhabu		✓

MIC	Details of the individual members attendance	
MEMBER	06/07/2021	10/03/2021
Ms Sekabiso Molemane	✓	
Mr Fred Jacobs	✓	
Mr Brian Williams	✓	
Ms Doreen Mgoduka	✓	
Mr Greg Christy	✓	
Mr. Bheka Zulu		✓
Mr. Lucas Haluodi		✓
Ms. Lindelwa Dlamini		✓
Ms. Innocentia Mudau		✓
Mr. Jeremy Marillier		✓

A Word from the Chairperson of Audit Committee

We are pleased to present our report for the financial year ended 31 March 2021.
Audit Committee members and attendance

The Audit Committee consisted of the members listed hereunder and meets at least four (4) times per annum as per its approved terms of reference. During the 2020/21 financial year, 4 meetings were held. The Audit and Risk Committee was effective for the whole year ending March 2021. For the year under review which is from the 1st April 2020 to the 31st March 2021, 4 meetings were held as follows:

AUDIT & RISK COMMITTEE	Details of the individual members attendance			
MEMBER	22/07/2020	23/10/2020	01/12/2020	12/03/2021
Mr Mervyn Burton	✓	✓	✓	✓
Ms Sekabiso Molemane	✓			
Ms Adila Chowan	✓			
Mr Siyakhula Simelane	✓			
Mr Lucas Haluodi		✓	✓	✓
Mr RG Nicholls				✓
Ms Fikile Mkhize				✓

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit and Risk Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The Committee has complied with all the respective requirements.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted for the entity revealed certain weaknesses, which were then raised with the Board and corrective steps were implemented or to be implemented to minimise the risks.

SAMSA received an unqualified opinion on its Annual Financial Statements. There have been major improvements made regarding financial controls. This is the first unqualified set of Annual Financial Statements since the year ended 31 March 2017. Well done to the entity for turning this around. Although now these controls need to be embedded in order to avoid future qualifications.

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

In line with the Public Finance Management Act (PFMA) and the King Governance Code on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. Internal Audit has carried out reviews in 2019/20. Some of the audits highlighted fundamental or significant issues in respect of risk, governance and control.

Based on the assessments conducted we found that overall SAMSA has fair governance and risk management procedures in place. Management and the Audit and Risk Committee have both been involved in ensuring the focus of the internal audit effort aligns to SAMSA's key strategic and operational risks.

From the various reports of the Internal Auditors and the AGSA Audit Report on the Annual Financial Statements, the management report of the Auditor-General, it was noted that matters were reported indicating that material deficiencies in the system of internal control and deviations continue to exist on compliance matters. Despite the major effort made by management we still have major short-comings within Supply Chain Management (SCM). These consist of a combination of human resource capacity, non-performance and business process failures. Controls were implemented to address these route-causes however there is still further work that is required. Controls implemented needs to be sustainable. There are several issues that compromise this sustainability. These include systems. Processes and Capacity. All business processes have and are continuously being reviewed and amended where necessary. All business processes not documented are now being recorded as part of the Total Quality Management System Project. This is an on-going process. Accordingly, we are not satisfied that the current system of internal control for the period under review was efficient and effective. The impact of these actions should manifest in the new financial year. There has been regression regarding material findings as to the usefulness and reliability of the entity`s Pre-determined Objectives. This is mainly due to new indicators adopted not being well defined and access to supporting evidence not being attainable due to the Cybersecurity breach.

In-Year Management and Monthly/Quarterly Report
The Board has submitted quarterly reports to the Executive Authority. The Audit and Risk Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Board during the year under review for which the Board was in situ.

Evaluation of Financial Statements

We have:
- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General of South Africa, management and the Board;
- Reviewed the Auditor-General's management report and management's responses thereto;
- Reviewed the Board's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit. We have reviewed the audited Annual Financial Statements prepared by the Board.

External Auditor's Report

We have reviewed the Board's implementation plan for audit issues raised in the prior year however we are not satisfied with the progress made to date. This is an on-going project as mentioned above. Covid did impact the implementation of recommendations as the audits have been conducted very late due to lock-down restrictions thereby affording the Entity less time for implementation.

The Audit and Risk Committee concurs and accepts the Auditor's-

General's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor- General except however regarding the conclusion on the contract between the MLRF (Marine Living Resources Fund) and SAMSA not being a contract between a Principal and Agent is still contentious as it raises unassessed risks for the entity. This finding was made by the AGSA whilst auditing the MLRF. It was never the intention of SAMSA to enter into an agreement as a full-service provider but to manage the vessels on behalf of MLRF. This is not part of SAMSA's mandate and will introduce uncontrollable risks for the entity. The Board has agreed that in order to expedite the audit, additional disclosures are made but is considering doing an impact risk and legal assessment of the contract with the MLRF in order for the Board to mitigate the potential risk due to these changes.

This Audit and Risk Committee is very concerned that the Chief Executive Officer (CEO) position remains vacant. This severely impacts leadership. In order for this entity to be successful, SAMSA needs to ensure that best practice governance principles are in place.

The Audit Committee is very concerned about the going concern status of the entity and the ability of the entity to sustain service delivery due to the fact that the entity has failed to achieve required approved tariff adjustments despite mammoth efforts by The Board and Management dealing with the appropriate authorities, namely the Executive Authority together with National Treasury. In addition, the advent of COVID related lock-down regulations continue to seriously impact SAMSA's financial health. These will have a major impact on the financial sustainability of the organisation going forward.

The Audit and Risk Committee is committed to ensuring that the appropriate control measures are effective, efficient and transparent, however this can only be achieved through the dedicated commitment of management. The Audit and Risk Committee will endeavour to use combined assurance principles to follow up on all assurance providers findings in-order to attain "clean" governance especially within SCM.

We thank Management for the improvement to date, in achieving an unqualified opinion on the AFS and encourage them to continue on this path of improvement. In addition we would like to thank the AGSA for walking this road with the Board towards continuous improvement.

....

Mr. Mervyn Burton
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

Compliance with Laws and Regulations

SAMSA complied with all the necessary financial reporting standards and legislation during the 2020/21 financial year. These include the Public Finance Management Act No 1 of 1999, National Treasury Regulations, Preferential Procurement Policy Framework Act, and standards of Generally Recognised Accounting Practice.

IMO Conventions to which South Africa Is a Party

IMO Conventions	Domestic Legislation	Remarks
SOLAS Convention SOLAS Protocol	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that the amendments to SOLAS could be addressed through this process.
Load Line Convention 1966	Merchant Shipping Act, 1951	Tonnage Measurement of South African Registered vessels is carried out in terms of 1966 Convention. South Africa will have to consider acceding to the 1988 protocol with a view to bringing our load line assignment regime in line with latest international regime.
TONNAGE Convention 1969	Merchant Shipping Act, 1951	The MSA is subject to a complete review process and it is envisaged that any amendments to SOLAS could be addressed through this process.
COLREGS Convention 1972	Merchant Shipping (Collision Regulations) 1996	No remark
CSC Convention 1972	Merchant Shipping (Safe Container Convention) Act 2011	There is an existing legislation: Merchant Shipping (Safe Container Convention) Act, 2011 which emanates from the 1972 Convention. Therefore, South Africa may need to review its legislation against the 1993 amendments.
SEARCH AND RESCUE Convention 1971	South African Maritime Aeronautical Search and Rescue Act 2002	No remark
STCW - Convention 1978	Merchant Shipping Act, 1951	Merchant Shipping (Manning,Training, and Certification) Regulations 2013

Compliance with Laws and Regulations

IMO Conventions	Domestic Legislation	Remarks
MARPOL 73/78 (Annexures I,II,III & V)	Marine Pollution (Prevention of Pollution from Ships) Act, 1986	Act 2 of 1986 was last amended in 1996. This has the effect that any amendments to MARPOL since 1996 do have force of law in South Africa and in the circumstances need the Act urgent amendment.
LONDON Convention	Dumping at Sea Control Act 1980	Act is administered by the DEA
INTERVENTION Convention 1969 INTERVENTION Convention 1973	Merchant Shipping (Intervention) Act 1987	No remark
CLC Protocol 1992	Merchant Shipping (CLC) Act 2013	South Africa is not a party to the 2001 Bunker convention which imposes similar obligations on ship owners as those imposed under the CLC protocol. It would be prudent to accede 2001 Bunker Convention.
IOPC	Merchant Shipping (IOPC Fund) Act 2013 Merchant Shipping Contribution Act 2013-Treasury legislation Merchant Shipping (IOPC Fund)	South Africa has already adopted Protocols to CLC and IOPC Fund and came up with national legislation. However, the cover from IOPC Fund may not be sufficient in other circumstances to pay for damage caused by pollution of marine environment. Therefore, the 2003 Protocol serves as a top-up cover by the Fund.
	Wreck and Salvage Act	There has been many salvage operations in South Africa either from the ship that is stranded or seeking salvage assistance. The laws governing salvage and its operations sometimes are rendered insufficient. If the Convention is adopted, it may require the enactment of a stand-alone Act which will deal with salvage only. Further, there would be a need to repeal provisions of salvage activities under the current Wreck and Salvage Act. South Africa has acceded to the Nairobi Convention on Wreck Removal as such the current Act may have to be amended in future to address NWR convention.

Compliance with Laws and Regulations

IMO Conventions	Domestic Legislation	Remarks
MARPOL 73/78 (ANNEXURE VI)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way greenhouse emissions.
MARPOL 73/78 (ANNEXURE IV)	No Domestic Legislation	This annexure serves to reduce pollution from ships in the way of sewage.
Cape Town Agreement 2012 / Safety in Fishing Convention.	No Domestic Legislation	South African Ship Register is dominated by fishing vessels. However, there are no fishing industry specific legislated safety and construction standards. The standards currently imposed are those drawn from a body of Regulations dating back to 1961. Section 356 of the MSA empowers the Minster to make regulations to address safety in fishing. The MSA is currently subject to a review process and it is envisaged that regulations addressing safety in fishing could be incorporated into law through this process.
Ballast Water Management Convention	No Domestic Legislation	The DoT is the process of reviewing a previous draft Bill with the view to domesticating the Convention once it comes into force.
STCW-F 1995	No Domestic Legislation	The MSA is currently the subject of a complete review and it is envisaged that STCW-F would be incorporated into our domestic legislation during this process.
LLMC 1996	No Domestic Legislation	South Africa has never been a State Party to LLMC. However, the Merchant Shipping Act has provisions for limits of the shipowner's liability but is still based on the 1976 provisions. This may put the shipowner in danger of not being able to benefit from the latest limits of liability as provided for by the 1996 Protocol. DoT has elected to amend the Merchant Shipping Act to align with the new LLMC limits.

Compliance with Laws and Regulations

IMO Conventions	Domestic Legislation	Remarks
Seafarers Identification Document Convention (ILO Convention)	No Domestic Legislation	Convention for not having their Seaman's Record Book. If the Convention is adopted, it would be a relief to South Africa COC holders and can sail freely to any jurisdiction without fear of being reprimanded for not having proper papers. This convention is product of the ILO and as such would be administered by the Department of Labour.
SUA 1988 SUA Protocol 1988	Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 – Intergovernmental legislation	No remark

Legislation currently with the State Law Advisor

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

Fraud and Corruption

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

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

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

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

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

Minimising Conflict of Interest

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

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

Compliance with Laws and Regulations

the year under review, SAMSA implemented a targeted vetting project covering mainly the SCM environment.

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

Code of Conduct

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

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

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

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

Health, Safety and Environmental Issues

In living up to the letter of our values, viz. "SAMSA cares", the health and safety of employees is

a priority not only for purpose of compliance with the Occupational Health and Safety Act 85 of

1993 but as a moral obligation to employees.

We have created a working environment that is conducive to all employees to be productive by doing the following:

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

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

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

SAMSA Enterprise Risk Management Report

Our Approach to Corporate Risk Oversight and Enablement

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

Overview of SAMSA Risk Management and Governance Structures:

Roles and Responsibilities Matrix on ERM Assurances

Role	Responsibilities
	Oversight of the Entity Risk Management System
Executive Authority – **The Minister of Transport**	The Executive Authority takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the entity against significant risks and enable it to take value creating opportunities in a prudent and value preserving way.
Accounting Authority – **Board of Directors**	Board of Directors of SAMSA, which are appointed by the Minister of Transport and held accountable for the overall governance of risk. The board is responsible for overseeing risk and compliance across the entity and provides an integrated approach to govern and manage risk.
Audit and Risk Committee	The Audit and Risk Committee is a Board subcommittee that assists the Board to fulfil its risk oversight responsibilities in accordance with prescribed legislation and corporate governance principles.
Risk Management Committee	A committee appointed by the Accounting Authority to review SAMSA's system of risk management. The committee reports to the Audit and Risk Committee

Roles and Responsibilities Matrix on ERM assurance

Role	Responsibilities
Enablement (Implementation) of the Risk Management System	
Accounting Officer – **Chief Executive Officer**	The Accounting Officer is accountable for the overall management of risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.
Executive Management	Management is responsible for executing the responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines.
Risk Management Unit	The Audit and Risk Committee is a Board subcommittee that assists the Board to fulfil its risk oversight responsibilities in accordance with prescribed legislation and corporate governance principles.
SAMSA Officials – Line Managers	They are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

Role	Responsibilities
External Assurers on the Risk Management System	
Internal Audit	The role of the Internal Audit in risk management is to provide an independent, objective assurance on the effectiveness of the SAMSA's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.
External Audit - **Auditor-General**	The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

Key Critical Events For 2020-21 Financial Period

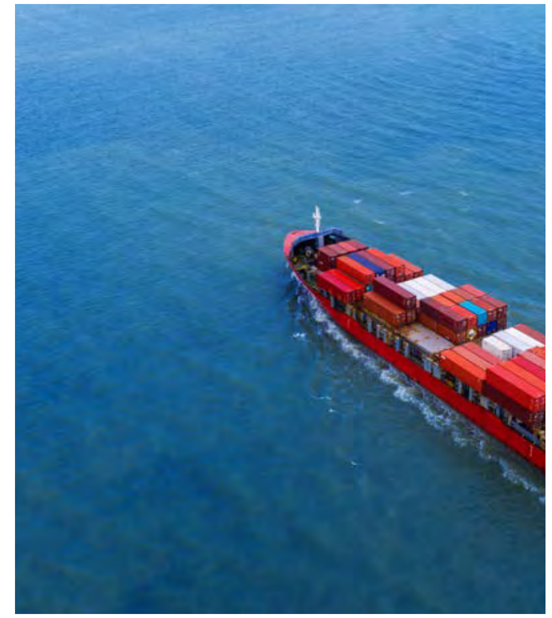
COVID -19 Outbreak

Directors' Responsibility Statement pursuant to the On Sunday, 15th of March 2020, in his address to the nation, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act due to the outbreak of COVID 19 pandemic.

The declaration enabled the government to have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus, through the implementation of extraordinary and radical measures to curb the spread of the infections.

SAMSA through comprehensive deliberations put together key actions plans to assist with the continuity of the business during and after the COVID-19 pandemic. Some of the actions plans implemented included total cancellation on all travels (international & domestic), suspension of all statutory surveys, inspections, working from home arrangements for all non-essentials staff for the lock down period, establishment of a SAMSA COVID 19 Task Team to assist with continuous tracking and communication to EXCO on any key issues pertaining to the pandemic.

The initial assessment of the impact of this pandemic on the entity already is showing reduction in budgeted revenue, a decline which can be attributed to reduced activity at our seaports and the lockdown period have significantly affected the delivery of the 2020-21 strategic outcomes and outputs.
Inorder to ensure that impacts of COVID 19 on the long-term going concern of the entity including financial sustainability, strategy and mandate objectives implementation are properly managed the entity adopted a Risk adjusted approach to return to work in line with the National Risk Adjusted Strategy for Economic Activity.



Implementation of the South Africa Maritime Risk Workshop

South Africa as a coastal state, has the responsibility of managing a vast coastline extending up to the Antarctic. There are several vessels that traverse our coastline daily, with the ever-increasing potential of an incident occurring.

Past realities of causalities have consistently challenged our readiness to deal with such. The South African Maritime Safety Authority (SAMSA) shall budget and allocate the necessary resources to rendering, investigating enhanced and efficient response mechanisms in cases of major marine incidents, with focus to improving maritime risk management and mitigation measures. This includes SAMSA having the required resources, funding in terms of pollution preparedness and response, research, and modelling.

Maritime Risk Workshop

The South African Maritime Risk Workshop was held at the Protea Hotel, Marriot Durban Umhlanga resolved on key Programme of Actions to ensure proper mitigation of the country`s risk maritime exposure through the following:

- Adequate South Africa's maritime capacity to vessels emergency response such as Positioning two emergency towing vessels (ETVs) – one more than at present – at strategic locations along South Africa's coastline, and centralising technologies for monitoring of South Africa's oceans at the South African Maritime Safety Authority (SAMSA).
- Aerial capability for oceans monitoring with a detailed feasibility study to be conducted to determine the requirements and the current capacity status
- Ensure advanced technologies for day to day monitoring and management of vessel traffic and related matters such as oceans pollution, as well as their central location,
- A precise definition of the country's state of readiness spelling out exactly what oceans emergency situations the country should be ready for, and indicators thereof
- Institutional arrangements: relating to enhancement of cooperation and collaboration among various key role-players in the sector,
- Legislation: but particularly with regards to ensuring that all relevant legislation to management of the country's maritime sector is up to date along with related regulations.
- Funding, with regards to precisely the positioning of the Maritime Fund as envisaged in the Comprehensive Maritime Transport Policy.
- Maritime security imperatives in terms of piracy and armed robbery against ships

Approval and Implementation of Tariffs

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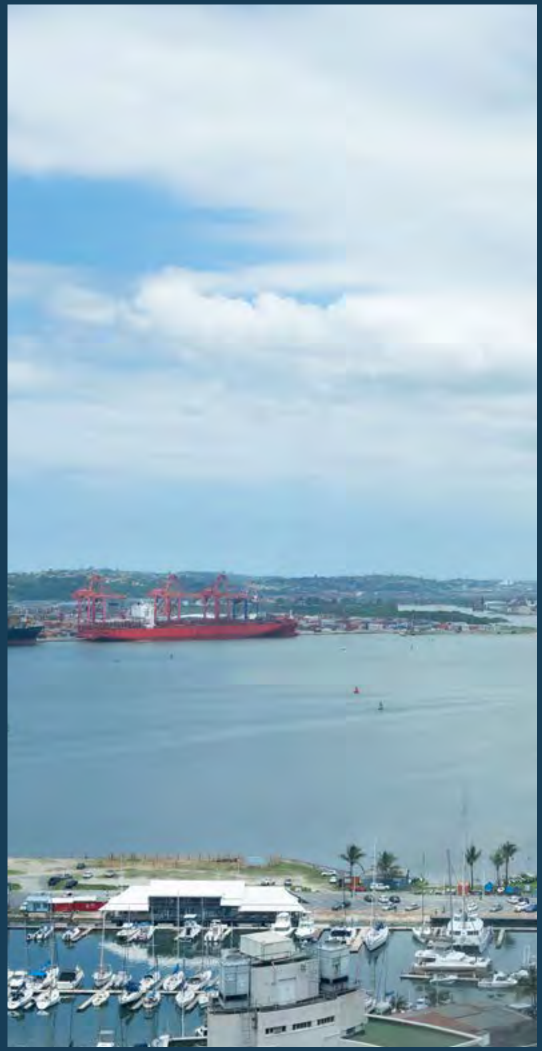


Business Continuity Management

During the reporting period due to COVID 19 SAMSA invoked the Business Continuity Management activation in line with the requirements of the Disaster Management Act, 2002.

The BCM communication protocols were invoked inorder to avoid confusion, miscommunication and chaos, management has resolved that all COVID-19 related communication will be managed in terms of the Board approved Communication policy, as well as provisions of the Business Continuity Management guidelines. A budget of R 1 million to fund the resource requirements for an effective Action Plan will cater for expenditure items such as: 3G Cards, Personnel costs - prioritisation of functions and critical employees overtime, and Occupation healthy and safety costs.

Revised Budget -Effect of COVID 19

Highlights	Actual 2019 Rm	Forecast 2020 Rm	Revised Budget 2021 Rm	Revised Budget 2022 Rm	Revised Budget 2023 Rm	Revised Budget 2024 Rm	Revised Budget 2025 Rm
Revenue	410.7	411.1	436.3	543.0	573.2	605.0	638.6
SAMSA Levies	313.2	309.6	326.7	373.8	394.6	416.5	439.6
Other	97.5	101.4	109.6	169.2	178.6	188.5	199.0
Net surplus / (deficit)	13.1	(1.7)	(62.3)	(21.1)	(22.6)	(24.2)	(26.5)
Cash flow	20.6	2.5	(72.5)	(30.2)	(25.5)	(26.3)	(28.0)
Cash cover (months)	2.13	1.92	0.19	(0.47)	(0.95)	(1.40	(1.83)
Bank balance	83.7	80.6	8.1	(22.1)	(47.6)	(73.9)	(101.9)
Net Equity	75.0	73.3	11.0	(10.1)	(32.7)	(56.9)	(83.4)

Overview of our Risk Management Journey (Risk Strategy Maturity)

Overview of the SAMSA Risk Appetite Threshold Project

The organisation has embarked on a process to setting Risk Appetite Threshold to assist in improving the Board's risk oversight responsibilities and communicates the Board's risk exposure expectations to management about business decisions

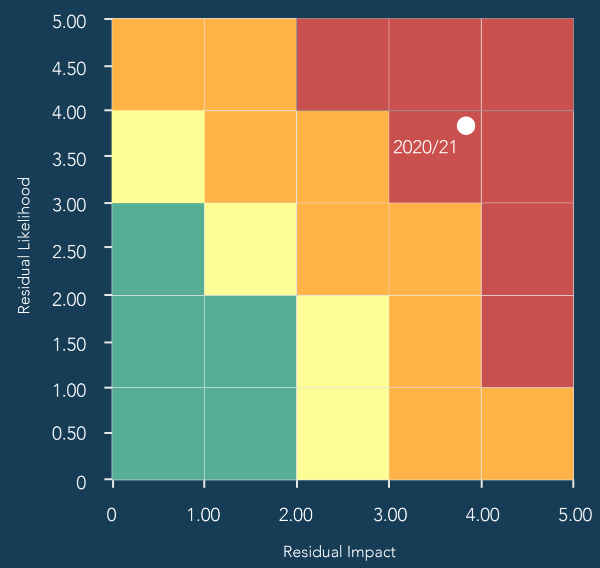
This should encourage conscious risk decisions by management and improve the allocation of resources, thereby realising the best possible options for the achievement of SAMSA's mandate and objectives commensurate with risk.

SAMSA must make calculated and reasonable risk exposure decisions to achieve the level of service delivery envisaged by its strategy. The RAT measures should be an input to strategic and operational decision-making by management and should link risk exposure decisions (based on comprehensive and forward-looking risk-based information) to the support and evaluation of sustainable strategic outcomes. Decisions around RAT could potentially have far-reaching consequences for SAMSA. Ultimately SAMSA should determine if any specific activity fits within its risk appetite or risk tolerance or not. This should be answered at a level commensurate with the level of risk in question.

Overview of the 2020-21 Samsa Strategic Risk Performance

The organisation`s risk overview has not much changes in the mitigation of the strategic risks compared to the previous financial period. The overall strategic risk profile is still above the deemed tolerance levels in line with our current risk methodology. Management has committed to continuously enhance the current controls and additional risk treatment plans has been envisage for most of the strategic risks and these will assist in mitigating against the risks once implemented.

SAMSA Overall Heat Map and Top Risks Table



Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	**Overview**	**Progress**	**Conclusion and Way Forward**
1. **SAMSA cannot meet its funding obligations**	This risk emerged as a result of the unfunded mandates which puts a strain on financial resources of the organisation such as expenses relating to the SA Agulhas, delays and non-approval for tariff adjustments from the Minister of Transport and National Treasury leading to lower SAMSA revenue.	During the reporting period the Department of Transport confirmed that the tariffs application is currently with National Treasury for approval. The non-approval of the tariffs since the 2017-18 financial year has resulted in an estimated loss in revenue of R34,4 million.	The risk remains high even though National Treasury has approved the tariff application for the entity with an 8% increase in 2020/21 period, a 6% increase in 2021/22 and no increase in the 2022/23 financial period. SAMSA 5-year financial planning model in place
2. **Limited Technical Maritime skills to deliver on the SAMSA mandate**	The risk arises from SAMSA`s remuneration and benefits being considered relatively low as compared to other maritime industry players and also the lack of a structured talent management programme resulting in SAMSA not being able to attract and retain maritime technical skills, the following skills have been identified as critical: Vessels (Deck and Engine and radio) surveyors, Naval Architects, Chief examiner, Senior examiners, Registrar of Seafarers, Registrar of Ships and Principal Officers	The entity has just started implementing succession planning process to prioritize critical technical skills and leadership roles.	In the reporting period under review SAMSA issued a Deloitte Best Company survey to identify the management gaps and assist with an improved retention strategy.
3. **IT systems failures**	The risk may arise due to failure to network as a result to external forces like cable theft, power failure or Service interruption, internal forces such as generator failure, UPS (Uninterrupted Power Supply) due to maintenance failure and no SLA agreements with service providers in some instances and non-management of the signed off SLA.	The following is in place to mitigate the risk: continuous maintenance of the UPS, continuous monitoring of Network infrastructure and Business Applications and continuous back-ups of systems being performed daily and monitored. The risk remains high considering the consequences of an IT system for a service entity such as SAMSA. Additional controls have been considered to mitigate the risk to a lower level.	The review all IT SLA to ensure alignment with the IT requirements as part of additional treatment plans to mitigate against the risk is still in progress with only Great Plains and EMERSON still outstanding.

Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	**Overview**	**Progress**	**Conclusion and Way Forward**
4. **A serious or very serious maritime and pollution incident occur**	The risk could emerge as a result of human error, vessels technical issues, act of God, lack of resources to attend to incidents and failure to detect vessel activities in the maritime domain.	The controls implemented include the Port state control inspections, flag state surveys, adhoc inspections (SA Vessels) and conducting maritime safety awareness campaigns	Management plans to lobby for the establishment of the Maritime Disaster Fund (engagement with the Guarantees Certificate Committee at National Treasury (NT). The implementation of the resolutions of the Maritime Risk Workshop will also assist in mitigating the maritime risks.
5. **Non – compliance to regulatory requirements.**	Failure to comply with prescribed regulatory requirements to effectively regulate SAMSA due to lack of awareness and capacity to implement regulatory requirements, ineffective evaluation and monitoring of regulatory requirements and inadequate training on the interpretation and implementation of legislation.	The compliance awareness workshops were conducted cross the entity.	The following mitigation action plans were implemented to reduce the risk exposure: • Analysis and implementation plan of the CMTP and Draft CMTP Strategy by March 2020 • Submit two (2) SAMSA administered Regulations to Executive Authority by March 2020. • Developed and implemented a SAMSA Information Management Plan by March 2020 • Regulatory Compliance Management Plan by March 2020. • Developed Policy Monitoring and Evaluation Plan, in line with Comprehensive Policy Universe, by March 2020. • Developed 4 Research Projects/Papers, in line with SAMSA Strategy/APP, by March 2020."

Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	**Overview**	**Progress**	**Conclusion and Way Forward**
6. **Loss of ships on the South African Register.**	Loss of ships registered on the SA ships register due to among other factors such as: 1. Business factors as: financial viability, investment decision, operating country factors such as the political risk of a country. 2. Circumstances that can lead to a vessel being written off such as accidents. 3. SAMSA internal efficiency in the ship registration process: turnaround time, easiness of the registration process (automation of the ship registration process), uncompetitive ship registration costs 4. Uncompetitive incentives scheme to ship owners: preferential treatment, port charges discounts, taxation (income tax, customs and excise and Customs VAT, PAYE for seafarers).	The continuous implementation of the Comprehensive Maritime Transport Policy through such work as the alignment of the Shipping Incentives policy statement with other relevant government instruments such as tax laws, duty and excise, Mining Charter, Transport Charter and continuous engagements with stakeholders including government and the shipping companies to secure long term commitment on the ship register.	Management undertakes to implement a couple of risk treatment actions and plans to further mitigate the risk including continuous engagements with stakeholders as per the Ship Registry stakeholder plan, monitor and evaluate the implementation by ensuring that elements within the entity controls such as internal efficiency in the ship registration process are further improved upon

Detailed Strategic Risk Performance

	Progress and Mitigation actions		
Risk	**Overview**	**Progress**	**Conclusion and Way Forward**
7. **Other Maritime Administrations and the Maritime Industry cease to recognise the Certificates issued by SAMSA for Seafarers;**	Other Maritime Administrations and the Maritime Industry may not recognise the certificates issued by SAMSA for Seafarers this could emerge as a result of the absence of a quality standard system in place to ensure compliance with the IMO reporting obligations, STCW Conventions and respective STCW I/10 agreements.	The risk profile remains high as the STCW project will focus on the improving the following: • Amend two sets of regulations giving effect to the STCW Convention • Review and amend the SAMSA Code to ensure full coverage of the STCW Code and the STCW -F Convention; • Review and amend all the procedures, or create new ones, required to give effect to the STCW.	"[Review all STCW Regulation 1/10 Agreements where SAMSA failed to receive approval due to IE/ IMO reporting failures, if need be, arrange for re-submission: Malta, France, New Zealand Luxembourg Determine the outline of a QMS that would be feasible for SAMSA, based on either a Departmental need or Organisational needs. QSS to form part of QMS Covid severely impacted on the deliverable. Draft Regulations was gazetted, however these were incorrect. SAMSA have approached the DOT to conduct a workshop to reach mutual agreement of the Training Regulations going forward so that the final regulations can be gazetted once corrected.] Will continue with the implementation of the QMS on an incremental approach during the lockdown, including where appropriate - online training for those elements which are being rolloed out. [31 October 2020] Work with the DOT to ensure draft_regulations are assented to by the minister and promulgated for implementation [timeline controlled by the DOT]"

Detailed Strategic Risk Performance

Risk Identified	Details of Risk	Progress and Action Plans
1. **Inadequate Contract Management**	This risk due to the lack of effective contract management which might as a result lack of oversight on the use of manual processes to manage contracts, lack of accountability on the management of contracts and business entering into contracts without notifying the Supply Chain Management unit. As a result, the entity would encounter financial losses, delays in service delivery, litigation from aggrieved service providers, negative audit findings and non-compliance with PFMA, PPPFA etc	The Board term has been extended until the next appointment of the permanent board by the Minister of Transport. The entity still does not have a permanent CEO and the SAMSA Board complied with the SAMSA Act provisions on their role on the appointment of the CEO to the shareholder.
2. **SAMSA 's strategic direction compromised**	The risk is since SAMSA's strategic direction compromised due to the absence of a permanent CEO for the last 48 months (4 years).	The Board term has been extended until the next appointment of the permanent board by the Minister of Transport. The entity still does not have a permanent CEO and the SAMSA Board complied with the SAMSA Act provisions on their role on the appointment of the CEO to the shareholder.
3. **Unreliability and Integrity of Financial Information**	Unreliability and integrity of financial information resulting in compromising decision making resulting in non- compliance with Treasury regulations and PFMA, negative audit opinion, lack accurate financial insights to assist management in decision making.	SAMSA has implemented a couple of controls including the monthly reviews of financial information, use of case ware in the preparation of annual financial statements and training of SAMSA employee.
4. **Non- compliance to the IMO Instruments Implementation Code (III Code)**	The risk is due to the requirements in the IMO audit scheme on IMO Instruments Implementation Code (III Code) The old voluntary IMO audit scheme, VIMSAS, is now superseded by a new Mandatory Audit Scheme using the III Code as a basis. SAMSA is expected to be audited in the year 2021, the official date is not yet known, SAMSA needs to put measures in place to comply with the III Code requirements.	The South Africa III Code Project has commenced, the project been recently aligned to take cognizance of the impacts of COVID 19 pandemic.

Detailed Strategic Risk Performance

Risk Identified	Details of Risk	Progress and Action Plans
5. **COVID -19 Outbreak**	On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 a pandemic (an infectious disease outbreak that spreads on a global scale). On Sunday, 15 March 2020, in his address to the nation, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act. Consequently, considering the enormity of the health risk imposed by the COVID-19 virus SAMSA EXCO invoked the Business Continuity Management Plan in line with the requirements of the Disaster Management Act, 2002. The activation means that we are required to implement plans and take actions that provide protection of SAMSA employees including alternative modes of operations for our business in order to avoid serious damage or significant loss to the employees and other stakeholders that we service as an entity	The entity adopted a Risk Based approach in returning to work in response in implementation of "National Risk Adjusted Strategy for Economic Activity" on COVID 19. The key drivers in the risk-based approach were the following: • Risk of transmission of the virus (including the ease of implementing mitigation measures) incorporating the national and the entity`s alert level with clearly defined restrictions which can adapt to the changing pandemic. • Expected impact of COVID 19 on the long-term going concern of the entity including financial sustainability, strategy and mandate objectives implementation. • The extent of readiness of the entity to mitigate further spreading the virus at the workplace in line with the requirements set out for Level four (4) in the Draft Framework of the COVID 19 National Risk Based Strategy • The Healthy and Safety of the SAMSA`s employees in line with the aim of flattening the curve on the spread of COVID 19 virus. • The expected impact of continued non provision of services to the different stakeholders and in turn the impact to the national economy. • The Provincial's COVID 19 Risk Exposure Levels as communicated by the different Provinces

A

Stakeholder Management Achievements

Our Key Stakeholder Engagements Events

1. Implementation of the South Africa Maritime Risk Workshop – Programme Of Actions

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Past realities of causalities have consistently challenged our readiness to deal with such. The South African Maritime Safety Authority (SAMSA) shall budget and allocate the necessary resources to rendering, investigating enhanced and efficient response mechanisms in cases of major marine incidents, with focus to improving maritime risk management and mitigation measures. This includes SAMSA having the required resources, funding in terms of pollution preparedness and response, research, and modelling. The South African Maritime Risk Workshop was held at the Protea Hotel, Marriot Durban Umhlanga resolved on key Programme of Actions to ensure proper mitigation of the country`s risk maritime exposure through the following:

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- Funding, with regards to precisely the positioning of the Maritime Fund as envisaged in the Comprehensive Maritime Transport Policy.
- Maritime security imperatives in terms of piracy and armed robbery against ships

2. Approval And Implementation of Tarriffs

The entity`s long term financial sustainability has been under threat due to underfunding in line with the mandates objectives requirements with non-approval for tariff adjustments for the last two and half years leading to lower forecasted SAMSA revenue by at least R34.4millions.

The National Treasury has since approved the tariff application for the entity with an 8%increase in 2020/21 period, a 6% increase in 2021/22 and no increase in the 2022/23 financial period.

3. SAMSA Virtual Pre-SONA Stakeholder Engagement

The entity hosted the virtual 2021 Pre-SONA Stakeholder Engagement event. The event was anchored by the SAMSA Board, supported by Management, and attracted interest and participation of industry leaders across the broad maritime transport. Participation was also extended to the public and participants on social media via our Facebook platform where the event was streamed live. The event received a lot of attention from our Facebook platform, recording over 1,8K views on the video that was streamed live and a lot of active participation and commentary on the various topics that were presented on by industry experts. The event assisted SAMSA take

Our Key Stakeholder Engagements Events

stock of some of the key issues affecting the South African maritime sector as well as contributed to the entity's stakeholder engagement plans.
Some of the key issues that came out are:

- The COVID-19 induced plight of seafarers (main crew change challenges)
- Lack of training and employment opportunities for South African seafarers and youth in general
- Barriers to entry faced by aspirant blacks, youth and women to participate in maritime economy as entrepreneurs
- COVID-19 regulations impact on cruise liners, thereby prohibiting from implementing their training and employment creation plans
- Income Tax and Customs and Excise (and Customs VAT) challenges faced by companies whose ships are either registered under the South African flag or aspire to do so.
- Potential instability of SAMSA due to the non-employment of a permanent Chief Executive Officer over a lengthy period of time

4. MTCC Africa Virtual Energy Efficiency ConfEx

A Consortium comprising of the Kenyan Maritime Authority, Kenya Ports Authority and the Jomo Kenyatta University of Agriculture were named by the IMO as the host for the MTCC Africa region. It is one of the 4 global Centres located in the Pacific, Asia and the Caribbean regions. South Africa accepted the role of being a Southern African Region Focal Point in the implementation of the MTCC-Africa, wherein it is expected to support the Centre in promoting technologies and operations, aimed at improving energy efficiency in the maritime sector, and helping to navigate shipping into a low-carbon future.

The Southern African Region comprises of Mozambique, Namibia, Angola, Zambia, Zimbabwe and Malawi. The country also signed a Memorandum of Understanding (MoU) to support the efforts of the Centre.
South Africa is fully behind MTCC-Africa to ensure that it can deliver on amongst other objectives:

- Improving regional compliance with existing and future international regulations on energy efficiency for ships;
- Promoting the uptake of low-carbon technologies and operations; and
- Raising awareness on the need to reduce Greenhouse Gas and other emissions from the maritime transport sector

5. 2020 South Africa Day of the Seafarer celebrations

On 25 June 2020, SAMSA, in partnership with the DOT and partners, hosted the 2020 South Africa's Day of the Seafarer celebrations via a virtual platform, MS Teams. The event was also streamed live on the SAMSA Facebook platform.

The Day of the Seafarer was first celebrated in 2011, following its establishment by a resolution adopted by the Conference of Parties to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), 1978, held in Manila, Philippines, in June 2010, which adopted major revisions to the STCW Convention and Code.

The Day of the Seafarer has now been included in the annual list of United Nations Observances. In recognition of the seafarers' contribution to the shipping industry and the economy in general. For 2020, the IMO decided on a theme "Seafarers are Key Workers", as the world salutes and acknowledges them. The 2020 theme was made even more relevant by the advent of COVID-19 pandemic and its impact on seafarers who in the face of challenges such as closure of international airports, effectively making crew changes difficult, continue to soldier on as shipping continued to ensure that essential goods and services required to manage the spread of COVID-19 are rendered. The South African chapter was also characterised by a strong international presence, with speakers and guests from international institutions such as the International Maritime Organisation (London), World Maritime University (Sweden), International Transport Workers

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SAMSA Annual Financial Statements

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

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

- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.

Acting Chief Executive Officer
MS. TSEPISO TAOANA-MASHILOANE

Board Chairperson
MS. NTHATO MINYUKU

Auditor-General's Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the South African Maritime Safety Authority (SAMSA) set out on pages 163 to 169, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement, and statement of comparison of budget and 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 Maritime Safety Authority as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
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

EMPHASIS OF MATTERS

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

An uncertainty relating to the future outcome of exceptional litigation or regulatory action

7. With reference to note 31 to the financial statements, a combined summons was issued against SAMSA by a supplier for breach of a Heads of Agreement between SAMSA and the supplier. The supplier has instituted a legal claim in the amount of R10.6 million and ancillary costs. SAMSA has filed an application for the the review and setting aside of the Heads of Agreement. It is not possible at this stage to estimate the outcome of the matter.

Restatement of the corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 2019-20 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2021.

Auditor-General's Report

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

Irregular expenditure

9. As disclosed in note 38 to the financial statements, irregular expenditure of R17,8 million was incurred in the current year, due to non-compliance with procurement regulations.

OTHER MATTERS

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

Non-compliance with South African Maritime Safety Authority Act,1998 (Act No. 5 of 1998)

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

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

12. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

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

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Auditor-General's Report

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

16. In accordance with the Public Audit Act, 2004 (Act No. 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 programmes presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.

17. 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.

18. I evaluated the usefulness 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 programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 1 – Maritime Safety & Pollution	36-47

19. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicators. I was unable to test whether the indicators are well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators.

Indicator description	Planned outputs	Reported achievement
Reportable Maritime Incident rate from all types of vessels.	Reduction in maritime safety Incidents.	4.38 Reportable Maritime Incident Rate
Reportable Maritime pollution incidents rate from all types of vessels	Reduction in reportable maritime pollution incidents.	0.37 Reportable Maritime pollution incidents rate from all types of vessels
Reportable Maritime fatalities rate reported from all types of vessels	Reduced maritime fatalities	0.63 Reportable Maritime fatalities rate reported from all types of vessels

Auditor-General's Report

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

OTHER MATTERS

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

Achievement of planned targets

21. Refer to the annual performance report on pages 69 to 75 for information on the achievement of planned targets for the year and management's explanations provided for the over achievement of targets. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraph 19 of this report.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

23. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance and annual report

24. Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA.

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(b) of the PFMA. Material misstatements of current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Financial statements, performance and annual report

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R456 million as disclosed in note 38 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the entity not obtaining the appropriate level of approval for deviations above R500 000, and a lack of contracts for critical services, which lead to a high number of deviations from procurement processes.

Revenue management

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

Procurement and contract management

28. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price

Auditor-General's Report

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

quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.

OTHER INFORMATION

29. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the board chairman's report, the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report

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

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

32. If based on the work I performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

34. The accounting authority did not fully exercise oversight responsibilities to ensure that the annual performance plan and annual performance report presented contain key performance indicators that are useful to the users of performance information and that the defined performance criteria is SMART (Specific; Measurable; Attainable; Relevant and Time bound).

35. Senior management did not exercise their oversight responsibility effectively to ensure that the financial statements submitted for audit were in line with the reporting framework, accurate and complete and this resulted in non-compliance relating to material misstatements in the financial statements.

36. Management did not implement adequate compensating controls around the revenue management system, to ensure that

Auditor-General's Report

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

the debt collection process are carried out as intended, even in the event that system records are not 100% reliable.

37. Effective controls have not been adequately implemented to ensure that all relevant laws and regulations are being complied when procuring goods and services and Irregular expenditure continues to be incurred by the entity due to non-compliance of Treasury regulations during procurement processes as there is no proper system of internal controls in place, specifically relating to contract management of vessel operation.

38. Effective controls have not been adequately implemented to ensure that all relevant laws and regulations are being complied when procuring goods and services.

OTHER REPORTS

39. 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.

40. As at the date of the report, an investigation by an external service provider on behalf of the public entity was brought to my attention. The investigation is in respect of alleged fraud allegations and employee related matters. The investigation is still underway and not concluded.

Auditor - General

Pretoria
17 December 2021

AUDITOR-GENERAL
SOUTH AFRICA

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 programme 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 board of directors, which constitutes 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 Maritime Safety 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
   - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Annexure – Auditor-General's responsibility for the audit

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.

Chief Financial Officer Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

During the year under review the world has been dealing with the devasting effects of the global health pandemic COVID-19, which resulted in economic recession, high unemployment and disruptions of operating models for many organisations, both public and private. As part of the international maritime community, SAMSA is not immune to the shockwaves thereto.

The current financial year has been bittersweet for the SAMSA with the Authority reporting its first deficit after four years of positive financial performance. However, it is also in this year that the Authority has received an unqualified audit opinion after four years of qualified audit opinion. We must celebrate this achievement as it signals a turning point for the Authority with regards to proper governance

The analysis of the financial performance for the year ended 31 March 2021 focuses on the key line items of the statements of financial performance and financial position which management consider material to shareholders' understanding of SAMSA's performance.

The following review should be read together with the annual financial statements as well as the summary of the statement of financial performance and financial position, and cashflow statement respectively .

2020		
Revenue (12%)		
R 616,60 million	▼	R 533,14 million
Gross surplus (14%)		
R 616,51 million	▼	R 533,06 million
Operating (deficit) / surplus (452%)		
R4,60 million	▼	(R 16,17 million)
Net (deficit) / surplus (264%)		
R8,52 million	▼	(R 13,96 million)
Total Assets (18%)		
R195,46 million	▼	R160,94 million

FINANCIAL PERFORMANCE OVERVIEW

SAMSA reported a net deficit of R13,96 million for the period under review. The deficit was negatively affected by the low shipping volumes mainly driven by the global COVID-19 pandemic lockdown. In addition to the impact of the COVID-19 pandemic, SAMSA experienced a delay in the implementation of the tariff increase which negatively impacted the revenue line.

Contrary to the previous financial period where SA Agulhas contributed positively to the revenue base, no revenue was generated by the vessel in the year under review. This is attributed to the absence of cadet training by SAIMI including non-availability of the special charters.

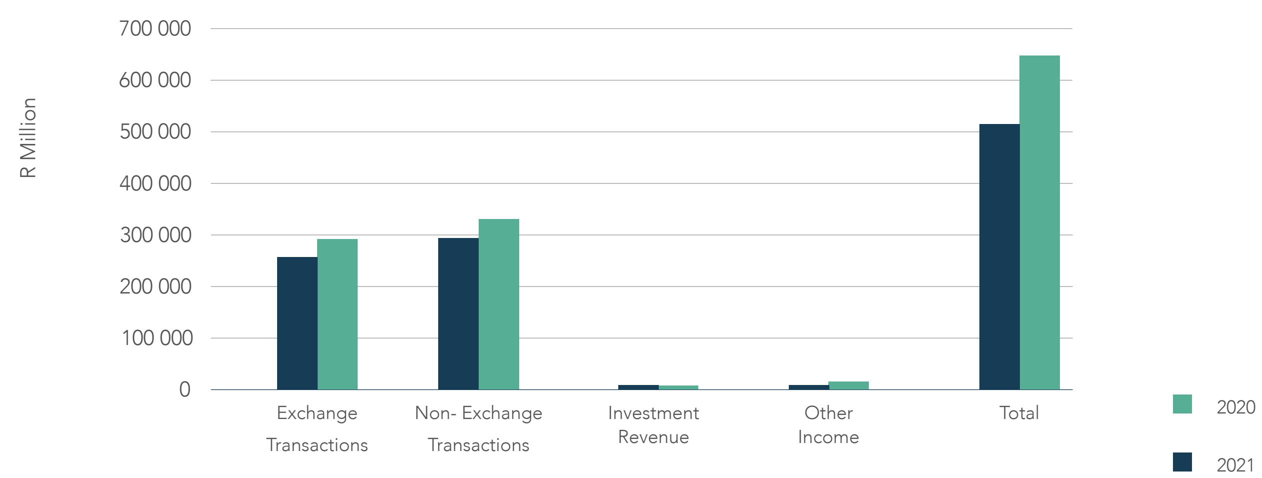
Despite the negative impact on the entity's revenues, SAMSA adopted a robust cost containment strategy that has assisted in mitigating impact on the bottom line.

REVENUE

Revenue for the period decreased by 12% to R533.13 million (2020: R616,60 million). The adverse decline in revenue is attributed to the impact of the COVID-19 global pandemic that led to a national lockdown by the South African government in the first six months of the year under review. SAMSA levies which contribute 77% of SAMSA revenue decreased by 8.9% when compared to the previous financial year. The SAMSA levy revenue is largely dependent on the shipping volumes which has been significantly affected by the global COVID-19 pandemic.

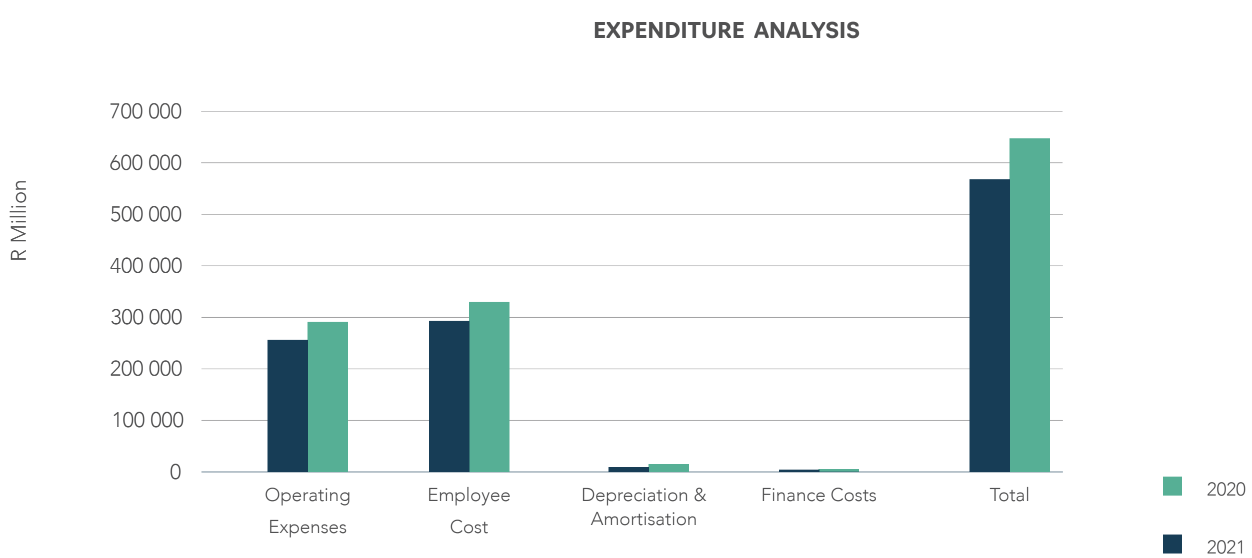
The delay in the approval of the tariff increase had a negative impact on the SAMSA revenue with the loss in revenue estimated at R62,00million. This negative impact on revenue was further exacerbated by a decrease of R22, 60million revenue associated with the SA Agulhas.

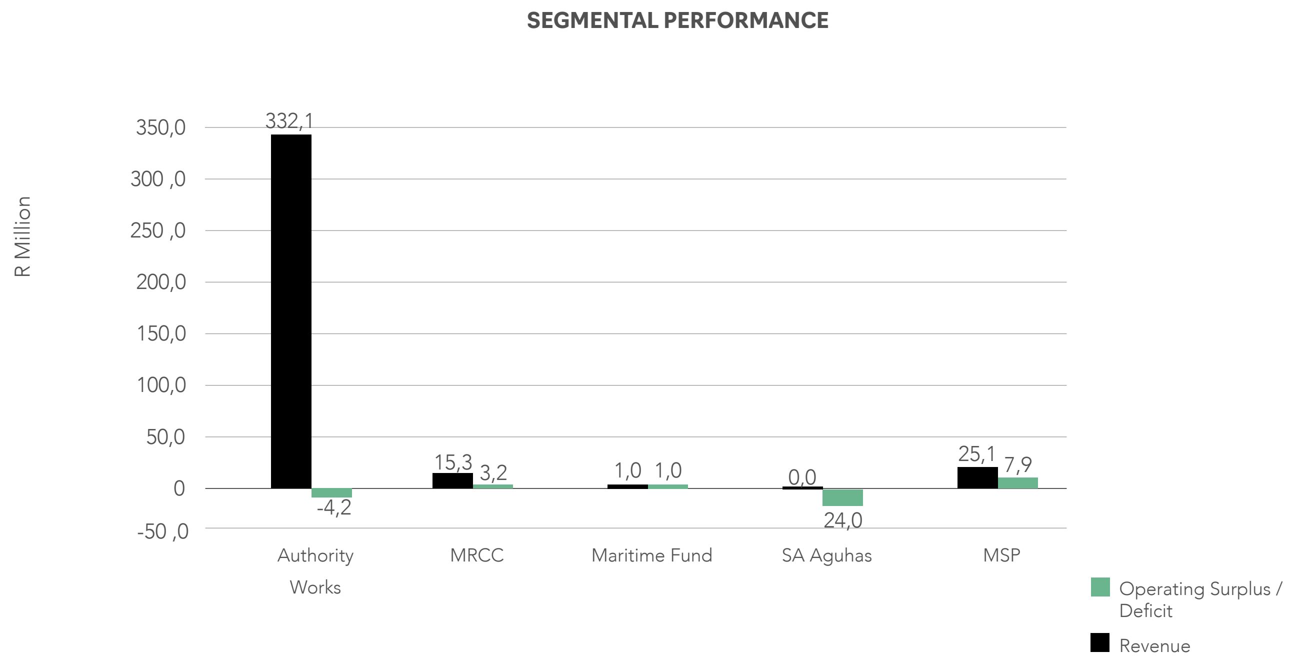
REVENUE ANALYSIS



EXPENDITURE

The impact of the COVID-19 global pandemic necessitated the Authority to review its budget and implement strict cost containment measures. As a direct result the operating expenditure reduced by, 11% to R551, 02million (FY2020: R617, 30million). Noticeably, the robust cost containment strategy applied by Authority during the period under review resulted in the 11% and 30% decrease in employee and operating costs respectively.





The Authority work of SAMSA resulted in an operating deficit of R4,20million. This was due to the low shipping volumes in the year under review. Furthermore, the delay in the implementation of tariff increases exacerbated the situation.

The SA Agulhas made a deficit of R24,00million as there was no cadet training in the year under review. The training could not take place because funding for SAIMI had not be approved. In addition, the SA Agulhas deficit was further worsened by the fact that no special charter revenue was generated by the vessel.

OVERVIEW: STATEMENT OF FINANCIAL POSITION

Despite a challenging operating year with the Authority reporting a decrease in the accumulated surplus R75,10million (FY2020: R89,05million (restated), management is optimistic that the Authority will recover with the relaxation in the global COVID-19 pandemic lockdown measures. This optimism is reinforced by the positive financial performance in the last quarter of the financial year and an approved tariff increase of 6% to be implemented on 01 April 2021.

The SAMSA cash position has decreased from R55.13million in the previous financial year to R41,17million in the current financial year. This is due to the lower revenue volumes for the year. The Maritime Fund cash position has increased from R19,68million to R21,74million, while the DEFF bank account increased from R0.0million to R11,52million.

LIQUIDITY REVIEW

Our cash flow forecasts, which consider the impact of COVID-19 global pandemic, are reviewed on a regular and ongoing basis. Our forecasts indicate that the entity's liquidity remains under pressure, with the continued non-funding of the SA Agulhas and the non-approval of tariff increases as supported by the funding model. Notwithstanding the negative impact on revenue volumes due to the COVID-19 global pandemic, we have started seeing an improvement in our financial performance with the relaxation of the lockdown measures.

OUTLOOK

Alignment with our five-year strategic roadmaps and cognisant of the severe and ongoing impact of COVID-19 global pandemic on our business, our primary activities in the year ahead will be centred on streamlining the business by prioritising our core mandate, reducing cost and preserving cash. We are committed to the following priorities:

- Optimising cash flow management (including finding sustainable solutions for the SA Agulhas, optimising current revenue streams through the detail review of the SAMSA levies Act and identifying new revenue streams by reviewing our business model);
- Driving cost containment initiatives and
- Continuing to align the supply chain/ procurement and cost drivers to support our mandate.

It is inevitable that the business will undergo transformation as we navigate the new and uncertain environment created by the COVID-19 global pandemic, but we are confident that the Authority will utilise lessons learnt on this journey to restrengthen our business.

APPRECIATION

In closing, I would like on behalf of the finance team, to extend my gratitude to the Board and my colleagues on the Executive Committee for the guidance and support. Your unwavering support, deliberations continue to add value as we navigate through these uncertain and challenging times.

To the Finance team thank you for raising to the occasion. Your commitment and continued efforts in improving the organisational performance has paid off. This is evident in the Authority achieving its first unqualified audit opinion after four years of qualified audit opinions.

To our shareholder, stakeholders and industry partners, your support during these challenging times has been noted and we thank you for continuously recognising the opportunities that our business affords to South Africa at large. We continue to strive to reward your support for our mandate.

Lastly, I urge the SAMSA community to remain diligent, resilient and focused as we journey in turning around the Authority.

Chief Financial Officer
MS. ZAMA CHONCO

Accounting Authority's Responsibilities and Approvals

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The Accounting Authority has reviewed the entity'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 entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on internally generated revenue for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's

Accounting Authority's Responsibilities and Approvals

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements.

The financial statements have been examined by the entity's external auditors and their report is presented on page 144.

The financial statements set out on pages 163 to 169, which have been prepared on the going concern basis, were approved by the Accounting Authority on 17 December 2021 and were signed on its behalf by:

Board Chairperson
MS. NTHATO MINYUKU

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Authority submits his report for the year ended 31 March 2021.

1. INCORPORATION

SAMSA was incorporated under Act No 5 of 1998.

2. REVIEW OF ACTIVITIES

Main business and operations

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

Regulatory, Enforcement and Compliance Services

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

Strategic Maritime Interests Promotion

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

The Authority is also the custodian of the Maritime Fund.

The net deficit of the entity was R13 959 000 (2019/20: surplus of R8 520 000 (restated)).

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. GOING CONCERN

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

4. SUBSEQUENT EVENTS

The Accounting Authority is not aware of any matter or circumstance arising since the end of the financial year.

5. ACCOUNTING POLICIES

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

6. ACCOUNTING AUTHORITY

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

N Cele	Board Member	Resigned 12 August 2020
M Burton	Board Member	Resigned 12 August 2020
A Molemane	Board Member	Resigned 12 August 2020
M Msimang	Board Chairperson	Resigned 12 August 2020
N Minyuku	Board Chairperson	Appointed 12 August 2020
LN Dlamini	Board Member	Appointed 12 August 2020
L Haluodi	Board Member	Appointed 12 August 2020
ED Khosa	Board Member	Appointed 12 August 2020
CB Zulu	Board Member	Appointed 12 August 2020
T Taoana-Mashiloane	Acting Chief Executive Officer	Appointed 12 August 2020

7. SECRETARY

The secretary of the entity is Moyahabo Raphadu.

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. CORPORATE GOVERNANCE

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

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

Board of directors
The Board:
- retains full control over the Authority, 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 Authority;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.

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

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

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

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

Audit and risk committee
The Audit and Risk Committee is chaired by Mr M Burton and comprises of one other non-executive director, Mr L Haluodi

Accounting Authority's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Internal Audit
The entity has outsourced its internal audit function to A2A Kopano Inc.

9. CONTROLLING ENTITY

The authority falls under the Department of Transport (DoT).

10. BANKERS

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

11. AUDITORS

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

A

SAMSA Financial Statements

Statement of Financial Position

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	2021 R '000	2020 Restated* R '000
Assets			
Current Assets			
Inventories - Books	7	415	306
Receivables from exchange transactions	8	6,397	39,492
Receivables from non-exchange transactions	9	44,068	46,503
Prepayments	5	10,872	3,809
Cash and cash equivalents	10	79,440	80,668
		141,192	**170,778**
Non-Current Assets			
Property, plant and equipment	2	19,729	24,652
Intangible assets	3	23	34
		19,752	**24,686**
Total Assets		**160,944**	**195,464**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	70,153	85,424
Taxes and transfers payable (non-exchange)	15	858	716
VAT payable	4	565	6,396
Employee benefit obligation		458	487
Unspent conditional grants and receipts	12	5,005	5,809
		77,037	**98,832**
Non-Current Liabilities			
Employee benefit obligation	4	7,685	7,442
Total Liabilities		**84,722**	**106,274**
Net Assets		**76,222**	**98,832**
Reserves			
Revaluation reserve	11	1,127	136
Accumulated surplus		75,095	89,054
Total Net Assets		**76,222**	**89,190**

Statement of Financial Performance

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	2021 R '000	2020 Restated* R '000
Revenue - exchange transactions	17	244,939	296,161
Revenue - non exchange transactions	17	288,200	320,440
Cost of sales	24	(83)	(92)
Gross Surplus		**533,056**	**616,509**
`Other income	18	1,746	5,265
Operating expenses	23	(212,590)	(307,978)
Employee Costs	21	(329,413)	(298,903)
Depreciation and amortisation	2 & 3	(8,966)	(10,296)
Operating surplus	23	**16,167**	**4,597**
Investment revenue	20	2,076	4,042
Fair value adjustments	25	182	(82)
Finance costs	22	(50)	(37)
Surplus for the year		**13,955**	**8,520**

Statement of Changes in Net Assets

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Revaluation reserve R '000	Accumulated surplus/(deficit) R '000	Total net assets R '000
Opening balance as previously reported	136	84,743	84,879
Adjustments			
Correction of errors (Note 34)	-	(4,209)	(4,209)
Balance at 01 April 2019 restated*	**136**	**80,534**	**80,670**
Changes in net assets			
Surplus for the year	-	8,520	8,520
Total changes	**-**	**8,520**	**8,520**
Opening balance as previously reported	136	98,308	98,444
Adjustments			
Correction of errors (Note 34)	-	(9,254)	(9,254)
Balance at 01 April 2020 as restated*	**136**	**89,054**	**89,190**
Changes in net assets			
Revaluation of land and buildings	991	-	991
Net income (losses) recognised directly in net assets	991	-	991
Deficit for the year	-		
Total recognised income and expenses for the year	991	(13,959)	(12,968)
Total changes	991	(13,959)	(12,968)
Balance at 31 March 2021	**1,127**	**75,095**	**76,222**
Notes 11			

Cash Flow Statement

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Note(s)	2021 R '000	2020 Restated* R '000
Cash flows from operating activities			
Receipts			
SAMSA Levies		288,834	307,812
Other Charges		274,518	285,354
Interest income		2,076	4,042
		565,428	**597,208**
Payments			
Employee Costs		(329,413)	(298,903)
Finance costs		(50)	(37)
Other payments		(234,027)	(295,671)
		(563,490)	(594,611)
Net cash flows from operating activities	28	**1,938**	**2,597**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3,166)	(5,828)
Net (decrease) / increase in cash and cash equivalents		**(1,228)**	**(3,231)**
Cash and cash equivalents at the beginning of the year		80,668	83,899
Cash and cash equivalents at the end of the year	10	**79,440**	**80,668**

Statement of Comparison of Budget and Actual Amounts

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Government Service Fees	15,441	-	**15,441**	15,271	**(170)**	42
Direct User Charges	51,031	-	**51,031**	44,535	**(6,496)**	
Vessel Management Services	26,344		**26,344**	185,103	**158,759**	
SA Agulhas Fees	23,017	-	**23,017**	30	**(22,987)**	
SA Agulhas training revenue	46,226		**46,226**	-	**(46,226)**	
Interest received - investment	2,159	-	**2 159**	3 601	**(1,061)**	
Total revenue from exchange transactions	**165,196**	**-**	**165,196**	**247,015**	**81,819**	
Revenue from non-exchange transactions						
Taxation revenue						
SAMSA Levies	373,261	-	**373,261**	286,399	**(86,862)**	42
Grant revenue	4,552	-	**-**	804	**804**	
Transfer revenue						
Fine, Penalties and Forfeits	-	-	**-**	997	**997**	
Total revenue from non-exchange transactions	**373,261**	**-**	**373,261**	**288,200**	**(85,061)**	
Total revenue	**538,457**	**-**	**538,457**	**535,215**	**(3,242)**	
Expenditure						
Personnel	(301,067)	-	**(301,067)**	(329,413)	**(28,346)**	42
Advertising & Promotions	(5,130)	-	**(5,130)**	(1,787)	**3,343**	
Audit Fees - External	(5,130)	-	**(5,800)**	(5,976)	**(176)**	
Audit Fees - Internal	(2,025)	-	**(2,025)**	(604)	**1,421**	

Statement of Comparison of Budget and Actual Amounts

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Depreciation and amortisation	(11,631)	-	**(11,631)**	(8,966)	**2,665**	
Computer Expenses	(5,353)	-	**(5,353)**	(3,771)	**1,582**	
Commission Paid	(10,731)	-	**(10,731)**	(8,234)	**2,497**	
Lease rentals on operating lease	(1,017)	-	**(1,017)**	(720)	**297**	
Conferencing costs	1,729	-	**1,729**	(124)	**1,605**	
Employee Assistance Programme	(860)	-	**(860)**	(1,852)	**(992)**	
Consulting fees	(10,894)	-	**(10,894)**	(4,445)	**6,449**	
Directors Remuneration	(1,728)	-	**(1,728)**	(1,528)	**200**	
Donations/Social Responsibility	(500)	-	**(500)**	(204)	**296**	
Provision of data	(3,502)	-	**(3,502)**	(1,982)	**1,520**	
Insurance	(1,529)	-	**(1,529)**	(1,777)	**(248)**	
Legal Fees	(2,087)	-	**(2,087)**	(3,982)	**(1,895)**	
Staff Recruitment	(1,200)	-	**(1,200)**	(715)	**485**	
SA Agulhas (excluding salaries)	(50,149)	-	**(50,149)**	(8,058)	**42,091**	
Licence fees	(6,671)	-	**(6,671)**	(10,185)	**(3,514)**	
Office Alterations	(2,069)	-	**(2,069)**	(538)	**1,531**	
Office Security	(1,576)	-	**(1,576)**	1,547	**29**	
Printing & stationery	(4,789)	-	**(4,789)**	(2,846)	**1,943**	
Rent, Water & Electricity	40,114	-	**40,114**	(40,931)	**(817)**	
Partnership programme	(60)	-	**(60)**	(60)	**60**	
Projects	-	-	**-**	(827)	**(827)**	
Research programme	(2,207)	-	**(2,207)**	(1,036)	**1,171**	
Scholarship programme	(4,500)	-	**(4,500)**	(2,386)	**2,114**	
Staff Training	(6,947)	-	**(6,947)**	(5,597)	**1,350**	
Surveyor Costs / Mileage claims	(2,413)	-	**(2,413)**	(1,512)	**901**	
Cleaning services	(567)	-	**(567)**	(426)	**141**	
Telephone & Fax	(4,085)	-	**(4,085)**	(2,891)	**1,194**	
Travel & Accommodation - Local	(20,216)	-	**(20,216)**	(6,006)	**14,210**	
Travel - Accommodation - Overseas	(5,153)	-	**(5,153)**	-	**(5,153)**	

Statement of Comparison of Budget and Actual Amounts

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Repairs and Maintenance	(609)	-	**(609)**	(2,056)	**(1,447)**	
Vessel Management Expenses						
Other Expenditure	(12,244)	-	**(12,244)**	(5,658)	**6,586**	
Total expenditure	**(531,152)**	**-**	**(531,152)**	**(551,102)**	**(19,950)**	
Operating deficit	**7,305**	-	**7,305**	**(15,887)**	**(23,192)**	
Gain on foreign exchange				66	66	
Fair value adjustments	-	-	**-**	182	182	
Other Income	-	-	**-**	1,680	1,680	
	-	**-**	**-**	**1,928**	**1,928**	
Surplus	**7,305**	**-**	**7,305**	**(13,959)**	**(21,264)**	
Actual Amount on Comparable	**- 7,305**	-	**- 7,305**	**(13,959)**	**(21,264)**	

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

1.1 PRESENTATION CURRENCY

These financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

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

Provisions
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Post retirement benefits

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

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

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

Effective interest rate

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

Allowance for doubtful debts

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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 ls the carrying amount of the asset(s) given up.

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.5 PROPERTY, PLANT AND EQUIPMENT CONTINUED

plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Leasehold property	Straight line	3 - 9 years
Ship	Straight line	3 - 10 years
Furniture and fixtures	Straight line	3 - 14 years
Motor vehicles	Straight line	4 - 9 years
Office equipment	Straight line	3 -12 years
IT equipment	Straight line	3 -10 years

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 -4 years

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

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

1.7 FINANCIAL INSTRUMENTS

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.7 FINANCIAL INSTRUMENTS CONTINUED

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

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

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

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

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

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

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

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.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.7 FINANCIAL INSTRUMENTS CONTINUED

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity .

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

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

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.7 FINANCIAL INSTRUMENTS CONTINUED

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unltlsed capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Classification

The entity has the following types of financial assets and financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.7 FINANCIAL INSTRUMENTS CONTINUED

Class	Category
Loans and receivables from exchange transactions	Financial asset measured at amortised cost
Loans and receivables from non-exchange transactions	Financial asset measured at amortised cost
Financial instruments	Financial asset measured at fair value

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

- 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.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.7 FINANCIAL INSTRUMENTS CONTINUED

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

Gains and losses

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

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

Impairment and uncollectibilty of financial assets

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

Financial assets measured at amortised cost:

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.7 FINANCIAL INSTRUMENTS CONTINUED

recognised in surplus or deficit.

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

Financial assets measured at cost:

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

Presentation

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

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.8 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 purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.9 LEASES

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.9 LEASES CONTINUED

Operating leases - lessee

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

1.10 INVENTORIES

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

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

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

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.11 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 systemati recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.
Useful life is either:

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

Identification

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

Value in use

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

Basis for estimates of future cash flows

In measuring value in use the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Foreign currency future cash flows

Future cash flows are estimated in the currency in which they will be generated and then discounted using a discount rate appropriate for that currency. The entity translates the present value using the spot exchange rate at the date of the value in use calculation.

Discount rate

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS CONTINUED

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

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

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

generating assets.

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS CONTINUED

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate

1.13 EQUITY / NET ASSETS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.14 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit
- obligations; or the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

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.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.14 EMPLOYEE BENEFITS CONTINUED

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.14 EMPLOYEE BENEFITS CONTINUED

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.14 EMPLOYEE BENEFITS CONTINUED

reporting period in which the plan is amended.

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

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

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

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

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

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

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

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

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

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.14 EMPLOYEE BENEFITS CONTINUED

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not]

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.14 EMPLOYEE BENEFITS CONTINUED

presented as the net of the amount recognised for a reimbursement .

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

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

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

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

Termination benefits

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

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

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.14 EMPLOYEE BENEFITS CONTINUED

without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

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

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.15 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.15 PROVISIONS AND CONTINGENCIES CONTINUED

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.15 PROVISIONS AND CONTINGENCIES CONTINUED

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financlal guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets;and\
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.15 PROVISIONS AND CONTINGENCIES CONTINUED

The entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.16 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 REVENUE FROM EXCHANGE TRANSACTIONS

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

An exchange transaction is one in which the municipality 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.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.17 REVENUE FROM EXCHANGE TRANSACTIONS CONTINUED

Measurement

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

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.17 REVENUE FROM EXCHANGE TRANSACTIONS CONTINUED

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

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

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

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

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non· exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

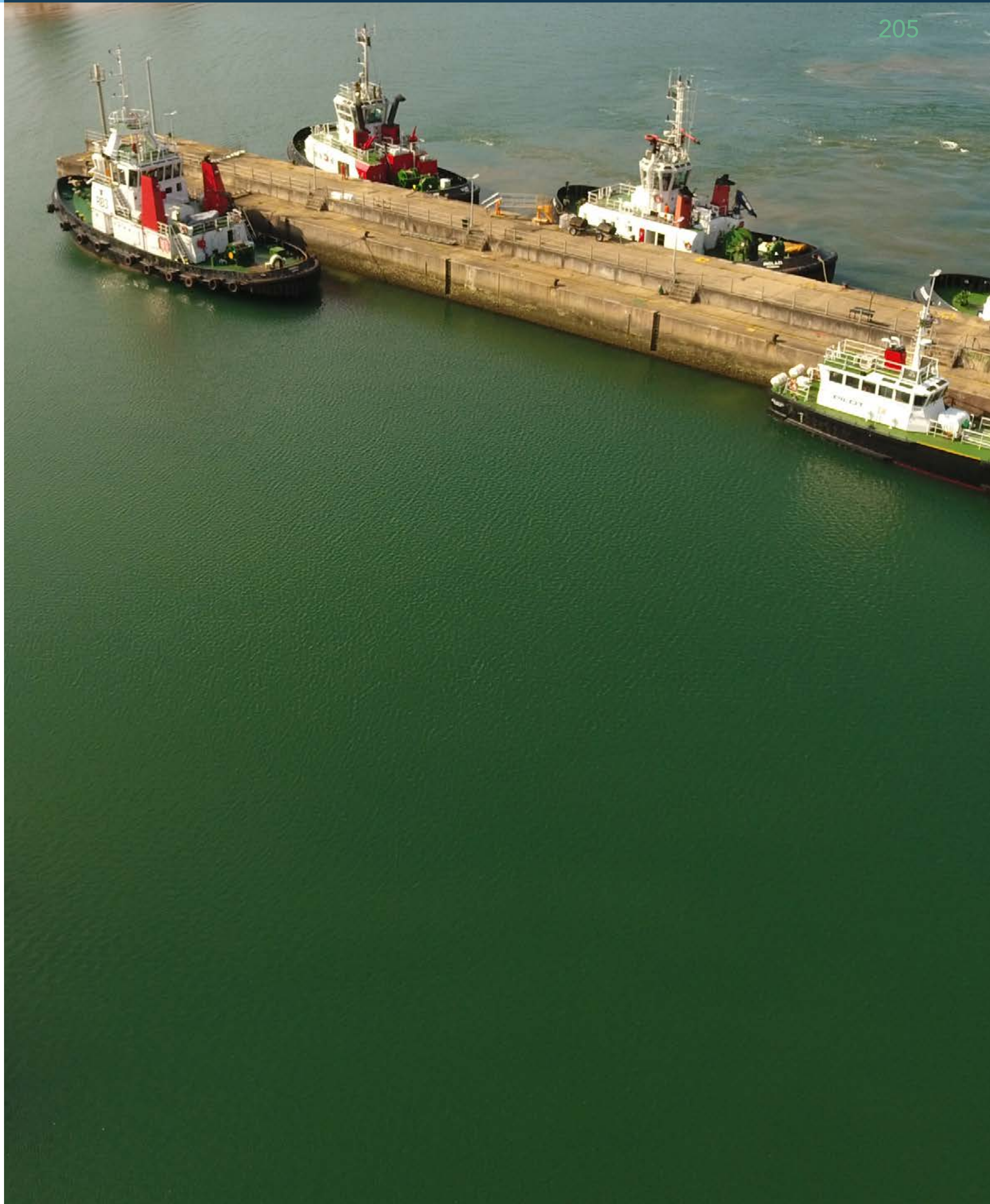
Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS CONTINUED

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.19 TURNOVER

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

1.20 INVESTMENT INCOME

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

1.21 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 ACCOUNTING BY PRINCIPALS AND AGENTS

Identification

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

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

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

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.22 ACCOUNTING BY PRINCIPALS AND AGENTS CONTINUED

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.23 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At each reporting date:

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

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

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

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

1.24 COMPARATIVE FIGURES

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

1.25 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.26 IRREGULAR EXPENDITURE

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.26 IRREGULAR EXPENDITURE CONTINUED

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

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

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

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

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

1.27 SEGMENT INFORMATION

A segment is an activity of an entity:
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.27 SEGMENT INFORMATION CONTINUED

Measurement

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

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

1.28 RESEARCH AND DEVELOPMENT EXPENDITURE

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

1.29 BUDGET INFORMATION

Entity is subject to budgetary limits in the form of appropriations or budget authorisations by the Accounting Authority and the Executive.

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.29 BUDGET INFORMATION CONTINUED

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

he Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.30 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.30 RELATED PARTIES CONTINUED

conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

1.31 EVENTS AFTER REPORTING DATE

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

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

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

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

1.32 ROUNDING OFF

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

1.33 USE OF ESTIMATES

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

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

Accounting Policies

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1.34 BAD DEBT

It is the policy of the Authority to handle each potential bad debt case or impairment allowance on merit. A provision is made for all debtors which are likely not going to be paid over to SAMSA. Where there is objective evidence and indications to the impairment of a debt, such debts are written off.

1.35 TAX

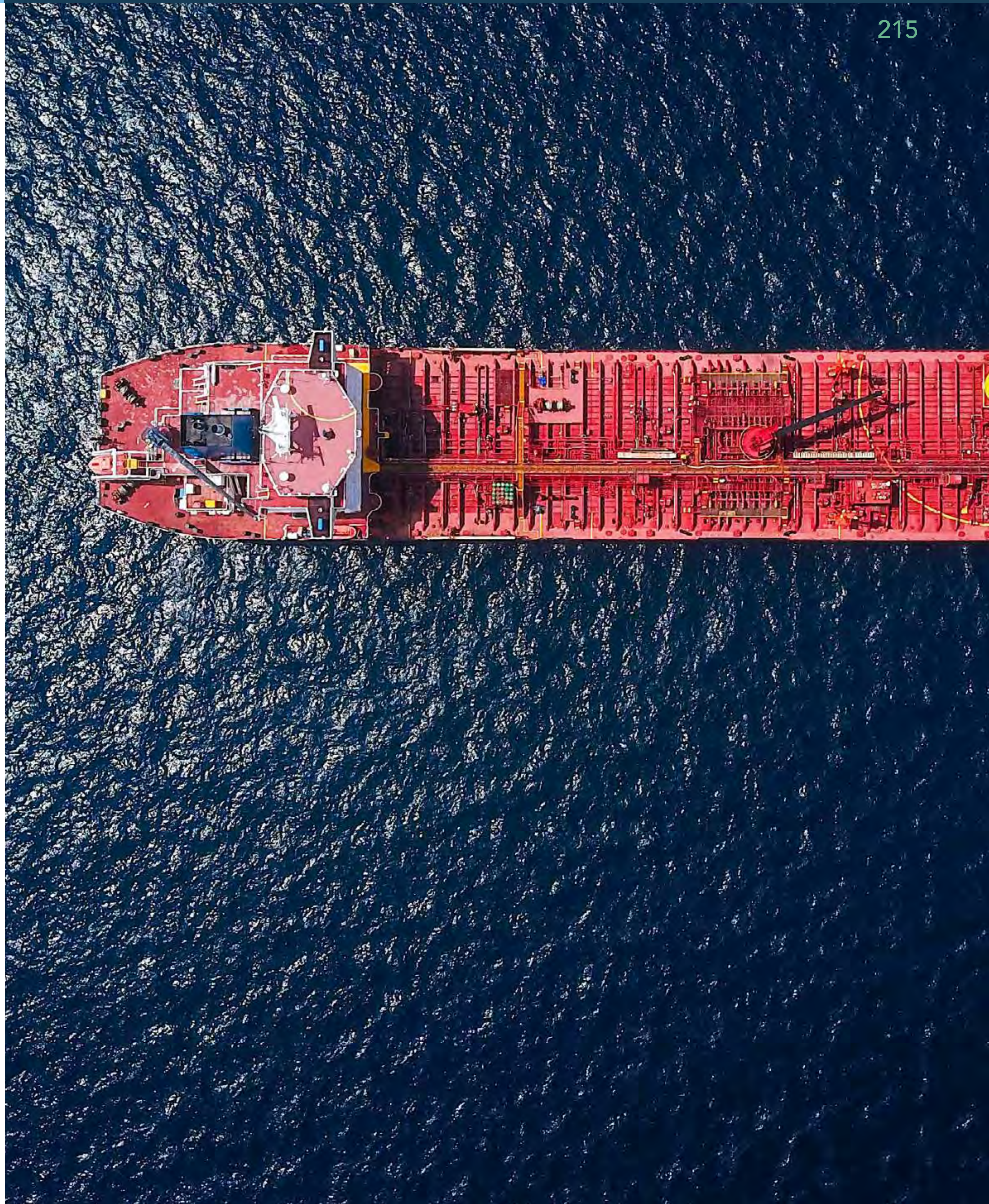
The Authority is exempt from income tax in terms of section 10(1)(CA)(i) of the Income Tax Act, 1962 (Act No. 58 of 1962). The Authority is registered as an employer in terms of the PAYE provisions of the Income Tax Act. As from 01 April 2005 the Authority has been de-registered from VAT, although the Authority is still liable for VAT on imported goods and services.

1.36 PREPAYMENTS

Prepayments are payments made in advance for products and services that have not been delivered for which SAMSA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

1.37 CONDITIONAL GRANTS

The Authority recognises the asset (cash) upon receipt of the grant and will recognise a corresponding liability to the extent that the Authority has not yet met the conditions attached to the grant. When conditions of the grant have been met, the applicable amounts will be recognised in the statement of financial performance.



NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021			2020		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
2. PROPERTY, PLANT AND EQUIPMENT						
Land	448	-	448	525	-	525
Buildings	4,936	(1,684)	3,252	3,945	(1,468)	2,477
Leasehold property	9,380	(7,227)	2,153	9,150	(6,113)	3,037
Furniture and fixtures	17,172	(11.914)	5,258	16,945	(10,543)	6,402
Motor vehicles	4,689	(4,220)	469	4,689	(3,704)	985
Office equipment	6,040	(4,166)	1,874	5,521	(3,449)	2,022
IT equipment	33,254	(28,461)	4,793	31,219	(24,713)	6,510
SA Agulhas - Ship	30,314	(28,832)	1,482	30,653	(27,959)	2,694
Total	**106,233**	**(86,504)**	**19,729**	**102,647**	**(77,999)**	**24,642**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021

	Opening balance R '000	Additions R'000	Disposals R '000	Revaluation R '000	Depreciation R '000	Total R '000
Land	525	-	-	(77)	-	448
Buildings	2,477	-	-	991	(216)	3,252
Leasehold property	3,037	230	-	-	(1,114)	2.153
Furniture and fixtures	6,402	232	-	-	(1,376)	5,258
Motor vehicles	985	-	-	-	(516)	469
Office equipment	2,022	518	-	-	(666)	1,874
IT equipment	6,510	2,182	(33)	-	(3,866)	4793
SA Agulhas - Ship	2,694	4	(15)	-	(1,201)	1,482
	24,652	**3,166**	**(48)**	**914**	**(8,955)**	**19,726**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

	Opening balance R '000	Additions R'000	Disposals R '000	Other Changes Movements	Depreciation/ Amortisation R '000	Total R '000
Land	525	-	-		-	525
Buildings	2,693	-	-		(216)	2,693
Leasehold property	3,599	555	-		(917)	3,599
Furniture and fixtures	6,531	1,352	(15)	7	(1,438)	6,531
Motor vehicles	1,123	428	-		(470)	1,123
Office equipment	1,270	1,311	-	2	(454)	1,270
IT equipment	8,729	21	(101)	62	(4,007)	8,729
Ship - SA Agulhas	3,901	310	-		(1,171)	3,901
	28,371	**8,186**	**(116)**	**71**	**(8,674)**	**28,371**

Revaluations

The effective date of the revaluations was Wednesday, 31 March 2021. Revaluations were performed by independent valuer, Mr Stow (Professional Valuer, SACPVP Reg. No. 6651/0), of Spectrum Valuation & Asset Solutions (Pty) Ltd. Spectrum Valuation & Asset Solutions (Pty) Ltd is not connected to the entity.

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

The valuation was performed using the income capitalised method, and the following assumptions were used:

Capitalisation rate:	10.3%
Comparable rentals:	R125 per square meter
Expenditures:	16.8%; R16.19 per square meter
Area vacancies:	3%

These assumptions were based on current market conditions.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Details of properties

	2021 R '000	2020 R '000
East London Property		
Terms and conditions		
- Purchase price	4,334	4,334
- Additions since purchase or revaluation	1,050	136
	5,384	**4,470**

Maintenance of property, plant and equipment

	2021 R '000	2020 R '000
Buildings	17	7
Lease Property	605	516
Furniture and Fixtures	36	154
Motor Vehicles	36	7
Office equipment	325	325
IT equipment	695	107
SA Agulhas - ship	1,674	5,212
	3,388	**6,328**

A register containing the information required by the PFMA is available for inspection at the registered office of the entity.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020			2019		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
3. INTANGIBLE ASSETS						
Computer software, other	16,837	(16,814)	23	16,837	(16,803)	34

	Opening balance R '000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2021			
Computer software, other	34	(11)	23

	Opening balance R '000	Amortisation R '000	Total R '000
Reconciliation of intangible assets - 2020			
Computer software, other	817	(783)	34

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plan
Post retirement medical aid plan

The Authority operates a defined benefit plan for qualifying employees. The most recent actuarial valuation of assets and the present value of the defined benefit obligation were carried out in March 2021 by Arch Actuarial Consulting Actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

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

	2021 R '000	2020 R '000
Carrying value	(8,143)	(7,929)
Present value of the unfunded liability		
Non-current liabilities	(7,685)	(7,442)
Current liabilities	(458)	(487)
	(8,143)	(7,929)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	7,929	9,855
Current service cost	101	119
Interest cost	867	909
Acturial (gain)/loss	(267)	(2,456)
Expected Employer Payments/(Benefit)	(487)	(498)
	8,143	7,929

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 R '000	2020 R '000
Net expense recognised in the statement of financial performance		
Current service cost	101	119
Interest cost	867	909
Acturial (gain)/loss	(267)	(2,456)
Expected Employer Payments/(Benefit)	(487)	(498)
Correction due to incorrect assumptions used	-	-
	214	(1,926)

:Calculation of acturial and losses

Acturial (gains) losses - Obligationr	(267)	(2,456)

Key assumptions used

Assumptions used at the reporting date:

Average retirement age - years	65	65
Discount rates used	10.36 %	11.27 %
Medical cost trend rates	7.15 %	6.97 %
Expected increase in salaries	6.50 %	6.50 %
Continuation of membership at retiremement	100.00 %	11.00 %
In service members	12.00 %	11.00 %

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Other Assumptions

Amounts for the current and previous 4 years are as follows:

	2021 R '000	2020 R '000	2019 R '000	2018 R '000	2017 R '000
Defined benefit obligation	8,143	7,929	9,855	19,001	21,757
Present obligations in excess of plan assets	(8,143)	(7,929)	(9,855)	(19,001)	(21,757)
In respect of present value of obligations	(900)	(599)	203	170	(546)

Defined Contribution Plan

The entity is under no obligation to cover any unfunded benefits.

Health Care Cost Inflation (Sensitivity Analysis)

Assumption	Change	In-service members R '000	Continuation members R '000	Total R '000	% change
Central Assumptions		3,132	5,011	8,143	-
Health care inflation	+1%	3,431	5,195	8,626	6
	-1%	2,797	4,841	7,638	(6)
Discount rate	+1%	2,672	4,629	7,301	(10)
	-1%	3,712	5,456	9,168	13
Post retirement mortality	-1yr	3,218	5,191	8,409	3
Average Retirement Age	-1yr	3,386	5,011	8,397	3
Continuation of membership at retirement	-10%	2,748	5,011	7,759	(5)
		25,096	40,345	65,441	4

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. PREPAYMENTS

The amounts represents goods and services which were paid for in advance and were delivered or provided for after year-end respectively. In each and every instance, there was a requirement for payment to be made in advance and thus in compliance with Treasury Regulations.

The prepayments were for goods and services which had been paid for but not yet delivered or provided respectively, and for insurance for the assets and resources of the entity. The increase in the balance relates mainly to software licenses.

	2021 R '000	2020 R '000
Prepayments	10,872	3,809

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. CHANGE IN ACCOUNTING ESTIMATES

The useful ives of all the asset classes have been reveiwed which resulted in the extension of the useful lives of certain assets. The effect of this change in accounting estimate has resulted in a decrease in depreciation. The effect on the current and future periods is shown below:

	2021 R '000	Future Periods
Statement of Financial Performance and Statement of Financial Position		
Motor vehicles: Accumulated Depreciation	30	(30)
Motor vehicles: Depreciation	(30)	30
Leasehold improvements: Accumulated Depreciation	48	(48)
Leasehold improvements: Depreciation	(48)	48
Equipment: Accumulated Depreciation	34	(34)
Equipment: Depreciation	(34)	34
Computer Software: Accumulated Depreciation	11	(11)
Computer Software: Depreciation	(11	11
Computer Equipment: Accumulated Depreciation	830	(830)
Computer Equipment: Depreciation	(830)	830
Furniture & Fittings : Accumulated Depreciation	82	(82)
Furniture & Fittings : Depreciation	(82)	82
	-	-

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7. INVENTORIES - BOOKS

	2021 R '000	2020 R '000
Finished goods	415	306
Inventories recognised as an expense during the year	83	92

This represents the books that are used by SAMSA in its course of business and in line with the certifications and accreditations it provides.

8. RECEIVABLES FROM EXCHANGE & NON-EXCHANGE TRANSATIONS

	2021 R '000	2020 R '000
Trade debtors	4,601	12,550
Deposits	2,341	2,372
Sundry Receivables	151	471
Maritime Fund Receivables	54	83
Other debtors - MLRF	-	25,552
Provision for doubtful debts	(700)	(1229)
Staff travel advances	233	127
Discounting of receivables	(283)	(434)
	6,397	**39,492**
Statutory receivables included in receivables from non-exchange transactions above are as follows		
Direct User charges	2,183	1,957
Financial asset receivables included in receivables from exchange transactions above	**4,214**	**37,535**
Total receivables from exchange transactions	**6,397**	**39,492**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Statutory receivables general information

Transaction(s) arising from statute
Direct user charges are charged based on section 44 of the SAMSA Act (Act No. 5 of 1998), which states: The Authority may make determinations imposing charges and specifying the persons by whom, and the times when, such charges are payable.

Determination of transaction amount
The direct user charges included in the financial statements are based on the Determination of charges issued on 26 September 2017 (from 1 Apr 2020 until 23 Aug 2020) and the Determination of charges issued on 31 July 2020, effective from 24 August 2020

Basis used to assess and test whether a statutory receivable is impaired
Statutory receivables older than 120 days have been impaired.

Fair value of trade and other receivables
The fair value of trade debtors have been derived by calculating the present value of the amounts owing using the current prime interest rate on the assumption that they will be paid within 30 days after year-end.

Trade and other receivables past due but not impaired
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2021, the following amounts were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2020 R '000	2020 R '000
1 month past due	180	17,706
2 months past due	250	180
3 months past due	93	208

Trade and other receivables provision

As of 31 March 2021, a portion of trade and other receivables were impaired and provided for.

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	8,764	19,286

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2021 R '000	2020 R '000
Receivables from non-exchange transactions SAMSA Levies	44,068	46,503
Statutory receivables included in receivables from non-exchange transactions above are as follows: SAMSA Levies	44,068	46,503
Total receivables from non-exchange transactions	**44,068**	**46,503**

Statutory receivables general information

Transaction(s) arising from statute
SAMSA levies are charged based on section 2 of the SAMSA Levies Act (1998), which states: The Authoirty may make determinations imposing levies and specifying the persons by whom, and the times when, such levies are payable.

Determination of transaction amount
The SAMSA levies included in the financial statements are based on the Determination of levies issued on 26 September 2017.

Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables older than 120 days have been impaired.

Currencies
The carrying amount of other receivables from non-exchange transactions are denominated in the following currencies:

	2021 R '000	2020 R '000
Rand	44,068	46,503

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2021 R '000	2020 R '000
Cash on hand	59	59
Bank balances	79,381	80,609
	79,440	80,668
Cash and cash equivalents held by the entity that are not available for use by the economic entity		
Maritime Fund	21,739	19,676
Unspent conditional grants and receipts	5,005	5,809
MLRF funds	11,523	52

The bank balances consisted of current accounts and call accounts.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2021 R '000	2020 R '000
Credit rating BB (ABSA)	79,381	80,609

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

11. REVALUATION RESERVE

The land and buildings situated in East London were revalued in the current financial year. The balance below relates to the revaluation of the East London building.

	2021 R '000	2020 R '000
Opening balance	136	136
Change during the year	991	-
Balance	1,127	136

12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

The amounts recognised in the income statement during the course of the financial year related to the grant given to SAMSA by the Office of the Premier: Eastern Cape which was utilised in line with the grant conditions.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Office of the Premier: Eastern Cape	5,005	5,809
Movement during the year		
Balance at the beginning of the year	5,809	367
Additions during the year	-	7,681
Income recognition during the year	(804)	(2,239)
	5,005	5,809

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. PROVISIONS

Reconciliation of provisions - 2021	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Reversed during the year Total R '000	Total R '000
Provision for bonuses	-	-	-	-	-

Reconciliation of provisions - 2020	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Reversed during the year Total R '000	Total R '000
Provision for bonuses	9,223	-	(7,853)	(1,370)	-

The performance bonus provision is based on the amount that is projected to be payable should the entity meet its organisational and individual performance targets. The payment of the bonus is dependent on the approval by the Board. No provision was made due to the negative financial results of the entity in the current year.

14. PAYABLES FROM EXCHANGE & NON-EXCHANGE TRANSACTIONS

	2021 R '000	2020 R '000
Trade payables	19,077	34,598
Lease liability	11,255	13,718
Accrued leave pay	19,891	13,740
Other payables	18,778	20,876
Creditors discounting	(86)	(55)
Travel credit card	628	2,547
Other Creditors - MLRF	610	-
	70,153	**85,424**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

15. TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

Trade payables from non-exchange transactions	2021 R '000	2020 R '000
Maritime Fund revenue received in advance	856	716

The funds for non-exchange transactions were collected for the Maritime Fund fines and penalties, but the cases have not been finalised as yet, or the appeal period of three (3) months have not lapsed at yearend.

16. VAT PAYABLE

	2021 R '000	2020 R '000
VAT on imported goods and services	565	6,396

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

17. REVENUE

	2021 R '000	2020 R '000
Direct user charges	44,535	42,489
Vessel Management Services - MLRF	185,103	216,567
SA Agulhas Fees	30	22,630
Government Service Fees	15,271	14,475
Revenue (non-exchange)	286,399	314,336
Grant revenue	804	2,239
Fines, Penalties and Forfeits	997	3,865
	533,139	**616,601**

The amount included in revenue arising from exchanges of goods or services are as follows:

Direct user charges	44,535	42,489
Vessel management services - MLRF	185,103	216,567
SA Agulhas Charter Fees	30	22,630
Government Service Fees	15,271	14,475
	244,939	**296,161**

The amount included in revenue arising from non-exchange transactions is as follows:

SAMSA Levies	286,399	314,336
Grant revenue	804	2,239
Transfer revenue		
Fines & Penalties	997	3,865
	288,200	**320,440**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

17. REVENUE CONTINUED

Invoices for which no charges were levied

In line with Regulation 70 of the Determination of Charges (Government Notice 43573 of 31 July 2020), SAMSA waived charges (revenue of the entity) amounting to R240 107 (2019/20: R381 940).

18. OTHER INCOME

	2021 R '000	2020 R '000
Discount received	41	-
Decrease in post retirement medical liablity	(214)	1,925
Decrease in provision for bad debts	529	1,639
Credit balances prescribed	204	188
Foreign exchange differences	806	761
TETA Contributions	380	752
	1,746	**5,265**

19. LEASE RENTALS ON OPERATING LEASE

Premises		
Contractual amounts	36,230	34,924

20. INVESTMENT REVENUE

Interest revenue		
Bank	**2,074**	**4,042**

The full amount included in Investment revenue arose from exchange transactions.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21. EMPLOYEE RELATED COSTS

	2021 R '000	2020 R '000
Basic	189,746	175,110
Bonus	-	(1,370)
Medical aid - company contributions	2,781	3,009
UIF	609	624
WCA	594	618
SDL	1,468	2,002
Leave pay provision charge	7,137	2,206
Cellphone allowance	1,744	1,606
Other short term costs	97	12
Defined contribution plans	28,567	26,621
Long-service awards	315	153
13th Cheques	17,301	15,807
Car allowance	479	515
Housing benefits and allowances	163	186
Crew salaries - MLRF	78,412	71,821
	329,413	**298,903**
Average number of employees (incl SA Agulhas crew)	347	343

22. FINANCE COSTS

Trade and other payables	50	37

These finance costs are related to trade and other payables as well as interest on the travel credit card.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

23. OPERATING SURPLUS

	2021 R '000	2020 R '000
Operating surplus for the year Is stated after accounting for the following:		
Internal audit fees	604	927
Advertising	1,787	5,216
Auditors Remuneration	5,976	6,634
Bank charges	366	458
Cleaning	426	512
Commission paid	8,234	9,037
Computer Expenses	3,771	5,060
Consulting Fees and Legal Fees	8,428	8,005
Donations	204	4
Entertainment	2	13
Fines and penalties	33	666
Flowers	-	2
Gifts	33	13
Insurance	1,777	1,953
Conferences and seminars	720	1,298
Lease charges	2,433	1,298
Motor vehicle expenses	460	600
Recruitment and relocation costs	2,433	1,085
Publications	1,657	1,152
Postage and courier	149	216
Printing and stationery	2,846	5,971
Protective clothing	35	250
Repairs and maintenance	2,056	1,506
Research and development costs	1,036	29

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 R '000	2020 R '000
Office security	1,547	1,451
Staff welfare	2,038	778
Subscriptions and membership fees	345	331
Telephone and fax	2,891	2,889
Parking expenses	11	13
Training	5,597	8,055
Travel - local	6,006	24,088
Travel - overseas		7,116
Partnership programmes		2,239
Revaluation profit / loss	77	-
Loss on disposal of assets	48	36
Water and electricity	4,697	4,503
Uniforms	20	
SA Agulhas costs	8,058	29,560
Board remuneration and expenses	1,538	1,584
Vessel management expenses - MLRF	82,522	121,664
HIV / AIDS Awareness Program - 11		11
Library Books	39	146
Licences	10,185	5,565
Projects	827	2,507
Mileage claims and surveyor costs	1,512	2,683
Implementation costs	2,097	3,251
VAT on imports	576	1,473
Scholarship programme	2,386	931
Other expenses	15	42

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

24. COST OF SALES

The cost relates to books that were used in generating revenue for the entity

	2021 R '000	2020 R '000
Sales of goods		
Cost of goods sold	83	92

25. FAIR VALUE ADJUSTMENTS

Fair value - creditors	31	(65)
Fair value - debtors	151	(17)
	182	**(82)**

26. AUDITORS' REMUNERATION

External audit fees	5,976	6,634
Internal audit fees	604	937
	6,580	**7,561**

27. OPERATING LEASE

Office Buildings
Port Nolloth

The entity entered into a lease agreement with South African Post Office SOC Limited, the initial lease agreement is for 5 (five) years which commenced on 1st March 2017. The termination date is 28th February 2022 with an escalation rate of 8% per annum

Pretoria

The entity entered into a lease agreement with All Top Properties. The initial lease period is for 9 years and 11 months which commenced on the 1 September 2013. The termination date is 31 July 2023 with an escalation rate of 7.5% per annum.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

27. OPERATING LEASE CONTINUED

Saldanha

The entity entered into a lease agreement with National Port Authority for its offices in Saldanha Bay. The initial lease is for 5 years which commenced on the 1st October 2014. The contract expired on 30 September 2019 and the Authority is currently on a month to month arrangement while the lease agreement is being finalized. Application was made to the National Treasury to extend the agreement for sixty (6) months.

Durban

The Authority entered into a lease agreement with Old Mutual Life Assurance Company (SA) Ltd for its offices in Durban. The initial lease is for 5 years which commenced on the 1st of October 2016. The termination date is 30th September 2021 with an escalation rate of 6.5% per annum.

Richards Bay

The Authority entered into a lease agreement with Tuzi Gazi Waterfront (Pty) Ltd, the initial lease agreement is for 5 (five) years which commenced on 1st January 2017. The termination date is 31st December 2021 with an escalation rate of 7% per annum.

Mossel Bay

The entity entered into a lease agreement with Tuzi Gazi Waterfront (Pty) Ltd, the initial lease agreement is for 5 (five) years which commenced on 1st January 2017. The termination date is 31st December 2021 with an escalationrate of 7% per annum

Gqeberha

The entity entered into a lease agreement with Rikett Sales for Gqeberha port office, the initial lease period is for 5 years which commenced on 1 June 2018 and the termination date 31 May 2023 with the escalation of 7% per annum.

Gqeberha Regional

The entity entered into a lease agreement with Rickett Sales SA (Pty) Ltd for premises in Gqeberha to house the regional office. The initial lease period is five years which commenced on 1 July 2018 and the termination date 30 June 2023. The escalation percentage in the lease agreement is 7%..

NOTES TO FINANCIAL STATEMENTS

27. OPERATING LEASE CONTINUED

Port of Ngqura

The entity entered into a lease agreement with Transnet National Port Authority for Port of Ngqura. Initial lease period is for 5 years which commenced on the 1 December 2015 and the termination date 30 November 2020. The escalation rate is 9% per annum with a renewal period of 1 year on the same terms and conditions. TNPA indicated that they intend not extending the agreement as they require space for own use. Discussions are still ongoing.

Cape Town

The entity entered into a lease agreement with Spear One for Cape Town offices. The initial lease agreement is for 3 years and 9 months which commenced on 1st July 2017. The termination date is 31st March 2021 with an escalation rate of 7% per annum. Negotiations for the renewal of the lease agreement is in progress.

Cape Town - DCOO office

The entity entered into a lease agreement with Spear One for the DCOO's offices in Cape Town (22nd floor). The initial lease agreement is for 18 months which commenced on 1st October 2019. The termination date is 31st March 2021 with an escalation rate of 7% per annum. Negotiations for the renewal of the lease agreement is in progress.

MRCC Cape Town

The entity entered into a lease agreement for part of Tyger Hills Office Park with Parkdev. Initial lease period is for 5 years which commenced on the 1 February 2018 and will expire on 31st January 2023 with an escalation rate of 8% per annum.

Port St Johns

The entity entered into a new lease agreement with Mainstream Property Group for its offices in Port St Johns. The initial lease period is 3 years which commenced on the 1st of January 2020. The termination date is 31 December 2022 with an escalation rate of 8% per annum.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

27. OPERATING LEASE CONTINUED

	2021 R '000	2020 R '000
Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2021 are as follows:		
Up to 1 year	27,426	31,944
2 to 5 years	42,387	54,865
	69,814	86,809

Office Equipment

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

Future minimum lease rentals payable under non-cancellable operating leases on equipment as at 31 March 2021 are as follows:		
Up to 1 year	147	71
2 - 5 years	155	59
	302	130

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

28. CASH GENERATED FROM OPERATIONS

	2021 R '000	2020 R '000
(Deficit) / Surplus	(13,959)	8,520
Adjustments for:		
Depreciation and amortisation	8,966	10,296
Movements in retirement benefit assets and liabilities	214	(1,926)
Movements in provisions	-	(19,566)
Loss on disposal of assets	48	34
Devaluation of land and buildings	77	-
Changes in working capital:		
Inventories	(109)	(34)
Receivables from exchange transactions	33,095	(19,424)
Other receivables from non-exchange transactions	2,435	(6,524)
Prepayments	(7,063)	(2,753)
Payables from exchange transactions	(15,271)	27,600
Taxes and transfers payable (non-exchange)	140	(532)
Unspent conditional grants and receipts	(804)	5,442
VAT payable	(5,831)	1,464
	1,938	**2,597**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

29. FINANCIAL INSTRUMENTS DISCLOSURE

In the course of the Authority's business operations, it is exposed to interest rates. The risk management process relating to each of these risks is discussed under the headings below:

Financial risk management

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

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared to give an indication of periods during which liquidity problems are expected.

Interest rate risk.

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

	2021 R '000	2020 R '000
Cash and cash equivalents	79,440	80,668
Trade and other receivables	50,465	85,995
Trade and other payables	(71,009)	(86,140)
	58,896	**80,523**

Credit risk

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

Trade receivables - 2020/21 - R50.5 million (2019/20 - 65.8 million)

The age analysis below excludes creditors which has debit balances and were classified as debtors in the annual financial statements. It also reflects the amounts before provisions for bad debts and other adjustments are accounted for:

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

29. FINANCIAL INSTRUMENTS DISCLOSURE CONTINUED

	2021 R '000	2020 R '000
Current	30,061	40,040
31 - 60 days	16,734	17,706
61 - 90 days	249	180
91 - 120 days	93	208
Over 120 days	700	1,040
	47,837	**59,174**

Foreign exchange risk
The entity does not hedge foreign exchange fluctuations.
Fair value: The entity's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

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

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

30. COMMITMENTS

	2021 R '000	2020 R '000
Authorised capital expenditure		
Authorised operational expenditure		
Already contracted for and provided for		
• Expenditure	111,073	160,685
Total operational commitments Already contacted for but not provided for	111,073	160,685
Total commitments Authorised operational expenditure	111,073	160,685

This committed expenditure relates to operational expenditure and will be financed by retained surpluses, existing cash resources and funds internally generated. The comparative amounts have been adjusted.

31. CONTINGENCIES

All necessary steps are taken to manage risks inherent in contracting with third parties and other stakeholders. An assessment was carried out at financial year end to determine the probability of a dispute that could lead to financial loss to SAMSA.
A combined summons was issued against SAMSA by a supplier for breach of a Heads of Agreement between SAMSA and the supplier. The supplier has instituted a legal claim in the amount of R10.6 million and ancillary costs. SAMSA has filed an application for the the review and setting aside of the Heads of Agreement. It is not possible at this stage to estimate the outcome of the matter.

SAMSA entered into a rebate agreement with a shipping company whereby the company will place cadets on their cruise ships, and will in turn receive rebates on the SAMSA levies. SAMSA queried the requested rebate for the financial year, as no evidence was provided for placements of cadets as per the signed MoU. This issue had not been finalised and the amount to be paid cannot be ascertained.

A former SAMSA employee has lodged a claim at the CCMA against SAMSA. It is estimated that the possible claim will not exceed R1 million. It is not yet possible to ascertain the likelihood of the claim being successful.

A request was received from SARS during the financial year to submit information on all imported goods and services since 2015. SAMSA complied with the request and was subsequently assess for VAT on the imported goods and services. SAMSA made payment of the assessed amount, but SARS indicated that penalties and interest will be raised on the late declaration and payment of the VAT amount. The amount of penalties and interest has not been received as yet.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

32. RELATED PARTIES

During the year, the entity continued to provide maritime and rescue coordination and other services on behalf of the Department of Transport as agreed in the memorandum of understanding signed between the entity and the department respectively. Fees for those services received from the department amounted to R15.3 million in the current financial year (2019/20: R14.5 million).

The entity also has an agreement with the National Ports Authority (NPA) for the collection of SAMSA levies. NPA charges a commission of 2.5% for the collection of the levies and the revenue collected during this period was R286.4 million (2019/20: R314.3 million). Commission charged on the transactions amounted to R8.2 million (2019/20: R9.0 million).

The transactions handled on behalf of the Department of Transport which relates to our administration of the Maritime Fund and the financial statements are disclosed as part of this annual report. Emoluments and other payments made to executives and board members are shown on a separate disclosure below.

The entity has a contract with the Marine Living Resources Fund (MLRF), under the auspices of the Department of Environment, Forestry and Fisheries (DEFF) for the management of their vessels. A management fee of R25.1 million (2019/20: R24.6 million) was received during the financial year.

The related party balances are disclosed as follows:

	2021 R '000	2020 R '000
Related party balances		
Transnet National Ports Authority (TNPA))	44,068	46,503
Marine Living Resources Fund (MLRF)	(610)	29,543
Department of Transport (DoT)	(70)	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Transnet National Ports Authority (TNPA))	44,068	39,979
Marine Living Resources Fund (MLRF)	-	3,991
Department of Transport (DoT)	101	-

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33. MEMBER'S EMOLUMENTS

Executive

2021	Basic Salary R '000	Cellphone Allowance R '000	Pension paid R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Long service award R '000	Total R '000
S Tilayi - Chief Operatons Officer/(Acting CEO until 11 February 2021)	2,100	38	406	416	60-	215	-	3,235
B A Ramahlo - Executive (Legal)	1,833	25	256	-	3	174	5	2,296
I Calvert - Executive (Maritime Special Projects)	1,578	25	305	-	-	158	-	2,066
M V Raphadu - Company Secretary	1,833	25	353	-	-	182	-	2,395
M Mosegomi -Chief Information Officer (until 31 Aug 2020)	646	10	124	-	-	154	-	934
N Ramugondo - Chief Information Officer (Appointed 1 Sept 2020)	785	15	152			-		952
L Mashishi - Chief Human Capital Officer	1,614	25	269	-	-	158	-	2,069
D Erriah - Chief Financial Officer (until 31 Aug 2020)	657	-	127	-	-	-	-	784
Z Chonco - Chief Financial Officer (Appointed 1 Sept 2020)	855	15	164			-		1,034
V Keller - Deputy Chief Operations Officer	1,653	18	318		5	164		2,158
VG September - Acting Executive: Corporate Affairs	1,299	20	184	76	5	135	3	1,719
	14,855	**216**	**2,658**	**492**	**73**	**1,340**	**8**	**19,642**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33. MEMBER'S EMOLUMENTS CONTINUED

Executive

2020	Basic Salary R '000	Cellphone Allowance R '000	Pension paid R '000	Acting Allowance R '000	Travel Allowance R '000	13th Cheque R '000	Performance Bonus R '000	Long service award R '000	Total R '000
S Tilayi - Chief Operatons Officer/Acting CEO	1,969	36	381	358	60-	202	109	-	3,115
B A Ramahlo - Executive (Legal)	1 645	24	316	-	30	163	88	-	2,266
I Calvert - Executive (Maritime SpecialProjects)	1,233	24	239	-	-	123	65	-	1,684
M V Raphadu - Company Secretary	1,723	24	331	-	9	171	-	-	2,350
M Mosegomi -Chief Information Officer	1,455	24	280	-	-	145	78	-	1,982
L Mashishi - Chief Human Capital Officer	1,481	24	286	-	-	148	80	-	2,019
D Erriah - Chief Financial Officer	1,480	--	286	-	3	148-	80-	-	1,997
V Keller - Deputy Chief Operations Officer (appointed 15 Aug 2019)	931	5	181				53		1,170
S Ali - Acting Deputy Chief Operations Officer	441	9	85	119	39		-	-	693
VG September - Acting Executive: Corporate Affairs (from 1 Aug 2019)	638	7	122	152	11	95	89	3	1,117
	12,996	**177**	**2,507**	**629**	**152**	**1,195**	**734**	**3**	**18,393**

Ms. Tsepiso Taoana-Mashiloane was appointed as the Acting CEO on 11 February 2021. She was seconded by the Department of Transport, and her remuneration is not included above.

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33. MEMBER'S EMOLUMENTS CONTINUED

Non-executive remuneration

2021	Member's fees R '000	Committees fees R '000	Travel claims	Total R '000
Board member:				
M Msimang - Board Chairperson (Chairperson until Aug 2020)	92	-		92
M R Burton (until Aug 2020)	70	79		149
N M Cele (until Aug 2020)	70	19		89
A S Molemane (until Aug 2020)	70	19		89
N Minyuku (Chairperson from Aug 2020)	159	20		179
L Hlauodi (Appointed Aug 2020)	119	67		186
L N Dlamini (Appointed Aug 2020)	119	38		157
E D Khosa (Appointed Aug 2020)	119	38		157
B C Zulu (Appointed Aug 2020)	119	48		167
Audit and Risk Committee Members:				
A Chowan	-	19		19
S P Simelane	-	10		10
R Nicholls (Appointed Feb 2021)		10		10
S F Mkhize (Appointed Feb 2021)		10		10
REMCO members				
F A Jacobs	-	19		19
H V Devraj	-	28	2	30
R N Nobaxa	-	19		19
V L Mthethwa (Appointed Feb 2021)		10		10
K Morobe (Appointed Feb 2021)		10		10

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33. MEMBER'S EMOLUMENTS CONTINUED

Non-executive remuneration

2021	Member's fees R '000	Committees fees R '000		Total R '000
L Ndziba (Appointed Feb 2021)	-	10		10
MIC members				
B A Williams	-	10		10
N D B Mgoduka	-	10		10
G D Christy	-	10		10
J M Marillier (Appointed Feb 2021)	-	10		10
I I S Motau (Appointed Feb 2021	-	10		10
	-			-
Finance and IT Committee members				-
M H Hendriks	-	10		10
F Docrat	-	49		49
M D Nkhabu (Appointed Feb 2021)	-	10		10
P Dala (Appointed Feb 2021	-	10		10
	937	**602**	**2**	**1,541**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33. MEMBER'S EMOLUMENTS CONTINUED

Non-executive remuneration

2020	Member's fees R '000	Committees fees R '000	Total R '000
Board member:			
M Msimang - Board Chairperson	213	19	232
M R Burton	160	108	268
N M Cele	160	30	190
A S Molemane	160	145	305
Audit and Risk Committee members:			
A Chowan	-	78	78
S P Simelane	-	38	38
REMCO members			
F A Jacobs	-	77	77
H V Devraj	-	29	29
R N Nobaxa	-	29	29
MIC members			
B A Williams	-	67	67
N D B Mgoduka	-	77	77
G D Christy	-	48	48
Finance and IT Committee members			
M H Hendriks	-	40	40
F Docrat	-	68	68
	693	**853**	**1,546**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

34. PRIOR YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Note	As Previously Reported R '000	Correction of error R '000	Reclassification R '000	Restated R '000
Statement of financial position				
2019				
Accumulated Surplus	(84,743)	4,209		(80,534)
2020				
VAT payable	(17,201)	7,346	-	(9,855)
Trade receivables	(17,595)	(8,027)	11,931	(13,691)
Deposits	18,076	688	(11,931)	6,833
Staff debtors	(8,730)	7,417	-	(1,313)
Trade payables				
Accrued leave pay				
Other payables				
MF control account				
Property, plant and equipment				
Other debtors - MLRF				
Cash and cash equivalents				
Accumulated surplus	(77,318)	(7,425)	-	(84,743)
Statement of financial performance				
2020				
Revenue from exchange transactions	(64,613)	(86)	-	(64,699)
Revenue from non-exchange transactions	(1,800)	(7,346)	-	(9,146)
Other Income	(1,365)	(3,076)	-	(4,441)
Employee costs				
Operating expenses				

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

34. PRIOR YEAR ADJUSTMENTS CONTINUED

The errors related to the following:

- VAT on imports were not taken into account.
- MLRF vessel management revenue and expenditure not included in prior years.
- Unknown deposits not followed up and cleared.
- Older items on control accounts not cleared.
- Sales returns not matched.
- Maritime Fund revenue not recognised.
- Expenses not accrued for in the prior years.

35. GOING CONCERN

There has been a slight improvement in the shipping volumes calling into the South African ports and the 6% tariff increase in April 2021 has assisted in improving the financial performance. The entity was able to report a surplus from Apr to Nov 2021. This improvement is because of the relaxation of the global Covid-19 lockdown measures and the robust cost containment measures that are being adopted by the entity.

The entity has applied for an additional 5% tariff increase, which is still being reviewed by the Minister of Transport. The approval of the additional tariff increase will greatly assist with easing the financial pressures.

36. EVENTS AFTER THE REPORTING DATE

SAMSA experienced a ransomware attack on 18 April 2021. ICT services were only restored in the final week of April 2021. There was thus a delay in the finalisation of the financial statements. There was no financial impact for the 2020/21 financial year, and no financial information was lost due to the attack.

37. FRUITLESS AND WASTEFUL EXPENDITURE

	2020 R '000	2020 R '000
Opening balance as previously reported	10,628	9,985
Opening balance as restated	**10,628**	**9,985**
Add: Expenditure identified - current	186	643
Closing balance	**10,814**	**10,628**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

37. FRUITLESS AND WASTEFUL EXPENDITURE CONTINUED

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/ criminal proceedings	2021 R '000
Contracts expired	Under Determination	44
Late signing of contracts	Under Determination	6
RFQ process not followed	Under Determination	30
No tender process	Under Determination	106
		186

38. IRREGULAR EXPENDITURE

	2021 R '000	2020 R '000
Opening balance as previously reported	437,811	362,168
Prior year adjustment	-	29,424
Opening balance as restated	**437,811**	**391,592**
Add: Expenditure identified - current	17,514	46,219
Add: Irregular Expenditure identified in the current year relating to the prior year	319	
Closing balance	**455,644**	**437,811**

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken / criminal proceedings	2021 R '000
Contracts expired	Under Determination	11,130
Late signing of contracts	Under Determination	45
RFQ process not followed	Under Determination	2,528
No tender process		4,130
		17,833

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

38. IRREGULAR EXPENDITURE CONTINUED

Cases under investigation

Details of irregular expenditure under investigation (not yet condoned)

Prior year irregular expenditure to the amount of R391.2m has been investigated, awaiting condonation from National Treasury.

	2021 R '000	2020 R '000
No tender processes	184,232	180,102
No valid tax clearance certificate	292	292
No RFQ process	36,802	34,274
Purchase order not properly authorised	24,100	24,100
Contract management	151,649	140,474
Bonus not approved	24,325	24,325
Declaration of interest not submitted	2,730	2,730
Salary increase not approved	6,186	6,186
Travel not properly authorised	115	115
Budget overspend not approved	25,213	25,213
	455,644	**437,811**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

38. IRREGULAR EXPENDITURE CONTINUED

Irregular expenditure under assessment relating to procurement on behalf of the MLRF

The following possible irregular expenditure relating to procurement on behalf of the MLRF is currently under assessment.

	2021 R '000	2020 R '000
No tender processes	148,710	146,270
No RFQ process	32,955	32,955
No approval of cost in excess of approved PO	2,411	2,411
Less than 3 responses to RFQs	851	851
Non-compliance - documents missing	1,625	1,625
Contract management	3,462	539
	190,014	**184,651**

39. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

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

Net surplus per the statement of financial performance	(13,959)	8,520
Adjusted for:		
Fair value adjustments	182	82
Impairments/provisions recognised or reversed	529	(1,639)
Under/overspending of expenditure	19,950	(83,810)
Under/over recovery of income	3,242	81,947
Acturial gains and losses	214	(1,925)
Sundry income	(1,431)	(524)
Net surplus per approved budget	**7,305**	**2,651**

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

40. GUARANTEES

	2020 R '000	2019 R '000
81059816160 SA Mutual Life Assurance	36	36
81059926905 Portnet Saldanha	3	3
81059928876 Tuzl Gazi Waterfront	5	5
81059928877 Lofty Nel Efendomme	3	3
	47	**47**

These guarantees are held with ABSA Bank and they were taken up for office rentals as a susbsitute for the deposits system. The Authority however, still uses the deposits systems for the bulk of its lease agreements for office space.

41.NEW GRAP STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, there are GRAP standards and interpretations which were gazetted by the Minister of Finance but were not effective for the financial year under review. These standards are as follows:

GRAP 25 - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.

It is not expected to have a material effect on the entity.

Issued by the ASB in April 2021 and no effective date has been determined by the Minister of Finance.

42. BUDGET DIFFERENCES

Material differences between budget and actual amounts
Material variances are explained in Appendix 1 to the annual financial statements.

43. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to one principal-agent arrangement. This arrangement is with Transnet National Ports Authority. The entity is the principal in this arrangement.
Details of the arrangement(s) is|are as follows:principal in this arrangement.

43. ACCOUNTING BY PRINCIPALS AND AGENTS

NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Details of the arrangement(s) is|are as follows:

Transnet National Ports Authority (TNPA):

TNPA collects the SAMSA levies from vessels entering South Africa's territorial waters, and pays the levies over to SAMSA. There has been no changes to the terms and conditions during the reporting period.

The entity is the principal, as it directs the TNPA to undertake transactions (collection of the SAMSA levies) on behalf, and for the benefit, of SAMSA. The risks related to the arrangement is that TNPA could pay over less than the allocated amount to SAMSA, or that all levies are not collected from the vessels. The benefit to SAMSA is that it would require a significant investment in resources to collect the levies on its own.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no resources that have been recognised by agent in its financial statements.

Fee paid

	2021 R '000	2020 R '000
Fee paid as compensation to the agent	8,234	9,037

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, will include additional employees to be appointed and the procurement of a system to track all vessels entering South Africa's territorial water, or to interface with the TNPA system.

Budget Variances

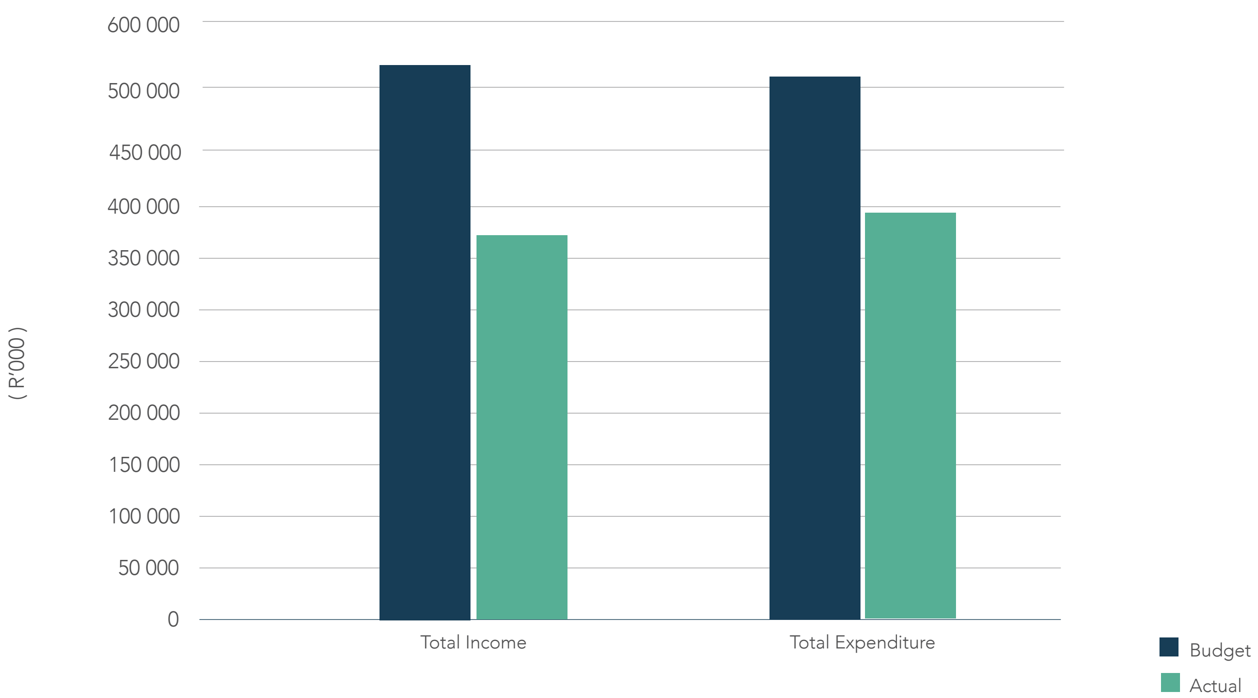
Appendix 1: Budget Variances

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. SUMMARY

For purposes of the below explanations, the revenue and expenditure from the vessel management services provided to the MLRF are excluded, as these did not form part of the SAMSA approved budget.

	Budget R '000	Actual R '000	Variance R '000	Variance %
Total Income	538 457	374 188	(164 269)	(30.5%)
Total Expenditure	531 152	390 035	141 117	26.6%



Appendix 1: Budget Variances

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. TOTAL INCOME

Total income of R374.2 million was 30.5% lower than the budget. This was due to the following:

2.1 SAMSA levies

SAMSA levies were R86.9 million (23.3%) below budget. Vessel tonnages were 12.3% below budget. The lower volumes were due to the effect of the Covid-19 pandemic and resultant national lockdown. The shortfall was further caused by the lower than budget tariff increase approved. The budget was based on a 19.0% required tariff increase, but an increase of 8% was approved. The increase was only implemented in September 2020 instead of April 2020 due to delays in the approval process.

2.2 Direct user charges

The budget shortfall of R7.7 million is due to the effects of the Covid-19 pandemic on volumes, as well as the lower tariff increases being approved for the year.

2.3 SA Agulhas revenue

The training revenue budget was based on the planned agreement with SAIMI, in which they would contribute to the training of cadets on the SA Agulhas. This revenue was not realised, as SAIMI was still waiting for their funding to be approved. This is partially off-set by savings on variable cost such as fuel and catering. There were also no charters undertaken during the year, resulting in no charter revenue.

2.4 Fines & penalties

Fines & penalties relates to amounts paid to the Maritime Fund, which is not budgeted for.

2. TOTAL EXPENDITURE

The total actual expenditure was R141.1 million (26.6%) lower than budget. The reasons for the over and under expenditure in different cost line items are analysed below:

3.1 Personnel

A saving of R50.1 million was realised against budget. This was mainly due to vacancies during the financial year. The budget was based on a headcount of 399 (including the SA Agulhas crew), while the average headcount of the entity was 347.

Appendix 1: Budget Variances

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3.2 Commission paid

The commission paid is lower than budget due to the lower SAMSA levies for the year.

3.3 SA Agulhas costs

The SA Agulhas cost was R42.1 million lower than budget. This was due to less activity during the year, resulting in lower costs. This was due to the national Covid-19 lockdown and the fact that no charter was undertaken during the year.

3.4 Consulting fees

Consulting fees were R6.4 million lower than budget. This was due to cost containment measures, as well as lower activity due to the national Covid-19 lockdown.

3.5 Legal fees

This includes the expenditure related to the Covid-19 pandemic, which consists of sanitizers, office cleaning, protective screens, etc. The spending was R1.0 million higher than budget.

3.6 Employee assistance programme

This includes the expenditure related to the Covid-19 pandemic, which consists of sanitizers, office cleaning, protective screens, etc. The spending was R1.0 million higher than budget.

3.7 Licenses

Licenses were R3.5 million higher than budget. This is due to various software licenses procured or renewed during the year, including Microsoft licenses.

3.8 Travel and accommodation

Local travel and accommodation was R14.2 million lower than budget, while overseas travel and accommodation was R5.2 million lower than budget. This was due to decreased travelling during the national Covid-19 lockdown, and the increased use of technology for meetings.

3.9 Cost containment and optimisation

The entity continued with its focus on cost containment and optimisation. This, together with the effect of the lockdown, resulted in underspending against budget on the following line items:

Appendix 1: Budget Variances

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- Advertising and promotions
- Computer expenses
- Conferencing costs
- Donations / social responsibility
- Staff recruitment
- Office alterations
- Printing & stationery
- Research programme
- Scholarship programme
- Staff training
- Cleaning services
- Telephone & fax
- Other expenditure

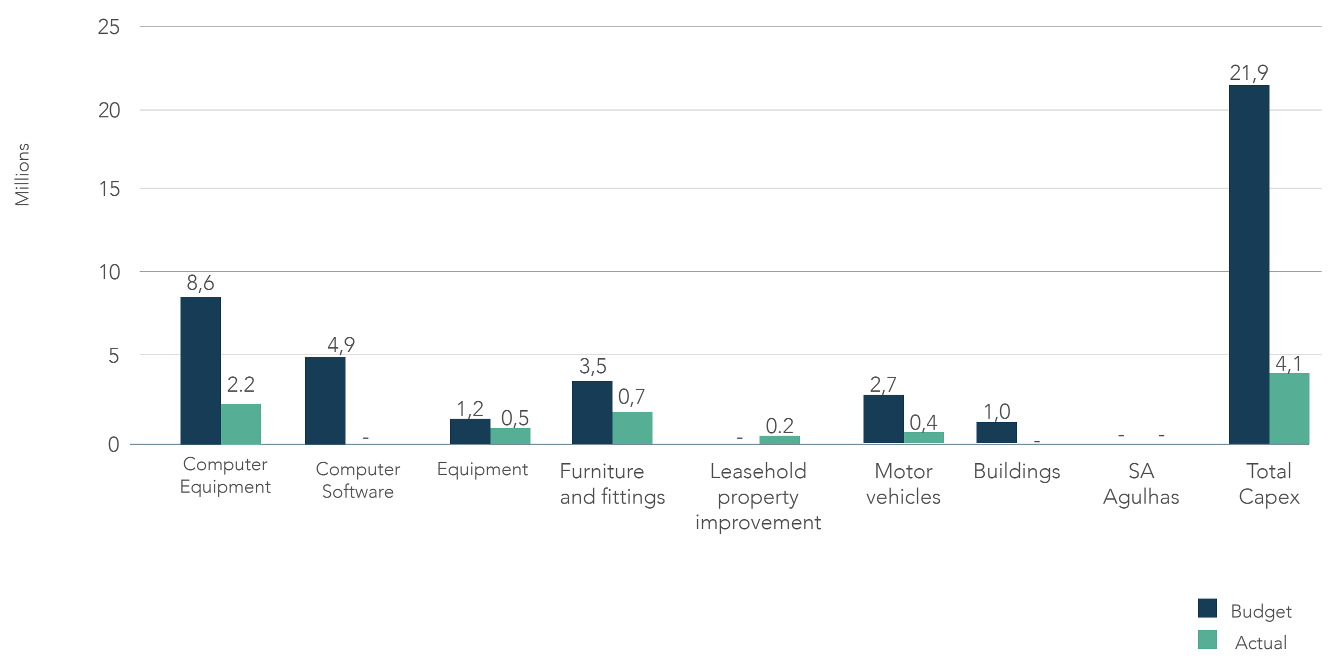
4. CAPITAL EXPENDITURE

The total actual expenditure was R88.3 million (17.4%) lower than budget. The reasons for the over and under expenditure in different cost line items will be analysed below:

Asset class	Budget 2021 R'000	Actual R '000	Variance R '000	Variance %
R'000	8 584	2 186	6 398	74.5%
R'000	4 948	-	4 948	100%
R'000	1 218	542	676	55.5%
%	3 466	731	2 735	78.9%
Leasehold property	-	230	(230)	0%
Motor vehicles	2 724	428	2 296	84.3%
SA Agulhas		4	(4)	0%
Building	960	-	960	100%
Total	**21 900**	**4 121**	**17 779**	**81.2%**

Appendix 1: Budget Variances

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



4.2 The reason for the variance between the actual and budgeted capex is that the actual capex spending was not carried out in line with the approved capex budgets and plans. This was due partly to the lockdown, as well as in order to conserve cash due to lower than budgeted tariff increase approved.

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