SOUTH AFRICAN CIVIL AVIATION AUTHORITY

25 YEARS

Keeping you safe in the sky

ANNUAL REPORT 2022/2023

SOUTH AFRICAN
CIVIL AVIATION
AUTHORITY

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ANNUAL REPORT
2022/2023 FINANCIAL YEAR

25TH YEAR ANNIVERSARY EDITION

25 YEARS OF THE SOUTH AFRICAN CIVIL AVIATION AUTHORITY

The South African Civil Aviation Authority, or the SACAA, is celebrating a silver jubilee milestone as the country's civil aviation safety and security Regulator. Here are twenty-five highlights over the last 25 years.

1998

The South African Civil Aviation Authority opens its doors officially on 8 October 1998.

2003

South Africa is elected for the first time to join the International Civil Aviation Organization (ICAO) General Council at the 34th General Assembly held in Montreal, Canada.

2007

South Africa participates for the first time in ICAO's Universal Safety Oversight Audit Programme and achieves a 77,13% effective implementation score in the critical elements on safety.

South Africa retains Category 1 status in the International Aviation Safety Assessments by the Federal Aviation Administration.

2009

The roles of the Commissioner of Civil Aviation and that of the Chief Executive Officer are merged into one role. The one position is now referred to as the Director of Civil Aviation.

2011

South Africa achieves 81,33% in the ICAO's Universal Security Audit Programme. This was achieved ahead of the GASeP target for States to achieve 80% by 2023.

2013

After acting for a period of 12 months, the first African female Director of Civil Aviation at the SACAA, Ms Poppy Khoza, is appointed by the Minister of Transport.

2014

The SACAA achieves the first clean audit in the Auditor-General's audit of the entity. The organisation has continued to achieve this for ten (10) consecutive years.

ICAO introduces its 'No Country Left Behind' Initiative aimed at helping developing states in implementing ICAO's Standards and Recommended Practices where South Africa, through the SACAA, is to play an integral role towards this in the Southern African region. To date the SACAA has cooperated with more than 20 countries over the years.

2014

The SACAA is voted the Best Performing Institution in Transport at the Department of Transport Annual Transport Awards. The organisation went on to win this title for another three (3) consecutive years. SA becomes the Chair of the ICAO Aviation Security Panel for two (2) consecutive terms

2015

The SACAA achieves its first 100% in the implementation of the Annual Performance Plan. This milestone is subsequently achieved eight (8) successive times.

South Africa promulgates the RPAS (Drone) regulations (Part 101). With drones having the potential to cause property damage and contravene the rights of citizens, the SACAA laid out laws for drone use in South Africa.

South Africa, through the SACAA, is appointed for the first time to chair the Collaborative Arrangement for the Prevention Health Events in Civil Aviation (CAPSCA) Africa Panel for an initial three year term.

Four years later, South Africa is appointed to chair the ICAO Safety Management Panel for the same three year period.

2017

South Africa increased its rating from 77,13% to 87,39% Effective Implementation (EI) rating under the ICAO's Universal Safety Oversight Audit Programme Continuous Monitoring Approach (USOAP CMA) against a global average of 67.50%. The SACAA is mandated by the Civil Aviation Act to lead the audit process on behalf of the state.

2016

The SACAA sets up an environmental oversight department guided by the ICAO indicators for Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), to stabilise net CO_2 emissions from international aviation. Subsequently, South Africa, through the SACAA, participated in a pilot project programme in 2018.

2018

The first-ever Global Aviation Gender Summit, hosted by SACAA in collaboration with ICAO, is staged. This was the precursor to the National Aviation Gender Summit, an annual key event that promotes the acceleration of gender equality in the aviation sector.

2021

The SACAA launched a smart card for aviation personnel, replacing the booklet which had previously been used to identify personnel. This makes South Africa one of the few countries in the world to use a smart card where licence holders and operators can access the data of aviation personnel in real time from anywhere in the world.

2022

The Director of Civil Aviation, Ms Poppy Khoza, is the first woman in the world to be elected President of the ICAO General Assembly. This happened at the 41st Session held in Montreal, Canada.

South Africa retains its Category 1 status at the conclusion of a safety assessment by the Federal Aviation Administration (FAA) of the United States, which found that South Africa complies with the applicable ICAO standards for civil aviation safety oversight.

South Africa received permanent recognition from the Transportation Security Administration of the USA for a cargo security system that is compliant with ICAO standards.

The SACAA receives special mention from the Office of the Auditor-General of South Africa (AGSA) after reporting nine (9) successive clean audits in the last 10 years, making it one of the country's best-performing state-owned entity.

The Director of Civil Aviation is the first recipient of the Gloria Heath Trophy bestowed upon her by the Flight Safety Foundation for championing the transformation of the aviation industry especially women empowerment.

2023

South Africa achieves a preliminary score of 91,79% in the ICAO USOAP-CMA audit, making the country the first African state to surpass the 90% mark and places the country as number 1 in Africa.

South Africa, through the Department of Transport and the SACAA, is bestowed with a special award by the African Civil Aviation Commission (AFCAC) for the outstanding preliminary International Civil Aviation Organization (ICAO) audit results.

The President of the Republic of South Africa approves the transfer of the South African Aviation Weather Services Oversight Function (Meteorological Authority) to the SACAA.

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31 August 2023

Ms Sindisiwe Chikunga, MP

Minister of Transport
Private Bag X193
PRETORIA
0001

Honourable Minister Chikunga,

It is a privilege and honour to hereby submit the 2022/23 Annual Report of the South African Civil Aviation Authority. This report gives a comprehensive account of the SACAA's performance and efforts to fulfil its mandate for the period 1 April 2022 to 31 March 2023.

Yours sincerely

.....

Mr Ernest KHOSA

Chairperson: SACAA Board

PART A
GENERAL INFORMATION

GENERAL INFORMATION

REGISTERED NAME:	South African Civil Aviation Authority
PHYSICAL ADDRESS:	Ikhaya Lokundiza 1 16 Treur Close Waterfall Park Bekker Street Midrand, Johannesburg
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TELEPHONE NUMBER:	0860 267 435
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WEBSITE ADDRESS:	www.caa.co.za
EXTERNAL AUDITORS:	Auditor-General of South Africa (AGSA)
BANKERS:	Standard Bank of South Africa
COMPANY SECRETARY:	Ms Nivashnee Naraindath (BA, LLB, LLM, Admitted Attorney)
ISBN NUMBER:	978-0-621-501138-3

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIID	Accident and Incident Investigation Division
AOC	Air Operator Certificate
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ASI	Aviation Safety Infrastructure
ASO	Aviation Safety Operations
AU	African Union
AvMed	Aviation Medicine
AvSec	Aviation Security
BA	Bachelor of Arts
B-BBEE	Broad-Based Black Economic Empowerment
CAC	Civil Aviation Commission
CAP	Corrective Action Plan
CA Act	Civil Aviation Act
CASP	Civil Aviation Safety Plan
CC	Compliance Checklist
CCMA	Commission for Conciliation, Mediation and Arbitration
CE	Critical Elements
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMA	Continuous Monitoring Approach
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
DCA	Director of Civil Aviation
DoT	Department of Transport
EDRMS	Electronic Document and Records Management System
EE	Employment Equity
ExCo	Executive Committee
ER	Employee Relations
ESC	Essential Services Committee
FIU	Flight Inspection Unit
GA	General Aviation
GASP	Global Aviation Safety Programme
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
HRC	Human Resources Committee
ICAO	International Civil Aviation Organization

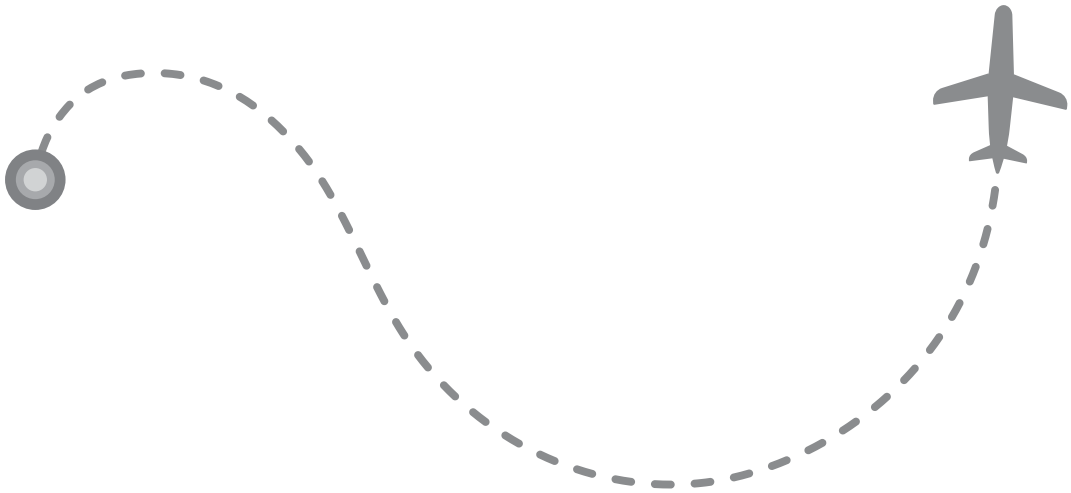
ABBREVIATIONS AND ACRONYMS

ICS	ICAO Compliance Section
ICT	Information and Communication Technology
ICVM	ICAO Coordinated Validation Mission
IESBA	International Ethics Standards Board for Accountants
ISAs	International Standards on Auditing
IT	Information Technology
LLB	Bachelor of Laws
LLM	Masters of Laws
MEC	Member of Executive Council
MP	Member of Parliament
MSA	Minimum Service Agreement
MTEF	Medium-Term Expenditure Framework
NASP	National Aviation Security Programme
N/A	Not Applicable
NDP	National Development Plan
NGO	Non-Governmental Organisation
NSFAS	National Student Financial Aid Scheme
NTCA	Non-Type Certified Aircraft
NUMSA	National Union of Metalworkers of South Africa

PAA	Public Audit Act
PAIA	Promotion of Access to Information Act
PESTLE	Political, Economic, Social, Technological, Legal & Environmental
PFMA	Public Finance Management Act
POPI	Act for Protection of Personal Information Act
PSC	Passenger Safety Charge
RA	Recognition Agreement
RAASA	Recreational Aviation Administration of South Africa
RPAS	Remotely Piloted Aircraft Systems
RPBO	Risk Performance Based Oversight
SA	South Africa
SAATM	Single African Air Transport Market
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Communities
SAE	Special Air Events
SARPs	Standards and Recommended Practices
SCM	Supply Chain Management
SMP	Stakeholder Management Plan
SOE	State-Owned Enterprise

ABBREVIATIONS AND ACRONYMS

SONA	State of the Nation Address
SPI	Safety Performance Indicator
SSEC	Safety, Security and Environment Committee
SSP	State Safety Programme
SWOT	Strengths, Weaknesses, Opportunities, Threats
TR	Treasury Regulations
UN	United Nations
USA	United States of America
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme



FOREWORD
by the Board Chairperson

Mr Ernest Khosa

INTRODUCTION

It is my immense pleasure to present the South African Civil Aviation Authority's (SACAA's) Annual Report for the 2022/23 financial year on behalf of the Board of Directors and the management of the SACAA. This is the fifth Annual Report presented under my leadership as Chairman of the SACAA Board since 1 December 2018.

This Annual Report is presented during a period of recovery from the ravages caused to the aviation industry by the COVID-19 pandemic. According to ICAO, the global number of passengers suggests that 75% of pre-pandemic levels have been reached. South Africa's total passenger numbers for the 2022/23 period are 16,550,895. Consequently, the SACAA also started to experience a gradual recovery in its income from the passenger safety charge, which represents the bulk of the Regulator's income.

Even though both the aviation industry and the SACAA are embracing the beneficial effects of these positive signs, the recovery process of the aviation industry is not finalised yet, as passenger numbers remained 26% below pre-COVID levels. This implies that the Regulator will still need to continue its efforts at cost curtailment to ensure that the organisation continues to deliver on its mandate diligently.

This is the third Annual Report that falls within the SACAA's Five-Year Strategic Plan period, covering the 2020/21 to 2024/25 financial years. The Strategic Plan guides us in terms of the SACAA's delivery against the assigned mandate over the five-year period.

STRATEGIC OVERVIEW AND PERFORMANCE

It is noteworthy to report that the entity achieved a 96% achievement against the set objectives in the Annual Performance Plan, which is a deliverable in the Performance Agreement between the Board, the Director of Civil Aviation, and the Executive Authority.

Although there was a minor drop in performance during the year, the entity did exceed some set targets over this period, and this is commendable. As the Board, we are confident that the necessary measures are in place for SACAA to retain its track record of 100% performance.

Furthermore, a strengthened safety and security oversight system is one of the objectives of the five year cycle of the Strategic Plan. In this regard, the Regulator met its target of implementing the industry cyber security strategy and inspections of operators in terms of the amended regulations that have commenced during the reporting period.

Another progressive step by the Regulator is the implementation of the risk-based oversight methodology. This methodology complements the new oversight approach from ICAO and the traditional compliance-based oversight approach, which the organisation is currently implementing. This will no doubt strengthen our oversight capabilities and enhance the service offerings of the Regulator.

The Minister of Transport instructed the Regulator and the industry to reduce the number of accidents in the general aviation sector by 50% by the end of the current strategic cycle. This target supports the Regulator's target of reducing fatal accidents by 50% in the same period. The Regulator is reporting positive results on both fronts as the number of accidents decreased by 15% and the fatal accidents decreased by 25% during the reporting period. Furthermore, the recent preliminary results from the USOAP CMA safety audit conducted by ICAO revealed that South Africa has increased its Effective Implementation (EI) level to around 92%, thereby exceeding the five-year target set by the SACAA of improving the State's EI to 90% by 2025.

These results are very encouraging and motivate us to continue our mission of improving oversight, in fulfilment of the SACAA mandate, as enunciated under the Civil Aviation Act.

GOVERNANCE

The SACAA continues to have a solid foundation of irreproachable integrity in terms of the Minister's governance targets. The development and implementarion of the Ethics, as well as the Fraud and Corruption annual plans, are in line with the strategic outcome of good corporate governance and organisational effectiveness. The ethical tone has been engrained by the Board and Management of the SACAA over the years and has strengthened the entity's ethical maturity.

FINANCIAL PRUDENCE

This solid foundation is underlined by the financial prudence exercised by the entity, exemplified by the unqualified audit outcome from the Auditor-General's office. The organisation continues to exercise restraint by practicing cost-cutting measures and is still receiving support from the Shareholder as it journeys towards financial recovery, following the aftermath of the global pandemic.

CHANGES TO THE BOARD AFTER YEAR-END

Even though the Board continues to be effective at a strategic level, there were three vacancies during the year, which limited the membership on committees. I am pleased to report that the Minister of Transport appointed two new members to the Board – Mr Tshepo Peege and Advocate Mpati Lebakeng, effective from 23 June 2023.

I wish them well in their appointment as we look forward to their contribution to the organisation, where they will no doubt enhance the skills set on the Board while also strengthening our oversight missions further.

We look forward to reaching new heights with the SACAA Board.

ACKNOWLEDGEMENTS

On behalf of the entire SACAA Board, I would like to express my appreciation to the former Minister of Transport, Mr Fikile Mbalula, for his support and leadership. I also take this opportunity to welcome the current Minister, Hon Sindisiwe Chikunga and the Deputy Minister, Hon Lisa Nkosinathi Mangcu, both of whom took their reins during the reporting period.

They have taken up their responsibilities with great zeal and passion, while providing the SACAA with encouragement, guidance, and wisdom in ensuring that the Regulator executes its given mandate.

We are also grateful for the continued financial support that is received from the Department of Transport as the Regulator nurses itself back to financial health. The financial support received from the Shareholder over the past three years has assisted the entity immensely as it continues to recover from the effects of the global pandemic.

I would like to commend the Director-General of the Department, Advocate James Mlawu, as well as the Transport Portfolio Committee, for their support during the past financial year.

I would also like to express my gratitude to my fellow Board members, past and present, for their leadership and guidance to the SACAA Management throughout the reporting period. The continued progress of the SACAA for the 2022/23 financial year is evidence of their commitment.

The SACAA Management and all employees under the leadership of the Director of Civil Aviation, have yet again demonstrated exceptional performance as witnessed by the achievements recorded in the financial year under review. For this, I would like to thank the SACAA team as we continue to forge ahead with the industry's recovery.

CONCLUSION

The marked return of aviation to the transport industry, globally and locally, is cause for celebration. This does not mean that we are quite there yet – careful discretional spending remains the order of the day, and client service is key as the Regulator helps to nurture the aviation industry back to its former prosperity.

Remaining prepared in terms of the risks that face the fragile aviation industry is still the best defence for the aviation industry. The Civil Aviation Pandemic Preparedness Plan of the SACAA is a guide to ensure the availability, continuity, and sustainability of critical air transport services.

Regarding the financial sustainability of the entity, the growth of passenger numbers in the reporting period, as the impact of the global pandemic receded, gave the SACAA a financial boost even though passenger numbers remained 26% below pre-COVID levels. The continued financial support from the government assisted the Regulator in continuing with the uninterrupted delivery of its mandate, and I believe that this annual review will display another year of recovery, sustainability, and service delivery according to the track record of the Regulator.

As we approach the 25th year of existence of the SACAA, it is gratifying to note how this entity has gone from strength to strength with an exemplary record of more than 36 non-fatal, accident-free years in the scheduled airline industry.

I wish the entity all the best in the next financial year of this exciting journey.

Yours sincerely,

Mr Ernest Khosa

Chairman: SACAA Board

Date: 31 August 2023

OPERATIONAL OVERVIEW

by the Director of Civil Aviation

Ms Poppy Khoza

INTRODUCTION

It is my honour to join the Board in presenting the SACAA's Annual Report for the 2022/23 financial year. This report provides an overview of the strategic and financial performance covering the period from 1 April 2022 – 31 March 2023. It also signifies the end of the third year of delivery in the current five-year strategy under the 6th Administration.

I present this at a time when the recovery of the aviation sector is in full motion and when there are more passengers than had initially been forecasted following the outbreak of the COVID-19 pandemic.

OVERVIEW OF THE ORGANISATION'S PERFORMANCE

The 2022/23 financial year was a busy year for the SACAA, having gone through two major international safety and security audits by ICAO and finalising a safety assessment by the Federal Aviation Administration (FAA), which had started in 2021. Not only did the State excel in the safety audits, but the State also did not attract any Significant Safety or Security Concerns in both audits and went on to retain the Category 1 status in the FAA assessment.

The organisation reported a tenth (10) clean audit in the last 11 years, as confirmed by the Office of the Auditor-General of South Africa (AGSA), with no findings attracted in the financial, supply chain management, and predetermined objectives as set out in the Annual Performance Plan of the organisation for the 2022/23 financial year. All but one of the organisation's targets were achieved as demonstrated in the performance information report. It is encouraging to note that no adverse findings were raised by the Auditor General, signalling that the organisation's monitoring and reporting are not only accurate but also reliable.

STRENGTHENING OF THE SAFETY AND SECURITY OVERSIGHT SYSTEM

Aviation Safety:

The scheduled airline industry can be counted as one of the safest modes of transport, considering that South Africa has yet to record a fatal airline accident in more than thirty-six (36) years. This is a safety record we are proud of and want to maintain through continued diligent and consistent oversight, as we have done even in this reporting period.

In 2021, the Minister of Transport directed the Regulator and the general aviation sector to reduce the number of accidents in this sector by 50%. As a result of this collaboration, the Regulator and the general aviation sector managed not only to reduce accidents but also managed to reduce fatalities.

It is pleasing, therefore, to report that a further reduction has been noted in the number of accidents, fatal accidents, and fatalities during the reporting period by 15%, 25% and 29%, respectively.

As part of the SACAA's mandate, the Regulator conducts scheduled and ad-hoc inspections on all active operators through the roll-out of the Master Surveillance and Oversight Plan.

I am pleased to report that the Regulator exceeded the target of 95% in the aviation safety operations by 7,4%, aviation security by 9,5% and aviation safety infrastructure audit areas by 2,9%.

During the financial year, the organisation completed the International Aviation Safety Assessment (IASA) that started in November 2021. From 11 to 14 July 2022, the FAA concluded their assessment with a physical visit and the final outcome indicated that South Africa retained its Category 1 Status in the FAA ratings. This outcome comes with the reassurance that South African operators can continue operating directly and unhindered in the US.

In this period, South Africa was also scheduled in the 2023 cycle to form part of the ICAO's Universal Safety Oversight Audit Programme Continuous Monitoring Approach, with the previous one having taken place in 2017. The audit was scheduled from 22 March to 3 April 2023. At the closing meeting, ICAO confirmed that South Africa had obtained a preliminary score of around 91,79% in the effective implementation of the critical elements of safety oversight. This is an excellent improvement from the previous score of 87,39% that South Africa had held before this audit, confirming the country as number 1 in Africa and among the top countries in the world, and the first African State to surpass the 90% mark in the USOAP CMA audit.

The organisation is on track in terms of delivering on the Civil Aviation Safety Plan, which is aligned with ICAO's Global Aviation Safety Plan (GASP). In this regard, the State is reporting progress in all six GASP goals, as follows:

- Zero fatal accidents in international commercial operations.
- Safety Oversight Index that is greater than 1 in all categories.
- Current EI score of over 90%.
- State Safety Programme (SSP) foundation at 97,86%, and SSP implementation at level 3 of 4.
- South Africa is participating in regional safety structures, among others.

Aviation Security:

One of the responsibilities of the SACAA is to manage international safety and security audits on behalf of the State. The SACAA was visited by the Transport Security Administration (TSA) from the United States in June 2022, when the TSA confirmed the permanent recognition of South Africa's cargo security regime as being on par with the systems in the United States. This comes with huge economic benefits for South African operators in this space.

The organisation also led the State's ICAO Universal Security Audit Programme Continuous Monitoring Approach, which took place from 15 to 26 August 2022. It was the first time that the State participated in this new audit methodology; however, we are excited to report that no Significant Security Concern was attracted in this audit, which is in line with the target set in the APP for the 2022/23 financial year.

To maintain continuous security awareness, the SACAA continued to roll out its Year of Security Culture campaign, partnering with the aviation security sector to deliver Aviation Security exhibitions at 14 of the country's airports, which were positively received by airport users and passengers alike.

The Regulator developed an industry Cyber Security Strategy three years ago in line with developments at ICAO. During the reporting period, the organisation met all the targets planned for the second year in rolling out this strategy, which saw the first cyber security audits taking place at several of the airports in the country. The organisation previously reported that a multi-stakeholder Cyber Security forum was established, and the amendment of the National Aviation Security Programme (NASP) also took place, whilst guidance material for inspectors and the industry was successfully developed.

The roll-out of the Risk-Based Oversight model project is gaining momentum, with efforts to collect data from South African operators having recorded great progress during this reporting period. This phase of the project will be followed by the training of inspectors and the industry, before the migration to risk-based oversight, hopefully by 2025.

FINANCIAL SUSTAINABILITY OF THE REGULATOR

The total revenue of R885.6 million for the year under review increased by 14.2% compared to 2021/22. It is 2.5% higher than budgeted for the financial year under review, largely due to higher-than-expected passenger numbers during the financial year. Income from passenger safety charges increased by R157.7 million or 52.9%, compared to the previous financial year, due to higher passenger numbers, and user fees increased by R24.8 million or 22%. Income from the fuel levy decreased slightly by 8.5%, as more air cargo was routed through the cargo holds of increasing scheduled passenger flights.

Financial support from the Department of Transport decreased from R277.6 million in the previous financial year to R187.9 million in the year under review. The continued support by the Department to assist the entity in staying afloat in the wake of the global pandemic is much appreciated.

Over and above the unqualified audit achieved in the AG audit, the SACAA recorded zero fruitless and wasteful expenditures during the reporting period. All undisputed invoices received by the Finance Department were processed and paid within 30 days, in line with the governance targets of the Minister of Transport.

During the reporting period, the organisation completed the Activity-Based costing model project in all technical areas. The intention of the organisation with this project is to ensure that the user fees that the Regulator recovers from the industry relate to the cost incurred to deliver the service.

The SACAA has already consulted the Department of Transport and Finance and preliminary consultations

have commenced with industry towards the roll-out of the new fee structure. This process will now follow the regulated tariff amendment process.

INNOVATION AND TECHNOLOGY

The 2022/23 financial year marked the end of the three-year ICT strategy, with the organisation achieving all its targets in the implementation of the strategy.

I declared 2022/2023 as the Year of the Client, and the automation journey that the organisation started more than four years ago, was earmarked as the vehicle through which the promise of efficient services would be delivered to the clients.

Having implemented modules that were internally focused in previous financial years, the 2022/23 financial year focused on major projects that directly benefitted the clients. To this end, the SACAA launched an interactive website powered with an eService portal that enables operators who are already holders of SACAA approvals to renew their various certificates by using this end-to-end online system, even allowing them to pay via credit cards. The facility will soon include many other payment methods. The portal enables the industry to book and pay for their examinations online; they can verify the credentials of Aviation Training Organisations before registering at an aviation school, etc. The biggest benefit of the system is that clients are able to track their applications in real-time and can therefore follow up when there are any delays with their applications.

The phasing in of automated card licences, with their security benefits and real-time updates, is nearing completion, with only the Commercial Pilot's licences and Airline Transport Pilot's licences still being implemented.

The SACAA also launched a Client Contact Centre that operates from 7 a.m. to 5 p.m. and is equipped with knowledgeable agents to assist with client queries on the spot. The contact centre statistics already show that service levels are above 90%, which is in line with the 20-second call pick-up target. The next phase of the automation project is to process all new applications online without the need to visit the SACAA offices.

AN ENHANCED HUMAN CAPITAL STRATEGY

The Board approved a five-year Human Capital strategy that is aligned to the organisational strategy three years ago. During the reporting period, the organisation recorded several milestones in the implementation of the Human Capital strategy. The organisation introduced a women mentorship programme for individuals and groups. This programme is one of the activities implemented by the organisation to ensure gender equality within the organisation.

The organisation also concluded the three-year skills audit project whose focus was ensuring that employees are adequately skilled to deliver on the mandate of the Regulator and that the employees' development is prioritised. The organisation rolled out the learnership programme, which I approved in the previous financial year. With this roll-out, a number of young South Africans were taken through ICT and coding training gaining an NQF level 5 qualification.

The organisation continued to support graduates with the internship programme where 31 interns are actively acquiring experience in their chosen fields of study. About 50 employees benefited from the Employee Bursary programme.

The organisation also hosted a series of activities during the Culture Week promoting the client-centricity, ethics and performance excellence culture pillars. These activities were aimed at further entrenching a culture that is consistent with the organisation's values.

The organisation also celebrated and recognised employees who went the extra mile in performing their duties during an employees' excellence awards

ceremony that took place in November 2022. A wellness day that included a workout session and physical wellness checks for employees was conducted in December 2022.

STAKEHOLDER RELATIONS AND SERVICE EXCELLENCE

The organisation is rolling out a five-year Stakeholder Management Strategy, which was approved by the Board three years ago. The objective of this strategy is to ensure that the expectations of the SACAA stakeholders are not only known but that they are also met. The SACAA stakeholders have been mapped, analysed and prioritised.

Stakeholder forums have been established and are being used to consult, engage and keep the industry informed of the Regulator's plans and strategies. During this reporting period, all the stakeholder forums met in terms of the approved Terms of Reference developed for each forum.

The SACAA has an obligation to educate the industry on any regulatory changes taking place within the civil aviation regulatory regime. Several industry workshops took place, covering various sectors of the industry including aerodromes, aviation environmental protection, aviation security, etc.

The SACAA is also fulfilling its developmental obligation by implementing an outreach programme to create awareness among previously disadvantaged learners and educators. The SACAA has increased the number of learners reached to 39 962 learners, an increase from the 37 221 reached in the previous financial year.

TRANSFORMATION WITHIN THE SACAA AND WITHIN THE INDUSTRY

The SACAA's racial profile continues to reflect the demographics of the country and this is an indication that the organisation is truly transformed, with 89% of the employees being black and 11% white. The structure also showcases gender equality, with 51% of the staff being female and 49% male. There is a 50% female representation within the Executive, while 91% of the 11 members serving in the Executive are black.

The aviation industry still has some catching up to do in terms of racial transformation and gender equality. For example, as of 31 March 2023, the licensing statistics indicated that female pilots' licences in all categories stood at 883 African, 94 were Coloured, 75 were Indian and 1 066 were White. Regarding male pilots' licences in all categories, 1 740 were African, 377 Coloured, 392 Indian and 12 720 White.

The SACAA continued to implement the External Bursary Programme, which targets previously disadvantaged communities and students and aims to create a pipeline of qualified aviators. Since the launch of the bursary scheme, the organisation has supported in excess of 90 recipients in the pilot, aircraft maintenance and aeronautical engineering professions.

For this reporting year, the organisation managed to provide financial and non-financial support to ten (10) nominated Small, Medium and Micro Enterprises (SMMEs). The organisation also paid ten SMMEs within 15 days of invoicing to boost the cash flow of these small businesses.

REGIONAL COOPERATION MISSIONS

The SACAA is in full support of ICAO's "No Country Left Behind" (NCLB) Initiative, with the main goal being to assist struggling States with compliance to ICAO's Standards and Recommended Practices (SARPs) so that all States can contribute to the socio-economic benefits brought about by a safe and reliable air transport system. The SACAA continues to advocate for regional cooperation with counterparts, primarily in the SADC region and elsewhere on the continent to achieve safety and security compliance with the ICAO SARPs. Therefore, I am pleased to report that 22 key

regional cooperation missions within the SADC region as well as other sub-Saharan States, were conducted during the reporting period.

South Africa has also been cooperating and contributing in terms of assistance, capacity-building, and training on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) programme to recipient States since 2018. Furthermore, South Africa was a vital part of the 41st International Civil Aviation Organization (ICAO) General Assembly, when the Assembly agreed on net-zero carbon emissions by 2050 in support of the UNFCCC Paris Agreement's temperature goal; as part of the long-term global aspirational goals (LTAG).

GOVERNANCE AND ORGANISATIONAL EFFICIENCY

The organisation recorded another unqualified and clean audit outcome with no findings in the 2022/23 financial year audit. In an unprecedented move, the organisation recorded ZERO findings in all areas of the audit. The organisation also closed all the findings raised in the 2021/22 financial year. The organisation successfully implemented the Ethics and Forensic Fraud and Corruption Annual Plans, which were approved by the Board at the start of the financial year. Furthermore, all Parliamentary Questions received during this period were responded to and dispatched to the Department of Transport within the stipulated time frames.

To ensure a strong control environment, the organisation closed all the major and significant findings raised in the internal audit and ISO quality management system audits. Both audit methodologies are based on a risk-based approach.

BUSINESS CONTINUITY AND RESILIENCE

Being prepared for any eventuality is the hallmark of a stable organisation. The Regulator, therefore, continued to ensure operational resilience by means of Business Continuity Plans that are aimed at dealing with business disruptions of any size, in any location, from power outages to weather-induced calamities, political unrest, spillages or even pandemics. The effectiveness of the programme was assessed twice during 2022/23 to ensure that users remain productive while maintaining the necessary levels of safety, security, and access control to corporate resources.

CHALLENGES FACED BY THE SACAA

In the wake of the COVID-19 pandemic, the organisation still dealt with lower passenger numbers, which was compounded by the results of the demise of Comair and the increases in fuel prices. On 22 June 2022, the Minister of Health repealed the Regulations relating to wearing face masks to contain the spread of COVID-19, gatherings to contain the spread of COVID-19 and the regulation of persons entering the country.

This marked the slow return to life as we knew it in the organisation, and employees were instructed to return to the office for a minimum of three days a week or as required. Lifting lockdowns also resulted in a gradual increase in passenger activity, with the correlating gradual improvement of organisational income, also as the result of increased user fees.

However, the Regulator, together with the rest of the world, cannot afford to assume that a crisis such as the global pandemic will not hit us again, and the challenge that we face is to remain even more ready and prepared for any crisis that may strike. In this regard, South Africa is a member of the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA), a voluntary cross-sectorial, multi-organisational collaboration programme managed by the ICAO with support from the World Health Organisation (WHO). The roll-out of the revised Civil Aviation Pandemic Preparedness Plan was beefed up to ensure that we are better prepared for any communicable disease that may affect the sector in the future.

General Aviation has always been one of the main challenges for the Regulator in terms of aviation safety, and although general aviation accidents, fatal accidents and fatalities were reduced in the reporting period, which is welcome news, coinciding with an increase in aviation activity after the global pandemic, great vigilance continues to be advocated by the organisation. The mid-term review of the General Aviation Safety Strategy is meant to investigate whether the efforts implemented by the Regulator and the industry will yield even greater results and whether there is a need to change gear in terms of the activities meant to propel the decline in the number of accidents, fatal accidents, and fatalities. We hope to end this strategy cycle on a positive note in this regard.

CONCLUSION

Operationally, the financial year under review was another successful chapter in the history of the SACAA, a history that in 2023 records 25 years of the Regulator's mission of ensuring a safe, secure, and sustainable civil aviation industry and fulfilling our promise to the flying community of keeping all aviation end users and teams safe in the sky.

This reporting period delivered very admirable results, as the State also retained its seat in the General Assembly of the ICAO during the 41st Assembly of member states. As we continue to cement the role of South Africa on the global aviation stage, we look forward to finding more ways to contribute to the development of aviation, not just in this country but within the Region.

I am confident that we will continue to support the industry and safeguard aviation safety, security, and the environmental impact as we chart our way forward.

ACKNOWLEDGEMENTS

In recognising the results from this reporting period, I would like to thank the previous Minister of Transport, Mr. Fikile Mbalula, for always believing in the ability of the Regulator to deliver on its mandate and for the unwavering support and guidance whenever it was needed. The incumbent Minister, Honourable Ms. Sindisiwe Chikunga, has been a constant voice of reason and a pillar of strength to the Regulator. The passion we witness in her whenever she addresses the challenges faced by this industry has contributed to the progress that has been registered to date. We welcomed the Deputy Minister, the Honourable Mr Lisa Mangcu, just as we concluded this reporting period, however, we have already felt his presence immediately, and we look forward to his leadership, especially in the light of his previous engagements with the Regulator in Parliament.

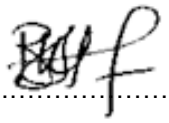
I regard this as a purple patch season, where there were some ground-breaking successes in our aviation sector, none higher than the ICAO USOAP CMA audit that took place in 2023, which proved that the South African structures and sector practices are the best in Africa and among the leading nations in the world in terms of the implementation of aviation safety and security measures.

Were it not for the Department of Transport and guidance from the Parliamentary Transport Portfolio Committee and their support, none of this would have been possible.

I would like to extend my appreciation to the Board, led by the Chairperson, Mr Ernest Khosa, who has ensured that the organisation continues to be an exemplary state-owned enterprise with yet another clean bill of health within our business model, and for ensuring that the SACAA culture remains that of a world-class civil aviation regulator.

Allow me to also express my sincere gratitude to Professor NV Dyani-Mhango and Mr M India, who retired from the SACAA Board with effect from 31 May 2022. Their dedication and perseverance in serving on the SACAA Board over a number of years is indeed appreciated. I would also like to welcome the two new members to the Board, Mr Tshepo Peege and Advocate Mpati Lebakeng, who joined the organisation as we were compiling the report.

To the SACAA management and staff, you have demonstrated immense dedication and contributed greatly towards fulfilling our mandate obligation and to the daily functioning of this organisation. No words are adequate to describe this! We are entering a new phase in the industry as the turbulence brought about by the pandemic in the previous two years is now behind us. Let us look ahead to a brighter horizon and the new chapter that the 2023/24 period holds for us.



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Ms Poppy Khoza

Director of Civil Aviation

Date: 31 August 2023

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 are consistent with the annual financial statements audited by the Auditor-General of South Africa.

The annual report is complete, accurate and 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 (Part F) have been prepared in accordance with the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended, and standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance for the integrity and reliability of performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information, and financial affairs of the public entity for the financial year ending 31 March 2023.

Yours faithfully,

Director of Civil Aviation

Ms Poppy Khoza

Date: 31 August 2023

Chairperson of the Board

Mr Ernest Khosa

Date: 31 August 2023

STRATEGIC OVERVIEW

OUR CORE IDEOLOGY

VISION

To be a world-class civil aviation regulator

MISSION

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

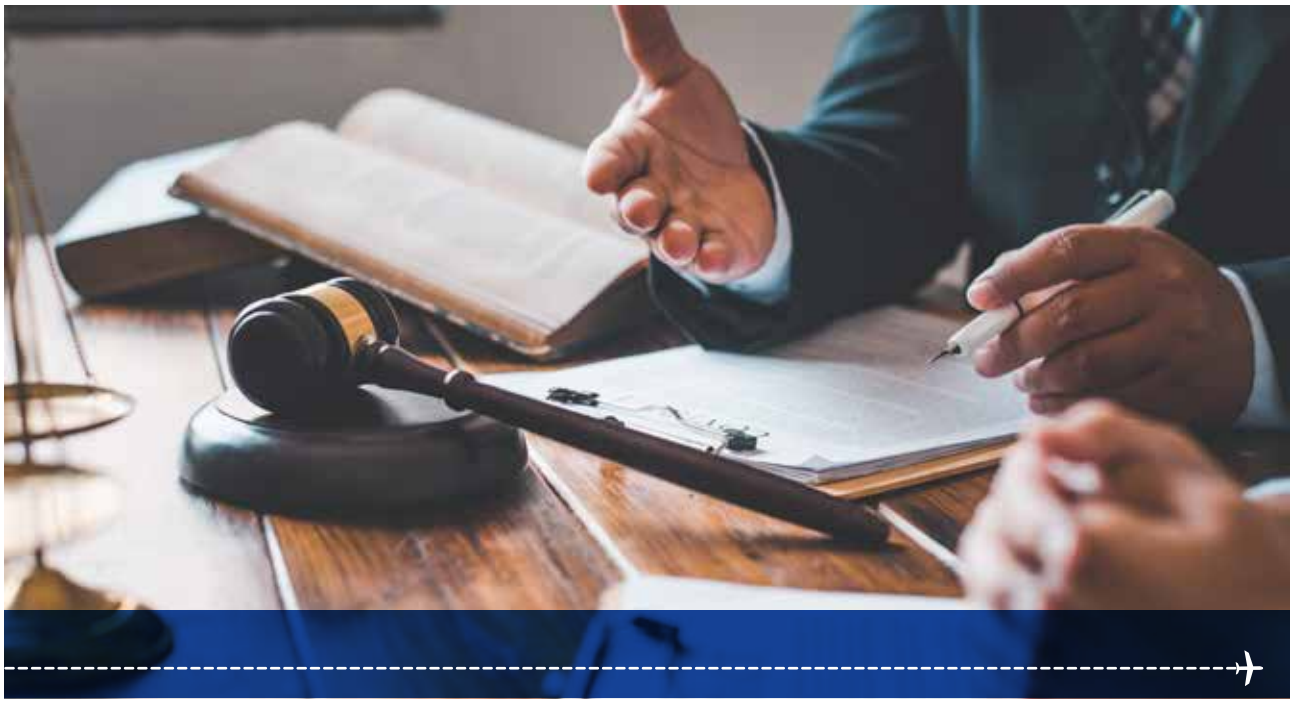
BRAND PROMISE

"Keeping you safe in the sky."

Values

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

Table 1: SACAA Values and Attributes



LEGISLATIVE AND OTHER MANDATES

THE ACT

The South African Civil Aviation Authority (SACAA) is an agency of the Department of Transport (DoT), established on 1 October 1998, following the enactment of the now repealed South African Civil Aviation Authority Act, 1998 (Act No. 40 of 1998). This Act was replaced by the Civil Aviation Act, 2009 (Act No. 13 of 2009), which came into effect on 31 March 2010.

As outlined in the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999), the SACAA is a Schedule 3A public entity. The PFMA designates the SACAA's Board of Directors as the organisation's Accounting Authority responsible for governance, while the Minister of Transport is the Executive Authority.

The Civil Aviation Act provides for the establishment of a stand-alone authority mandated with controlling, promoting, regulating, supporting, developing, enforcing, and continuously improving levels of safety and security throughout the civil aviation industry. The above is achieved by complying with the Standards and Recommended Practices (SARPs) of the International Civil Aviation Organization (ICAO) while considering the local context.

The SACAA, through a Ministerial order, is mandated with the administrative functioning of the Aircraft Accident and Incident Investigation Division (AIID), while the Department of Transport is responsible for the functional running of this unit.

At the time of its establishment, the SACAA was also tasked with running the Flight Inspection Unit, whose aim is to conduct calibration and flight inspection of ground radio navigational aids in South Africa and beyond.

ICAO COMPLIANCE

The International Civil Aviation Organization (ICAO) is a United Nations (UN) specialised agency established by Member States on 7 December 1944 to manage the administration and governance of the Convention on International Civil Aviation (Chicago Convention).

ICAO works with the Convention's 193 Member States and industry groups to reach a consensus on international civil aviation Standards and Recommended Practices (SARPs) and policies in support of a safe, efficient, secure, economically sustainable, and environmentally responsible civil aviation sector.

ICAO Member States use these SARPs and policies to ensure that their local civil aviation operations and regulations conform to global norms, which in turn permit more than 100,000 daily flights in aviation's global network to operate safely and reliably in every region of the world.

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

The Republic of South Africa, as a signatory State to ICAO, is committed to working with the international community to ensure safer and secure skies. This is coordinated through the Department of Transport, Airports Company South Africa and Air Traffic Navigation Systems as they are required to collaborate in order to achieve this mandate. The SACAA, through the CA Act, of 2009 (Act No. 13 of 2009), has a mandate to regulate aviation safety and security in accordance with ICAO prescripts.

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

The CEs of a safety and security oversight system encompass the whole spectrum of civil aviation activities. The effective implementation of the CEs indicates a State's capability regarding safety and security oversight.

Diagram 1 demonstrates the regulatory areas depicted under the different critical elements. CE 1 to 5 pertain to the establishment of the safety and security systems, while CE 6 to 8 address the effective implementation of such systems by the Regulator.

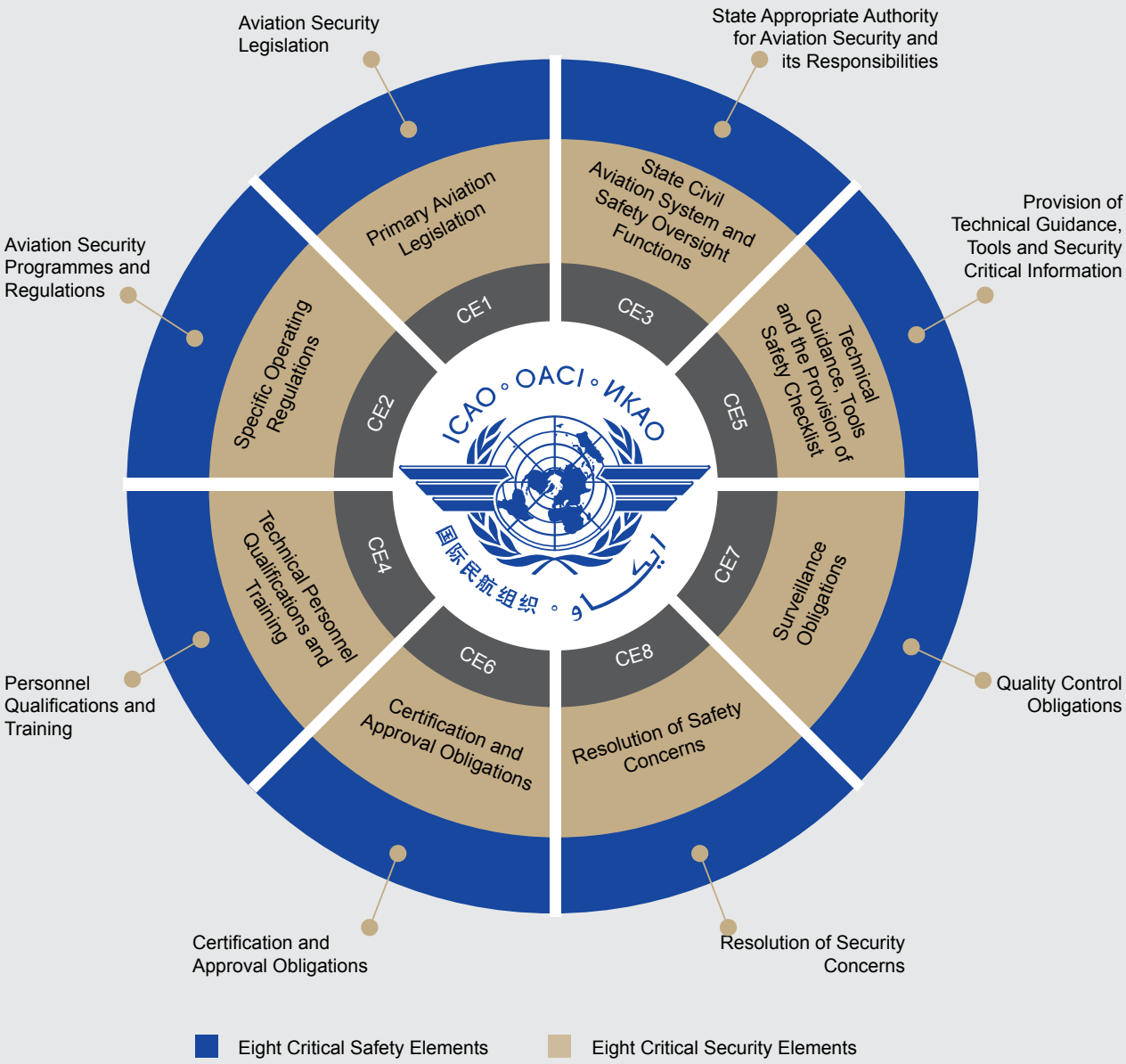


Diagram 1: Critical Safety and Security Elements (CEs)

MANDATE OF THE AIRCRAFT ACCIDENT AND INCIDENT INVESTIGATION DIVISION

The Accident and Incident Investigation Division (AIID) is the authority responsible for air safety investigations in South Africa. In accordance with Annex 13 of the International Civil Aviation Organization (ICAO) guidelines and Part 12 of the Civil Aviation Regulations (CAR) 2011, AIID is authorised to:

- Investigate accidents and incidents to determine their probable causes,
- Identify systemic weaknesses in the activities of the civil aviation industry, and
- Where permissible, issue safety recommendations to prevent the recurrence of accidents.

The purpose of the aforementioned investigations is not to apportion blame or liability.

A Ministerial Order directs that the AIID reports operationally to the Minister of Transport, through the Department of Transport, and administratively to the SACAA.

SACAA ORGANISATIONAL STRUCTURE

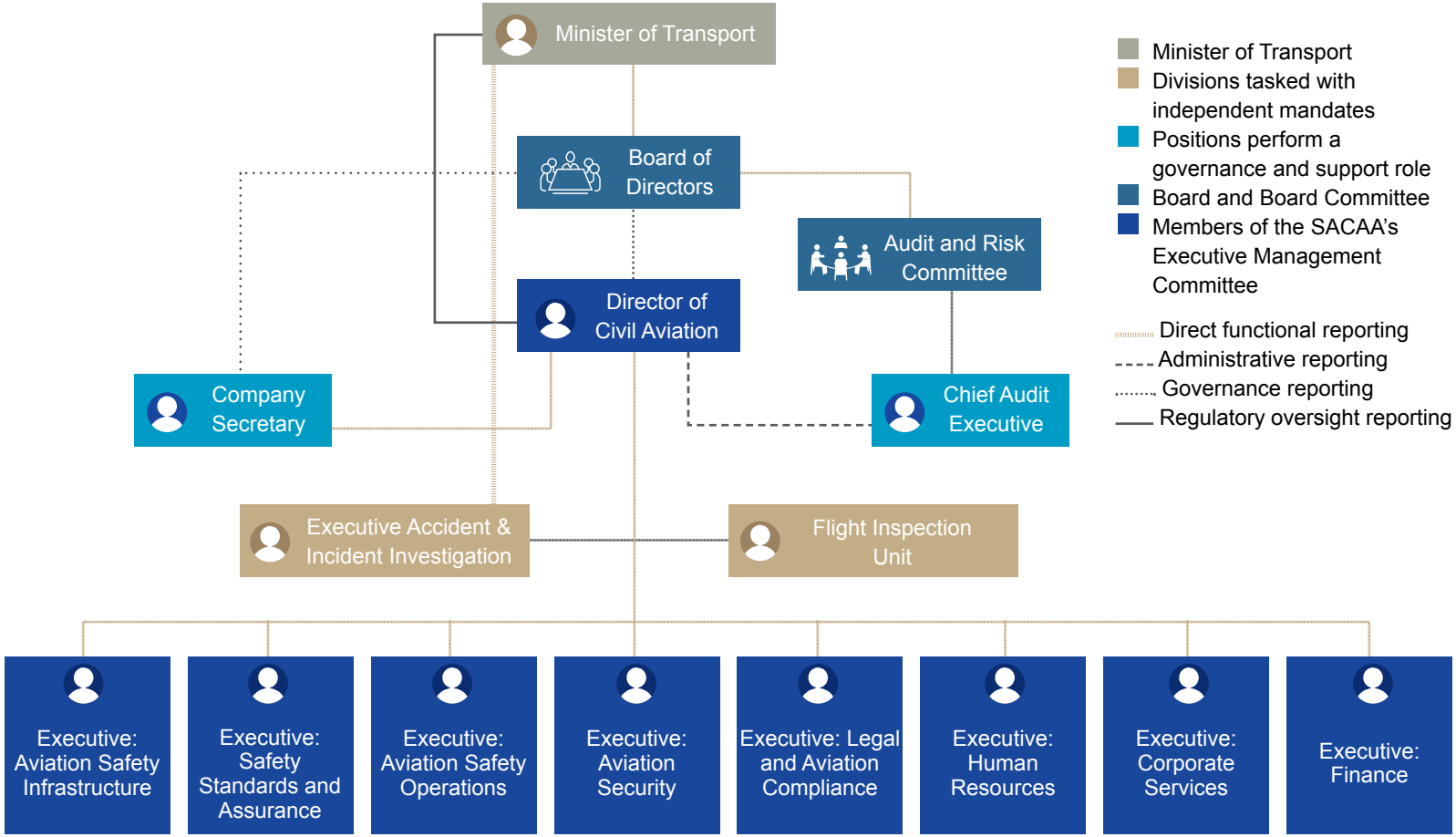


Diagram 2: SACAA Organisational Structure

THE BOARD

Back row L - R: Ms Poppy Khoza (Director of Civil Aviation), **Mr Ernest Khosa** (Chairperson of the Board), **Mr Tshepo Peege** (Board Member), **Ms Bulelwa Koyana** (Board Member), **Front row L - R: Adv Mpati Lebakeng** (Board Member), **Mr Surendra Sooklal** (Board Member), **Ms Tshitshi Phewa** (Board Member)

EXECUTIVE MANAGEMENT COMMITTEE

Back row L - R: Mr Asruf Seedat (Executive: Finance)**, Ms Poppy Khoza** (Director of Civil Aviation), **Mr Gawie Bestbier** (Executive: Aviation Safety Infrastructure), ***Mr Themba Thabethe** (Executive: Accident & Incident Investigation), **Ms Thobile Masooa** (Executive: Human Resources)

Front row L - R: *Mr King Sotshede (Chief Audit Executive), **Ms Babalwa Ndandani** (Executive: Legal and Aviation Compliance), **Ms Phindiwe Gwebu** (Executive: Corporate Services), **Mr Luvuyo Gqeke** (Executive: Aviation Security), **Captain Eric Mataba (**Acting Executive: Aviation Safety Operations), ***Ms Nivashnee Naraindath** (Company Secretary)

** These positions hold functional dual reporting in terms of their Executive mandates.*

PART B
PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION AND CONFIRMATION OF ACCURACY FOR THE YEAR ENDED 31 MARCH 2023

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

In our opinion, the performance information outlined in this report fairly reflects the actual achievements against planned objectives, indicators, and targets as per the strategic and annual performance plans of the SACAA for the year ending 31 March 2023.

The AGSA audited the SACAA's performance information for the year ending on 31 March 2023. The AGSA's report is presented on pages 159 to 166 of this document.

The SACAA's Board of Directors has approved the performance information of the SACAA, set out from pages 49 to 61.

Ms Poppy Khoza
Director of Civil Aviation
Date: 31 August 2023

Mr Ernest Khosa
Chairperson of the SACAA Board
Date: 31 August 2023

2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVE

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

Refer to pages 159 to 166 of the Auditor's Report, published under Part F: Financial Information.

3. OVERVIEW OF THE ORGANISATION'S PERFORMANCE

3.1 Aviation Personnel Licensing

3.1.1 Personnel Licensing

The SACAA is responsible for licensing aviation personnel, including pilots, cabin crew, aircraft maintenance engineers and air traffic controllers. For the personnel to qualify for these licences, they are expected to be competent, and, in this regard, the SACAA administers examinations that follow a particular curriculum as required by the Civil Aviation Regulations.

Concerning the licences issued during the reporting period, there are changes in the demographics of licences issued. Regarding pilot numbers, the number of African licence holders improved from 11% to 15%, coloureds increased from 2% to 3%, and Indians remained the same at 3%. White pilot licence holders decreased from 84% to 79%.

In relation to the whole licence population, including cabin crew, air traffic controllers and aircraft maintenance engineers, an improvement is only noted among the African and Coloured populations, whilst a slight decrease is recorded with Indian licence holders. White licence holders decreased from 73% to 70,5% during the reporting period.

The gradual improvement is still encouraging, as it highlights the consistent efforts of the government and its entities in addressing the lack of transformation in the aviation industry.

Table 2 details the licence holder demographics by licence category at the end of the financial year. The statistics include foreign nationals that holds South African pilot, aircraft maintenance engineer, cabin crew and air traffic control licences.

SOUTH AFRICAN CIVIL AVIATION AUTHORITY – LICENCE DEMOGRAPHICS (MARCH 2023)												
	South African											Foreign
	African		Coloured		White		Indian					
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total	Total
Student Pilot	392	267	82	34	1302	202	87	24	1863	527	2390	1510
National Pilot	20	1	14	0	1412	73	19	1	1465	75	1540	198
Remote Pilot	765	366	129	29	1216	84	54	9	2164	488	2652	150
Balloon Pilot	2	1	0	0	30	3	0	0	32	4	36	3
Glider Pilot	2	1	0	0	181	6	0	0	183	7	190	15
Private Pilot (Aeroplane)	300	153	74	17	3578	255	99	20	4051	445	4496	2231
Private Pilot (Helicopter)	24	7	3	0	766	73	12	0	805	80	885	125
Commercial Pilot (Aeroplane)	127	59	33	8	1443	132	64	12	1667	211	1878	1557
Commercial Pilot (Helicopter)	19	15	7	1	522	54	5	2	553	72	625	101
Airline Transport Pilot (Aeroplane)	82	12	34	5	2061	169	48	7	2225	193	2418	179
Airline Transport Pilot (Helicopter)	7	1	1	0	209	15	4	0	221	16	237	10
Total Pilots	**1740**	**883**	**377**	**94**	**12720**	**1066**	**392**	**75**	**15229**	**2118**	**17347**	**6079**
	11%	**42%**	**2%**	**4%**	**84%**	**50%**	**3%**	**4%**	**88%**	**12%**	**100%**	
Aircraft Maintenance Engineers	1195	193	255	6	3658	28	256	4	5364	231	5595	484
Cabin Crew	198	787	72	293	102	450	44	159	416	1689	2105	138
Air Traffic Services	216	228	52	21	204	76	56	33	528	358	886	22
	26%	**53%**	**6%**	**16%**	**63%**	**24%**	**6%**	**9%**	**73%**	**27%**	**100%**	
Grand Total	**3349**	**2091**	**756**	**414**	**16684**	**1620**	**748**	**271**	**21537**	**4396**	**25933**	**6723**
	13%	8%	3%	2%	64%	6%	3%	1%	83%	17%	100%	

Table 2: Aviation Personnel Licence Holders by Race

3.1.2 Aircraft Registration

Table 3 details the status of the South African Aircraft Register for the period 1 April 2022 to 31 March 2023. The statistics point to a steady growth in the number of RPAS recorded in the register in the financial year. The split between TCA and NTCA continues to exhibit the same picture over time.

STATISTICS OF TYPE CERTIFIED AIRCRAFT (TC) VERSUS NON-TYPE-CERTIFIED AIRCRAFT (NTCA) AND REMOTELY PILOTED AIRCRAFT (RPA)						
Year	Month	Type Certified Aircraft (TC)	Non-Type-Certified Aircraft (NTCA)	Remotely Piloted Aircraft (RPA)	Total Aircraft	Type Certified Aircraft (TC)%
2022	April	6523	6318	2355	15196	42.93%
2022	May	6516	6323	2386	15225	42.79%
2022	June	6514	6323	2424	15261	42,68%
2022	July	6511	6331	2454	15296	42.57%
2022	August	6505	6329	2534	15368	42.32%
2022	September	6506	6332	2576	15414	42.21%
2022	October	6506	6337	2591	15434	42.15%
2022	November	6498	6340	2666	15504	41.19%
2022	December	6490	6342	2695	15527	41.79%
2023	January	6493	6347	2710	15550	41.76%
2023	February	6490	6355	2774	15619	41.55%
2023	March	6490	6358	2797	15645	41.48%

Table 3: Aircraft Registration Statistics

3.2 Key Policy Developments and Legislative Changes

Amendment of the Civil Aviation Act, 2009 (Act no. 13 of 2009)

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

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

The Civil Aviation Amendment Act 2021 (Act No. 22 of 2021) (Amendment Act) was enacted on 31 March 2022. The Amendment Act has not come into operation yet, pending the Presidential Proclamation, which is coordinated by the Department of Transport.

During the reporting period, the process of developing regulations took place and continues to be under way to give effect to the Amendment Act.

Promulgated Civil Aviation Regulations and Technical Standards

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

1. SA CATS 1 of 2023 was approved by the Director on 23 February 2023 and published with the effective and operational date being 1 March 2023. SA CATS 1 of 2023 contains the provisions relating to Documents SA CATS 21, 34, 61, 65, 66, 91, 121, 127,135, 139, 140, 171 and 172.
2. SA CATS 2 of 2023 was approved by the Director on 17 March 2023, with the effective and operational date being 17 March 2023. SA CATS 2 of 2023 contains the provisions relating to Documents SA CATS 12, 34, 43, 48, 64, 65, 66, 67, 91, 92, 101, 121, 135, 139, 140, 171, 172 and 174.

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

1. The Minister of Transport promulgated the Twenty-Fifth Amendment Regulations, 2023, on 17 March 2023. The Twenty-Fifth Amendment contains provisions relating to Part 1, Part 12, Part 21, Part 34, Part 36, Part 91, Part 93, Part 121, Part 135, Part 139, Part 140 and Part 172.
2. The Minister of Transport promulgated the Twenty-Sixth Amendment Regulations, 2023, on 17 March 2023. The Twenty-Sixth Amendment contains provisions relating to Part 1, Part 12, Part 21, Part 43, Part 48, Part 61, Part 66, Part 67, Part 71, Part 72, Part 91, Part 92, Part 93, Part 101, Part 111, Part 121, Part 127, Part 135, Part 139, Part 140, Part 141, Part 172 and Part 178.
3. The amendments to SA CATS and Regulations referred to above ensure that South Africa's legislative framework is aligned with international best practices and ICAO Standards and Recommended Practices, which are published from time to time by ICAO through state letters, accompanied by amended ICAO Annexes.
4. The Twenty-Seventh Amendment Regulations, 2023, which contain provisions relating to the increase of the passenger safety charge and user fees, were promulgated by the Minister of Transport on 13 April 2023 after receiving the concurrence of the Minister of Finance. In terms of the CA Act, 2009 (Act 13 of 2009), all regulation amendments relating to fees require the concurrence of the Minister of Finance. The Twenty-Seventh Amendment, 2023, contains an approved increase for fees charged in terms of Regulation 187, relating to fees for services rendered by the SACAA to aviation personnel and the industry, as well as the passenger safety charge. The Minister of Finance agreed to increase user fees by 5.0% for the 2023/2024 financial year. Further, the Minister of Finance agreed to increase the passenger safety charge by 6.5% from R27.54 in 2021/2022 to R29.33 in the 2023/2024 financial year.
5. The Minister of Transport, with the concurrence of the Minister of Finance, further approved the increase of the aviation fuel levy by 8.5% from R19.2 cent per litre in 2021/2022 to R20.83 cent per litre in the 2023/2024 financial year.

3.3 Revenue Overview

3.3.1 Overview of the SACAA's Financial Standing

The SACAA's financial position improved significantly during the financial year. The main revenue stream of the SACAA remains the passenger safety charge, driven by passenger numbers. Passenger numbers continued to recover during the current year as the impact of COVID-19 receded, although the numbers remained 26% below pre-COVID levels. The SACAA also received continued financial support from its Shareholder, the Department of Transport, to assist the entity to continue with the uninterrupted delivery of its mandate.

Most cost-containment measures directed at discretionary expenditure items were maintained during the year, and only critical vacant positions were filled, resulting in significant savings against the budget. Re-negotiation of leases and other contracts also contributed significantly to the savings.

The SACAA reported a net operating surplus of R89.2 million for the year ended 31 March 2023, compared to a budgeted surplus of R1.4 million.

The positive variance of R87.8 million is the net result of the following:

- R21.8 million positive variances in revenue
- R28.0 million positive variance in personnel costs
- R38.0 million positive variance in other operating costs.

The variances reported above are the result of the revised Estimates of National Expenditure (ENE) budget for the 2022/23 financial year, as approved by the SACAA Board's Audit and Risk Committee and submitted to National Treasury (NT) during the ENE process in December 2022.

The revised ENE budget reflected the expectation of a small surplus of R1.4 million for the 2022/23 financial year after financial support of R187.9 million (2021: R277.5 million) was received from the DoT as part of the adjusted ENE 2022/23 process. The DoT committed to additional baseline support of R269.1 million over the Medium-Term Expenditure Framework (MTEF) period.

3.3.2 Passenger Numbers and SACAA's Passenger Safety Charge

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

Additional financial support of R187.9 million (2021: R277.5 million) was received from the Department of Transport for the 2022/23 financial year due to the financial impact of the SACAA's lower passenger numbers caused by the pandemic.

The total passenger numbers for the 2022/23 period amounted to 16 550 895, compared to the estimated budget of 16 000 000. This is 3.4% higher than budgeted and 49.3% higher than the same period last year, but still 25.7% lower than pre-COVID (2019) levels. Passenger numbers increased as the impact of COVID-19 receded.

The President announced the end of the South African COVID-19-related State of Emergency with effect from 5 April 2022. On 22 June 2022, all remaining health regulations and restrictions introduced to manage the pandemic were repealed, and passenger numbers recovered significantly during the financial year.

The conflict between Russia and Ukraine began on 24 February 2022. Although the conflict does not directly impact South Africa, the fuel and Brent crude oil price skyrocketed in direct response to the conflict and worldwide sanctions on Russia and remains very volatile. Fuel is one of the largest cost drivers of airlines and adds one more challenge and uncertainty to an already over-burdened industry.

Comair was placed on voluntary liquidation on 14 June 2022 after the airline had been in business rescue since 5 May 2020. Comair claimed that they held approximately 40% of the market share of local flights in South Africa on the routes that they operated.

There was no increase in the PSC tariff during the year under review. After year-end, the Minister of Transport approved a 6.5% increase in the passenger safety charge, from R27.54 per departing passenger to R29.33, after receiving concurrence from the Minister of Finance. A total of R455.8 million was generated by passenger safety charges against a budget of R440.6 million.

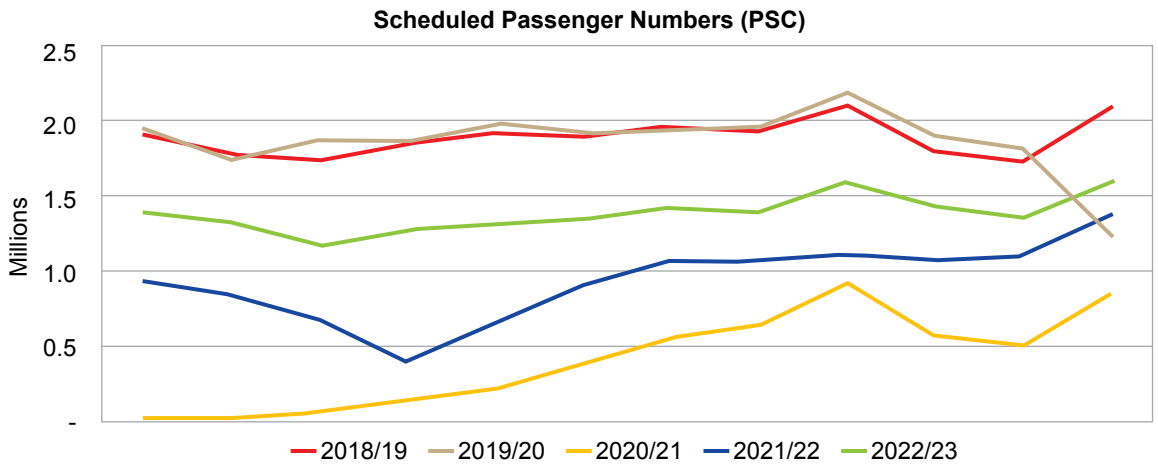
In the period under review, the PSC accounted for 51.5% of the total revenue, user fees for 15.5%, the fuel levy for 3.8%, the DoT for 25.4% and other income for 3.8%. Under normal circumstances, the passenger safety charge contributes around 76% of the total revenue. As the passenger safety charge is the biggest contributor to revenue, the passenger numbers have a major impact on the financial performance of the SACAA, and these numbers are closely monitored every month.

The SACAA's revenue officials conduct regular PSC audits to ensure airline compliance and to ensure that the Regulator is able to fulfil its mandate.

The regulations require that all airports submit monthly passenger numbers to the SACAA, which are then compared with the declarations received from the airlines. Substantial, unexplained variances in numbers supplied by the airports and those from airlines are examined during the audit process.

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

Graph 1 analyses passenger numbers for the last five (5) years, comparing passenger numbers over the years with the impact of the COVID-19 pandemic being clearly visible from March 2020.



Graph 1: Passenger Numbers Over the Past Five Years

3.3.3 SACAA Revenue Collection

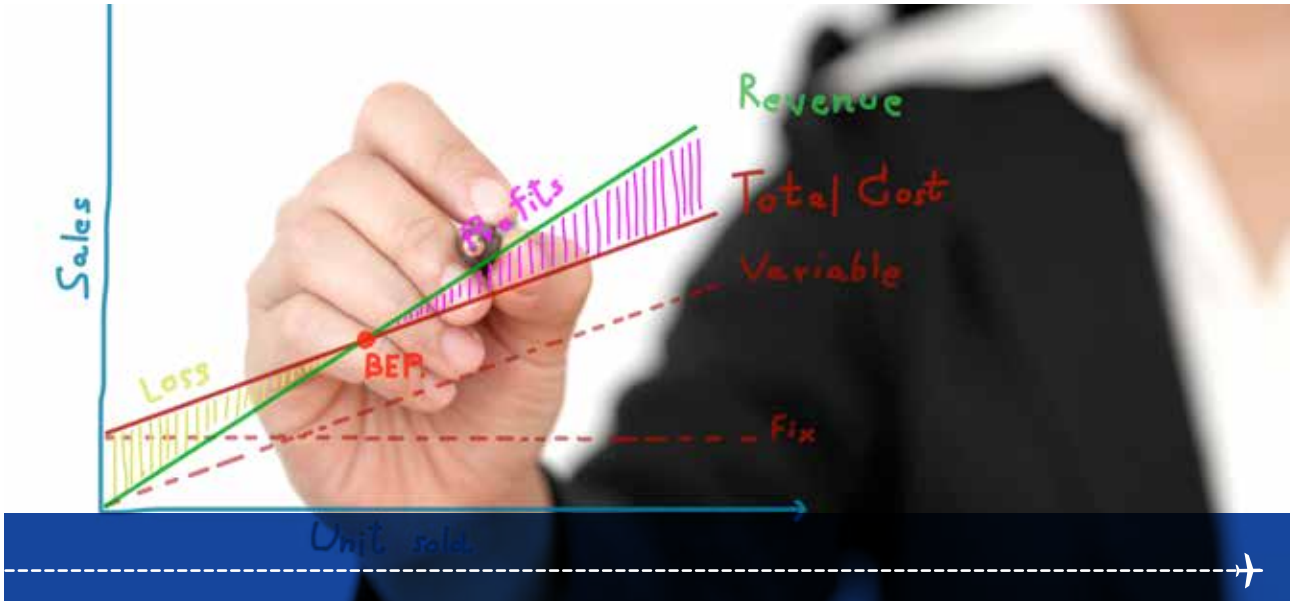
Table 4 illustrates that the total revenue of R885.6 million for the financial year under review increased by 14.2% compared to R775.8 million in 2021/22. It is 2.5% higher than the budgeted revenue collection of R863.8 million for the financial year under review, largely due to higher-than-expected passenger numbers during the financial year.

Passenger safety charges increased by R157.7 million or 52.9% from the previous financial year due to higher passenger numbers, and user fees increased by R24.8 million or 22%. The fuel levy decreased slightly by 8.5% as more air cargo was routed through the cargo holds of increasing scheduled passenger flights. Other income in the current financial year includes a once-off revenue of R4.2 million related to ticket sales and sponsorship income from the International Flight Inspection Symposium successfully hosted in Durban in June 2022.

Financial support from the Department of Transport decreased from R277.6 million in the previous financial year to R187.9 million in the year under review. Interest revenue generated by reserve funds increased by R13.1 million from the last financial year and was R3.8 million better than the budget, as interest rates rose and cash reserve levels recovered.

Revenue Collection	2022/23				2021/22			
Source of Revenue	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
	R' million	R' million	R' million	%	R' million	R' million	R' million	%
Passenger Safety Charge	440.6	455.8	15.2	3.4%	236.4	298.1	61.7	26.1%
User Fees	136.3	137.6	1.3	1.0%	115.8	112.8	(3.0)	(2.6%)
Fuel Levy	31.1	33.3	2.2	7.1%	29.8	36.4	6.6	22.1%
Department of Transport	226.0	225.1	(0.9)	(0.4%)	313.5	313.6	0.1	.0%
Interest Received	20.2	24.0	3.8	18.8%	11.5	10.9	(0.6)	(5.2%)
Other Income	9.6	9.8	0.2	2.1%	3.0	4.0	1.0	33.3%
Total	**863.8**	**885.6**	**21.8**	**2.5%**	**710.0**	**775.8**	**65.8**	**9.3%**

Table 4: SACAA Revenue Collection Breakdown



4. PROGRESS TOWARDS THE ACHIEVEMENT OF THE ORGANISATION'S OUTCOMES

The organisation is building on the foundation established in the past strategic five-year cycle in relation to entrenching a solid safety and security culture within the South African civil aviation industry. In this regard, the organisation introduced and developed a cybersecurity strategy for the Regulator and the industry.

The implementation of this project included amendments to the regulations to include cybersecurity oversight and the establishment of a multi-stakeholder forum that looks at cyber threats that may impact aviation security. The organisation also developed guidance material for the industry and has commenced conducting inspections to ensure compliance.

The organisation adopted the risk and performance-based oversight methodology to align with this new oversight approach from ICAO. The organisation envisages that by 2025, the surveillance and oversight plan will be based on a risk approach, and this complements the compliance-based oversight the organisation has been following over the years.

South Africa is one of the countries that have developed a State Safety Programme (SSP), and the Global Aviation Safety Programme (GASP) is premised on the effective implementation of the SSP. Therefore, the organisation developed a national version of the GASP called the Civil Aviation Safety Plan (CASP).

The SACAA has recorded many milestones in implementing the CASP, including improving the state's Effective Implementation (EI) of the critical safety elements. Before ICAO conducted the Universal Safety Oversight Audit Programme in 2023, South Africa was at 87,39%, well above the global average of 67,5%. With the recent safety audit conducted by ICAO under the USOAP CMA methodology, the state increased its EI level to around 91,79%, according to the preliminary results announced by ICAO. This is well above the five-year target set by the SACAA of improving the state's EI to 90% by 2025. The final report is is expected in September 2023.

One of the strategic targets by the Regulator is to reduce aircraft accidents and fatal accidents by 50% by 2025 in the General Aviation sector. At the time of writing this report, the number of accidents in the 2022/23 financial year had decreased by 15%, the fatal accidents decreased by 25%, and the number of fatalities decreased by 29,4% compared to the 2021/22 financial year.

The organisation is recording good progress in implementing the Minister's governance targets. For example, no fruitless and wasteful expenditures were reported from the beginning of the current strategy cycle until the end of the 2022/23 financial year. There is one irregular expenditure recorded by the organisation, which has been declared in the financial report. The investigation of the irregular expenditure has been concluded. However, by the end of the financial year 2022/23, the report was yet to be submitted to management by the internal audit division. The organisation continues to pay suppliers within 30 days. The organisation achieved an unqualified audit outcome with no material findings raised by the Auditor-General's office. The organisation developed and achieved both the Ethics and the Fraud and Corruption annual plans in line with the strategic outcome of good corporate governance and organisational effectiveness.

From the human capital perspective, the organisation developed a five-year human capital strategy aligned to the organisation's strategy and the implementation of this strategy yielded several positive results for the organisation, including the roll-out of a skills project, entrenching a culture in line with the six pillars adopted by the organisation that is aligned to the values of the organisation.

The biggest achievement in this strategy cycle is the innovation and technology outcome. The organisation continuously transforms how the Regulator operates and provides services to its clients. The projects that were rolled out include the launch of the client contact centre and the eServices portal, which allows SACAA clients to renew their certificates and make payments online. The digitisation work the Regulator commenced in the previous strategy cycle is starting to manifest in reducing paper-based transactions and face-to-face service provision. The biggest beneficiaries of the organisation's digitisation project are SACAA clients.

From a stakeholder perspective, the organisation has been intentional and deliberate with the interventions introduced through the Stakeholder Management Strategy. The Regulator established stakeholder forums to engage and consult the stakeholders on the organisations programmes directed at the industry. The organisation's transformation agenda incorporates women empowerment through projects such as the Women's Mentorship Programme and youth empowerment through the bursary, internship and learnership programmes. The organisation also invested in developing SMMEs by paying a selected group of companies within 15 days of presenting valid invoices and supporting these companies with training opportunities, amongst other things.

5. PROGRAMME: PERFORMANCE INFORMATION

5.1 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

LEGEND	
Achieved	
In Progress / Partially Achieved	
Not Achieved	
Future Target / Not Yet Due	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
STRATEGIC OUTCOME 1 - Strengthened Safety and Security Oversight System															
1	Percentage Industry Cybersecu-rity Strategy implemented.	Implement 95% of Phase 2 of the Industry Cybersecurity Strategy.	Implement 30% of Phase 2 of the Industry Cybersecurity Strategy for approval by ExCo and re-port progress to the Board.	30% of Phase 2 of the Industry Cybersecurity Strategy has been implemented. A progress report was submitted and approved by ExCo and the Board.	Implement 50% of Phase 2 of the Industry Cybersecurity Strategy for approval by ExCo and re-port progress to the Board.	47% of Phase 2 of the Industry Cybersecurity Strategy has been imple-mented. A progress report was submitted and approved by ExCo and the Board.	Implement 70% of Phase 2 of the Industry Cybersecurity Strategy for approval by ExCo and re-port progress to the Board.	60% of the plan against a target of 70% a plan is in place. There are plans to catch up on the outstanding deliverables in Q4. A progress report was submitted and approved by ExCo and the Board.	Implement 95% of Phase 2 of the Industry Cybersecurity Strategy for approval by ExCo and re-port progress to the Board.	100% of Phase 2 of the Industry Cybersecurity Strategy was implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Phase 2 of the Industry Cybersecurity Strategy was implemented. A progress report was submitted to and approved by ExCo, and progress was also reported to the Board.	N/A	N/A	E: AvSec, E: ASI	
2	Percentage Civil Aviation Safety Plan (CASP) implemented.	Implement 95% of Phase 2 of CASP.	30% of Phase 2 CASP implementa-tion plan to be completed for approval by ExCo and report progress to the Board.	The CASP implemen-tation plan has been submitted to ExCo for approval. A document review workshop was convened to ensure alignment with reporting templates.	50% of the Phase 2 CASP implementa-tion plan to be completed for approval by ExCo and report progress to the Board.	30% of Phase 2 CASP has been implemented during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	70% of the Phase 2 CASP implementa-tion plan was completed.	60% achieved. Progress in line with revised im-plementation plan for Q3. A progress report was submitted and approved by ExCo and the Board.	95% of the Phase 2 CASP imple-mentation plan is to be completed for approval by ExCo and report progress to the Board.	100% of Phase 2 CASP was implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Phase 2 CASP was implemented. A progress report was submitted to and approved by ExCo, and progress was also reported to the Board.	N/A	N/A	E: ASO, E: ASI	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
3	Percentage Risk-Based Oversight (RBO) model implemented.	Implement 100% of the Y2 implementation plan of the RBO model.	Implement 25% of the Y2 implementation plan of the RBO model for approval by ExCo and report progress to Board.	RBO model implementation plan has been submitted to ExCo for approval: with 15% implementation. A workshop to effect input by ExCo was convened with the ASO division.	Implement 50% of the Y2 implementation plan of the RBO model for approval by ExCo and report progress to Board.	44% of Y2 of the RBO implementation plan was implemented. A progress report was submitted and approved by ExCo and the Board.	Implement 75 % of the Y2 implementation plan of the RBO model for approval by ExCo and report progress to Board.	66% of the Y2 RBO model implementation plan achieved during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	Implement 100% of the Y2 implementation plan of the RBO model for approval by ExCo and report progress to Board.	100% of Y2 of the RBO model implementation plan has been completed during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Y2 of the RBO model was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: ASO, E: ASI, E: AvSec	
4	The Civil Aviation Pandemic Preparedness (CAPP) project plan was developed.	Develop a project plan to operationalise the SACAA-specific responsibilities in the CAPP plan.	Develop a project plan to operationalise SACAA-specific responsibilities in the revised CAPP plan for approval by ExCo.	The CAPP implementation plan was developed and submitted to ExCo. ExCo requested the CAPP plan to be revised.	N/A	The revised CAPP plan was submitted to and approved by ExCo.	N/A	N/A	N/A	N/A	A project plan to operationalise the SACAA-specific responsibilities in the CAPP plan was developed and was approved by ExCo.	N/A	N/A	E: ASO	
5	Percentage CAPP project plan implemented.	Implement 80% of the CAPP project plan.	N/A	N/A	Implement 30% of an approved CAPP for approval by ExCo and report progress to the Board.	30% achieved of the project plan was achieved. A progress report was submitted and approved by ExCo and the Board.	Implement 60% of an approved CAPP plan for approval by ExCo and report progress to the Board.	60% of the CAPP has been implemented during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	Implement 80% of an approved CAPP plan for approval by ExCo and report progress to the Board.	85% of the approved CAPP has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	85% of the CAPP plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: ASO	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
6	Security Culture Plan developed.	Develop a Security Culture Plan.	Develop Security Culture Plan for Y2 for approval by the DCA.	The Security Culture Plan has been developed and was submitted to the DCA for approval. DCA approved the Plan.	N/A	N/A	N/A	N/A	N/A	N/A	A Security Culture plan was developed and was approved by DCA.	N/A	N/A	E: AvSec	
7	Percentage Security Culture Plan implemented.	Implement 100% of Y2 of the Security Culture plan.	N/A	N/A	Implement 30% of the Security Culture Plan for approval by DCA.	10% of the Security Culture Plan was implemented and progress was approved by the DCA.	Implement 60% of the Security Culture Plan for approval by DCA.	70% of the Security Culture Plan has been implemented and progress was approved by the DCA.	Implement 100% of the Security Culture Plan for approval by DCA.	100% of the Security Culture Plan was implemented. A progress report was submitted to and approved by DCA.	100% of the Security Culture Plan was implemented. A progress report was submitted to and approved by DCA.	N/A	N/A	E: AvSec	
8	No Significant Security Concern (SSeC) was attracted in the ICAO USAP CMA.	Attract no SSeC in the ICAO USAP CMA.	N/A	N/A	Undergo the ICAO USAP audit.	The ICAO USAP CMA audit took place during the quarter under review.	N/A	N/A	Undergo the ICAO USAP audit.	The audit took place during the 2nd quarter, and no SSeC was attracted.	The USAP CMA audit took place during the 2nd quarter, and no SSeC was attracted.	N/A	N/A	E: LAC	
9	ICAO USOAP CMA audit prepar-edness plan developed.	Develop an ICAO USOAP CMA audit preparedness plan.	Develop an audit preparedness plan for approval by ExCo.	The ICAO USOAP CMA audit preparedness plan has been developed and approved by Exco.	N/A	N/A	N/A	N/A	N/A	N/A	The ICAO USOAP CMA audit preparedness plan was developed. The plan was submitted to and was approved by ExCo, and progress was reported to Board.	N/A	N/A	E: LAC	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
10	Percentage ICAO USOAP CMA preparedness plan implemented.	Implement 80% of the ICAO USOAP CMA preparedness plan.	N/A	N/A	Implement 30% of the ICAO USOAP CMA preparedness plan actions for approval by ExCo.	43% of the ICAO USOAP CMA preparedness plan was achieved during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	Implement 60% of the ICAO USOAP CMA preparedness plan actions for approval by ExCo.	81.68% of the ICAO USOAP CMA preparedness plan implemented during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	Implement 80% of the ICAO USOAP CMA preparedness plan actions for approval by ExCo.	100% implementation of the ICAO USOAP CMA preparedness plan as approved by ExCo has been achieved. A progress report was submitted to and approved by ExCo, and progress was submitted to the Board.	100% of the ICAO USOAP CMA preparedness plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	The organisation dedicated more resources to the project to ensure that all the targets are achieved and to ensure improved performance in the USOAP CMA audit.	N/A	E: LAC	
11	Percentage corrective action plan (CAP) implemented (State Letters with regulations implications).	Implement 80% of the CAP to develop regulations and submit them to CARCom.	Implement 10% of the CAP for approval by ExCo.	51,6% of the remaining 1062 SARPs had been approved by ExCo and submitted to CARCom. A progress report was submitted and approved by ExCo and the Board.	Implement 50% of the CAP for approval by ExCo.	55,18% of the State Letter CAP was implemented. A progress report was submitted and approved by ExCo and the Board.	Implement 60% of the CAP for approval by ExCo.	80.89% CAP implementation has been achieved during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	Implement 80% of the CAP for approval by ExCo and submit draft regulations to CARCom.	92.28% of the CAP has been implemented, and the proposed regulations were submitted to CARCom as per APP. A progress report was submitted for approval by ExCo and the Board.	92.28% of the CAP has been implemented, and the proposed regulations were submitted to CARCom as per APP. A progress report was submitted for approval by ExCo and the Board.	The regulation development process was expedited to ensure that the country does not attract findings related to rule making.	N/A	E: LAC	
12	Percentage General Aviation Safety Strategy (GASS) implemented.	Implement 95% of the Year 3 GASS targets.	Implement 30% of the GASS implementation plan for Year 3 for approval by ExCo and report progress to the Board.	Seventeen percent (17%) of GASS has been implemented. A workshop to effect input by ExCo was convened with the ASO division.	Implement 50% of the GASS implementation plan for Year 3 for approval by ExCo and report progress to the Board.	29% of GASS has been Implemented. A progress report was submitted and approved by ExCo and the Board.	Implement 70 % of the GASS implementation plan for Year 3 for approval by ExCo and report progress to the Board.	58.3% of GASS has been implemented during the quarter under review. A progress report was submitted and approved by ExCo and the Board.	Implement 95% of the GASS implementation plan for Year 3 for approval by ExCo and report progress to the Board.	100% of the GASS implementation plan was achieved. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Year 3 of GASS was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: ASO	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
STRATEGIC OUTCOME 2 - Financial Sustainability															
13	Activity-Based Costing (ABC) model project plan developed.	Develop an ABC model project plan.	Develop ABC project plan for ExCo approval.	The ABC project plan was developed and approved by ExCo.	N/A	N/A	N/A	N/A	N/A	N/A	The ABC model project plan was developed. The plan was approved by ExCo.	N/A	N/A	E: FIN	
14	Percentage ABC model implemented.	Implement 100% of the ABC model in the remaining technical areas.	N/A	N/A	Implement 30% of the ABC model in the remaining technical areas for approval by ExCo and report progress to the Board.	27% of the implemen-tation plan has been achieved. A progress report was submitted and approved by ExCo and the Board.	Implement 60% of the ABC model in the remaining technical areas for approval by ExCo and report progress to the Board.	55% of the plan has been implemented during the quarter under review.	Implement 100% of the ABC model in the remaining technical areas for approval by ExCo and report progress to the Board.	100% of the ABC model has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and a progress report was submitted to the Board.	100% of the ABC model in the remaining technical areas was implemented. A progress report was submitted to and approved by ExCo, and a progress report was submitted to the Board.	N/A	N/A	E: FIN, E: ASI, E: ASO	
15	Number of wasteful and fruitless expenditure incurred.	Maintain zero cases of wasteful and fruitless expenditure.	Report on the number of wasteful and fruitless expenditure incurred for ExCo approval and report progress to Board	No wasteful and fruitless expenditures were incurred during the quarter under review. ExCo approved the report, and progress was reported to the Board.	Report on the number of wasteful and fruitless expenditures incurred for ExCo approval and report progress to Board	No wasteful and fruitless expenditures were incurred during the quarter under review. ExCo approved the report, and progress was reported to the Board.	Report on the number of wasteful and fruitless expenditures incurred for ExCo approval and report progress to Board	No wasteful and fruitless expenditures was incurred during the quarter under review. ExCo approved the report, and progress was reported to the Board.	Report on the number of wasteful and fruitless expenditures incurred for ExCo approval and report progress to Board	No wasteful and fruitless expenditures was incurred during the quarter under review. A progress report was submitted to and approved by ExCo, and a progress report was submitted to the Board.	No wasteful and fruitless expenditures were incurred during the quarter under review. A progress report was submitted to and approved by ExCo, and a progress report was submitted to the Board.	N/A	N/A	E: FIN	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
16	Number of irregular expenditures incurred.	Maintain zero cases of irregular expenditure.	Report on the number of irregular expenditures incurred for ExCo approval and report progress to Board.	No irregular expenditure was incurred during the quarter under review. ExCo approved the report, and progress was reported to the Board.	Report on the number of irregular expenditures incurred for ExCo approval and report progress to Board.	No irregular expenditure was incurred during the quarter under review. ExCo approved the report, and progress was reported to the Board.	Report on the number of irregular expenditures incurred for ExCo approval and report progress to Board.	No irregular expenditure was incurred during the quarter under review. ExCo approved the report, and progress was reported to the Board.	Report on the number of irregular expenditures incurred for ExCo approval and report progress to Board.	A potential irregular expenditure was reported during the quarter under review. The matter was forwarded to Internal audit for investigation. Internal audit completed their investigation and issued the report after year end and confirmed the irregular expenditure. ExCo approved the report, and progress was reported to the Board.	A potential irregular expenditure was reported during the 3rd quarter. The matter was forwarded to Internal audit for investigation. Internal audit completed their investigation and issued the report after year end and confirmed the irregular expenditure. ExCo approved the report, and progress was reported to the Board	During the third quarter ended 31 December 2022 a potential irregular expenditure was recorded. The matter was forwarded to Internal audit for investigation. Internal audit completed their investigation and issued the report after year end and confirmed the irregular expenditure.	This matter was handed over to Internal Audit for investigation has been confirmed as irregular expenditure.	E: FIN	
17	Percentage suppliers paid within 30 days.	Pay 100% of suppliers within 30 days of receiving valid invoices by Finance Division.	Pay all suppliers within 30 days of receipt of a valid invoice submitted to Finance for approval by ExCo and report progress to Board.	All suppliers paid within 30 days of receipt of a valid invoice by the Finance Division. ExCo approved the report, and progress was reported to the Board.	Pay all suppliers within 30 days of receipt of a valid invoice submitted to Finance for approval by ExCo and report progress to Board.	All suppliers paid within 30 days of receipt of a valid invoice by the Finance Division. ExCo approved the report, and progress was reported to the Board.	Pay all suppliers within 30 days of receipt of a valid invoice submitted to Finance for approval by ExCo and report progress to Board.	All payments to suppliers were made within 30 days of receipt of invoice by Finance Division. ExCo approved the report, and progress was reported to the Board.	Pay all suppliers within 30 days of receipt of a valid invoice submitted to Finance for approval by ExCo and report progress to Board.	All payments to suppliers were made within 30 days of receipt of invoice by Finance Division. ExCo approved the report, and progress was reported to the Board.	100% of suppliers were paid within 30 days of receiving valid invoices by the Finance Division. ExCo approved the report, and progress was reported to the Board.	N/A	N/A	E: FIN	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
STRATEGIC OUTCOME 3 - Enhanced Human Capital Management															
18	Percentage Human Capital Plan implemented.	Implement 90% of the Y2 Human Capital Plan.	Implement 30% of the Y2 Human Capital Plan for approval by ExCo and report progress to Board.	The imple-mentation of the Human Capital Plan is 31% for the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of the Y2 Human Capital Plan for approval by ExCo and report progress to Board.	48% of Y2 Human Capital Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 70% of the Y2 Human Capital Plan for approval by ExCo and report progress to Board.	74% of the annual HR Human Capital Plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 90% of the Y2 Human Capital Plan for approval by ExCo and report progress to Board.	100% of the annual HR Human Capital Plan has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Y2 of the Human Capital Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	The or-ganisation implement-ed all the targets in the annual Human Capital Plan by the end of the financial year.	N/A	E: HR	
STRATEGIC OUTCOME 4 - Innovation and Technology Management															
19	Percentage Business Process Re-design (BPR) project plan implemented.	Implement 95% of Y2 of the BPR project plan.	Implement 30% of Y2 of the BPR project for approval by ExCo and report progress to Board.	30% of Y2 of the BPR project has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Y2 of the BPR project for approval by ExCo and report progress to Board.	50% of Y2 of the BPR project has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 75% of Y2 of the BPR project for approval by ExCo and report progress to Board.	75% of the Y2 of the BPR has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 95% of Y2 of the BPR project for approval by ExCo and report progress to Board.	95% of the Y2 of the BPR project has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	95% of Y2 of the BPR project plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: CS	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
20	Percentage ICT plan implemented.	Implement 100% Phase 3 of the ICT Plan.	Implement 30% of Phase 3 of the ICT Plan for approval by ExCo and report progress to Board.	20% of the ICT plan was implemented during the review quarter. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Phase 3 of the ICT Plan for approval by ExCo and report progress to Board.	42.5% of the ICT implementation plan was implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 70% of Phase 3 of the ICT Plan for approval by ExCo and report progress to Board.	72.5% of Phase 3 of the ICT Plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 100% of Phase 3 of the ICT Plan for approval by ExCo and report progress to Board.	100 % of Phase 3 of the ICT Plan has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Phase 3 of the ICT Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: FIN	
21	Percentage Research Strategy implemented.	Implement 85% of Y2 of the Research Strategy implementation plan.	Implement 25% of Y2 of the Research Strategy implementation plan for approval by ExCo and report progress to Board.	25% of Y2 of the Research Strategy has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Y2 of the Research Strategy implementation plan for approval by ExCo and report progress to Board.	50% of Y2 of the Research Strategy implementation plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 70% of Y2 of the Research Strategy implementation plan for approval by ExCo and report progress to Board.	70% of Y2 of the Research Strategy has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 85% of Y2 of the Research Strategy implementation plan for approval by ExCo and report progress to Board.	100% of Y2 of the Research Strategy implementation plan has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Y2 of the Research Strategy implementation plan. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	The organisation completed all the targets in the plan.	N/A	DCA	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
STRATEGIC OUTCOME 5 - Improved Stakeholder Engagement and Service Excellence															
22	Percentage Stakeholder Management Plan (SMP) implemented.	Implement 95% of Phase 3 of the SMP.	Implement 30% of Phase 3 of the SMP implementation plan for approval by ExCo and report progress to Board.	30% of the SMP has been achieved during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Phase 3 of the SMP implementation plan for approval by ExCo and report progress to Board.	50% of Phase 3 of the SMP was implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 70% of Phase 3 of the SMP implementation plan for approval by ExCo and report progress to Board.	70% of Phase 3 of the SMP has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 95% of Phase 3 of the SMP implementation plan for approval by ExCo and report progress to Board.	95% of Phase 3 of the SMP implementation plan has been achieved. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	95% of Phase 3 of the Stakeholder Management Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E:CS	
23	Percentage Customer Contact Centre business case implemented.	Implement 100% of Phase 3 of the Customer Contact Centre business case.	Implement 30% of Phase 3 of the Customer Contact Centre business case for approval by ExCo and report progress to Board.	12.5% of Phase 3 of the Customer Contact Centre business case has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Phase 3 of the Customer Contact Centre business case for approval by ExCo and report progress to Board.	Forty-four percent (44%) of Phase 3 of the Customer Contact Centre business case has been implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 75% of Phase 3 of the Customer Contact Centre business case for approval by ExCo and report progress to Board.	75% of Phase 3 of the Customer Contact Centre business case has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 100% of Phase 3 of the Customer Contact Centre business case for approval by ExCo and report progress to Board.	100% of Phase 3 of the Customer Contact Centre business case has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Phase 3 of the Customer Contact Centre business case was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: CS	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
24	Percentage Transformation Plan implemented.	Implement 100% of Year 3 of the Transformation Plan.	Implement 30% of Year 3 of the Transformation Plan for approval by ExCo and report progress to Board.	20% of Year 3 of the Transformation Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Year 3 of the Transformation Plan for approval by ExCo and report progress to Board.	46,2% of the Transformation Plan was achieved during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 75% of Year 3 of the Transformation Plan for approval by ExCo and report progress to Board.	77% of the Transformation Plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 100% of Year 3 of the Transformation Plan for approval by ExCo and report progress to Board.	100% of the Transformation Plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	100% of Year 3 of the Transformation Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E:CS, E: HR, E: FIN	
25	Percentage Regional Cooperation Strategy implemented.	Implement 90% of Phase 1 of the Regional Cooperation Plan.	Implement 25% of Phase 1 of the Regional Cooperation Plan for approval by ExCo and report progress to Board.	25% of Phase 1 of the Regional Cooperation Plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 50% of Phase 1 of the Regional Cooperation Plan for approval by ExCo and report progress to Board.	39% of the phase 1 Regional Cooperation Plan was implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 70% of Phase 1 of the Regional Cooperation Plan for approval by ExCo and report progress to Board.	47% of Phase 1 of the Regional Cooperation Strategy implemented during the quarter under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	Implement 90% of Phase 1 of the Regional Cooperation Plan for approval by ExCo and report progress to Board.	90% of Phase 1 of the Regional Cooperation Plan has been implemented during the period under review. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	90% of Phase 1 of the Regional Cooperation Plan was implemented. A progress report was submitted to and approved by ExCo, and progress was reported to the Board.	N/A	N/A	E: CS	
STRATEGIC OUTCOME 6 - Sustained Good Governance and Organisational Effectiveness															
26	Unqualified audit outcome by AGSA.	Achieve unqualified audit with no material findings.	N/A	N/A	Achieve unqualified audit opinion with no material findings and report the outcome to the Board.	Unqualified audit opinion achieved with no material findings. A progress report was submitted to and approved by ExCo and the Board.	N/A	N/A	N/A	N/A	The organisation achieved an unqualified audit outcome in the 2022/23 financial year.	N/A	N/A	E: FIN	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
27	Percentage AG audit findings closed.	100% AG audit findings closed.	N/A	N/A	Develop a CAP for approval by ExCo and the Board.	A CAP was developed and was submitted to and approved by ExCo. A progress report was submitted to and approved by the Board.	Close 50% of audit findings for approval by ExCo and the Board.	100% of the AG audit findings were closed. A progress report was submitted to and approved by ExCo and the Board.	Close 100% of audit findings for approval by ExCo and the Board.	100% of the AG audit findings were closed. A progress report was submitted to and approved by ExCo and the Board.	100% of the AG audit findings were closed. A progress report was submitted to and approved by ExCo and the Board.	N/A	N/A	E: FIN	
28	Percentage ISO audit findings closed.	Close 95% of the major ISO audit findings due in the FY.	Close 30% of the major ISO audit findings due in the FY for approval by ExCo.	Zero major findings were raised with ISO audits for the quarter under review. A progress report was submitted to and approved by ExCo.	Close 50% of the major ISO audit findings due in the FY for approval by ExCo.	100% completed. There are currently zero (0) major findings open. A progress report was submitted to and approved by ExCo.	Close 70% of the major ISO audit findings due in the FY for approval by ExCo.	70% of the major ISO audit findings were closed during the quarter under review. A progress report was submitted to and approved by ExCo.	Close 95% of the major ISO audit findings due in the FY for approval by ExCo.	100% of the ISO major findings were closed for the quarter under review. A progress report was submitted to and approved by ExCo.	100% of the major ISO audit findings due in the FY were closed. A progress report was submitted to and approved by ExCo.	N/A	N/A	E:CS	
29	Percentage of significant internal audit findings closed.	95% closure of significant internal audit findings due in the FY.	30% of due significant internal audit findings closed.	One significant finding was due in the 1st quarter and has been closed, which translates to a 100% closure rate. A progress report was submitted to and approved by ExCo and the Board.	50% of due significant internal audit findings closed.	100% closure rate of significant internal audit findings. A progress report was submitted to and approved by ExCo and the Board.	70% of due significant Internal Audit findings closed.	One significant finding was due in third quarter and it was resolved which translates to 100% closure of the findings. A progress report was submitted to and approved by ExCo and the Board.	95% of due significant Internal Audit findings closed.	No internal audit significant findings were raised in this quarter. A progress report was submitted to and approved by ExCo and the Board.	100% of the significant internal audit findings due in the FY were closed. A progress report was submitted to and approved by ExCo and the Board.	N/A	N/A	CAE	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
30	Percentage responses to Parliamenta-ry Questions within stipulated timeframes.	100% responses to Parliamenta-ry Questions within stipulated timeframes.	100% responses to Parliamentary Questions for approval by ExCo and report progress to Board.	100% of the responses to Parliamentary Questions were submitted within the stipulated timeframes. A progress report was submitted to and approved by ExCo and the Board.	100% responses to Parliamentary Questions for approval by ExCo and report progress to Board.	100% of the responses to Parliamentary Questions were submitted within the stipulated timeframes. A progress report was submitted to and approved by ExCo and the Board.	100% responses to Parliamentary Questions for approval by ExCo and report progress to Board.	100% of the responses to Parliamentary Questions were submitted within the stipulated timeframes. A progress report was submitted to and approved by ExCo and the Board.	100% responses to Parliamentary Questions for approval by ExCo and report progress to Board.	100% of the responses to Parliamentary Questions were submitted within the stipulated timeframes. A progress report was submitted to and approved by ExCo and the Board.	100% of the responses to Parliamentary Questions were submitted within the stipulated timeframes. A progress report was submitted to and approved by ExCo and the Board.	N/A	N/A	E: CS, CoSec	
31	Fraud and Corruption annual plan developed.	Develop Fraud and Corruption annual plan.	Develop annual Fraud and Corruption plan for approval by the Board.	The Fraud and Corruption plan was developed, and the Board approved it.	N/A	N/A	N/A	N/A	N/A	N/A	The Fraud and Corruption annual plan was developed, and it was approved by the Board.	N/A	N/A	CAE	
32	Percentage annual Fraud and Cor-ruption plan implemented.	Implement 95% of the Fraud and Corruption annual plan.	Implement 30% of the Fraud and Corruption annual plan and report to ExCo and Board.	29% of the Fraud and Corruption plan was implemented. A progress report was submitted to and approved by ExCo and the Board.	Implement 50% of the Fraud and Corruption annual plan and report to ExCo and Board.	49% of the Fraud and Corruption plan activities were implemented. A progress report was submitted to and approved by ExCo and the Board.	Implement 70% of the Fraud and Corruption annual plan and report to ExCo and Board.	70% of the annual Fraud and Corruption plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo and the Board.	Implement 95% of the Fraud and Corruption annual plan and report to ExCo and Board.	100% of the annual Fraud and Corruption plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo and the Board.	100% of the Fraud and Corruption annual plan was implemented. A progress report was submitted to and approved by ExCo and the Board.	N/A	N/A	CAE	
33	Ethics plan developed.	Develop an Ethics plan.	Develop the annual Ethics plan for approval by Board.	Ethics plan was developed and approved by the Board during the quarter under review.	N/A	N/A	N/A	N/A	N/A	N/A	An Ethics annual plan was developed and submitted to and approved by ExCo and Board.	N/A	N/A	CoSec	

No.	Annual Performance Indicator	Annual Target	Quarter 1 Target	Quarter 1 Actual	Quarter 2 Target	Quarter 2 Actual	Quarter 3 Target	Quarter 3 Actual	Quarter 4 Target	Quarter 4 Actual	Annual Actual	Reason for Variance	Corrective Action	Responsible Person	Status
34	Ethics plan implemented	Implement 95% of the Ethics plan	N/A	N/A	Implement 40% of the Ethics plan and report progress to the Board.	40% of the Ethics plan has been implemented. A progress report was submitted to and approved by ExCo and the Board.	Implement 75% of the Ethics plan and report progress to Board.	75% of the Ethics plan has been implemented during the quarter under review. A progress report was submitted to and approved by ExCo and the Board.	Implement 95% of the Ethics plan and report progress to Board.	100% the Ethics plan has been implemented during quarter under review. A progress report was submitted to and approved by ExCo and the Board.	100% of the Ethics annual plan was implemented. A progress report was submitted to and approved by ExCo and the Board.	N/A	N/A	CoSec	

**Positive variances above 5% must be read to mean that the organisation achieved future targets in the project plan. An explanation will be given if the target has been achieved with over 100%. Negative variances will be explained for each target not met.*

Table 5: Performance Information, 2022/23

5.2 MASTER OVERSIGHT SURVEILLANCE PLAN

As a safety and security regulator, the SACAA conducts surveillance and oversight inspections on operators from across all civil aviation areas. The next few tables provide a comprehensive analysis of the Master Oversight and Surveillance Plan (MOSP) activities per technical area.

5.2.1 AVIATION SAFETY OPERATIONS MASTER OVERSIGHT SURVEILLANCE PLAN (MOSP)

The Master Oversight and Surveillance Plan cumulative performance for Aviation Safety Operations (ASO), is reflected in the following table. An overall achievement of the Aviation Safety Operations (ASO) MOSP stands at 7.40% over target.

LEGEND:	
	COMPLETE / TARGET ACHIEVED
	IN PROGRESS
	INCOMPLETE
	DUE AT A LATER DATE

AVIATION SAFETY OPERATIONS MOSP 2022/2023																						
Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		YTD STATUS
	Operations	*RT	RA	**ST	SA	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
1	High/L Air Operators	74	67	27	19	10	11	3	2	25	8	25	14	16	2	16	1	23	6	23	2	-14.85%
2	Aerial Work Air Operators	97	91	19	16	19	3	18	2	15	7	16	8	20	4	12	1	43	5	45	5	-7.76%
3	RPAS Operators	55	54	10	6	14	0	14	1	17	2	17	1	15	4	9	3	9	4	14	1	-7.69%
4	Foreign Air Operators	N/A	N/A	62	60	N/A	12	N/A	12	N/A	18	NA	17	N/A	18	N/A	18	N/A	14	N/A	13	-3.23%
5	Special Air Events, MOP events (19.1), Air shows, Off-airfield, ARO, Fly-in, Other	NA	NA	16	34	NA	4	NA	9	NA	4	NA	11	NA	4	NA	8	NA	4	NA	6	112.50%
6	GA Ramp Inspections (Part 91 & 94), Planned, Ad Hoc Inspections	NA	NA	180	216	NA	42	NA	52	NA	47	NA	58	NA	46	NA	49	NA	45	NA	57	20.00%
7	RA Airfields & Launch Sites, Drop Zones, Aerobatic Cylinders, Model fields	NA	NA	64	87	NA	19	NA	20	NA	15	NA	16	NA	15	NA	16	NA	15	NA	35	35.94%
8	Commercial Non-Type-Certified Aircraft Air Operator Certificates (Part 96)	3	4	5	6	0	0	2	0	0	3	0	2	1	2	0	3	2	0	2	1	25.00%
9	Corporate Aviation (Part 93)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
10	Aviation Recreational Organisations (Part 149)	11	8	11	12	3	1	2	2	0	4	2	4	2	3	2	3	6	3	2	3	-9.09%

AVIATION SAFETY OPERATIONS MOSP 2022/2023																						
Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		YTD STATUS
	Operations	*RT	RA	**ST	SA	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
11	Aviation Training Organisation	96	91	144	183	24	36	18	34	24	36	31	50	24	36	24	53	24	36	18	46	14.17%
12	Flight Simulation Training Device	156	154	0	0	39	0	39	0	39	0	63	0	39	0	23	0	39	0	29	0	-1.28%
13	Part 138 Air Ambulance Inspections	18	23	1	6	2	1	2	1	4	0	7	1	2	0	4	3	10	0	10	1	52.63%
14	Part 141 First Aid Inspections	13	15	1	1	4	1	4	1	3	0	5	0	2	0	5	0	4	0	1	0	14.29%
15	Airport CAPSCA Inspection	27	26	0	0	0	0	0	0	8	0	13	0	14	0	7	0	5	0	6	0	-3.70%
16	Design Organisations (ADO)	10	10	10	10	2	4	2	2	4	0	2	1	3	1	4	1	1	5	2	6	0.00%
17	Aircraft Maintenance Organisations (AMO)	247	251	94	112	55	25	49	12	69	21	89	19	55	22	65	26	68	26	48	55	6.45%
18	Manufacturing Organisation (AMORG)	17	17	20	20	3	5	3	4	3	7	4	5	3	4	2	4	8	4	8	7	0.00%
19	Delegated Engineering Representatives (DER)	6	6	6	6	2	1	2	1	0	3	0	2	1	2	4	1	3	0	0	2	0.00%
TOTAL		**830**	**817**	**670**	**794**	**177**	**165**	**158**	**155**	**211**	**175**	**274**	**209**	**197**	**163**	**177**	**190**	**245**	**167**	**208**	**240**	**7.40%**

Table 6: Aviation Safety Operations (ASO) MOSP, 2022/23

* Renewal – New Approvals and Renewal Audits

** Surveillance – Includes addressing safety concerns and the resolution of same

5.2.2 AVIATION SECURITY MASTER OVERSIGHT SURVEILLANCE PLAN (MOSP)

The Master Oversight and Surveillance Plan performance for AvSec for the year to date is reflected in the following table for the period ending March 2023. The target was exceeded by 9.5%.

AVIATION SECURITY MOSP 2022/23																						
Strategic Objective	MOSP Annual Target					Q1 Target		Q1 Actual		Q2 Target		Q2 Actual		Q3 Target		Q3 Actual		Q4 Target		Q4 Actual		***STATUS
	Operations	*RT	RA	**ST	SA	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
Achieve a step-change in Regu-lating Aviation Safety and Security	Airports and Airlines	27	26	209	214	6	19	6	28	8	68	9	54	9	57	9	61	4	65	2	71	+1.7%
	Regulated Agents and Known Consignors	121	138	210	235	57	22	59	23	35	50	44	88	14	70	23	67	15	68	12	57	+12.7%
	Dangerous Goods	218	164	177	251	45	41	25	62	46	58	42	66	48	43	43	42	79	35	54	81	+5%
	Training Organisations	29	19	58	70	10	12	7	17	9	15	5	13	8	13	4	22	2	18	3	18	+2%
	Screening Organisations	20	27	40	70	10	8	9	15	2	11	5	22	7	7	9	7	1	14	4	26	+61.7%
	Total MOSP Activities	**415**	**374**	**694**	**840**	**128**	**102**	**106**	**145**	**100**	**202**	**105**	**243**	**86**	**190**	**88**	**199**	**101**	**200**	**75**	**253**	**+9.5%**

Table 7: AvSec MOSP, 2022/23

* Renewal – New Approvals and Renewal Audits

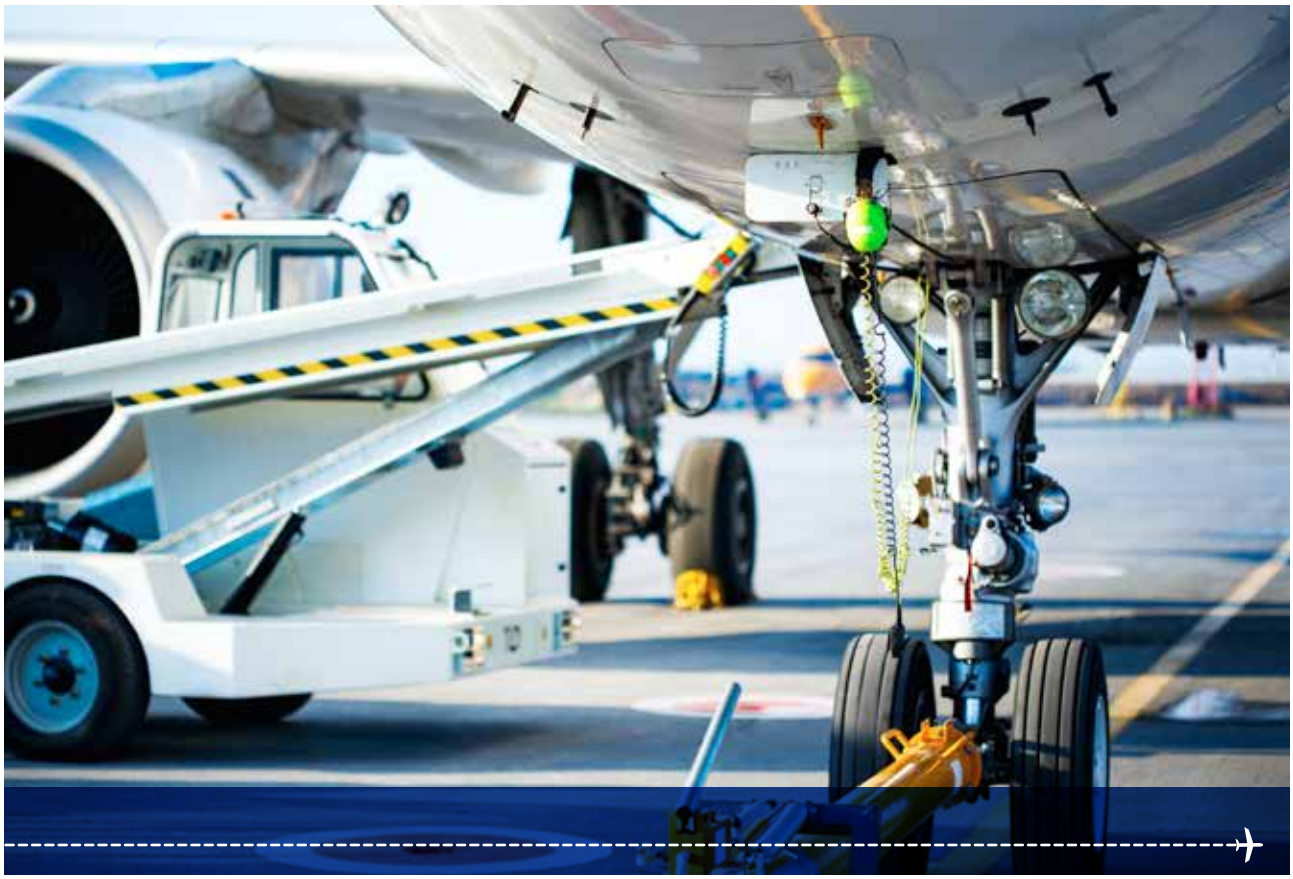
** Surveillance – Surveillance and Follow-Up Audits (includes addressing of safety and security concerns)

5.2.3 AVIATION SECURITY VARIANCES

AREA	Notes
Quarter 1	
Airports and Airlines	• MOSP performance against target (136% positive variance) • Additional surveillance conducted due to operators requiring updating and amend their AOSP.
Cargo Security	• MOSP performance against target (103.08% positive variance) • Additional surveillance conducted in preparation for the ICAO USAP CMA audit.
Dangerous Goods	• MOSP performance against target (101.16% positive variance) • Additional surveillance due to operators restarting operations again.
Training Organisations	• MOSP performance against target (109.09% positive variance) • The increase was mainly due to an instructor evaluation and additional training site verifications.
Screening Organisations	• MOSP performance against target (133.33% positive variance) • Surveillance activities moved forward to coincide with Part 110 examinations as a cost-saving initiative on travel costs.
Quarter 2	
Airports and Airlines	• MOSP performance against target (- 8.85% negative variance) • The reduced number is due to some operators that no longer operate as planned or did not operate during the period under review.
Cargo Security	• MOSP performance against target (+ 35.49% positive variance) • Additional surveillance conducted in addressing ICAO USAP CMA audit CAP.
Dangerous Goods	• MOSP performance against target (+ 7.63% positive variance) • Additional surveillance due to operators restarting operations again.
Training Organisations	• MOSP performance against target (- 1.67% negative variance) • Planned renewals did not materialise as some training organisations closed down or are no longer active.
Screening Organisations	• MOSP performance against target (+ 66.29% positive variance) • Additional ad-hoc surveillance activities are done while travelling for Part 110 examinations as a cost-saving initiative on travel cost.
Quarter 3	
Airports and Airlines	• MOSP performance against target (6% positive variance). • Additional surveillance was conducted.
Cargo Security	• MOSP performance against target (7% positive variance). • Additional surveillance conducted in addressing ICAO USAP CMA audit CAP.
Dangerous Goods	• MOSP performance against target (7% negative variance) • The negative variance for the quarter is due to the additional surveillance conducted in previous quarters. The section is ahead of its year-to-date target.
Training Organisations	• MOSP performance against target (23% positive variance). • Additional request for instructor evaluations and site verifications.

AREA	Notes
Screening Organisations	• MOSP performance against target (14% positive variance). • Additional ad-hoc surveillance activities are done while travelling for Part 110 examinations as a cost-saving initiative on travel costs.
Quarter 4	
Airports and Airlines	• MOSP performance against target (1.7% positive variance) • Additional surveillance conducted.
Cargo Security	• MOSP performance against target (12.7% positive variance) • Additional surveillance conducted in addressing ICAO USAP CMA audit CAP.
Dangerous Goods	• MOSP performance against target (5% positive variance) • The positive variance for the quarter is due to the additional surveillance conducted.
Training Organisations	• MOSP performance against target (2% positive variance) • Additional request for instructor evaluations and site verifications.
Screening Organisations	• MOSP performance against target (61.75% positive variance) • Additional ad-hoc surveillance activities were done while travelling for Part 110 examinations as a cost-saving initiative (on travel cost).

Table 8: Deviations – AvSec MOSP, 2022/23



5.2.4 AVIATION INFRASTRUCTURE MASTER OVERSIGHT AND SURVEILLANCE PLAN (MOSP)

The Master Oversight and Surveillance Plan performance for Aviation Infrastructure, for the year 2022/23 is reflected in Table 10. The MOSP execution exceeded the 100% target by 2% for the year to date, due to additional surveillance inspections.

AVIATION INFRASTRUCTURE MOSP 2022/23																						
Strategic Objective	MOSP Annual Target					Q 1 Target		Q1 Actual		Q 2 Target		Q2 Actual		Q 3 Target		Q3 Actual		Q 4 Target		Q4 Actual		YTD STATUS
	Operations	*RT	RA	**ST	SA	R	S	R	S	R	S	R	S	R	S	R	S	R	S	R	S	
Achieve a step-change in regulating Aviation Safety and Security	Air Traffic Services	24	24	24	24	6	6	6	7	6	5	6	4	7	6	7	6	5	7	5	7	
	Aerodromes	112	116	18	18	23	6	24	10	38	1	38	1	32	4	32	7	19	7	22	0	+3%
	CNS	0	0	55	55	0	20	0	20	0	15	0	15	0	12	0	12	0	8	0	8	
	AEP	0	0	14	14	0	3	0	2	0	4	0	5	0	2	0	2	0	5	0	5	
	Total MOSP Activities	**136**	**140**	**111**	**111**	**29**	**35**	**30**	**39**	**44**	**25**	**44**	**25**	**39**	**24**	**39**	**27**	**24**	**27**	**27**	**20**	**+2,9%**

Table 9: Aviation Safety Infrastructure MOSP, 2022/23

*Renewal – New Approvals and Renewal Audits

**Surveillance – Surveillance and Follow-Up Audits (includes addressing of safety and security concerns)

5.2.5 AVIATION INFRASTRUCTURE VARIANCES

Table 10 provides an explanation of deviations observed in the MOSP numbers, reflected in the MOSP table above:

Area	Notes
Quarter 1	
Aerodromes	Pilanesberg aerodrome surveillance on 12 April, 2022.
	Marble Hall follow-up aerodrome inspection 6 April, 2022.
	Richards Bay aerodrome follow-up inspection 17–18 May, 2022.
	Plettenberg Bay aerodrome Licence upgrade from Cat 4 to Cat 5 on 21–22 June, 2022.
AEP	Bram Fischer Environmental oversight surveillance will be conducted on 5 July, 2022. Slightly postponed due to scheduling conflicts.
Quarter 2	
Aerodromes	FARB – Upgrade FARB from CAT 2 to CAT 5 on 7 July 2022
Quarter 3	
Aerodromes	Polokwane Int Airport AAFSA ATO evaluation, aircraft construction course training on 26 October, 2022.
	Follow-up inspection at Polokwane 7–8 November, 2022.
	OR Tambo Global Reporting Format (GRF) audit on 7 December, 2022.
	King Shaka GRF audit on 21 December, 2022.
	Cape Town GRF audit on 22 December, 2022.
Quarter 4	
AEP	Environmental ad hoc for Bram Fischer Airport was replaced by King Shaka International Airport, due to risk-based oversight requirements. Bram Fischer was fully compliant during annual surveillance.
Aerodromes	OR Tambo Int Airport 13–15 February, 2023.
	Cape Town Int Airport 20–22 February, 2023.
	King Shaka Int Airport 27 February–1 March, 2023.

Table 10: Deviations – Aviation Safety Infrastructure MOSP, 2022/23

5.3 AVIATION SAFETY AND SECURITY COMPLIANCE

5.3.1 AVIATION SAFETY

ICAO Universal Safety Oversight Audit Programme – Continuous Monitoring Approach (USOAP-CMA)

As signatories to the Chicago Convention on International Civil Aviation and a Member State of the ICAO since 1944, South Africa is obligated to comply with international civil aviation Standards and Recommended Practices (SARPs).

The International Civil Aviation Organization (ICAO) under its USOAP-CMA, audited South Africa's aviation safety oversight system, a process coordinated and led by the SACAA on behalf of the State.

This was an intensive 12-day audit that took place from 22 March until 3 April 2023.

South Africa did not attract a significant safety concern and received an EI score of 91,79% – a significant improvement from the 87.39% that ICAO rated the country in the last audit, conducted in 2017. The state is awaiting the final report in September 2023 as there are elaborate processes involved before the final outcome is announced. The minor findings contained in the preliminary report are now being attended to by the Regulator and affected entities to close the gaps that were identified. South Africa's performance in this audit places the country in the number one (1) spot in Africa and among the top 25 countries globally.

US-FAA International Aviation Safety Assessment

In November 2022, South Africa also received the final report from the United States FAA following an audit conducted in November, 2021 and July, 2022 in line with the Air Transport Agreement signed between South Africa and the United States. According to this agreement, any party can conduct an assessment of the safety oversight system of the other party in line with ICAO's minimum standards and recommended practices. The final outcome of this assessment confirmed that South Africa has retained its Category 1 status with the United States. The benefit of this outcome is that South African airlines can operate directly into and from the United States with no hindrance.

1.3.2 AVIATION SECURITY

ICAO Universal Security Audit Programme – Continuous Monitoring Approach (USAP- CMA)

From 15 to 26 August 2022, South Africa was also subjected to a Universal Security Audit Programme – Continuous Monitoring Approach (USAP-CMA) audit by ICAO. South Africa received the final report from ICAO and the State did not attract any Significant Security Concern.

South Africa was audited under this new methodology applied by ICAO for the first time.

US Transport Security Administration and European Union ACC3 Programme

South Africa's aviation security cargo system was assessed by the United States Transport Security Administration. The outcome of this assessment confirmed yet again that the cargo security system of South Africa is on par with that of the United States. As a result, the TSA granted South Africa permanent recognition. This means that South African operators wishing to operate in the United States instead of US can do so unhindered without a need to undergo individual assessment and duplicative assessments by the US.

South Africa's air cargo security system still enjoys the recognition of the European Union (EU) States as being on par with theirs, benefiting South African operators wishing to operate in the EU.

The recognition of South Africa's aviation systems by leading aviation States has huge economic benefits for the State and the operators in the country.

5.3.3 AVIATION ENVIRONMENTAL PROTECTION (AEP)

The SACAA endeavours to assist in reducing the contribution of aviation towards the global environmental impact through appropriate measures that include the development of the regulations on environmental protection.

Four (4) volumes under ICAO Annex 16 deal with this matter, namely, Volume I – Aircraft Noise, Volume II – Aircraft Engine Emissions, Aeroplane CO2 Emissions and Volume IV – the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), that also aligns with the ICAO assembly resolutions on policies and practices related to environmental protection.

Other responsibilities include the establishment of guidance material for Land-Use Planning (LUP) and management in as far as aviation is concerned, without usurping the responsibility of the Local Authorities to give effect to their own mandates and make their own regulations.

The Carbon Offsetting and Reduction Scheme for International Aviation, or CORSIA, is a global scheme for offsetting CO_2 emissions from international aviation activities, which also aims to contribute to the world-wide ambitious goals for climate neutrality.

AEP continues to raise aviation industry awareness on CORSIA and other environmental protection issues to ensure compliance to all relevant legal and environmental requirements in as far as the Civil Aviation Act and Bill provides for such a mandate.

The AEP imperatives are included in the SARPs and guidance material from ICAO to curb carbon emissions in civil aviation and to improve the quality of the environment, based on a balanced approach.

As much as ICAO stipulates directives on how to make use of a balanced approach to noise management at airports and encourages a balance between the needs of commercial activity versus the rights of residents in the vicinity of an airport, it is the responsibility of the different Member States to encourage the application of LUP and to manage policies that limit the encroachment of incompatible development into noise-sensitive areas.

The SACAA encourages the establishment of a consultative committee by airports, incorporating all affected parties. This is to address and discuss issues related to AEP in the environment that is in close proximity to an aerodrome.

Resolution A39-2 encourages the implementation of the new Annex 16 Vol III (CO_2 Emissions Certification Standard) and the ICAO basket of measures, to limit CO2 emissions in order to promote the sustainable growth of the sector.

As such, this resolution introduced the development of the State Action Plan (SAP), which aims to address the reduction of CO_2 emissions from international civil aviation activity.

The baseline of CO_2 estimations was established as being from 2016 until 2050, which projections are also made based on the improved Traffic Management measures that are currently being implemented, including the carbon market-based measure.

After the adoption of the CORSIA, the SACAA under the auspices of the Department of Transport has been participating as a donor state providing assistance, capacity building and training on CORSIA (ACT-CORSIA) initiatives to recipient states since 2018 under the NCLB initiative.

The country's implementation of the Monitoring, Reporting and Verification (MRV) started in 2019, where aeroplane operators gathered their annual emissions to be submitted to SACAA in April 2020.

This data needs to be verified by a verification body and is submitted in the form of an emissions report to the state, where the state conducts an order of magnitude check of the verified emissions reports to be submitted through the CORSIA Central Registry (CCR) as per ICAO implementation timelines.

Note: As part of the long-term global aspirational goals (LTAG), Resolution A41-21, the 41st ICAO General Assembly agreed on net-zero carbon emissions by 2050 in support of the UNFCCC Paris Agreement's temperature goal. This is a collective goal that does not attribute any obligations or commitments in the form of emissions reduction goals to individual states.

5.4 THE STATE OF AVIATION SAFETY

5.4.1 AIRCRAFT ACCIDENT AND INCIDENT INVESTIGATIONS

This part of the report provides an assessment of aircraft accidents, incidents and investigations that occurred in the Republic of South Africa during the financial year ending 31 March 2023. The report further presents performance regarding completed investigation reports as well as the safety performance of aviation operations, including the issued safety recommendations that identify areas that may require attention and/or interventions from operators, maintenance organisations, design organisations, manufacturing organisations and regulators responsible for oversight functions.

a) Number of Hours Flown Per Operation Type

In Table 11, aircraft movement statistics are presented in relation to operational types. As an important part of flight readiness, flying hours are often used as a measure of experience or cumulative exposure to risk. When pilots have insufficient flying hours, their proficiency is reduced, and accidents are more likely to occur. It is evident from the statistics below that the number of hours flown between 2021/22 and 2022/23 has increased by approximately 50%.

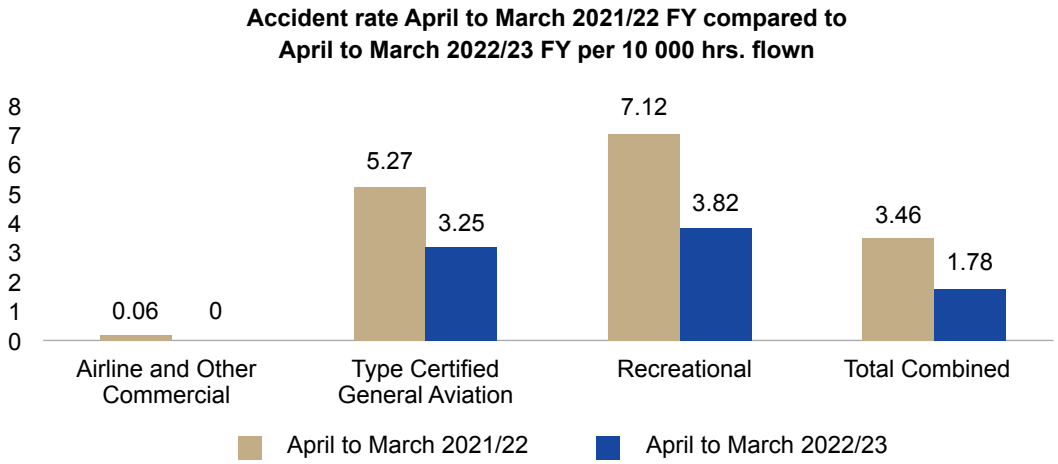
Type of Aircraft Operations	Estimated Hrs. Flown for the Period April to March 2021/22 FY	Total Number of Accidents Recorded for the Period April to March 2021/22 FY	Estimated Hrs. Flown for the Period April to March 2022/23 FY	Total Number of Accidents Recorded for the Period April to March 2022/23 FY
Airline and Other Commercial	177 760	1	307 090	0
Type Certified and General Aviation	159 455	84	215 440	70
Recreational	87 108	62	112 440	43
Total Combined Hours	**424 323**	**147**	**634 970**	**113**

Table 11: Hours Flown Per Type of Operations for 2012/22 and 2022/23 FY

b) Aircraft Accident Rate

The aircraft accident rate is calculated by using the actual number of accidents in the operations category and the estimated hours flown, aggregated per 10 000 flying hours. Graph 2 indicates the comparison of the accident rates per 10 000 hours flown between the 2021/22 and 2022/23 financial years.

Comparing the current reporting year to that of the 2021/22 FY, the airline and other commercial accident rates decreased by 100%. The accident rate for type-certified general aviation aircraft decreased by 38% compared to the 2021/22 FY. There was a 46% reduction in accidents for recreational aviation in 2022/23 compared to the previous year. The combined accident rate for April to March for the 2021/22 FY was 3.46, and for April to March for the 2022/23 FY was 1.78. As a result, the accident rate per 10 000 flying hours decreased by 49%.

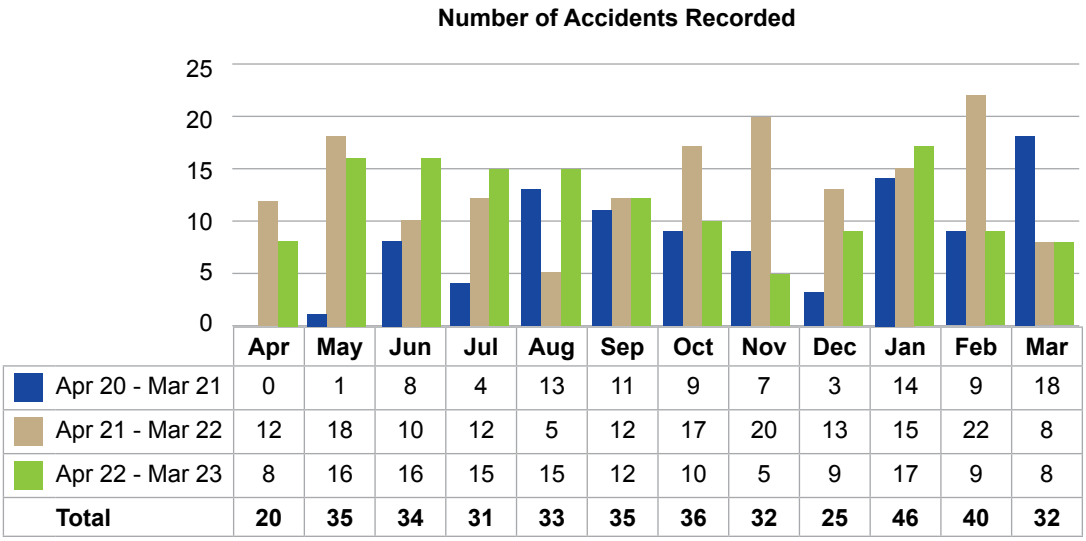


Graph 2: Accident Rates Between 2021/22 and 2022/23

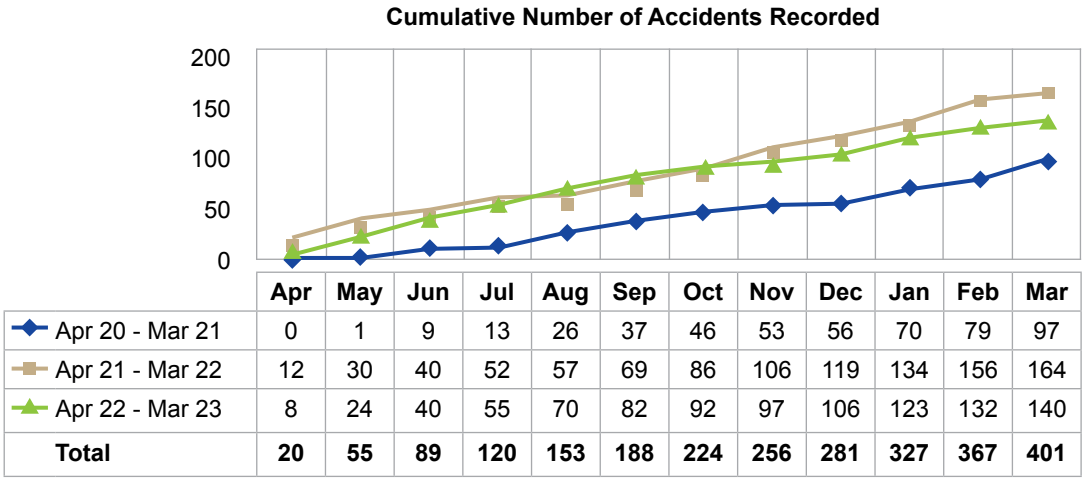
c) Number of Accidents

Graph 3 is a month-by-month comparison of accidents recorded, as well as the cumulative number of accidents in the past three financial years that were investigated by the Accident and Incident Investigation Division during the period 1 April 2020 to 31 March 2023.

A total of 140 accidents were recorded during the 2022/23 financial year, including nine (9) fatal accidents that resulted in 12 fatalities. This represents a 15% decrease when compared to the 164 accidents in 2021/22. This is a positive step, as the Regulator aims to reduce the number of accidents by 50% between 2020/21 and 2024/25. However, in comparison to 2020/21, the number of accidents in the current financial year has increased by 44%.



Graph 3: Number of Accidents per Month From 1 April 2020 – 31 March 2023



Graph 4: Cumulative Number of Accidents From 1 April 2020 – 31 March 2023

d) Accidents Per Aircraft Category and Operation Type

The majority of accidents recorded in the 2022/23 financial year were in the operations of Aviation Training Organisations (ATO), NTCA and General Aviation and Operating Flight Rules, which collectively accounted for 73% of all accidents recorded. An analysis of the 2022/23 financial year revealed the following results in terms of accidents in the operational categories, compared to the 2021/22 period:

- Agricultural Operations decreased by 27%,
- Aviation Training Organisations (ATOs) remained constant at 38 accidents,
- General Aviation and Operating Flight Rules decreased by 28%,
- Operation of NTCA decreased by 29%,
- Remotely Piloted Aircraft Systems increased by 59%.

There has been a significant decrease in the accidents of Non-Type-Certificated Aircraft, as well as the General Aviation and Operating Flight Rules sectors, which can be attributed to the implementation of the GASS that is positively affecting these sectors because of its wide reach. To support these strategies in accident reduction, the AIID will continue to monitor these sectors of operation and issue safety recommendations in accident reports. It is anticipated that the General Aviation and the NTCA accidents will continue to decline in the next financial year.

There is still a concern regarding the number of accidents involving ATOs, which initially increased by 65% higher from 2019/20 to the 2020/21 FY, with the number remaining fixed in the 2022/23 FY. The AIID is planning to make a safety recommendation, based on the causal factor analysis, to reduce the number of accidents. This initiative is planned to be undertaken and completed in the second quarter of the 2023/24 FY and to be implemented in the third and fourth quarters to assess its effectiveness. This sector is likely to experience a decrease in accidents over the next financial year. Overall, per operational sectors, it is forecast that fewer accidents will be recorded, apart from remotely piloted aircraft systems (RPAS) operations.

In the last three financial years, the number of accidents involving RPA has increased as a result of the increased number of RPA operations and their inherent technical reliability challenges. There has been a 59% increase in the number of accidents involving RPA compared to the 2021/22 financial year. The AIID will collaborate closely with the SACAA and the RPAS industry to identify the cause of accidents and to propose safety advocacy programmes to reduce the number of accidents.

e) Fatal Accidents Per Operational Category Between 2020/21 and 2022/23 Financial Years

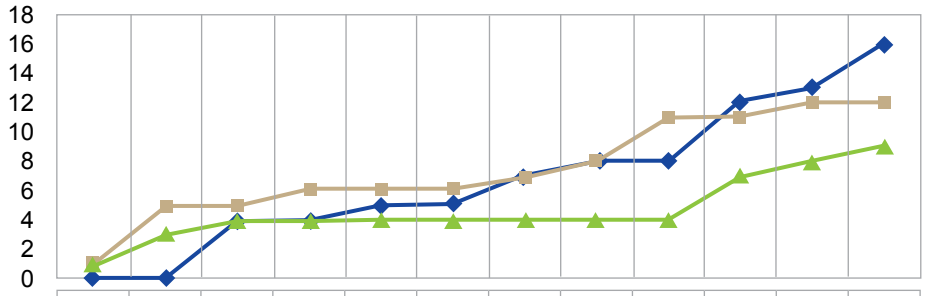
In order to understand the impact of fatal accidents and the deaths that result from them, it is vital that the SACAA's mandate to ensure the safety of scheduled and commercial air transport is fulfilled. In spite of all the progress made regarding aviation safety in South Africa, which has resulted in zero (0) fatal accidents occurring in scheduled and commercial operations for over three decades, there are still considerable concerns regarding fatal accidents occurring within the general aviation and recreational sector. To achieve SACAA's goal of reducing fatal accidents in general aviation operations by 50% by the end of the 2024/25 financial year, more work needs to be done.

Table 12 shows comparative data on the number of accidents versus fatal accidents per operational category between the 2020/21, 2021/22 and 2022/23 financial years.

	2020/21		2021/22		2022/23	
Operational Category	**No. of Accidents**	**No. of Fatal Accidents**	**No. of Accidents**	**No. of Fatal Accidents**	**No. of Accidents**	**No. of Fatal Accidents**
Agricultural Operations	12	3	11	2	8	1
Air Ambulance Operations	1	1	0	0	0	0
Air Transport Operations: Carriage on aeroplanes of more than 19 passengers or cargo	0	0	2	0	0	0
Air Transport Operations: Small Aeroplanes	0	0	1	0	2	0
Aviation Training Organisation	23	3	38	3	38	2
Commercial Helicopter Operations	1	0	1	0	0	0
Commercial Operation of Non-Type-Certificated Aircraft	1	0	1	0	0	0
General Aviation and Operating Flight Rules	25	5	39	1	29	2
General Maintenance Rules	0	0	2	0	0	0
Helicopter Aerial Work and Other Operations	0	0	1	0	0	0
Operation of Non-Type-Certified Aircraft	33	4	51	6	36	4
Remotely Piloted Aircraft Systems	1	N/A	17	N/A	27	N/A
Grand Total	**97**	**16**	**164**	**12**	**140**	**9**

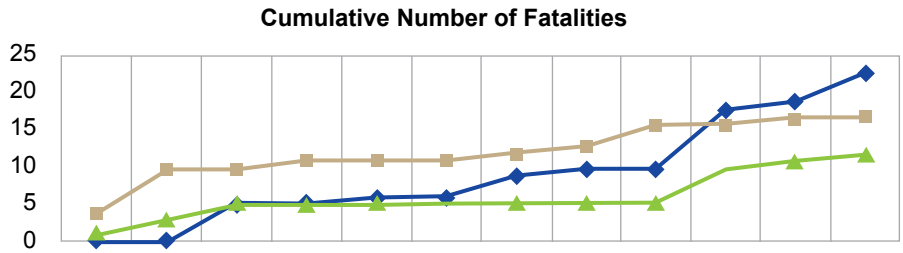
Table 12: Number of Accidents Versus Fatal Accidents per Operational Category Between the 2020/21, 2021/22 and 2022/23 Financial Years

Graph 5 depicts a three-year recorded and cumulative comparison of fatal accidents and fatalities. There is a 25% decrease in fatal accidents and a 29% decrease in the number of fatalities in 2022/23 compared to the same period in 2021/22.



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Apr 20 - Mar 21	0	0	4	4	5	5	7	8	8	12	13	16
Apr 21 - Mar 22	1	5	5	6	6	6	7	8	11	11	12	12
Apr 22 - Mar 23	1	3	4	4	4	4	4	4	4	7	8	9

Graph 5: Number of Accidents Versus Fatal Accidents per Operational Category Between 2020/21, 2021/22 and 2022/23 Financial Years

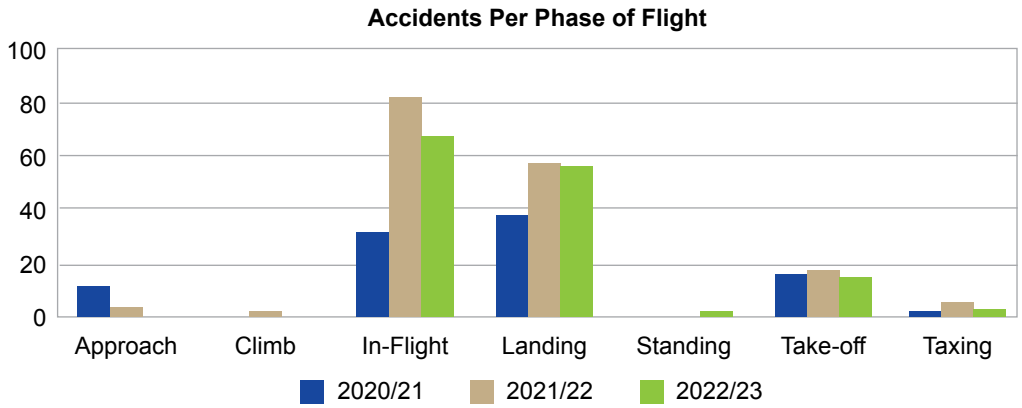


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Apr 20 - Mar 21	0	0	5	5	6	6	9	10	10	18	19	23
Apr 21 - Mar 22	4	10	10	11	11	11	12	13	16	16	17	17
Apr 22 - Mar 23	1	3	5	5	5	5	5	5	5	10	11	12

Graph 6: Cumulative Number of Fatalities: 2020/21, 2021/22 and 2022/23 Financial Years

f) Accidents Per Phase of Flight Between 2020/21, 2021/22 and 2022/23 Financial Years

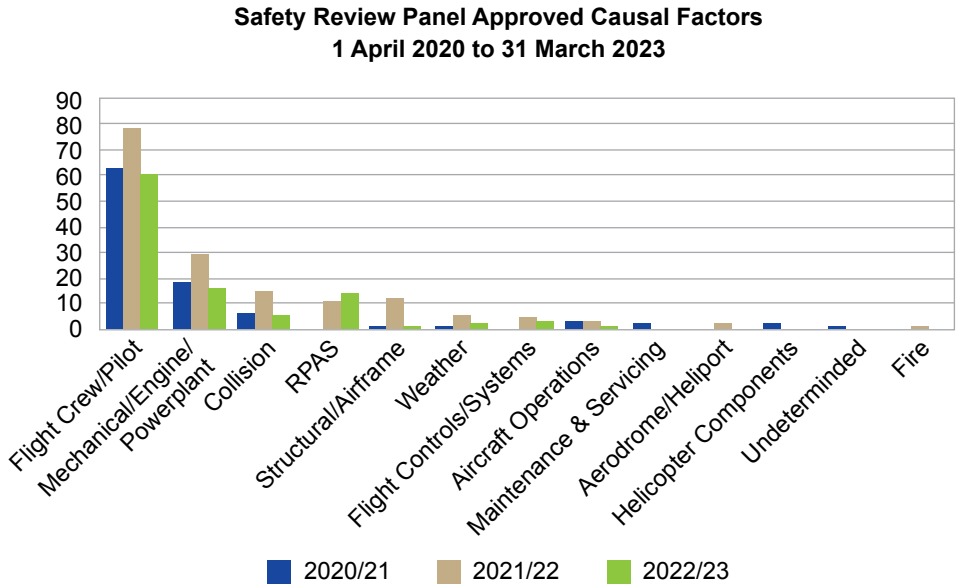
Graph 7 represents the number of aircraft accidents per phase of flight. The majority of accidents occur during the landing and in-flight phases, followed by the take-off phase, as shown in the graph. Due to the complexity of in-flight operations and landing, the crew must remain vigilant to prevent accidents and incidents. The factors that contribute to accidents per phase of flight include, among others, congested airspace, and weather changes. As a result, the crew workload might increase, and unanticipated events might occur that may ultimately lead to accidents.



Graph 7: Three-Year Breakdown of Accidents Per Phase of Flight Recorded Between 2020/21, 2021/22 and 2022/23 Financial Years

g) Causal Factors Attributed to Accidents Between 2020/21, 2021/22 and 2022/23 Financial Years

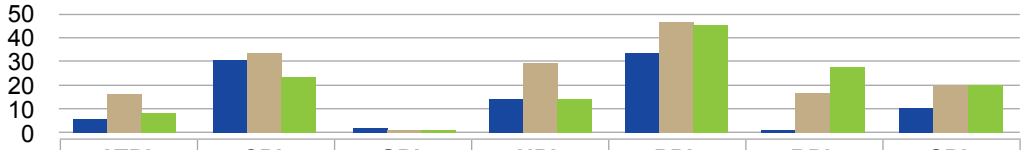
Graph 8 demonstrates the breakdown of accident causal factors for the period 2020/21, 2021/22 and 2022/23.



Graph 8: Causal Factors Attributed to Accidents for the Financial Years 2020/21, 2021/22 and 2022/23

h) Licence Types for Pilots Involved in Accidents Between 2020/21 and 2022/23 Financial Years

The majority of accidents between 2020/21 and 2022/23 involved Private Pilot's Licence holders, followed by Commercial Pilot's Licence holders.



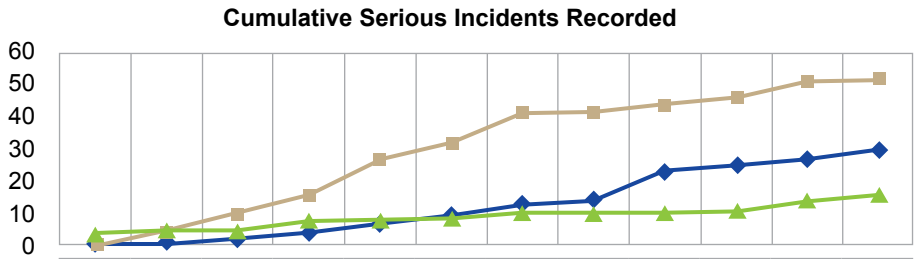
	ATPL	CPL	GPL	NPL	PPL	RPL	SPL
2020/21	5	31	2	14	34	1	10
2021/22	16	33	1	30	47	17	20
2022/23	8	23	1	14	46	28	20

Graph 9: Licence Types of Pilots Involved in Accidents Between 2020/21, 2021/22 and 2022/23 Financial Years

i) Serious Incidents Reported Between 2020/21, 2021/22 and 2022/23 Financial Years

The AIID has conducted investigations into the occurrences that are classified as serious incidents in accordance with the ICAO Annex 13 definition. Sixteen (16) serious incidents were recorded in the current reporting period compared to the 52 serious incidents recorded during the 2021/22 reporting period; therefore, a 69% decrease in serious incidents is noted in the 2022/23 reporting period.

Graph 10 is a summary of the 2020/21, 2021/22 and 2022/23 reporting periods of serious incident investigations:



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Apr 20 - Mar 21	0	1	2	4	7	9	13	14	23	25	27	30
Apr 21 - Mar 22	1	4	10	16	27	32	41	42	44	46	51	52
Apr 22 - Mar 23	4	5	5	8	8	9	10	10	10	11	14	16

Graph 10: Three-Year Comparison of Cumulative Serious Incidents Between 2020/21, 2021/22 and 2022/23 Financial Years

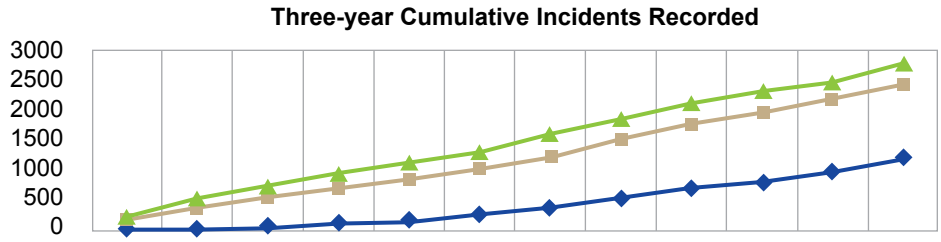
j) Serious Incidents Per Operational Category between 2020/21, 2021/22 and 2022/23 financial years

Serious Incidents Per Operational Category	2020/21	2021/22	2022/23
Agricultural Operations	1	2	1
Air Ambulance Operations	0	1	0
Air Transport Operations: Carriage on aeroplanes of more than 19 passengers or cargo	4	5	1
Air Transport Operations: Small Aeroplanes	1	0	1
Aviation Training Organisations	10	13	6
General Aviation and Operating Flight Rules	8	18	0
General Operating and Flight Rules	0	3	5
Operation of Non-Type-Certified Aircraft	6	9	1
Operation of Parachutes	0	1	0
Remotely Piloted Aircraft Systems	0	0	1
Grand Total	**30**	**52**	**16**

Table 13: Serious Incidents per Operational Category Between 2020/21, 2021/22 and 2022/23 Financial Years

k) Number of Aircraft Incidents Recorded

Graph 11 compares the cumulative number of incidents recorded in the past three financial years. The cumulative number of incidents reported between 2020/21, 2021/22 and 2022/23 shows that the number of incidents reported in the current financial year have increased by 16% compared to the previous financial year. The increase in reportable incidents demonstrates a positive safety reporting culture, and this plays a vital role in preventing accidents and serious incidents.



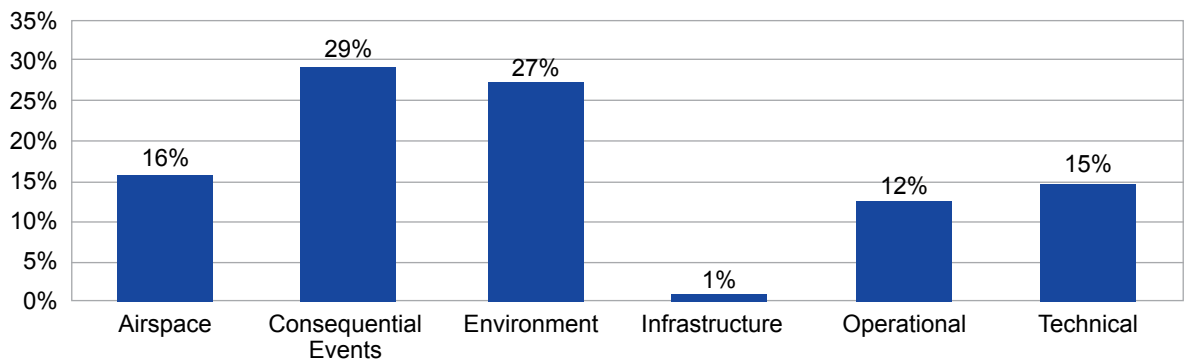
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Apr 20 - Mar 21	18	31	59	112	171	260	390	533	698	798	968	1183
Apr 21 - Mar 22	196	360	554	711	870	1028	1242	1498	1762	1965	2201	2421
Apr 22 - Mar 23	247	539	739	946	1127	1330	1581	1858	2096	2311	2476	2804

Graph 11: Number of Aircraft Incidents Recorded Between 2020/21, 2021/22 and 2022/23 Financial Years

l) Incident Event Types

Graph 12 shows an overview of the types of incidents recorded in the following areas:

- **Operational** – occurrences that relate specifically to aircraft operations that involve a human element, such as aircraft control, planning, flight preparation and communication.
- **Technical** – occurrences that relate specifically to a failed aircraft component or system, such as engine, hydraulic or pressurisation.
- **Airspace** – occurrences that relate specifically to controlled and uncontrolled air space issues, such as airspace infringements or aircraft separation.
- **Infrastructure** – occurrences that relate specifically to failures or anomalies with aerodrome and ATC facilities that directly affect an aircraft operation.
- **Environment** – occurrences specifically related to external influences that have a direct impact on aircraft operations, such as weather, wildlife, and interference with the aircraft from the ground.
- **Consequential Events** – occurrences that relate specifically to an operational necessity as the result of one occurrence followed by another occurrence (technical, operational, etc, such as diversion, missed approach or rejected take-off).



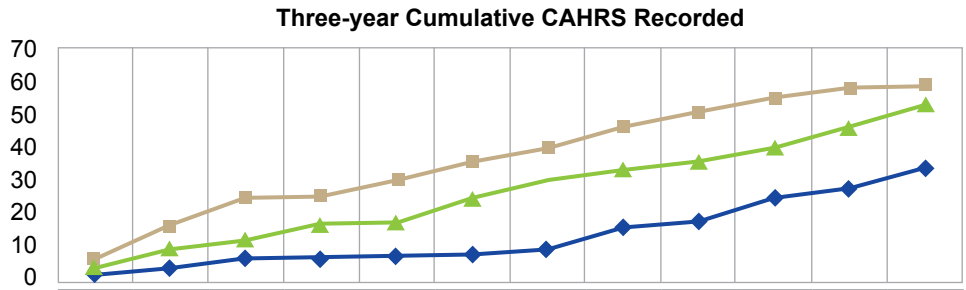
Graph 12: Percentage Distribution of Event Types Associated With Incidents Between 2021/22 and 2022/23

m) Confidential Aviation Hazard Reporting System (CAHRS)

Compared to the previous financial year, there has been a 10% decrease in the number of CAHRS reports that have been recorded as depicted in the graph below. The confidential reporting system has resulted in the proactive rectification of safety deficiencies, thus its importance. Safety promotions would be earmarked for Serious Incidents due to under-reporting, in the main we ought to keep the positiveness in this regard.

The AIID meets yearly with the International Confidential Aviation Safety Systems (ICASS) group that promotes the confidential reporting systems method as one avenue to improve flight safety in commercial air transport and general aviation operations. The ICASS group's main goals are as follows:

- To facilitate the exchange of safety-related information between independent confidential aviation reporting systems.
- To identify solutions to common problems in the operation of such systems.

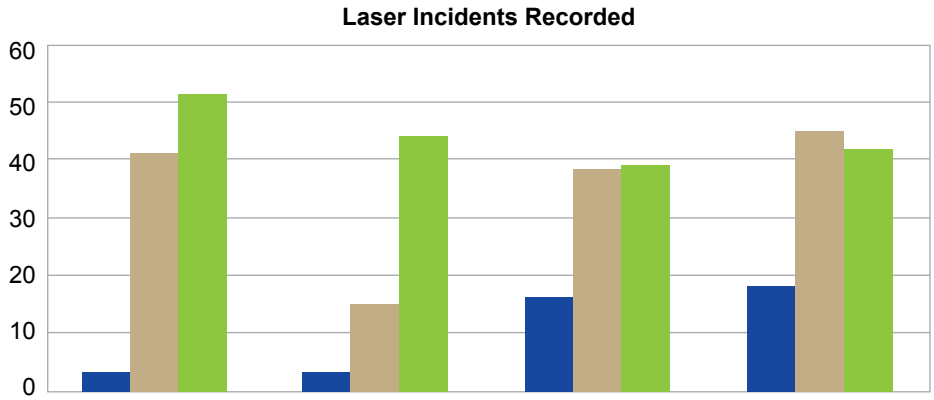


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Apr 20 - Mar 21	2	4	7	7	8	8	10	16	18	25	28	34
Apr 21 - Mar 22	7	17	25	26	30	36	40	46	51	55	58	59
Apr 22 - Mar 23	5	10	13	17	18	25	30	33	36	40	46	53

Graph 13: Number of CAHRS Reports Recorded Between 2021/22 and 2022/23

n) Laser statistics

In the period under review, the SACAA recorded a total of 176 laser activities. This is in comparison to the 139 laser activity events recorded in 2021/22, which indicates an increase of 27%. Laser activities continue to occur at critical phases of flight such as during take-offs, final approaches, and landings. King Shaka International Airport (ICAO: FALE) has had the highest number of reported events at 47%, followed by Cape Town International Airport (ICAO: FACT) at 26%, and OR Tambo International Airport (ICAO: FAOR) at 12%. Through collaboration with interested parties, these events could be lessened with the intervention of several educational campaigns. A plan to safeguard pilots against the negative impact of laser activities will be developed to manage the risk proactively and methodically.

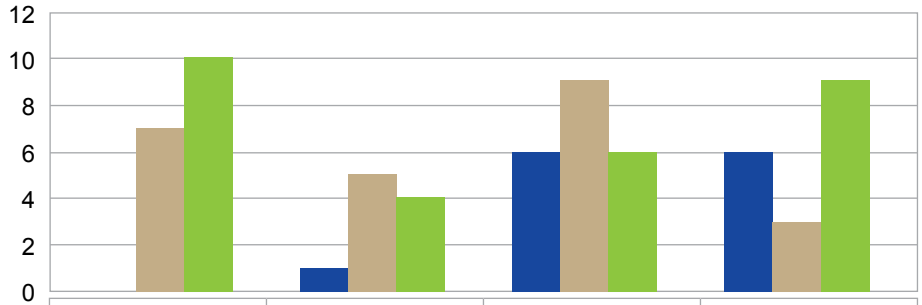


	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	3	3	16	18
2021/22	41	15	38	45
2022/23	51	44	39	42

Graph 14: Laser Statistics Between 2020/21 and 2022/23 Financial Years

o) Remotely Piloted Aircraft Systems (Drone) Statistics

In the period under review, the AIID recorded a total of 29 unauthorised drone activities. This is in comparison to the 24 RPA activity events recorded in 2021/22, which indicates an increase of 21%. The Safety Information office has recorded sightings of unauthorised RPA activities on critical flight paths and near-collisions with aircraft. The threat of unauthorised RPA activities is growing. To reduce the threat in general aviation, committees such as GASS and the RPAS Inter-Departmental Work Groups are developing draft frameworks for safety awareness. A safety recommendation for mitigating RPA operations is being prepared by the Safety Information office in response to the increased number of RPA operations.

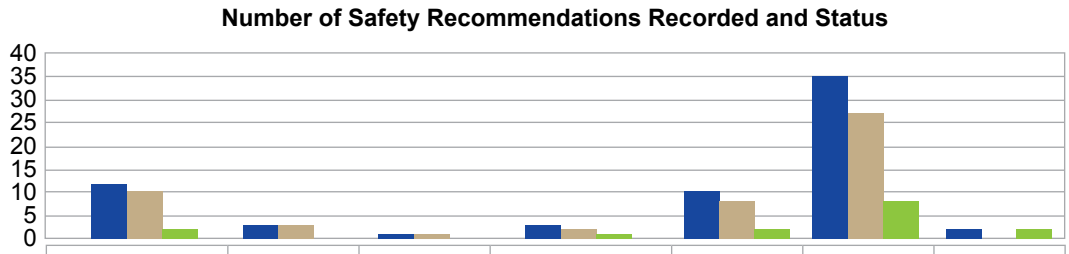


	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	0	1	6	6
2021/22	7	5	9	3
2022/23	10	4	6	9

Graph 15: Remotely Piloted Aircraft Statistics Between 2020/21, 2021/22 and 2022/23 Financial Years

p) Safety Recommendations

To assist in preventing accidents and incidents, the AIID issues safety recommendations, based on concluded investigations. Additionally, the recommendations include trends derived from the CAHRS and the Centralised Safety & Security Reporting (CSSR) body, as well as safety studies. To reduce accidents worldwide, well-established tools such as regulatory improvements and oversights are used, therefore, most safety recommendations are issued to the state of operator such as the SACAA. The SACAA, AIID and the industry need to collaborate effectively to achieve this objective. A total of 77% of the safety recommendations issued by AIID have been addressed and closed.



	ATC and Airports Infrastructure	AMO	DOT	Manufacturer	Operator	SACAA	AATOSA
Recorded	12	3	1	3	10	35	2
Closed	10	3	1	2	8	27	0
Open	2	0	0	1	2	8	2

Graph 16: Safety Recommendations

5.4.2 ENFORCEMENT ACTIONS TAKEN BY THE REGULATOR

The organisation took a number of enforcement actions against operators and aviation personnel as a result of non-compliances to Civil Aviation Regulations. These range between financial penalties to suspension of approvals and licences. A total of forty-five (45) enforcement actions during the reporting period and the financial penalties amounted to R427 000.

PENALTIES		
LICENCE CATEGORY	**QUANTITY**	**AMOUNTS**
Regulated Screening Agent	4	R96 000.00
Commercial Pilot's Licence	3	R30 000.00
Private Pilot's Licence	10	R100 000.00
Air Operator Certificate	1	R24 000.00
Licensed Aerodrome	1	R24 000.00
RPAS/Drone Operators	5	R50 000.00
National Pilot's Licence	1	R10 000.00
Foreign Operator Permit Holder	1	R88 000.00
Designated Flight Examiner	1	R5 000.00
TOTAL PENALTIES	**27**	**R427 000.00**

SUSPENSIONS	
Remote Pilot's Licence	1
Licensed Aerodrome	1
National Pilot's Licence	2
Aviation Training Organisation	3
Regulated Agent	1
Regulated Screening Agent	1

SUSPENSIONS	
Aviation Maintenance Engineer	1
Approved Design Organisation	1
Aircraft Maintenance Organisation	3
Air Operating Certificate Holder	1
WARNINGS	
Private Pilot's Licence	1
RPAS/Drone Operators	5
National Pilot's Licence	1
Foreign Air Operator Holder	1
Regulated Agent	1
Regulated Screening Agent	1
Designated Medical Examiner	1
Commercial Pilot's Licence Holder	2
VERBAL COUNSELLING LETTERS	
RPAS/Drone Operators	6
ATPL	1
Commercial Pilot's Licence	1
Designated Medical Examiner	1
Designated Flight Examiner	1
DISQUALIFICATIONS	
Private Pilot's Licence	5
Student Pilot's Licence	1
Commercial Pilot's Licence	1

Table 14: Enforcement Actions by Regulator

BREAKDOWN OF PENALTIES ISSUED	
Grand total of penalties issued	R427 000.00
Grand total of penalties paid as at the end of the financial year	R430 550.00
Suspensions	15
Warning letters	13
Verbal counselling letters	10
Disqualifications	7

Table 15: Breakdown of Penalties

5.4.3. KEY STAKEHOLDER ENGAGEMENTS

The SACAA hosted the following industry activities during the reporting period:

a) Technical Workshops

No.	Technical Workshop	Date	Venue	Feedback
1.	Flight Design & Procedure Workshop	7 & 8 April 2022	Gauteng - Protea Hotel Midrand	The meeting took place at the Protea Hotel, Midrand over two days. The purpose of the meeting was to discuss and address matters related to Flight Procedure Design and Cartography with the service providers.
2.	AvSec Part 114 Workshop	7 April 2022	Virtual	The Non-Scheduled Operations section oversees all security-related activities in relation to non-scheduled air carriers. Their role is to enforce the provisions of Part 114 of the CARs and the NASP. Delegates were given two months to make sure that they complied with the amended regulations presented. Topics that were discussed were Part 114, Part 111 amendments, NASP and USAP–CMA.
3.	Dangerous Goods Workgroup Meeting	8 April 2022	Virtual	The purpose of this webinar was to discuss the feedback and regulations emanating from the ICAO Dangerous Goods Panel.
4.	Air Traffic Services Designated Examiners Conference	28 April 2022	Virtual	The conference was hosted under the theme “back to basics” and focused on presentations and discussions around the Regulations that govern the Designated Examiners’ operational environment.
5.	Dangerous Goods Competency-Based Training Assessment webinar	29 April 2022	Virtual	The objective of the webinar was to inform stakeholders in the Dangerous Goods sector about the changes to Competency-Based Training and Assessment.
6.	AvSec Instructor Workshop - Initial and Refresher Workshop	4 - 6 May 2022	Virtual	The AvSec department hosted their Initial and Refresher workshops for instructors.
7.	AvSec OJT webinar	8 June 2022	SACAA (virtual)	The purpose of the OJT webinar was to prepare the industry to professionally conduct OJT processes within the K9, Cargo and Hold Baggage screening sections.

No.	Technical Workshop	Date	Venue	Feedback
8.	Engineering Designated Examiner Workshop	3 August 2022	Gauteng (Virtual)	The purpose of this webinar was to introduce SA-CATS 66 to Engineering Designated Examiners. SA-CATS 66 was added to the AME regulation, but not implemented.
9.	AvSec ASTI Workshop	24 August 2022	Gauteng (Virtual)	The purpose of the webinar was to ensure that Aviation Security training instructors are kept abreast of current trends and developments globally, in aviation security.
10.	Air Traffic Services DE Conference	28 September 2022	Gauteng (Virtual)	The ATS DE conference is hosted for Air Traffic Services Designated Examiners and prospective Designated Examiners. The conference was hosted successfully under the theme of "Going back to basics: A closer look at Regulations." The presenters were from SACAA, ATNS, 43 Air School and ATA.
11.	AvSec OJT (On-the-Job Training) Webinar	2 November 2022	Virtual	The purpose of this webinar was to prepare the industry to professionally conduct OJT processes in the K9, Cargo and Hold Baggage screening sections.
12.	AvSec Instructor Workshop	3-4 November 2022	Virtual	This event took place to equip the instructors for their upcoming AvSec certification assessment. This webinar ran over two days. The delegates appreciated the information on Annex 17 and Human Factors. It was mentioned that the SACAA should share video resources so that the instructors can use them to make classes more interactive.
13.	AvSec Dangerous Goods: Competency-Based Training Webinar	4 November 2022	Virtual	The purpose of the webinar was to train the industry on CBTA (Competency-Based Training and Assessments). External stakeholders were invited to give presentations on their organisations' implementation of CBTA.
14.	Personnel Licensing Cabin Safety Webinar	17 November 2022	Virtual	The Cabin Safety Webinar was hosted under the theme: "maximising the training environment." Attendees were presented with certificates of attendance.
15.	Personnel Licensing Cabin Safety Webinar	24 November 2022	Virtual	The Cabin Safety Webinar was hosted successfully under the theme: "maximising the training environment."
16.	Dangerous Goods & Cargo Security Forum	24 February 2023	Premier Hotel OR Tambo	The forum was hosted in order to share the developments in the Dangerous Goods regulations and training and to discuss the trends in terms of cargo movements post Covid-19 and share feedback from the previous working groups in which South Africa participated that have an impact on this industry segment. The DCA delivered the keynote address.
17.	AvSec ASTI Workshop	2 February 2023	SACAA (virtual event)	The event was a success, and the feedback responses were positive.

No.	Technical Workshop	Date	Venue	Feedback
18.	RPBO – Industry Information Session	1 March 2023	SACAA – Virtual Event	The event was successfully hosted. After presentations from the SACAA, the floor was opened to the industry to engage with the SACAA on RPBO. There were numerous questions posed to the SACAA regarding the updates on RPBO.
19.	Aviation Security Managers Forum	10 March 2023	SACAA – Virtual Event	The event was successfully hosted. Industry members in attendance engaged with the content presented and asked questions on the various topics presented.
20.	AvSec Training and Personnel Certification Forum	15 March 2023	Webinar	The purpose of this webinar was to have a stakeholder engagement on Part 109 and Part 110 regulations and business processes, e.g., OJT Processes and Security Culture programmes.
21.	Part 114 Workshop: Air Carrier Security Development (AvSec)	24 March 2023	Webinar	The purpose was to share with the industry the progress made with regard to submission of the Air Carrier Security Programmes. Furthermore, the purpose was to highlight common challenges that have emanated from evaluation of the Air Carrier Security Programmes and to provide clarity to the industry on areas of concern in the development of the programmes.

Table 16: Technical Workshops

b) Regional Missions

South Africa is in full support of the **"No Country Left Behind" (NCLB) initiative** of the ICAO, with the main goal being for Member States to ensure that ICAO's SARPs are implemented and to ensure that the SARPs are better harmonised globally, so that all States have the significant socio-economic benefits of a safe and reliable air transport system.

The SACAA adopted a stakeholder-inclusive Five-Year Strategic Plan (2019–2023) and organisational goals that will ensure effective stakeholder management. This plan comes with strategic annual targets of enhancing regional cooperation with identified aviation stakeholders in order to achieve the coordination of efforts that are proactive, outcome-based, and relationship-based.

- Phase 1 of the Regional Cooperation Strategy (2019–2021) was implemented, with missions carried out in Lesotho, Swaziland, the Seychelles, Zambia, Tanzania, Mozambique, and Botswana.
- Phase 2 of the implementation was suspended in the 2020/21 financial year, due to the COVID-19 pandemic outbreak.

Phase 2 of the implementation then recommenced in the 2021/22 financial year, with virtual on-the-job training (OTJ) and information sharing sessions with the Seychelles and further physical sessions with Namibia and Gabon. Fulfilment of the remaining commitments to Lesotho and the Seychelles were undertaken in the 2022/23 financial year.

The implementation of the Regional Cooperation Strategy resulted in a notable multi-stakeholder collaboration with the National Department of Transport, the Air Traffic Navigation Services, and the South African Maritime Safety Authority in order to deliver the virtual training for Seychelles in the area of Search and Rescue (SAR).

In this reporting period, 22 key regional cooperation missions took place in the SADC region in which other sub-Saharan States participated. This included the co-hosting of the first-ever iSASO Certification Workshop in South Africa, which provided training for Aerodrome Certification to SADC Member States because of limitations with specialised and dedicated aerodrome regulatory training facilities in the SADC region.

This prompted the ICAO-Eastern and Southern African Office (ESAF) to develop a customised training workshop package that will satisfy the ICAO safety and security requirements for initial and refresher aerodrome training.

Additionally, the workshop aimed to equip the inspectors with the necessary skills for their day-to-day duties, and to equip them to be better prepared for any future ICAO USOAP-CMA activities by training and addressing protocol questions.

There were 51 delegates from nine countries present at the ISASO workshop, who represented Namibia, Botswana, the Seychelles, Angola, Malawi, Tanzania, Zimbabwe, Mauritius, and South Africa.

c) Aviation Career Outreach Programme

One of the SACAA's key projects is the implementation of an Outreach Programme that is aimed at creating awareness and building interest in aviation and its associated industries among learners, graduates, and the public.

Additionally, the programme ensures the SACAA's presence and visibility around the country during selected exhibitions of Science, Technology, Engineering and Mathematics (STEM) careers, coordinated by partners, including the Department of Transport.

During the period under review, the SACAA continued to implement its Outreach and Career Awareness Programmes by using both national and community radio stations, school visits and Expos.

The SACAA reached 39 962 Grade 10 to Grade 12 learners across all nine South African provinces.

There was additional exposure by means of the national, regional and community media that gave coverage to some of the career awareness activities that took place during the financial year.

Below is the schedule of all school visits and Expos attended:

NO.	SCHOOL AND EXPO VISITS	DATE	PROVINCE	NO OF SCHOOLS REACHED	NO OF LEARNERS REACHED
1.	Rantobeng Career Expo	7 April 2022	Limpopo	7	839
2.	Conquer Aviation Career Expo	12 – 13 April 2022	North West	6	714
3.	Mayflower School Visit	9 – 13 May 2022	Mpumalanga	12	2007
4.	Gert Sibande & Enhlanzeni Aviation Youth Show	18 – 19 May 2022	Mpumalanga	12	1000
5.	#eKasi Campaign – Sebokeng School Visit	23 – 27 May 2022	Gauteng	11	1686
6.	E-Learning & Career Exhibition	26 May 2022	Gauteng	33	220
7.	#eKasi Campaign – Mabopane Winterveldt	23 – 27 May	Gauteng	13	1509
8.	Newcastle Airshow and Career Exhibition	4 June 2022	KwaZulu-Natal	15	1169
9.	uMngeni Municipality Career Expo	7 July 2022	KwaZulu-Natal	8	466
10.	Rhodesfield Career Day/Open Day	23 July 2022	Gauteng	3	150
11.	Langebaan Schools Visit	31 July – 5 August 2022	Western Cape	7	627
12.	Tzaneen and Nkowankowa Schools Visit	1 – 5 August 2022	Limpopo	14	3 019
13.	Sedibeng East Career Expo, Phoenix Secondary School	17 August 2022	Gauteng	6	1 057
14.	AAD (Africa Aerospace and Defence) YDP Career Expo	21 – 25 September 2022	Gauteng	N/A	9000 (est)
15.	October Transport Month Career Expo and Drone Show	13 October 2022	Free State	31	795
16.	October Transport Month – OR Tambo Birthday Celebration (ACSA)	27 October 2022	Gauteng	1	165
17.	ICAD Career Exhibition	2 – 3 December	Gauteng	8	520
18.	Buffalo City Metro – Back to School Campaign	30 January – 3 February 2023	Eastern Cape	15	2667
19.	Umlazi – Back to School Campaign	30 January – 3 February 2023	KwaZulu-Natal	15	2771
20.	Colesberg School Visit – Back to School Campaign	6 – 10 February 2023	Northern Cape	12	523
21.	Brits School Visits and Madibeng Career Exhibition	13 – 17 February 2023	North West and Gauteng	63	865 – School Visits 6769 – Career Exhibition Total: 7634
22.	Charlotte Maxeke Secondary School (Kuzondlula Motivational Tour)	28 February 2023	Gauteng	1	243

NO.	SCHOOL AND EXPO VISITS	DATE	PROVINCE	NO OF SCHOOLS REACHED	NO OF LEARNERS REACHED
23.	Oudtshoorn School Visits	13 – 16 March 2023	Western Cape	10	781
24.	Carletonville Aviation Youth Show	23 March 2023	Gauteng	11	400
	Totals			**314**	**39962**

This is an estimation of learners from expos as these statistics are provided by the event organisers.

Table 17: SACAA's Career Outreach Programme

5.4.4. INFORMATION AND COMMUNICATION TECHNOLOGY

Information and Communication Technology (ICT) remains one of the strategic drivers within the SACAA. One of SACAA's strategic outcomes is innovation and technology management. The successful realisation of this outcome will enable the SACAA to proactively respond to the changing business environment to technological shifts, while addressing the stakeholder needs of efficiency, agility, and client-centricity. The Annual Performance Indicator for the period under review was to implement 100% of Phase III of the three-year ICT strategy as approved by Board. The ICT Strategy is aligned to the organisational five-year strategy.

The 2022/23 financial year marked the end of the three-year ICT strategy that was approved by the Board. At the end of the financial year 100% of the overall targets were achieved - albeit with challenges, as the contract of one of the key delivery partners had to be terminated early in the financial year due to non-performance.

Below is a high-level progress update of the Strategic ICT Projects for the reporting period.

(i) EDRMS (SHANDUKA) PROJECT

This is the organisation's automation project that was named by employees as ***"Shanduka"***. Shanduka is a Tsonga word loosely translated as ***"Change"***. The project is focused on automating several internal and client facing business processes. The implementation of the Shanduka project is phased in over a period of three to four years. The DCA declared 2022/23 as the year of the client. Amongst the initiatives implemented as part of this project the organisation has started rolling out the eServices portal that enables operators to submit applications online and also pay online.

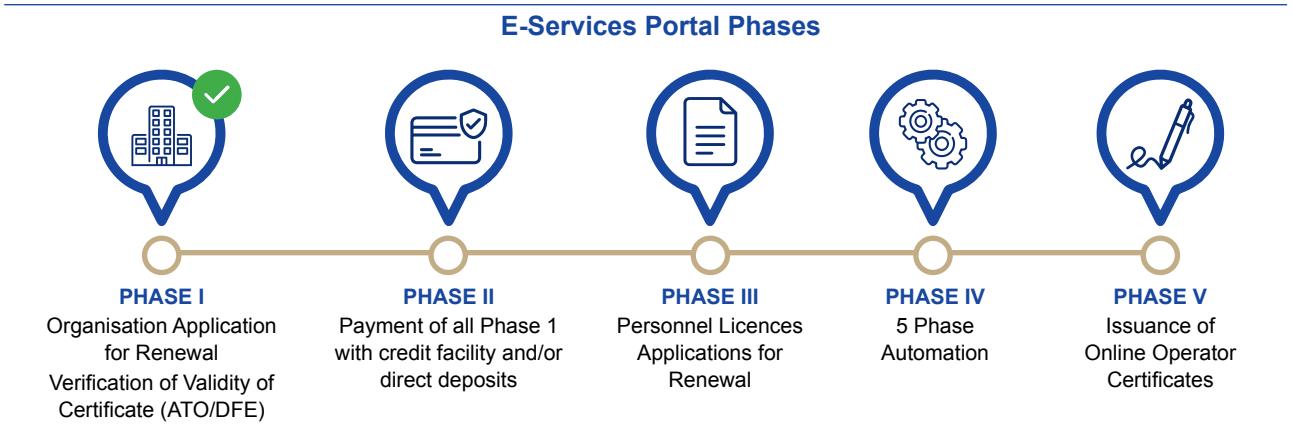


Diagram 3: Phases of e-Services Portal

As part of Phase I, the numerous deliverables from the implemented projects are outlined here:

(a) Client Facing Applications

The e-Services Portal was deployed and successfully implemented on 1 November 2022 for Organisational approval renewal processes with the capability to make payment through a credit card/ debit card. The capability to make payments using the SACAA credit facility and direct deposits linked to the e-Services Portal is currently being designed for implementation later during the next financial year. The e-Services Portal can now be accessed from the SACAA's new website.

Online Certificate Verification (Organisation): The Online Certificate verification for ATOs and Designated Flight Examiners (DFEs) is now live effective from 1 November 2022, and can be accessed on the e-Services Portal on the new website. This initiative is aimed at assisting members of the public who intend advancing their careers in the aviation industry to make informed decisions about the training organisation of their choice. Interested parties are able to confirm if a specific ATO or DFE is recognised by the SACAA and if they are accredited for the training they are offering.

Client Contact Centre: The organisation launched a Contact Centre on 1 November 2022. The Contact Centre operates on extended hours from 7am - 5pm. The centre is operated by well trained and professional agents who process more than 3600 calls a month. The Service Level standards at the contact centre are that calls are picked up within 20 second and the statistics show that more than 90% of the calls meet the SLA on a monthly basis. surpassed. The target of the contact centre is that client calls are resolved on the spot, where possible.

(b) Internal Efficiency Applications

Travel Booking: Most of the Inspectorate Divisions are required to travel in order to conduct their work. With manual paper-based approvals required, the process has been; up until now, very tedious, resulting; in some cases, in delayed inspectionss. During the reporting period the travelling booking process was automated and implemented to realise efficiencies and effectiveness with internal administrative processes like approvals, subsistence allowances and travel booking confirmations.

(ii) ICT GOVERNANCE

The ICT Steering Committee continued with their oversight responsibilities during the year under review. During the reporting period the committee held at least five committee meetings. The committee was established to ensure that the ICT

Governance forms an integral part of the overall governance structure of the organisation. The committee's responsibilities include the following:

- Overseeing the development and implementation of the ICT strategy, ensuring that it conforms to and supports the strategic priorities of the SACAA.
- Advising ExCo and the Board on strategic ICT projects and any risks that have been identified as they relate to the ICT projects.
- Ensuring that ICT policy initiatives are consistent with the strategic objectives of the SACAA and to monitor their delivery and benefit realisation.
- Considering initiatives and innovations that will advance the SACAA's strategy and sustainable growth.
- Monitor the redress of all IT Audit findings as per the Internal and External Auditors reports.

(iii) CYBERSECURITY

No cybersecurity incidents were recorded during the reporting period. The Cybersecurity Strategy and the Information Security implementation plan which were approved by the Board have been implemented successfully.

5.4.5 HIGHLIGHTS

No.	Details
1	**US-FAA Rating** South Africa has maintained its Category 1 status. The significance of the Category 1 status is that South African operators such as the South African Airways can fly directly into the United States, as this achievement recognises that the two countries' safety systems are on par.
2	Annual salary increases for the 2022/23 financial year were approved by the Board and successfully implemented.
3	The AIID participated in the Aerospace Medicine Course on 5 April 2022 in which the AIID presented a lecture on accident investigation and the responsibilities of aviation medical officers and pathologists.
4	The AIID participated in the AIP annual meeting which was held in Paris-France from 24 to 27 May 2022 in which a number of working papers were discussed. SA was enlisted on three (3) working groups which will have substantial impact on Annex 13.
5	**Lesotho Mission** The SACAA dispatched two (2) Training & Personnel Certification Inspectors to Lesotho on an ICAO mission from 8 to 20 August 2022 as short-term experts. The purpose was to prepare Lesotho for an upcoming USAP CMA Audit.
6	**Women Mentorship Programme** A group mentorship session hosted by the Director of Civil Aviation was held on 1 September 2022 and 3 March 2023 as part of the Women's Mentorship Programme. This was the second session to be conducted since the launch of the programme. The session was held physically for the first time and attended by over 200 SACAA female employees. The topic covered at the session was on "Financial Health for Women". The session was very well received by the attendees and provided a platform for women at all levels of the organisation to engage and learn together. The DCA hosted a successful group mentorship session for women, which covered the topic "Goal Setting for Success" on 1 September 2022 and 3 March 2023 with both occasions well received by SACAA women.
7	**AFCAC Assistance** The African Civil Aviation Commission (AFCAC) was assisted with the drafting of Environmental Related Working Papers related to the CORSIA and also LTAG WP, for the 41st Assembly of the ICAO held in September 2022.
8	**Launch of Client Improvement Projects** The SACAA launched a series of client care solutions with a Client Contact Centre as well as a revamped website with an e-Services portal, making access to information easier and seamless whenever clients interact or transact with the organisation.

No.	Details
9	**Employee Excellence Awards** SACAA celebrated and recognised employees for their exceptional performance and achievements at the Employee Excellence Awards event in November 2022. Employees with long service were also celebrated with awards at this event.
10	**Wellness Day** The SACAA has successfully hosted its first physical wellness day event since the lifting of the COVID-19 restrictions. There were several wellness activities for employees to participate in, these included a fitness session by an instructor from Planet Fitness and wellness assessments by Discovery and Medshield medical aids.
11	**1000th USOAP CMA Activity** The International Civil Aviation Organization (ICAO) conducted a 12-day USOAP-CMA audit in South Africa from 22 March to 3 April 2023. The audit was ICAO's 1000th USOAP CMA activity. ICAO celebrated this milestone with South Africa and the world through articles, videos, and other promotional activities. On 31 March 2023, the Department of Transport and the SACAA successfully hosted a dinner to celebrate this milestone.
12	**Annual Performance Plan** The organisation has achieved 96% of its planned targets for the 2022/23 FY of the Annual Performance Plan. These results will be audited by the AGSA.
13	**Culture Week** The SACAA continued its journey of instilling an organisational culture of performance excellence and a high ethical culture with the SACAA Culture Week. The focus was on three pillars: Client Centricity, Performance Excellence, and Ethics and Governance – presented from 21 to 28 February 2023.

Table 18: SACAA Highlights

PART C
GOVERNANCE

1. INTRODUCTION

Sustained good governance has remained pivotal in the Board's strategic leadership and oversight of the SACAA. It is notably reported in a plethora of resources that "regardless of region, the current global economic distress and turbulent markets are affecting the governance landscape".[1] This also holds true for the South African landscape, as agility and the Board's ability to respond quickly to a fast-changing environment has become habitual. Sound governance practices have remained integral to the implementation of the SACAA strategy, despite the disruptive trends permeating many businesses, including the rapidly changing global environment, increased automation, greater oversight by Boards, more agility, and issues of climate change.

Within this context, the Board has continued to make inroads into strengthening its governance mandate and has ensured that sound governance has remained dominant in SACAA's ethos, culture, norms, practices, behaviours, structures, and processes. The Board has continued to discharge its fiduciary duties effectively, prudently, and efficiently, thereby elevating the trust, inclusion and accountability of the Board and delivering on the value creation expected from the SACAA's various stakeholders.

The Board has made informed decisions with its inclusive exchange of views by being robust, resourceful, and adaptable in its deliberations amidst the pressure to adapt to a changing landscape. The Board members continue to demonstrate ethical, and effective leadership, based on their distinctive knowledge set and experience. Governance remains solidly anchored, and it has constantly remained one of the SACAA's crucial success factors.

The Board of Directors unwaveringly subscribes to the four (4) corporate governance outcomes articulated in the "King IV Report" on Corporate Governance™ (King IV Report™) namely:

- Ethical Culture;
- Good Performance;
- Effective Control, and
- Legitimacy.

These pillars have enabled the Board to bring its independent, informed, and effective judgement and leadership to bear on material and other decisions. A strong governance landscape is key to maintaining a good reputation and the development of a positive corporate culture.

In the 2022/23 financial year, emphasis continued to be placed on the various governance tenets, including financial sustainability, stakeholder management, human resources, ICT governance, risk management, ethics, legal compliance and information and communication technology. These enabled the Board to alleviate potential risks, remain accountable and provide the necessary oversight to Management, while delivering on its strategic obligations to the Executive Authority.

The entity, as a Schedule 3A entity, ensured compliance with the PFMA. In terms of the PFMA and in line with the Civil Aviation Act, 2009, (Act No. 13 of 2009), the SACAA Board is the Accounting Authority, while the Minister of Transport is the Executive Authority and no incidents of non-compliance with the PFMA were reported during the year.

1 R Fields & R O'Kelly: Global Corporate Governance Trends for 2023, Harvard Law School on Corporate Governance

As part of the Board's governance mandate, the Board held its annual Strategic Planning Session and robustly reviewed the strategic goals, outcomes, values, vision, mission, risks, and opportunities and ensured that these are backed up by sound reasoning and aligned with the goals of the Executive Authority. These initiatives have enabled the organisation to stay focused on its long-term strategic objectives, while remaining agile enough to respond to changes in the business environment.

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

Table 19 exemplifies the Board's application of the King IV™ principles at a high level during the year:

No.	Outcome	Principle	Application	Governance Instrument	Status
1.	Ethical Leadership	The governing body should lead ethically and effectively.	The Board has a Board Charter in place that sets the tone at the top and indicates the responsibility of the Board to ensure that the SACAA is ethically and effectively managed. The conduct of the Board, its committees, individual directors, and Company Secretary are evaluated and reviewed every second year to establish that those charged with governance exhibit the required characteristics. Along with directing the strategy and monitoring performance, the responsibility for good corporate governance remains that of the Board. Accordingly, management is required to make decisions that are strategically sound and comply with the relevant legislation and policies in the interests of all stakeholders, to achieve the principles of good corporate governance. The Board has adopted a set of values and an Ethics Policy that assist the Board to set the ethical tone from the top.	• Board Charter • Board Induction Process • The Ethics Policy and other policies • Delegation of Authority	

No.	Outcome	Principle	Application	Governance Instrument	Status
2.	Organisational Ethics	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board has taken responsibility for creating and maintaining an ethical corporate culture and ensures that the ethical standards which have been set are adhered to in all aspects of the business. Ethical standards and expectations are clearly communicated to all employees, and breaches of ethical conduct are viewed in a serious light. The SACAA Board has adopted various ethics governance instruments to enable the effective oversight on ethics. The Board oversaw the implementation of the Ethics Implementation Plan and the entity achieved 100% of the plan.	• Board Charter • The Ethics Policy • The Whistleblowing Policy • Established Ethics Function • Fraud Reporting Hotline • Ethics Framework • Ethics Implementation Plan and reporting • Fraud & Corruption Prevention Implementation Plan and reporting	
3.	Responsible Corporate Citizenship	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The SACAA's standing as a responsible corporate citizen remained intact. The Board has put in place adequate policies to ensure that the SACAA remains a responsible corporate citizen. The entity has also adopted a stakeholder-inclusive approach, and the Board regularly received reports on corporate social responsibility and stakeholder management activities from Management.	• Board Charter • The Ethics Policy • Compliance Management Policy • Socio-economic Plan and reporting • Stakeholder Management Plan and reporting	
4.	Strategy and Performance	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value- creation process.	Progress against the adopted SACAA strategic plan is monitored on a continuous basis. The Board exercises ongoing oversight over the implementation of the strategy and operational plans by Management against agreed performance measures and targets. Quarterly reports on performance against the APP are also tabled and approved by the Board and submitted to the Executive Authority.	• Board Charter • Board Performance Agreement • SACAA Strategic Plan and reporting • Annual Performance Plan and reporting • Corporate Governance Plan and reporting • Risk Management Framework and Policy	

No.	Outcome	Principle	Application	Governance Instrument	Status
5.	Reporting	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium, and long-term prospects.	The Board ensures that the annual report provides an accurate, complete, and integrated representation of SACAA's operations during the year, including its financial and strategic performance, corporate governance, risk management and sustainability.	• Board Charter • Risk Management Committee • Combined Assurance Committee • DCA Quarterly report • Annual Report	
6.	Role and Responsibilities of the Governing Body	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board meets regularly to fulfil its duties and responsibilities in terms of the adopted Board charter and remains the focal point of sound corporate governance. The duties of the Board are well elucidated in the SACAA.	• Board Charter • Board Performance Agreement • Delegation of Authority • Compliance Management Policy	
7.	Composition of the Governing Body	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.	The majority of directors are non-executive and independent. The conduct of the Board, Committees, individual directors, and Company Secretary are evaluated and reviewed at least every second year to establish that those charged with governance exhibit the required skills, diversity, independence, and knowledge. It is noted that the composition of the skills required of Board Members is prescribed by section 77 of the Civil Aviation Act. The Board is composed of competent and experienced Board members as appointed by the Executive Authority.	• Board Charter • Civil Aviation Act	

No.	Outcome	Principle	Application	Governance Instrument	Status
8.	Committees of the Governing Body	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	The Board has constituted three committees: the Audit and Risk Committee, Human Resources Committee and Safety, Security and Environmental Committee to assist it with the discharge of its corporate governance responsibilities. The terms of reference of committees are reviewed at least annually and the committees are appropriately constituted, considering the relevant skills and expertise and objectives of the SACAA. The constitution of committees is also referred to in the Civil Aviation Act.	• Board Charter • Terms of Reference for Board Committees • CA Act • PFMA	
9.	Evaluation of the Performance of the Governing Body	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair, and its individual members, supports continued improvement in its performance and effectiveness.	The effectiveness of the performance of the Board, its committees, individual directors, and the Chairman is assessed every second year. The SACAA is satisfied that the evaluation process improves the Board's performance and effectiveness. The contribution of directors is considered to determine whether directors still have sufficient time to fulfil their responsibilities with care, skill and diligence and are free from conflict of interest.	• Board Charter	
10.	Appointment and Delegation to Management	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	While retaining overall accountability, and subject to matters reserved for itself, the Board has delegated authority to the Director of Civil Aviation to run the day-to-day affairs of the SACAA, subject to a delegation of authority framework. The delegation of authority framework sets out authority thresholds and governs the delegation of key decisions to management. It is reviewed annually to ensure relevance.	• Board Charter • ARC Terms of Reference • Delegation of Authority	

No.	Outcome	Principle	Application	Governance Instrument	Status
11.	Risk Governance	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management, as it is linked to the strategy, performance, and sustainability of the SACAA. The enterprise risk management and combined assurance frameworks, together with other SACAA policies and procedures, inform its risk management culture. The entity has a Risk Committee which considers the material outcomes of these processes and probes risk exposure above the desired levels. This informs the SACAA strategy and assists with decision-making at the Board level. The risk assessment process is formally integrated into the SACAA's annual business planning. A comprehensive combined assurance framework and plan has been adopted, which is monitored by the ARC.	• Board Charter • Enterprise Risk Management Framework and Policy • Risk Management Committee • Combined Assurance Framework • Risk Quarterly Reports • Combined Assurance Reports	
12.	Technology and information governance	The governing body should govern technology and information in a way that supports the organisation to set and achieve its strategic objectives.	The Board has delegated its oversight role on ICT Governance to the ARC. An IT Steering Committee is in place at ExCo level and reports on technology and information communication are tabled quarterly at the ARC. There is an approved ICT plan in place and the ARC monitors the progress quarterly.	• Board Charter • Enterprise Risk Management Framework and Policy • ICT Policy • The Ethics Policy • Compliance Management Policy	

No.	Outcome	Principle	Application	Governance Instrument	Status
13.	Compliance Governance	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Board is responsible for SACAA's compliance with the applicable laws, rules, codes, and standards. Compliance is monitored by the ARC quarterly. Compliance is implemented through the development and monitoring of the Regulatory Compliance Universe that contains all relevant applicable legislation, categorised according to the level of significance, namely Critical, High, Medium, and Low. It is worth noting that the Board approved the Compliance Management Policy governing compliance. The Board oversees the implementation of the Legal Compliance Management Plan and 100% of the plan was achieved.	• Board Charter • Compliance Management Policy • Legal Compliance • Regulatory Compliance Universe • Legal Compliance Management Quarterly reporting	
14.	Remuneration Governance	The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.	The SACAA's remuneration strategy's objective is to attract and retain key talent and to motivate and reward employees appropriately to ensure they achieve key organisational objectives. The SACAA remunerates fairly, responsibly, and transparently to promote the creation of value in a sustainable manner. The Remuneration Policy aims to enable the attraction and retention of skilled resources and results in rewards that are aligned with shareholder interests.	• Board Charter • Delegation of Authority • Remuneration Policy • Retention policy • Performance Management Policy	

No.	Outcome	Principle	Application	Governance Instrument	Status
15.	Assurance	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Internal Audit, Risk Committee and the Combined Assurance Committee conduct annual reviews of the SACAA's internal controls and report their findings to the Audit and Risk Committee. This review covers financial, operational and compliance controls, as well as a review of the risk management policies and procedures of the SACAA. Internal Audit reports on all findings to the ARC. Closure of findings is monitored by the Audit and Risk Committee by way of quarterly reporting.	• Board Charter • Combined Assurance Framework, Terms of Reference • Enterprise Risk Management Framework and Policy	
16.	Stakeholders	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.	Establishing and maintaining effective stakeholder relationships are not only essential to keeping our skies safe and secure, but also to enable the growth of the SACAA. The Board has approved a stakeholder management strategy, plan, and policy. Engagements with stakeholders are aligned with the strategic initiatives identified. The Board understands its responsibility to all stakeholders and therefore considers, as far as possible, the legitimate interests and expectations of its stakeholders as part of its decision-making.	• Board Charter • Stakeholder Management Policy • Stakeholder Management Strategy • Stakeholder Management Plan	

No.	Outcome	Principle	Application	Governance Instrument	Status
17.	Responsibility of Institutional Shareholders	The governing body of an institutional investor organisation should ensure responsible investment.	The Board is the custodian of corporate governance across the SACAA. The delegation of authority framework is approved by the Board and reviewed annually. The approved framework and authority levels are implemented throughout the SACAA. Policies are developed and implemented at the operational level of the SACAA. The entity also applies the PFMA and National Treasury regulations and guidelines in terms of investments. An Investment Policy is in place, aligned to these prescripts.	• Board Charter • Delegation of Authority Framework • Board Performance Agreement	

Table 19: Board Application of King IV™ Principles

In this reporting period, the Board concerned itself with the following:

- Review of the five-year Strategic Plan.
- Consideration and approval of the Annual Performance Plan 2023/2024.
- Review and submission of the Mid-Term Progress Report to the Executive Authority, the Department of Performance Monitoring and Evaluation.
- Finalisation of the Strategic Risk Register for 2023/24.
- Monitoring of the entity's performance against the approved annual targets as per the Annual Performance Plan 2022/23.
- Approval of the following Strategies and Frameworks:
  - Human Resources Operational Plan
  - Risk Plan
  - Combined Assurance Plan
  - Ethics Implementation Plan
  - Ethics Framework
  - ICT Strategy
- Increased stakeholder value through oversight over the implementation of the previously approved Stakeholder Management Strategy.
- Oversight over the following key projects: Enterprise Business System, Electronic Document & Records Management System and Relocation of the SACAA Head Office.
- The Board successfully held its Annual General Meeting on 19 October 2022 virtually, and all the resolutions tabled were endorsed by the Executive Authority.
- The Board also submitted its Performance Agreement to the Minister of Transport in March 2023, and it was duly approved.
- The Board Charter and all Committee Terms of Reference were reviewed during the year.
- Reviewing of various policies, frameworks, and strategies, including the Delegation of Authority.

The Board has adopted a stakeholder-inclusive model, wherein the interests of all stakeholders are considered in developing and implementing the SACAA Strategy, including the Annual Performance Plan. Building and protecting stakeholder trust has

ensured that the reputation of the SACAA remains intact.

A Board needs to appreciate its own strengths and weaknesses if it must govern responsibly and effectively. To this end, the last Board evaluation was conducted in 2020 as required in terms of the Board Charter and as enunciated under the King IV Report on Corporate Governance™. The evaluation was conducted independently and focussed on the board processes, director skills, competencies, and board dynamics. The Board evaluation process and report yielded positive results and provided sound feedback to members on their roles and responsibilities. It afforded the Board an opportunity to reflect on its commitments to the Shareholder, the entity, and the best practices in terms of good governance. As previously reported, the Board continues to be effective at a functional, administrative, and strategic level.

In terms of King IV™ and the Board Charter, the Board must be evaluated every two years and was meant to have been evaluated in 2022. This was deterred by the fact that the Board was outgoing and there were three vacancies at the time. The Board has commenced with the next high-level Board Evaluation in April 2023.

1.1 Parliament's Portfolio Committee on Transport

The National Assembly appoints members to the Portfolio Committee on Transport.

The role of Portfolio Committee on Transport is to:

- Consider Bills;
- Deal with departmental budget votes; and
- Oversee the work of the Department they are responsible for. Furthermore, to enquire and make recommendations about any aspect of the Department, including its structure, functioning and policy as well as the entities reporting to the Department.

The work of Committees is not restricted to the government. They may investigate any matter of public interest that falls within their area of responsibility.

The Accounting Authority confirms that it received ongoing support, leadership, and guidance from the Portfolio Committee on Transport, based on its oversight mandate. The following engagements were held with the Committee in the period under review:

- 12 October 2022 – Presentation of the SACAA Annual Report 2021/22.

The above report was well received, and constructive feedback was provided by the Committee.

1.2 Executive Authority

As prescribed in the Civil Aviation Act, 2009 (Act No.13 of 2009) and the PFMA, the Minister of Transport is the Executive Authority.

In terms of the above legislation as well as the Board Performance Agreement, the Accounting Authority is required to provide quarterly reports on the overall performance of the SACAA to the Executive Authority. The Accounting Authority confirms that in compliance with the aforementioned legislative prescripts, it has consistently reported to the Executive Authority on a quarterly basis. All four (4) quarterly reports were submitted to the Executive Authority timeously.

At the end of the reporting period, the Board affirms that the entity has met 96% of its annual targets, which evidences an unwavering commitment in terms of King IV™ to realise good, stable performance, despite the turbulent economic climate. The Accounting Authority apprehends that SACAA's core mandate, its strategy, performance, risks, and opportunities are inextricably linked and crucial to providing stakeholder value.

The Accounting Authority maintains an open and transparent engagement with the Executive

Authority and regularly informs the Executive Authority of progress, milestones and challenges facing the SACAA through written correspondence, presentations and interfaces with the Minister and Deputy Minister of Transport.

1.3 Accounting Authority

The Accounting Authority appreciates the constructive engagements with the Executive Authority on its reported performance and the positive support for challenges facing the entity from time to time. The Board, as the Accounting Authority, provides strategic direction to the entity and constantly strives to achieve all obligations as stated in the annual performance plan and contracted in the performance agreement. The Accounting Authority presented its 2021/22 annual report to the shareholder at the Annual General Meeting on 19 October 2022, which report was well received by the Executive Authority, represented by the Deputy Minister of Transport. The favourable feedback received from the shareholder was progressive and encouraging.

2. ROLES AND RESPONSIBILITIES OF THE BOARD

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

The role of the Board is, among others, to:

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

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

3. THE BOARD CHARTER

The Board, in keeping with sound governance, adopted a formal Charter that is informed by the Constitution of the Republic of South Africa, the Civil Aviation Act, the PFMA and the King IV Report™, among others. In this manner, the Board can ensure that corporate governance and best practice are integral to the fulfilment of its responsibilities.

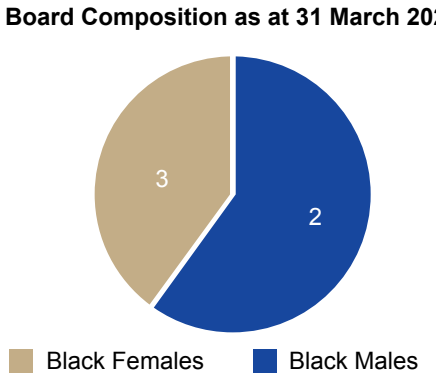
The Charter defines the respective roles, responsibilities, and authority of the Board, both individually and collectively, and reflects the value system in terms of which the Board operates and holds members accountable. The Board Charter is reviewed and approved annually to ensure relevance and alignment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

4. BOARD COMPOSITION

At the beginning of the reporting period, the Board comprised seven (7) members, six (6) of whom were appointed by the Executive Authority with effect from 1 December 2018. On 31 May 2022 the Minister retired Professor NV Dyani-Mhango and Mr M India and the remaining members of the Board were reappointed for a second term in accordance with the Civil Aviation Act. As at 1 June 2023, there were 3 vacancies on the Board. On 23 June 2023, the Minister filled two of these vacancies on the Board and appointed two independent non-executive directors.

Members of the Board as at 31 March 2023:

- Mr E Khosa (Non-executive) – Chairperson
- Mr S Sooklal (Non-executive)
- Ms B Koyana (Non-executive)
- Ms T Phewa (Non-executive)
- Ms P Khoza – Director of Civil Aviation (Executive)



Graph 17: Board Composition

The Board is made up of 60% females and 40% males. All the above non-executive Directors are independent and appointed for a three-year term, effective from 1 June 2022. At year end , the Minister was in the process of filling the three vacancies on the Board, and a shortlist was gazetted in Quarter 4 of the financial year. The Director of Civil Aviation, Ms Poppy Khoza, is the only Executive Director appointed on a five-year contract and whose contract was renewed by the former Minister of Transport for a further five years, effective from 1 December 2018.

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

A mix of skills facilitates sound decision-making and enriches the discussions and deliberations at Board and Committee meetings. The Board is satisfied that it has a balance of knowledge, skills, experience, diversity, and independence to discharge its fiduciary duties, thereby contributing to robust governance and leadership, albeit that it had three vacancies that needed to be urgently filled and which skills will contribute to enhancing the Board's composition and dynamic.

SACAA BOARD OF DIRECTORS

Mr E Khosa
Chairperson of the Board
Non-Executive Director (NED) / Member

Qualifications: MPhil Law, LLB, Higher Diploma: Company Law, Master of Science (International Development), Master of Arts (Development), B.A. Honours, B.A. Humanities

Appointed: 1/12/ 2018

Reappointed: 1/06/2022

Directorship:

National Student Financial Aid Scheme (NSFAS), Shipoyila Khosa Associates

Expertise:

Development Finance,

Realignment of Organisations,

Compliance Management,

Organisational Development.

Membership of Professional Associations:

Institute of Directors of South Africa (IoDSA), Rixaka Forum

Other Committees: SSEC

Mr S Sooklal

Non-Executive Director (NED) / Member
Chairperson of the Audit and Risk Committee (ARC)

Qualifications: Post-graduate Diploma: Taxation, Public Accountants' and Auditors' Examinations, Chartered Accountant (SA), Post-graduate Diploma: Accounting and Auditing, Bachelor of Commerce

Appointed: 1/05/ 2022

Reappointed: 23/06/2023

Directorship: Spacetel Guinea Bissau, Lonestar Communications Corp. Liberia, Mascom Wireless Bostwana Limited, Econet Wireless (Pty) Ltd, Lunar Capital (Pty) Ltd, Member of the Disciplinary Committee: Independent Regulatory Board of Auditors

Expertise: Finance, Tax, Risk Management, Corporate Governance, Due Diligence Reviews, Assurance (Internal and External), Mergers and Acquisition, Listing and Delisting of companies on the JSE, Regulatory

Membership of Professional Associations:
South African Institute of Chartered Accountants, Institute of Directors of South Africa (IoDSA)

Other Committees: ARC & HRC

Ms GB Koyana

Non-Executive Director (NED) / Member
Chairperson of the Human Resources Committee (HRC)

Qualifications: Honours: Bachelor of Arts in Social Science (Psychology), Transnet MD's Executive Women Development Programme (EDP), Post-graduate Certificate in Airline Management, Bachelor of Social Sciences

Appointed: 1/12/ 2018

Reappointed: 1/06/2022

Directorship:
South African Civil Aviation Authority (SACAA), South African National Parks Board (SANParks), Joburg Tourism Company, Yes We Can Women Network Business Network NPC, Senkosi Resources

Expertise: Airline Industry Experience, Business Process Outsourcing, Human Resources, Stakeholder Management, Communications, Customer Service, Coaching and Leadership Development

Membership of Professional Associations:
Institute of Directors of South Africa (IoDSA), Honorary Member of the Golden Key International Honour Society from the University of Pretoria Chapter

Other Committees: HRC, ARC & SSEC

Ms R Phewa

Non-Executive Director (NED)
Shareholder Representative
Interim Chairperson of the Safety, Security and Environmental Committee (SSEC)

Qualifications: Diploma in Airport Management, Managing Integrated Development Service Delivery, M.A in Rural Development, Honours: B. Social Science; majored in Sociology, B. Social Science; majored in Sociology and Political Science

Appointed: 1/12/2018

Reappointed: 1/06/2022

Directorship: None

Expertise: Aviation policy and strategy development/ review

Membership of Professional Associations: Institute of Directors of South Africa (IoDSA)

Other Committees: HRC & SSEC

Ms P Khoza

Executive Director
Director of Civil Aviation (DCA)

Qualifications: Executive MBA in Aerospace Management, B. Management and Advanced Business Programme, International Executive Development Programme (University of Witwatersrand), Executive Development Programme (Henley Business School), Certificate in Travel and Tourism, Certificate in Aviation Safety for Directors-General, International Visitor's Leadership Programme (USA), Civil Aviation Chief Executive Programme Certificate, Certificate in Aviation Safety for Directors General

Appointed: 1/12/2013

Reappointed: 1/12/2018

Directorship: None

Expertise: Leadership and Aviation

Membership of Professional Associations:

Institute of Directors of South Africa (IoDSA)

Other Committees: None

Board Members appointed after the 2022/23 financial year reporting period

The two new Board Members announced by the Minister of Transport, Hon. Sindisiwe Chikunga, after the reporting period. Their terms began on 23 June 2023.

Mr T Peege

Non-Executive Director (NED)
Member

Qualifications: Master's Degree in Transport Policy and Management, Executive Course in Urban and Property Development, Civil Aviation Chief Executive Program, Finance for Senior Executives, Diploma in Aviation Technology Specialising in Avionics, B727-200 Flight Engineer Systems Certificate, Aircraft Accident Investigation Diploma, Aviation Safety Program Management Diploma, Airport Operations and Transportation Development, Boeing 727 Flight Engineer Licence, Certificate in Personnel Practice, Personnel Management Industrial Relations, Dangerous Goods for Aircrew, Airplane Accident Investigation Techniques for Airline Flight Safety Organizations, Airport Management, Integrated Safety Management Systems, Airline Management Integration, Flight Safety and Human Factors, ICAO Regional Hands-On Training Workshop for States Action Plan on CO2 Emissions Reduction, Universal Safety Oversight Audit Programme CMA Activities Training in the Area of OPS

Appointed: 23/06/2023

Directorship: None

Expertise: Aviation

Membership of Professional Associations: None

Other Committees: SSEC & ARC

Adv. M Lebakeng

Non-Executive Director (NED)
Member

Qualifications: LLB, IATA Aviation Law, Diploma: Alternative Dispute Resolution, Master of Science (International Development), Master of Arts (Development), B.A Honours, B.A Humanities

Appointed: 23/06/2023

Directorship: Alliance Group Investments,All Alliance Subsidiaries

Expertise: Legal, Governance, Compliance, Regulatory

Membership of Professional Associations:

Pan African Bar Association of South Africa

Other Committees: ARC & HRC

Table 20: SACAA Board of Directors

The qualifications of Professor NV Dyani-Mhango and Mr M India can be accessed in the 2021/22 Annual Report.

5. BOARD COMMITTEES

Board Committees are at the heart of effective governance and sound decision-making for the SACAA Board. Committees are structured according to the business complexity, size of the Board and the evolving nature of risks facing the entity. In terms of Principle 8 of the King IV Report™, the Board is required to delegate certain functions to well-structured committees, without abdicating its own responsibilities. This principle is legislated in terms of section 81 of the Civil Aviation Act. The committees allow for more in-depth deliberation on crucial and complex matters and enable the Board to make more informed decisions on such matters, based on the recommendation of its committees. The structure adopted by the Board at committee level has supported the Board in the performance of its functions, without relinquishing the Board of its collective authority and decision-making.

The Board had three (3) committees at the commencement of the 2022/23 financial year, namely:

The Board reports that all committees operate within the framework of the Board-approved Terms of Reference, which are reviewed annually by the various committees, benchmarked and approved by the Board. In addition, each committee has an approved annual work plan linked to its Terms of Reference, the Civil Aviation Act, the PFMA and the Board Performance Agreement. The Board appoints the Chairperson and members of each of the Committees. The ARC members are nominated by the Board, but membership is ratified annually at the Annual General Meeting (AGM). The above ensures a healthy system of governance and the rotation of members.

5.1 Audit and Risk Committee (ARC)

This Committee is a statutory committee in terms of the PFMA that provides independent and objective oversight over, among others, financial and sustainability reporting, financial management, risk management, internal controls, internal audit functions and processes, external audit, procurement processes, and information technology governance. The mandate of the ARC is mostly derived from the PFMA. Members of the ARC were nominated by the Board and their appointment was ratified at the AGM of 19 October 2022. An independent member, Ms Z Nkosi, was also appointed to the ARC by the Board to bolster the financial skills on the ARC with effect from 1 November 2020 until 31 May 2022. She was reappointed by the Board on 1 June 2022 and her appointment was also noted by the Executive Authority.

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

- Ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities. Verifies the adequacy, reliability and accuracy of the financial information provided by Management and other users of such information.
- Reviews the internal control systems and structure, including financial controls and accounting systems, and evaluates whether the system of internal control is adequate to manage critical risks.
- Reviews the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of Management to specific recommendations.
- Reviews the enterprise-wide risks as well as the strategic risks on a quarterly basis and ensures that risk management assessments are performed on a continuous basis.
- Reviews the annual report and annual financial statements to ensure that they fairly present a balanced assessment of the SACAA's position, performance, and prospects before recommending them to the Board for approval; and
- Reviews and recommends tenders above R10 million to the Board for approval.
- The Committee reviewed the following quarterly reports, in the year under review:
- Financial Management
- Materiality Framework
- Internal Audit
- Fraud Management
- Risk Management
- Performance Information
- Combined Assurance
- Legal Compliance Management
- Information and Communication Technology
- Closure of the AGSA Findings
- PFMA Compliance
- ICT Governance and Cybersecurity Oversight
- Business Continuity Plan
- Reports on key projects, including the relocation of the SACAA Head Office
- ICT Strategy.

Additional emphasis was placed on cybersecurity, internal audit plans and business continuity plans. A detailed report from the Committee is contained in **PART E: Annual Financial Statements** of this report.

5.2 Human Resources Committee (HRC)

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

This Committee provides independent and objective oversight over, among others, human resources issues, labour relations, collective bargaining

issues, remuneration, performance management systems, reward strategy, retention policy, succession planning and any other issues relating to the workforce of the South African Civil Aviation Authority.

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

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

- Review and approval of the Human Resources Operational Plan.
- Monitoring of the performance against the approved HR Operational Plan on a quarterly basis.
- Review and recommendation to the Board of the annual salary increases mandate.
- Review of the performance of the DCA for 2021/22.
- Review of the social responsibility, stakeholder management and transformation reports.
- Review of the Contact Centre Business Case project report and other policies.
- Review of the HRC Terms of Reference.

5.3 Safety, Security and Environmental Committee (SSEC)

The SSEC was constituted to ensure that the Board is fully appraised of aviation safety and security matters, including environmental issues. The Committee provides oversight over aviation safety, security and environmental matters and mobilises the requisite resources for safety, security, and environmental matters, including audits. The SSEC also reviews key strategies that affect safety and security in the aviation industry as well as the quarterly divisional reports.

6. BOARD MEETINGS AND BOARD COMMITTEE MEETINGS

6.1 Board Meetings

Board and Committee Meetings 2022/23 Financial Year				
Committee	**No. of Meetings Held**	**No. of Members**	**Name of Members**	**Meetings Attended**
Audit and Risk Committee	7	4	Mr S Sooklal – Chairperson	7/7
			Mr M India (Retired on 30 May 2022)	1/2
			Prof N Dyani-Mhango (Retired on 31 May 2022)	2/2
			Ms Z Nkosi (Independent Specialist member reappointed on 1/06/2022)	7/7
	5		Ms B Koyana (Appointed on 1 June 2022)	5/5
	5		Ms T Phewa (Appointed on 1 June 2022)	5/5
Human Resources Committee	7	4	Ms B Koyana – Chairperson	7/7
			Mr S Sooklal	7/7
			Prof N Dyani-Mhango (Retired on 31 May 2022)	1/1
			Ms T Phewa	7/7
Safety, Security and Environmental Committee	4	3	Mr M India – Chairperson (Retired on 31 May 2022)	1/1
			Ms B Koyana	4/4
			Ms T Phewa Interim Chairperson from June 2022	4/4
			Mr E Khosa (Appointed on 1 June 2022)	3/3
Board Meetings/Strategy Session/ Task Team	**No. of Meetings Held**	**No. of Members**	**Name of Members**	**Meetings Attended**
Board Meetings	9	7	Mr E Khosa – Chairperson	9/9
			Mr M India (Retired on 31 May 2022)	3/3
			Mr S Sooklal	9/9
			Prof N Dyani Mhango (Retired on 31 May 2022)	3/3
			Ms B Koyana	9/9
			Ms T Phewa	8/9
			Ms P Khoza	9/9
Board Strategy Session	2	5	Mr E Khosa – Chairperson	2/2
			Mr S Sooklal	2/2
			Ms B Koyana	2/2
			Ms T Phewa	2/2
			Ms P Khoza	2/2
Annual General Meeting (AGM)	1	5	Mr E Khosa – Chairperson	1/1
			Mr S Sooklal	1/1
			Ms B Koyana	1/1
			Ms T Phewa	1/1
			Ms P Khoza	1/1

Board and Committee Meetings 2022/23 Financial Year				
Board Meetings/Strategy Session/ Task Team	No. of Meetings Held	No. of Members	Name of Members	Meetings Attended
Board Task Team Meetings	3	3	Mr E Khosa – Chairperson	3/3
			Prof Dyani-Mhango (Retired on 31 May 2022)	1/1
			Ms B Koyana (Appointed on 1 June 2022)	2/2
			Mr Sooklal	3/3

Table 21: Board Meetings 2022/23 FY

7. BOARD REMUNERATION

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

The Board remuneration is disclosed in the annual financial statements and is summarised hereunder:

Name	Annual Stipend Remuneration	Other Allowance	Other Reimbursements*	Total
Mr E Khosa[1]	380 285.65	N/A	3 731.34	384 016.99
Mr Sooklal[2]	363 760.61	N/A	4 010.41	367 771.02
Mr M India[3]	67 430.09	N/A	487.34	67 917.43
Prof. NV Dyani-Mhango[4]	65 881.38	N/A	348.94	66 230.34
Ms B Koyana	376 864.88	N/A	13 171.05	390 035.93
Ms ZG Nkosi (Independent Member)	40 443.55	N/A	215.56	40 659.11

Table 22: Board Remuneration

* *Reimbursement expenses are disclosed in terms of section 28 (1) (4) of the PFMA as reimbursement costs paid to Board members. The costs include travel costs for all meetings of the Board and its Committees.*

1 Fees inclusive of VAT
2 Fees inclusive of VAT
3 Retired on 31 May 2022
4 Retired on 31 May 2022

8. ETHICS AND CODE OF CONDUCT

Ethical leadership, underpinned by a strong ethical culture, is quintessential to SACAA's consistent excellent performance and clean audits over the years. The SACAA has made remarkable strides in inculcating a strong ethical culture. As a regulator, it has made concerted in its efforts to eradicate unethical behaviour and ensure that employees and all levels of management are equally empowered to deal with ethical dilemmas.

Ethical leadership, exemplified by integrity, competence, responsibility, accountability, fairness, and transparency permeates SACAA's ethos. In keeping with the King IV™ principles relating to ethics, the Board reviewed and approved the Ethics Policy and Framework in April 2022. The Ethics framework ensures that the SACAA maintains an excellent reputation of integrity in all its dealings, and this is anchored in a Board-approved annual Ethics Implementation Plan. The Board continues to oversee the implementation of the ethics programme, and it has been rewarding to see the implementation of the Ethics Plan and the positive impact it has had on employees. The value of a strongly ethical organisation, which is reliable, and with a credible reputation, can scarcely be overestimated. Various ethics initiatives were implemented throughout the year to reinforce ethical behaviour, which entailed ethics workshops, focus groups, quizzes, and the distribution of videos and training, including the revision of policies and procedures. An Ethics Day was successfully hosted in February 2023 to further embed the ethical culture at the SACAA. In this instance, employees were taken out of the office and provided with tools to resolve ethical dilemmas through the screening of a film. It proved to be an effective, therapeutic, and refreshing exercise.

Employees are expected to fulfil their duties with integrity and respect towards customers, stakeholders, and the aviation industry, without the abuse of authority and in line with the approved Ethics Policy and Code of Conduct. These governance instruments embody the ethical principles that are envisaged at the SACAA for its directors, employees and contractors and are linked to the values adopted by the Board, which seek to also provide guidance and ensure that ethics are put into action and infuse employees with a sense of self-respect. They aid in strengthening the relationships among different role-players and foster a credible ethical working relationship and culture at the SACAA.

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

Based on the previous results of the ethics survey conducted in 2021, SACAA moved from a fragile culture in 2019 to a developing culture in 2021, and we hope to improve on this going forward, as we embark on a survey during the 2023/24 financial year.

All training interventions that were incorporated into the SACAA's Ethics Implementation Plan for 2022/23 addressed the recommendations of the previous survey, and tangible results can be seen. The remarkable strides made in maturing the SACAA's ethical culture indicate that the organisation is investing in the development of its ethics and remains committed to the principles stated in the King IV report™. It is encouraging to report that the SACAA's sustained efforts to drive an ethical culture within the organisation, and the oversight and ethical leadership exemplified by the Board and Management, will continue to build on the effective and ethical governance of this important entity, thereby contributing to an ethical state.

9. CONFLICT OF INTEREST

The effective management of conflict of interest remains an integral part of the sound ethical practices at the SACAA. The conflict-of-interest process is managed in accordance with the Conflict-of-Interest Policy and through mandatory annual declarations of interest by all employees. This is over and above the requirement that employees disclose matters of conflict of interest, as and when they arise.

The declarations are verified by Internal Audit for validity, accuracy, and completeness and, where discrepancies exist, such discrepancies are subjected to further investigation. Internal Audit has the mandate to conduct lifestyle audits at any given moment where they deem it appropriate on all divisions, including Supply Chain Management (SCM). In addition, all employees within the SCM. department are vetted annually to manage issues of conflict.

The Board leads ethically and by example. Accordingly, Board members are required to declare any conflict of interest on an ongoing basis. The Board Charter, read together with section 84 of the Civil Aviation Act, details the importance of declaring conflict of interest and contains prescripts for dealing with such conflicts. Board members are required to complete an annual declaration of interest and to declare interest on any item on the agenda at each Board and Committee meeting. It is commendable that all members duly completed their annual declarations, and no conflicts of interest were reported in the year under review.

10. LEGAL COMPLIANCE

As a Schedule 3A public entity, and a regulator, the SACAA needs to ensure compliance with the Civil Aviation Act and the PFMA, among other core pieces of legislation. The SACAA has an established legal compliance function that monitors compliance to the primary legislation as outlined in SACAA's legal compliance policy and the universe of laws. Legal compliance activities are identified in the Board-approved Legal Compliance Implementation Plan.

Legal compliance reports are submitted quarterly to the Audit and Risk Committee and monthly to the Executive Committee. For the year under review, the Legal Compliance and Governance Management Function implemented and improved the identification, assessment, mitigation, monitoring, and reporting of legal compliance requirements and continued to reinforce compliance principles as adopted by the SACAA Board.

As part of the mitigation of non-compliance risk, the SACAA identified and focused on the development of Compliance Risk Management Plans (CRMPs) for the following laws: the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) (PRECCA), the Employment Equity Act, 1998, (Act No. 55 of 1998) (EEA) and the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA) and reported on these to the relevant governance committees. It is reported that 100% of the Legal Compliance Implementation Plan was achieved for the 2022/23 financial year.

Since the coming into effect of the Protection of Personal Information Act, 2013, (Act No. 4 of 2013) (POPIA) in June 2021, the SACAA approved Project Plans for each financial year and put in place a project committee to drive compliance at an operational level. Divisional POPIA CRMPs were created and circulated to all SACAA divisions where gaps were identified for each provision of the Act. This was done in conjunction with the POPIA Audit Questionnaires, where controls were identified and documented accordingly. The SACAA developed the POPIA Compliance Framework, the Privacy Policy (approved by the Board in October 2022), the External Privacy Statement, the POPIA Compliance Tracker and the Website Privacy Policy. The SACAA achieved 100% compliance with the POPIA Project Plan implementation for the 2022/23 financial year. Compliance in terms of the POPIA will be ongoing, and a further implementation plan will be developed in 2023/24.

11. COMPANY SECRETARY

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

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

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

The Company Secretary is also empowered with the necessary authority and support to carry out her duties as follows:

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

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

Audit and Risk Committee responsibility

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

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

The Audit and Risk Committee for the year ended 31 March 2023 comprised of three non-executive members and an independent specialist member appointed in November 2020. The committee was chaired by an independent non-executive member, Mr Surendra Sooklal. The Director of Civil Aviation, Executive: Finance, Chief Audit Executive, Executive: Corporate Services and the Auditor-General of South Africa all have a standing invitation to the Audit and Risk Committee meetings. The appointment of the Audit and Risk Committee members is confirmed annually at the Annual General Meeting by the Executive Authority.

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

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

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

Attendance of Audit and Risk Committee meetings by Audit and Risk Committee members

Mr S Sooklal	7 out of 7
Mr M India (Retired on 31 May 2022)	1 out of 2
Prof. N Dyani-Mhango (Retired on 31 May 2022)	2 out of 2
Ms Z Nkosi	7 out of 7
Ms B Koyana (Appointed on 1 June 2022)	5 out of 5

Ms T Phewa (Appointed on 1 June 2022)	5 out of 5

Work of the Committee in 2022/23

The Audit and Risk Committee is established as a statutory committee in terms of the PFMA. The Committee submits this report for the financial year ended 31 March 2023, as required by Treasury Regulations 27.1.7 and 27.1.10(b) and (c) issued in terms of section 51(1)(a)(ii) and 76(4)(d) of the PFMA.

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

The effectiveness of internal control and risk management

Internal Audit provides the Audit and Risk Committee with reasonable assurance that the internal controls are adequate and effective across all significant areas of the entity. This is achieved by means of compiling a Risk-based Internal Audit Plan, as well as ensuring that management put adequate management corrective actions in the final internal audit reports and in addition, Internal Audit suggests enhancements to the control environment and processes when conducting individual audits. From the various reports of both the internal and external auditors, we noted that matters which indicated any deficiencies in the system of internal control have been brought under management's attention and corrective measures have been implemented. Accordingly, we can report that the systems of internal control over financial reporting for the period under review were adequate and effective.

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

The Audit and Risk Committee is responsible for overseeing risk management and ensuring that the internal audit function is independent and has the necessary resources, authority and skills to discharge its responsibility effectively. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessments.

During the year under review, the Committee conducted the following activities:

Reviewed and recommended the following matters to the Board for approval:

- Quarterly risk reports containing potential and emerging risks and opportunities aligned to the SACAA's vision and mission and reportable incidents;
- Quarterly PFMA compliance reports;
- Quarterly finance and materiality reports;
- Quarterly performance management reports;
- SACAA's policies on fraud and corruption, bank and cash, investment, telephone and cell phones and security;
- The risk assessment and risk management, including fraud risks and information technology risks;
- The Medium-Term Expenditure Framework for the ensuing periods;
- The draft Annual Report 2022/23 Revision of the Delegation of Authority and legal compliance report;
- Review of the supply chain, other financial, risk, internal audit, fraud and legal compliance policies; and
- Cybersecurity Strategy amongst others.

Reviewed and approved the following quarterly reports:

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

Evaluation of the annual financial statements

The Audit and Risk Committee reviewed the annual financial statements for the 2022/23 Financial Year of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate and consistent. The annual financial statements were reviewed with the following focus:

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

Financial reporting

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

- Compliance with financial reporting standards and governance reporting requirements;
- Significant financial reporting judgments and estimates to be made in applying accounting policies;
- The appropriateness of and any changes to accounting policies;
- Significant adjustments resulting from the audit;
- Compliance with legal requirements and accounting standards;
- Reasons for year-on-year fluctuations;
- The procedures and controls around estimates that are key to applying accounting policies; and
- Whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for stakeholders to assess the entity's business model, strategy and performance.

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

Internal audit

The Internal Audit Department is responsible for providing professional, independent and objective assurance in the adequacy and effectiveness of the internal control environment across all the significant areas of the SACAA's operations and assist the SACAA in achieving its set objectives.

Key activities of Internal Audit are:

- to develop and implement a three year Risk -based Internal Audit Plan which takes into

account risks and concerns identified and raised by management and those raised by the Audit and Risk Committee. The plan is submitted to the Audit and Risk Committee for approval;

- to build and enhance the skills level of audit staff with knowledge to assist them in the execution of planned audits; and
- to provide an optimal audit coverage by considering the scope of work of the external auditors and other assurance providers within the SACAA as per the Combined Assurance Framework.

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

The Audit and Risk Committee is responsible for ensuring that the Internal Audit Function is independent and has the necessary resources, standing and authority within the SACAA to enable the Function in discharging its duties. Furthermore, the Audit and Risk Committee oversees co-operation between the internal and external auditors and serves as a link between the Board and these two functions.

Internal Audit's activities are measured against the approved annual internal audit plan and the Chief Audit Executive tables progress reports in this regard to the Audit and Risk Committee on a quarterly basis.

During the reporting period the Audit and Risk Committee reviewed and approved/noted the following matters:

- The Risk-based Annual Internal Audit Plan and the Three-year Risk-based Internal Audit Rolling Plan;
- Progress reports on the closure of the internal audit findings;
- Internal audit's quarterly reports in line with the approved Internal Audit Plan; and
- Internal Audit Charter for the 2022/2023 Financial Year.

The Audit and Risk Committee has formed an opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Department has complied with the International Standards for the Professional Practice of Internal Auditing, as well as the required legal, regulatory and other responsibilities as stipulated in its Charter during the period under review. We are satisfied that the Internal Audit Function is operating effectively, and that it has addressed the risks pertinent to the SACAA in its internal audit engagements.

Whistle-blowing

In compliance with the Protected Disclosures Act, 2000, the SACAA has established and maintains an independent fraud hotline service. The Audit and Risk Committee wishes to report that, for the financial year under review, it received and dealt with all concerns or complaints, whether from within or outside of the SACAA.

The Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by Internal Audit Division's Forensic Services Department. The Audit and Risk Committee receives, on a regular basis, progress reports on the status of the investigations, and the Committee ensured that the necessary corrective actions were taken by management. The Committee in the year under review also reviewed and approved the Fraud and Corruption Policies and the Annual Forensic: Fraud and Corruption Prevention Plan.

The quality of management and quarterly reports submitted in terms of the PFMA

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

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

The quality of budgets submitted in terms of the PFMA

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

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

Risk Management and Combined Assurance

The Committee has noted good progress on the implementation of the risk management policy, framework, plans and the combined assurance model. The combined assurance providers continue to find synergy and there are continued co-ordinated efforts to ensure a broader assurance coverage. The Audit and Risk Committee monitored the implementation of the Combined Assurance Plan to ensure the coordination and alignment of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach, including resources optimisation.

Auditor-General of South Africa

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

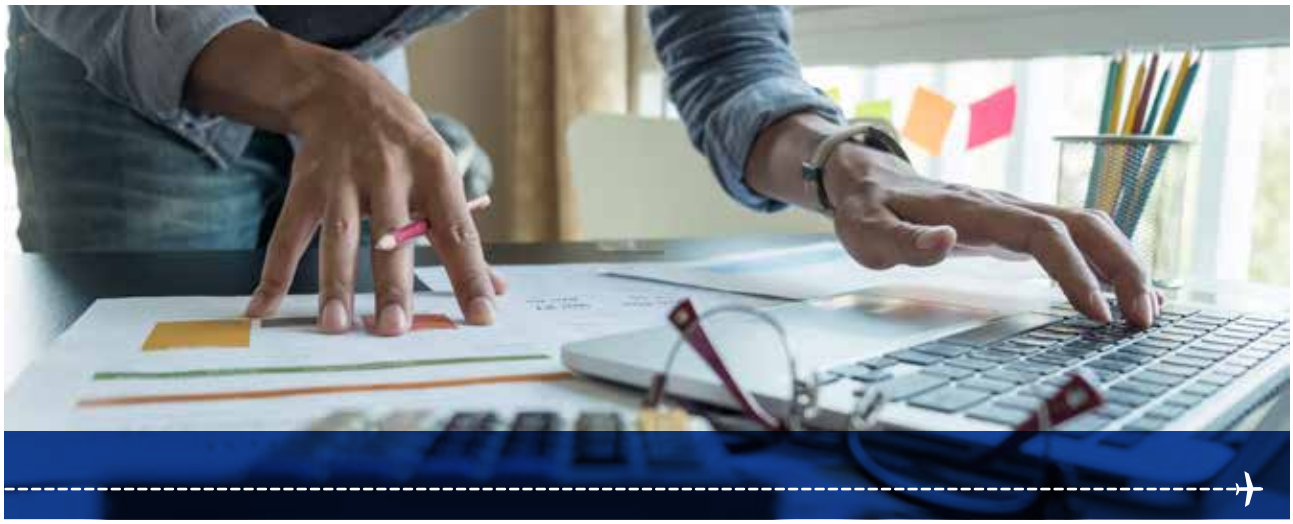
The Audit and Risk Committee monitored the implementation of the action plan to address matters arising from the management report issued by the Auditor-General of South Africa for the 2021/22 financial year. All the action items were closed by the end of the 2022/23 financial year.

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

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

Mr S. Sooklal
Chairperson of the Audit Committee

13. INTERNAL CONTROL



The SACAA established an Internal Audit Division, in line with the PFMA, Treasury Regulations, and Standards for the Professional Practice of Internal Audit, including the best practice of the King IV Report™. The Internal Audit function within the SACAA is part of the Internal Audit Division, which also includes the Forensic Services Department. Internal Audit provides both assurance and consulting services to the SACAA.

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

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

The work of the Internal Audit Division in the reporting period was guided by an approved Internal Audit Charter, which is aligned to the Board's Audit and Risk Committee Charter. The Internal Audit Division reports functionally to the Board's Audit and Risk Committee and administratively to the Director of Civil Aviation. The Audit and Risk Committee approved strategies/plans and reviewed the work of the Internal Audit Division on a quarterly basis, or as and when the need arose.

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

Key Activities and Objectives of the Internal Audit Division

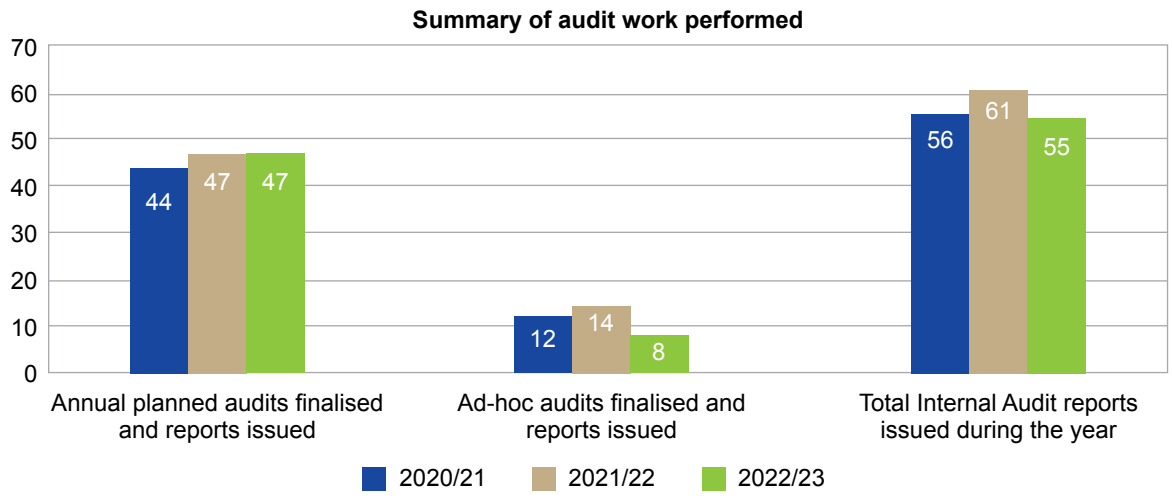
The Internal Audit Division mainly focuses on assurance and consulting services as required by the Institute of Internal Auditors' standards. Assurance services consisted of independent reviews of the adequacy and effectiveness of the risk management, internal control, and governance processes within the organisation. Independent reviews included continuous review of compliance, by management and staff, to relevant legislation, regulations, approved policies, and procedures and to best industry practices, where applicable.

Consulting services are advisory in nature and intended to add value and improve the SACAA's operations. They are generally performed at the specific request of management and/or a client. The nature and scope of the consulting engagements were subject to agreement with the client. In addition, one of the Internal Audit functions is to ensure that there are improved internal controls within the organisation as well as compliance with applicable legislation. Similarly, the Internal Audit function is to monitor organisational performance constantly and regularly, to ensure that the deliverables as outlined in the Annual Performance Plans (APP) are achieved.

Summary of Audit Work undertaken

The Internal Audit Charter was reviewed and approved by the Board's Audit and Risk Committee. The Internal Audit Methodology was revised to remain consistent and relevant to new updates of the Internal Audit Standards for the Professional Practice of Internal Auditing. This was also aimed at ensuring that there is continuous improvement of the internal audit processes. A three-year, risk-based Coverage Plan and Annual Plan for 2022/23 were considered and approved by the Board's Audit and Risk Committee. The number of audits completed for the 2022/23 financial year were 47, compared to 56 in the previous reporting period.

The results are reflected in this graph:



Graph 18: Summary of Audit Work Undertaken

The Chief Audit Executive presents progress reports against the approved risk-based Internal Audit Plan to the Executive Committee monthly and quarterly to the Audit and Risk Committee. Management takes accountability for implementing the agreed actions, and Internal Audit conducts follow-up reviews to ascertain the implementation status of the agreed upon management actions. An Internal

Audit Findings Tracking Register was maintained and monitored monthly for the progress made by management in implementing the agreed upon management actions. As at the end of the 2022/23 financial year, the progress made was as follows:

Financial Year	2020/2021	2021/2022	2022/2023
Total number of findings	38	31	29
Total number of findings resolved	39	31	15
Total number of findings in progress to be resolved	0	0	14
Percentage of findings resolved	**100%**	**100%**	**52%**

Table 23: Total number of internal audit findings

All findings for the 2020/21 and 2021/22 financial years were effectively and successfully closed by management. For the year under review, Internal Audit monitored closure of findings raised in the current financial year. As at 31 March 2023, 52% of the findings were closed or resolved by Management. The majority of outstanding findings related to reports issued in the 4th Quarter, where the implementation timelines were planned for different quarters in the 2023/24 financial year.

The Internal Audit Department appreciates and is pleased with the effort that Management has made to ensure speedy resolution of the internal audit findings. During the 2022/23 financial year, a campaign was undertaken, aimed at increasing awareness among the SACAA's employees regarding the role of the Internal Audit Department and the services that the Department renders. The awareness initiatives included, among others, presentations to the Management Committee (MANCO) meetings and an electronic communiqué to all employees during the Internal Audit Month. Similarly, in the year under review, the Internal Audit Division conducted a series of awareness campaigns around fraud and corruption, the role of employees regarding ethical conduct, and whistleblowing processes.

14. WHISTLE-BLOWING

In compliance with the Protected Disclosures Act, 2000, (Act No. 26 of 2000), the SACAA has established and maintains an independent fraud hotline service. During the year under review, all concerns or complaints received, whether from within or outside the SACAA were received, recorded, analysed, and allocated to relevant divisions for investigation.

The Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by the Internal Audit Division. The Audit and Risk Committee regularly receives progress reports on the status of the investigations, and the Committee ensured that the necessary corrective actions were taken by management. The Committee, in the year under review, approved the Annual Forensic – Fraud and Corruption Plan, which has targets addressing whistle-blowing.

15. MANAGING FRAUD AND CORRUPTION

The Fraud and Corruption Prevention Framework was approved by the Board and was implemented, including all other supporting policies. The Fraud and Corruption Prevention Policy was amended to consider changes introduced by the National Treasury in dealing with procurement processes.

In the period under review, various awareness campaigns were conducted internally and externally, including awareness campaigns relating to the whistleblowing processes involving the Industry Liaison Forum (ILF), general staff meetings, Management meetings as well as sessions during the Culture Week.

Implementation of the approved Annual Forensic – Fraud and Corruption Prevention Plan was done throughout the year. All set targets in the plan were implemented, which translated to a 100% achievement rate.

The finalisation of reported cases was as following:

Financial Year (FY)	Total Cases received in the FY	Finalized cases	Percentage(%)
2020/21	66	66	100%
2021/22	92	70	76%
2022/23	80	35	44%

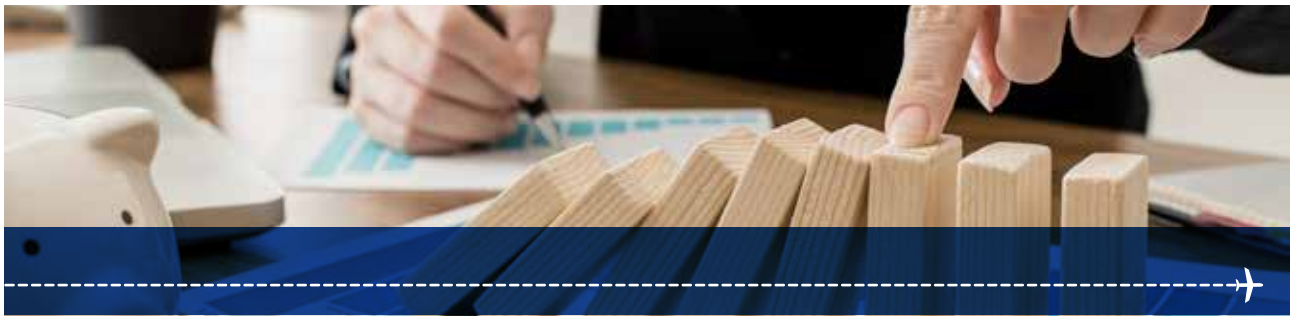
Table 24: Status of Reported Cases

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

Management continued monitoring the forensic investigations that were conducted and expedited the implementation of the recommendations made by the Forensic Services Department, as well as incidents reported through the Fraud Hotline.

The reporting and investigation of incidents were enhanced by Management's commitment to fully implement the recommendations contained in the Forensic Investigation Reports. The Audit and Risk Committee also monitored the implementation of the forensic reports. A comprehensive Fraud Risk Assessment was conducted during the year, and monitoring of corrective and improved management actions was done periodically to strengthen the internal control environment.

The work done to manage and/or reduce fraud and corruption provided the Audit and Risk Committee as well as the Board with the required level of assurance that the risks associated with fraud, corruption, and maladministration were being managed effectively by the SACAA.



16. RISK MANAGEMENT

The objective of SACAA's Enterprise-Wide Risk Management programme is to reduce the total cost of risk, to maximise the available opportunities, and to add maximum sustainable value to all organisational activities by assisting in achieving key strategic objectives.

Enterprise-wide risk management is embedded throughout the SACAA, as it ensures that the organisation fulfils its mandate, achieves its strategic objectives, and explores identified opportunities. This is achieved through the continuous reassessment of current risks and the identification of emerging risks and opportunities.

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

The risk appetite was determined directly in relation to SACAA's strategy and considered in terms of strategy setting, resource allocation, and key management decisions and actions. To this end, Risk Management is a standing item on the Executive Management Committee and Audit and Risk Committee's agendas. The Audit and Risk Committee reviews organisational risk on a quarterly basis.

Two (2) major risks on the SACAA risk registers dominate the risk register. They are the following:

- The downgrade of South Africa by major International Grading Agencies (Moody's, etc.) will result in an increase in the risks below. Fitch has now moved South Africa to stable, and this is a positive outlook for South Africa and the SACAA in relation to the risks identified below:
- Strategic Risk – will lead to reduced civil aviation activity, putting a strain on revenue and forcing the SACAA to review / reduce strategic outcomes.
- Operational Risk
  - Reduced revenue will put pressure on operators to cut maintenance cost, compromising safety.
  - Lack of revenue might prohibit the SACAA from fulfilling its safety and security oversight mandate.
- Financial risk – lack of investment in South Africa will lead to reduced civil aviation activity, thereby negatively impacting on the revenue streams of the SACAA.
- Legal risks – increase in litigation costs due to operators cutting corners to stay afloat.
- South Africa was put on a "grey list" by the Financial Action Task Force (FATF) for falling short of certain international standards for the combating of money laundering and other serious financial crimes. The FATF is a global body that aims to tackle global money laundering and terrorist financing.

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

Legend:

Low		High	
Medium		Extreme	

SACAA STRATEGIC RISK MATRIX – 2022-23					
	Strategic Outcome	**Risk Name**	**Risk Description**	**Inherent Risk Level**	**Residual Risk Level**
1	Financial sustainability	Revenue, Economic Climate (Financial Risk)	Financial sustainability of the Regulator.	25	7
2	Enhanced human capital management	Human Capital (Operational Risk)	Failure to attract, develop and/ or retain critical and scarce talent.	20	6
3	Improve stakeholder engagement and service excellence	Stakeholder Management (Reputational Risk)	Poor Stakeholder Relations (impacting negatively on aviation safety and security oversight).	20	7
4	Strengthened safety and security oversight system	Safety and Security Oversight (Regulatory & Compliance Risk)	Ineffective aviation safety and security oversight, resulting in non-compliance with ICAO SARPS.	25	6
5	Innovation and technology management	ICT System Reliability (Technology Risk)	Unavailability and vulnerability of ICT Services.	25	4
6	Strengthened safety and security oversight system	Regulatory Non-Compliance (Regulatory Risk)	Non-Compliance with New and Amended Legislation and Regulations.	20	6
7	Sustained good corporate governance	Governance (Compliance Risk)	Poor corporate Governance.	20	5
8	Sustained good corporate governance	Fraud and Corruption (Compliance & Reputational Risk)	Fraud and corruption negatively impacting on the sustainability of the Regulator.	20	5
9	Innovation and technology management	Cyber Breach (Technology Risk)	Cyber breaches resulting in data fraud, theft and affecting data integrity.	20	5
10	All outcomes (1-6)	Business Disruption	Inability of the business to continue operations, following a disruptive event.	25	6

Table 25: SACAA Strategic Risk Matrix

17. BUSINESS CONTINUITY MANAGEMENT

In the period under review, the SACAA's objective was to have consistent processes for all aspects of Business Continuity Management (BCM) and not only resilience in the day-to-day business operations, but also in managing unexpected disruptive events with efficacy. Business disruptions can impact organisations of any size, in any location, from weather to power outages, political unrest, spillages or even pandemics, and therefore the organisation developed Business Continuity Plans (BPCs) to ensure operational resilience, no matter the type of disruption.

The SACAA's business continuity programme demonstrated its maturity, status, and effectiveness on an ongoing basis during 2022/23. The SACAA reviews its Business Impact Analysis (BIAs) and business continuity programme on an annual basis or as circumstances dictate. The effectiveness of the business continuity programme was assessed twice during 2022/23.

A critical component of the business continuity programme was to ensure that users remain productive while maintaining the necessary level of safety, security, and access control to corporate resources.

This was facilitated by the SACAA's working environment, including virtual apps and desktops, enabled seamless workforce productivity, giving employees the flexibility to work from anywhere, while keeping applications and information secure.

The COVID-19 lockdown forced the SACAA to adopt a hybrid working arrangement that encouraged remote work and virtual meetings. During the year, under review the critical SACAA servers were fully migrated to Microsoft Azure Cloud, enabling real-time replication.

18. COMBINED ASSURANCE

In accordance with corporate governance best practice, the SACAA has adopted the King IV™ guidelines to ensure that the organisational Combined Assurance (CA) model incorporates and optimizes assurance activities and functions, as an essential part of effective Corporate Governance. The SACAA Combined Assurance model, which considers the five (5) lines of defence, integrates efforts of internal assurance providers with that of independent and external assurance providers, regarding the significant risk areas affecting the SACAA.

In the period under review, the SACAA successfully coordinated the implementation of the approved 2022/23 Combined Assurance Plan and coordinated the efforts of all assurance providers, to ensure that significant risk exposures were adequately managed. The Combined Assurance Matrix, which provides an overview of the SACAA's significant risks, and assurance environment, was reviewed and approved as part of the 2022/23 Combined Assurance Plan by the Audit and Risk Committee of the SACAA Board. The SACAA through its approved Combined Assurance policy supported by the Combined Assurance framework and procedure, maintained the significant strategic, tactical, operational, projects and ethics related risks which formed part of the SACAA combined assurance universe.

To enhance the implementation of an effective combined assurance system within the SACAA, the Combined Assurance Committee's terms of reference were reviewed and approved during the period under review.

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Top Management	Black Senior Top Management	2	26.00%	100.00%	2.00
	Black Women Senior Top Management	2	13.00%	100.00%	2.00
	Black Other Top Management	1.5	26.00%	88.89%	1.50
	Black Women Other Top Management	1.5	13.00%	44.44%	1.50
	Percentage of black people living with disability as percentage of Total Management	1	3.00%	0.00%	0.00
Bonus Points	Black independent non-executive board members	3	26.00%	100.00%	3.00
					19.00

Employment Equity

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Disabled	Black disabled employees as a percentage of all employees	2	2.00%	1.76%	1.76
	Black women disabled employees as a percentage of all employees	2	1.00%	1.37%	2.00
Management	Black employees in Senior Management as a percentage of all such employees	4	43.00%	100.00%	4.00
	Black women employees in Senior Management as a percentage of all such employees	3	21.50%	0.00%	0.00
	Black employees in Middle Management as a percentage of all such employees	2	63.00%	85.19%	2.00
	Black women employees in Middle Management as a percentage of all such employees	2	31.50%	40.74%	2.00
	Black employees in Junior Management as a percentage of all such employees	2	68.00%	88.95%	2.00
	Black women employees in Junior Management as a percentage of all such employees	2	34.00%	42.32%	2.00
Pilots	Black Pilots as a percentage of total pilots	2	8.00%	75.00%	2.00
	Black Women Pilots as a percentage of total pilots	2	3.00%	26.56%	2.00
Technicians	Black Technicians as a percentage of total Technicians	2	25.00%	100.00%	2.00
	Black Women Technicians as a percentage of total Technicians	2	3.00%	38.46%	2.00
Bonus Points	Bonus point for meeting or exceeding the EAP targets in each category	4	91.20%		1.33
					25.10

The Combined Assurance Committee met quarterly to review the assurance reports and monitor the implementation of the Combined Assurance annual plan.

Implementation of identified risk mitigations Action Plans were monitored by Management and the Audit and Risk Committee on a quarterly basis. This was to improve the SACAA's control environment and to reduce risks to an acceptable level. The quarterly combined assurance reports were reviewed by the Executive Committee (ExCo), the Audit and Risk Committee and the SACAA Board.

19. OCCUPATIONAL HEALTH AND SAFETY

The SACAA maintained its compliance with the Occupational Health and Safety Act by ensuring that there were sufficient occupational health and safety representatives appointed and that all of them were trained and qualified first aiders and firefighters. The role of these representatives was to review the effectiveness of health and safety measures, identify potential hazards and to report any incidents and accidents. Monthly audits were conducted by the OHS representatives to ensure that employees continued to work in a safe and conducive environment.

The OHS committee met on a quarterly basis to discuss and resolve any OHS related matters and to come up with new and innovative ideas on how to improve health and safety in the workplace for employees and clients.

20. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Under preferential procurement, and in line with the organisation's target, the SACAA was audited by an independent agency to determine its B-BBEE status. Based on the audit, the SACAA was downgraded from a level 2 contributor to a level 4. The main reason is that it submitted its skills plan after the due date to the Department of Labour. Due to the late submission the SACAA did not score any points for Skills Development.

Table 26 depicts the SACAA's B-BBEE compliance status.

Management Control

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Board Participation	Exercisable voting rights of black board members as a percentage of all board members	2.5	33.00%	100.00%	2.50
	Exercisable voting rights of black female board members as a percentage of all board members	2.5	16.50%	60.00%	2.50
	Black persons who are executive directors as a percentage of all executive directors	2	33.00%	100.00%	2.00
	Black female executive directors as a percentage of all executive directors	2	16.50%	100.00%	2.00

Skills Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Skills Development Expenditure	Skills Development Expenditure on Learning Programmes for black employees as a percentage of Leviable Amount	3	3.00%	0.00%	0.00
	Skills Development Expenditure on the Learning Programmes for black women employees as a percentage of Leviable Amount	3	1.50%	0.00%	0.00
	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leviable Amount	1.5	0.30%	0.00%	0.00
	Skills Development Expenditure on Learning Programmes for black women employees with disabilities as a percentage of Leviable Amount	1.5	0.15%	0.00%	0.00
Learnerships	Number of Black Employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees	3	5.00%	0.00%	0.00
	Number of Black Women Employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees	3	2.50%	0.00%	0.00
					0.00

Preferential Procurement

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Procurement Spend	B-BBEE Spend on all suppliers based on the B-BBEE Procurement Recognition Levels as a Percentage of Total Procurement Spend	12	50.00%	58.09%	12.00
	B-BBEE Procurement Spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	10.00%	15.61%	3.00
	B-BBEE Procurement Spend as a percentage of Total Measured Procurement Spend from suppliers that are 50% black owned	3	9.00%	22.11%	3.00
	B-BBEE Procurement Spend as a percentage of Total Measured Procurement Spend from suppliers that are 30% Black Women Owned	2	6.00%	6.13%	2.00
					20.00

Enterprise Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
ED Contributions	Investment in Black Owned Enterprises as identified in the "Benefit Factor Matrix" (Annexure 600A) as a percentage of Net Profit After Tax (NPAT)	15	3.00%	0.38%	1.88
					1.88

Socio-Economic Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
SED Contributions	Average annual value of all qualifying SED Contributions made by the Measured Entity as a percentage of NPAT	6	1.00%	0.42%	2.50
					2.50

Youth Employment Service Initiative (Y.E.S.)

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Y.E.S. - Bonus Points	Achieved 1.5 x Y.E.S Employment Target	3	100.00%	0.00%	0.00
	Achieved 2 x Y.E.S Absorption Target		2.50%	0.00%	
					0.00

Total BEE Score	68.47 Points
BROAD-BASED CONTRIBUTION LEVEL	LEVEL 4
VALUE-ADDING SUPPLIER	NO
ENTERPRISE DEVELOPMENT BENEFICIARY	NO
PROCUREMENT LEVEL	100%
YOUTH EMPLOYMENT SERVICE	NO

Table 26: SACAA's B-BBEE Compliance Status

21. SOCIO-ECONOMIC DEVELOPMENT

As a good corporate citizen, the SACAA has adopted two legacy projects that benefit community members who have been previously marginalised and those whose circumstances have rendered them unable to participate in the economy of the country. The aim of the two projects is to improve the future outlook of the beneficiaries and leave them in a condition that is better than what the SACAA found then in.

a. Child/Youth Headed Household Project

With this project, the SACAA identified nine families that are led by children or youth in all nine provinces of the country. The SACAA provides groceries on a monthly basis to these families with the aim of ensuring that the leaders and beneficiaries remain in school until they reach a stage where they are economically active. The SACAA also provides for the immediate needs of these families, such as ensuring that the living conditions are at an acceptable level and therefore the SACAA has replaced leaking roofs, broken doors, provided painting, etc. The SACAA is also looking after the safety of children and, where necessary, some of the learners have been registered into a boarding school. Since inception, at least two families are now in a better economic state, as the eldest siblings are now economically active and are no longer in need of the support from the SACAA.

b. Maths and Science iFlySTEM Project

The purpose of this project is to ensure that Maths and Science learners who are struggling with these subjects receive support that will ensure a firm foundation as they work towards their matric year. This project is aimed at supporting students who may wish to study any aviation related qualification that requires a strong understanding of Maths and Science such as engineering, aircraft mechanics and piloting.

This project was implemented for the first time during the 2022/23 financial year. A school in Qwaqwa in the Free State province was identified for Maths and Science tutor services. The tutorials were conducted over the weekend to a group of identified learners. The impact of this project could not be realised immediately, as a strong foundation needed to be built to ensure that the learners ultimately realise an improvement in their marks.

c. Nelson Mandela Day Initiative

The organisation identified an NGO, Tshepang Care Centre, in Tembisa in Gauteng that provides early childhood learning and meals to children in that community that come from poverty-stricken households. The SACAA provides monthly groceries to ensure the sustainability of the project.

PART D
HUMAN RESOURCE MANAGEMENT

1. OVERVIEW OF HUMAN RESOURCES PROGRAMMES

The primary responsibility of the Human Resources Division is to attract, develop, motivate and retain the best talent for the SACAA. The key programmes implemented in the reporting period include those dealing with employee reward and recognition. Skills development, bursary, internship and trainee programmes, leadership development, talent management, organisational culture alignment, employee value proposition, performance management, employee wellness, employee safety as well as employee relations feature among these programmes.

The SACAA prides itself in continuing to implement best-practice HR programmes to attract and retain the best talent for a sustained high-performance culture.

1.1. Organisational Culture

Organisational culture is the key focus at the SACAA, therefore, as an organisation we continuously strive to ensure that there is full understanding of the SACAA culture and its pillars among its employees and that their behaviours are driven by the values of the organisation.

In the 2021/22 financial year, we launched the Digital Culture Handbook, wherein the organisational values were translated into behaviours. In the financial year 2022/23, the focus has been on embedding the behaviours across the organisation. To achieve this, we re-launched by rolling out a communication plan which focused on the organisational culture pillars, norms, and practices to ensure that employees live the values. As part of the entrenchment of our organisational culture, the SACAA hosted a culture week, with the focus on three of the pillars, namely, Client Centricity, Performance Excellence and Ethics and Governance.

1.2. Talent Management

Central to the achievement of the SACAA mandate, is its workforce. This is why the SACAA continues to invest in its employees by implementing multiple programmes that are aimed at developing them and enabling them to reach their highest potential to the benefit of the South African civil aviation industry and the country as a whole. The following initiatives were prioritised:

1.2.1. Mentorship

The implementation of the Women Mentorship Programme that commenced in the preceding reporting period continued this year. As part of the SACAA's transformation agenda, this programme was targeted at increasing engagements amongst female employees of the organisation to help eradicate any barriers that may hamper women's advancement in the workplace. The programme is characterised by one-on-one mentorship and group mentorship sessions.

In the 2022/23 financial year, two (2) group mentorship sessions were conducted that covered the topics 'Financial Well-being for Women' and 'Goal Setting for Success'. These sessions were attended by SACAA female employees.

- We care about our employees' well being
- We provide opportunities for learning, development and growth
- We recognise your meaningful contribution to the aviation industry
- We recognise and reward good performance
- We value job security and stability

1.2.2. Employee Value Proposition (EVP)

The SACAA is a human-capital intensive organisation and, therefore, annually we seek to enhance our EVP through meaningful initiatives. Among other initiatives, our SACAA's EVP statement, namely ***"propelling you into new horizons"***, plays a crucial role in the organisation's interventions to attract and retain the right talent.

In this past financial year, more emphasis was placed on the organisation's investments in its employees as well as the benefits that SACAA offers. The communication targeted both internal and prospective SACAA employees. The employees' live experiences were shared in the form of a video.

1.2.3. Employee Bursary Programme

In the year under review, the SACAA was able to continue its support to its employees through the Employee Bursary Programme. Through the programme, the SACAA has sponsored 15 employees enrolled for various academic qualifications in diverse fields of study under the employee bursary programme. A further 35 employees, who were pursuing qualifications linked to critical skills and whose qualifications were linked to their job roles, were awarded bursaries. The total number of beneficiaries of the SACAA Employee Bursary Programme was 50.

1.2.4. External Bursary Programme

The SACAA continued to implement an External Bursary Programme, which entails the financial assistance of students pursuing studies and training in the following fields: Pilot Training Programme, Aeronautical Engineering, and Aircraft Maintenance Engineering. The bursary programme, aimed at providing sponsorship to young aviators, remains one of the SACAA's main flagship projects. This project is aimed at not only creating a pipeline of qualified aviators for the future, but also contributing towards the transformation of the industry.

A total of 15 external students benefitted from the bursary programme in the financial year. One student successfully completed the Pilot Training Programme, and four completed their Aircraft Maintenance Engineering qualifications. Ten students will continue to receive funding in the new year.

1.2.5. Change Management

To keep pace in a constantly evolving business world, the organisation needed to implement company-wide changes, seeking to improve its processes, systems, and people. The focus for this financial year was to build the change management capability. Focus was given to strategic projects such as Shanduka and Risk Performance Based Oversight (RPBO). Training was held for employees to capacitate them on managing 'self' through change and assist them to successfully adapt to change, whilst helping them understand the importance of their individual roles in continuing to achieve the organisation's mandate.

The SACAA change management framework was developed and approved. Through this framework, the organisation will be able to further build on the internal change management capabilities and ensure effective implementation of change projects. An organisation-wide change management assessment was shared with the organisation to identify change management gaps and to assess the adoption and utilisation of the organisational change projects.

1.2.6. Skills Development

The focus of this financial year has been the conclusion of the organisational Skills Audit, which commenced in the previous reporting period. In the year under review, the organisation was able to conclude the review of all the employee Job Profiles, the verification of employee qualifications and ultimately the conducting of the actual skills audit for all employees. The skills audit project was aimed at assessing if there were any key developmental gaps in each of the organisation's employees that would need to be filled to ensure that employees are equipped enough to effectively deliver on their individual job role requirements and that they remain aligned with any technological and other developments in the broader aviation industry.

While the skills audit was in progress, the organisation continued to sponsor the implementation of different training interventions for its employees. Below is a table that depicts the training costs per Division:

TRAINING COSTS PER DIVISION				
Division	Personnel expenditure	Training expenditure*	Number of employees trained	Average training cost per employee
	(R'000)	(R'000)		(R'000)
Accident and Incident Investigations Division	25 576	551	20	28
Aviation Infrastructure	51 325	1 418	42	34
Aviation Safety Operations	224 463	6 910	215	32
Aviation Security	47 766	759	33	23
Finance	49 804	621	51	12
*Human Resources	53 228	2 346	31	76
Company Secretary	8 639	109	4	27
Legal and Aviation Compliance	26 781	123	19	6
Internal Audit	11 069	0	7	0
Flight Inspection Unit	7 263	6	5	1
**Cape Town Regional Office	8 052	418	10	42
***Corporate Services	44 016	461	45	10
Total	**557 982**	**13 722**	**482**	**28**

Table 27: Training Costs Per Division

**This number includes training for interns and bursary holders.*

***The training expenditure for staff members based in the Cape Town Regional Office is allocated in the respective Divisions to which they report.*

****Includes Training Expenditure and Numbers for the Office of the DCA.*

1.2.7. Employee Engagement

The SACAA rolled out an Employee Engagement survey in the first part of the financial year. The survey was sent to all employees and sought to assess the level of engagement of all employees and to identify any processes, policies and practices that may be limiting their engagement. This is important in terms of the SACAA's retention efforts, to ensure that the organisation can continue to achieve its mandate.

1.2.8. Internship Programme

The internship programme is a transformation initiative that has been implemented over the past few years for the purpose of providing opportunities to historically disadvantaged individuals. This year has seen an increase in the number of students to thirty-one (31) of which 61% were females and 39% males.

The programme provides young graduates from various fields of study an opportunity to obtain practical exposure in the world of work by means of on-the-job training, mentoring, and coaching. The interns are not only provided with the necessary skills and experience in their specific fields of study, but are also provided with opportunities to participate in organisational projects, where they are exposed to processes such as project management and change management. Interns are also encouraged to apply for vacant positions in the organisation, as the main goal of the programme is to increase their chances of gaining employment.

1.2.9. SACAA Trainee Programme

The aviation industry is one that is growing at a very rapid rate; however, there is a shortage of specific technical skills to meet the demands of this industry. The SACAA trainee programme was, therefore, developed to attract talented young graduates in order to provide them with the necessary skills training and experience required to be appointed in aviation jobs within the organisation and the industry. A total of five trainees were appointed in the period under review, of which 90% are female.

All the trainees are currently receiving training in specific aviation technical fields such as Flight Operations, Aviation Security and Air Navigation Services. The period of training for each trainee varies, as it depends on the specific area of specialisation, which determines the length of the programme. Trainees are also provided with opportunities for employment once they have successfully completed their training programme.

1.2.10. Employee Wellness

Employee well-being remains a priority at the SACAA, especially with the creation of a new partnership with ICAS to provide a confidential mental health support system. The SACAA also revised and implemented Year Two of the two-year Health, Safety, and Wellness Programme, with the aim of ensuring the safety of employees and improving employee health and well-being in line with the five-year Human Capital Strategy. The programme covered focus areas such as Lifestyle Management, Mental Health Awareness, Chronic Disease Management, Physical Wellness, and Managing Incapacity and Performance.

Health and wellness workshops such as, but not limited to, Managing Conflict, Financial Wellness, Stress and Work-Life Balance, Gender-Based Violence, the Incapacity Process, and Cancer Awareness were presented to staff. The wellness programme also included activities such as online fitness and yoga sessions and a wellness day event where employees were provided with information on their physical health status through assessments done by various medical aid companies. Employees were also able to conduct cancer and HIV tests as part of the medical assessments provided on the day. A dietician and nutritionist also demonstrated recipes for simple, healthy food that could be prepared by employees.

1.2.11. Employee Rewards and Recognition

The SACAA continued to create an appropriate environment that attracts and retains talent, which enables the execution of the organisational strategy. This was achieved, among others, through the implementation of retention strategies and providing competitive rewards that are commensurate with the contribution of employees towards the organisational strategy. As an integral component of the Employee Value Proposition (EVP), the SACAA approach towards employee rewards and recognition has been designed to continue to engage, retain, and

motivate the right, diverse talent required to achieve the long-term sustainability of the organisation.

In the period under review, the SACAA managed to reward its employees with the first performance bonus after the challenging period emanating from COVID-19, and implemented annual increases for all eligible employees, in accordance with and after the Board approval.

In line with our commitment to provide competitive benefits, the SACAA continuously reviews the remuneration policies and practices to ensure that they remain fit for purpose. In the light of this, the SACAA will in the next financial year conduct an external benchmarking exercise with comparable organisations to keep abreast with best practices in remuneration and benefits trends, and to ensure competitive remuneration and benefits within the parameters of affordability, as far as is achievable and sustainable.

1.3. Employee Relations

Employee Relations (ER) is entrusted with the responsibility of ensuring that there is a sound employment relationship between the employer and the employees, including organised labour. Employee Relations also support the interaction between employers and employees, including labour, which is managed through employment contracts, labour engagement forums as well as compliance with company policies, labour legislation and the Recognition Agreement (RA) signed with the labour union.

a) Labour Engagement

South African labour law allows the establishment of labour engagement consultative forums at the organisational level. The primary objective of these engagements is to promote the interests of both the employer and all employees (through their representative) in the workplace, including non-trade union members. They also seek greater efficiency in the workplace and mandate employers to decide on matters of mutual interest, based on a consensus with the employee representatives.

The SACAA engaged with the National Union of Metalworkers of South Africa (NUMSA), which is the recognised union in the organisation, to develop a two-year Labour Engagement Plan with several initiatives to ensure sound employee relations within the SACAA. The two-year Labour Engagement Plan was successfully implemented, which includes amongst others, bilateral meetings and DCA strategic sessions with organised labour.

b) Employee Relations Training

The ER training was designed with the objective of providing employees with an advanced understanding of the basic principles of the Labour Relations Act, an understanding of the role of Employee Relations in the workplace, as well as an understanding of various SACAA policies and procedures.

To this end, the ER Training Plan for Year Two, which included training for both employees and managers, was successfully implemented in the reporting period.

c) Essential Service Designation

Following the designation of certain services as essential services by the Essential Services Committee (ESC) of the Commission for Conciliation, Mediation and Arbitration (CCMA) on 12 October 2021, NUMSA and the SACAA are engaged in negotiations to conclude a Minimum Service Agreement (MSA) with the assistance of the CCMA.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

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

2.1 Personnel Costs by Division

The personnel costs in Table 28 are inclusive of personnel expenditure, accruals and provisions as disclosed in the Annual Financial Statement.

Personnel Cost by Division

Division	Total Expenditure (Exp) for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Exp as a % of Total Exp (R'000)	Number of employees	Average personnel cost per employee (R'000)
Accident and Incident Investigations Division	32 419	25 576	78.9%	24	1 066
Aviation Infrastructure	56 153	51 325	91.4%	51*	1 006
Aviation Safety Operations	250 898	224 463	89.5%	226*	993
Aviation Security	55 811	47 766	85.6%	46	1 038
Finance	156 066	49 804	31.9%	65*	766
Human Resources	64 062	53 228	83.1%	44*	1 210
Company Secretary	9 803	8 639	88.1%	6*	1 440
Legal and Aviation Compliance	34 323	26 781	78.0%	24	1 116
Internal Audit	11 663	11 069	94.9%	10*	1 107
Flight Inspection Unit	34 356	7 263	21.1%	7	1 038
DCA's Office, Corporate Services and Cape Town Office	90 826	52 068	57.3%	67**	777
Total	**796 380**	**557 982**	**70.1%**	**570**	**979**

Table 28: Personnel Costs by Division

**This number includes fixed-term contractors, interns, and bursary holders.*

***This number includes the office of the DCA and Cape Town Office.*

Personnel Cost by Salary Band

The personnel costs reflected in Table 29 depicts all positions, according to the different occupational levels in the organisation. The occupational levels are aligned to the Paterson Grading System.

Level	Personnel Expenditure (Exp) (R'000)	% of Personnel Exp to Total Personnel Cost (R'000)	Number of Employees	Average Personnel Cost per Employee (R'000)
Top Management	6 051	1.08%	1	6 051
Senior Management	32 181	5.77%	10	3 218
Professional Qualified	147 332	26.40%	80	1 842
Skilled	347 432	62.27%	358	970
Semi-skilled	19 729	3.54%	49	403
Unskilled	5 257	0.94%	72	73
TOTAL	**557 982**	**100%**	**570**	**979**

Table 29: Personnel Costs by Salary Band

Performance Rewards

The performance rewards reflected in Table 30 were implemented following approval from the Board.

Programme/Activity/Objective	Performance Rewards	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
Top Management	191	6 051	0.0%
Senior Management	1 027	32 181	0.2%
Professional Qualified	3 837	147 332	0.7%
Skilled	11 017	347 432	2.0%
Semi-skilled	614	19 729	3.1%
Unskilled	26	5 257	0.5%
TOTAL	**16 712**	**557 982**	**3%**

Table 30: Performance Rewards

3. EMPLOYMENT AND VACANCIES

The positions that were filled in the current financial year were those identified as critical, and the remaining positions were put on hold due to the moratorium on filling vacant positions as a cost-cutting measure. This was as a result of the lasting effects of the COVID-19 pandemic. Other positions filled were those that became vacant due to terminations as the result of resignations, retirement, and dismissals.

The vacant positions were filled in line with the Employment Equity (EE) plan, which focussed on employing mainly black males, females and coloured males and females in the technical and management level positions.

3.1. Employment and Vacancies Per Division

EMPLOYMENT AND VACANCIES PER DIVISION					
Division	**2020/21 Number of employees**	**2022/23 Approved posts**	**2022/23 Number of employees**	**2022/23 vacancies**	**% of vacancies**
AIID	23	27	24	3	11.1%
Aviation Infrastructure	50	54	50	4	7.41%
Aviation Safety Operations	225	260	221*	39	15.0%
Aviation Security	46	52	46	6	11.5%
Finance	58	60	60*	0	0.0%
Human Resources	64	18	71	(53)**	(294.4%)
Company Secretary	5	5	5*	0	0.0%
Legal and Aviation Compliance	21	27	24*	3	11.1%
Flight Inspection Unit	6	10	7*	3	30.0%
Internal Audit	8	9	9*	0	0.0%
Office of the DCA	4	5	4	1	20.0%
Corporate Services	50	62	49	13	21.0%
Total	**560**	**589**	**570**	**19**	**3.2%**

Table 31: Employment and Vacancies by Division

** This number includes fixed-term contract employees.*

***The negative variance is due to the inclusion of fixed-term contract employees, interns, bursary holders, and learnership students.*

3.2. Employment Changes

Table 32 reflects changes that took place during the period under review.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	9	1	0	10
Professional Qualified	79	8	7	80
Skilled	367	31	40	358
Semi-skilled	50	4	5	49
Unskilled	54	20	2	72
Total	**560**	**64**	**54**	**570**

Table 32: Employment Changes

3.3. Reasons for Staff Leaving

Table 33 indicates the attrition rate as well as the reasons for staff exiting the organisation. Exit interviews were conducted where possible and the reasons given for resignations were related to career growth and family reasons. Information obtained during exit interviews feeds into the organisational retention plan.

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	39*	72%
Dismissal	2	4%
Retirement	3	6%
Ill Health	0	0
Expiry of Contract	2	4%
Other: End of Internship and Bursary Programmes	8	15%
Total	**54**	**100%**

Table 33: Reasons for Staff Leaving

**This number includes permanent employees, fixed-term contractors, interns, and bursary holders.*

3.4. Labour Relations: Misconduct and Disciplinary Action

Nature of disciplinary action	Number
Verbal Warning	2
Written Warning	0
Final Written Warning	1
Dismissal	2

Table 34: Misconduct and Disciplinary Actions

3.5. Equity Targets and Employment Equity Status

Table 35 details the current status around employment equity in the organisation.

EMPLOYMENT EQUITY STATUS – MALE								
Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	4	4	0	0	1	1	1	1
Professional Qualified	33	36	1	3	3	3	8	8
Skilled	134	153	12	14	19	21	22	21
Semi-skilled	10	9	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	**181**	**202**	**13**	**17**	**23**	**25**	**31**	**30**

Table 35: Employment Equity Status – Male

**The table includes fixed-term contract employees; but excludes interns and bursary holders.*

EMPLOYMENT EQUITY STATUS – FEMALE								
Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	3	0	0	1	1	0	0
Professional Qualified	28	34	2	2	1	1	4	4
Skilled	130	145	12	15	10	11	19	22
Semi-skilled	34	38	1	1	2	1	2	2
Unskilled	3	3	0	0	0	0	0	0
Total	**199**	**224**	**15**	**18**	**14**	**14**	**25**	**28**

Table 36: Employment Equity Status – Female

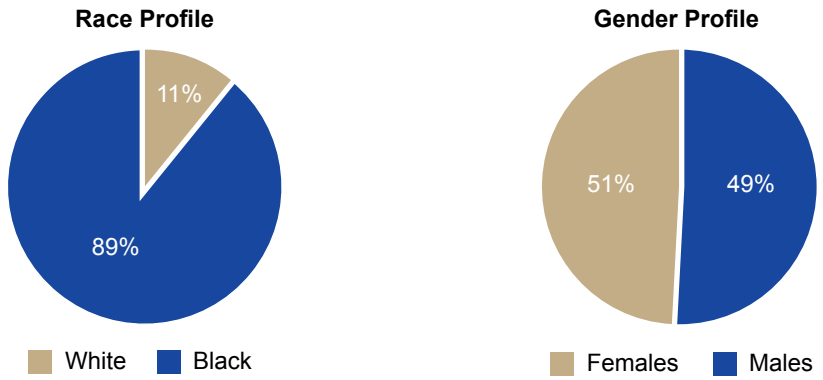
The table includes fixed-term contract employees; but excludes interns and bursary holders.

EMPLOYMENT EQUITY STATUS – DISABLED STAFF				
Levels	Male		Female	
	Target	Current	Target	Current
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	2	2	4	3
Semi-skilled	1	1	1	1
Unskilled	0	0	0	0
Total	**3**	**3**	**5**	**4**

Table 37: Employment Equity Status – Disabled Staff

**The table excludes fixed-term contractors, interns, and bursary holders.*

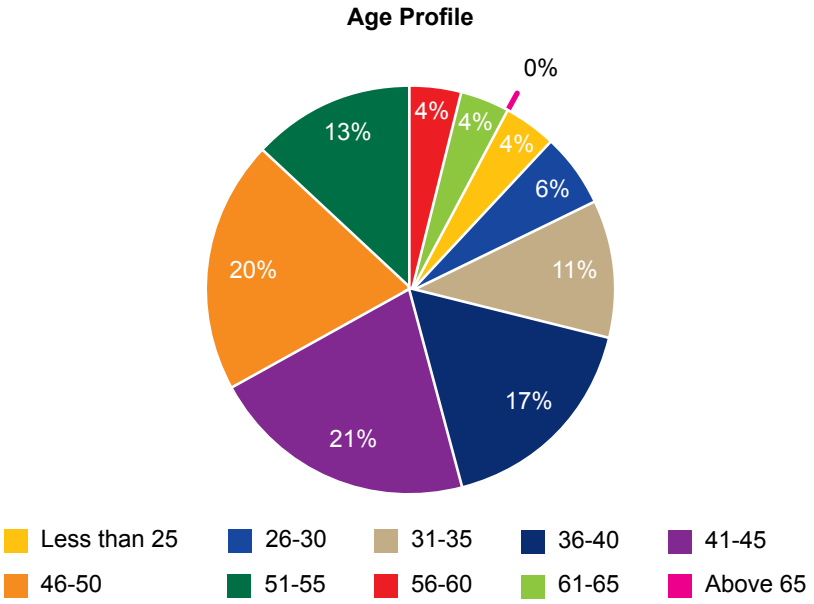
3.6. Race And Gender Profile



Graph 19: Race and Gender Profile

3.7. Age Profile

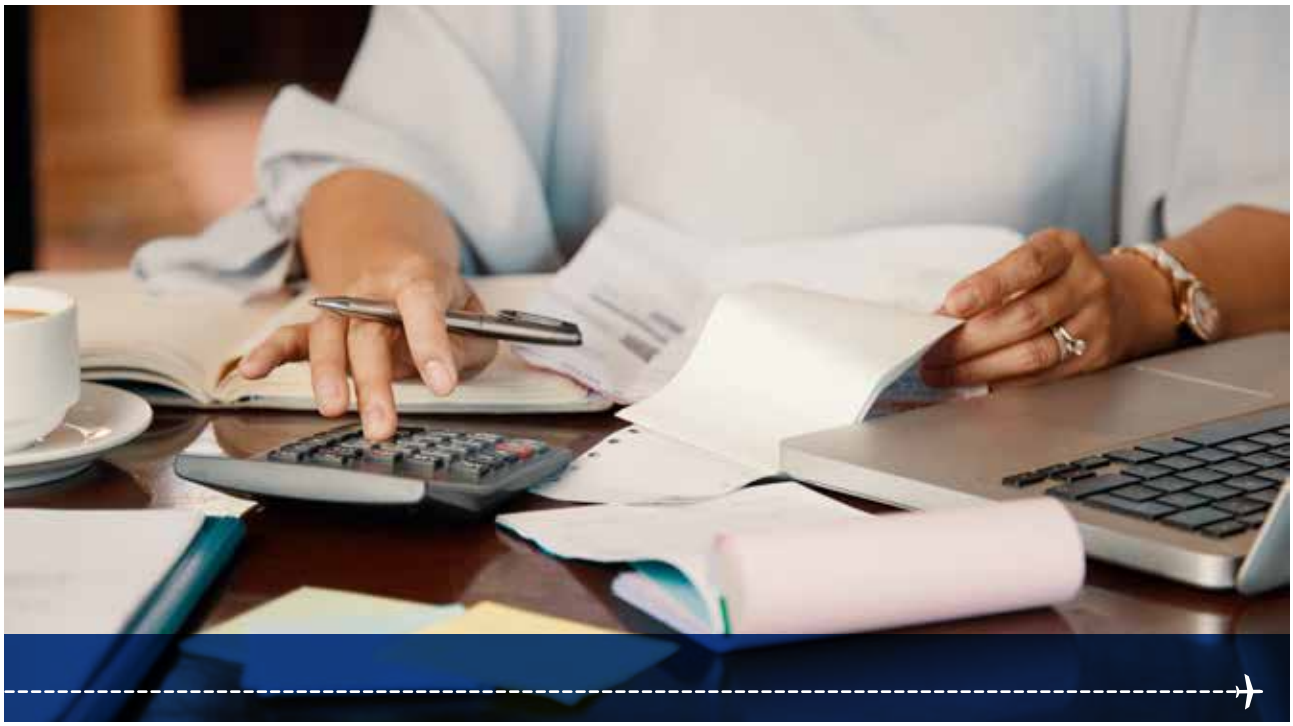
The SACAA workforce is at an average age of 43 years with 92% of employees below the early retirement age of 55 years while 8%, which represents 43 employees, having reached this age. The SACAA has employed two fixed-term contractors who are on retirement the for transfer of critical and scarce skills. The youth make up 21% of employees and include the bursary holders and interns who have benefitted from the bursary, internship and learnership programmes.



Graph 20: Age Profile

PART E

PFMA COMPLIANCE REPORT



1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular Expenditure

Non-compliance to the PFMA is monitored on a quarterly basis by the Board, ARC and the EXCO in accordance with the PFMA Checklist provided by the NT. This report is also shared with the Executive Authority on a quarterly basis and in accordance with the Board Performance Agreement. In the period under review the following is reported with regard to Irregular, Fruitless and Wasteful Expenditure.

a) Reconciliation of Irregular Expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	-	-
Add: Irregular expenditure confirmed	254	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**254**	**-**

Table 38: Reconciliation of Irregular Expenditure

The irregular expenditure in the current year relates to non-compliance to SCM policies, procedures and prescripts. The Internal Audit Division, through its Forensic Services Department, has conducted and concluded its investigation after year-end and confirms the irregular expenditure.

The investigation confirmed that there was no fraudulent, corrupt, or criminal conduct, that there were no losses incurred and that value for money was received. Management accepted the investigation report of Internal Audit and is busy implementing the recommendations thereof.

b) Reconciling Notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	254	-
Total	**254**	**-**

Table 39: Reconciling Notes

c) Details of Current and Previous Year Irregular Expenditure (Under Assessment, Determination, and Investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	254	-
Total	**254**	**-**

Table 40: Current and Previous Year Irregular Expenditure

There was no irregular expenditure condoned, removed, recovered, or written off during the current and preceding financial years. Disciplinary steps will be considered once the investigation by the internal audit department has been concluded.

There was no fruitless and wasteful expenditure identified during the current and preceding financial years.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	5 815	238 014
Invoices paid within 30 days or agreed period	5 815	238 014
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period *(unpaid and without dispute)*	-	-
Invoices older than 30 days or agreed period *(unpaid and in dispute)*	-	-

Table 41: Late and/or Non-Payment of Suppliers

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

REPORTING OF PROCUREMENT BY OTHER MEANS					
No.	Project Description	Name of Supplier	Type of procurement by other means	Contract Number	Value of contract (R including VAT)
1	Additional Instrument Flight Procedure Design	Aeronautical Services and Procedures PHX	Sole Supplier	PO 0000032344	1 821 900
2	Green field Support and Maintenance Contract	Praxis (Pty) Ltd	Sole Supplier	CNT4116	N/A
3	CaseWare Software Licence Renewal	Adapt IT	Sole Supplier	PO 0000032249	72 235
4	Exhibition Spaces for AERO SA 2022	Messe Frankfurt	Sole Supplier	PO 0000032995	27 732
5	Maintenance of the building lift	Melco Elevators (SA) Pty Ltd	Single Source confinement	CNT 4128	2 370
6	Maintenance of the canteen canopy	Brasco Electrical 2001 CC	Single Source confinement	CNT 4131	4 562
7	Maintenance of generator situated in Building 2	Yneldo Electronic (Pty) Ltd T/A Industrial Generators	Single Source confinement	CNT 4129	2 760 per minor major service and 18 055 per annum major service
8	Maintenance of generator situated in the main building	Channel Data T/A Power mode	Single Source confinement	CNT 4132	R37 258 Per Annum
9	Maintaining Fire Alarm and Gas suppression	Integrated Fire Security (Pty) Ltd	Single Source confinement	CNT 4130	18 561 (Nov 2022 and 28 526 (May 2023)
10	Exhibition Space and Furniture for the AAD 22	Africa Aerospace and Defence	Sole Supplier	PO 0000033797	227 856
11	Enterprise Business System Licence Renewal	EMPIC	Sole Supplier	CNT 4105	59 685 210
12	Microsoft Teams Voice Augmentation Services	Argantic GACS	Single Source	PO 0000034840	69 000
13	Provision of Greenfields (POP) maintenance and support services	Praxis Computing (Pty) Ltd	Sole Supplier	CNT 4116	780 275
14	Purchase of SBC Portal	Argantic GACS	Single Source confinement	PO 0000035483	41 108
15	Assets Verification Scanner Software	Sethewo Business Engineers (Pty) Ltd	Sole Supplier	PO 0000035522	28 750
16	Support of EMPIC - EAP	EMPIC	Sole Supplier	CNT 4205	3 000 000
17	Media Advertorials	Mail and Guardian	Single Source confinement	PO 0000035719	92 000
		The Star		PO 0000035757	40 250
		Timeslive		PO 0000035602	49 450
		News 24		PO 0000035642	109 265
		SAFLYER		PO 0000035736	17 000

3.2 Contract variations and expansions

REPORTING OF CONTRACT VARIATIONS AND EXPANSIONS							
No	Project Description	Name of Supplier	Contract modification type (expansion or variation)	Contract Number	Original contract value (R including VAT)	Value of previous contract expansion/s or variation/s of contract (R including VAT)	Value of current contract expansion or variation (R including VAT)
1	Online Automation System for Board and Committee Meeting Contract	Gijima Holdings (Pty) Ltd	Expansion	CNT 4102	190 246	16 757	16 757
2	Head Office Lease	Redefine and Growth Point	Expansion	CNT 3040	56 248 104	30 438 058	15 148 566
3	Installation and Customisation of the Contact Centre Telephony Solution	Vox Telecommunication (Pty) Ltd	Expansion	CNT 4153	599 880	None	10 345
4	Providing licence ID card solution with support and maintenance services. Provision of maintenance and annual licences	LAW TRUSTED THIRD PARTY SERVICES (PTY) LTD	Expansion	CNT 4095	327 758	34 500	24 403
5	Cleaning, Hygiene and Pest Control	Kuyaba Cleaning Services	Expansion	CNT 4062	1 466 781	26 588	256 559
6	Physical Security Services	Dikgaetsedi Trading and Projects cc	Expansion	CNT 4060	4 945 777	1 731 023	329 999
7	Ocular SBC Connection	Argantic GACS	Variation	PO 0000033112	496 570	None	12 938
8	Cadets Training Programme	Starlite Aviation Training Academy (Pty) Ltd	Expansion	CNT 1861	Phase based	None	None
9	Venue for National Gender Summit	Gallagher Convention Centre	Variation	PO 0000033459	741 774	None	78 836
10	Servicing of Fire Extinguishers	Fire Hub CC	Variation	PO 0000032636	6 624	None	874

REPORTING OF CONTRACT VARIATIONS AND EXPANSIONS							
No	Project Description	Name of Supplier	Contract modification type (expansion or variation)	Contract Number	Original contract value (R including VAT)	Value of previous contract expansion/s or variation/s of contract (R including VAT)	Value of current contract expansion or variation (R including VAT)
11	Maintenance of a Generator	Channel Data T/A Power mode	Expansion	CNT 4132	37 259	None	11 103
12	Catering e-Service Launch	Corporate Venue Solutions	Variation	PO 0000034213	273 356	None	40 900
13	Additional funds for the automation of Declaration of Interest business process	Haimsa IT CC	Expansion	CNT 4158	534 750	None	80 213
14	Head Office Lease	Redefine and Growth Point	Expansion	CNT 3040	56 248 104	45 586 624	85 574 540
15	Maintenance and Cleaning of Canteen ventilation canopy	Brasco Electrical 2001 CC	Expansion	PO 0000034379	18 248	None	22 338
16	Employee Awards Programme	Khoja Group CC	Variation	PO 0000034480	69 479	None	14 766
17	Presentation of Employee Engagement Survey Results to the SACAA Board	Omnicor (Pty) Ltd	Expansion	CNT 6167	241 500	None	11 500
18	Certification Body	SGS South Africa (Pty) Ltd	Expansion	CNT 4054	237 531	None	35 630
19	Provision of Skills Audit Project	Litha Lethu Management Solutions	Variation	CNT 4142	2 606 700	None	252 937
20	Rendering Rental of Photocopiers	Itec Tiyende (Pty) Ltd	Expansion	CNT 4111	5 620 919	395 412	65 902
21	Rendering Rental of Photocopiers	Velaphanda Trading and Projects	Expansion	CNT 4098	5 620 919	515.076	85 846

REPORTING OF CONTRACT VARIATIONS AND EXPANSIONS							
No	Project Description	Name of Supplier	Contract modification type (expansion or variation)	Contract Number	Original contract value (R including VAT)	Value of previous contract expansion/s or variation/s of contract (R including VAT)	Value of current contract expansion or variation (R including VAT)
22	Rendering Rental of Photocopiers	TSL Communications and Automation	Expansion	CNT 4099	5 620 919	354 012	59 002
23	Rendering Job Evaluation and Grading	The Assessment Toolbox CC	Expansion	CNT 4023	500 000	None	80 000
24	Rendering Psychometric Assessment	Encapsulate Consulting (Pty) Ltd	Variation	PO 0000035317	9 545	None	4 773
25	October Transport Month Career Expo and Drone Display Event	Exhibit it Exhibition and Event Management	Variation	PO 0000035551	434 004	None	6 800
26	October Transport Month Career Expo and Drone Display Event	Mokokotlong Catering Services	Variation	PO 0000035499	78 000	None	3 450
27	Soweto and Lion Park Excursion for the ICAO Audit Team	Sibella Events	Variation	PO 0000035585	19 800	None	11 000

PART F

ANNUAL FINANCIAL STATEMENTS

INDEX

The reports and statements set out below comprise the annual financial statements presented to the parliament:

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Report of the Auditor-General to the Parliament on South African Civil Aviation Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Civil Aviation Authority set out on pages 179 to 222, which comprise the statement of financial position as at 31 March 2023, 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 Civil Aviation Authority as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA) of South Africa, Act 01 of 1999.

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor-General 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 matter

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

Contingent liability - Claim against SACAA for January 2020 aircraft crash

7. An investigation was conducted into the flight inspection aircraft accident that took place in the 2020/21 year which claimed the lives of the staff onboard the aircraft. This investigation was concluded in January 2022. There is currently a claim lodged by the families of the deceased staff members against the public entity details of which is disclosed in note 24 to the financial statements.

Other matter

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

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised, irregular and fruitless and wasteful expenditures. Among the effects of this framework is that irregular, fruitless, and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual

Report of the Auditor-General to the Parliament on South African Civil Aviation Authority

financial statements. Only the current year and prior year figures are required to be disclosed in the notes to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer required to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

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

Responsibilities of the Auditor-General for the audit of the financial statements

12. 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.

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

Report on the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

15. I selected the following material performance indicators related to outcome 1: Strengthen safety and security oversight presented in the annual performance report for the year ended 31 March 2023. I selected those indicators

that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage Industry Cybersecurity Strategy implemented
- Percentage Civil Aviation Safety plan implemented
- Percentage Risk-based oversight (RBO) model implemented
- The Civil Aviation Pandemic preparedness (CAPP) project plan developed
- Percentage CAPP project plan implemented
- Security Culture plan developed
- Percentage Security Culture Plan implemented
- No Significant security concern (SSeC) attracted in the ICAO Universal Safety Audit Program (USAP) Continuous Monitoring Approach (CMA)
- ICAO USOAP CMA Preparedness plan developed
- Percentage ICAO USOAP CMA Preparedness plan implemented
- Percentage corrective action plan (CAP) implemented (State Letters with regulations implications)
- Percentage General Aviation Safety Strategy (GASS) implemented.

16. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

- The indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- The indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- The targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- The indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- The reported performance information is presented in the annual performance report in the prescribed manner
- There are adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.

18. I performed the procedures for the purpose of reporting material findings only.

19. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Report of the Auditor-General to the Parliament on South African Civil Aviation Authority

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The Accounting Authority is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objective presented in the annual performance report that have been specifically reported on in this auditor's report.

25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. I have nothing to report in this regard.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

29. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2023

Annexure to the Auditor's report

The annexure includes the following:

- The Auditor-General's responsibility for the audit
- The selected legislative requirements for compliance testing.

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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.
- Conclude on the appropriateness of the 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 public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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.

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.

Annexure to the Auditor's report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b);
Treasury regulations	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1 Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section: 18(1)
CIDB regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Annexure to the Auditor's report

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Instruction notes	PFMA SCM Instruction no. 09 of 2022/2023- Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6 National Treasury Instruction No.1 of 2015/16- Paragraph 3.1; 4.1; 4.2 NT SCM Instruction Note 03 2021/22- Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6; 5.4; 7.2; 7.6 NT Instruction Note 03 of 2019/20- Par 5.5.1(vi); Paragraph 5.5.1(x); NT SCM Instruction Note 11 2020/21- Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7 NT SCM Instruction note 2 of 2021/22- Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2; 4.1 Practice Note 5 of 2009/10- Paragraph 3.3 NT Instruction note 4 of 2015/16- Paragraph 3.4 NT SCM Instruction note 4A of 2016/17- Paragraph 6 Second amendment of NTI 05 of 2020/21- Paragraph 4.8; 4.9 ; 5.1 ; 5.3 Erratum NTI 5 of 202/21- Paragraph 1 Erratum NTI 5 of 202/21- Paragraph 2 Practice note 7 of 2009/10- Paragraph 4.1.2 NT instruction note 1 of 2021/22- Paragraph 4.1

Annexure to the Auditor's report

Legislation	Sections or regulations
Practice notes	Practice Note 5 of 2009/10- Paragraph 3.3 Practice note 7 of 2009/10- Paragraph 4.1.2 Practice note 11 of 2008/9- Paragraph 3.1; 3.1 (b)
Competition Act No 89 of 1998	Section 4(1)(b)(ii)
Public Service Act	Section 30 (1)
Employment of Educators Act	Section 33 (1)

Accounting Authority's Responsibilities and Approval

The Board 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 annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the SACAA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The Board has reviewed the SACAA's cash flow forecast for the year up until 31 March 2024 and, in the light of this review and the current financial position, it is satisfied that the SACAA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Board is primarily responsible for the financial affairs of the SACAA, and relies on the assurance provided by the external auditors on the annual financial statements. The external auditors are responsible for independently reviewing and reporting on the SACAA's annual financial statements. The annual financial statements have been examined by the SACAA's external auditors and their report is presented on page 159.

The annual financial statements set out on pages 179 to 222, which have been prepared on the going concern basis, were approved by the Board on 28 July 2023 and were signed on its behalf by:

Accounting Authority's Responsibilities and Approval

Mr E Khosa
Chairperson: SACAA Board

Mr S Sooklal
Chairperson: Audit and Risk Committee

Ms GNB Khoza
Director of Civil Aviation

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

Audit and Risk Committee responsibility

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

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

The Audit and Risk Committee for the year ended 31 March 2023 comprised of three non-executive members and an independent specialist member appointed in November 2020. The committee was chaired by an independent non-executive member, Mr Surendra Sooklal. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General of South Africa all have a standing invitation to the Audit and Risk Committee meetings. The appointment of the Audit and Risk Committee members is confirmed annually at the Annual General Meeting by the Executive Authority.

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

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

During the period under review, the Committee held five scheduled meetings, two special meetings and one workshop. The purpose of the workshop was to review the reporting format and plans relating to internal audit, risk management and combined assurance. The Chairperson of the Committee reports to the Board quarterly, regarding the Committee's deliberations, decisions and recommendations. In addition, the Committee also reports quarterly to the Executive Authority.

Audit and Risk Committee Report

Attendance of Audit and Risk Committee meetings by Audit and Risk Committee members

Mr S Sooklal	7 out of 7
Mr M India (Retired on 31 May 2022)	1 out of 2
Prof. N Dyani-Mhango (Retired on 31 May 2022)	2 out of 2
Ms Z Nkosi	7 out of 7
Ms B Koyana (Appointed on 01 June 2022)	5 out of 5
Ms T Phewa (Appointed on 01 June 2022)	5 out of 5

The Audit and Risk Committee is established as a statutory committee in terms of the PFMA. The Committee submits this report for the financial year ended 31 March 2023, as required by Treasury Regulations 27.1.7 and 27.1.10(b) and (c) issued in terms of section 51(1)(a)(ii) and 76(4)(d) of the PFMA.

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

The effectiveness of internal control and risk management

Internal Audit provides the Audit and Risk Committee with reasonable assurance that the internal controls are adequate and effective across all significant areas of the entity. This is achieved by means of compiling a Risk-based Internal Audit Plan, as well as ensuring that management put adequate management corrective actions in the final internal audit reports and in addition, Internal Audit suggests enhancements to the control environment and processes when conducting individual audits. From the various reports of both the internal and external auditors, we noted that matters which indicated any deficiencies in the system of internal control have been brought under management's attention and corrective measures have been implemented. Accordingly, we can report that the systems of internal control over financial reporting for the period under review was adequate and effective.

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

The Audit and Risk Committee is responsible for overseeing risk management and ensuring that the internal audit function is independent and has the necessary resources, authority and skills to discharge its responsibility effectively. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessments.

During the year under review, the Committee conducted the following activities.

Reviewed and recommended the following matters to the Board for approval:

- Quarterly risk reports containing potential and emerging risks and opportunities aligned to the SACAA's vision and mission and reportable incidents;
- Quarterly PFMA compliance reports;
- Quarterly finance and materiality reports;
- Quarterly performance management reports;
- SACAA's policies on fraud and corruption, bank and cash, investment, telephone & cell phones and security;

Audit and Risk Committee Report

- The risk assessment and risk management, including fraud risks and information technology risks;
- The Medium-Term Expenditure Framework and the Estimates of National Expenditure for the ensuing periods;
- The draft Annual Report 2022/23;
- Revision of the Delegation of Authority and legal compliance report;
- Review of the supply chain, other financial, risk, internal audit, fraud and legal compliance policies; and
- The ICT strategy and the Cyber Security Strategy amongst others.

Reviewed and approved the following quarterly reports:

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

The Audit and Risk Committee reviewed the annual financial statements for the 2022/23 Financial Year of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate and consistent. The annual financial statements were reviewed with the following focus:

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

Financial reporting

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

- Compliance with financial reporting standards and governance reporting requirements;
- Significant financial reporting judgments and estimates to be made in applying accounting policies;
- The appropriateness of and any changes to accounting policies;
- Significant adjustments resulting from the audit;
- Compliance with legal requirements and accounting standards;
- Reasons for year on year fluctuations;
- The procedures and controls around estimates that are key to applying accounting policies; and

Audit and Risk Committee Report

- Whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for stakeholders to assess the entity's business model, strategy and performance.

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

Internal Audit

The Internal Audit Department is responsible for providing professional, independent and objective assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the SACAA's operations and assist the SACAA in achieving its set objectives.

Key activities of Internal Audit are:

- To develop and implement a three year risk-based internal audit plan which takes into account risks and concerns identified and raised by management and those raised by the Audit and Risk Committee. The plan is submitted to the Audit and Risk Committee for approval;
- To build and enhance the skills level of audit staff with knowledge to assist them in the execution of planned audits; and
- To provide an optimal audit coverage by considering the scope of work of the external auditors and other assurance providers within the SACAA as per the Combined Assurance Framework.

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

The Audit and Risk Committee is responsible for ensuring that the Internal Audit Function is independent and has the necessary resources, standing and authority within the SACAA to enable the Function in discharging its duties. Furthermore, the Audit and Risk Committee oversees co-operation between the internal and external auditors and serves as a link between the Board and these two functions.

Internal Audit's activities are measured against the approved annual internal audit plan and the Chief Audit Executive tables progress reports in this regard to the Audit and Risk Committee on a quarterly basis.

During the reporting period the Audit and Risk Committee reviewed and approved/noted the following matters:

- The risk-based annual internal audit plan and the three-year risk-based internal audit rolling plan;
- Progress reports on the closure of the internal audit findings;
- Internal audit's quarterly reports in line with the approved internal audit plan; and
- Internal audit charter for the 2022/2023 financial year.

The Audit and Risk Committee has formed an opinion that adequate, objective internal audit policies and procedures exist within the SACAA and that the SACAA's Internal Audit Department has complied with the International Standards for the Professional Practice of Internal Auditing, the required legal, regulatory as well as the other responsibilities as stipulated in its Charter during the period under review. We are satisfied that the Internal Audit Function is operating effectively, and that it has addressed the risks pertinent to the SACAA in its internal audit engagements.

Audit and Risk Committee Report

Whistle-blowing

In compliance with the Protected Disclosures Act, 2000, the SACAA has established and maintains an independent fraud hotline service. The Audit and Risk Committee wishes to report that, for the financial year under review, it received and dealt with all concerns or complaints, whether from within or outside of the SACAA.

The Audit and Risk Committee also discusses reports from the whistle-blowing hotline through reports presented by Internal Audit Division's Forensic Services Department. The Audit and Risk Committee receives on a regular basis progress reports on the status of the investigations, and the Committee ensured, that the necessary corrective actions were taken by management. The Committee in the year under review also reviewed and approved the Fraud and Corruption Policies and the Annual Forensic: Fraud and Corruption Prevention Plan.

The quality of management and quarterly reports submitted in terms of the PFMA

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

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

The quality of budgets submitted in terms of the PFMA

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

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

Risk Management and Combined Assurance

The committee has noted good progress on the implementation of the risk management policy, framework, plans and the combined assurance model. The combined assurance providers continue to find synergy amongst the various assurance providers and there is a continued coordinated effort to ensure adequate assurance coverage. The audit and risk committee monitored the implementation of the combined assurance plan to ensure the coordination and alignment of assurance activities across the various lines of defence, so that assurance has the appropriate depth and reach, including resources optimization.

Auditor-General of South Africa

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

The Audit and Risk Committee monitored the implementation of the action plan to address matters arising from the management report issued by the Auditor-General of South Africa for the 2021/2022 financial year. All the action items were closed by the end of the 2022/2023 financial year.

Audit and Risk Committee Report

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

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

Mr S Sooklal

Chairperson of the Audit and Risk Committee

Date: 31 August 2023

Accounting Authority's Report

The Board submits its report for the year ended 31 March 2023.

1. Introduction

The Board presents its twenty-fifth Annual Report in terms of the Civil Aviation Act, 2009 (Act No.13 of 2009), (previously governed by the South African Civil Aviation Authority (Act No.40 of 1998)) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which forms part of the audited annual financial statements for the year ended 31 March 2023.

2. Principal activities

Main business and operations

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

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

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

The SACAA recorded a net surplus of R89 234 959 for the year ended 31 March 2023 (2022: R111 927 610)

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 cause of business.

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

4. Events after the reporting date

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

5. Accounting policies

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

Accounting Authority's Report

6. Accounting Authority

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

Name	
Mr E Khosa (Chairperson)	Reappointed 1 June 2022
Mr S Sooklal	Reappointed 1 June 2022
Ms T Phewa	Reappointed 1 June 2022
Ms GB Koyana	Reappointed 1 June 2022
Mr T Peege	Appointed 23 June 2023
Adv M Lebakeng	Appointed 23 June 2023
Ms GNB Khoza	Reappointed 1 December 2018
Prof NV Dyani-Mhango	Reappointed 1 December 2018 (Retired 31 May 2022)
Mr MG India	Reappointed 1 December 2018 (Retired 31 May 2022)

7. Company Secretary

The secretary of the SACAA is Ms N Naraindath of:

Business address	Ikhaya Lokundiza Building 16, Treur Close Waterfall Park, Bekker Street Midrand 1685
Postal address	Private Bag X73 Halfway House 1685

8. Interest of board members

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

9. Corporate governance

General

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

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

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

Board of directors

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

- Retains full control over the SACAA, its plans and strategy;
- Acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the SACAA;

Accounting Authority's Report

- Is of a unitary structure comprising:
  - Five (5) non-executive directors, all of whom are independent directors as defined in King IV
  - One (1) non-executive director appointed as a representative of the Executive Authority
  - One (1) executive director
  - There is currently one (1) vacancy for non-executive directors and the Executive Authority is in the process of filling the vacant positions.

Chairperson and Director of Civil Aviation

The Chairperson is a non-executive and independent director as defined in King IV.

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

Remuneration

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

Board meetings

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

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

10. Auditors

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

The Executive Authority confirmed the appointment of the Auditor-General as the external auditors of the SACAA at the Annual General Meeting held on 19 October 2022.

11. Number of Employees

The number of employees as at 31 March 2023 was 570 (2022: 560) which includes permanent, fixed term, interns, bursars, learnerships and contract employees.

12. Materiality Framework

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

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

Company Secretary's Certification

In my capacity as Company Secretary, I hereby confirm that the SACAA has lodged all returns as required by Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended, for the year ended 31 March 2023.

Ms N Naraindath

Company Secretary Midrand

Statement of Financial Position as at 31 March 2023

	Note(s)	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	3	470 929 556	338 881 270
Statutory receivables	4	53 322 083	52 138 176
Receivables from exchange transactions	5	24 393 147	20 234 887
Consumable stores	6	591 269	512 173
		549 236 055	**411 766 506**
Non-Current Assets			
Property, plant and equipment	7	19 066 148	16 273 595
Intangible assets	8	61 478 659	67 038 110
		80 544 807	**83 311 705**
Total Assets		**629 780 862**	**495 078 211**
Liabilities			
Current Liabilities			
Trade and other payables	10	64 700 009	72 545 804
Operating lease liability	11	547 871	31 261
Provisions	12	75 287 573	22 490 696
Total Liabilities		**140 535 453**	**95 067 761**
Total Net Assets		**489 245 409**	**400 010 450**

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Interest revenue	14	24 045 477	10 934 803
Other revenue	15	9 101 836	3 996 335
Gain on disposal of assets		412 076	-
Bad debts recovered	19	142 509	-
Total revenue from exchange transactions		**33 701 898**	**14 931 138**
Revenue from non-exchange transactions			
Revenue from non exchange transactions	16	851 913 953	760 876 177
Total revenue		**885 615 851**	**775 807 315**
Expenditure			
Personnel cost	17	(557 982 456)	(473 108 215)
Operating expenses	18	(188 276 058)	(132 089 086)
Depreciation and amortisation		(9 070 058)	(11 556 581)
Lease rentals on operating lease		(33 177 775)	(33 028 373)
(Increase)/decrease in debt impairment provision	19	(5 137 439)	25 128 470
Bad debts written off	19	(2 737 106)	(38 913 033)
Loss on disposal of assets		-	(312 887)
Total expenditure		**(796 380 892)**	**(663 879 705)**
Surplus for the year		**89 234 959**	**111 927 610**

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2021	**288 082 840**	**288 082 840**
Changes in net assets		
Surplus for the year	111 927 610	111 927 610
Total recognised surplus for the year	111 927 610	111 927 610
Balance at 01 April 2022	**400 010 450**	**400 010 450**
Changes in net assets		
Surplus for the year	89 234 959	89 234 959
Total recognised surplus for the year	89 234 959	89 234 959
Balance at 31 March 2023	**489 245 409**	**489 245 409**

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Receipts from customers and Department of Transport		847 941 586	731 966 966
Interest income		24 045 477	10 934 803
		871 987 063	**742 901 769**
Payments			
Payments made to suppliers and employees		(734 047 693)	(595 393 310)
Net cash flows from operating activities	22	**137 939 370**	**147 508 459**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(7 087 604)	(2 152 895)
Proceeds from sale of property, plant and equipment		1 196 520	26 522
Purchase of other intangible assets	8	-	(5 197 543)
Net cash flows from investing activities		**(5 891 084)**	**(7 323 916)**
Net increase/(decrease) in cash and cash equivalents		**132 048 286**	**140 184 543**
Cash and cash equivalents at the beginning of the year		338 881 270	198 696 727
Cash and cash equivalents at the end of the year	3	**470 929 556**	**338 881 270**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest revenue	6 636 632	13 539 000	20 175 632	24 045 477	3 869 845	31
Other revenue	3 093 344	6 500 000	9 593 344	9 101 836	(491 508)	31
Gains on disposal of assets	-	-	-	412 076	412 076	
Bad debts recovered	-	-	-	142 509	142 509	
Total revenue from exchange transactions	**9 729 976**	**20 039 000**	**29 768 976**	**33 701 898**	**3 932 922**	
Revenue from non-exchange transactions						
Transfer revenue						
Passenger safety charge	383 769 282	56 870 718	440 640 000	455 811 640	15 171 640	31
User fees	120 666 509	15 679 149	136 345 658	137 639 748	1 294 090	
Fuel levy	31 071 483	-	31 071 483	33 335 017	2 263 534	31
Department of Transport	225 946 548	-	225 946 548	225 127 548	(819 000)	
Total revenue from non-exchange transactions	**761 453 822**	**72 549 867**	**834 003 689**	**851 913 953**	**17 910 264**	
Total revenue	**771 183 798**	**92 588 867**	**863 772 665**	**885 615 851**	**21 843 186**	
Expenditure						
Personnel costs	(521 308 148)	(64 651 734)	(585 959 882)	(557 982 456)	27 977 426	31
Operating expenses	(183 744 347)	(28 991 062)	(212 735 409)	(188 276 058)	24 459 351	31
Depreciation and amortisation	(22 239 588)	7 480 866	(14 758 722)	(9 070 058)	5 688 664	31
Lease rentals on operating lease	(43 891 715)	4 000 000	(39 891 715)	(33 177 775)	6 713 940	31
Debt impairment	-	(9 000 000)	(9 000 000)	(5 137 439)	3 862 561	31
Bad debts written off	-	-	-	(2 737 106)	(2 737 106)	31
Total expenditure	**(771 183 798)**	**(91 161 930)**	**(862 345 728)**	**(796 380 892)**	**65 964 836**	
Surplus for the year	**-**	**1 426 937**	**1 426 937**	**89 234 959**	**87 808 022**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**1 426 937**	**1 426 937**	**89 234 959**	**87 808 022**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

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

1.1 Significant judgments and accounting estimates

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

Loans and receivables

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

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

Fair value estimation

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

Impairment testing

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

The SACAA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level at which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment

Accounting Policies

1.1 Significant judgments and accounting estimates (continued)

may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Useful lives of property, plant and equipment

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

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

Provisions

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

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it.

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

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

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

Accounting Policies

1.2 Property, plant and equipment (continued)

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

	2023	2022
Leasehold improvement	period of lease	period of lease
Furniture and fixtures	6 - 27 years	4 - 24 years
Motor vehicles	6 - 10 years	4 - 9 years
Computer equipment	5 - 20 years	4 - 19 years
Generator	15 years	15 years
Canteen equipment	6 - 14 years	6 - 11 years

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

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

The depreciation charge for each period is recognised in surplus or deficit.

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

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

1.3 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

Accounting Policies

1.3 Intangible assets (continued)

Amortisation is provided to write off the cost of the intangible assets over their estimated useful lives, using the straight-line method.

	2023	2022
Computer software	5 - 25 years	4 - 25 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. The gain or loss arising from the derecognition of an item of intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Classification

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

Class	Category
Statutory receivables	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Operating lease liability	Financial liability measured at amortised cost

Initial recognition

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

The SACAA recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

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

Accounting Policies

1.4 Financial instruments Classification (continued)

Impairment and uncollectibility of financial assets

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

Objective evidence of impairment includes:

- Long overdue amounts for which further collection procedures have been regarded as uneconomical;
- Information received about the debtor indicating their inability to settle the debt; or
- Legal action has been instituted to recover the amount owing.

Financial assets measured at amortised cost

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

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

Derecognition

Financial assets

The SACAA derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The SACAA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The SACAA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the SACAA :
  - Derecognise the asset; and
  - Recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The SACAA removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or is waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification

Accounting Policies

1.4 Financial instruments Classification (continued)

of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

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

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

1.5 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Statutory receivables are made of the following:

Passenger safety charge

The passenger safety charge is levied in accordance with the provisions of section 74(1)(b) of the Civil Aviation Act, 2009 (Act No. 13 of 2009) read with Part 187, Sub Part 2 of the Civil Aviation Regulations, 2011. The charge is collected by airlines from passengers on commercial flights departing from an airport within the Republic of South Africa on a scheduled passenger flight or part of a flight to a destination within or outside the country. The passenger safety charge tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance. The collected charges are paid over to the SACAA on a monthly basis.

Accounting Policies

1.5 Statutory receivables (continued)

User fees

The user fees are levied in accordance with the provisions of section 74(1)(a) of the Civil Aviation Act, 2009 (Act No. 13 of 2009) read with Part 187, Sub Part 1 of the Civil Aviation Regulations, 2011. These are charged on amongst others for aviation regulatory related exemptions, certificates, authorisation, licences and registrations. The user fee tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance.

Fuel levy

Government Notice R307 of 13 April 2012 provides notice containing the terms and conditions relating to the payment of the aviation fuel levy in terms of section 2 of the South African Civil Aviation Authority Levies Act, 1998 (Act No. 41 of 1998) read in conjunction with section 74(1)(g) of the Civil Aviation Act, 2009 (Act No. 13 of 2009). The levy is based on litre of aviation fuel sold by fuel wholesalers to general aviation, cargo and charter operators within the Republic of South Africa. The fuel levy tariff is approved annually by the Minister of Transport with the concurrence of the Minister of Finance. The collected levies are paid over to the SACAA on a monthly basis.

Recognition

The SACAA recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (taxes and transfers); or
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the SACAA and the transaction amount can be measured reliably.

Initial measurement

The SACAA initially measures statutory receivables at their transaction amount.

Subsequent measurement

The SACAA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable);
- Impairment losses; and
- Amounts derecognised.

Accrued interest

Where the SACAA levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers), whichever is applicable.

The SACAA levies interest at prime plus two percentage points.

Accounting Policies

1.5 Statutory receivables (continued)

Other charges

Where the SACAA is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the SACAA applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

Impairment losses

The SACAA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the SACAA considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the SACAA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced directly. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, the SACAA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the SACAA discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted directly. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The SACAA derecognises a statutory receivable, or a part thereof, when:

- The rights to the cash flows from the receivable are settled, expire or are waived;
- The SACAA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

Accounting Policies

1.5 Statutory receivables (continued)

- the SACAA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the SACAA:
  - Derecognise the receivable; and
  - Recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date.

The SACAA considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.6 Leases

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

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

Operating leases - lessee

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

The operating lease liability is derecognised when the SACAA's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the SACAA no longer anticipates economic benefits to flow from the asset.

1.7 Consumable stores

Consumable stores are initially measured at cost except where consumable stores are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Consumable stores comprise of ID licence cards held for issuance to the aviation stakeholders and various people in the aviation value chain.

Subsequently, consumable stores are measured at the lower of cost and net realisable value.

1.8 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

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.

The recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

Identification

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

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

Reversal of impairment loss

The SACAA 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 SACAA estimates the recoverable amount of that asset.

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

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

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

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

1.9 Impairment of non-cash-generating assets

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

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

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

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

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

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

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

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

Useful life is either:

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

Identification

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

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

Reversal of an impairment loss

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

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

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

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

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

1.10 Employee benefits

Employee benefits are all forms of consideration given by the SACAA in exchange for services rendered by employees.

Accounting Policies

1.10 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- 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, cell phones and employee wellness) for current employees.

When an employee has rendered service to the SACAA during a reporting period, the SACAA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the SACAA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; 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 SACAA measures the expected cost of accumulating compensated absences as the additional amount that the SACAA expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Retirement benefits: Defined contribution plans

The SACAA provides retirement benefits for its employees. Defined contribution plans are retirement benefits plans under which the SACAA pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

- as a liability (accrued expense), after deducting any contribution already paid; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Accounting Policies

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments regarding future minimum lease payments, the acquisition of property, plant and equipment and intangible assets.

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.

Commitments are disclosed in note 23.

1.12 Provisions and contingencies

Provisions are recognised when:

- The SACAA has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; 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.

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.13 Revenue recognition from exchange transactions

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

An exchange transaction is one in which the SACAA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

Accounting Policies

1.13 Revenue recognition from exchange transactions (continued)

Other income

Other income comprises of fees that are collected and not related to the mandate of the SACAA.

Interest

Revenue arising from the use by others of the SACAA's assets yielding interest is recognised when:

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

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

1.14 Revenue recognition from non-exchange transactions

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

Non-exchange transactions are defined as transactions where the SACAA receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

Measurement

The invoice value of sales and services rendered, excluding value-added tax in respect of trading operations, is recognised at the date on which services are provided.

The passenger safety charge is based on the number of passengers on scheduled services departing from all airports in the country. This data is obtained from the scheduled airlines and verified by data received from the airports.

Fuel levies are based on litres of aviation fuel sold by fuel wholesalers and verified biannually by independent external auditors appointed by the SACAA.

Accident and incident investigation fees are received from the Department of Transport on a cost-recovery basis negotiated annually in advance.

User fees are generated from examinations, licence renewals, certifications, airworthiness and calibrations. The revenue is recognised when the service is rendered.

1.15 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.

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

Accounting Policies

1.15 Translation of foreign currencies (continued

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.

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or in contravention of the SACAA's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the annual annual financial statements and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 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 SACAA);
- 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 is met.

The SACAA is a statutory body, which has the primary focus to control and regulate civil aviation in the Republic of South Africa and to oversee the functioning and development of the civil aviation industry. Although revenues do have certain streams, they are not related to any segments or specific divisions within the SACAA. The SACAA's expenditure relates mainly to salaries and the rest relates to operational activities and cannot be linked to any specific segments. Resources are not allocated, nor is reporting done or performance measured for any separate activities.

Management is of the opinion that any attempt to divide the SACAA into further separate activities or geographical information will not add any additional value to its stakeholders. The entire SACAA is viewed as a single reportable segment.

1.19 Budget information

The SACAA is typically subject to budgetary limits in the form of appropriations or budget authorisations, which are given effect through authorising legislation.

General purpose financial reporting by the SACAA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Accounting Policies

1.19 Budget information (continued)

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

The annual financial statements and the budget are compiled on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

An explanation is provided for all variances between actual and budgeted amounts above 5% or in excess of R2 million in the notes to the annual financial statements.

1.20 Related Parties

The SACAA has processes in place to aid in the identification of related parties. Related parties are defined as persons or entities with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an SACAA that is subject to common control, or joint control.

The Department of Transport was identified as being able to exercise significant influence over the SACAA. As a result, all other entities under the same influence are regarded as related parties.

1.21 Taxation

The SACAA is exempt from taxation in terms of the provision of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The SACAA has not applied the following standards and interpretations, which have been published and are mandatory for the SACAA's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Not expected to have a material impact
• GRAP 104: Financial Instruments	01 April 2025	Not expected to impact results but may result in additional disclosure
• Improvements to the standards of GRAP 2021	01 April 2023	Not expected to have a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to have a material impact

3. Cash and cash equivalents

	2023	2022
Cash and cash equivalents consist of:		
Bank balances	4 209 497	12 493 049
Short-term deposits with commercial banks and Corporation for Public Deposit	466 720 059	326 388 221
	470 929 556	**338 881 270**

Credit quality of cash at bank and short term deposits, excluding cash on hand

Bank balances and short-term deposits are held at financial institutions which have a credit rating of an acceptable investment grade. Cash and cash equivalents attract interest at variable rates linked to prime.

Notes to the Annual Financial Statements

	2023	2022

4. Statutory receivables

Trade debtors	70 593 085	64 344 149
Provision for impairment of statutory trade and other receivables	(15 601 376)	(10 463 937)
Unallocated receipts	(1 669 626)	(1 742 036)
	53 322 083	**52 138 176**

Statutory receivables are carried at cost, which normally approximates their fair value due to the short-term maturity thereof. An adjustment for the impairment of statutory receivables has been made for estimated irrecoverable amounts.

Statutory trade receivable ageing

Current	48 090 927	44 606 386
0 to 30 days	3 907 031	6 526 743
31 to 60 days	645 638	955 495
61 to 90 days	415 384	297 958
over 90 days	17 534 105	11 957 567
	70 593 085	**64 344 149**

Credit quality of statutory receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates as well as payment history.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of statutory receivables

Statutory receivables	53 322 083	52 138 176

The management considers the carrying amount of statutory receivables to approximate fair value.

Statutory receivables past due but not impaired

At 31 March 2023, R 6 906 666 (2022: R 9 300 302) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

One month past due	3 899 321	6 485 632
Two months past due	635 146	867 252
Three months past due	389 087	188 015
Older than three months past due	1 983 112	1 759 403
	6 906 666	**9 300 302**

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022

Statutory receivables impaired

As of 31 March 2023, trade and other receivables of R 15 601 376 (2022: R 10 463 937) were impaired and provided for.

The ageing of these receivables is as follows:

One month past due	13 595	67 586
Two months past due	10 491	88 243
Three months past due	26 296	109 943
Older than three months past due	15 550 994	10 198 165
	15 601 376	**10 463 937**

Reconciliation of provision for impairment of statutory receivables

Opening balance	10 463 937	35 592 407
Increase/(decrease) in provision	5 137 439	(25 128 470)
	15 601 376	**10 463 937**

Included in debt impairment are amounts owing by Comair R7 167 385, Interface R1 153 564, Gulfstream R583 714 and other debtors.

Notes to the Annual Financial Statements

5. Receivables from exchange transactions

	2023	2022
Prepayments	14 442 926	10 578 067
Security deposits*	7 739 538	7 497 342
Rental deposits	1 877 961	1 877 961
Staff advances	257 222	168 297
Other receivables	75 500	113 220
	24 393 147	**20 234 887**

*Security deposits relates to funds that were paid to attorneys' interest bearing trust accounts as security for two CCMA arbitration awards that were issued against SACAA, which are under review at the Labour Court (Refer to note 24 on contingencies).

Receivables from exchange transactions are carried at cost, which normally approximates their fair value due to the short-term maturity thereof.

As at the end of the year, the other receivables ageing were as follows:

Over 90 days	75 500	113 220

Receivables past due but not impaired

On 31 March 2023, other receivables of R75 500 (2022: R113 220) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Older than three months past due	75 500	113 220

None of the receivables from exchange transactions have been impaired.

6. Consumable stores

ID licence card consumables	591 269	512 173

Notes to the Annual Financial Statements

7. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	169 253	(148 097)	21 156	169 253	(119 888)	49 365
Furniture and fixtures	17 847 326	(13 201 064)	4 646 262	17 980 588	(14 314 503)	3 666 085
Motor vehicles	5 619 695	(3 304 756)	2 314 939	5 247 168	(2 931 411)	2 315 757
Computer equipment	31 345 042	(19 725 384)	11 619 658	28 821 121	(19 020 777)	9 800 344
Generator	1 097 633	(750 570)	347 063	1 097 633	(677 395)	420 238
Aircraft engine	-	-	-	3 991 119	(3 991 119)	-
Canteen equipment	259 367	(142 297)	117 070	171 157	(149 351)	21 806
Total	**56 338 316**	**(37 272 168)**	**19 066 148**	**57 478 039**	**(41 204 444)**	**16 273 595**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	49 365	-	-	(28 209)	21 156
Furniture and fixtures	3 666 085	186 629	(10 561)	804 109	4 646 262
Motor vehicles	2 315 757	669 527	(37 125)	(633 220)	2 314 939
Computer equipment	9 800 344	6 143 237	(367 221)	(3 956 702)	11 619 658
Generator	420 238	-	-	(73 175)	347 063
Canteen equipment	21 806	88 211	-	7 053	117 070
	16 273 595	**7 087 604**	**(414 907)**	**(3 880 144)**	**19 066 148**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	77 574	-	-	(28 209)	49 365
Furniture and fixtures	4 357 218	168 645	(8 297)	(851 481)	3 666 085
Motor vehicles	3 013 583	-	-	(697 826)	2 315 757
Computer equipment	12 543 485	1 984 250	(280 582)	(4 446 809)	9 800 344
Generator	493 414	-	-	(73 176)	420 238
Canteen equipment	25 929	-	-	(4 123)	21 806
	20 511 203	**2 152 895**	**(288 879)**	**(6 101 624)**	**16 273 595**

Expenditure incurred to repair and maintain property, plant and equipment

	2023	2022
Other operational repairs and maintanance	1 258 617	2 458 923

Notes to the Annual Financial Statements

8. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	81 726 414	(27 367 492)	54 358 922	77 492 335	(23 194 901)	54 297 434
Work in progress*	7 119 737	-	7 119 737	12 740 676	-	12 740 676
Total	**88 846 151**	**(27 367 492)**	**61 478 659**	**90 233 011**	**(23 194 901)**	**67 038 110**

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Transfers	Amortisation	Total
Computer software	54 297 434	(369 537)	5 620 939	(5 189 914)	54 358 922
Work in progress*	12 740 676	-	(5 620 939)	-	7 119 737
	67 038 110	**(369 537)**	**-**	**(5 189 914)**	**61 478 659**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Computer software	53 062 239	-	(50 530)	6 740 682	(5 454 957)	54 297 434
Work in progress	14 283 815	5 197 543	-	(6 740 682)	-	12 740 676
	67 346 054	**5 197 543**	**(50 530)**	**-**	**(5 454 957)**	**67 038 110**

* Work in progress includes Electronic Documents and Records Management System (EDRMS) “Shanduka Project” of R2 769 669 as well as software licence and installation costs of the Enterprise Business System (EBS) of R4 350 068. As the phases of these projects are completed, they are transferred to computer software.

Notes to the Annual Financial Statements

9. Change in estimate Property, plant and equipment

The revised GRAP 17 - Property, plant and equipment requires the review of the residual value and useful life of an asset at least at each financial year end. The SACAA extended the estimated useful lives of certain assets due to change in expectation relating to the replacement of property, plant and equipment. The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the SACAA for the current financial year have been decreased by R3 923 301

	Before change in estimate	After change in estimate	Change in estimate
Computer equipment	1 060 684	2 030 488	969 804
Computer software	93 387	379 521	286 134
Furniture and fixtures	1 122 051	3 554 115	2 432 064
Motor vehicles	184 434	393 387	208 953
Canteen equipment	12 879	39 225	26 346
	2 473 435	**6 396 736**	**3 923 301**

10. Trade and other payables

	2023	2022
Leave pay accrual	30 800 064	28 477 218
Sundry accruals	15 695 666	23 468 567
Statutory receivables with credit balances	11 817 634	11 865 618
Trade payables	3 858 604	4 082 922
Salary-related accruals	1 756 711	1 513 673
Income received in advance	771 330	3 137 806
	64 700 009	**72 545 804**

The SACAA does not have any long term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.

11. Operating lease asset (liability)

Current liabilities	547 871	31 261

Notes to the Annual Financial Statements

12. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Performance and retention bonus provision	22 490 696	75 000 000	(22 203 123)	75 287 573

Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Performance and retention bonus provision	-	22 490 696	22 490 696

The performance and retention bonus provision is calculated in line with the remuneration and retention policies as approved by the Board.

The performance bonus provision is calculated based on the performance of the SACAA as well as the individual performance ratings of each employee for the financial year ended 31 March 2023.

Executive management are entitled to a retention bonus payable at a three year cycle of uninterrupted service in SACAA. The retention bonus is calculated at 24% of their prevailing total cost of employment.

Assumptions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessment of the time value of money and the risks specific to the liability.

13. Employee benefit obligation

	2023	2022
The total amount recognised as an expense for defined contribution plan	66 944 065	62 061 214

It is the policy of the SACAA to provide retirement benefits to all its employees. The defined contribution provident fund, which is subject to the Pensions Fund Act, 1956 (Act No. 24 of 1956) exist for this purpose.

The SACAA is under no obligation to cover any unfunded benefits.

14. Interest revenue

Financial Institutions and Corporation for Public Deposit	23 646 358	8 945 556
Trade and other receivables	399 119	1 989 247
	24 045 477	**10 934 803**

Notes to the Annual Financial Statements

15. Other revenue from exchange transactions

	2023	2022
Sundry income	3 060 435	3 669 551
Sponsorship income*	5 943 425	280 775
Insurance claims received	97 976	46 009
	9 101 836	**3 996 335**

* Sponsorship income include the proceeds of sponsorships and tickets sold for the International Flight Inspection Symposium that was hosted in Durban during June 2022.

16. Revenue from non exchange transactions

Passenger safety charge*	455 811 640	298 101 021
User fees**	137 639 748	112 822 393
Fuel Levy	33 335 017	36 405 994
Department of Transport***	225 127 548	313 546 769
	851 913 953	**760 876 177**

* The increase in passenger safety charge in the current year of 52.9% was due to the relaxation of air travel restrictions as the impact of the COVID-19 pandemic became less prevalent as compared to the prior year resulting in higher passenger numbers for the year. The passenger numbers increased by 49.4%, from 11 079 364 to 16 550 895 in the current year.

** User fees increased by 22% in the current year due to improvement in aviation activities as the impact of the COVID-19 pandemic became less prevalent as compared to the prior year.

*** The allocation from Department of Transport includes an amount of R37.2 million for the Accidents and Incidents Investigation Division as well as additional financial support of R187.9 million.

17. Personnel costs

Basic	361 003 389	338 807 996
Bonus	75 000 000	22 490 696
Pension fund contributions	66 944 065	62 061 214
Medical aid contributions	22 506 219	22 097 341
Other employee benefit cost	19 795 658	17 520 423
Temporary staff	1 998 047	1 604 270
Acting allowances	1 661 524	1 753 526
Leave pay expense	4 312 118	2 670 108
Travel and other allowances	2 058 150	1 679 661
Compensation for occupational injuries and diseases fund	1 555 960	1 319 671
Unemployment insurance fund	1 147 326	1 103 309
	557 982 456	**473 108 215**

Notes to the Annual Financial Statements

18. Operating expenses

	2023	2022
Aircraft operating expenses	26 144 975	20 260 929
Auditors remuneration (refer to note 21)	2 782 565	3 065 079
Bank charges	659 061	386 298
Bursaries	2 709 421	6 532 987
Cleaning	1 836 743	1 572 534
Conferences, seminars and venue hire	2 879 715	1 215 460
Consulting and professional fees	9 858 620	8 991 526
Consumables	266 652	157 890
Electricity	5 681 061	4 782 893
Fuel and oil	2 096 872	660 167
IT expenses	3 962 332	5 211 248
Insurance	3 801 959	1 150 622
Legal Fees	6 128 828	4 567 198
Magazines, books and periodicals	707 121	551 310
Placement fees	974 439	962 053
Postage and courier	785 477	1 366 064
Printing and stationery	2 198 739	1 398 057
Public relations	4 468 401	2 075 419
Refuse	129 202	439 366
Regulation development	1 128 383	22 055
Repairs and maintenance	1 258 617	2 458 923
Safety and promotion	5 087 454	2 224 118
Security	4 922 469	5 273 973
Skills development levy	4 188 465	3 761 158
Software expenses	35 829 563	30 950 720
Sponsorships	7 465 939	1 127 166
Staff events	2 290 281	360 701
Staff welfare	326 077	155 012
Telephone and fax	6 319 918	5 516 085
Training	11 011 244	4 207 196
Travel - domestic	17 515 919	8 139 240
Travel - International	12 456 766	2 138 794
Uniforms	177 884	131 133
Other expenses	224 896	275 712
	188 276 058	**132 089 086**

Operating expenses increased by 42.5% in the current year as a result of the resumption of increased business activities in the aviation industry as the impact of COVID-19 pandemic became less prevalent as compared to the prior year.

Notes to the Annual Financial Statements

	2023	2022

19. Debt impairment

Increase/(decrease) in debt impairment provision	5 137 439	(25 128 470)
Bad debts written off*	2 737 106	38 913 033
Bad debts recovered	(142 509)	-
	7 732 036	**13 784 563**

*Included in bad debts written off in the prior year are amounts for Mango Airlines of R17 417 136 (in business rescue), Comair of R8 912 837 (in business rescue), South African Airways of R5 710 978 (previously in business rescue), SA Express of R5 007 334 (in provisional liquidation) and other debtors.

20. Taxation

No provision for taxation has been made, as the SACAA is exempted in terms of section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962)

21. Auditors' remuneration

Fees	2 760 241	3 049 882
Reimbursive expenses	22 324	15 197
	2 782 565	**3 065 079**

22. Cash generated from operations

Surplus	89 234 959	111 927 610
Adjustments for:		
Depreciation and amortisation	9 070 058	11 556 581
(Gain)/loss on disposal of assets	(412 076)	312 887
Debt impairment and bad debts written off	7 874 545	13 784 563
Movements in operating lease liability	516 610	(82 986)
Movements in provisions	52 796 877	22 490 696
Changes in working capital:		
Consumable stores	(79 096)	418 090
Statutory receivables	(1 183 907)	(12 349 033)
Movement in debt impairment and bad debts written off	(7 874 545)	(13 784 563)
Receivables from exchange transactions	(4 158 260)	(6 771 950)
Trade and other payables	(7 845 795)	20 006 564
	137 939 370	**147 508 459**

Notes to the Annual Financial Statements

23. Commitments

	2023	2022
Authorised capital expenditure		
Authorised and contracted for		
Property, plant and equipment	362 883	-
Intangible assets	6 395 846	24 362 133
	6 758 729	**24 362 133**
Authorised and not contracted for		
Property, plant and equipment	143 127 200	116 138 400
Intangible assets	-	6 395 846
	143 127 200	**122 534 246**
Total capital commitments		
Authorised and contracted for	6 758 729	24 362 133
Authorised and not contracted for	143 127 200	122 534 246
	149 885 929	**146 896 379**

The capital commitment authorised and contracted for in property, plant and equipment is for computer equipment of R35 597 and furniture and fittings for R327 286.

The capital commitment authorised and contracted for in intangible assets is for the acquisition of the Enterprise Business System of R6 395 846.

The capital commitment authorised and not contracted for in property, plant and equipment is for the acquisition of an aircraft of R143 127 200 for the Flight Inspection Unit (FIU). This increased from R116 138 400 is due to the devaluation in the Rand/dollar exchange rate from 14.52 to 17.89

The capital expenditure budget for the year ending 31 March 2024 is R34 500 000.

Operating leases		
Minimum lease payments due		
- within one year	29 093 612	22 806 097
- in second to fifth year inclusive	186 441 780	5 071 821
- later than five years	419 824 185	-
	635 359 577	**27 877 918**

Operating lease payments represent rentals payable by the SACAA for certain of its office properties and equipment. Leases are negotiated for an average term of between three to ten years. No contingent rent is payable.

During the current financial year, a ten year lease contract was signed with Centurion Vision Development (Proprietary) Limited for office rental commencing on 1 April 2025.

Notes to the Annual Financial Statements

24. Contingencies

Legal Matters

The SACAA is currently dealing with a litigation matter relating to a civil claim for damages lodged against it. A scheduled airline operator is claiming damages from SACAA and one of its employees to the amount of R180 000 000 because of findings and enforcement decisions taken as a result of their non-compliance with regulatory provisions when conducting their operations. The enforcement decisions were taken in December 2018 and January 2019. The airline is alleging that they have suffered damages as a result of the administrative decisions carried out by the SACAA. The SACAA is defending the matter. Both parties have served and filed their heads of arguments and the matter was heard on the 27 July 2023 and judgement has been reserved.

With effect from 1 April 2019, the SACAA took over the assets and liabilities and the functions of Recreational Aviation Administration of South Africa (RAASA) which was previously designated to conduct its statutory recreational oversight functions in terms of the Civil Aviation Act. The plaintiff instituted a civil claim against seven defendants and RAASA is the first defendant. The plaintiff is claiming compensation for an amount of R17 713 398 for loss of support as a results of the passing on of her partner in an aircraft accident. This claim is covered by RAASA's insurance policy. Based on the legal opinion received from the legal team that has been instructed to defend the matter, the SACAA is confident that it will successfully defend the matter. There is also an inquest hearing underway. The inquest hearing will reconvene on 18 September 2023 in Secunda Magistrates Court.

SACAA is currently dealing with a matter relating to a claim for loss of support and damages against it. SACAA's aircraft was involved in an accident that resulted into untimely passing on of three of its employees. The claim is for a total amount of R19 100 000. SACAA is defending this matter through its insurers. The matter is still at the exchange of pleadings stage and SACAA has lodged an exception application against the contents of the plea.

The SACAA has approached the Labour Court to review two separate CCMA Arbitration Awards that was issued against it by the CCMA. The claims against the SACAA in both instances was for reinstatement of the employees as well as back-payments totaling R7 322 537. The SACAA is confident that it can successfully review both matters at the Labour Court.

Surplus funds

A request to retain accumulated cash surpluses as at 31 March 2023 will be submitted to the National Treasury when the audited annual financial statements for the year ended 31 March 2023 have been approved by the SACAA Board. If approved, the accumulated surpluses will not have to be surrendered to the National Treasury. Historically, the National Treasury has approved the retention of cash surpluses by the SACAA.

Notes to the Annual Financial Statements

25. Related parties

Related party balances

Loan accounts owing (to)/by related parties

	2023	2022
South African Airways	(79 058)	(17 479)
Air Traffic and Navigation Services	2 449 674	7 507 649
Airports Company South Africa	(249 436)	(205 428)
South African Express (safety charge and general aviation)	-	(5 180)
Mango airlines	(680)	6 000
	2 120 500	**7 285 562**

Except for the impairments indicated above, no expense has been recognised in the current period for the impairment of trade receivables in respect of amounts owed by related parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Department of Transport either controls or exercises significant influence over all entities listed as related parties.

Related party transactions

Purchases from/(invoices to) related parties

Department of Transport (accidents and incidents)	(39 090 000)	(37 688 000)
Department of Transport (secondment allowance)	-	132 126
Department of Transport (baseline adjustment)	(187 900 000)	(277 600 000)
Air Traffic and Navigation Services	(13 417 953)	(15 669 258)
Airports Company South Africa (licences)	(2 417 940)	(2 428 972)
Airports Company South Africa (rentals)	2 168 270	2 242 044
South African Airways	(22 256 421)	(3 942 834)
South African Express (safety fees and general aviation)	-	(1 040)
Mango Airlines	-	(8 363 563)
	(262 914 044)	**(343 319 497)**

Notes to the Annual Financial Statements

26. Members' emoluments

Executive Management

		2023					
		Salary	Medical aid	Provident fund	Bonuses	Retention bonus	Total
Ms GNB Khoza	Director of Civil Aviation	3 881 299	184 548	713 637	191 082	1 080 247	6 050 813
Mr AAA Seedat	Executive: Finance	2 259 627	169 686	428 702	119 788	648 935	3 626 738
Mr SB Segwabe	Executive: Aviation Safety Operations	2 451 306	112 650	452 462	121 150	684 901	3 822 469
Mr GH Bestbier	Executive: Aviation Infrastructure	2 522 283	62 184	646 116	129 752	733 529	4 093 864
Ms TP Masooa	Executive: Human Resources	2 145 781	164 388	407 676	109 158	617 106	3 444 109
Ms PI Gwebu	Executive: Corporate Services	1 793 971	113 166	336 553	90 115	509 447	2 843 252
Ms N Naraindath	Company Secretary	1 800 321	189 858	351 208	119 492	531 630	2 992 509
Mr LL Gqeke	Executive: Aviation Security	2 428 171	129 528	452 462	121 150	684 901	3 816 212
Ms B Ndandani	Executive: Aviation and Legal Compliance	1 733 942	43 826	443 940	118 348	-	2 340 056
Mr SV Sotshede	Chief Audit Executive	2 215 971	164 388	363 848	90 747	-	2 834 954
Mr IT Thabethe (Appointed 1 April 2022)	Executive: Accident and Incident Investigation	2 028 461	-	267 977	70 050	-	2 366 488
		25 261 133	**1 334 222**	**4 864 581**	**1 280 832**	**5 490 696**	**38 231 464**

Notes to the Annual Financial Statements

26. Members' emoluments (continued)

		2022			
		Salary	Medical aid	Provident fund	Total
Ms GNB Khoza	Director of Civil Aviation	3 685 022	175 008	670 103	4 530 133
Mr AAA Seedat	Executive: Finance	2 140 439	160 905	402 550	2 703 894
Mr SB Segwabe	Executive: Aviation Safety Operations	2 322 067	106 827	424 861	2 853 755
Mr GH Bestbier	Executive: Aviation Infrastructure	2 390 702	58 968	606 701	3 056 371
Ms TP Masooa	Executive: Human Resources	2 048 622	139 854	382 807	2 571 283
Ms PI Gwebu	Executive: Corporate Services	1 728 332	106 425	316 022	2 150 779
Ms N Naraindath	Company Secretary	1 705 306	180 036	329 783	2 215 125
Mr LL Gqeke	Executive: Aviation Security	2 378 733	41 528	424 860	2 845 121
Mr P Mashaba (Contract ended 6 September 2021)	Executive: Accident and Incident Investigation	1 029 702	28 470	154 155	1 212 327
Ms B Ndandani (Acting from 1 April 2021 - 31 May 2021, Appointed 1 June 2021)	Executive: Legal and Aviation Compliance	1 656 892	47 151	407 973	2 112 016
Mr SV Sotshede (Appointed 1 June 2021)	Chief Audit Executive	1 738 857	131 020	254 983	2 124 860
Mr A Morudi (Acting from 7 September 2021 - 31 March 2022)	Executive: Accident and Incident Investigation	794 126	82 453	137 897	1 014 476
Mr L Tshitaudzi (Acting from 1 April 2021 - 31 May 2021)	Chief Audit Executive	299 151	14 488	38 404	352 043
		23 917 951	**1 273 133**	**4 551 099**	**29 742 183**

Notes to the Annual Financial Statements

26. Members' emoluments (continued)

Non-executive Director's fees

	2023		
	Member's fees	Reimbursive expenses*	Total
Mr E Khosa	380 286	3 731	384 017
Mr S Sooklal	363 761	4 010	367 771
Mrs GB Koyana	376 865	13 171	390 036
Prof. NV Dyani Mhango ***	65 881	349	66 230
Mr MG India ***	67 430	487	67 917
Ms ZG Nkosi**	40 444	216	40 660
	1 294 667	**21 964**	**1 316 631**

	2022		
	Member's fees	Reimbursive expenses*	Total
Mr E Khosa	436 196	2 984	439 180
Mr S Sooklal	426 424	2 067	428 491
Ms GB Koyana	369 165	1 327	370 492
Prof. NV Dyani Mhango	401 072	614	401 686
Mr MG India	352 964	684	353 648
Ms ZG Nkosi **	44 296	-	44 296
	2 030 117	**7 676**	**2 037 793**

Fees

* Reimbursive expenses are disclosed in terms of Treasury Regulation 28 (1) (4) of the PFMA as Reimbursive costs paid to Board members. The costs include flights, car hire, accommodation and travel costs for all meetings of the Board and its committees.

** Appointed as a specialist Audit and Risk Committee member from 1 November 2020.

*** Retired 31 May 2022.

Notes to the Annual Financial Statements

27. Risk management

Capital risk management

The SACAA's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for its shareholder and benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the SACAA consists of cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As the SACAA is not exposed to debt, there is no meaningful debt to equity ratios, such as gearing ratio, to be disclosed.

There are no externally imposed capital requirements.

There have been no changes to what the SACAA manages as capital. The strategy for capital maintenance or externally imposed capital requirements remained the same as in the previous year.

Financial risk management

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

Management meets on a regular basis to analyse interest rate exposures and evaluate treasury management strategies against revised economic forecasts. Compliance with policies and exposure limits is reviewed by management on a continuous basis. Management believes that, to the best of its knowledge, there are no significant undisclosed financial risks.

Liquidity risk

Liquidity risk refers to the risk that the SACAA will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The SACAA's current ratio of 3.9 times indicates that it will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The SACAA's risk to liquidity is a result of the funds available to cover future commitments. The SACAA manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and monitored on a monthly basis.

	2023	2022
Current assets	549 236 055	411 766 506
Current liabilities	140 535 453	95 067 761
	3.9:1	4.3:1

Notes to the Annual Financial Statements

	2023	2022

27. Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The SACAA is exposed to interest rate risk as it invests funds in the money market at floating interest rates. At 31 March 2023, no derivative financial instruments were used to manage the SACAA's exposure to interest rate risk.

The SACAA has adopted a policy of investing the majority of surplus cash in call account investments and corporation for public deposit as a means to safeguard and mitigate interest rate risk. The risk is further managed through the fact that the surplus funds are invested in reputable financial institutions and corporation for public deposit.

Credit risk

The SACAA is exposed to credit risk, which is the risk of financial loss to the SACAA if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors and other receivables. The SACAA only deposits cash with major banks and corporations for public deposit with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or by credit cards.

Where management considered debtors to be impaired, a provision for doubtful debts was raised.

The COVID-19 outbreak caused a reduction in economic activity and severely impacted the aviation industry and the SACAA client base. This was taken into account when impairment of receivables were considered.

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

Financial instrument	2023	2022
Cash and cash equivalents	470 929 556	338 881 270
Statutory receivables less unallocated receipts	68 923 459	62 602 113
Security deposits	7 739 538	7 497 342
Staff advances	257 222	168 297
Other receivables	75 500	113 220
	547 925 275	**409 262 242**

Notes to the Annual Financial Statements

27. Risk management (continued)

Default

Default occurs when:

a) credit limits are exceeded;

b) payments are not received within the approved period.

In such cases the necessary collection measures were taken with due regard to the financial risk connected to a specific debtor account. Collection measures included handing accounts over to the Legal Department for follow-up.

As at 31 March 2023, the SACAA did not consider that any significant concentration of credit risk existed in the receivable book which had not been adequately provided for.

The table below provides an analysis of credit risk exposure inherent in the loans and receivables book at the year-end reporting dates, reconciled to the carrying value of net trade receivables as reported in note 4 and 5.

2023

	Direct charges	Indirect charges	Total
Current balances	611 786	47 479 141	48 090 927
Overdue balances	11 341 788	11 160 370	22 502 158
Subtotal	11 953 574	58 639 511	70 593 085
Impairment provision	(3 990 552)	(11 610 824)	(15 601 376)
	7 963 022	**47 028 687**	**54 991 709**

2022

	Direct charges	Indirect charges	Total
Current balances	3 044 889	41 561 496	44 606 385
Overdue balances	13 162 334	6 575 430	19 737 764
Subtotal	16 207 223	48 136 926	64 344 149
Impairment provision	(7 259 950)	(3 203 987)	(10 463 937)
	8 947 273	**44 932 939**	**53 880 212**

Definitions

Direct charges include regulatory fees and calibration fees.

Indirect charges include passenger safety fees and fuel levies.

Notes to the Annual Financial Statements

27. Risk management (continued)

Business rescue/liquidation

As soon as it becomes known that a debtor has been placed into business rescue, provisional liquidation/ sequestration or has been placed into final liquidation/sequestration, the credit facility is automatically revoked. Interest is charged from the date of last payment to the date of final liquidation/sequestration and the debt is provided in full as irrecoverable.

Foreign exchange risk

The SACAA incurs currency risk as a result of expenses in foreign currencies, hence exposure to exchange rate fluctuations arises. The foreign currency in which the SACAA primarily deals is the US Dollar. No forward cover is taken out for these transactions. Management considers the foreign currency risk to be insignificant.

28. 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.

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

29. Events after the reporting date

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

30. Irregular expenditure

	2023	2022
Opening balance	-	-
Add: Irregular Expenditure - current	254 226	-
Closing balance	254 226	-

The irregular expenditure in the current year relates to non-compliance to SCM policies, procedures and prescripts. Internal Audit Division, through its Forensic Services Department, has conducted and concluded its investigation after year end and confirms the irregular expenditure. The investigation confirmed that there was no fraudulent, corrupt or criminal conduct, that there were no losses incurred and that value for money was received. Management accepted the investigation report of Internal Audit and is busy implementing recommendations thereof.

Notes to the Annual Financial Statements

31. Budget variances

Material differences between budget and actual amounts

The material variances between actual and budgeted above 5% or in excess of R2 million can be explained as follows:

Interest revenue

Interest revenue of R24 045 477 is R3 869 845 higher than budget of R20 175 632 due to increased bank balances. Reserve levels increased as revenue levels increased, whilst still maintaining cost containment.

Other revenue

Other revenue of R9 101 836 is R491 508 lower than budget due to lower insurance claim proceeds (sundry income) than the previous financial year.

Passenger safety charge

Passenger safety charge of R455 811 640 is R15 171 640 higher than budget of R440 640 000 due to the passenger numbers for the year being higher than expected, despite the various waves of COVID-19. Actual passenger numbers for the year were 16 550 895 compared to the budget of 16 000 000.

Fuel Levy

Fuel levy of R33 335 017 is R2 263 534 higher than the budget of R31 071 483 due to fuel volumes on cargo flights, charter flights and general aviation being higher than expected.

Personnel costs

Personnel costs of R557 982 456 is R27 977 426 lower than the budget of R585 959 882, SACAA has an overall approved permanent staff compliment of 589, however the permanent staff complement for the 2022/2023 financial year was limited to 544 because of the cost cutting measures implemented due to COVID-19 pandemic. On 31 March 2023 the total permanent staff compliment including 17 fixed term contracts was 516. The total number of vacant positions is 88 of which 45 have been put on hold due to the moratorium on the filling of vacant positions.

Operating Expenses

Operating Expenses of R188 276 058 is R24 459 351 lower than the budget of R212 735 409 mainly due to the implementation of the cost containment measures in response to the COVID-19 pandemic. Savings were realised mainly in the discretional spending areas like training,public relations, conference and seminars, professional fees, repairs and maintanance and telephone costs.

Depreciation and amortisation

Depreciation and amortisation of R9 070 058 is R5 688 664 lower than the budget of R14 758 722 as a result of the extension of the useful lives of certain property, plant and equipment as well as the postponement of non-critical capital expenditure for the year.

Notes to the Annual Financial Statements

31. Budget variances (continued)

Lease rentals on operating lease

Lease rentals on operating lease of R33 177 775 is R6 713 940 lower than the budget of R39 891 715 due to the re-negotiation of property lease rentals.

Bad debts written off

Bad debts written off of R2 737 105 was not included in the budget.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. These adjustments and reallocations were necessary to align the budget with business needs.

32. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

33. Comparative figures

Certain comparative figures have been reclassified.

Notes:

Notes:

SOUTH AFRICAN CIVIL AVIATION AUTHORITY

25 YEARS

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