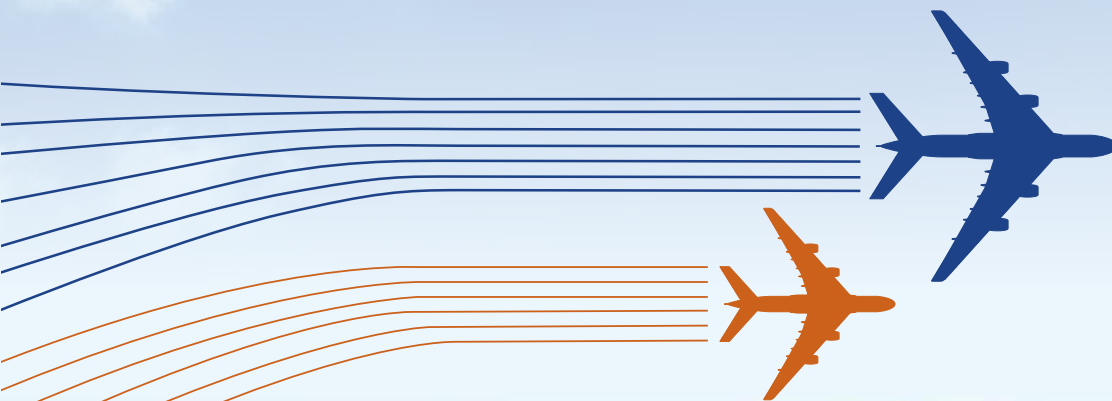


SOUTH AFRICAN



*CIVIL AVIATION
AUTHORITY*

Annual Report **2015/16**



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*CIVIL AVIATION
AUTHORITY*

South African Civil Aviation Authority
Annual Report 2015/16

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31 August 2016

Ms Dipuo Peters
Minister of Transport
Private Bag X193
Pretoria
0001

Honourable Minister Peters

It gives me great pleasure to submit to you the Annual Report of the South African Civil Aviation Authority (SACAA). The Report outlines the performance of the SACAA for the period 01 April 2015 to 31 March 2016. It further details the strides made by the Authority in fulfilling its mandate.

Yours faithfully



Mr Smunda Mokoena
Chairperson: SACAA Board

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
Postal address	Private Bag X73 Halfway House 1685
Telephone number	+27 11 545 1000
Fax number	+27 11 545 1465
Email address	mail@caa.co.za
Website address	www.caa.co.za
External auditors	Auditor-General of South Africa
Bankers	Standard Bank of South Africa
Company secretary	Ms Nivashnee Naraindath (BA, LLB, LLM, Admitted Attorney)
ISBN number	978-0-620-71232-3
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List of Abbreviations and Acronyms

ACC3	Air Cargo or Mail Carrier Operating into the European Union from a Third Country Airport
ACSA	Airports Company South Africa
AFCAC	African Civil Aviation Commission
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AIID	Accident and Incident Investigation Division
AIP	Aeronautical Information Package
AMO	Aircraft Maintenance Organisation
ANS	Air Navigation Services
AO	Air Operator
AOC	Air Operator Certificate
APS	Aviation Personnel Standards
ARC	Audit and Risk Committee
ASIB	Accident Safety Investigation Board
ASP	Advisory Safety Panel
ATNS	Air Traffic and Navigation Services
ATOs	Aviation Training Organisations
ATSUs	Air Traffic Service Units
AvMed	Aviation Medicine
AvSec	Aviation Security
B-BBEE	Broad-based Black Economic Empowerment
CA Act	Civil Aviation Act, 2009 (Act No. 13 of 2009)
CAA	Civil Aviation Authority
CAE	Chief Audit Executive
CAHRS	Confidential Aviation Hazard Reporting System
CAP	Corrective Action Plan
CAPSCA	Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation
CAR	Civil Aviation Regulation
CARCom	Civil Aviation Regulations Committee
CATS	Civil Aviation Technical Standards
CCMA	Commission for Conciliation, Mediation and Arbitration
CDE	Cabin Designated Examiners
C-FARP	Cross-functional Accident Reduction Plan
CFO	Chief Financial Officer
CLS	Client Services, Licensing and Examinations



CMS	Content Management System
CPL	Commercial Pilot's Licence
COSCAP	Cooperative Development of Operational Safety and Continuing Airworthiness Programme
CRM	Customer Relationship Management
CSSR	Central Safety and Security Reporting System
DCA	Director of Civil Aviation
DFE	Designated Flight Examiner
DoT	Department of Transport
EBS	Enterprise Business System
EM	Executive Manager
ERP	Enterprise Resource Planning
EU	European Union
EXCO	Executive Management Committee
FAA	Federal Aviation Administration
FIU	Flight Inspection Unit
FOD	Flight Operations Department
FTP	File Transfer Protocol
GA	General Aviation
GASI	General Aviation Safety Initiative
GDP	Gross Domestic Product
GM	General Manager
GNSS	Global Navigation Satellite System
HR	Human Resources
HRC	Human Resources and Remuneration Committee
H&S	Health and Safety
IATA	International Aviation Transport Association
ICAO	International Civil Aviation Organisation
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
ICVM	ICAO Coordinated Validation Mission
ILF	Industry Liaison Forum
IM	Information Management
ISO	International Standards Organisation
IT	Information Technology
JAAP	Joint Aviation Awareness Programme
LOC	Local Organising Committee
LRC	Legislative and Regulatory Committee
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MSP	Master Surveillance Plan
MTEF	Medium-term Expenditure Framework

MTOW	Maximum Take-off Weight
NASC	National Aviation Security Committee
NASCOM	National Airspace Committee
NASP	National Aviation Security Programme
NATJOC	National Joint Operational Centre
NATJOINTS	National Joint Operational and Intelligence Structure
NATS	National Aviation Transportation Strategy
NDP	National Development Plan
NTCA	Non-Type Certified Aircraft
NUMSA	National Union of Metal Workers of South Africa
OHS	Occupational Health and Safety
OSR	Organisational Structure Review
PAPI	Precision Approach Path Indicator
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PMS	Performance Management System
POC	Procurement Oversight Committee
PPL	Private Pilot's Licence
PSC	Passenger Safety Charge
RAASA	Recreational Aviation Administration of South Africa
RPAS	Remotely Piloted Aircraft Systems
RQC	Risk, Quality and Compliance
SAA	South African Airways
SAAsMA	Southern African Aerospace Medical Association
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SANWIT	South African Network for Women in Transport
SAX	South African Express Airways
SCM	Supply Chain Management
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SMS	Safety Management System
SMTP	Simple Mail Transfer Protocol
SRO	Southern Regional Office
SSEC	Safety, Security and Environmental Committee
TCA	Type Certified Aircraft
TETA	Transport Education and Training Authority
TR	Treasury Regulations
UAS	Unmanned Aircraft Systems
USOAP	Universal Safety Oversight Audit Programme
WAN	Wide Area Network
WHO	World Health Organization
YTD	Year-to-Date



Foreword by the Chairperson

Air travel is a major role-player in modern society and contributes immensely to world economies and societal development. Its positive social and economic impact ranges from direct employment through to catalytic enablement of downstream economies. According to the International Air Transport Association (IATA), approximately 3.5 billion people and 55 million tons of cargo were transported by air in 2015. Similarly, in September 2015, the International Civil Aviation Organization (ICAO) estimated that aviation directly contributed to the creation of 8.5 million jobs across the globe and around 700 billion US dollars to the global gross domestic product (GDP). ICAO further estimated that because of its cross-cutting nature and multiple links to other economic sectors, the total economic impact of aviation could be around 3.5 percent of world GDP, equivalent to 2.4 trillion US dollars, which supports 58.1 million jobs.

On the home front, a report released by Oxford Economics in 2011 estimated that the aviation sector contributed over R50 billion to South Africa's GDP, and supports approximately 227,000 jobs. This mirrors the South African Civil Aviation Authority's (SACAA) enormous responsibility in pursuing its mandate, which is to promote and maintain a safe, secure, and sustainable civil aviation environment by regulating the industry in line with international standards. The development of the aviation industry also forms part of the Authority's mandate.

Compliance with Global Standards

South Africa is a member of ICAO and subscribes to the organisation's Chicago Convention of 1944. In that regard, South Africa must carry out civil aviation safety and security oversight in line with ICAO prescripts. It is pleasing to report that South Africa's level of compliance with mandatory ICAO prescripts is currently rated at 84%, which is significantly higher than the world's average of 60%. The 84% does not take into account one of the elements which ICAO could not audit in their July 2013 audit, which is the aircraft accident investigation function.

“South Africa's level of compliance with mandatory ICAO prescripts is currently rated at 84%, which is significantly higher than the world's average of 60%.”



Had this segment been audited, the current rate of 84% could possibly have been higher. Excitingly, ICAO is returning in 2017 to audit South Africa's compliance with prescribed international standards. The SACAA looks forward to welcoming ICAO representatives and has expended considerable effort in preparation for the audit, which will test South Africa's progress in administering civil aviation operations.

Observation of Global Aviation Trends

Recent global aviation safety and security incidents have been a cause for concern for stakeholders across the world, particularly for aviation regulators. The need to find appropriate solutions to these types of incidents, especially those related to aviation security, extends beyond the regulatory ambit, and calls for a robust and integrated approach that includes a review of policies and greater collaboration amongst states. The recent global civil aviation safety and security incidents have prompted the SACAA to flag and elevate measures aimed at facilitating a heightened and continuous assessment of South Africa's aviation-related threats and risks. This is done in conjunction with other state agencies.

South Africa Re-elected to Chair ICAO's Aviation Security Panel

During the reporting period, the SACAA, on behalf of the Republic of South Africa, continued to contribute to the global aviation administration discourse by participating at the highest international forums tasked with administering global aviation. For instance, on 14 March 2016, the global aviation community demonstrated their trust and faith in our country's capabilities on aviation matters by re-electing South Africa as Chairperson of the ICAO Aviation Security Panel.

The ICAO Aviation Security Panel is tasked with, amongst others, enhancing civil aviation security across the world by developing and co-ordinating an effective global policy framework in response to the evolving threat to civil aviation. South Africa is once again being represented by the head of the SACAA and Director of Civil Aviation, Ms Poppy Khoza. This is the second year running that South Africa is appointed as chair, after the initial appointment in 2014, when Ms Khoza became the first female and Black African to take up the position.

Stabilised Management Echelon

This annual report is the second since my fellow Board members and I took office. We came in at a time when the organisation was embarking on an organisational review and restructuring process. I am pleased to report that during the period under review, the Authority's Management invested considerable time in the Organisational Structure Review (OSR) process, which gained significant traction. Their effort ultimately paid the desired dividends and has led to the finalisation of the OSR project. We witnessed remarkable changes in terms of the organisational structure as well as a huge and positive change in the way in which the Authority discharges its mandate. The highlights of the project included the appointment of the Executive Management team, which led to the much-awaited stabilisation of the management echelon.

Stellar Organisational Performance

Legislation requires that the SACAA's Accounting Authority, i.e. the Board, enters into a performance agreement with the relevant Executive Authority, i.e. the Minister of Transport, prior to the commencement of a financial year. The performance agreement and the deliverables thereof are detailed in the SACAA's Annual Performance Plan; and the results thereof are captured in quarterly reports and ultimately in the annual report. The organisation's reported performance is duly audited for consistency, reliability and accuracy by the Auditor-General of South Africa (AGSA). It gives me great pleasure to report that the SACAA has, once again, met all of its performance targets set for the financial year. The stellar financial performance of the SACAA during the 2015/16 fiscal year is also another aspect that we are all proud of.





Cementing Strategic Relations

Through the SACAA, South Africa continues to make inroads in terms of contributing to Africa's aviation safety and security record. As part of its Africa Skills Assistance Plan, the SACAA has, in the last 12 months, championed technical co-operation that will benefit various civil aviation authorities across the continent. The assistance offered covers various areas of civil aviation safety and security, and ranges from the development of a regulatory framework to on-the-field skills transfer. This type of assistance will continue, as the SACAA is of the view that no country is in a position to guarantee safe and secure civil aviation operations if that of its neighbours is in need of improvement. Besides, in their recently launched "No Country Left Behind" initiative, ICAO also expects countries with a current Effective Implementation percentage like South Africa's to share their expertise with other countries across the globe. Further in this report, there is a detailed description of how South Africa is helping to elevate aviation safety and security standards on the continent.

Transformation – Aviation Industry's Achilles Heel

As much as the SACAA and the country's aviation industry have reason to celebrate, given the achievements during the reporting period, the transformation of the aviation industry has remained a challenge. A review of South Africa's licensed aviation personnel statistics demonstrates a serious lack of transformation throughout technical fields such as piloting and engineering.

The Airline Transport Pilot's Licence category, which is the highest pilot qualification, indicates that the industry is grossly untransformed, with White males still constituting 90% of pilot licence holders. This is a clear demonstration of the urgent and absolute need for transformation.

To deal with this predicament, the SACAA participated in the development of the National Aviation Transformation Strategy (NATS), which is being championed by the Department of Transport (DoT), and earmarked as a game-changer that will facilitate a co-ordinated approach to aviation transformation in the country. It is believed that the NATS will not only provide a co-ordinated approach to aviation training, but also opportunities for previously marginalised societies in particular.

Charting the Future of Aviation

The implementation of the SACAA's mandate is guided by its 2015/16–2020 organisational strategy. During the course of the reporting period, the Board and the SACAA continuously received constructive and positive feedback from the Executive Authority on the organisation's performance against predetermined

objectives. Given the feedback and the manner in which the SACAA has embraced the valuable pointers, we are confident that the organisation is on course to meeting the desired outcomes of the Strategy, which are aligned with national imperatives as outlined in the table below.

Alignment of Organisational Goals with National Imperatives

	National Development Plan	Department of Transport Outcomes	Organisational Goals
1	Building safer communities	An efficient and integrated transport infrastructure network for social and economic development	<ul style="list-style-type: none"> • Regulate aviation industry in compliance with the Civil Aviation Act (CA Act) and ICAO safety and security elements. • Propose legislative review and governance arrangements
2	Transition to low carbon economy	Increased contribution of transport to environmental protection	
3	Transforming society and uniting the country	Increased contribution to job creation	<ul style="list-style-type: none"> • Accelerate aviation industry transformation
4	Reforming the public service	An efficient and integrated transport infrastructure network for social and economic development	<ul style="list-style-type: none"> • Secure financial sustainability • Significantly improve client service experience • Drive organisational efficiency and effectiveness • Improve communication and stakeholder management

Significant Events after the Financial Year

As a global player in aviation, South Africa is obligated to assist in international investigations linked to its juristic area. In this regard the SACAA assisted in the collection and handover of aircraft debris found on the Western Cape and Mozambican coastlines by South African citizens. The debris will help with the investigation into the disappearance of Malaysia Airlines Flight 370 (MH370).

Another significant event was the historic visit to South Africa by Dr Fang Liu, the Secretary General of the International Civil Aviation Organization (ICAO), accompanied by Mr Barry Kashambo, ICAO Regional Director: Eastern and Southern African Regional Office. During the visit from 3–5 July 2016, Dr Liu and Mr Kashambo met with the Minister of Transport, Ms Dipuo Peters (MP), as well as the management of the SACAA, Airports Company South Africa, Air Traffic and Navigation Services, and various civil aviation structures and associations.

Conclusion and Acknowledgements

On behalf of the entire Board, I wish to take this opportunity to thank the Minister of Transport, Ms Dipuo Peters (MP), for entrusting us with the stewardship of the SACAA operations. Her support and that of the Deputy Minister, Ms Sindisiwe Chikunga (MP), the Portfolio Committee on Transport, and the entire Department, has been unwavering.

Allow me also to extend a word of gratitude to my fellow Board members for their invaluable support and immense contribution throughout the reporting period. May I conclude by acknowledging the support of the SACAA Management team and staff who have stood hand-in-hand with the Board to deliver another sterling performance.



Mr Smunda Mokoena

Chairperson: SACAA Board

South African Civil Aviation Authority

31 August 2016

Overview by the Director of Civil Aviation

“The SACAA remains economically viable, and with a new organisational structure in place, the Authority is poised to continue to uphold the high levels of aviation safety and security for which South Africa is renowned.”

The South African Civil Aviation Authority has once again successfully discharged its mandate, and in the process produced good operational and financial results for the year under review. In relation to operational performance, the SACAA attained, for the second year in a row, 100% of the targets set for the 2015/16 financial year. In terms of finances, the Authority produced superb results and recorded a surplus of R66.5 million compared to the budget of R21.2 million. The implementation of the SACAA's Master Surveillance Plan, which is at the centre of the organisation's effective administration of civil aviation safety and security oversight in the country, resulted in a 2% positive variance. Notably, aircraft accident statistics continued to show a three-year declining trend. During the period under review, 108 aircraft accidents were reported compared to 120 during the 2014/15 financial year, and 144 during the 2013/14 reporting period.

All these statistics, as well as milestones detailed further in this report, together with the consistent global recognition and awards bestowed upon the SACAA and its personnel, suggest that the SACAA is discharging its mandate effectively and progressing well towards its vision of being ranked among the top 10 civil aviation authorities across the world by the year 2020.

Buoyant Financial Position

The SACAA remains financially viable and has managed to maintain a healthy financial position. The organisation produced good financial results that were largely sustained by resolute financial prudence and cost-saving measures. Global and domestic passenger movements also contributed significantly to these results.



The financial performance for the 2015/16 fiscal year, which resulted in a R66.5 million surplus when compared to a budget, of R21.2 million, the positive variance of R45.3 million is as a result of:

- Total revenue ahead of budget by R12.5 million;
- Savings in personnel costs of R13.6 million; and
- Savings on non-staff-related costs equalling R19.2 million.

The R12.5 million positive variance in total revenue is largely attributable to the Passenger Safety Charge, which brought this income component to R401 million, resulting in a positive variance of R11.3 million. The increase is largely the result of growth in passenger numbers in the year under review. Other income presented another significant positive variance, which is largely attributable to higher interest income as a result of the increase in cash and cash equivalents for the year.

During the reporting period, the SACAA halted the filling of vacant positions pending the finalisation of the Organisational Structure Review (OSR) project. The R13.6 million savings in personnel costs resulted mainly from vacant posts. The R322.8 million spent on personnel costs for the 2015/16 financial year is R13.6 million or 4.0% lower than the budgeted R336.4 million. The R19.3 million saving on non-staff-related costs is attributable to savings relating to professional fees. The SACAA's revised budget provided for R10 million in fees for a transaction adviser for the construction of the new SACAA offices. Ultimately this amount was not utilised as National Treasury, citing affordability, recommended a rental option rather than an outright purchase or construction. Savings were also realised due to aggressive financial prudence and cost-saving measures.

Aircraft Accidents Continue to Decline

I am happy to report that during the period under review, South Africa's scheduled and commercial airline operations sector retained its impeccable zero fatal accident rate. Whilst this safety record is something to be proud of, the status quo in relation to South Africa's private flying activities or general aviation sector needs to change drastically and soon. A detailed review of aircraft accident statistics indicates the continuation of a declining trend for a third consecutive year, from 144 accidents recorded in 2013/14 and 120 reported in 2014/15, to 108 during the 2015/16 review period. Reported serious aircraft incidents showed a significant decline, from 66 during the 2013/14 financial year and 77 in 2014/15 to 27 incidents during the 2015/16 financial year. The significant reduction in serious incidents is an encouraging sign, as usually incidents are precursors to accidents. What is of concern, though, is the fact that statistics relating to fatal accidents did not follow the declining trend of accidents in general.

During the reporting period, 23 fatal accidents were reported compared to 16 in the previous year. Although this number was lower than the 27 recorded in the 2013/14 financial year, this resulted in the loss of 36 lives during the review period, compared to 26 during the 2014/15 financial year, and 41 during the 2013/14 reporting period. This reveals that while there were fewer accidents in the reporting period, some of the aircraft involved in the fatal accidents had greater passenger-carrying capacity.

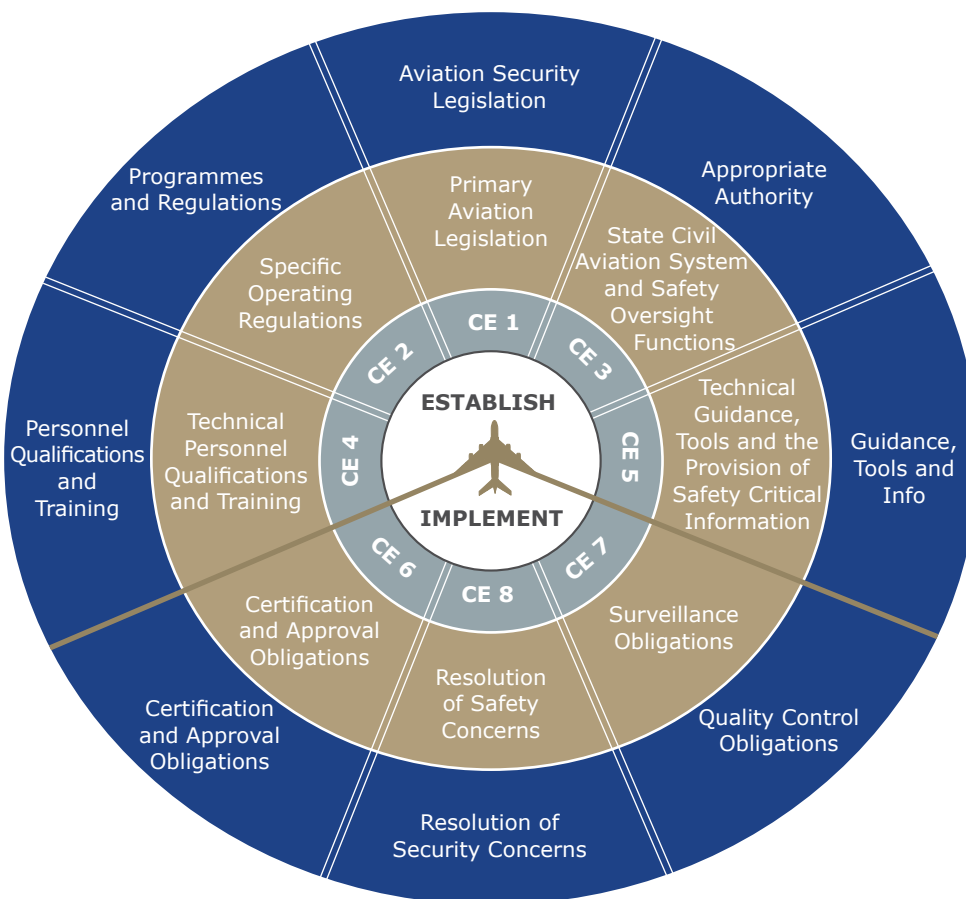
Year	Accidents	Serious Incidents	Fatal Accidents	Fatalities
2013/14	144	66	27	41
2014/15	120	77	16	26
2015/16	108	27	23	36

A review of the accident causal factors collected over time indicates that a number of reasons are responsible for the accidents. Poor airmanship, at 46%, still accounts for a significant number of the accidents. The recently revised Cross-Functional Accident Reduction Plan (C-FARP) will help to improve safety indicators in the short- to medium-term. The C-FARP also seeks to improve the manner in which accidents are reported, thus aligning the process with global standards. This will help to enhance the integrity of accident statistics, and ensure that measures aimed at reducing accidents in the general aviation sector start to yield the desired positive results.

Whilst the status quo in relation to South Africa's general aviation sector needs to change drastically and soon, I am happy to report that the scheduled and commercial airline operations sector retained its remarkable zero fatal accident rate.

Effective Implementation of Global Standards

As a signatory to the International Civil Aviation Organization's (ICAO's) Chicago Convention, South Africa is audited at various times to ensure that it complies with the global prescripts. Compliance with ICAO prescripts is measured against eight Critical Elements for both the safety and security aspects of civil aviation. As such, the SACAA's resources are geared towards maintaining acceptable levels and standards of civil aviation security and safety operations in the country.



Eight Critical Security Elements



Eight Critical Safety Elements

In terms of compliance with ICAO's eight Critical Elements, South Africa's level of Effective Implementation is currently rated at 84%. This rating does not include the Accident and Incident Investigation function, which was not reviewed during the last audit by ICAO. It also does not include progress achieved against the corrective action plan since the last audit. The 84% is significantly higher than the 60% world average. Excitingly, 63% of South Africa's ICAO Corrective Action Plan has been completed to date. This has prompted ICAO to confirm its next audit, which is earmarked for May 2017.

Information extracted from the ICAO website in February 2016 places South Africa at 41st position globally in relation to ICAO's Effective Implementation. South Africa needs to improve effective implementation by 2.05% to stand a chance of moving into the global top 30, and by 8.35% to move into the top 10 global category.

During the year under review, the SACAA adopted a 360-degree approach to ICAO compliance. Among others, this resulted in the appointment of a team of ICAO specialists which is tasked with consistently monitoring and ensuring compliance with ICAO prescripts. The new approach ensures that the ICAO specialists continuously perform internal audits across the SACAA's technical areas to ensure adherence to ICAO's Continuous Monitoring Approach deliverables. This ensures an improved standard of feedback to ICAO. I am confident that these changes will pay dividends during the upcoming ICAO audit.

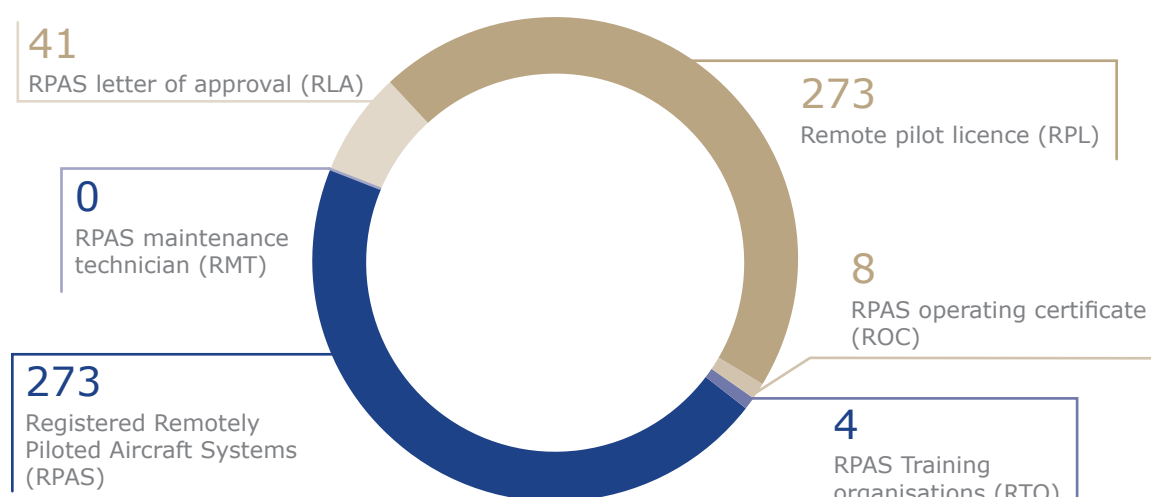
Further in this report there are details on how South Africa's consistent and appropriate administration of civil aviation has led to historic recognition and working agreements with key counterparts across the world.



Embracing Innovation

Another key milestone achieved by the SACAA, together with the local aviation industry, was the introduction of new regulations that enable the flying of remotely piloted aircraft systems (RPAS), or drones as they are commonly referred to. This was a key milestone given the fact that under normal circumstances ICAO would take the lead in terms of developing Standards and Recommended Practices, and regulators would then convert these into legally-enforceable local civil aviation regulations. In the absence of guiding documents from ICAO, authorities such as the SACAA have had to swiftly generate measures to address the regulation deficiency in order to respond to a growing demand to regulate this new sector of aviation. When South Africa introduced its comprehensive set of RPAS regulations on 01 July 2015, it became one of the first countries in the world to do so. Commendable progress and milestones, as detailed below, have been recorded since the introduction of RPAS regulations.

Type and Number of Approvals Issued



A Reshaped and Refocused Organisation

The end of the 2015/16 financial year marked the successful completion of one of the major organisational projects, namely, the Organisational Structure Review (OSR) project. The successful introduction and implementation of the OSR project has led to a significant and remarkable change in the way that the SACAA conducts its business. It is merely a matter of time before the SACAA's myriad of stakeholders begins to experience the positive effects of the OSR exercise, which resulted in five major milestones, namely:

- A new organisational structure that is aligned to the SACAA mandate;
- An organisation-wide skills library that will assist the SACAA with future planning in relation to acquisition of requisite skills;
- Revised and improved job profiles and descriptions;
- Revised job grades; and
- The development of the organisational strategy with input from employees and industry.

The restructured organisational organogram has ushered in a new era and enabled the appointment of the Executive Management team. This has not only led to the stabilisation of the management echelon, but has also resulted in a 50% representation of women on the Executive Management team.

Another highlight associated with human resources was the conclusion of the recognition agreement with a labour union. This is set to strengthen employee relations and foster an inclusive approach to staff engagement and consultation.

Embracing technology to fulfil mandate

The SACAA acknowledges that evolution and the embracing of technology are the cornerstones of successful organisations in this modern era. It is on this basis that the SACAA has made sure that technology is at the centre of its revised organisational design and business model.

During the 2015/16 financial year, the SACAA continued with the implementation of its newly acquired Enterprise Business System (EBS). This is a best-practice system which is compliant with the ICAO regulations, and ensures that the SACAA's processes are aligned with those of the international aviation administration body. The intention of this project is to improve the efficiency and effectiveness of the SACAA and ensure integration among all the Authority's departments. Implementation of the project is in its second year of a four-year implementation period, scheduled for completion in late 2018.

A New Approach to Regulation Development

Given the massive catalytic role of aviation, regulators across the globe should start doing more to enable the sector to flourish. By and large, given the way that the regulatory system has been historically designed, the majority of regulators across the world do not take into account the financial viability of operators when developing regulations. I am pleased to announce that the SACAA has started looking into measures that will ensure that before regulations are developed and finalised, there is an element of impact assessment to determine how such regulations will affect licence-holders. This is something that we ought to introduce as a matter of urgency as the financial sustainability of those that need to comply is critical. Notwithstanding, the SACAA will continue to ensure that aviation safety and security remain prioritised above anything else. The challenge will therefore be for the Authority to create a balance between compliance with regulations and the economic viability of operators. In a nutshell, civil aviation regulators need to ensure that in their quest to assist licence-holders to maintain financial sustainability and success, operators do not neglect their core responsibility, which is to maintain unquestionable levels of aviation safety and security operations.

Supply Chain and B-BBEE

The SACAA consistently puts forward ways that will unite and transform South African society as demanded by the National Development Plan. In this regard, it is pleasing to report that during the period under review, the SACAA partnered with the South African Network for Women in Transport (SANWIT) to provide training to women who are running businesses focused on the transport sector. The initial training took place in March 2016 in Gauteng, and is being rolled out nationally during the second quarter of the 2016/17 financial year. The training focuses on effective bidding and supply chain management processes.

In addition to ensuring that a significant amount of its budget spend goes to Broad-based Black Economic Empowerment (B-BBEE) companies, the SACAA has also introduced an initiative that will help in tracking and reporting on the total spend on women-owned companies.

It is gratifying to report that the SACAA has retained its Level 2 B-BBEE rating in line with the organisation's target.

Key Events after the End of the Financial Year

In as much as the SACAA managed to successfully execute its mandate during the reporting period, it was not a journey without turbulence. The significance was in the strides taken by the organisation in dealing with challenges.



One of the challenging decisions that had to be made during the course of the year was the suspension of SA Express' air operator certificate (AOC) following the operator's failure to comply with the applicable civil aviation regulations. The suspension, which was precautionary, was taken in the interests of safety and of preventing incidents that could be catastrophic. The suspension of SA Express' AOC was preceded by a series of non-compliances and the SACAA's dissatisfaction with the operator's safety monitoring systems, which are meant to monitor and address any safety deficiencies.

The SACAA views inefficiencies in safety monitoring systems in a very serious light, as these automatically pose significant safety hazards and risks to crew, passengers, and the public at large. It was for this reason that the Authority could not allow the operator to continue with operations until such time as the identified safety concerns had been adequately addressed. After lengthy engagements, SA Express managed to produce a Corrective Action Plan that was deemed adequate by the SACAA's technical team. Whilst the suspension had been lifted at the time of compiling this report, the SACAA continues to monitor and oversee the full implementation of SA Express' Corrective Action Plan. The SACAA has also intensified its oversight of the airline's entire operation.

Conclusion and Acknowledgements

It is gratifying to report that the SACAA remains economically viable and has maintained a healthy financial position. Moreover, with a new organisational structure in place, the Authority is poised to continue to uphold the high levels of aviation safety and security for which South Africa is renowned. These assertions are supported by an array of performance accolades which include, among others:

- The Auditor-General's Clean Audit Award – three years in a row;
- Best Performing Institution in Transport – two years in a row;
- Best Chief Executive Officer in Transport Award – received at the National Transport Awards;
- Top Performing Public Service Award – received at the National Business Awards; and
- Top Empowered Public Service Leader of the Year Award – received at the Oliver Empowerment Awards.

I would like to conclude by acknowledging the immeasurable support received from the Minister of Transport, Ms Dipuo Peters; the Deputy Minister of Transport, Ms Sindisiwe Chikunga; the Board of the South African Civil Aviation Authority under the leadership of Mr Smunda Mokoena; the office of the Director-General; the entire team at the Department of Transport; and last and most certainly not least, the SACAA's Executive Management team and staff. The support of the Portfolio Committee on Transport, the industry, and other state aviation agencies has been inestimable throughout the year.

I am confident that the Authority can, going forward, count on all mentioned above, and many others, to ensure that South Africa rises to the challenge of maintaining a safe and secure civil aviation environment.



Ms Poppy Khoza

Director of Civil Aviation

South African Civil Aviation Authority

31 August 2016

Statement of Responsibility and Confirmation of Accuracy of the Annual Report

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

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

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.

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

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

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

The external auditors were engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and the financial affairs of the SACAA for the financial year ended 31 March 2016.

Yours faithfully



Mr Smunda Mokoena
Chairperson: SACAA Board



Ms Poppy Khoza
Director of Civil Aviation



Strategic Overview

Core Values

Vision

To be ranked among the top 10 civil aviation authorities globally by 2020.

Mission

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

Brand Promise

Keeping You Safe in the Sky!

Values

- Good is never good enough – Always giving the best effort and seeking to continuously improve.
- Integrity and independence – Maintain high ethical standards and approach issues professionally and without any bias.
- Service excellence – Striving to always exceed customer expectations.
- Teaming and partnering – Working with others where we are jointly accountable for the end result.



Legislative and other Mandates

The South African Civil Aviation Authority (SACAA) is an agency of the Department of Transport (DoT) and was established on 01 October 1998, following the enactment of the now repealed South African Civil Aviation Authority Act, 1998 (Act No. 40 of 1998). This Act was repealed by the Civil Aviation Act, 2009 (Act No. 13 of 2009), which came into effect on 31 March 2010.

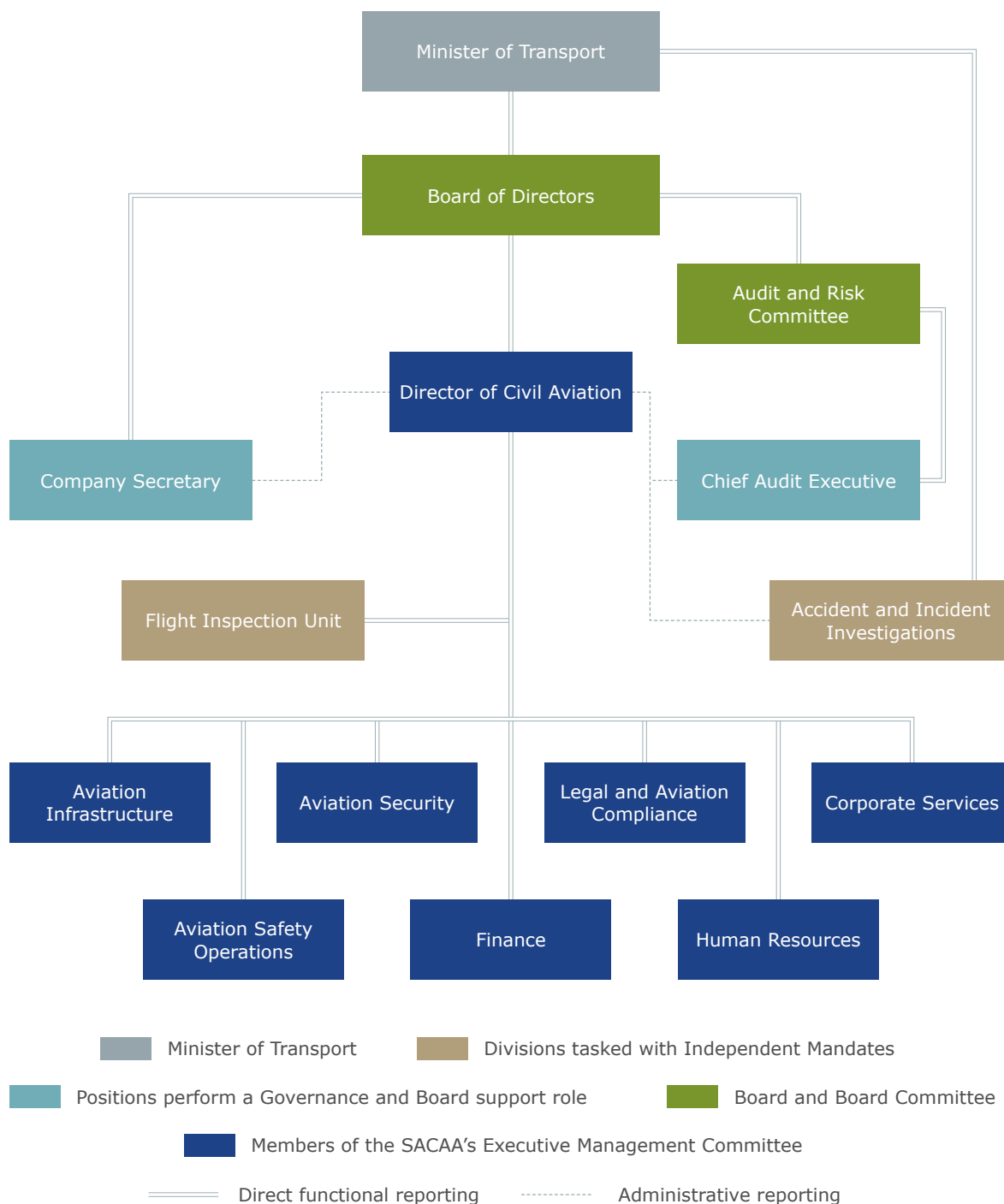
As outlined in the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999), the SACAA is a Schedule 3A public entity. The PFMA and the Civil Aviation Act designate the SACAA Board as the organisation's Accounting Authority, whilst the Minister of Transport is 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 to be achieved by complying with the Standards and Recommended Practices of the International Civil Aviation Organisation (ICAO), whilst considering the local context.



Organisational Structure

SACAA High Level Structure



Board Composition





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- 1 **Mr Smunda Mokoena**
Chairperson of the Board
- 2 **Ms Poppy Khoza**
Director of Civil Aviation
- 3 **Advocate Roshan Dehal**
- 4 **Professor Ntombizozuko Dyani-Mhango**
- 5 **Ms Doris Dondur**
- 6 **Ms Lizeka Dlephu**
- 7 **Mr Mongezi India**
- 8 **Major-General Nhlanhla Ngema**
- 9 **Ms Nivashnee Naraindath**
Company Secretary



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Executive Management Committee

As at 31 March 2016



Poppy Khoza
Director of Civil Aviation



Luvuyo Gqeke
Executive: Aviation Security



Asruf Seedat
Executive: Finance



Mmanare Mamabolo
Executive: Legal and Aviation Compliance



Simon Segwabe
Executive: Aviation Safety Operations





Phindiwe Gwebu

Executive: Corporate Services



Gawie Bestbier

Executive: Aviation Infrastructure



Thobile Masooa

Executive: Human Resources



Phila Kewana

Chief Audit Executive*



Albert Morudi

Executive: Accident and Incident Investigation (Acting)**

* The Chief Audit Executive performs a Governance and Board support role.

** The Executive: Accident and Incident Investigation heads the Accident and Incident Investigation Division which administratively reports to the Director of Civil Aviation, and functionally to the Minister of Transport.

Performance Information



Statement of Responsibility for Performance Information and Confirmation of Accuracy

for the Year Ended 31 March 2016

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

In my opinion, the performance information outlined in this report fairly reflects the actual achievements against planned objectives, indicators and targets as per the Strategic and Annual Performance Plan of the SACAA for the year ended 31 March 2016.

The SACAA's performance information for the year ended 31 March 2016 has been audited by the Auditor-General of South Africa with no material audit findings and the entity's report is presented on pages 100 to 101 of this document.

The performance information of the Authority, set out from page 38 to page 43 was approved by the SACAA's Board of Directors.



Ms Poppy Khoza
Director of Civil Aviation
31 August 2016

Auditor's Report: Predetermined Objectives

The Auditor-General of South Africa 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, with findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to pages 100 to 101 of the Auditor's Report, published as Part E: Annual Financial Statements.



Situational Analysis

The SACAA's performance during the 2015/16 financial year, which is aligned with the organisation's Annual Performance Plan and the 2015/16–2020 Strategy, is detailed in this part of the report. This section also provides a comprehensive analysis of internal and external factors that had an impact on the SACAA's service delivery, and outlines measures undertaken by the Authority to mitigate these.

Economic Viability of the Aviation Industry

In order to determine the SACAA's economic viability, the security of the Passenger Safety Charge (PSC) income must be analysed, as it accounts for 74.5% of the Authority's total revenue, followed by User Fees (15.5%), the Fuel Levy (3.9%), the Department of Transport's (DoT) contribution to accident investigation (3.5%), and other income (2.6%).

The PSC is levied on passengers, excluding infants, departing from any South African airport using scheduled flights or an airline. The security of income for the organisation in relation to the PSC, is important; and hence the SACAA is planning to introduce a revised financial model that will, amongst others, diversify income streams in order to limit reliance on the PSC.

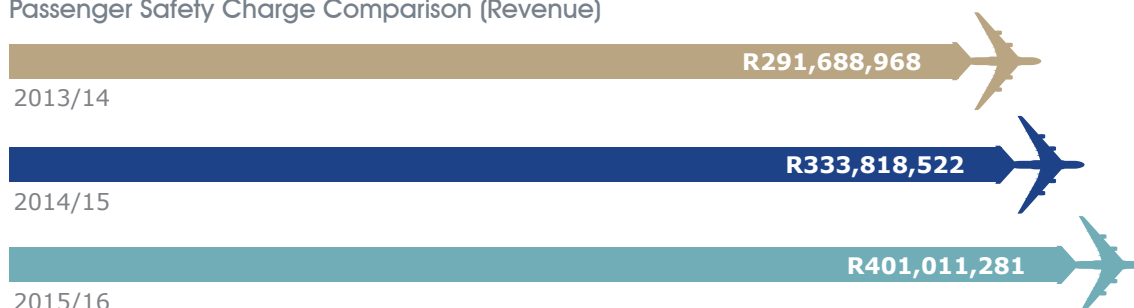
A report by the International Air Transport Association (IATA) regarding global passenger traffic results for February 2016 revealed a strong demand growth for domestic and international travel. According to the report, the total revenue passenger kilometres (RPKs) rose by 8.6%, compared to the same month in 2015. According to the report, African airlines posted the strongest demand growth among the regions, with February traffic up by 12.7% compared to 2015. The increase illustrates that, after several difficult years, African carriers are regaining market share through efforts to rationalise networks and enhance revenue management systems. The growth also aligns with an increase in exports from Africa.

The IATA report states that European carriers witnessed a demand increase of 7.7% in February 2016, compared to the previous year. Asia-Pacific airlines' February 2016 traffic rose by 11.2% compared to the same period in 2015. North American airlines' traffic climbed by 3.6%, reflecting the lowest growth among all the regions. The United States' airlines had been focusing on the larger and more robust domestic market, although that market was said to show signs of slowing in the months leading to the release of the report. The Middle East carriers experienced an 11.3% demand increase in February 2016 compared to the same period in 2015. Latin American airlines saw February 2016 traffic rise by 10.4% compared to February 2015. The IATA report states that domestic passenger demand remained under pressure from economic difficulties in the region's biggest economies, but business-related international travel seemed unaffected by this.

While there are general success stories in the South African low-cost airline market, at least for now, there are concerns with regard to long-term sustainability. This question arises as the SACAA seeks to understand whether the 25% average cut in price was driven simply by market share growth strategies, or was propelled by the lower fuel cost, bearing in mind the folding of Skywise in December 2015. As a result, the SACAA remains cautiously optimistic about current growth trends, however these seem to be in line with international trends, and indicate that significant growth is an international phenomenon rather than a local one.

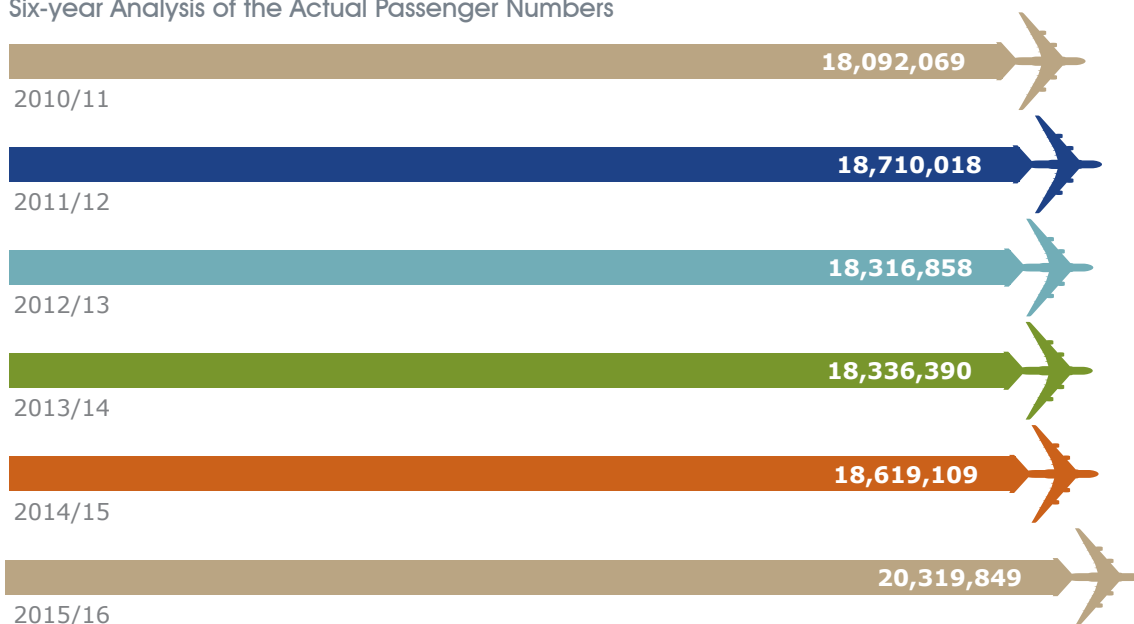
The PSC graph below illustrates growth for the year under review compared to the 2013/14 and 2014/15 financial years, and attests to the growth sentiments expressed above. With consistent growth, there are no going concern issues for the SACAA, as both local and international aviation markets are performing well.

Passenger Safety Charge Comparison (Revenue)



The figure below provides a six-year comparison of the Passenger Numbers.

Six-year Analysis of the Actual Passenger Numbers



Licence Holder Statistics

The tabulated licensing statistics below indicate a 4% cumulative growth in helicopters, aircraft and other licence categories in the period ending in March 2016. 'Other licence categories' refers to licence-holders such as balloon pilots, mechanical engineers, and cabin crew. In line with inflationary pressures, the number of helicopter and aeroplane licences grew by 6% and 7% respectively, while no growth was experienced in other categories of licences. Related demographics indicate a 10% growth in African licence-holders, Coloured (4%), Indian (5%), White (2%), and 'Other' (20%). The 'Other' group refers to those licensees who did not indicate their race. It is becoming evident that mandatory demographic disclosure is necessary in order to gain a clearer picture of the statistics.

SACAA Licensing Landscape – 2015/16

Licence Type	March 2015	June 2015	September 2015	December 2015	March 2016	Cumulative Growth
Helicopter	2,986	3,015	3,076	3,122	3,155	6%
Aeroplane	16,599	16,936	17,211	17,447	17,742	7%
Other Licences	10,907	10,776	10,832	10,679	10,935	0%
Total	30,492	30,727	31,119	31,248	31,832	4%

Race	March 2015	June 2015	September 2015	December 2015	March 2016	Cumulative Growth
African	5,915	6,111	6,303	6,362	6,492	10%
Coloured	867	867	891	889	902	4%
Indian	1,148	1,156	1,187	1,200	1,205	5%
White	21,528	21,519	21,606	21,621	21,996	2%
Other	1,034	1,074	11,32	1,176	1,237	20%
Total	30,492	30,727	31,119	31,248	31,832	4%

Review of Aircraft Registry

The comparison between March 2015 and 2016, as outlined below, indicates an average 2% growth in the aircraft register, with helicopters recording the highest growth at 4%, followed by recreational aircraft. These aircraft types performed well considering the Gross Domestic Product (GDP) growth of around 1%, as aviation growth is somewhat linked with GDP growth. Whilst there was no growth recorded in piston engine aircraft, the number of turboprop and turbojet aircraft registered grew by 1% and 2% respectively.

SACAA Aircraft Register Database – 2015/16

Aircraft Type	March 2015	March 2016	Growth in Percentage
Piston Engines	3,796	3,808	0%
Turboprop	529	534	1%
Turbo Jet	501	509	2%
Helicopters	1,227	1,275	4%
Recreational	6,106	6,269	3%
Total	12,159	12,395	2%

Review of Type and Non-Type Certified Aircraft

Aircraft are categorised into two types, i.e. non-type certified aircraft (NTCA) and type certified aircraft (TCA). NTCA are regarded as experimental aircraft. Type certified aircraft are typically used for commercial activities, and are regulated under stricter conditions and require a more intense approval process, referred to as a certificate of airworthiness. On the other hand, NTCAs are given what is referred to as an 'authority to fly'. The maintenance of type certified aircraft is also more strictly controlled and is regulated through aircraft maintenance organisations (AMOs), whereas maintenance matters regarding non-type certified aircraft are less stringent.

Review of Type and Non-Type Certified Aircraft

Year	Month	Type Certified A/C	Non-type Certified A/C	Total Aircraft	Total Certified %	Non-type Certified %	RPAS	RPAS %
2013	April	5,914	5,889	11,803	50.10%	49.89%		
	May	5,915	5,904	11,819	50.05%	49.95%		
	June	5,929	5,920	11,849	50.04%	49.96%		
	July	5,935	5,931	11,866	50.02%	49.98%		
	August	5,944	5,935	11,879	50.04%	49.96%		
	September	5,957	5,941	11,898	50.07%	49.93%		
	October	5,967	5,953	11,920	50.06%	49.94%		
	November	5,976	5,959	11,935	50.07%	49.93%		
	December	5,983	5,963	11,946	50.08%	49.92%		
2014	January	5,991	5,974	11,965	50.07%	49.93%		
	February	5,992	5,979	11,971	50.05%	49.95%		
	March	5,994	5,992	11,986	50.01%	49.99%		
	April	6,001	6,003	12,004	50.04%	49.96%		
	May	6,007	6,009	12,016	49.99%	50.01%		
	June	6,010	6,020	12,030	49.96%	50.04%		
	July	6,013	6,020	12,033	49.97%	50.03%		
	August	6,029	6,041	12,070	49.95%	50.05%		
	September	6,033	6,052	12,085	49.92%	50.08%		
	October	6,045	6,064	12,109	49.92%	50.08%		
	November	6,056	6,072	12,128	49.93%	50.07%		
	December	6,059	6,072	12,131	49.95%	50.05%		
2015	January	6,054	6,084	12,138	49.88%	50.12%		
	February	6,052	6,099	12,151	49.81%	50.19%		
	March	6,053	6,106	12,159	49.78%	50.22%		
	April	6,060	6,118	12,178	49.76%	50.24%		
	May	6,063	6,131	12,194	49.72%	50.29%		
	June	6,073	6,136	12,209	49.74%	50.26%		
	July	6,075	6,146	12,294	49.40%	49.99%	73	0.59%
	August	6,050	6,077	12,237	49.44%	49.66%	110	0.89%
	September	6,081	6,165	12,386	49.09%	49.77%	140	1.13%
	October	6,087	6,176	12,441	48.92%	49.64%	178	1.43%
	November	6,086	6,187	12,468	48.81%	49.62%	195	1.56%
	December	6,093	6,192	12,493	48.77%	49.56%	208	1.66%



Year	Month	Type Certified A/C	Non-type Certified A/C	Total Aircraft	Total Certified %	Non-type Certified %	RPAS	RPAS %
2016	January	6,054	6,192	12,454	48.61%	49.71%	208	1.67%
	February	6,112	6,197	12,553	48.68%	49.36%	244	1.94%
	March	6,126	6,203	12,589	48.66%	49.27%	260	2.06%

Legislative Amendments

Amendment of the Act

The amendment of the Civil Aviation Act, 2009 (Act No. 13 of 2009) (the Act) is a function of the Department of Transport, however, the Authority reviewed and contributed to the amendment of the Act, which included Chapter 4 amendments. The said Chapter 4 proposed amendments relate to the functional independence of the Accident and Incident Investigation Division (AIID). The proposed amendments are set to affect the AIID's future operations.



Promulgated Regulations

The following Regulations were promulgated during the reporting period.

Amendment of Chapter II – Aircraft Regulations

The 'Ninth Amendment' contained regulations giving rise to the phasing out of Chapter II aircraft. These are aircraft categorised as such because of the maximum level of noise they emit, in accordance with ICAO Annex 16. South Africa, therefore, prohibited the registration of Chapter II aircraft with effect from 01 June 2015. Chapter II aircraft already existing on the South African Civil Aircraft Register, and foreign registered Chapter II aircraft, are prohibited from being operated in the Republic of South Africa with effect from 1 January 2016.

Environmental Protection Regulation

The 'Tenth Amendment' entailed amendments to Parts 34, 36 and 139, which deal with environmental protection. Environmental protection is a topical issue, particularly when considering recently adopted Annexes by the International Civil Aviation Organization (ICAO). In this regard, proposals were advanced to extend the organisational mandate in order to align with the above.

Amendments to User Fees and Passenger Safety Charge

The Eleventh, Twelfth, and Thirteenth Amendments entailed amendment to and increases relating to User Fees and Passenger Safety Charge.



Changes to Medical Regulations and Technical Standards

The Colour Vision Technical Standard was approved in October 2015 by the DCA. The approval of this protocol makes South Africa one of only a few countries to introduce the Colour Diagnosis Assessment tool. This test is the first of its kind that aims to address the current challenges experienced regarding testing for colour vision deficiency in aviation personnel. It is 100% specific and sensitive enough to identify those with colour vision deficiency and to quantify the severity of the deficiency for applicability in aviation. Other tests available have limitations in that they were not developed specifically for aviation personnel. ICAO recognises the shortcomings in the tests currently available and encourages countries such as South Africa to conduct more research into the development of aviation-specific colour deficiency tests.

The amendment of Regulation 67.00.6 Period of Validity of Medical Certificate of Private Pilots and Air Traffic Controllers was recommended by CARCom for promulgation by the Minister of Transport. The purpose of this amendment is to align the SACAA requirements with ICAO Standards. A literature review revealed that South Africa has stringent regulatory requirements with respect to Class II and III licence holders in comparison to ICAO.

The amendment of Regulation 67.00.8 for the Application of Flexibility was also recommended for promulgation by the Minister. The purpose of this amendment is to ensure compliance with ICAO Annex 1 Chapter 6 (Standard 1.2.4.9). ICAO recognises that the range of variation between individuals is such that if medical standards are laid down in rigid terms, they will inevitably exclude a number of applicants who, though not meeting the standards in all respects, might nevertheless be considered capable of performing duties safely in the aviation environment. Since the Chicago Convention mandates contracting states to promote efficient and safe aviation and to regulate it, provision has been made in Annex 1 for the exercise of a degree of flexibility in the application of medical standards, thus avoiding the hardship and injustice which might otherwise occur.

The amendment of Technical Standard 91.07.21 was approved by CARCom. The amendment of this provision is intended to bring it in line with ICAO Annex 9, which requires the pilot in command to promptly inform the Air Traffic Controller of a suspected case of communicable disease. This will ensure that all stakeholders involved in the management of a suspected case respond promptly and efficiently to contain the disease, while ensuring business continuity.

Strategic Outcome Oriented Goals

The SACAA has worked towards the achievement of seven organisational outcome oriented goals as per its Strategic Plan for the 2015/16 period. These goals are aligned with the National Development Plan (NDP) and support the goals of the Department of Transport (DoT), and comprise the following:

- Regulate aviation industry in compliance with the CA Act and ICAO safety and security elements;
- Accelerate aviation industry transformation;
- Propose legislative review and governance arrangements;
- Secure financial sustainability;
- Significantly improve client service experience;
- Drive organisation efficiency and effectiveness; and
- Improve communication and stakeholder management.




Performance Information by Objective

The South African Civil Aviation Authority is once again proud to present another good set of performance achievements for the 2015/16 financial year. The SACAA achieved 100% of its targets for the 2015/16 financial year. The performance information below has been audited and confirmed by the Auditor-General of South Africa.

South African Civil Aviation Authority – 2015/16 Performance Deliverables

Strategic Objective	Outcome	Performance Indicator	Annual Target 2015/2016	Actual
1. Organisational goal: Regulate aviation industry in compliance with the CA Act and ICAO safety and security elements				
Building Safer Communities (NDP)				
Achieve a step-change in regulating aviation safety and security	Improved compliance with ICAO safety and security elements	Improved Effective Implementation on ICAO state of readiness audit – Independent Assessment	ICCS staff reporting quarterly on ICAO protocol questions and Corrective Action Plan	● SACAA was consistent in reporting quarterly on ICAO protocol questions and Corrective Action Plan (CAP) to the DoT through the quarterly report. This facilitated continued oversight by the Executive Authority.
			ICCS state of Independent Assessment readiness report issued to Board	● ICAO state of readiness report was recommended by the DCA and approved by Board on 29 March 2016. All plans and processes are in place to ensure the success of the audit.
Enhance enforcement approach to encourage self-reporting	SACAA just culture approach formalised and shared with stakeholders	Regulation review and corrective action taken and communicated with stakeholders	Review Part 185 regulations on areas affecting self-reporting and workshop industry on way forward	● Throughout the year the Workgroup comprising SACAA, DoT, and industry representatives considered Part 185 with extensive progress made; the challenge from the above committee at the end of the year was concerning enforcement action roles, where applicable. Final resolution of the above is anticipated to be reached during the 2016/17 first quarter, otherwise this will be escalated to the ASO subcommittee, before consideration by higher structures.

● Deliverable met ● Deliverable partially met ● Deliverable not met

Strategic Objective	Outcome	Performance Indicator	Annual Target 2015/2016	Actual
Revise and implement C-FARP and align with international best practice	Accident reduction plan aligned with best practice methods	<ul style="list-style-type: none"> Accident plan linked to accident statistics Accidents measured in flying hours 	Revised C-FARP inclusive of industry input approved by Board	 Cross-Functional Accident Reduction Plan (C-FARP) was approved by the SACAA Board in January 2016 and is based on industry statistics, with the capturing of flying hours as part of the deliverables. An implementation report was approved by the DCA on 31 March 2016.
Transition to Low Carbon Economy (NDP)				
Implement environmental regulation	Functional Aviation Environmental Protection unit	<ul style="list-style-type: none"> Permanent appointment of Aviation Environmental Protection specialists Aviation Environmental Protection surveillance conducted 	Appoint permanent Aviation Environmental Protection staff and develop procedures and audit programme that is approved by Exco	Aviation Environmental Protection Master Surveillance Plan was signed off by the DCA (as mandated by the CA Act) and Chairperson of Exco on 2 March 2016 before the commencement of the oversight period. Functional procedures were developed and duly approved, and industry workshoped on the implementation of the Aviation Environmental Protection oversight roll-out.

 Deliverable met
  Deliverable partially met
  Deliverable not met

Master Surveillance Plan Report 2015/16						
Performance in accordance with planned departmental surveillance targets, within 5% variance		Actual Audited Performance			Annual Target 2015/16	Variance
		Year 2011/12	Year 2012/13	Year 2013/14	2015/16	
Air Maintenance Organisation		470	514	440	445	431 -3%
Manufacturing Organisation		28	28	43	45	46 2%
Air Traffic Services		51	72	51	55	63 15%
Aerodrome License Inspections		135	137	190	149	157 5%
CNS		46	71	52	51	57 12%
Airports and Airlines		245	207	212	213	235 10%
Regulated Agents & Known Consignors		313	344	412	362	369 2%
Dangerous Goods Safety Oversight		407	393	429	404	437 8%
AvSec Training Organisations		170	281	318	123	129 4%
Air Operator Certificate Holders		306	301	603	683	638 -7%
Aviation Training Organisations		214	205	400	449	489 9%
Total		2,385	2,553	3,150	2,979	3,051 2%



South African Civil Aviation Authority – 2015/16 Performance Deliverables (continued)

Strategic Objective	Outcome	Performance Indicator	Annual Target 2015/2016	Actual
2. Organisational goal: Accelerate aviation industry transformation				
Transforming Society and Uniting the Country (NDP)				
DoT Outcome: Increased contribution to job creation				
Maintain Level 2 certificate as per the B-BBEE Act	Skills Development and Employment Equity	90% total B-BBEE score achieved	Achieve B-BBEE Level 2, based on existing codes	● The SACAA retained its Level 2 B-BBEE rating, as confirmed by an independent verification agency.
Implement SACAA-specific Aviation Industry Transformation Strategy deliverables	Outcomes aligned with approved strategy	Performance against SACAA-specific Transformation Strategy targets and milestones	Performance in accordance with SACAA-specific transformational performance deliverables	● The SACAA submitted the draft National Aviation Transformation Strategy (NATS) to the DoT in August 2015 and on 7 December 2015 the SACAA was invited to present the strategy to the DoT Exco. The DoT resolved to accept the draft NATS. Further, the DoT will establish an Inter-governmental Committee to take the document further, including getting Cabinet approval with the SACAA participating as a member of the Committee. To this end a confirmation letter from the Director-General's office was received.
3. Organisational goal: Propose legislative review and governance arrangements				
Building Safer Communities (NDP)				
DoT Outcome: An efficient and integrated transport infrastructure network for social and economic development				
Propose review of the CA Act	Proposed amendments to the CA Act	Improved SACAA governance and compliance in accordance with PFMA	Submit Board-approved Act amendments and develop a SACAA-specific project plan	● The Act amendment submission was signed off by the SACAA Board Chairperson, and submitted to the DoT on 30 June 2015. A DCA approved project plan to support the Act amendment is in place.
Improve governance arrangements with designated bodies	Rectification of governance arrangements with designated bodies	Revised governance arrangements for: Recreational aviation	Develop and implement strategy to address general aviation delegated functions	● The General/Recreational aviation strategy that addresses delegated functions, amongst others, was approved by the SACAA Board in January 2016, and implemented.
		Revised governance arrangements for: AvMed	Develop and implement strategy to address AvMed delegated functions	● The Aviation Medicine Strategy that addresses delegated functions, amongst others, was approved by the SACAA Board in January 2016, and implemented.

● Deliverable met
 ● Deliverable partially met
 ● Deliverable not met

Strategic Objective	Outcome	Performance Indicator	Annual Target 2015/2016		Actual
Strengthen interim arrangements to facilitate AIID separation and independence	Finalised SLA and Performance Agreement	<ul style="list-style-type: none"> Independent reporting Signed SLA 	Revise AIID SLA and implement with operational procedures amended	●	The AIID Service Level Agreement (SLA) was submitted to the DoT by the SACAA on 30 September 2015, and was signed off by the Executive Authority on 30 March 2016. Amended procedures have been developed.
Strengthen interim arrangements between DCA and Board on regulatory activities	Compliance with PFMA on governance matters	Interim governance in accordance with PFMA, signed by DCA and Board	DCA and Board governance agreement in accordance with PFMA signed	●	Clause 9.6 in the tripartite agreement between the DoT, SACAA Board, and DCA aligned the SACAA governance with the PFMA. In line with this agreement, the DCA will consult with the Board on regulations and tariffs, prior to submitting any proposal to the CARCom process.
4. Organisational goal: Secure Financial sustainability					
Reforming the Public Service (NDP)					
Diversify and expand sources of revenue	Revised funding model	New revenue streams identified and implemented	Funding model project plan approved by DCA and implemented	●	The funding model project plan was approved by the DCA on 30 June 2015 and progress reported to Exco.
Introduce cash mitigation reserve to secure funding for growth	Ensure SACAA is a going concern in the short term	Plan to build cash reserves to six months of annual payments	Develop and submit a cash mitigation reserve proposal to NT	●	On 25 July the SACAA Board approved the submission of a letter to National Treasury (NT) motivating the retention of cash reserves. The NT approved the retention of R8.6 million in line with section 53(3) of the NT Instruction No. 3 of 2015/16.

● Deliverable met
 ● Deliverable partially met
 ● Deliverable not met



South African Civil Aviation Authority – 2015/16 Performance Deliverables (continued)

Strategic Objective	Outcome	Performance Indicator	Annual Target 2015/2016	Actual
5. Organisational goal: Significantly improve client service experience				
Reforming the Public Service (NDP)				
Significantly improve customer experience	End-to-end customer experience process tracking	<ul style="list-style-type: none"> System-driven customer interface capability Monthly tracking reporting capability 	Map high level end-to-end customer processes and amend procedures	<p>●</p> <p>High level end-to-end customer process was mapped and approved by Exco on 29 September 2015.</p>
6. Organisational goal: Drive organisation efficiency and effectiveness				
Reforming the Public Service (NDP)				
Reconfigured organisation which is fit for purpose	Improved organisational performance	SACAA organisation re-design fully implemented	Develop and implement Organisational Design Roll-out project	<p>●</p> <p>A new organisational structure was resourced, commencing in June 2015. The project has been completed with a close-out report approved by the SACAA Board on 29 March 2016.</p>
Drive a performance culture	Performance Management System (PMS) fit for purpose	<ul style="list-style-type: none"> The CAA Strategy implemented and measured successfully Reviewed and implemented PMS – fit for purpose 	PMS aligned with organisational scorecard	<p>●</p> <p>The divisional scorecards are aligned with the organisational scorecard and loaded in the performance management system. The organisational scorecard is drawn from the approved 2016/17 Annual Performance Plan deliverables.</p>
Enhance skills capacity	Technical skills commensurate with or above industry average	Performance against SACAA Skills Plan based on organisational skills library	Develop and implement skills plan, incorporating core technical skills	<p>●</p> <p>On 29 September 2015, Exco approved the Updated Training and Development Plan which incorporates the Skills Plan and is aligned with the Draft Annual Performance Plan. On 13 October the Board Human Resources Committee approved the HR Quarterly Report that reported on the skills plan, which takes into account critical skills.</p>

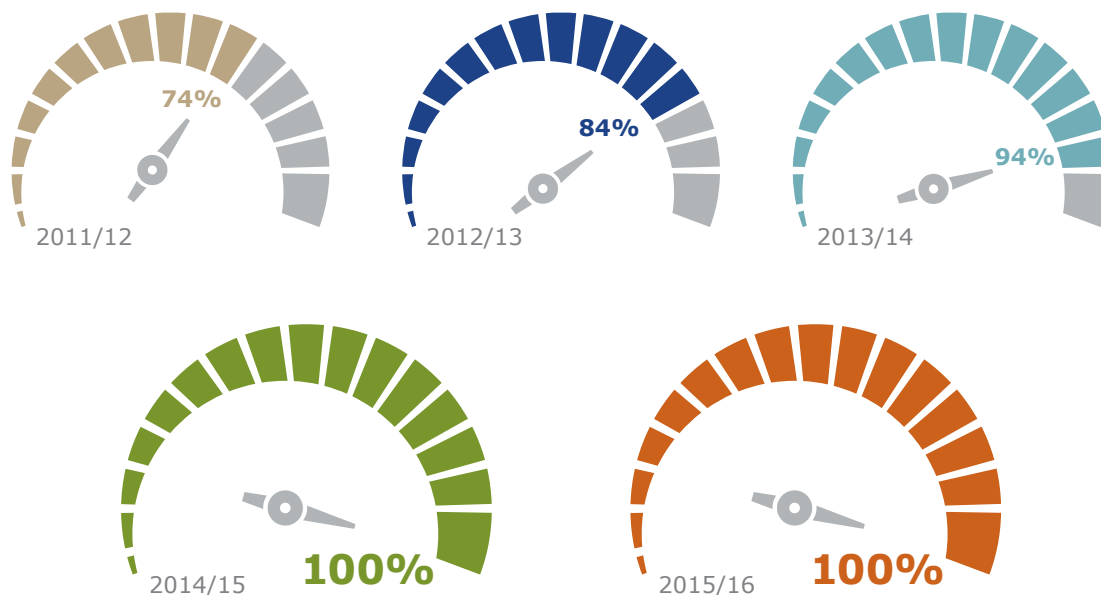
● Deliverable met
 ● Deliverable partially met
 ● Deliverable not met

Strategic Objective	Outcome	Performance Indicator	Annual Target 2015/2016	Actual
Relocation of SACAA offices	Permanent premises for SACAA accessible to staff and clients – relocation	Relocation of SACAA to new premises by March 2018	Review and implement SACAA building project plan	On 29 July 2015 the SACAA Board approved the building project plan that pursued the construction route, however after consultation with NT in August 2015 this option proved too costly and a revised project, pursuing the leasing option was approved by the same Board on 30 October 2015. The SACAA is implementing the approved project.
Acquire ICT infrastructure to support new SACAA business design	Comprehensive ICT Plan which is aligned with the 2015 SACAA Organisational Design and Business Modelling	ICT Plan that addresses SACAA-fit business model developed	Develop and implement a SACAA-fit ICT Plan that caters for migration to a new building	The ICT plan that caters for migration into a new building was approved by Exco on 29 September 2015, and was subsequently approved by the SACAA Board in November 2015.
7. Organisational goal: Improve communication and stakeholder management				
Reforming the Public Service (NDP)				
Significantly improve internal and external stakeholder engagement	Communications Action Plan	Diagnostic Survey Outcomes addressed <ul style="list-style-type: none"> Multiple channels of communication covered as per plan 	Review and implement a Communications Action Plan addressing survey results	On 29 September 2015 Exco approved a Communication Action Plan that addresses communication gaps identified in the Strategy diagnostic phase; this plan was ultimately approved by the SACAA Board on 7 October 2015.
Provide regional technical assistance and skills transfer	Procedure for regional engagement	Established criteria for regional engagement	Establish a formalised plan for regional technical assistance	Procedures for handling international civil aviation technical assistance programmes were approved for immediate implementation by the Director of the Civil Aviation Authority on 30 June 2015.

 Deliverable met
 Deliverable partially met
 Deliverable not met

The graph below delineates the SACAA's organisational performance over the last five financial years, i.e. from the 2011/12 financial year through to the 2015/16 reporting period.

SACAA Five-year Performance Comparison



Recognition of the SACAA's Performance

Admirable Corporate Governance

In terms of corporate governance, the Auditor-General of South Africa (AGSA) has conferred a Clean Audit Award on the SACAA for three years in succession. The AGSA also noted the SACAA's 100% performance against set targets for the 2014/15 financial year.

Best-Performing Institution

The dedicated work of the SACAA staff and Management has ensured that, for the second year in a row, the SACAA was awarded the 'Best-Performing Institution' award; whilst its head, the DCA, was named the 'Best Chief Executive Officer in Transport' at the 2015 Annual Transport Awards, held in October 2015. In addition, the Director of Civil Aviation, Ms Poppy Khoza, received the Top Empowered Public Service Leader of the Year Award at the 15th annual Oliver Empowerment Awards ceremony held in April 2016.

Notably, in November 2015, the SACAA received the 'Top-Performing Public Service Award' and achieved second position for the 'Transport and Logistics Award' at the National Business Awards. The National Business Awards are regarded as the 'Oscars' of South African Business, and give recognition to the success, innovation and ethics of South African private companies, state-owned entities, and government departments across all sectors. Awards are bestowed in acknowledgement of inspirational leadership and outstanding performance throughout the year. The SACAA came out tops, despite facing serious competition from about 100 companies representing a wide range of industries in the private and public sectors.



It is also worth noting that the SACAA is one of the few authorities to be ISO 9001 certified, a status that the Authority has maintained over a number of years. South Africa continues to contribute to the global aviation administration discourse by participating at the highest international forums tasked with administering global aviation. In this regard, South Africa is a participating member of most of the ICAO panels tasked with the development of aviation safety and security standards and recommended practices, which member states must effect when developing their civil aviation regulations. These, among others, range from panels responsible for safety management systems, through to those responsible for remotely piloted aircraft systems, frequency spectrum management, and aerodrome design. In addition to being a key member of ICAO's environmental and accident investigation panels, South Africa is also:

- Council Member State of ICAO, elected with 35 other states over a three-year term;
- Chairperson of the ICAO Aviation Security Panel; and
- Chairperson of ICAO's CAPSCA programme in Africa – a forum tasked with the prevention of the spread of communicable diseases through air travel.



Key Operational Highlights and Initiatives

Below is a summary of the SACAA's operational highlights and initiatives:

★ International Compliance

In terms of compliance with ICAO's Eight Critical Elements, South Africa's level of Effective Implementation is currently rated at 84%, which is significantly higher than the world's average of 60%. This rating does not include the Accident and Incident Investigation function, which was not reviewed during the last audit by ICAO. It also does not include progress achieved against the corrective action plan since the last audit.

★ Aircraft Accidents on the Decline

Aircraft accidents continued to decline for the third consecutive financial year.

★ Zero Percent Fatal Accident Record in Commercial Operations

South Africa continued to retain the remarkable zero (0%) fatal accident record relating to scheduled commercial operations on South African soil.

★ Excellent Oversight Performance

During the year under review, the SACAA's performance against its 2015/16 Master Surveillance Plan (MSP) indicates that the organisation has met and exceeded its target by 2%.

★ Clean Audit Report

The SACAA's good governance practices have been recognised with a Clean Audit Award by the Auditor-General of South Africa for the last three consecutive years. The clean audit outcome and an unqualified audit opinion in this reporting period marks the continuation of good governance at the SACAA.

★ Buoyant Financial Position

The SACAA remains financially viable and has managed to maintain a healthy financial position for the 2015/16 fiscal year, which resulted in a R45.2 million surplus when compared to budget. Resolute financial prudence and cost-saving measures enabled the organisation to produce these good financial results.

★ South Africa Re-elected to Chair ICAO Aviation Security Panel

The global aviation community once again demonstrated its trust and faith in South Africa's capabilities on aviation matters by re-electing South Africa as Chairperson of the ICAO's Aviation Security Panel.

★ South Africa appointed as Chair of ICAO's CAPSCA

South Africa continued to play a leadership role in the top structures of forums advancing civil aviation. The country was appointed as the Chair of ICAO's Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA) programme in Africa.



★ South Africa Retains FAA Category 1 Status

Consistent and appropriate administration and oversight of civil aviation in the country by the SACAA has ensured that South Africa maintains its Category 1 status as declared by the United States Federal Aviation Administration (FAA). South Africa's admirable safety record allows air carriers from the United States and South Africa to operate freely between the two countries.

★ Thumbs up for South Africa's Security Systems

★ European Union Satisfied with South Africa's Cargo Management Processes

Cargo shipments originating from South Africa are still being exempted from the European cargo security regulations, commonly known as Air Cargo or Mail Carrier operating into the Union from a Third Country Airport (ACC3). This is attributed to cargo security measures implemented in South Africa being confirmed as robust, reliable and equivalent to the European Union standards.

★ Recognition of South Africa's Security Processes

South Africa has a recognition agreement in place with the United States' Transportation Security Administration. The implication of this recognition agreement is that cargo consignments screened in South Africa, whether by canines or other means, are now recognised as secure by the time that they reach the United States. The agreement also registers satisfaction with airline operations between the two countries. This agreement was renewed soon after the end of the reporting period, i.e. in May 2016.

★ Australia Satisfied with South Africa's Security Processes

The SACAA's Aviation Security Division facilitated an assessment by the Australian Office of Transport Security on both Qantas and South African Airways facilities at OR Tambo International Airport. There were no findings noted during the assessment, which was held in March 2015.

★ SACAA to Adopt a New Approach to Regulation Development

The SACAA will soon introduce a process that will ensure that the development of civil aviation regulations takes into account the financial implications of compliance for licence-holders.

★ Lifting the Continent's Aviation Safety and Security Standards

South Africa, through the SACAA, will continue to make inroads in terms of contributing to Africa's aviation safety record. As part of its Africa Skills Assistance Plan the SACAA has, in the last 12 months, provided technical assistance on various matters to other civil aviation authorities spread across the continent.

★ Assisting with International Aircraft Accident Investigations

The SACAA assisted Malaysia with the collection of debris found by RSA citizens on the coast of Mozambique and RSA, believed to belong to the missing Malaysian Boeing 777 (MH370). One component found in Mozambique was positively identified as being part of the aircraft elevator. Additional parts were picked up in the Western Cape and handed over to the Malaysian Authorities.

★ Transforming the Aviation Industry

★ Contribution to National Aviation Transformation Strategy

The SACAA has made contributions to the National Aviation Transformation Strategy, which is being championed by the DoT. The strategy proposes practical and sustainable solutions to the current slow pace of transformation of the civil aviation industry.



Career Awareness

With regard to career awareness, 371 schools and 20,924 learners were visited and reached during the 2015/16 financial year. This is in aid of the SACAA's quest to bring knowledge about careers in aviation to rural schools so that learners know about and can take advantage of the many opportunities available in the aviation sector.



Hosting of Dundee Airshow

As part of the Transport Month celebrations, the SACAA hosted the SACAA Dundee Air Show which took place on 31 October 2015 at Dundee Airfield. The air show and a career exhibition were attended by an estimated 750 learners from the Umzinyathi District and an estimated 2,000 members of the general public. The Deputy Minister of Transport delivered the keynote address. In attendance were the Mayor of Endumeni, Speaker of Endumeni, Speaker of Umzinyathi and SACAA executives. The event was covered by different local newspapers, radio stations, KZN TV and the SABC TV News.



Bursaries and Aviation Training

The SACAA has supported the training of 31 young South Africans who aspire to become aviators. These are mostly female students from rural areas and economically depressed households. The students are enrolled for studies and training in various fields and programmes include aeronautical engineering, cadet pilot training, and aircraft mechanics apprenticeship.



Contributing to Skills Development

The SACAA has taken on nine interns who commenced their duties in March and who were placed in various SACAA divisions associated with their qualifications. A further 15 will be joining the Authority in the near future.



Support for Women-owned Enterprises

In addition to ensuring that a significant amount of its budget spend goes to B-BBEE companies, the SACAA has also introduced an initiative that will help in tracking and reporting on the total spend on women-owned companies. Moreover, the SACAA has partnered with the South African Network for Women in Transport (SANWIT) to provide training to women-owned businesses across the country. The training is focused on developing skills in relation to general bidding, and understanding of supply chain management processes and requirements.



B-BBEE Compliance

The SACAA has retained its Level 2 B-BBEE rating in line with the organisation's target.



B-BBEE Spend

The SACAA contributes to economic transformation by ensuring that a significant portion of its budget spend goes to businesses owned by youth, women and disabled entrepreneurs. Over 66% of the SACAA's budget was spent on SMMEs.



Focus on Improving Customer Engagement and Services

The SACAA has successfully completed the first three phases of the introduction of the Enterprise Business System, which is a three-year project earmarked to help the SACAA move from a paper-based to a digital services entity. Other customer-centric initiatives include improvement in communication and stakeholder management activities.

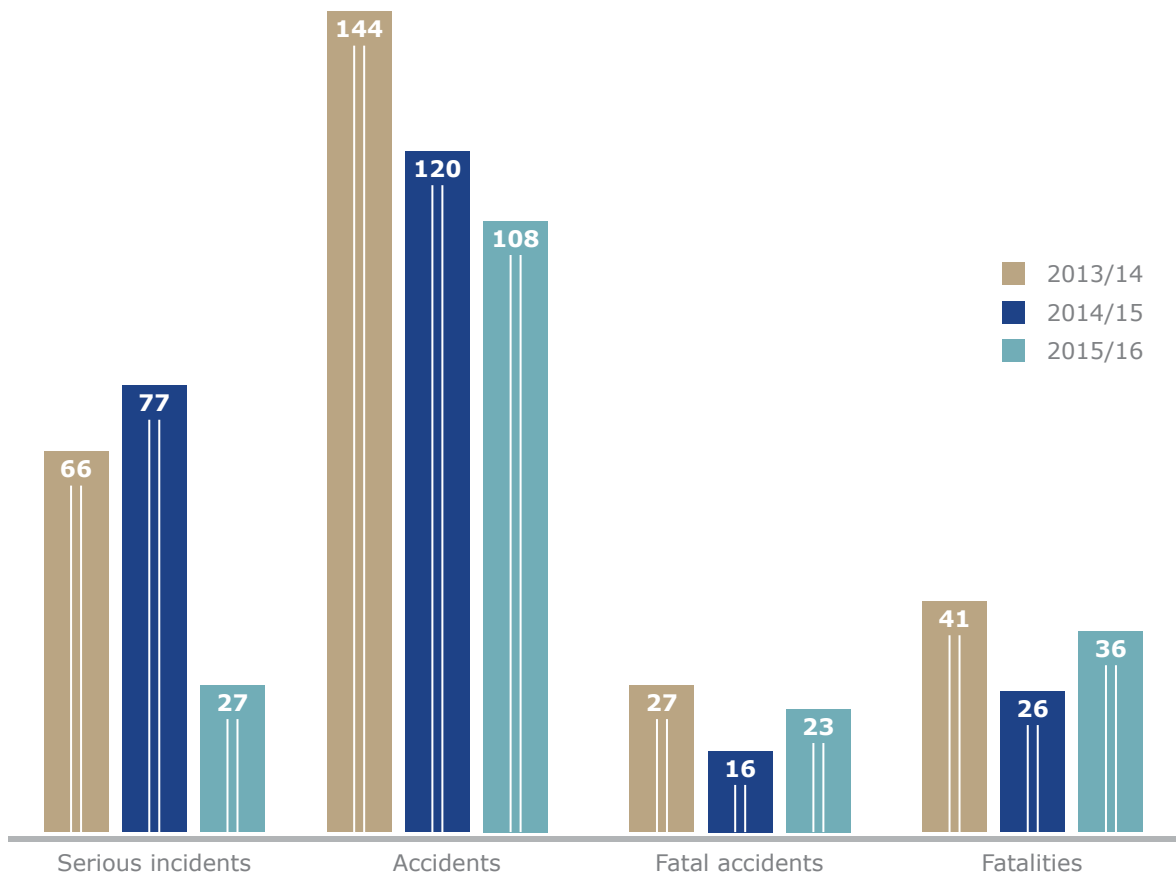


Review of SACAA Programmes and Activities

Aircraft Incidents and Accidents

A three-year accident statistics comparison, as delineated in the graph below, paints a mixed picture, with serious incidents declining drastically from a reported 77 in 2014/15 to 27 during the 2015/16 financial year. Most significantly, accidents maintained a steady decline throughout the last three financial years. Fatal accidents increased from the previous year but remained lower than the 2013/14 financial year. Fatalities maintained the same trend, increasing from the previous year but remaining lower than in the 2013/14 financial year. International best practice requires that accidents be reported within the context of aviation activity, as an increase in the number of accidents does not necessarily translate to a worsening safety scenario if the related industry activity operated at a higher level. While there has been an increase in accidents, the impact on safety can only be determined when flying hours and/or aircraft landings and departures are recorded, and categorised appropriately. The SACAA's newly introduced Cross-Functional Accident Reduction Plan (C-FARP) seeks to introduce an accident reporting procedure that is aligned with international best practice.

Three-year Accident and Incident Comparison

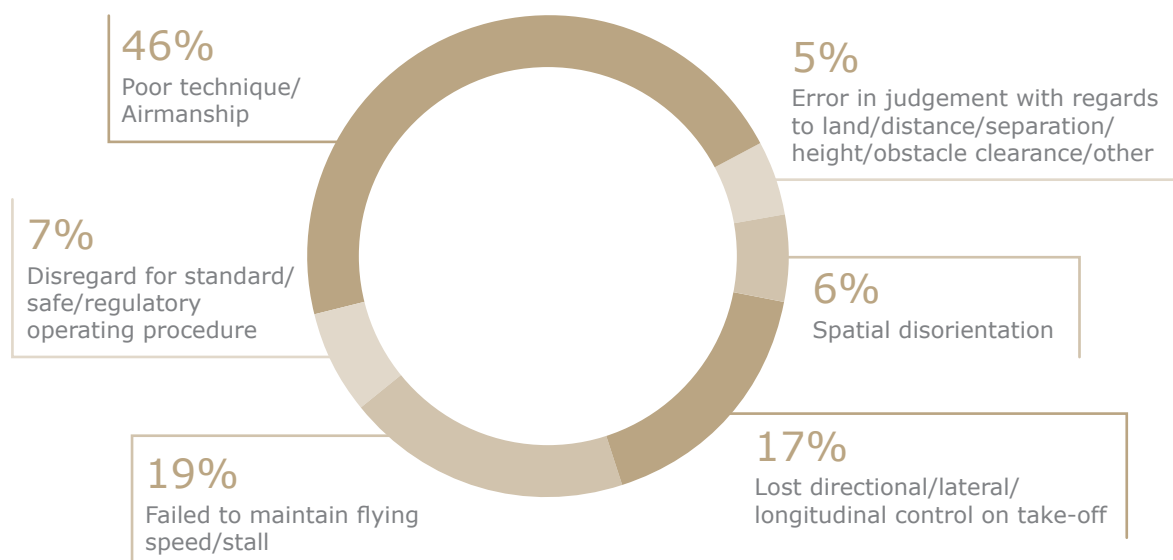


Analysis of Accident Causal Factors

A review of the final accident and serious incident reports published between the 2013/14 and 2015/16 financial years indicates that pilots error, aircraft operations and mechanical matters are the leading causes of accidents and serious incidents. A detailed analysis of the causes of accidents and incidents revealed poor airmanship and technique as the leading primary factors. Pilots' failure to maintain flying speed was another contributory factor. The number of unsuccessful forced landings is also cause for concern. Fuel starvation or exhaustion further accounted for a large number of accidents and incidents.

Another contributory factor was lack of or poor maintenance. It was discovered that in certain instances aircraft parts were released to service with the lifecycle being near the expiry date without a proper component tracking system. Some of the aircraft that were involved in accidents and incidents were, at the time of the occurrence, not supported by the original manufacturers' certificate or supplemental type certificate, and thus no real knowledge of the history of the parts or engines could be established. An element of fatigue among maintenance personnel was also shown to be another area requiring more scrutiny. Keeping maintenance personnel current on certain aircraft type/model specifications remains an area of concern due to multiple ratings.

Analysis of Causal Factors



Surveillance and Oversight Auditing Activities

A review of the SACAA's performance against its 2015/16 Master Surveillance Plan (MSP) indicates that the organisation has met and exceeded its target by 2%. This is despite the closure of operations during the course of the financial year or non-renewal of approvals by a significant number of operators.



SACAA MSP Surveillance – Quarter 4 Ending March 2016

Department	Division	Annual Budget	Annual Actual	Variance	Variance %
Air Maintenance Organisation	Aviation Safety Operations	445	431	-14	-3.1%
Manufacturing Organisations		45	46	1	2.2%
Air Operating Certificate		683	638	-46	-6.7%
Aviation Training Organisation		449	489	41	9.2%
Airports and Airlines	Aviation Security	213	235	22	10%
Regulated Agents and Known Consignors		362	369	7	2%
Dangerous Goods Safety Oversight		404	437	33	8%
Training Organisations		123	129	6	4%
Air Traffic Services	Aviation Infrastructure	55	63	8	15%
Aerodrome Licence Inspection		130	137	7	5%
Aerodrome Surveillance		19	20	1	5%
Communication, Navigation and Surveillance		51	57	6	12%
Total		2,979	3,051	72	2%

Performance of the Aviation Infrastructure Division

Among others, the SACAA's Aviation Infrastructure Division is responsible for ensuring that the South African airspace, airports (ranging from Category 1 to Category 9), helistops and heliports are safe. The division is also tasked with ensuring that South Africa's ten international, and 121 domestic airports, 110 helistops, and surrounding structures that may affect the safety of air navigation, comply with all safety standards as outlined in the country's Civil Aviation Regulations. In addition to ensuring that civil aviation navigational aids comply with safety guidelines, the Aviation Infrastructure Division assists the SACAA in the approval of flight procedures and the licensing of Air Traffic Controllers as well as the provision of aeronautical safety information to the industry in accordance with ICAO requirements.



Aviation Infrastructure Division's performance against the 2015/16 MSP

Audit Area	Planned Audits	Actual Audits					Performance in Percentages	
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total	Variance	% of Variance
Air Traffic Services	55	16	20	15	12	63	8	15%
Aerodrome Licence Inspection	130	30	43	43	21	137	7	5%
Aerodrome Surveillance	19	5	0	7	8	20	1	5%
Communication, Navigation and Surveillance	51	16	16	8	17	57	6	12%
Divisional Total	255	67	79	73	58	277	22	8.6%

The table above reflects that the annual targets according to the MSP were exceeded by more than 8.6% (277/255).

Performance of the Air Safety Operations Division

In addition to advising the DoT's Air Service Licensing Council on licensing matters pertaining to civil aviation operations, the Aviation Safety Operations Division is tasked with ensuring safety oversight and regulatory compliance by a myriad of civil aviation stakeholders, including air operators, aviation training organisations, designated flight examiners, designated aviation medical examiners and aircraft maintenance engineers. The division is also responsible for administering civil aviation examinations, testing standards, flight inspections as well as the application of civil aviation medical standards. The upkeep of the South African Civil Aircraft Register; approval of aircraft modifications as well as ensuring that aircraft, excluding those operated by the military and police, are maintained in accordance with regulated prescripts; and oversight of aircraft maintenance organisations, are some of the responsibilities of this division.

The Division is made up of the following departments:

- Airworthiness Department;
- Flight Operations Department;
- Personnel Licensing Department;
- Aviation Medicine Department; and
- Consistency and Standardisation Department.

Aviation Safety Operations Division's performance against the 2015/16 MSP

Audit Area	Planned Audits	Actual Audits					Performance in Percentages	
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total	Variance	% of Variance
Aircraft Maintenance Organisations (AMO)	445	111	132	107	81	431	-14	-3.1
Manufacturing Organisations	45	10	11	10	15	46	1	2.2
Air Operator Certificate	684	144	185	145	164	638	-46	-6.7
Aviation Training Organisation	448	141	121	124	103	489	41	41
Divisional Total	1,622	398	450	361	363	1,604	-18	-1.1



The variances noted are due to approval holders (AMOs) surrendering their approval or closing down their operations after the continuous oversight plan has been developed. The MSP is drawn up at the beginning of a new financial year and this includes both renewal and *ad hoc* inspections. This means that the set targets are affected when licence holders opt not to renew their approvals. In the areas of ATO and Manufacturing Organisations there were additional follow-up inspections conducted in order to verify implementation of the corrective action plans (CAS) submitted by the licence holders.

Performance of the Aviation Security Division

One of the primary mandates of the SACAA is to ensure that there is sufficient security in the civil aviation industry. The SACAA, through the Aviation Security Division, has to guide the industry in ensuring the protection and safeguarding of passengers, crew, ground personnel, the general public as well as aircraft and airports serving civil aviation, against any acts of unlawful interference with operations, whether on the ground or in-flight. This mandate is carried out by, among others, ensuring oversight over assigned aviation security personnel, aviation security training organisations, air operators and airports as well as operators involved in the transportation of cargo and dangerous goods.

Aviation Security Division's performance against the 2015/16 MSP

Audit Area	Planned Audits	Actual Audits					Performance in Percentages	
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total	Variance	% of Variance
Airports and Airlines	213	55	55	58	67	235	22	10
Regulated Agents and Known Consignors	362	100	94	95	80	369	7	12
Dangerous Goods Safety Oversight	404	94	128	97	118	437	33	8
Training Organisations	123	30	32	36	31	129	6	4
Divisional Total	1,102	279	309	286	296	1,170	68	6

The Aviation Security Division exceeded its set targets by 6%. This was because more inspections were performed than scheduled during the last quarter of the year, due to the following reasons:

- New applications processed, even though not planned at the beginning of the year; and
- Unplanned inspections that were not included in the MSP but had to be conducted in the interests of safety and security.



Information and Communication Technology

The SACAA's Information and Communication Technology (ICT) Department fulfils a vital role in supporting the achievement of the organisation's objectives and goals. During the reporting period, the department facilitated the development and approval of a five-year strategic modernisation plan for the Authority, which articulates the strategic role and vision for technology within the SACAA. The plan incorporates virtualisation, and automation to support the implementation of an aviation regulator enterprise resource planning system (ERP), and digitisation of documents, as well as other strategies to ensure that ICT provides value to the organisation. Ongoing communication to users to inform and educate is part of the ICT strategic plan which intends to ensure that user technology literacy is uplifted in alignment with the strategic changes being effected by technology.

The following are the plan's five strategic themes, which are aligned with the organisation's corporate strategies:

- Nurture a professional, delivery-focused ICT workforce, which constantly interacts with other areas of the SACAA to communicate, educate and collaborate on technology matters;
- Become the trusted technology advisory service to the SACAA;
- Implement and manage compliant and efficient systems in support of all the SACAA goals and cost initiatives;
- Structure meaningful governance and management frameworks to deliver best practice ICT services and projects, and ensure optimal security without creating a cost or resource burden; and
- Continuously and proactively optimise client service delivery within and outside of the SACAA and across all platforms and technologies.

During the 2014/15 financial year, the ICT department spearheaded the procurement of an aviation regulator ERP system. This is a best-practice system which is compliant with ICAO regulations and ensures that the SACAA's processes are aligned with those of the international aviation administration body. The system will improve efficiencies and effectiveness at the SACAA as it contains workflows, checks and balances whilst streamlining processes. This project is in year two of its four-year implementation period, and is scheduled for completion in late 2018. The intention of this project is to improve the efficiency and effectiveness of the SACAA and ensure integration among all the entity's departments. Implementation progress is going well, with 16 modules already implemented or in progress. The ERP is being implemented with vanilla (standard off-the-shelf) functionality as far as possible, in order to adhere to best practices, and not create a customisation overhead.

The scanning and digital storing of all documentation is another project which is being undertaken by the SACAA's ICT department. It is envisaged that once this process is completed, documents will be scanned as they arrive at the SACAA, and incorporated into the workflow of the ERP system, ensuring that documentation is preserved and its progress is tracked and monitored throughout the systems.

A detailed review of all policies, procedures and practices is taking place in parallel with the implementation of the ERP system. A policy framework has been established, and a number of the policies were comprehensively updated during the year under review. Thorough ICT governance practices are being inculcated at the SACAA.

Other policies are scheduled for development or review as the ICT governance upliftment project continues. An ICT governance framework, which supports the effective and efficient management of information resources, i.e. people, funding, and information, to facilitate the achievement of the corporate objectives of the SACAA, was approved in 2015, along with the ICT Steering Committee Charter which sets specific outcomes for the ICT Steering Committee. The ICT Steering Committee is tasked with monitoring and mitigating strategic ICT risks and ensuring that value is achieved from the investment in technology. The committee also oversees the provision of strategic direction for ICT and ensures the alignment of technology with business needs. The committee was formally incepted in 2015, and has held a number of meetings since then, delivering on its mandate to ensure that ICT risks are mitigated and value is achieved from technology projects.



Enterprise architecture guiding principles were also developed and approved during the reporting period. These principles are part of the broader enterprise architecture for the organisation, which assists with strategic alignment and provides guidance to the ICT Steering Committee and to the business for decision-making purposes.

During the review period, the SACAA's ICT staff received ITIL and CobIT training, which has ensured that consistency of service is in place. This training has extended the journey towards best-practice standardisation of services and controls. Specialised training has been added to the ITIL and CobIT training in order to uplift specific skill sets.

Critical systems are being replicated to an off-site disaster recovery facility. Disaster recovery testing took place twice during the year, with satisfactory results. Other technology risks, including project risks, are being carefully monitored to ensure that mitigation actions are in place. Information security is of critical importance to the SACAA, therefore ongoing reviews and constant monitoring and updating of the applied security measures is performed to keep information safe.

Review of the Flight Inspection Unit

Safe, efficient and effective air navigation is highly reliant on the precision of the navigational aids in use. Flight calibration is thus an essential part of safe air navigation. Locally, this function is carried out by the SACAA's Flight Inspection Unit (FIU). This unit has been successfully carrying out flight inspections of ground radio navigational aids in South Africa and for many other countries for many years.

The Flight Inspection unit, and the Accident and Incident Investigation Division, are two SACAA departments tasked with carrying out specific mandates independently. The Flight Inspection unit functions as an income-generating section providing services to local and international operators.

During the reporting period, the FIU continued to ensure that navigational aids in South Africa are safe, by focusing on two key functions, namely:

- Carrying out commissioning flight inspections to determine the validity of navigation signals from newly installed air navigation systems for certification; and
- Periodically checking the technical parameters of existing navigational aids to confirm their continued validity.

During the 2015/16 financial year, the FIU had planned 329 flying hours, but carried out an additional 15.7 flying hours, bringing the total flying hours for the year to 344.7. The increase in hours was the result of various requests from its expanding clientele.

The FIU strategy was developed and approved by the SACAA Board during the second half of 2015. The approved strategy identified, among others, the need to replace the aging flight inspection aircraft with a more modern aircraft in order to reduce maintenance costs and improve operational efficiency.

Safety Promotion Initiatives

Following the success of the 'Hello Winter' safety campaign which took place in the financial year 2014/15, the SACAA in conjunction with other aviation industry stakeholders implemented the 'It's all about You' safety campaign during the year under review. The team, which included Air Traffic Navigation Services (ATNS), South African Search and Rescue; Comair; Aeroclub; and MAYDAY SA, visited flying clubs around the country. Areas visited and attendance are as follows:

Region	Number of Attendees
Eastern Cape	523
Lowveld: <i>Mpumalanga and Limpopo</i>	115
Gauteng	190
KwaZulu-Natal	131
North West	67
Free State	315
Total	1,341

During the reporting period, the Aviation Development Section co-ordinated the following workshops, conferences and seminars:

Workshops Provided

Type of Workshop	Date and Place
RPAS Workshops (2015)	23 July 2015 – Johannesburg 5 August 2015 – Port Elizabeth 19 August 2015 – Durban 2 September 2015 – Nelspruit 16 September 2015 – Bloemfontein 22 September 2015 – Rustenburg 30 September 2015 – Polokwane
Safety Management System (SMS) Workshops (2015)	6 July 2015 – Cape Town 31 July 2015 – Johannesburg 20 September 2015 – Port Elizabeth 28 September 2015 – George 13 October 2015 – Bloemfontein 14 October 2015 – Durban
Dangerous Goods and Air Cargo Security Workshop	30 September 2015 – Johannesburg
Working Group on Innovation in Aviation Security (WGIAS/2)	13–15 January 2016
AvSec Training and Certification	24–25 February 2016

Conferences

The SACAA hosted the Sixth Africa Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA) meeting at the Midrand Protea Hotel from 12 to 16 October 2015. During the meeting, South Africa was re-elected as the Chair of ICAO's CAPSCA programme in Africa. South Africa is being represented by the Head of the SACAA's Aviation Medicine department.

The SACAA's flagship industry consultation and safety promotion forum, the National Safety Seminar, took place on 07 October 2015. The seminar was well attended by 134 members of the industry, and included an international speaker.

Regional and Continental Technical Assistance

South Africa, through the SACAA, continues to make inroads in terms of contributing to Africa's aviation safety record. As part of its Africa Skills Assistance Plan, the SACAA has, in the last 12 months provided technical assistance to other civil aviation authorities across the continent. Assistance was offered to a number of countries. The idea is to help elevate aviation safety and security standards on the continent as well as compliance with global requirements.



Country	Nature of Technical Assistance	Impact on Country
Botswana	<p>Inspectors were sent to provide CAA Botswana with on-the-job training for their Aerodrome and Ground Aids Inspectors, over a two-week period.</p> <p>The Botswana CAA was assisted in strengthening their Aviation Medical Assessor Office, and training and re-designation of Aviation Medical Examiners.</p>	<p>The on-the-job training equipped the Botswana CAA inspectorate to meet an ICAO requirement to ensure that all their aerodromes are certified and licensed.</p> <p>Botswana CAA managed to strengthen its aviation medicine oversight role.</p>
Zambia	<p>The SACAA's Airworthiness team assisted their counterparts from Zambia CAA with the type acceptance and airline certification processes.</p> <p>The SACAA hosted a team from Zambia CAA highlighting the processes undertaken by South Africa in drafting and implementing RPAS regulations.</p>	<p>Enabled Zambia to register the first Airbus A319 on their Civil Aircraft Register and certified their local Air Operator.</p> <p>The benchmarking exercise provided Zambia with guidance on the setting up and implementation of RPAS regulations.</p>
Swaziland	Request for installation of the ECCAIRS system and on-the-job training on the use thereof by the SACAA's Accident and Incident Investigation Division.	An ICT expert on the system was allocated to the country to install and provide on-the-job training to Swaziland CAA staff. The system is used to log all accidents and incidents, which assists in the gathering of accurate statistics.
Tanzania	A team of Tanzanian CAA officials was hosted by the SACAA for a fact-finding and learning visit.	<p>Information was shared on the following areas:</p> <ul style="list-style-type: none"> • Aeronautical airport services • Civil aviation training organisations • Statistics and data collection, analysis and evaluation • Air transport operations • Business analysis and forecasting • Separation of air navigation services from the regulatory authority.
Namibia	<p>Request for assistance with on-the-job-training for a legal department in the following areas:</p> <ul style="list-style-type: none"> • Regulations development and amendment processes implemented by the SACAA • The secretariat procedures and the functioning of the SACAA Regulations Committee structures • The roles of the SACAA and industry with respect to the committees and how they operate • Information concerning the satisfactory implementation of ICAO protocol question requirements with respect to operating regulations. <p>Assistance was rendered with inspections for certification of four airports.</p>	<p>A month-long training initiative was provided to enable Namibia to implement its own regulation development committee, involving the industry.</p> <p>The four international airports in Namibia are now properly certified in accordance with the ICAO Annex 14 requirements.</p>
Kenya	Request SACAA to nominate a facilitator for the first East Africa Aviation Medical Examiner Refresher Training.	A facilitator was allocated for the course which assisted the country in ensuring that their aviation medical examiners stay current, as required by ICAO standards.

Country	Nature of Technical Assistance	Impact on Country
China	Request for the SACAA to enter into a Memorandum of Understanding (MoU) that will put into motion the process of type certifying a Chinese aircraft in South Africa.	SACAA inspectors visited China towards the end of 2015 in order to start the Type Acceptance process.

SACAA Collaborates with Peers to Curb the Ebola Outbreak

The SACAA participated in the ICAO-World Health Organization (WHO) CAPSCA Assistance Mission in west Africa (Liberia, Ghana and Nigeria) during the recent Ebola outbreak. The Aviation Medical department of the SACAA, together with the ICAO-WHO regional and headquarters team, offered training to representatives of the affected countries. The occasion was also used to exchange notes on lessons learned from the 14 countries considered Ebola high risk areas by the WHO.

Enforcement of Regulations

Statistics indicate that in aviation there is absolutely no room for error. Errors whether deliberate or not, simply lead to the loss of lives. During the reporting period, the SACAA worked with various stakeholders to ensure that South African skies remain safe. To achieve this objective, it applies a three-pronged approach. One of the approaches entails auditing and certifying aviators and aviation operations. The second approach entails encouraging and reminding aviators about the importance of unquestionable airmanship. The third approach focuses on applying punitive measures against lawbreakers.

Enforcement Activities During the 2015/16 Financial Year

Administrative fines		Warnings		Suspensions and disqualifications	
National Pilot's Licence holder	1	Aircraft Maintenance Organisation	1	National Pilot's Licence holders	2
Airline Transport Pilot's Licence holders	3	Commercial Pilot's Licence holders	3	Airline Transport Pilot's Licences downgraded to CPL	2
Commercial Pilot's Licence holders	6	Private Pilot's Licence holders	4	Private Pilot's Licence holder	1
Private Pilot's Licence holders	9	National Pilot's Licence holder	1	Aircraft Maintenance Organisation	1
Aircraft Maintenance Engineers	3	Remotely Piloted Aircraft Systems	2	Total	6
Aircraft Maintenance Organisations	2	Air Operating Certificate owner	1	<i>Disqualifications</i>	
Aviation Security Training Organisation	1	Aerodrome Approval holder	1	Private Pilot's Licence holder	1
Air Operating Certificate owners	4	Cabin Crew Licence holder	1	Total	1
Aircraft owners	4			<i>Criminal Cases</i>	
Aviation Training Organisation	1			Commercial Pilot's Licence holder	1
				Remotely Piloted Aircraft Systems	1
				Total	2
Total	34	Total	14	Total	9

Revenue Collection

The table below illustrates that total revenue for the year of R538.5 million (2015: R462.5 million) increased by 17% when compared to the previous year. This is 2.4% higher than the budgeted amount of R526.1 million. The revenue from the Passenger Safety Charge increased by 20% when compared to the previous year, mainly as a result of tariff increases, higher passenger numbers and a claw-back from a previous over-collection.

Revenue Collection

Sources of revenue	2015/16			2014/15		
	Budget R'million	Actual R'million	Variance R'million	Budget R'million	Actual R'million	Variance R'million
Passenger Safety Charge	389.7	401.0	11.3	326.4	333.8	7.4
User fees	84.5	83.9	(0.6)	79.5	74.3	(5.2)
Fuel levy	23.9	21.1	(2.8)	20.0	23.5	3.5
Accident and incident investigation grant	18.7	18.7	-	17.9	17.9	-
Interest received	6.3	9.7	3.4	5.2	9.7	4.5
Other income	3.0	4.1	1.1	3.1	3.3	0.2
Total	526.1	538.5	12.4	452.1	462.5	10.4

Capital expenditure of R17.4 million, as detailed in the table below, was incurred during the year compared to the budgeted R44.5 million. This is an underspend of R27.1 million. The underspend is the result of a delay in implementing the Enterprise Business System EBS modules, mainly attributable to cleaning of data to be imported into the new system.

Capital investment

Capital projects	2015/16			2014/15		
	Budget R'million	Actual R'million	Variance R'million	Budget R'million	Actual R'million	Variance R'million
Furniture and fittings	1.6	1.0	(0.6)	3.4	1.1	(2.3)
Motor vehicles	-	0.3	0.3	0.5	0.6	0.1
Computer equipment	2.0	2.2	0.2	9.0	4.5	(4.5)
Generator	-	0.1	0.1	-	0.3	0.3
Canteen equipment	-	-	-	-	-	-
Calibration equipment	12.0	-	(12.0)	-	-	-
Computer software	28.9	13.8	(15.1)	50.9	33.1	(17.8)
Aircraft	-	-	-	19.0	-	(19.0)
Land and buildings	-	-	-	-	-	-
Total	44.5	17.4	(27.1)	82.8	39.6	(43.2)

Report on RAASA

The Recreational Aviation Administration of South Africa (RAASA) is a registered company in terms of the Companies and Intellectual Property Commission's (CIPC) Memorandum of Incorporation. The entity has been designated by the Director of the Civil Aviation (DCA) to conduct limited oversight on the recreational aviation sector within South Africa. RAASA is designated and empowered to perform functions stipulated in the South African Civil Aviation Regulations (CARs) as contained in Part 149.01.2.

Below are the functions designated to RAASA:

- Establish safety standards relating to aviation recreation;
- Exercise control over Aviation Recreation Organisations (ARO) that are approved in terms of Regulation 149 of the CARs;
- Determine standards for the operation and airworthiness of aircraft involved in recreational aviation;
- Issue special flight permits (Authority to Fly)
- Determine standards for the licensing of personnel (Part 62 and 68 National Pilot Licence) involved in recreational aviation;
- Issue licenses to such personnel (Part 62 and 68 National Pilot Licence); and
- Advise the DCA on any matter connected with the operation and airworthiness of aircraft or the licensing of personnel involved in aviation recreation.

This relationship is managed through the Memorandum of Agreement (MoA) and Service Level Agreement (SLA) entered into between the SACAA and RAASA. In addition, three SACAA executives serve on RAASA's Board of Directors.

Renewed Relationship

RAASA entered into a new MoA with the SACAA on 1 April 2015. This MoA provides for a closer relationship and renewed co-operation between the parties, and provides for a SLA which details the functions designated to RAASA. The new MoA was signed for three years, and terminates in March 2018.

Enterprise-wide Business System

In order to streamline the systems of the SACAA, and to provide for an end-to-end administrative platform, RAASA has committed itself to the integration of its administrative processing systems with those of the SACAA. This entails the installation of a dedicated communication line with the SACAA, making RAASA a virtual office within the SACAA. This will allow real-time data viewing between the organisations, and information can be verified without any additional workload for the respective parties. The complete program roll-out is expected to take three years and is on track at the end of its first year.

Board Operation

In line with the MoA with the SACAA, the Board of RAASA has embarked on a process to review its charter. It has similarly, through its Audit, Remuneration, Risk and Compliance Committee (ARRC), updated its ARRC Charter to better provide for the respective functions.



Issuing of Pilot Licenses and Authorities to Fly for NTCA

For the period 1 April 2015 to 30 March 2016, 1,998 pilot's licences were issued and/or renewed, bringing the total number of valid licences to 3,687. A total of 2,404 Authority to Fly permits were issued to non-type certified aircraft (NTCA).

Event Approval

Event applications for the period under review were substantially lower than in the corresponding period of the previous year. There appear to be two reasons for this; firstly, amendments in the Safety at Sport and Recreation Events Act, 2010 have filtered through to organisers of these events, adding an administrative compliance burden. Secondly the decline in economic markets has caused many sponsors to reduce sponsorships or completely withdraw their support for these events. RAASA has embarked on a programme to assist organisers to overcome the administrative compliance burden. It is envisaged that the number of events will increase slowly in the ensuing year. The number of Display Authorisations issued for pilots, both at events and at temporary parachute displays, has remained the same compared to the previous year.

Regulation Development

A number of amendments to the Civil Aviation Regulations, 2011, pertaining to the operation and maintenance of NTCA were made. The most significant was the initiation by the RAASA of Project 24. The objective of this project is to realign the current regulations with a variety of amendment proposals that RAASA received, as well as to provide a uniform set of regulations exclusively catering for the NTCA environment. Nineteen consultative workshops have already been conducted with the industry. This project is planned for completion in the upcoming financial year, and will then be subject to the CARCom processes and promulgation prescripts.

Further Development of this Sector

NTCA are said to be more fuel-efficient and economically viable than their certified counterparts. Even though the majority of NTCA are built or restored to be used for sport and recreational purposes, many of these aircraft are also being used for pilot training, scenic flights and entry-level commercial operations. NTCA can also be used to support other commercial non-passenger operations such as nature conservation, security, aerial surveys, research, as well as agricultural operations, to name but a few. The NTCA sector could serve as a training platform and eventual feeder to the larger industry. It also has the potential to enhance skills development and job creation in areas such as engineering, aircraft design, repair and maintenance.

To adequately cater for these operations, dialogue is taking place with the Department of Transport's Domestic Air Services Licensing Council on the applicability of these licences in this sector. Project 24 also seeks to address a number of these private and professional operations with a view to allowing safe and viable operations.

Approving and Auditing Aviation Training Organisations

The number of new applications for Aviation Training Organisations (ATOs) providing training under the National Pilot Licensing dispensation has shown a slow but steady increase. The number of ATOs ceasing operation is less than that of the new applications. With the provision outlined in the proposed regulation pertaining to sightseeing or flipping operations, it is envisaged that the operations will shift to the newly provisioned regulatory framework. However, the number of ATOs is likely to remain the same. The new regulatory framework will allow for more specific inspection and auditing of ATO operations, separate from introductory flights. It is also expected that this provision will have a positive statistical effect on the actual number of students completing their training. The resulting specific differences in inspection methodology will add more value to the current oversight surveillance programmes.

Governance



Introduction

The Board assiduously subscribes to the principles of the King III Report on Corporate Governance. Sound corporate governance is not merely a 'nice to have', but rather a mandatory requirement towards upholding business success.

The SACAA Board believes that governance is key to a successful and well-respected regulatory body, and this has remained the focal point by ensuring that corporate governance is adhered to. As such the Board is committed to the highest standards of business integrity, ethical values and governance. The Board has ensured that the SACAA conducts its affairs with accountability, transparency, fairness and prudence.

In keeping with high standards of governance principles and practices, the Board not only endorses compliance with the provisions of the Code of Corporate Governance contained in the King III Report, but also the additional requirements for good corporate governance as stipulated in the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA). To demonstrate its firm commitment, the Board, with the assistance of the Audit and Risk Committee, conducted a King III gap analysis in the year under review. The analysis reflected that the SACAA subscribes to and applies almost all the King III principles, with the exception of principles 2.12, 2.24, 3.4, 9.1, 9.2 and 9.3 which relate mainly to Integrated Reporting. In considering these principles, the Board had due regard for the fact that the SACAA is not a listed company; as well as the cost benefit associated with these principles and the requirements in terms of the National Treasury guidelines. It is noted that principle 2.24 deals with subsidiaries and the SACAA does not have any subsidiary companies.

The current Board was kept abreast of key developments that affect the entity, ensuring that the Board's consideration of matters of strategy, policy and performance are always robust, informed and constructive.

The SACAA is a Schedule 3A public entity in terms of the PFMA. According to the PFMA, the SACAA Board is the Accounting Authority, whilst the Minister of Transport is the Executive Authority in line with the Civil Aviation Act, 2009, (Act No. 13 of 2009).

The Board of Directors is now in the second year of its term, having been appointed retroactively on 01 October 2014. The Board is now, in keeping with the strong governance trends at the SACAA, acclimatised to the core business of SACAA. Whilst the Board remains the focal point of corporate governance, it has concerned itself in the past year with:

- Enhancing shareholder value;
- Recommending proposed amendments to the Civil Aviation Act;
- Submitting the proposed national aviation transformation strategy to the shareholder; and
- Finalising the organisational design review project to ensure excellence in performance.

The Board continues to apply a stakeholder-inclusive model of corporate governance, whereby the interests of all stakeholders are taken into account in developing and implementing the SACAA Strategy and Annual Performance Plan.

In keeping with King III principles, the following governance events that took place during the year under review are worth noting:

- The Board held a two-day strategic planning session during August 2015. The session was attended by Board members and Executive Management and culminated in the updated strategy for the SACAA.
- Various workshops and training sessions were held on supply chain management requirements; changes to the Broad-based Black Economic Empowerment Amendment Act scorecard requirements for the transport sector; and the review of strategic risks.
- The Corporate Governance Plan was reviewed and submitted to the Minister of Transport as the Executive Authority, representing the Shareholder.
- The Board successfully held its Annual General Meeting on 07 September 2015, and all resolutions tabled were approved by the Shareholder.
- The Board successfully concluded its performance agreement with the Minister of Transport during March 2016.
- The Executive Authority approved the SACAA's Strategic Plan and the Annual Performance Plan for the 2016/17 financial year.
- A comprehensive Board and peer evaluation was conducted during the latter part of the financial year wherein it was concluded that the Board was functioning optimally.

Executive Authority

As required in terms of the prescripts of the PFMA and the Board Performance Agreement, all four quarterly reports were submitted timeously to the Executive Authority. The reports were reviewed and approved by the Accounting Authority prior to submission. At year-end, the SACAA had met 100% of its targets which reveals not only a firm commitment to operational excellence in performance, but a well-run entity supported by a firmly anchored leadership model and team, committed to delivery of the core mandate and determined to achieve the vision set by the Board in 2014 **"to be ranked among the top 10 civil aviation authorities globally by 2020"**.



Accounting Authority

The Accounting Authority receives favourable and constructive written feedback from the Executive Authority on its reported performance on an on-going basis. The Board has positively embraced the response from the Minister and has remained committed to delivering on its obligations as stated in the Annual Performance Plan.

Role and Responsibilities of the Board

The Board retains full and effective control over the governance of the SACAA and a clear division of responsibility exists at board and executive level. It has delegated some of its powers to the Director of Civil Aviation (DCA) and the Executive Committee through a delegation of authority (DoA) framework which has been 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 leadership;
- Develop the SACAA Strategy and Annual Performance Plan;
- Manage the SACAA's income, expenditure and assets;
- Determine, oversee and revise the corporate governance structures within the SACAA;
- Determine, oversee and revise the human resources policies and human resources strategies of the SACAA;
- Ensure that the SACAA is managed effectively in pursuing 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 information technology infrastructure; and
- Ensure that the SACAA complies with all the applicable laws, and also considers adherence to non-binding rules, codes, policies and standards.

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

Board Charter

The Board has adopted a formal Charter which clearly articulates the duties and responsibilities of the Board and is reviewed and approved annually to ensure that it is relevant and aligned with best practice. It is also closely aligned with the King III Report. The Board confirms that, during the period under review, it has satisfactorily discharged its duties and obligations as contained in the Board Charter.

Board Composition

The Board has remained stable over the reporting period, comprising seven non-executive Directors and one Executive Director, namely the Director of Civil Aviation. All the Directors were appointed by the Minister of Transport in accordance with the Civil Aviation Act.

Members of the Board:

- Mr SS Mokoena – Chairman (Non-executive)
- Major-General NLJ Ngema (Non-executive)
- Ms L Dlepu (Non-executive)
- Professor NV Dyani-Mhango (Non-executive)
- Mr M India – shareholder representative (Non-executive)
- Advocate RR Dehal – re-appointed in October 2014 (Non-executive)
- Ms D Dondur – re-appointed in October 2014 (Non-executive)
- Ms P Khoza – DCA (Executive)

All non-executive Directors are appointed for a term of three years; with the exception of Mr India, whose term remains as is until further notice.

In keeping with international best practice, the SACAA has an independent non-executive Chairman, Mr SS Mokoena, who is free of any conflict of interest. The Board is satisfied that the size, diversity, skills, qualifications, knowledge and expertise of its members are adequate to ensure an effective and well-balanced Board. This also contributes to an appropriate balance of power and authority and robust intra-board deliberations.

As alluded to earlier, in December 2015 the Board embarked on an independent board and peer evaluation. The evaluation itself was conducted at an opportune time since 01 November 2015 marked the first year of the Board's term in office. The scope of the evaluation included amongst others, a peer evaluation, an evaluation of all Board Committees and Management's relationship with the Board.

The evaluation process and report provided insight for members on their roles and responsibilities and provided an opportunity to reflect on commitments to the Shareholder and the entity, as well as the governance challenges faced by the Board and how these will be overcome. The evaluation found that the Board functions cohesively and all engagements are considered to be robust and transparent. The skills set of the Board, both collectively and individually, was found to be adequate; although a few members still required more training on the technical aspects of the business. The relationship with Management was found to be good and the Board was adequately supported. As one of the values of the entity is **"Good is never good enough"**, the Board has committed to improving its performance to ensure excellence in all that it does.



A total of nine Board meetings were held in the year under review. The table below delineates the composition of the SACAA Board during the 2015/16 financial year, as well as meeting attendance:

Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Mr Smunda Mokoena								
Non-executive Director/Member	01/10/2014	-	BSc (Engineering) MBA Government Certificate of Competency as Electrical Engineer for the Mines & Works in SA (GCC)	Engineering and governance	Petro SA (until 31/12/2015) Minerals and Petroleum Board (MPB) SA Deputy President's Advisory Panel on Eskom Turn Around Strategy	Institute of Directors of South Africa (IoDSA)	Safety, Security and Environmental Committee (SSEC)	9/9
Chairperson of the Board								
Ms Doris Dondur								
Non-executive Director/Member	01/07/2013 Re-appointed 01/10/2014	-	BAcc Honours BCompt MBA Certificate in Labour Relations Certificate in International Executive Development Programme Gaming Executive Development Programme Professional Designation: CA (SA)	Finance Business Administration Enterprise Risk Management Corporate Governance Investment Management Auditing IT Governance Labour Relations and Human Resources Business Acumen	South African National Blood Services Gautrain Management Agency Basil Read Holdings Professional Provident Society (PPS) Gauteng Growth and Development Agency	Institute of Directors (SA) (IoDSA) – Fellow member Institute of Internal Auditors (IIA) South African Institute of Chartered Accountants (SAICA)	ARC, Human Resources Committee (HRC) and Procurement Oversight Committee (POC)	8/9
Chairperson of the Audit and Risk Committee (ARC)								



Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Advocate Roshan Dehal								
Non-executive Director/Member	01/04/2011 Re-appointed 01/10/2014	-	BProc Bachelor of Laws – LLB Advocate of the High Court of South Africa	Legal	Audit Committee Department of Cooperative Governance (DCoG), Audit Committee Municipal Infrastructure Support Agency (MISA) Audit Committee Department of Traditional Affairs (DTA) Iziko Museum Council National Film & Video Foundation (NFVF) Board of the Human Sciences Research Council (HSRC) Editorial Board of the Human Sciences Research Council (HSRC)	Institute of Directors of South Africa (IoDSA)	LRC, SSEC	6/9
Chairperson of the Legislative and Regulatory Committee (LRC)					South African Nursing Council Disciplinary Appeals Committee Department of Arts and Culture National Archives Advisory Council			

Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Major-General Nhlanhla Ngema								
Non-executive Director/ Member Chairperson of the Safety, Security and Environmental Committee (SSEC)	01/10/2014	-	Diploma in Aviation Studies International Diploma in Defence Resource Management Airline Transport Pilot Licence Senior Defence Management Certificate	Aviation Operations	None	Institute of Directors of South Africa (IoDSA)	SSEC, HRC	8/9
Professor Ntombizozo Dyani-Mhango								
Non-executive Director/ Member Chairperson of the Procurement Oversight Committee (POC)	01/10/2014	-	LLB LLM LLD Associate Professor of Law	Legal	None	Institute of Directors of South Africa (IoDSA)	ARC, LRC and POC	8/9



Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Ms Lizeka Dlepu								
Non-executive Director/Member Chairperson of the Human Resource and Remuneration Committee (HRC)	01/10/2014	-	BA (Psychology) Certificate in Telecommunications Regulations and Regulatory Environment	Human Resources	Nojoli Wind Farm Board of Trustees Electra Board of Trustees Gibson Bay Wind Farm Board of Trustees	Institute of Directors of South Africa (IoDSA)	HRC and SSEC	7/9
Mr Mongezi India								
Non-executive Director/Member Shareholder Representative	01/10/2014	-	National Diploma in Security Risk Management Diploma in Aviation Security Management and Aviation Training Project Management Certificate Programme in Economic and Public Finance, Disaster and Communication Management Certificate Former Military/Defence/Police Officer	Aviation Security	South African National Parks (SANParks) Safety at Sports and Recreational Events Appeal Board	Institute of Directors of South Africa (IoDSA) Former Member of the National Council for Correctional Services Former SA Representative of the AvSec Panel of Experts of ICAO United Nations Specialised Agency	ARC, LRC and POC	8/9

Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Membership of Professional Associations	Other Committees	No. of Meetings Attended
Ms Poppy Khoza								
Executive Director	01/12/2013	-	B Management and Advanced Business Programme International Executive Development Programme (Wits and London Business School) International Visitor's Leadership Programme (USA) Civil Aviation Chief Executive Programme Certificate (Singapore Aviation Academy) Certificate in Aviation Safety for Directors General (Singapore Aviation Academy with ICAO) Various Civil Aviation Certificates from ICAO and IATA Certificate in Travel and Tourism Certificate in Emerging Management Programme	Leadership and Aviation	Chairman of the ICAO Aviation Security Panel 2015/16	Institute of Directors of South Africa (IoDSA)	ARC, HRC, LRC, SSEC and POC (Invited Member)	9/9
Director of Civil Aviation								

Board Committees

The Board Committees form an integral part of the SACAA governance model. They 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 Board has five committees, namely the Audit and Risk Committee, the Human Resources and Remuneration Committee, the Safety, Security and Environmental Committee, the Legislative and Regulatory Committee and the Procurement Oversight Committee.

All committees operate within the framework of Board-approved terms of reference, which are reviewed annually by the committee 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. This ensures a healthy system of governance. The Board appoints the Chairperson and members of each of the committees. The Audit and Risk Committee (ARC), is nominated by the Board but confirmed at the Annual General Meeting (AGM).

During the reporting period, the committees were constituted as follows:

Audit and Risk Committee (ARC)

This remains a statutory committee of the Board. The members were nominated by the Board and their appointment ratified at the AGM of 07 September 2015.

The ARC operates in accordance with approved terms of reference and an in-depth annual work plan, and is responsible for the review of financial performance; performance information monitoring; external audit strategy and reports; internal audit function; risk management; budgets; PFMA compliance; fraud and corruption; information technology governance; and the monitoring of capital expenditure (Capex) projects.

Human Resources and Remuneration Committee (HRC)

This HRC advises the Board on human resource and remuneration matters. Like all other Board committees, it reports to the Board in line with the King III requirements. The HRC is tasked with overall accountability for performance monitoring against the human resource strategy; making remuneration strategy and policy recommendations to the Board; overseeing disciplinary and employment equity matters; remuneration issues; human resource policies; and social responsibility. The HRC's duties and responsibilities are detailed in its Board-approved terms of reference.

Safety, Security and Environmental Committee (SSEC)

The SSEC was constituted to ensure that the Board is aware of aviation safety and security matters as well as environmental issues. It conducts safety and security oversight and mobilises the requisite resources for safety and security matters, including audits. The SSEC continues to review key strategies impacting the aviation industry.

Legislative and Regulatory Committee (LRC)

On an on-going basis the SACAA deals with multiple legislative and regulatory matters. The LRC was constituted to advise the Board on legislative, regulatory and compliance matters affecting the Board and the SACAA as a whole.



Procurement Oversight Committee (POC)

The POC was formed at the end of October 2015 by the Board with the aim of considering tenders above the approval limit of the DCA. The POC operates in accordance with duly approved Terms of Reference.

The table below indicates attendance of committee meetings for the period under review.

Committee	No. of Meetings Held	No. of Members	Name of Members	Meetings Attended
Audit and Risk Committee	6	3	Ms D Dondur (Chairperson)	6
			Mr M India	4
			Prof. N Dyani-Mhango	6
Human Resources and Remuneration Committee	7	3	Ms L Dlepu (Chairperson)	7
			Ms D Dondur	6
			Major-General NJL Ngema	6
Safety, Security and Environment Committee	6	4	Major-General NLJ Ngema (Chairperson)	6
			Adv. RR Dehal	5
			Ms L Dlepu	5
			Mr SS Mokoena	5
Legislative and Regulatory Committee	5	3	Adv. RR Dehal (Chairperson)	3
			Prof. NV Dyani-Mhango	4
			Mr M India	3

Board Remuneration

Board remuneration is determined by the Minister of Transport. 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. Board remuneration is disclosed in the Annual Financial Statements and is summarised hereunder:

Name	Annual Remuneration (R)	Other Allowance (R)	Other Reimbursements* (R)	Total (R)
Mr SS Mokoena	328,584	–	3,744	332,328
Ms D Dondur	284,373	–	6,499	290,872
Adv. RR Dehal	256,495	–	171,868	428,363
Ms L Dlepu	286,222	–	2,742	288,964
Mr M India	248,871	–	3,394	252,265
Major-General NLJ Ngema	289,680	–	15,725	305,405
Prof. NV Dyani-Mhango	266,751	–	5,485	272,236

* Reimbursement expenses are disclosed in terms of Treasury Regulations 28 (1) (4) of the PFMA as reimbursement costs paid to Board members. The costs include flights, car hire, accommodation and travel costs for all meetings of the Board and its committees.



Risk Management

Enterprise-wide risk management is a fundamental component in ensuring that the Authority fulfils its mandate, through the continuous assessment of current risks and the identification of new risks. All risks, whether they are strategic or operational in nature, are documented in risk registers and continually addressed through mitigating action and treatment.

Risk management is a standing agenda item of the Audit and Risk Committee and the Strategic Risk Register is reviewed on a quarterly basis. At the beginning of the year, 12 strategic risks, with an inherent risk level exposure score of 22.16 were recorded. By the end of the year, all risk levels had diminished as a result of the mitigation and treatment plans, resulting in a residual risk level exposure score of 11.83. During the fourth quarter of the reporting period, the organisation's strategic risk profile was reviewed and 13 strategic risks were identified, with mitigation measures implementable from the beginning of April 2016.



As part of the redesigned organisational structure, the SACAA has a department that concentrates on independently managing risk mitigation plans. The table below outlines strategic risks identified.

SACAA Strategic Risk Matrix

Risk description	Strategic goals	Strategic objective	Inherent risk level	Residual risk level
Misaligned safety interventions causing accelerated accident rates	Regulates aviation industry in compliance with CA Act and ICAO safety and security elements	Revise and implement C-FARP and align with international best practice	25	16
Non-compliance with legislation	Propose legislative review and governance arrangements Drive organisational efficiency and effectiveness	Improve governance arrangements with designated bodies	25	9
Inadequate and ineffective aviation safety and security measures	Regulates aviation industry in compliance with CA Act and ICAO safety and security elements	Achieve a step-change in regulating aviation safety and security	25	9
Reduction of ICAO score to below global average – less than 60%	Regulates aviation industry in compliance with CA Act and ICAO safety and security elements	Achieve a step-change in regulating aviation safety and security	25	9
Inadequate skills capacity and loss of key skills	Drive organisational efficiency and effectiveness	Enhance skills capacity	20	12
Poor customer service and experience	Significantly improve client service experience	Significantly improve customer experience	20	12
Lack of buy-in by internal and external stakeholders	Improve communication and stakeholder management	Significantly improve internal and external stakeholder engagement	20	12
Untransformed industry	Accelerate aviation industry transformation	Implement SACAA-specific aviation industry transformation strategy deliverables	20	12
Unsustainable funding model	Secure financial sustainability	Diversify and expand sources of revenue	20	9
Business continuity within SACAA	Drive organisational efficiency and effectiveness	Improve governance arrangements	20	9
Sub-optimal execution of SACAA goals as a result of the ICT application	Drive organisational efficiency and effectiveness	Acquire ICT infrastructure to support SACAA business model	16	12
Labour unrests (strikes, damage to property, ineffective service, etc.)	Improve communication and stakeholder management	Significantly improve internal and external stakeholder engagement	16	12
Conflict of interest	Drive organisational efficiency and effectiveness Propose legislative review and governance arrangements	Improve governance arrangements	16	9

Internal Control Unit

The SACAA does not have an Internal Control Unit as such functions and activities are dealt with by the Internal Audit Department and Audit and Risk Committee.

Internal Audit

The SACAA has established an Internal Audit Department in line with the PFMA and Treasury Regulations. Internal Audit is an independent and objective assurance and consulting activity, established to add value and improve SACAA operations. 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 systems, which must be managed in a manner that ensures:

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

The Internal Audit Department reports functionally to the Board's Audit and Risk Committee (ARC) and administratively to the Director of Civil Aviation (DCA).

Key Activities and Objectives of Internal Audit

The Internal Audit department is responsible for maintaining an adequate system of internal control within the SACAA. In line with the PFMA, Treasury Regulations and King III, the department provides the ARC and SACAA Management with assurance that internal controls are appropriate, adequate and effective.

Internal Audit plays a key and independent role within the organisation in assessing the adequacy and effectiveness of risk management, internal controls and governance processes. One of its functions is to ensure that there is improved internal control within the organisation as well as compliance with applicable legislation. Constant and regular monitoring of performance is undertaken.

The Internal Audit Department prepares a risk-based Three-Year Coverage Plan as well as an Annual Audit Plan for approval by the Audit and Risk Committee. Progress reports against the plans are presented quarterly to the Audit and Risk Committee by the Chief Audit Executive, to enable it to discharge its oversight responsibility.

The Internal Audit Coverage Plan ensures that the internal audit function focuses on high and significant risk areas of the organisation. The plan is balanced, since it covers both strategic and operational risks, as well as issues of compliance.



Summary of Audit Work Done

The Internal Audit Department executed and completed all the audits on the approved Internal Audit Coverage Plan for the year under review and significant and major findings were reported to the Audit and Risk Committee on a quarterly basis.

A findings tracking register was developed, which is used to continuously monitor and follow up on progress made by Management in addressing agreed management action and implementation plans. In addition, the Internal Audit Department addressed numerous *ad hoc* requests by Management as part of its consulting activities, according to the standards of the Institute of Internal Auditors (IIA).

Audit and Risk Committee

The Audit and Risk Committee (ARC) derives its mandate from the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Treasury Regulations, with specific reference to section 51 of the PFMA. In terms of the above legislation the Board is required to appoint the ARC and the appointment of the members is ratified by the Executive Authority at the Annual General Meeting.

The ARC has adopted appropriate, formal Terms of Reference (ToRs) which are reviewed annually and approved by the Board. This ARC is independent and carries out its functions without any influence or interventions from the Board or Management of the SACAA.

Independent and objective oversight are maintained over, among others, financial and sustainability reporting, financial management, risk management, the internal audit function, external audit, procurement processes, information technology, governance and integrated reporting within the SACAA. The ARC meets at least four times a year to consider the quarterly financial management report, internal audit quarterly report, risk management report, performance management, external audit strategy and any other statutory requirements. (See also the Audit and Risk Committee Report on pages 83 to 87 and pages 104 to 107.)

Compliance with Laws and Regulations

In terms of King III, the Board is required to ensure that the SACAA complies with applicable laws and considers adherence to non-binding rules, codes and standards. This has remained an ethical imperative for the Board and the SACAA. Quarterly reporting on compliance with the PFMA as well as international codes and standards has been on-going. The SACAA has compiled a compliance manual which sets out its compliance parameters.

Fraud and Corruption

The SACAA Fraud Prevention Plan deals primarily with matters pertaining to fraud and corruption prevention, detection and investigation. Fraud prevention and detection initiatives are supported by the Fraud Tip-offs Hotline and on-going fraud awareness campaigns in the organisation and the aviation industry. The 2015/16 financial year saw focused attention on encouraging stakeholders to report incidents of criminality and maladministration. The SACAA remained on track in terms of implementation of the Fraud Prevention Plan.

The SACAA is aware that fraud and corruption within the industry have the potential to undermine aviation safety and security; hence initiatives were undertaken during the year under review to augment efforts around industry fraud awareness campaigns. The Fraud Tip-offs Hotline was re-launched in November 2015, coinciding with International Fraud Awareness Week, which was organised by the Association of Certified Fraud Examiners. Fraud awareness posters were distributed throughout the industry. In addition, the SACAA intends to review its fraud management policies to manage related risks, should there be any litigation.

The 24/7 Fraud Tip-offs Hotline facilitates the anonymous reporting of alleged fraud and corruption activities, both within the Authority and the industry, and is accessible to internal and external stakeholders. Other reporting mechanisms, such as walk-in and e-mail facilities, are available to stakeholders who do not wish to make use of the hotline.

All reported incidents are subjected to an initial assessment aimed at determining whether they warrant a forensic investigation or other remedial actions. Forensic investigations are mostly conducted internally and in certain instances are outsourced to external service providers, in line with the adopted co-source model. Where investigations reveal evidence of misconduct, corrective actions, as provided for in terms of prevailing policies, are considered.

In line with SACAA's zero tolerance approach, Management has developed a Forensic Tracking Register which details all remedial actions recommended in the forensic investigation reports. The register is used to track the implementation progress of the recommended actions, and hence ensures that corrective actions are fully implemented. Progress is tracked and monitored by Executive Management on a monthly basis and by the Board through the Audit and Risk Committee on a quarterly basis.

The reporting period has seen an implementation rate of 90% being achieved. This rate provides assurance to the Board that adequate steps have been taken by Management to manage fraud and corruption.



Minimising Conflict of Interest

Conflict of interest is managed 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 the Internal Audit department for validity, accuracy and completeness and, where discrepancies exist, such discrepancies are subjected to a full forensic investigation. The Internal Audit department 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.

All Board members are required to declare any conflict of interest on an on-going basis. The Board Charter details the importance of declaring conflict of interest and contains prescripts for dealing with such conflicts.

Code of Conduct

The SACAA has both a Code of Conduct and a Code of Ethics in place which define the ethos in terms of values and behavioural principles expected of its directors, employees and contractors. These codes ensure that the SACAA maintains high ethical standards at all times. The values encapsulated in the Code of Conduct are continuously instilled through on-going communication and training.



Health, Safety and Environmental Issues

The SACAA is a medium-risk organisation with a positive health and safety culture. The organisation places a high premium on the well-being of its employees. In this regard, the organisation has an effective health and safety management system in place to ensure the continued health, safety, welfare and development of its staff. The health and safety management system meets recognised standards and is backed by effective policies and procedures.

The Health and Safety (H&S) department successfully discharged its duties in line with its Annual Performance Plan. In this regard, the unit was successful in undertaking continuous organisation-wide occupational health and safety hazard identification and risk assessments. The organisation's occupational health and safety policy was successfully reviewed and continuous training and capacity-building were provided for occupational health and safety representatives. Moreover, the SACAA was issued with a Letter of Good Standing by the Department of Labour's Compensation Commissioner.

The H&S department has, however, noted the need to intensify occupational health and safety awareness across the organisation, due to a slight increase in the number of on-duty incidents. As the table below illustrates, there were six minor injury cases reported during the review period compared to five during the 2014/15 financial year. All reported incidents were minor, but met the reporting requirements of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993). All reported incidents were duly processed and submitted to the Department of Labour's Compensation Commissioner.

Two-year Comparison of Reported Injuries on Duty

Category of Injury	Period 2014/15	Period 2015/16
Fatal	0	0
Minor injury	5	6
Major injury	0	0
Dangerous occurrence	0	0
Ill health	1	0
Total reports	6	6



Company Secretary

The Board is adequately supported by a competent Company Secretary. The Company Secretary has a pivotal role to play in advising the Board on its roles and responsibilities, amongst other duties. The roles and responsibilities of the Company Secretary are defined in the Board Charter, read together with the King III Report. 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 has access to the services of independent professionals and advisors where necessary, and provided that due process has been followed. 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.

The duties of the Company Secretary include:

- 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 so as to make informed decisions; and
- Ensuring Board induction, training and development.

Social Responsibility

Training and Skills Development

In order to address aviation transformational challenges, the SACAA has augmented its initiatives, which now include career and opportunity awareness as well as training and capacity development.

Career awareness

The SACAA continued to champion the Joint Aviation Awareness Programme (JAAP). JAAP is a state-initiated project that brings together key aviation role players in the pursuit of transformation of the aviation industry, by ensuring that previously disadvantaged youth have access to and participate in initiatives aimed at aviation career and opportunity awareness. In this regard, the SACAA visited 371 schools, mostly based in rural areas across the country. In the process, over 20,924 learners were introduced to various careers and opportunities in the aviation sector.



School Visits – Career Awareness Programme 2015/16

Province	Number of Schools		
	Target	Actual	Variance
Limpopo	36	72	36
Northern Cape	5	63	58
Western Cape	12	12	0
Eastern Cape	22	27	5
Gauteng	26	31	5
Mpumalanga	24	58	34
KwaZulu-Natal	24	46	22
Free State	17	32	15
North West	64	30	(34)
Total	230	371	141

Men in the Making 2016

The SACAA hosted the Tracker Men in the Making campaign at its Midrand office on 17 March 2016. Twenty high school learners received a wealth of information on various careers in aviation, including aeronautical engineering as well as aviation law. The day concluded with a tour of the SAA technical training facilities, an opportunity to view the aircraft simulator model and listen to a presentation by an aircraft maintenance engineer and a pilot.



Donations and aviation bursary

As part of its commitment to transformation in the aviation industry, the SACAA regularly makes presentations on aviation at rural schools around the country. In October 2015, the aviation development team gave a presentation at the Muthuhadini School in Mpheni Village and discovered that not only did most of the learners come from disadvantaged backgrounds, but that a number were orphans. As a result, the organisation donated 50 pairs of shoes for needy children at the Muthuhadini Combined School near Elim in Venda. The Authority also offered a bursary for study in the field of aviation to the school's top matric learner at the end of the 2016 calendar year. The Authority will also be providing monthly groceries to a child-headed family identified in the same neighbourhood.



Report of the Audit and Risk Committee

The Audit and Risk Committee (ARC) is established as an independent statutory committee in terms of the PFMA and the CA Act. The ARC oversees all audit and risk matters for the SACAA; however, the Board is ultimately accountable for risk management. The ARC functions within approved terms of reference and complies with relevant legislation, regulation and governance codes.

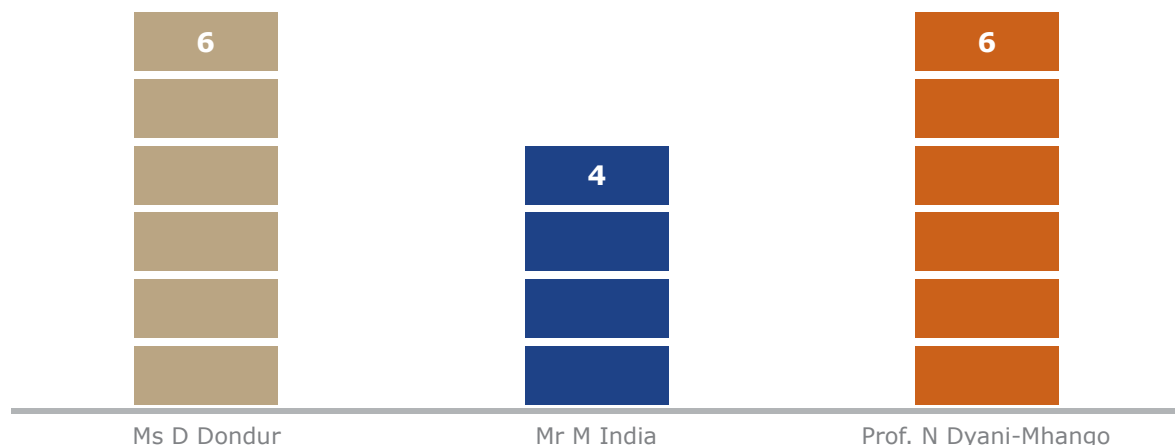
The ARC submits this report for the year ended 31 March 2016, as required by the Treasury Regulations 27.1.7 and 27.1.10 (b) and (c), issued in terms of sections 51 (1) (a)(ii) and 76(4)(d) of the PFMA.

Audit and Risk Committee Membership, Members' Qualifications and Meeting Attendance

The ARC consists of three independent non-executive members and is chaired by Ms Doris Dondur. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Internal Audit and external auditors have a standing invitation to all meetings of the ARC. A brief profile of each of the ARC members, as well as their qualifications can be viewed on pages 67 to 71 of this report, under Members of the Board.

During the period under review, five scheduled meetings and one special meeting were held. The Chairperson of the ARC reports to the Board quarterly, with regard to the ARC's deliberations, decisions and recommendations.

Audit and Risk Committee Members and Meeting Attendance



The above graph reflects meeting attendance. Ms Dondur and Prof. Dyani-Mhango attended six meetings and Mr India four.

Roles and responsibilities

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



Effectiveness of Internal Control and Risk Management

Section 51(1) (a) (i) of the PFMA states that the Board must ensure that a public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The ARC is responsible for overseeing risk management and reviewing the internal controls. Reviews on the effectiveness of the internal controls were conducted, covering financial, operational, compliance and risk assessment.

During the year under review, the ARC reviewed and recommended the following matters to the Board for approval:

- Quarterly risk reports containing pertinent risks and opportunities aligned with the SACAA's vision and mission, emerging events and reportable incidents;
- Quarterly PFMA compliance reports;
- Quarterly finance and materiality reports;
- The SACAA's policies on risk assessment and risk management, including fraud risks and information technology risks;
- The Medium-term Expenditure Framework for 2017 to 2019;
- The Estimate of National Expenditure for 2017 to 2019;
- Section 54(2) application for the Flight Inspection Unit acquisition and disposal strategy;
- Revision of the Delegation of Authority and approval of the fixed asset management policy;
- Information and Communication Technology Strategy 2015–2018; and
- Proposed tariff increases.



Reviewed and approved the following:

- Quarterly reports on the SACAA's Information and Communication Technology;
- Quarterly reports on legal compliance, litigation and fraud incidents; and
- Oversight on Capex projects.

The Board conducted a risk assessment on 22 January 2015 in respect of the 2015/16 financial year and on 29 March 2016 for the 2016/17 strategic risk review. An overview of the most significant risks for the 2015/16 financial year is discussed in detail under the Risk Management section of this report.

Internal Audit

The Internal Audit department is responsible for reviewing and providing assurance on the adequacy of the internal control environment across all the significant areas of the SACAA's operations.

The ARC is responsible for ensuring that the SACAA's internal audit function is independent and has the necessary resources, skills, standing and authority within the organisation to enable it to discharge its responsibilities effectively. The Internal Audit department has unrestricted access to the ARC.

During the reporting period the ARC conducted the following activities:

Reviewed and recommended the following matters to the Board:

- Fraud report and Forensic Register; and
- King III Gap Analysis.

Reviewed and approved/noted the following matters:

- Three-year Internal Audit Coverage Plan;
- Annual Internal Audit Plan;
- A progress report on the closure of internal audit findings;
- The divisional structure for the Internal Audit department;
- Internal Audit's quarterly reports in line with the approved Annual Internal Audit Plan; and
- The Internal Audit Charter for the 2015/16 Financial Year.

An independent quality assurance review assessment was carried out to assess the performance of the internal audit function of the SACAA and to assess whether the function is aligned with industry and broader best practice.

The review was performed to meet the good practice recommendations of the Institute of Internal Auditors (IIA), which recommends the carrying out of a quality assessment every five years by an external party.

The overall outcome was presented to the ARC on 23 May 2016 and was found to be generally compliant conforms with IIA standards; and subsequently an action plan was developed to address the recommendations made by the independent assessor. The implementation of the action plan will be finalised during the 2016/17 financial year.

The ARC is of the 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 internal audit standards, and the required legal, regulatory and other responsibilities as stipulated in its Charter during the period under review.

External Auditors

The ARC, in consultation with the SACAA's Management, agreed to the terms of the Auditor-General of South Africa's engagement letter, audit strategy, and audit fees in respect of the 2015/16 financial year.

The ARC also 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 2014/15 financial year. All the action items were closed by the end of the 2015/16 financial year.

Evaluation of the Annual Financial Statements

During the reporting period, the ARC reviewed the Annual Financial Statements of the SACAA and is satisfied that they comply with the South African Standards of Generally Recognised Accounting Practice and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the Annual Financial Statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Changes in the Accounting Policies and Practices;
- Significant adjustments resulting from the audit;
- Compliance with accounting standards and legal requirements;
- Explanation for the accounting treatment adopted;
- Reasons for year-on-year fluctuations;
- Asset valuations and revaluations; and
- The basis for the going concern assumption.

The review of the Annual Financial Statements and the Draft Annual Report for the 2015/16 financial year was undertaken at the ARC meeting held on 23 May 2016 and the ARC recommended them to the Board for approval on 30 May 2016.

Quality of Monthly and Quarterly Management Reports Submitted in Terms of the PFMA

The ARC is satisfied that it received sufficient, reliable and timely information from Management in order to enable it to fulfil its responsibilities. During the period under review, quarterly management reports were presented by Management to enable the ARC to:

- Monitor the integrity, accuracy and reliability of the financial position of the SACAA;
- Review the management accounts of the SACAA and provide the Accounting Authority with an authoritative and credible view of the financial position of the SACAA;
- Review the SACAA's internal financial and operational controls, as well as the risk management systems;
- Review the disclosure in the financial reports of the SACAA and the context in which statements on the financial health of the SACAA are made; and
- Review all material information presented together with the management accounts.

The ARC reviewed the quarterly and annual reports on the SACAA's performance against predetermined objectives.



Audit and Risk Committee's Evaluation

An independent evaluation of the ARC was conducted by Sizwe Ntsaluba Gobodo during the latter part of the financial year. The evaluation assessed, amongst others, the composition of the ARC, the understanding of the business and risks, oversight of internal and external auditors, processes and procedures, communication and reporting, oversight of internal controls, risk management, governance and financial reporting. The ARC was found to be working very well under the leadership of a very effective and informative Chairperson. Members are kept abreast of the latest developments and received adequate training to up-skill them. It was further reported that the ARC was well supported by the Secretariat and had a good relationship with Management.

Conclusion

The ARC concurs with and accepts the conclusions and the audit opinion of the Auditor-General on the Annual Financial Statements for the financial year ended 31 March 2016 and is of the view that the audited Financial Statements be accepted and read together with the report of the Auditor-General.



Ms Doris Dondur

Chairperson: Audit and Risk Committee



Human Resources



Overview of Human Resources Matters

The SACAA recognises that a key component for a successful organisation lies in its human capabilities and that the expertise of the SACAA staff is vital to the achievement of the vision and mandate. Success is achieved by creating and embedding human resource policies and practices that attract and retain best talent. The following initiatives were prioritised in the year under review:

- Organisational Structure Review project;
- Recognition agreement signed with the National Union of Metal Workers of South Africa (NUMSA);
- Training and development;
- Performance management;
- Reward and recognition;
- Excellence awards; and
- Transformation initiatives.

Organisational Structure Review Project

The SACAA embarked on an Organisational Structure Review Project, led by the Director of Civil Aviation (DCA), to assist the organisation in understanding the current state, transition and future desired state, in order to meet the new performance standards in an efficient manner. The project was finalised in March 2016.

The six-phased project was implemented over a two-year period and covered the following aspects:

- Diagnostic – SACAA health check;
- SACAA strategy review and update;
- Business process mapping and organisational structure review;
- Detail organisational design and skills audit;
- Finalise organisation/change management and consolidation; and
- Settling in the new organisation.

The project ensured the participation of employees and resulted in the following milestones being achieved:

- The entire structure was realigned to ensure optimum delivery of the organisation's mandate and obligations;
- Stakeholder engagements informed the Organisational Strategy and related Annual Performance Plans;
- A skills audit was conducted;
- All job descriptions were reviewed; and
- All job grades were reviewed.

Whilst the project positioned the organisation well for the foreseeable future, it is expected that continuous improvement will ensure that the organisation achieves its vision of being rated as one of the top 10 civil aviation authorities globally by the year 2020.

Labour Relations

The Labour Relations Amendment Act, 2014 (Act No. 6 of 2014) came into effect on 18 August 2014 and makes provision for the granting of organisational rights to minority trade unions or unions that are sufficiently represented in the workplace. In terms of the Amendment, the Commission for Conciliation, Mediation and Arbitration (CCMA) Commissioner has the discretion to grant minority trade unions rights in terms of Section 14 and Section 16 which are organisational rights granted to majority trade unions.

The SACAA recognised the National Union of Metal Workers of South Africa (NUMSA) as a sufficiently representative trade union in the workplace, having complied with the provisions of the Labour Relations Amendment Act. NUMSA has 162 members out of 476 employees in the workplace, which represents 34% of the employees within the SACAA.

Accordingly, the SACAA and NUMSA signed a Recognition Agreement on 20 January 2016 that, amongst other matters, deals with the following organisational rights:

- Access to the work place (to recruit and have meetings with members);
- Trade Union Representatives (shop steward rights);
- Leave for trade union activities.

Performance Management

The SACAA continued to embed a culture of performance through its standardised process for managing and evaluating performance. The implementation of a performance management system is critical to the achievement of the SACAA's strategic objectives; hence the continued drive towards an enhanced performance development approach in order to ensure success at all levels of the organisation.

Reward Management

Phase two of the Salary Normalisation Project was implemented in March 2016. This project seeks to improve equity and ensure consistency and fairness in pay structures as envisaged in the Employment Equity Act. This project is also in line with the approved Remuneration Policy and Remuneration Strategy.

The SACAA envisages that its adopted principle, to ensure that all employees are at least on or above the 30th percentile of the salary range, will be met by the time the third and last phase is implemented in the 2016/17 financial year.

Policy Review

Human Resource policies are not only important in ensuring compliance, but are critical to the achievement of organisational objectives and in creating a culture of performance and attracting key skills. To this end, the SACAA has reviewed its HR policies and developed new ones to ensure best practice and to enable the achievement of strategic objectives.

Employee Rewards and Recognition

The SACAA hosted an Employee Excellence Award Ceremony to celebrate employees who have excelled and performed above the required standard. The awards were introduced to support two specific strategic objectives, namely to 'Drive Performance Culture' and to 'Enhance Skills Capacity'. The SACAA firmly believes that its success depends on the performance and creativity of its most important asset, its employees. The Authority is therefore striving to promote an environment that encourages excellence, innovation, and productive behaviour.



Employees were given the opportunity to nominate and motivate for their peers or teams whom they believed excelled in the performance of their respective individual targets or projects for an award. The winners of the various categories received certificates of commendation and prizes.

Contributing to Transformation and Aviation Skills Development

The SACAA is fully committed to the transformation of its workforce and the aviation industry. To this end, the organisation has implemented a bursary programme, and initiated an internship programme, towards strengthening its contribution to transformation and youth development.

Bursary Initiative

The SACAA has, over a period of three years, increased its bursary recipient numbers from three to a total of thirty-two students who are receiving financial support to study towards various disciplines in the aviation arena.

A total of ten students are in the Pilot Cadet Training Programme of which two have completed their Commercial Pilot's Licence (CPL) training. Fifteen students are participating in the Aircraft Mechanical Engineering apprentice programme and seven are studying towards a degree in Aeronautical Engineering at the University of the Witwatersrand.

Internship Programme

The SACAA implemented an internship programme in the financial year under review in order to increase the pipeline of Black and female graduates who are ready for employment.

Employee Wellness

The SACAA realises the importance of the health and wellness of its employees for the achievement of its strategic objectives and the fulfilment of its mandate. To this end the SACAA has invested in a comprehensive wellness programme that includes psychosocial, financial and legal advisory services for employees and their families.

During the period under review a total of 96 employees received support from this service. A wellness day, where all staff members were encouraged to undergo a number of medical tests, was hosted to promote a culture of wellness in the organisation. The SACAA insists that staff and their families are covered medically by recognised medical aids and this is ensured through the company's medical aid schemes. The medical aids also offer a chronic health programme such as the management of HIV and AIDS and other chronic conditions.



Human Resource Oversight Statistics

This section of the report provides statistics in relation to various Human Resources activities and functions.

Personnel Costs by Programme/Division

The personnel costs in the table below are inclusive of fixed and variable pay for permanent, fixed-term and part-time contracted employees; a stipend for learners. The amount relates to the payments made through the payroll, and excludes accruals and provisions as disclosed in the Annual Financial Statements.

Personnel Cost by Programme/Division

Programme/Division	Personnel expenditure (R)	Personnel expenditure as a % of total	Number of employees	Average personnel cost per employee (R)
Accident and Incident Investigations Department (AIID)	15,585,082	5.1%	20	779,254
Air Safety Infrastructure (ASI)	30,476,579	10.0%	42	725,633
Air Safety Operations (ASO)	123,120,784	40.2%	178	691,690
Aviation Security (AvSec)	24,626,617	8.0%	36	684,073
Finance	30,426,107	10.0%	64	475,408
Human Resources	9,804,607	3.2%	40*	245,115
Company Secretary	2,816,854	0.9%	3	938,951
Legal and Aviation	18,357,526	6.0%	19	966,186
Internal Audit	6,977,563	2.3%	9	775,285
Flight Inspection Unit	7,035,498	2.3%	9	781,722
Cape Town	6,863,838	2.2%	10	686,384
Corporate Services	30,031,895	9.8%	46	652,687
Total	306,122,950	100.0%	476	643,115

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



Personnel Costs by Salary Band/Level

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

Personnel Cost by Salary Band/Level

Level	Personnel expenditure (R)	% of Personnel expenditure to total	Number of employees	Average personnel cost per employee (R)
Top Management	3,521,050	1.2%	1	3,521,050
Senior Management	17,503,890	5.7%	11	1,591,263
Professional qualified	104,527,362	34.1%	95	1,100,288
Skilled	158,833,742	51.9%	265	599,373
Semi-skilled	20,493,367	6.7%	64	320,209
Unskilled	1,243,539	0.4%	40	31,088
Total	306,122,950	100.0%	476	643,115

Performance Rewards

Performance rewards for the 2014/15 financial year were effected in September 2015 following approval from the Board.

Performance Rewards by Salary Band/Level

Level	Performance reward	Personnel expenditure (R)	% of performance rewards to total
Top Management	1	840,780	2.4%
Senior Management	10	2,691,937	7.6%
Professional qualified	90	13,220,644	37.2%
Skilled	241	17,372,054	48.8%
Semi-skilled	49	1,372,053	3.8%
Unskilled	4	75,540	0.2%
Total	395	35,573,008	100.0%

Training Costs

The development of employee skills is one of the SACAA's initiatives to ensure that the organisation drives efficiency and effectiveness. The SACAA believes that through its bursary and internal training programmes, the organisation is able to create a pipeline of skills and contribute to transformation of the aviation industry.

During the 2015/16 financial year, the SACAA submitted its Annual Training Report and Workplace Skills Plan to the Transport Education and Training Authority (TETA) in compliance with the requirements of the Skills Development Act, 1998 (Act No. 97 of 1998). All funds received from TETA relating to the skills development levy paid to the South African Revenue Service were reallocated to the training budget for continued funding of the SACAA Bursary Programme.

Training Costs per Programme/Division

Programme/Division	Personnel expenditure (R)	Training expenditure (R)	Number of employees trained	Average training cost per employee (R)
AIID	15,585,082	294,824	9	32,758
ASI	30,476,579	325,752	22	14,807
ASO	123,120,784	5,523,610	157	35,182
AvSec	24,626,617	230,827	35	6,595
Finance	30,426,107	232,607	16	14,538
Human Resources	9,804,607	2,135,335	40*	53,383
Company Secretary	2,816,854	23,922	2	11,961
Legal and Aviation	18,357,526	230,918	14	16,494
Internal Audit	6,977,563	128,307	6	21,386
Flight Inspection Unit	7,035,498	413,595	8	51,699
Cape Town	6,863,838	–	–	–
Corporate Services	30,031,895	652,654	29	22,505
Total	306,122,950	10,192,351	338	30,155

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



Employment and Vacancies

Since the implementation of the Organisational Structure Review project, the SACAA has begun the process of filling many of the vacant positions. The Authority has, through its planning process, decided to implement the recruitment and filling of vacant positions over a three-year period, which started in 2015.

Employment and Vacancies per Programme/Division

Programme/Division	2014/15 Number of Employees	2015/16 Approved Posts	2015/16 Number of employees	2015/16 vacancies	% of vacancies
AIID	22	27	20	7	25.9%
ASI	42	52	42	10	19.2%
ASO	165	199	178	21	10.6%
AvSec	40	46	36	10	21.7%
Finance	44	61	64	(3)**	(4.9%)
Human Resources	27	15	40*	(25)**	(166.7%)
Company Secretary	3	4	3	1	25.0%
Legal and Aviation Compliance	13	17	19	(2)**	(11.8%)
Flight Inspection Unit	9	9	9	–	–
Internal Audit	6	8	9	(1)**	(12.5%)
Cape Town Office	10	10	10	–	0.0%
Risk and Compliance	68	–	0	–	0.0%
Corporate Services	26	58	46	12	20.7%
Total	475	506	476	30	5.9%

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

** The negative variance is due to the inclusion of the fixed-term contractors, interns and bursars in the total number of employees.

Employment Changes

The employment changes are largely due to the Organisational Structure Review Project, terminations and appointments.

Employee Changes per Salary Band/Level

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	–	–	1
Senior Management	9	4	2	11
Professional qualified and Middle Management	109	6	20	95
Skilled	271	12	18	265
Semi-skilled	59	12	7	64
Unskilled	26	23	9	40
Total	475	57	56	476

Reasons for Staff Leaving

Retention strategies will aim at retaining and motivating the current workforce, with an emphasis on core, critical and scarce skills.

Reasons for Staff Leaving

Reason	Number	% of total number of staff leaving
Death	1	2%
Resignation	34	61%
Dismissal	7	12%
Retirement	3	5%
Ill health	–	–
Expiry of contract	11	20%
Other (Retrenchment)	–	–
Total	56	100%

Labour Relations: Misconduct and Disciplinary Action

The table below provides details around misconduct and actions taken.

Summary of Disciplinary Actions

Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	4
Final Written warning	0
Dismissal	7

Equity Targets and Employment Equity Status

The SACAA has completed the development of the divisional structures as part of the Organisational Structure Review Project and vacant positions are in the process of being filled. The tables on the next page reflect the organisation's employment equity profile. The filling of vacant positions provides an opportunity to fast-track the employment equity targets.



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	5	0	0	1	1	1	1
Professional qualified	35	42	4	8	6	9	13	19
Skilled	98	104	8	11	12	14	35	33
Semi-skilled	14	13	0	1	0	1	0	1
Unskilled	18	0	1	0	0	0	0	0
Total	169	164	13	20	19	25	49	54

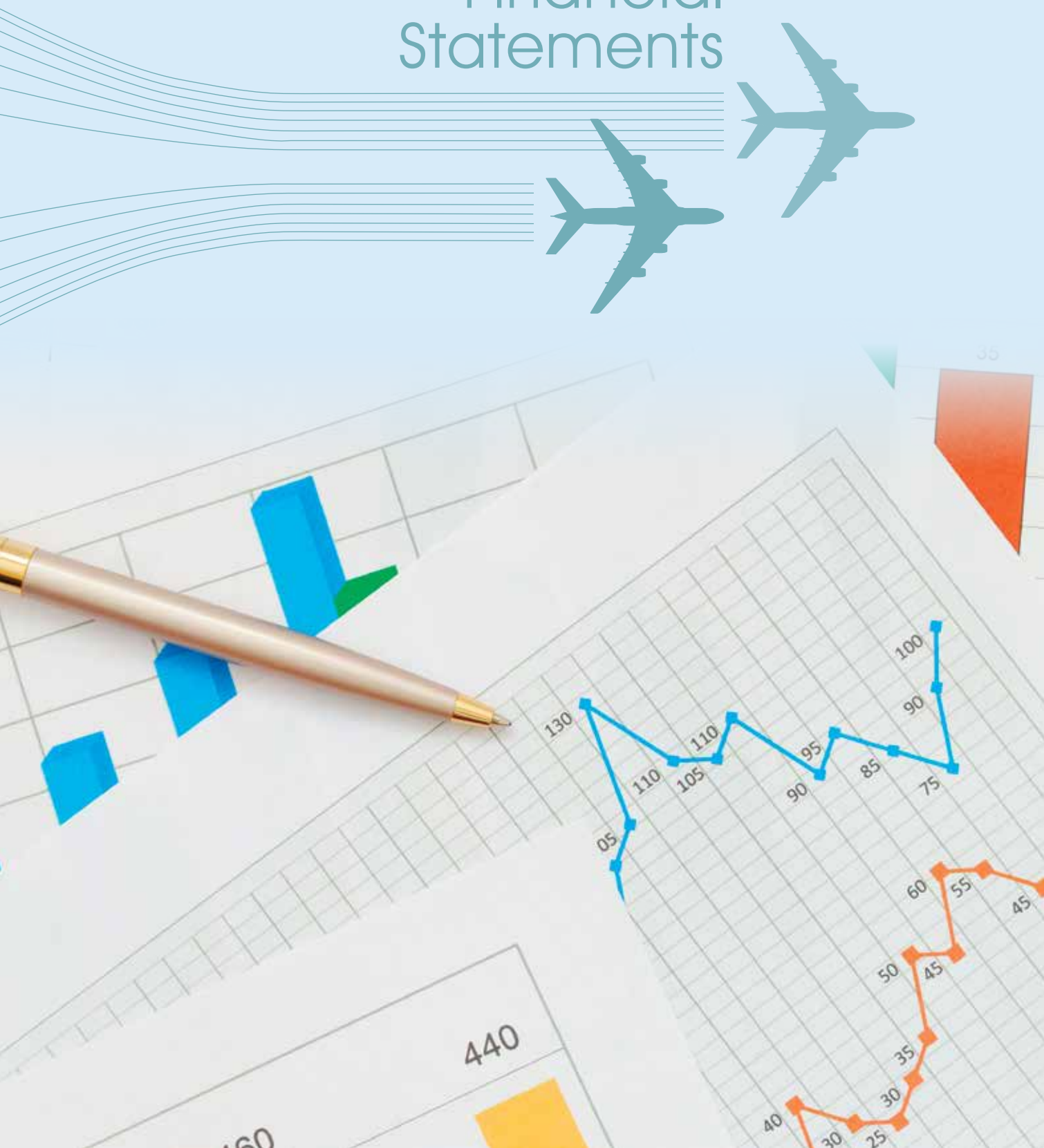
Employment Equity Status – Female

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	1	1
Professional qualified	24	29	2	5	1	4	5	7
Skilled	81	88	8	11	6	9	20	21
Semi-skilled	43	44	2	4	3	5	2	4
Unskilled	20	2	0	0	0	0	0	0
Total	172	167	12	20	11	19	28	33

Employment Equity Status – Disabled Staff

Levels	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	1	2	1	2
Semi-skilled	1	2	0	2
Unskilled	0	0	0	0
Total	2	4	1	4

Annual Financial Statements



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

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

Report on the Financial Statements

Introduction

1. I have audited the Financial Statements of the South African Civil Aviation Authority set out on pages 104 to 160, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts, for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the Financial Statements

2. The accounting authority is responsible for the preparation and fair presentation of these Financial Statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, 1999 (Act. no. 1 of 1999) (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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

Opinion

6. 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 2016 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the PFMA.

Emphasis of matter

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



8. As disclosed in note 28 to the Financial Statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the Financial Statements of the South African Civil Aviation authority at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:

- Objective 1: Regulate aviation industry in compliance with the CA Act and ICAO safety and security elements on pages 38 to 39
Objective 3: Propose legislative review and governance arrangements on pages 40 to 41
Objective 6: Drive organisation efficiency and effectiveness on pages 42 to 43
Objective 7: Improve communication and stakeholder management on page 43

11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI)
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective(s):
- Regulate aviation industry in compliance with the CA Act and ICAO safety and security elements
 - Propose legislative review and governance arrangements
 - Drive organisation efficiency and effectiveness
 - Improve communication and stakeholder management

Compliance with legislation

14. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

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

Auditor-General

Pretoria
30 July 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Accounting Authority's Responsibilities and Approval

The Board is required by the Public Finance Management Act, 1999 (Act No.1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is the responsibility of the Board to ensure that the 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 Financial Statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The Board has reviewed the SACAA's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the SACAA has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the financial affairs of the SACAA, they are supported by the SACAA's external auditors.



The external auditors are responsible for independently reviewing and reporting on the SACAA's Financial Statements. The Financial Statements have been examined by the SACAA's external auditors and their report is presented on pages 100 to 101.

The Financial Statements set out on pages 108 to 160, which have been prepared on the going concern basis, were approved by the Board on 26 July 2016 and were signed on its behalf by:



Mr SS Mokoena
Chairperson: SACAA Board



Ms D Dondur
Chairperson: Audit and Risk Committee



Ms P Khoza
Director of Civil Aviation

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2016.

Audit and Risk Committee Responsibility

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from section 50(1) and 51(1) of the PFMA and Treasury Regulation 27. The ARC 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 ARC comprises three non-executive members and is chaired by an independent non-executive member, Ms Doris Dondur. The Director of Civil Aviation, Chief Financial Officer, Chief Audit Executive, Executive: Corporate Services and the Auditor-General all have a standing invitation to the ARC meetings. The appointment of the ARC members is confirmed annually at the Annual General Meeting by the Executive Authority.

On an annual basis, the ARC 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, inclusive of quality assurance assessments on the level of compliance achieved;
- 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 and one special meeting. The chairperson of the Committee reports to the Board quarterly, with regard to the Committee's deliberations, decisions and recommendations.

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

Committee member	Attendance
Ms D Dondur	6 out of 6
Mr MG India	4 out of 6
Prof NV Dyani-Mhango	6 out of 6



Work of the Committee in 2015/16

At our meetings held during the financial year, the Committee focused on financial reporting, internal control, internal audit and external audit. We received presentations from Management. The presentations covered key accounting judgements and estimates, internal control and risk management. We also reviewed the committee's own Terms of Reference and which were duly approved by the Board.

The Effectiveness of Internal Control

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

Governance of Risk

The ARC has the responsibility to ensure that the risk management process is in place at the SACAA, and as such can report that, at meetings held during the year it was informed that risks are being managed and that over and above the strategic risk assessment carried out during the financial year, all operational risks are managed on a continuous basis.

Additional information regarding the risk events and their impact on this Annual Report are detailed elsewhere in the report.

Evaluation of Financial Statements

The ARC reviewed the Annual Financial Statements of the SACAA and is satisfied that they comply with the accounting standards and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting 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 Financial Statements with both Management and the external auditor, concentrating on:

- Compliance with financial reporting standards and governance reporting requirements;
- Areas requiring significant judgments to be made in applying accounting policies;
- The appropriateness of accounting policies;
- The procedures and controls around estimates that are key to applying accounting policies; 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.

Our 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 ARC is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing and authority within the SACAA to enable it to discharge its duties. Furthermore, the Committee oversees co-operation between the internal and external auditors, and serves as a link between the Board of Directors and these functions and its audits.

The ARC reviews and approves the Internal Audit Plan annually. The Internal Audit department's activities are measured against the approved Internal Audit Plan and the Chief Audit Executive tables progress reports in this regard to the Committee.

The ARC considered and recommended the internal audit charter for approval by the Board. The internal audit function's annual audit plan was approved by the Committee.

Whistle-blowing

The ARC wishes to report that, for the financial year under review, it received and dealt with any concern or complaints, whether from within or outside of the SACAA, relating to the accounting practices, content or auditing of SACAA's Financial Statements, the internal financial controls and other matters.

The ARC has reviewed the fraud and corruption reports and register for the financial year ended 31 March 2016, and recommended these to the Accounting Authority for noting.

The Quality of Management and Quarterly Reports submitted in Terms of the PFMA

The Committee further reports that, during the year under review, they were presented with regular quarterly management reports to enable them 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 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.

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 ARC 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 2014/15 financial year. All the action items were closed by the end of the 2015/16 financial year.

Conclusion

The ARC 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.



Ms D Dondur

Chairperson of the Audit and Risk Committee

26 July 2016

Accounting Authority's Report

The Board submits its report for the year ended 31 March 2016.

Introduction

The Board presents its eighteenth 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 Financial Statements for the year ended 31 March 2016.

Principal Activities

Main business and operations

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.

It was established as a juristic body in terms of the now repealed South African Civil Aviation Authority Act, 1998 (Act No. 40 of 1998), and is presently regulated in terms of the Civil Aviation Act, 2009. This, 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.

During the year, there were no major changes in the activities of the business.

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

The SACAA recorded a net surplus of R66,458,033 for the year ended 31 March 2016 (2015: surplus R16,187,040 restated).

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.

Events after the Reporting Date

The Board is not aware of any significant events that occurred after the reporting date that would require adjustments to our disclosure in the Annual Financial Statements. Furthermore Management is not aware of any circumstances which exist that would impede the SACAA's ability to continue as a going concern.



Accounting Policies

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

Accounting Authority

The directors of the SACAA during the year and to the date of this report were as follows:

Name	Appointed
Adv. RR Dehal	Appointed 01 April 2011
Ms D Dondur	Appointed 01 July 2013
Mr SS Mokoena	Appointed 01 October 2014
Mr MG India*	Appointed 01 October 2014
Mr L Dlepu	Appointed 01 October 2014
Major-Gen. NLJ Ngema	Appointed 01 October 2014
Prof NV Dyani-Mhango	Appointed 01 October 2014
Ms GNB Khoza	Appointed 01 December 2013

**Mr MG India was appointed as a representative of the Minister of Transport*

Secretary

The secretary of the entity 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

Interests of Board Members

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

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 SACAA confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2009. 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 the Code are outlined below:

Board of Directors

The Board:

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

Chairperson and Director of Civil Aviation

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

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

Remuneration

The DCA 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 determines the remuneration of the DCA. The Board determines the Remuneration Policy and Strategy of the SACAA.

Board Meetings

In terms of the Board Charter, the Board meets at least four times per annum, and during the year under review met on nine occasions. It has also successfully held Board induction, strategic planning and risk sessions.

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



Auditors

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

The Executive Authority confirmed the appointment of the Auditor-General as the external auditors of the SACAA at the Annual General Meeting of 2015.

Number of Employees

The number of employees as at 31 March 2016 was 476 (2015: 475) which includes permanent, fixed term, part time and contracted employees.

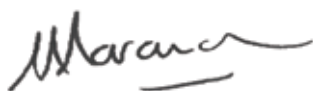
Materiality Framework

In terms of Treasury Regulation 28 (3) of the PFMA, the Board must develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority.

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 Certificate

In my capacity as Company Secretary, I hereby confirm that the SACAA has lodged all returns as required by the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, for the year ended 31 March 2016.



Ms N Naraindath
Company Secretary
Midrand

Statement of Financial Position

as at 31 March 2016

	Note(s)	2016 R	2015 Restated* R
Assets			
Current Assets			
Cash and cash equivalents	3	198,169,792	154,575,050
Trade and other receivables	4	49,064,984	43,601,313
		247,234,776	198,176,363
Non-Current Assets			
Property, plant and equipment	5	40,709,966	45,206,804
Intangible assets	6	49,672,796	37,655,937
		90,382,762	82,862,741
Total Assets		337,617,538	281,039,104
Liabilities			
Current Liabilities			
Trade and other payables	7	63,725,297	83,867,414
Operating lease liability	8	1,180,462	1,763,780
Provisions	9	48,615,903	37,770,067
		113,521,662	123,401,261
Total Liabilities		113,521,662	123,401,261
Net Assets		224,095,876	157,637,843
Total Net Assets		224,095,876	157,637,843



Statement of Financial Performance

for the year ended 31 March 2016

	Note(s)	2016 R	2015 Restated* R
Revenue			
Revenue from non-exchange transactions	11	524,754,568	449,561,191
Interest revenue from exchange transactions	12	9,741,924	9,647,217
Other revenue from exchange transactions	13	4,069,532	2,750,280
Total revenue		538,566,024	461,958,688
Expenditure			
Personnel cost	14	(322,815,242)	(301,436,900)
Operating expenses	15	(108,461,413)	(104,018,964)
Lease rentals on operating lease		(20,756,299)	(17,925,131)
Depreciation and amortisation		(9,601,412)	(9,286,101)
Finance costs	16	(882,291)	(7,861,004)
Repairs and maintenance		(6,388,888)	(4,726,935)
Debt impairment	17	(3,013,672)	(983,836)
Total expenditure		(471,919,217)	(446,238,871)
Operating surplus		66,646,807	15,719,817
Loss on scrapping of assets		(188,774)	(394,943)
Reversal of impairment loss		-	862,166
		(188,774)	467,223
Surplus for the year		66,458,033	16,187,040

Statement of Changes in Net Assets

for the year ended 31 March 2016

	Non-distributable reserves R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	55,444,767	82,877,636	138,322,403
Adjustments			
Correction of prior period errors (refer note 28)	(55,444,767)	58,573,168	3,128,401
Balance at 01 April 2014 as restated	-	141,450,803	141,450,803
Changes in net assets			
Surplus for the year as previously stated	-	17,087,780	17,087,780
Correction of prior period errors (refer note 28)	-	(900,740)	(900,740)
Total changes	-	16,187,040	16,187,040
Balance at 01 April 2015 restated	-	157,637,843	157,637,843
Changes in net assets			
Surplus for the year	-	66,458,033	66,458,033
Total changes	-	66,458,033	66,458,033
Balance at 31 March 2016	-	224,095,876	224,095,876



Cash Flow Statement

for the year ended 31 March 2016

	Note(s)	2016 R	2015 Restated* R
Cash Flows from Operating Activities			
Receipts			
Receipts from customers and Department of Transport		523,360,429	445,195,138
Interest revenue	12	9,741,924	9,647,217
		533,102,353	454,842,355
Payments			
Payments made to suppliers and employees		(471,315,126)	(438,355,463)
Finance costs	16	(882,291)	(7,861,004)
		(472,197,417)	(446,216,467)
Net cash inflows from operating activities	20	60,904,936	8,625,888
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	5	(3,685,996)	(6,453,011)
Proceeds from sale of property, plant and equipment		187,013	150,000
Purchase of intangible assets	6	(13,811,211)	(33,087,370)
Net cash flows from investing activities		(17,310,194)	(39,390,381)
Net increase/(decrease) in cash and cash equivalents		43,594,742	(30,764,493)
Cash and cash equivalents at the beginning of the year		154,575,050	185,339,543
Cash and cash equivalents at the end of the year	3	198,169,792	154,575,050

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2016

Budget on Accrual Basis	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Ref.
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received	5,263,104	1,030,016	6,293,120	9,741,924	3,448,804	30
Other income	3,056,361	(66,187)	2,990,174	4,069,532	1,079,358	30
Total revenue from exchange transactions	8,319,465	963,829	9,283,294	13,811,456	4,528,162	
Revenue from non-exchange transactions						
Transfer revenue						
Passenger safety charge	363,419,095	26,264,258	389,683,353	401,011,281	11,327,928	30
User fees	84,055,160	482,841	84,538,001	83,895,315	(642,686)	
Fuel levy	22,546,528	1,305,682	23,852,210	21,107,972	(2,744,238)	30
Accident and incident investigation	18,740,000	-	18,740,000	18,740,000	-	
Total revenue from non-exchange transactions	488,760,783	28,052,781	516,813,564	524,754,568	7,941,004	
Total revenue	497,080,248	29,016,610	526,096,858	538,566,024	12,469,166	
Expenditure						
Personnel	(341,660,124)	5,236,496	(336,423,628)	(322,815,242)	13,608,386	30
Depreciation and amortisation	(14,540,010)	4,442,587	(10,097,423)	(9,601,412)	496,011	
Finance costs	-	(812,808)	(812,808)	(882,291)	(69,483)	
Lease rentals on operating lease	(21,283,731)	(160,440)	(21,444,171)	(20,756,299)	687,872	
Bad debts written off	(1,217,311)	1,217,311	-	(3,013,672)	(3,013,672)	30
Repairs and maintenance	(5,010,100)	(399,900)	(5,410,000)	(6,388,888)	(978,888)	
Operating expenses	(113,368,972)	(17,326,195)	(130,695,167)	(108,461,413)	22,233,754	30
Total expenditure	(497,080,248)	(7,802,949)	(504,883,197)	(471,919,217)	32,963,980	
Operating surplus	-	21,213,661	21,213,661	66,646,807	45,433,146	
Loss on scrapping of assets	-	-	-	(188,774)	(188,774)	
Surplus	-	21,213,661	21,213,661	66,458,033	45,244,372	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	21,213,661	21,213,661	66,458,033	45,244,372	

Accounting Policies

1. Presentation of Financial Statements

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

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

These Financial Statements were prepared based on the expectation that 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 Financial Statements, is disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant Judgments and Accounting Estimates

In preparing the Financial Statements, Management is required to make estimates and assumptions that affect the amounts represented in the Financial Statements and related disclosures. 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 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 surplus makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the SACAA is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The SACAA uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and 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. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level at which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Useful Lives of Property, Plant and Equipment

The SACAA's Management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry 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. Additional disclosure of these estimates of provisions is included in the Notes to the Annual Financial Statements under provisions.

1.2 Property, Plant and Equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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



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

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

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

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

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

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

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

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

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

	2016	2015
Aircraft	Refer below	Refer below
Calibration equipment	15–27 years	15–27 years
Furniture, fixtures and canteen equipment	6–20 years	6–20 years
Computer equipment	5–17 years	5–17 years
Generator and motor vehicles	6–15 years	6–15 years
Leasehold improvements	Period of lease	Period of lease

Aircraft	2016	2015
Airframe	9 years	10 years
Left engine	1,766 hours	2,118 hours
Right engine	1,821 hours	2,172 hours
Avionics	5.5 years	6.5 years
Undercarriage	18,588 cycles	18,784 cycles
Interior	1 year	1 year

Reviewing the useful life of an asset on an annual basis does not require the SACAA to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

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

1.3 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.

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software	3–17 years

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
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.

The SACAA measures a financial asset and financial liability initially at its fair value.

Subsequent Measurement of Financial Assets and Financial Liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair Value Measurement Considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the SACAA establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable

estimates of prices obtained in actual market transactions, the SACAA uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the SACAA calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

Reclassification

The SACAA does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the SACAA cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the SACAA reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the SACAA reclassifies the instrument from cost to fair value.

Gains and Losses

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

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

Impairment and 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.

Financial Assets Measured at Amortised Cost

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

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

Financial Assets Measured at Cost

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

Derecognition

Financial Assets

The SACAA derecognises financial assets using trade date accounting.

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.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the SACAA transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the SACAA obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the SACAA recognises the new financial asset, financial liability or servicing liability at fair value.



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.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the SACAA has retained substantially all the risks and rewards of ownership of the transferred asset, the SACAA continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the SACAA recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial Liabilities

The SACAA removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or is waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

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

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

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

1.5 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.

Finance Leases – Lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

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

Operating Leases – Lessee

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

1.6 Impairment of Non-Cash-Generating Assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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



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

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

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

Useful life is either:

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

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.

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

Value-in-Use

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

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

Depreciated Replacement Cost Approach

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

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

Recognition and Measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an Impairment Loss

The 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.



1.7 Employee Benefits

Employee benefits are all forms of consideration given by the SACAA in exchange for services rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- the SACAA's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

Vested employee benefits are employee benefits that are not conditional on future employment.

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

Short-term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

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

When an employee has rendered service to the 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.

Post-employment Benefits: Defined Contribution Plans

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

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. If the contribution already paid exceeds the contribution due for service before the reporting date, 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 contribution in the cost of an asset.

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

Termination Benefits

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

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

The SACAA is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes:

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

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



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

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

1.8 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.

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.9 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.

Interest

Revenue arising from the use by others of 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.

1.10 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 safety charge is based on the number of passengers on scheduled services departing from all airports in the country. This data is obtained from all the airports in South Africa and the various airline companies.

Fuel levies are based on fuel supplied by fuel companies to general aviation operators and charter operators. This is based on the litres audited by the external auditors appointed by the SACAA.

Accident and incident investigation fees are based on the number of accidents and incidents that are investigated, and the revenue generated varies according to the nature and extent of the investigation.

User fees are generated from examinations, licence renewals, certifications, airworthiness and calibrations. The revenue is recognised when the service is rendered.



Government grants are not recognised until there is reasonable assurance that the organisation will comply with the conditions attached to them and grants will be received.

A government grant of which the primary condition is that the organisation should purchase, construct or otherwise acquire non-current assets is recognised as deferred income in the statement of financial position and transferred to surplus or deficit on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the organisation with no future related costs are recognised in surplus or deficit in the period in which the grant becomes receivable.

The SACAA immediately recognises government grants.

1.11 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the SACAA, and the costs can be measured reliably. The SACAA applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the SACAA. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset, less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the SACAA on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation is suspended during extended periods in which active development is suspended.

Extended periods are periods that exceeds 6 months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the SACAA completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the SACAA ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Translation of Foreign Currencies

Foreign Currency Transactions

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

At each reporting date:

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

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

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

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

1.13 Comparative Figures

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

1.14 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.



1.15 Irregular Expenditure

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

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

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

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

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

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

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

1.16 Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the SACAA has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.17 Segment Information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by Management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to Management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's Financial Statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by Management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by Management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If Management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If Management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that Management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's Financial Statements.

1.18 Budget Information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by an entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/04/01 to 2016/03/31.

The 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.

1.19 Related Parties

Related parties are defined as persons or entities with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

The Department of Transport was identified as being able to exercise significant influence over the SACAA. As a result, all other entities under the same influence are regarded as related parties.



Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and Interpretations Issued, but not yet Effective

The SACAA has not applied the following standards and interpretations, which have been published and are mandatory for the SACAA's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation	Effective date: Years beginning on or after	Effective date
GRAP 20: Related Party Disclosure	No effective date determined by the Minister of Finance	No material impact on the SACAA
GRAP 32: Service Concession Arrangements: Grantor	No effective date determined by the Minister of Finance	No material impact on the SACAA
GRAP 108: Statutory Receivables	No effective date determined by the Minister of Finance	No material impact on the SACAA, only impact is on future disclosure relating to statutory receivables
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	No material impact on the SACAA
GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	No significant impact on the SACAA, only impact on future disclosure relating to repairs and maintenance on assets
GRAP 109: Accounting by Principals and Agents	No effective date determined by the Minister of Finance	No material impact on the SACAA
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	No material impact on the SACAA

3. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2016 R	2015 R
Cash on hand	3,000	3,000
Bank balances	8,941,077	4,019,433
Short-term deposits	189,225,715	150,552,617
	198,169,792	154,575,050

Cash and cash equivalents held have not been encumbered.

Credit Quality of Cash at Bank and Short-term Deposits, Excluding Cash on Hand

The credit quality of cash at bank and short-term deposits is the credit rating of financial institutions. Cash and cash equivalents attract interest at variable rates linked to prime.

The credit quality of cash at bank and short-term deposits, excluding cash on hand that is neither past due nor impaired can be assessed/monitored by reference to historical information about counterparty default rates. Furthermore, the credit quality of cash at bank and short-term deposits is ensured by only contracting with highly reputable financial institutions registered in terms of the Banks Act of South Africa, 1990 (Act No. 94 of 1990) and endorsed by National Treasury.

4. Trade and Other Receivables

	2016 R	2015 R
Trade receivables	54,284,129	48,357,528
Provision for impairment of trade and other receivables	(9,638,503)	(8,679,817)
Unallocated receipts	(377,288)	(491,039)
Other debtors	1,828,628	2,448,923
Pre-payments	1,015,058	792,661
Deposits	1,877,960	1,015,505
Staff advances	75,000	157,552
	49,064,984	43,601,313



Trade Receivables Ageing

As at the end of the year, the trade receivables ageing were as follows:

	2016 R	2015 R
Current	38,646,337	33,698,563
0 to 30 days	1,955,426	2,163,330
31 to 60 days	1,246,285	2,709,799
61 to 90 days	882,356	1,129,560
Over 90 days	11,553,725	8,656,276
	54,284,129	48,357,528

Trade receivables are from non-exchange transactions.

Credit Quality of Trade and Other 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.

An agreement was reached with a debtor which is currently owing R1,318,085 to pay eight equal instalments with interest and costs, the first instalment is due 31 May 2016. This was made an order of the court.

Other than the debtor mentioned above, none of the other financial assets that are fully performing have been renegotiated in the last year.

Fair Value of Trade and Other Receivables

	2016 R	2015 R
Trade and other receivables	49,064,984	43,601,313

The Board considers the carrying amount of other financial assets to approximate fair value.

Trade and Other Receivables Past Due but not Impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2016, R7,825,152 (2015: R8,288,973) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2016 R	2015 R
One month past due	1,955,426	2,163,330
Two months past due	1,246,285	2,709,799
Three months past due	882,356	1,129,560
Older than three months past due	3,741,085	2,286,284
	7,825,152	8,288,973

Trade and Other Receivables Impaired

As of 31 March 2016, trade and other receivables of R9,638,503 (2015: R8,679,817) were impaired and provided for.

The ageing of these receivables is as follows:

	2016 R	2015 R
Over three months	9,638,503	8,679,817

Reconciliation of Provision for Impairment of Trade and Other Receivables

	2016 R	2015 R
Opening balance	8,679,817	25,758,840
Provision for impairment	3,013,672	828,835
Provision utilised	(2,054,986)	(17,907,858)
	9,638,503	8,679,817

The creation and release of provision for impaired receivables have been included in surplus for the year.

The decrease in the provision utilised is mainly as a result of the write-off of 1Time Airlines in the prior year, which had been previously provided for.

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable balances mentioned above. The SACAA does not hold any collateral as security.

5. Property, Plant and Equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	14,259,111	(7,974,214)	6,284,897	14,847,524	(8,027,759)	6,819,765
Motor vehicles	2,795,165	(1,139,193)	1,655,972	2,730,226	(976,520)	1,753,706
Computer equipment	18,535,235	(8,716,040)	9,819,195	19,566,900	(8,303,198)	11,263,702
Generator	1,097,633	(238,342)	859,291	1,035,138	(167,187)	867,951
Aircraft	21,383,221	(11,885,553)	9,497,668	21,383,221	(10,531,293)	10,851,929
Calibration equipment	26,570,603	(14,047,037)	12,523,566	26,570,603	(12,994,803)	13,575,800
Canteen equipment	146,528	(77,151)	69,377	127,086	(53,135)	73,951
Total	84,787,496	(44,077,530)	40,709,966	86,260,698	(41,053,895)	45,206,804

Reconciliation of Property, Plant and Equipment – 2016

	Opening balance restated*	Additions	Disposals	Depreciation	Total
Furniture and fixtures	6,819,765	1,042,158	(77,726)	(1,499,300)	6,284,897
Motor vehicles	1,753,706	327,224	-	(424,958)	1,655,972
Computer equipment	11,263,702	2,234,672	(298,045)	(3,381,134)	9,819,195
Generator	867,951	62,500	(4)	(71,156)	859,291
Aircraft	10,851,929	-	(1)	(1,354,260)	9,497,668
Calibration equipment	13,575,800	-	-	(1,052,234)	12,523,566
Canteen equipment	73,951	19,442	-	(24,016)	69,377
	45,206,804	3,685,996	(375,776)	(7,807,058)	40,709,966

Reconciliation of Property, Plant and Equipment – 2015

	Opening balance restated*	Additions	Disposals	Depreciation restated	Impairment reversal	Total
Furniture and fixtures	7,489,346	1,035,712	(92,008)	(1,613,285)	-	6,819,765
Motor vehicles	1,504,008	647,635	-	(397,937)	-	1,753,706
Computer equipment	10,239,645	4,449,077	(452,935)	(2,972,085)	-	11,263,702
Generator	615,740	301,144	-	(48,933)	-	867,951
Aircraft	11,202,928	-	-	(1,213,165)	862,166	10,851,929
Calibration equipment	15,347,174	-	-	(1,771,374)	-	13,575,800
Canteen equipment	72,584	19,443	-	(18,076)	-	73,951
	46,471,425	6,453,011	(544,943)	(8,034,855)	862,166	45,206,804

* The useful lives of property, plant and equipment with zero carrying values were extended to adjust the carrying values as the assets are still in use. Refer note 28.

Included in the prior year's movement in the aircraft was the reversal of an impairment loss or R862,166, which arose from the difference between the carrying value of the aircraft compared to the recoverable amount. The recoverable amount is the fair value less cost to sell, based on a valuation in US Dollar. There was no impairment reversal in the current year as the carrying value was lower than the historical net book value at 31 March 2016. The impairment reversal in the prior year is as a result of the deterioration of the ZAR/USD exchange rate from R10.60 at the beginning of the year to R12.08 as at 31 March 2015.

The recoverable amount was determined by an independent valuer registered with the National Aircraft Appraisers Association.

6. Intangible Assets

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	23,944,200	(5,518,518)	18,425,682	9,906,305	(5,209,120)	4,697,185
Work in progress	31,247,114	-	31,247,114	32,958,752	-	32,958,752
Total	55,191,314	(5,518,518)	49,672,796	42,865,057	(5,209,120)	37,655,937

Reconciliation of Intangible Assets – 2016

	Opening balance restated*	Additions	Transfers	Amortisation	Total
Computer software	4,697,185	476,751	15,046,098	(1,794,352)	18,425,682
Work in progress**	32,958,752	13,334,460	(15,046,098)	-	31,247,114
Total	37,655,937	13,811,211	-	(1,794,352)	49,672,796

Reconciliation of Intangible Assets – 2015

	Opening balance restated*	Additions	Amortisation restated	Total
Computer software	5,819,813	128,618	(1,251,246)	4,697,185
Work in progress**	-	32,958,752	-	32,958,752
Total	5,819,813	33,087,370	(1,251,246)	37,655,937

* The useful lives of intangible assets with zero carrying values were extended to adjust the carrying values as the assets are still in use. Refer note 28.

** Work in progress relates to software licence and installation costs of the new Enterprise Business System. As the phases of the project are completed and implemented over the next three years, they are transferred to computer software.



7. Trade and other Payables

	2016 R	2015 R
Trade payables	5,593,907	10,228,936
Income received in advance*	15,499,478	31,143,566
Sundry accruals	20,118,922	23,124,743
Salaries control account	3,849,408	117,807
13 th Cheque accrual	597,365	682,809
Leave pay accrual	18,066,217	18,569,553
	63,725,297	83,867,414

The SACAA does not have any long-term liabilities. It currently has sufficient cash reserves to fund its capital and operating expenditure.

* *The income received in advance includes an amount that relates to the over-collection of the passenger safety charge in prior years. The Minister of Finance has approved that this be taken to income over a three year period. The amount included in the current financial year of R15,283,353 will be taken to income in the next financial year.*

8. Operating Lease Liability

	2016 R	2015 R
Operating lease liability	1,180,462	1,763,780

The operating lease liability relates to the smoothing of the rental lease payment for property rental over the lease period.

9. Provisions

Reconciliation of Provisions – 2016

	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision*	37,770,067	46,418,844	(35,573,008)	48,615,903

* The performance bonus provision is calculated in line with the performance management policy as approved by the Board on 29 January 2015. For the current financial year SACAA has provided for 100% performance bonus. In the previous financial year the bonus provision was calculated on the old policy and therefore the actual payment was moderated to 89% to ensure that actual payment amount did not exceed the provision.

Reconciliation of Provisions – 2015

	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision	25,451,807	35,640,000	(23,321,740)	37,770,067
Passenger safety charge provision	61,133,410	-	(61,133,410)	-
	86,585,217	35,640,000	(84,455,150)	37,770,067

Uncertainties and Assumptions

Provisions are recognised when the SACAA has a present obligation, whether legal or constructive, because of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some, or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset. Where the company has a joint and several liability with one or more other parties, no provision is recognised to the extent that those parties are expected to settle part or all of the obligation.

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 assessments of the time value of money and the risks specific to the liability.

Performance Bonus Provision

The performance bonus provision is calculated based on the performance of the SACAA as well as individual performance ratings of each employee for the financial year ended 31 March 2016.

Passenger Safety Charge Provision

Provisions for an over-collection of the passenger safety charge was previously included under this heading. In the previous financial year the Minister of Finance and the Minister of Transport approved the utilisation of these funds. As a result, the balance was reclassified as income received in advance.

10. Employee Benefit Obligations

Defined Contribution Plan

It is the policy of the SACAA to provide retirement benefits to all its employees. The defined contribution provident fund, which is subject to the Pensions Fund Act, 1956 (Act No. 24 of 1956) exists for this purpose.

The SACAA is under no obligation to cover any unfunded benefits.

	2016 R	2015 R
The amount recognised as an expense for defined contribution plans	35,818,232	34,105,426

11. Revenue from Non-exchange Transactions

	2016 R	2015 R
Passenger safety charge*	401,011,281	333,818,522
User fees	83,895,315	74,332,529
Fuel levy	21,107,972	23,494,140
Accident and incident investigation grant	18,740,000	17,916,000
	524,754,568	449,561,191

* The passenger safety charge for the current year increased by 20.13% as a result of an increase in passenger numbers of 9.13% as well as a tariff increase of 8.1%.

12. Interest Revenue from Exchange Transactions

	2016 R	2015 R
Interest revenue		
Financial institutions	9,482,510	9,405,496
Trade and other receivables	259,414	241,721
	9,741,924	9,647,217

13. Other Revenue from Exchange Transactions

	2016 R	2015 R
Sundry income	1,478,269	663,201
Sponsorship income	2,149,000	1,848,000
Insurance claim received	442,263	239,079
	4,069,532	2,750,280

14. Personnel Cost

	2016 R	2015 R
Basic salary*	207,765,500	198,368,245
Bonus**	46,418,843	35,640,000
Pension fund contributions	35,818,232	34,105,426
Medical aid contributions	12,681,190	12,184,599
Other employee benefit costs	6,663,628	6,499,978
Temporary staff	4,086,340	3,368,189
Acting allowances	2,588,314	2,359,719
Stand-by allowance	1,852,293	2,860,606
Leave pay provision charge	1,771,856	3,120,842
Travel and other allowances	1,190,790	1,300,008
Compensation for occupational injuries and diseases fund	1,201,140	763,161
Unemployment Insurance Fund	777,116	866,127
	322,815,242	301,436,900

* Basic salary costs increased by 4.7%. This is lower than the salary increase of 7.1% which was implemented with effect from 1 April 2015, as a result of delays in filling vacant positions that arose during the year due to the organisational redesign project.

** The bonus provision for the year increased by R10,778,843. The performance bonus is calculated in line with the performance management policy as approved by the Board on 29 January 2015. In the current financial year SACAA has provided for 100% as per the policy. In the previous financial year the bonus provision was calculated on the old policy and was further moderated down to 89% due to budget constraints.



15. Operating Expenses

	2016 R	2015 R
Aircraft operation expenses	3,379,515	3,444,236
Auditors' remuneration	2,034,404	1,906,399
Bank charges	806,433	769,251
Bursaries	2,211,971	2,766,162
Cleaning	1,368,447	1,294,952
Conferences, seminars and venue hire	2,588,630	1,798,480
Consulting and professional fees*	11,204,953	11,548,760
Consumables	701,376	804,288
Electricity	4,398,012	4,810,712
Fuel and oil	321,124	230,071
Insurance	1,237,869	990,457
IT expenses	2,855,690	3,246,008
Legal fees	2,935,093	4,984,853
Magazines, books and periodicals	2,339,332	2,088,643
Motor vehicle expenses	75,866	141,824
Placement fees	1,836,658	1,492,729
Postage and courier	1,148,291	827,676
Printing and stationery	2,479,015	2,298,199
Public relations	4,097,355	3,206,234
Recreation Aviation Administration of South Africa	4,995,000	4,573,969
Refuse	594,538	404,452
Regulation development	254,224	145,423
Safety and promotion	1,861,831	1,392,280
Security	3,324,929	2,795,114
Skills development levy	2,690,788	2,457,756
Software expenses	3,762,875	4,138,642
Sponsorships	3,586,256	2,922,658
Staff events	863,022	848,807
Staff welfare	241,326	233,443
Telephone and fax	4,176,656	5,966,621
Training	7,980,380	7,435,553
Travel – international	9,710,395	8,020,183
Travel – domestic	15,943,782	13,376,012
Uniforms	120,824	155,814
Other expenses	334,553	502,303
	108,461,413	104,018,964

* Included in consulting and professional fees is an amount for co-sourced services for internal audit of R1,047,851 (2015: R1,006,320).

16. Finance Costs

	2016 R	2015 R
Interest paid to National Treasury – Revenue Fund	882,291	7,861,004

The Minister of Finance approved the inclusion in revenue of passenger safety charges that were previously over-collected, into the current year, previous financial year and next year. He also pronounced that all the interest earned on the over-collected passenger safety charge be paid into the National Treasury Revenue Fund.

The decrease in the finance costs for the current financial year is as a result of the decrease in the balance for the over-collection of passenger safety charge.

17. Debt Impairment

	2016 R	2015 R
Debt impairment	3,013,672	983,836

The debt impairment has increased by R2,242,004 due to amounts that were considered as non-recoverable and were either written off or provided for during the financial year.

18. Taxation

No provision for taxation has been made for the 2016 tax year, as the SACAA is exempted in terms of Section 10 (1) (CA) (i) of the Income Tax Act, 1962 (Act No. 58 of 1962).



19. Auditors' Remuneration

	2016 R	2015 R
Fees	2,034,404	1,906,399

20. Cash Flows from Operating Activities

	2016 R	2015 R
Surplus	66,458,033	16,187,040
Adjustments for:		
Depreciation and amortisation	9,601,412	9,286,101
Loss on sale and scrapping of assets	188,774	394,943
Impairment loss reversal	-	(862,166)
Debt impairment	3,013,672	983,836
Movements in operating lease liability	(583,318)	(2,898,567)
Movements in provisions	10,845,836	(48,815,150)
Changes in working capital:		
Trade and other receivables	(5,463,671)	(7,116,333)
Movement in debt impairment added back	(3,013,672)	(983,836)
Trade and other payables	(20,142,130)	42,450,020
	60,904,936	8,625,888

21. Commitments

Authorised Capital and Maintenance Expenditure

	2016 R	2015 R
Contracted for and authorised by the Board		
Property, plant and equipment	302,442	-
Intangible assets	47,797,903	61,132,363
	48,100,345	61,132,363

The capital and maintenance expenditure commitment for intangible assets relates to the installation and implementation of an enterprise business system and will be financed by retained surpluses, existing cash resources and funds internally generated.

The capital expenditure budget for the year ending 31 March 2017 is R94,989,000.

Operating Leases – as Lessee (Expense)

	2016 R	2015 R
Minimum lease payments due		
- within one year	21,609,210	9,809,864
- in second to fifth year inclusive	5,546,400	8,776,190
	27,155,610	18,586,054

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 three years. No contingent rent is payable.

22. Contingencies

	2016 R	2015 R
Pending obligation – regulatory matters	-	5,778,000

The SACAA is currently dealing with a litigation matter relating to a civil claim for damages against it. Summons have been issued by the plaintiff claiming damages for loss of earnings as well as damages to its business reputation and good name. The SACAA is defending the civil claim and the quantum of this exposure is not disclosed as these matters are still *sub judice*.

Pending Obligation – Employee-related Matters

The SACAA is involved in labour-related litigious matters. The quantum of this exposure is not disclosed as these matters are still *sub judice*.



23. Related Parties

Related Party Balances

	2016 R	2015 R
Loan accounts – Owning (to)/by related parties		
Department of Transport	(250)	(250)
South African Airways	723,473	343,693
Air Traffic and Navigation Services	571,250	456,204
Airports Company of South Africa (licences)	(3,111)	(95,283)
SA Express (passenger safety charge and general aviation)	144,601	55,177
Mango Airlines	24,794	88,097
	1,460,757	847,638

No expense has been recognised in the current period for impairment of trade receivables in respect of amounts owed by related parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Department of Transport either controls or exercises significant influence over all entities listed as related parties.

Related Party Transactions

	2016 R	2015 R
Purchases from/(sales to) related parties		
Department of Transport (accidents and incidents)	(20,124,000)	(19,217,450)
Department of Transport (secondments)	(100,000)	-
Air Traffic and Navigation Services	(8,117,940)	(6,301,431)
Airports Company of South Africa (licences)	(1,798,036)	(1,619,147)
Airports Company of South Africa (rentals)	1,571,429	1,427,680
South African Airways	(98,154,783)	(89,055,388)
SA Express (safety fees and general aviation)	(23,916,406)	(21,859,189)
Mango Airlines (safety fees)	(55,331,607)	(39,288,851)
Recreation Aviation Administration of South Africa	4,995,000	4,573,969
Passenger Rail Agency of South Africa	(772,473)	-
	(201,748,816)	(171,339,807)

These transactions are carried out on commercial terms and conditions.

24. Members' Emoluments

Executive Management

	Salary	Medical aid	Provident fund	Lumpsum/ leave pay/ bonus	Total
2016					
Ms G Khoza (DCA)	2,178,603	97,272	401,625	843,550	3,521,050
Mr AAA Seedat (Executive: Finance)	1,474,444	115,350	265,448	410,620	2,265,862
Mr S Segwabe (Appointed 22 June 2015) (Executive: Aviation Safety Operations)	1,360,731	39,159	201,049	235,302	1,836,241
Mr GH Bestbier (Executive: Aviation Infrastructure)	1,758,465	87,675	268,695	399,318	2,514,153
Mr P Moraka (Resigned February 2016) (Executive: Human Resources)	1,037,213	57,555	187,425	487,511	1,769,704
Ms T Masooa (Appointed 18 February 2016) (Executive: Human Resources)	169,190	14,008	37,900	-	221,098
Mr S Ntaka (Acting from December 2012–30 June 2015) (EM: DCA's Office)	496,365	-	-	-	496,365
Ms P Gwebu (Appointed 22 June 2015) (Executive: Corporate Services)	945,496	76,023	179,574	259,715	1,460,808
Mr P Kewana (Executive: Internal Audit)	1,273,260	68,778	236,830	356,576	1,935,444
Ms M Mamabolo (Executive: Legal & Aviation Compliance)	1,377,347	65,136	217,992	328,094	1,988,569
Ms N Naraindath (Company Secretary)	1,225,955	90,831	201,683	338,303	1,856,772
Ms M Stephens (Acting from 01 April 2015–30 June 2015) (GM: Risk and Compliance)	262,873	11,088	42,105	-	316,066
Mr M Lebogo (terminated 11 February 2016) (GM: Aircraft Safety)	1,259,440	56,064	242,451	166,439	1,724,394
Mr A Morudi (Acting from 01 May 2013) (Executive: Accident and Incident Investigation)	985,046	79,413	156,199	197,187	1,417,845
Mr W Mathonsi (Acting from 01 April 2015–30 June 2015) (GM: Aviation Security)	235,998	19,236	39,182	-	294,416
Mr L Gqeke (Appointed 22 June 2015) (Executive: Aviation Security)	1,386,486	-	197,233	186,653	1,770,372
Mr B Vorster (Acting from 01 April 2015–30 June 2015) (GM: Air Safety Operations)	274,456	-	41,724	-	316,180
Mr L Nelson (Acting 30 November 2015–18 February 2016) (EM: Human Resources)	215,518	14,200	27,503	-	257,221
	17,916,886	891,788	2,944,618	4,209,268	25,962,560

	Salary	Medical aid	Provident fund	Lumpsum/ leave pay/ bonus	Total
2015					
Ms GNB Khoza (<i>DCA</i>)	2,336,026	88,695	348,283	585,110	3,358,114
Mr AAA Seedat (<i>GM: Finance</i>)	1,302,286	105,177	238,181	310,193	1,955,837
Mr T Fisha (Acting from 1 June 2014) (<i>GM: Air Safety Operations</i>)	875,309	47,139	133,442	177,376	1,233,266
Mr GH Bestbier (<i>GM: Air Safety Infrastructure</i>)	1,349,649	72,411	238,633	308,428	1,969,121
Mr P Moraka (Appointed 1 April 2014) (<i>EM: Human Resources</i>)	1,119,059	70,941	210,000	228,894	1,628,894
Mr S Ntaka (Acting from 1 December 2012) (<i>EM: DCA's Office</i>)	1,855,028	-	-	-	1,855,028
Mr P Kewana (<i>Chief Audit Executive</i>)	1,197,965	62,868	213,368	297,221	1,771,422
Ms M Mamabolo (<i>EM: Legal</i>)	1,137,695	62,868	136,287	251,779	1,588,629
Ms N Naraindath (<i>Company Secretary</i>)	1,143,263	82,818	139,019	197,073	1,562,173
Ms M Stephens (Acting from 1 August 2013) (<i>GM: Risk and Compliance</i>)	975,214	41,346	151,919	173,984	1,342,463
Mr M Lebogo (<i>GM: Aircraft Safety</i>)	1,378,975	56,313	255,009	146,377	1,836,674
Mr A Morudi (Acting from 1 April 2013) (<i>GM: Accident and Incident Investigation</i>)	873,742	72,585	140,620	163,293	1,250,240
Ms S Ngidi (Acting from 1 June 2014–30 September 2014) (<i>GM: Aviation Security</i>)	320,052	11,184	48,612	262,558	642,406
Mr W Mathonsi (Acting from 1 April 2014–31 May 2014) (<i>GM: Aviation Security</i>)	137,797	12,566	22,325	-	172,688
Mr L Gqeke (Acting from 1 October 2014–31 March 2015) (<i>GM: Aviation Security</i>)	417,936	-	61,124	-	479,060
	16,419,996	786,911	2,336,822	3,102,286	22,646,015

Non-executive Director's Fees

	Members' fees	Reimbursive expenses*	Total
2016			
Adv. RR Dehal	256,495	171,868	428,363
Ms D Dondur	284,373	6,499	290,872
Mr SS Mokoena	328,584	3,744	332,328
Ms L Dlepu	286,222	2,742	288,964
Major-Gen. NLJ Ngema	289,680	15,725	305,405
Mr MG India	248,871	3,394	252,265
Prof. NV Dyani-Mhango	266,751	5,485	272,236
	1,960,976	209,457	2,170,433

	Members' fees	Reimbursive expenses*	Total
2015			
Ms P Riba (Retired 30 September 2014)	115,973	-	115,973
Mr Z Nomvete (Retired 30 September 2014)	90,095	-	90,095
Ms MP Matlala (Retired 30 September 2014)	105,900	-	105,900
Adv. RR Dehal (Re-appointed 1 October 2014)	221,554	150,390	371,944
Ms D Dondur (Re-appointed 1 October 2014)	230,711	3,233	233,944
Mr SS Mokoena (Appointed 1 October 2014)	145,491	2,345	147,836
Ms L Dlepu (Appointed 1 October 2014)	117,175	2,687	119,862
Major-Gen. NLJ Ngema (Appointed 1 October 2014)	123,557	10,785	134,342
Mr MG India (Appointed 1 October 2014)	115,028	3,058	118,086
Prof. NV Dyani-Mhango (Appointed 1 October 2014)	110,464	3,391	113,855
	1,375,948	175,889	1,551,837

* 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.



25. 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 owner and benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the SACAA consists of cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As the SACAA is not exposed to debt, there is no meaningful debt to equity ratios, such as gearing ratio, to be disclosed.

There are no externally imposed capital requirements.

There have been no changes to what the SACAA manages as capital. The strategy for capital maintenance or externally imposed capital requirements remained the same as in the previous year.

Financial Risk Management

The SACAA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The SACAA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Management meets on a regular basis to analyse interest rate exposures and evaluate treasury management strategies against revised economic forecasts. Compliance with policies and exposure limits is reviewed by Management on a continuous basis. Management believes that, to the best of its knowledge, there are no significant undisclosed financial risks.

Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management is satisfied that the SACAA will be able to settle its financial liabilities (payables and provisions) in the normal course of business.

The SACAA's risk to liquidity is a result of the funds available to cover future commitments. The SACAA manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The liquidity ratio below illustrates:

	2016 R	2015 R
Current assets	247,234,776	198,176,363
Current liabilities	113,521,662	123,401,261
Current ratio	2.17:1	1.61:1

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 2016, no derivative financial instruments were used to manage the SACAA's exposure to interest rate risk.

The SACAA has adopted a policy of investing the majority of surplus cash in call account investments as a means to safeguard and mitigate interest rate risk. The risk is further managed through the fact that the surplus funds are invested in reputable financial institutions.

Credit Risk

The SACAA is exposed to credit risk, which is the risk of financial loss to the SACAA if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors and other receivables. The SACAA only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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 the Board. The utilisation of credit limits is regularly monitored.

Certain credit limits were exceeded during the reporting period, and where Management considered these debtors to be impaired, a provision for doubtful debts was raised.

Financial assets exposed to credit risk at year end were as follows:

	2016 R	2015 R
Financial instrument		
Trade receivables less unallocated receipts	53,906,841	47,866,489
Other debtors	1,828,628	2,448,923
Staff advances	75,000	157,552
Cash and cash equivalents	198,169,792	154,575,050
	253,980,261	205,048,014

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 2016, 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.

	Direct charges R	Indirect charges R	Total R
2016			
Current balances	396,777	38,249,560	38,646,337
Overdue balances	11,728,581	3,909,211	15,637,792
Subtotal	12,125,358	42,158,771	54,284,129
Impairment provision	(5,412,416)	(4,226,087)	(9,638,503)

	Direct charges R	Indirect charges R	Total R
2015			
Current balances	286,832	33,411,731	33,698,563
Overdue balances	12,071,187	2,587,778	14,658,965
Total	12,358,019	35,999,509	48,357,528
Impairment provision	(6,035,460)	(2,644,357)	(8,679,817)

Definitions

Direct charges include regulatory fees and calibration fees.

Indirect charges include passenger safety fees and fuel levies.

Liquidation

As soon as it becomes known that a debtor has been placed into provisional liquidation/sequestration or has been placed into final liquidation/sequestration, the credit facility is automatically revoked. Interest is charged from the date of last payment to the date of final liquidation/sequestration and the debt is provided in full as irrecoverable.

Foreign Exchange Risk

The SACAA incurs currency risk as a result of expenses in foreign currencies, hence exposure to exchange rate fluctuations arises. The 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.

26. 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.

27. Events after the Reporting Date

Management is not aware of any significant events that occurred after the reporting date that would require adjustments to or disclosure in the Financial Statements. Furthermore, Management is not aware of any circumstances which exist that would impede the SACAA's ability to continue as a going concern.

28. Prior Period Errors

The useful lives of property, plant and equipment and intangible assets with zero carrying values were extended to adjust the carrying values as the assets are still in use.

Non-distributable reserves were transferred to accumulated surplus as reserve accounting is no longer part of GRAP.

The comparative amounts relating to the statement of financial position and statement of financial performance have been restated as follows:

	2015 R
Statement of financial position	
Increase in property, plant and equipment	1,792,659
Increase in intangible assets	1,016,935
Decrease in non-distributable reserves	54,862,833
Increase in opening accumulated surplus	(58,573,168)
Statement of Financial Performance	
Increase in depreciation and amortisation expense	318,806
Decrease in other income	581,934



29. Irregular Expenditure

	2016 R	2015 R
Opening balance	1,887,134	2,041,136
Less: Amounts reversed, not irregular expenditure	-	(154,002)
Less: Amounts condoned by the Board	(1,785,145)	-
Irregular expenditure to be condoned*	101,989	1,887,134
Details of irregular expenditure – current year		
Goods and services procured without competitive bidding		(154,002)

The irregular expenditure of R1,887,134 was reviewed and investigated by Management. The irregular expenditure related to an audit finding raised during the 2011/12 financial year. Disciplinary action was initiated against the respective employees, who subsequently resigned and no further action was taken by Management. The irregular expenditure did not result in any loss or damages to the SACAA and the SACAA did obtain value for such transaction, hence no further action was taken. During the year an amount of R1,785,145 was condoned by the Board.

*The balance of R101,189 at year-end was condoned by the Board on 26 July 2016, subsequent to year-end.

30. Budget Variances

Material Differences between Budget and Actual Amounts

The material differences can be explained as follows:

Interest Received

Interest received during the year is higher than budgeted due to higher revenue, cost savings and lower capital expenditure, resulting in higher cash balances.

Other Income

An employee was seconded to the Passenger Rail Agency of South Africa (PRASA) and the cost of his employment was recovered under other income.

Passenger Safety Charge

An increase in passenger numbers resulted in passenger safety charge income exceeding budget by R11,327,928. Passenger numbers for the year are 3.03% higher than budgeted and 9.13% higher than the same period last year.

Fuel Levy

The fuel levy is received from general aviation that did not grow in line with passenger numbers on scheduled flights. Slower growth and corrections and credits due to previous over-collections by the fuel wholesalers resulted in a deficit against budget of R2,744,238.

Personnel Cost

A saving of R13,608,386 on personnel cost is due mainly to vacant positions not filled during the financial year because of the organisational re-design undertaken by the SACAA, which was only concluded in the last quarter.

Bad Debts Written-off

Amounts that were considered as non-recoverable were either written off or provided for during the financial year. The SACAA does not budget for bad debt write-offs.

Operating Expenses

With the implementation of National Treasury's cost containment and other cost saving activities, various savings, most notably on seminars, conferences, communications and other travel expenditure, were made during the financial year. Professional fees of R10 million were budgeted for consulting regarding a new office building, but were not utilised. Non-critical training was delayed awaiting the implementation of the organisational re-design and the associated skills audit. This contributed to a saving of R22,233,754 against 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.

31. Segment Information

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 SACAA. SACAA's expenditure relates mainly to salaries and the rest relates to operational activities and cannot be linked to any specific segments. Resources are not allocated, nor is reporting done or performance measured for any separate activities.

Management is of the opinion that any attempt to divide the entity into further separate activities or geographical information will not add any additional value to its stakeholders. The entire entity should be viewed as a single reportable segment.



SOUTH AFRICAN



***CIVIL AVIATION
AUTHORITY***

Physical Address: Ikhaya Lokundiza 1
16 Treur Close
Waterfall Park
Bekker Street
Midrand
Johannesburg

Postal Address: Private Bag X 73
Halfway House
1685

Telephone No.: +27 11 545 1000
Fax No.: +27 11 545 1465
Email Address: mail@caa.co.za
Website Address: www.caa.co.za

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