

SAMSA ANNUAL REPORT 2012/13

CLIENT:

**South African Maritime
Safety Authority**

CATEGORY:

Editorial Design

A:

SAMSA's objective is to lead and champion South Africa's maritime interests. Their mission is to development and position the country as an international Maritime Centre while ensuring maritime safety, health and environmental protection. The brief was to recreate their Annual Report, as it was currently seen as a visually unappealing, technical document with niche appeal.

B:

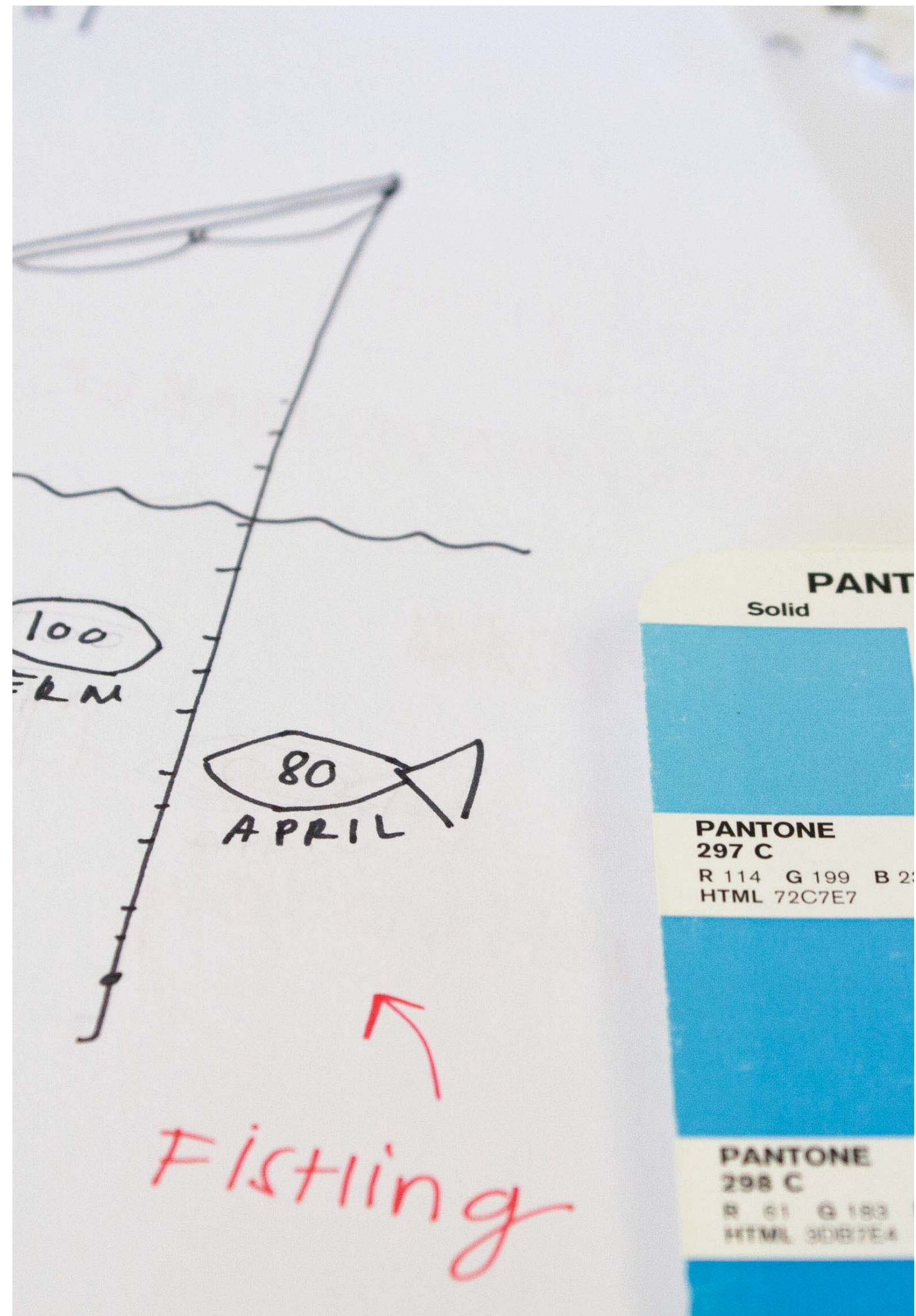
Develop an Annual Report that will position SAMSA as a Global Maritime Authority, with influence across Southern Africa and the continent.

SAMSA EXPANDING POSSIBILITIES

IT TAKES ONE WAVE TO START
A RIPPLE THAT CAN TRAVEL ACROSS
THE GLOBE. WE'RE THAT WAVE.
WE'RE AT THE CENTRE OF THE
PICTURE, ON THE PINNACLE
OF AFRICA. WE'RE THE GATEWAY
TO THE WORLD'S SEAS. WE'RE THE
WAVE MAKERS OF GROWTH,
EXPANDING OUTWARDS TO EXPLORE
NEW TERRITORIES & POSSIBILITIES.

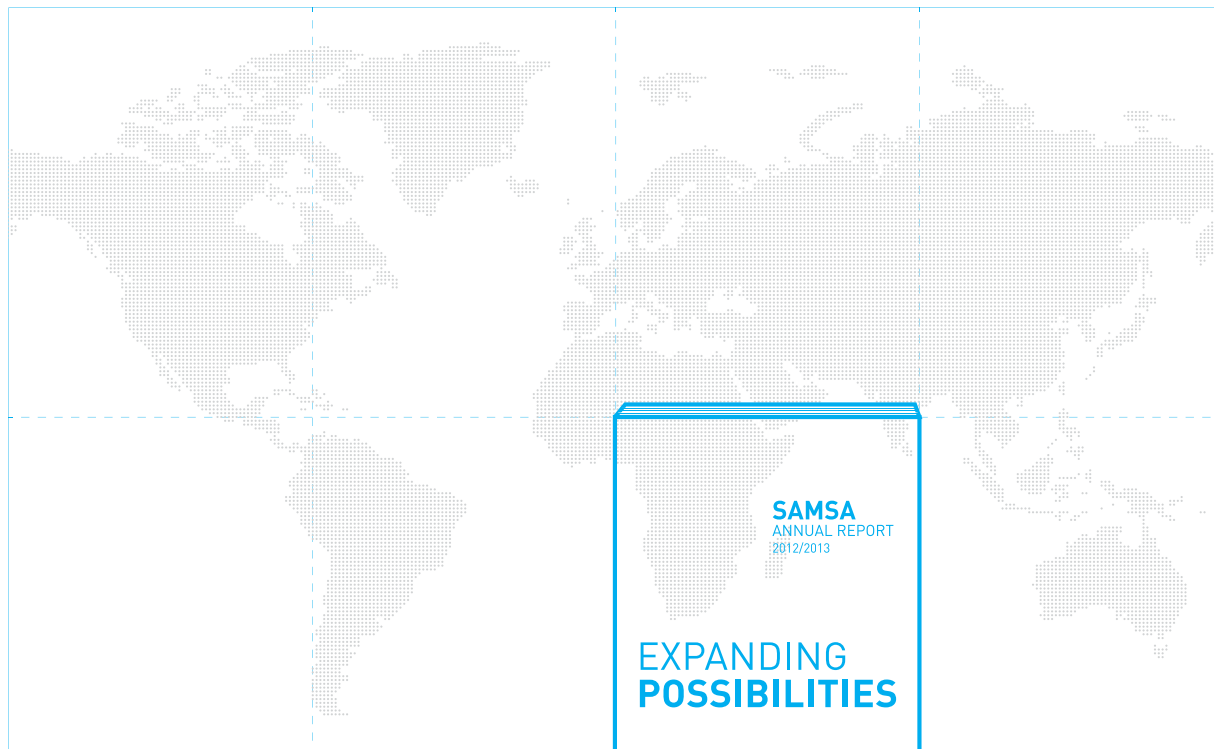


THIS DOCUMENT WILL CHART OUR JOURNEY TO REALISING THIS POTENTIAL, AND TO BECOMING KEY PLAYERS IN INTERNATIONAL SEA FARE. IN DOING SO, WE BECOME THE WAVE MAKERS OF GROWTH, NEW DEVELOPMENT AND EXPANSION. IN ORDER TO UNDERSTAND WHERE WE'RE GOING, WE NEED A CLEAR VIEW OF THE BIG PICTURE SO THAT WE CAN UNDERSTAND HOW THE OVERARCHING GLOBAL CONTEXT AFFECTS OUR JOURNEY.



PART OF THE BIGGER PICTURE

COVER CONCEPT







THE ANNUAL REPORT





FISH MAKES A VITAL CONTRIBUTION TO THE FOOD AND NUTRITIONAL SECURITY FOR OVER **200 MILLION AF** & PROVIDES AN INCOME OF OVER **10 MILLION**



THE SOUTH AFRICAN OIL

The deep in the oil market

oil

SAIISA ANNUAL REPORT



CHAPTER ONE
The Global Picture
Regional Maritime Perspectives

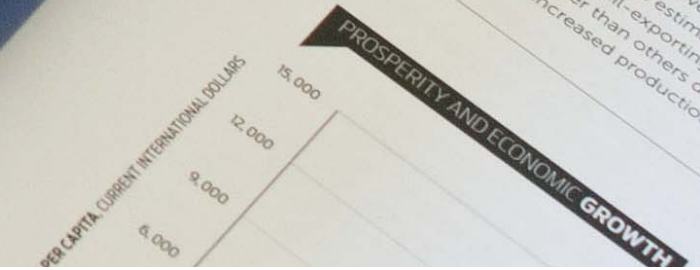
REGIONAL MARITIME PERSPECTIVE

EFFORTS TO FOSTER TRADE THROUGH REGIONAL INTEGRATION WILL BE CRITICAL FOR AFRICA TO DIVERSIFY ITS ECONOMIES AND INCREASE THE REGION'S COMPETITIVENESS.

Participating in both intra-Africa and international trade and investment flows can fuel competitiveness in a number of ways. Increased cross-border trade can lead to a virtuous cycle of more competition in domestic markets that, coupled with the exploitation of economies of scale, lowers the costs of goods and services while increasing their variety, thereby generating more economic activity, such as the development of the manufacturing or services sectors. The Enabling Trade Index (ETI) points to a number of strengths and many challenges to developing trade on the African continent.

THE SSA MANAGED TO POST **4.6% GROWTH IN 2012**

The latest estimates from the World Bank revealed a sustained strong growth momentum in sub-Saharan Africa (SSA) in 2012, despite the economic challenges facing the world economy. The region managed to post 4.6% growth last year, with a number of economies expanding by 6% and above. Excluding South Africa, growth in SSA is estimated to have risen to 5.8% with oil-exporting countries faring much better than others due to high oil prices and increased production.



PARTNERSHIP BETWEEN SAMSA AND THE SOUTH AFRICAN NAVY

SAMSA has identified the South African Navy (SA Navy) as a strategic partner in the advancement of Maritime Security in the maritime environment. SAMSA and the South African Navy explore possibilities of partnership for training and education of our cadets. The partnership entails the placement of cadets on board the SA Agulhas Dedicated Training Vessel (DTV) and SA Navy ships; Evolution Practical training for Navy cadets on Astro-Navigation programme the Agulhas; Agulhas DTV cadets and staff orientation programme on board naval vessels; SAMSA training plan to focus SA Navy possible alterations or adjustments on the SA Agulhas vessel to cater for navy training requirements; partnership on the establishment of a school or institute for maritime education and training including maritime sport; source funding for implementation of joint programmes; and SAMSA to facilitate the process of recruitment for SA Agulhas cadets as Navy Reserves.



PARTNERSHIP BETWEEN SAMSA AND THE SOUTH AFRICAN AIR FORCE

SAMSA has also identified the South African Air Force (SA Air Force) as one of the strategic partners in the advancement of the National Security in general and Maritime Security in particular. SAMSA and the SA Air Force explore possibilities for partnership to ensure the provision of suitable air capability and support for maritime law enforcement in our coastal waters, thus contributing to the protection of life and property at sea, prevention and combating of marine pollution by ships and promotion of the maritime interest of the Republic of South Africa. SAMSA, on occasions, require air capability to board ships at sea, either to deal with contravention of applicable laws in the maritime environment or inspection of a ship from a possible pollution and safety threat prior to granting permission for a vessel to approach our coastline. These engagements will culminate in the signing of MoU between SAMSA and SA Air Force to ensure air capability and support in the interest of maritime safety and security in our coastal waters.

PARTNERSHIP BETWEEN SOUTH AFRICA AND THE UNITED STATES ON MARITIME SECURITY

SAMSA was part of the Maritime Security Advisory Committee (MSAC) delegation that hosted the United States Coast Guard (USCG) in South Africa during the period 20 to 24 August 2012. It was a reciprocal visit aimed at sharing of best practices in the implementation of maritime security with focus on the International Ships and Port Facilities Security (ISPS) code. The SA delegation visited USCG in 2011. The USCG delegation visited the ports of Port Elizabeth and Ngqura for the assessment of our ports' infrastructure and effectiveness of existing security systems. Overall, the visit was a success and the two (2) ports of Port Elizabeth and Ngqura were found to be adequately secured. The assessment identified shortcomings and recommended solutions to improve the level of security at the two ports. South Africa, represented by MSAC members, will undertake a reciprocal visit to the USCG in 2013.



THE GLOBAL PICTURE

FROM OUR HERITAGE TO OUR VISION. FROM OUR BUSINESS TO OUR STRATEGIC OBJECTIVES. FROM OUR ORGANISATIONAL CAPABILITY TO OUR CONTRIBUTION TO THE DEVELOPMENT OF THE MARITIME ENVIRONMENT. THIS VOYAGE IS KEY TO UNDERSTANDING OUR PLACE WITHIN THE GLOBAL ENVIRONMENT AND HOW WE WILL GO ABOUT ACHIEVING OUR GOALS.

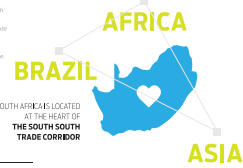


SOUTH AFRICAN MARITIME PERSPECTIVE



South Africa is a maritime country defined by the characteristics of its oceans, heritage, international trade patterns and geography and boasts a significant marine real estate. It is the ninth largest country in Africa endowed with a land-based real estate of 1.2 million square kilometres. Taking into account the vastness of South African waters (territorial waters and EEZ), South Africa becomes the largest country in the continent. It derives its maritime interests from its trade and geo-economic structure, its geopolitical aspirations and the obligations arising from being a regional power located at the southern tip of Africa. It has the immense and untapped potential of becoming a major maritime nation.

The world's expanding demand for raw commodities is driving a major shift in global trade patterns. South Africa is located at the heart of the South-South Trade Corridor and is a major trading route that connects the emerging markets of Asia, Africa and Brazil. This offers South Africa the opportunity of becoming a vital player in the new global trade corridor.



The ability of South Africa to carry its own import and export trade has been in catastrophic decline since the early 1990s. This has inopportunistically occurred during one of the fastest growth periods in international trade volumes experienced by South Africa. It has led to a significant loss of critical public and private sector maritime expertise, a commercial maritime services competence, industrial capacity, the capacity to undertake maritime research, development and innovation that a country accrues from owning and operating an indigenous merchant shipping industry.

The freight transport sector in South Africa is driven primarily by two forces – private consumption in the country, and its mining sector. There are manufacturing industries that play a role, especially in the intermodal transport of containers, automotive production necessitates the transport of spare and intermediate parts. Equally the transportation of these finished automobiles also helps drive South African freight volumes, yet it is private consumption and commodities exports that are the key factors.

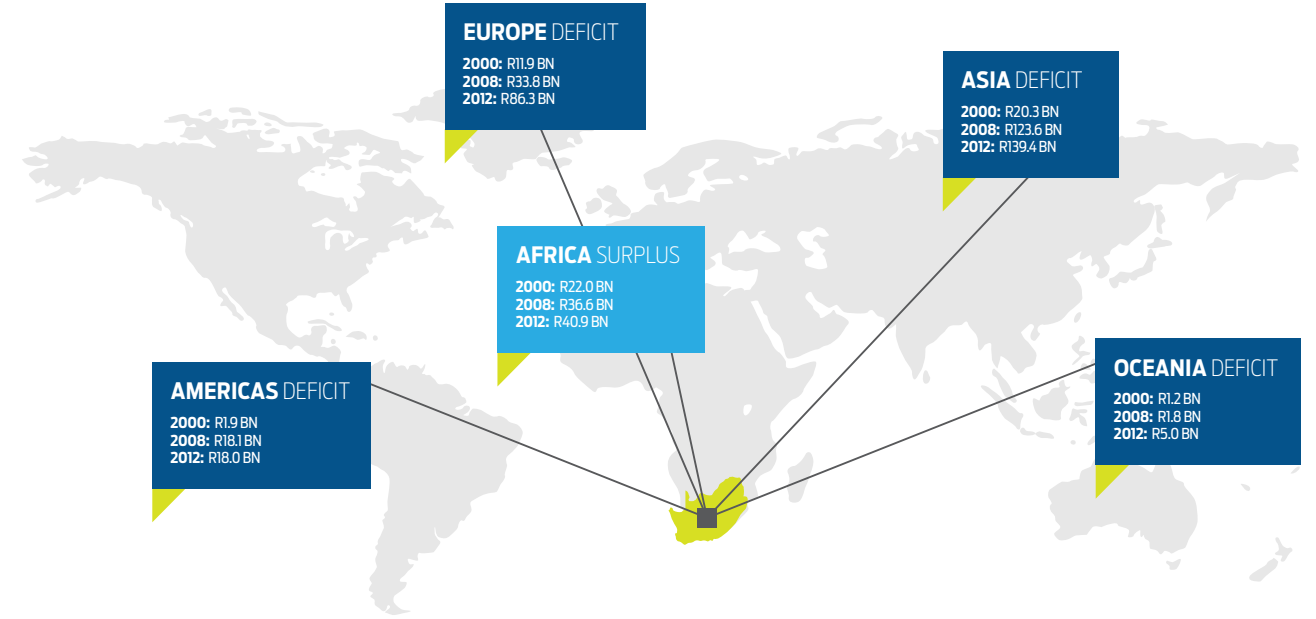


SOUTH AFRICA'S GDP EXPANDED BY 2.5%

South Africa's GDP expanded by 2.5% in 2012, with growth in the final quarter of the year (2.3% on-^q) having benefitted from improved performances in manufacturing, financial and business services, and agriculture. The economy has been under significant pressure due to external demand conditions and home grown factors, with the goods-producing sectors particularly affected. Production stoppages in various mining sub-sectors, largely due to industrial action, adversely affected their performance in the second half of 2012. This had a detrimental impact on the country's export revenues.

MANUFACTURING HAS ALSO TAKEN STRAIN, BUT GROWTH IN ITS VALUE ADDED ACCELERATED TO 5% IN THE FOURTH QUARTER (1.2% IN THE PREVIOUS QUARTER), THUS TAKING OVERALL MANUFACTURING SECTOR GROWTH TO 2.4% FOR 2012 AS A WHOLE.

SOUTH AFRICA'S BI-DIRECTIONAL TRADE



Source: Quantec; SARS; Standard Bank Research

AFRICAN MARITIME PERSPECTIVE

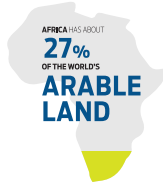
FISH MAKES A VITAL CONTRIBUTION TO THE FOOD AND NUTRITIONAL SECURITY FOR OVER 200 MILLION AFRICANS (FROM A \$15 BILION TO OVER 10 MILLION)

AFRICA'S SHARE IN GLOBAL TRADE INCREASED BY 3.2% OF GLOBAL TRADE

AND INTRA-AFRICA TRADE REQUIRES A REDUCTION OF 10%

10%

Africa is the largest supplier of raw materials. She is endowed with an estimated 70% of the world's offshore and onshore mineral resources as well as the world's most arable regions. Sub-Saharan Africa representing 65% of the world's population is considered to be the continent that has been dubbed the world's food basket. According to the FAO (2012), world food production will have to increase by 70% to feed the global population, more arable and more efficient production. In 2010 Africa's land in agricultural use has increased around 2.2% or 1058.2 million hectares (FAO, 2012) over the past and over Africa's population of a major 50%. Despite its impressive levels of growth in merchandise trade over the past decade, Africa remains a marginal player in world trade, accounting for only 2.8 per cent of world exports (UNCTAD Trade Review) and 2.3 per cent of world imports in the decade from 2000 to 2012. The average transport costs of cargo in the continent of our trade partners outside of Africa represent 77 per cent of their import value, which is twice the world average of 37 per cent.



EXPANDING AFRICA'S TRADE IS VITAL FOR ECONOMIC PROSPERITY OF HER PEOPLE WHERE A 1% INCREASE IN THE SHARE OF WORLD TRADE WOULD GENERATE AN EXTRA \$18 BILLION, WHICH IS JUST ABOUT THE SIZE OF ALGERIA'S GDP CONTRIBUTION ANNUALLY TO AFRICA'S TOTAL GDP.

The top African exporting nations are Nigeria, South Africa, Algeria, Angola, Libya, Egypt, Tunisia, and Morocco. Africa's exports consist mainly of oil, minerals (gold, diamonds, cobalt, etc.), timber, coffee, cocoa, cotton products and primary agricultural products. In comparison, the tiny country of Singapore with little or no significant mineral wealth or arable land to speak of and a meager human capital of 4.3 million people accounts for more exports than all of the 48 countries of sub-Saharan Africa with an estimated population of 700 million people. The continent has an abundant supply of natural and human resources, which could form the basis for an expansion of agricultural production and broader maritime trade. For instance, with 735 million hectares of arable land, Africa has about 27 per cent of the world's arable land while Asia has 628 million hectares and Latin America 570 million hectares (Duma, 2011). In 2012 Africa produced a tenth of the world's oil estimated at around 94 million barrels per day, which is up by nearly 8% from 2011 levels. Nigeria alone has proven reserves of over 36 billion barrels of oil according to the US Geological Survey.

SIGNIFICANT RISKS ARE POSED TO SOUTH AFRICA BY THE GLOBAL HEADWINDS FACING THE WORLD ECONOMY – NAMELY THE ON-GOING EUROPEAN DEBT CRISIS AND THE POTENTIAL OF A HARD LANDING IN CHINA.

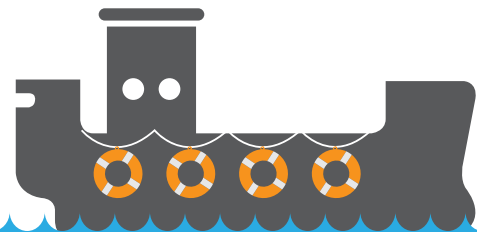
China in particular could be a real concern if growth continues to slow and the country begins to use its stockpiles of coal and iron ore, which would hit volumes of the commodities being transported on South African rail and through South African ports. The risk of strikes appear more elevated in the wake of heightened tensions in the mining sector. However Africa and sub-Saharan Africa present a huge opportunity for our economy.

CHANGING THE TIDE

OUR MISSION, VISION
AND MARITIME HERITAGE
POSITION US IN RELATION
TO THE GLOBAL PICTURE,
AND ARTICULATE THE PART
WE'LL PLAY THROUGH
REALISING OUR MANDATE
AND RISING TO THE CHALLENGE
OF BECOMING WAVE MAKERS
FOR GROWTH, NEW DEVELOPMENT
AND EXPANSION.

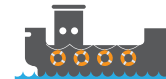


OUR CORE BUSINESS



1. Mitigating the risks posed to ships, people, cargo and equipment through the assurance of their safe operation in South African and international waters.
2. Mitigating risks of pollution by ships to the marine environment.
3. Mitigating risks to South Africa's maritime interests, including security and economic well-being of the country.
4. Mitigating the risks posed to people, cargo and equipment as it relates to the safe operation of small vessels and boats.

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OUR STRATEGIC AGENDA



SAFE FISHING



SAFE SHIPPING



SAFE BOATING



CLEAN SEAS



WORLD-CLASS MARITIME ADMINISTRATION



FULLY COMPETENT AND GLOBALLY COMPETITIVE SOUTH AFRICAN SEAFARERS

IDENTITALLY TRANSFORMED AND GLOBALLY COMPETITIVE MARITIME SECTOR



WORLD-CLASS MARITIME ADMINISTRATION

OUR VISION

THE AUTHORITY
CHAMPIONING
SOUTH AFRICA'S
MARITIME AMBITIONS

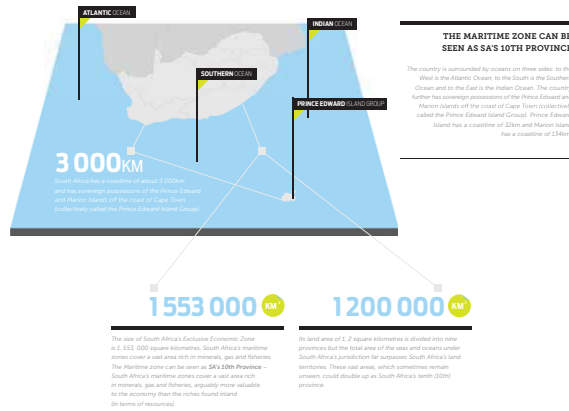
CHAIRMAN'S REPORT

I am pleased to present on behalf of the SAMSA Board and SAMSA, the Chairman's report for the 2012/13 financial year even though I am doing so in my capacity as the Deputy Chairman given that the Chairman, Mr Comfort Ngidi had resigned at the time of finalising this Annual Report.

I wish to commence by stating that the South African Maritime Safety Authority (SAMSA) continues to fulfil its mandate, namely to ensure safety of life and property at sea, to prevent and combat pollution of the marine environment by ships and to promote the South African maritime interests. In line with this mandate and our strategy, we continue to drive our stated vision which is to become "The authority championing South Africa's global maritime ambitions", together with our mission which is "To promote South Africa's maritime interests and develop and position the country as an International Maritime Centre while ensuring maritime safety, health and environmental protection". Central to this achievement is a sound corporate governance culture, a capable, resourced and repositioned Authority.

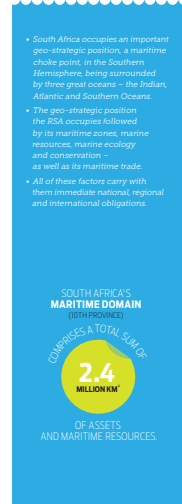


OUR MARITIME HERITAGE

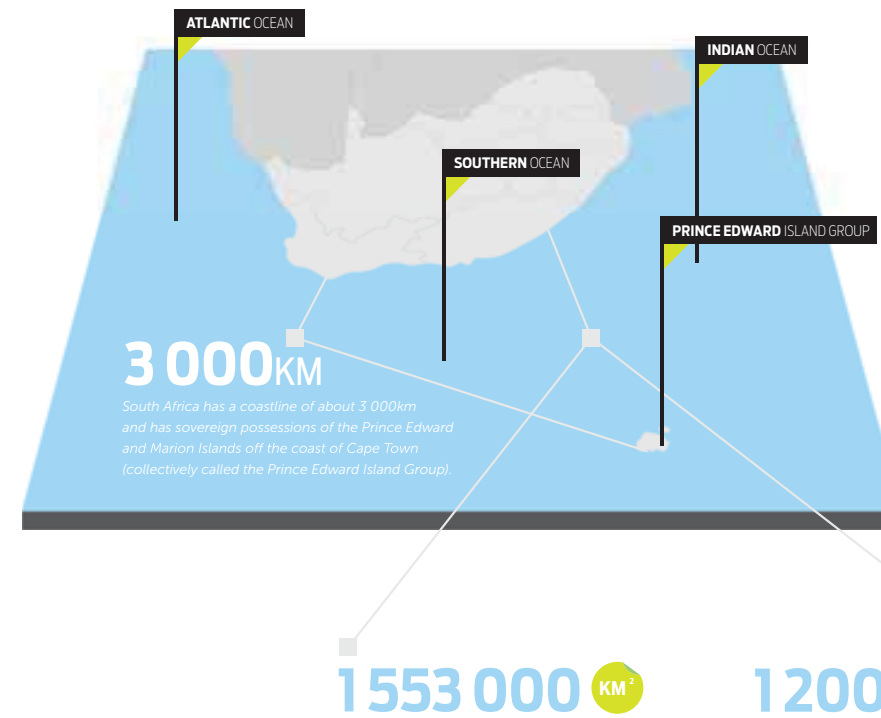


We live in a world where 80% of the earth's surface is covered by seas and oceans and this proportion reflects the significance of the oceans in world affairs, in that at least 90% of world trade is carried by sea. In respect of South Africa, about 50% of our Gross Domestic Product (GDP) comes from trade and about 98% of this trade is carried by sea. It is given this importance and to give effect to other national and international maritime commitments that the South African Maritime Safety Authority was established and functioning in terms of Act No. 5 of 1998, to ensure safety of life and property at sea, to prevent and combat the pollution of the marine environment by ships and to promote the Republic's maritime interests.

IT IS THE PROFILE OF THESE MARITIME INTERESTS THAT WE HAVE SOUGHT TO PROTECT, RAISE AWARENESS OF AND LEVERAGE IN ORDER TO CONTRIBUTE TO THE ECONOMIC GROWTH OF THE COUNTRY AMIDST SOMETIMES DIFFICULT CIRCUMSTANCES.



OUR MARITIME HERITAGE



THE MARITIME ZONE CAN BE SEEN AS SA'S 10TH PROVINCE

The country is surrounded by oceans on three sides: to the West is the Atlantic Ocean, to the South is the Southern Ocean and to the East is the Indian Ocean. The country further has sovereign possessions of the Prince Edward and Marion Islands off the coast of Cape Town (collectively called the Prince Edward Island Group). Prince Edward Island has a coastline of 32km and Marion Island has a coastline of 134km.

OUR MISSION

CHIEF EXECUTIVE OFFICER

I wish to take the approach of reflecting on the work done by SAMSA since 2008 when I was appointed as the new CEO and began this five year journey with the resolute support of a dedicated and highly committed management team, many of whom I employed soon after taking office.

WE HAVE ACHIEVED A LOT OVER THE PAST 5 YEARS BUT THE MOST IMPORTANT DEVELOPMENTS HAVE BEEN THE STRATEGIC ACQUISITION OF A DEDICATED TRAINING VESSEL TO TRAIN SOUTH AFRICAN SEAFARERS AND THE DECLARATION OF THE YEAR 2015 AS 'THE YEAR OF MARITIME'.

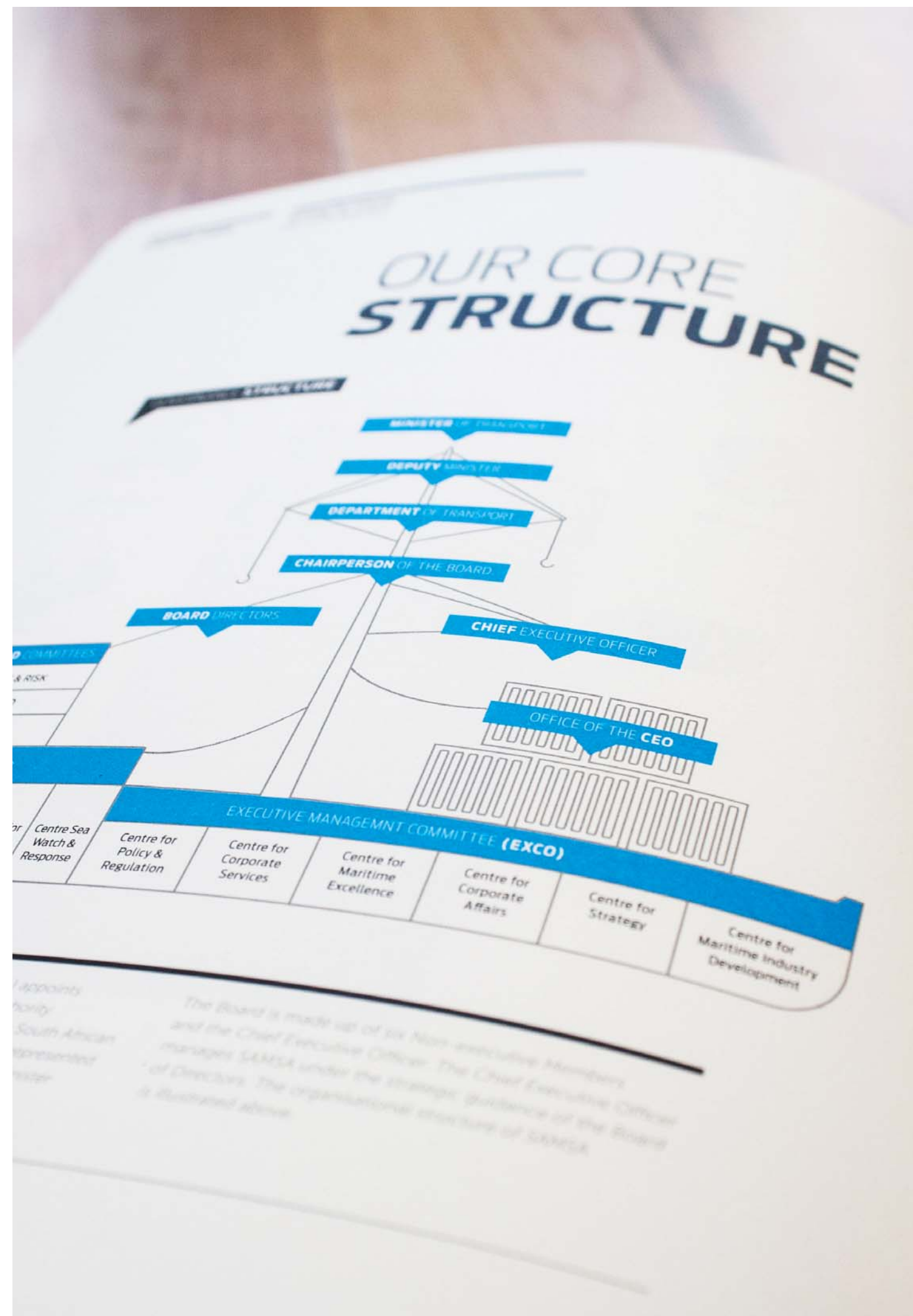
The challenges encountered over the past years have sometimes been distressing but the ultimate acceptance that the maritime industry can generate a lot of economic wealth for the country was worth all the hard work that was done over the past years.

I look back with pride and heightened conviction of our vision for the country and the development of our blue maritime economy. When my term of office started in 2008, very little attention in the form of policy and government assistance was accorded the maritime sector. Furthermore, the industry and many of its key role players operated in the absence of a unified and coherent structure. Even as a purely technical entity, SAMSA's optimum performance was largely hampered by an ineffective business model, a general lack of effective processes, systems and technology to properly track and monitor the compliance and safe operations of ships along our coastline. It is against this backdrop that SAMSA embarked on a new strategy that charted a new and more focused voyage for the Authority. The turnaround programme of 2008 and its implementation began a journey towards transforming the entity from that of moribund status to an authority acclaimed for excellence.



SETTING OUR COURSE

WE HAVE A CLEAR STRATEGY IN PLACE, WHICH WILL DIRECT US ON THIS JOURNEY. THIS IS INFORMED BY OUR CORE BUSINESS AND OUR ORGANISATION'S CORE STRUCTURE. OUR VALUES WILL GUIDE OUR CONDUCT ON THIS JOURNEY, AND STEER US TOWARDS OUR GOALS.





CHAPTER THREE

OUR APPROACH

THE UNDERLYING MANTRA OF SAMSA IS TO BE AN "ENTERPRISE OF INTEGRITY"

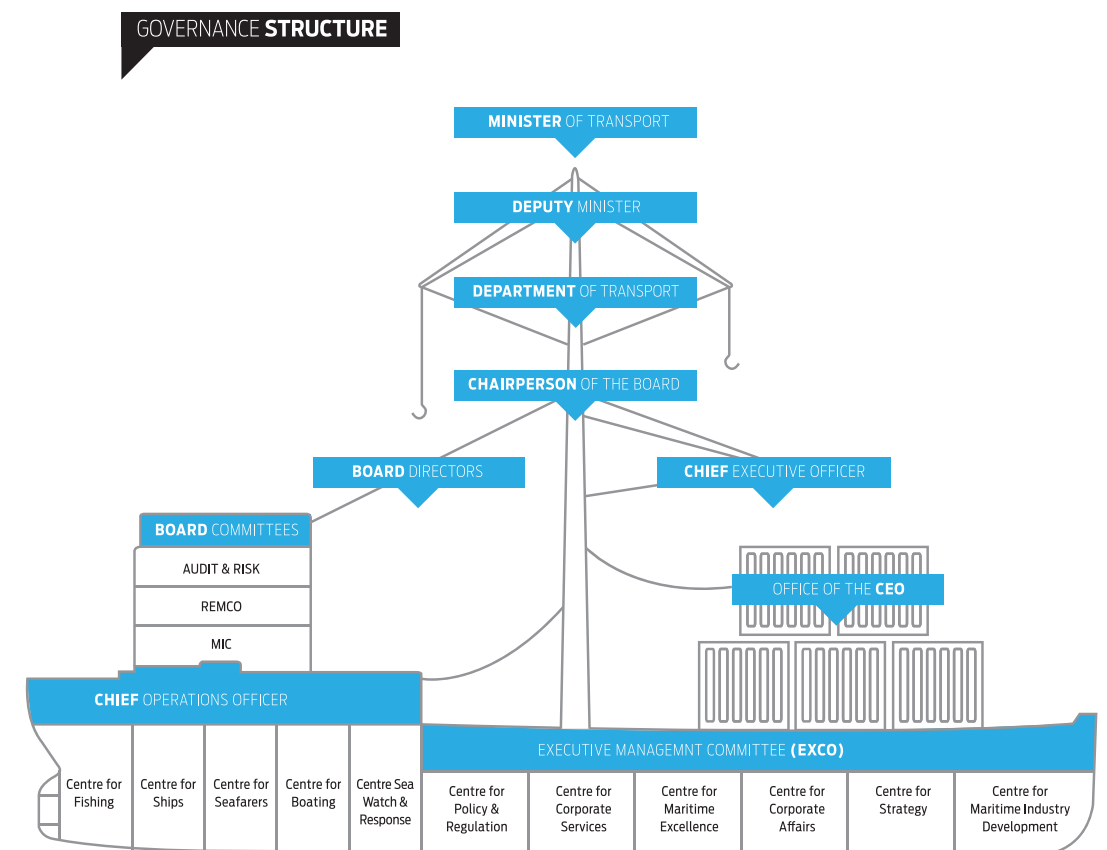
The core philosophy and values that guide and underpin each activity we undertake and how we behave as individuals and collectively when creating value for our stakeholders are as follows:

ENTERPRISING Forward thinking and innovation in our business activities.	INTEGRITY Our business conduct and readiness beyond reproach.	CARING Respect and caring for our employees.
DIVERSITY Strength in our difference as a true South African entity.	TEAMWORK Promoting the support of others in building the future.	SUSTAINABILITY Being environmentally and socially responsible and ensuring lasting value for our stakeholders and the environment within which we operate.
	HIGH PERFORMANCE Delivering service excellence.	

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OUR CORE STRUCTURE



The Public Finance Management Act (PFMA) appoints the Minister of Transport as the Executive Authority and the Shareholder in SAMSA on behalf of the South African Government. The Accounting Authority, which is represented by the SAMSA Board of Directors reports to the Minister of Transport.

The Board is made up of six Non-executive Members and the Chief Executive Officer. The Chief Executive Officer manages SAMSA under the strategic guidance of the Board of Directors. The organisational structure of SAMSA is illustrated above.



MARITIME TRADE

South Africa is situated far from its entire international key trading partners and markets. It depends entirely on international trade for its economic and social development prospects, making shipping a very critical element in the economic and strategic calculus of this nation. Despite the disadvantage of distance to market, it is among the top 15 trading countries in the world and generates 3.5 % of the world's sea-borne trade. South Africa's international trade is the backbone of the maritime sector as approximately 12 000 deep-sea trading vessels regularly call on South African ports to carry about 95% of South Africa's cargo to the world. All the trade referred to above is carried on the back of foreign ships as South Africa has no merchant ships on its Ship Registry. This therefore means that South Africa's economy and its security of trade are dependent on ships owned and regulated in foreign countries. Maritime trade should be viewed through a multilevel lens, which considers four categories of trade as follows: Coastal Trading System, International Trading System, Regional Trading System and Continental Trading System.

MARITIME TRADE SHOULD BE VIEWED THROUGH A MULTILEVEL LENS, WHICH CONSIDERS FOUR CATEGORIES OF TRADE AS FOLLOWS: COASTAL TRADING SYSTEM, INTERNATIONAL TRADING SYSTEM, REGIONAL TRADING SYSTEM AND CONTINENTAL TRADING SYSTEM.

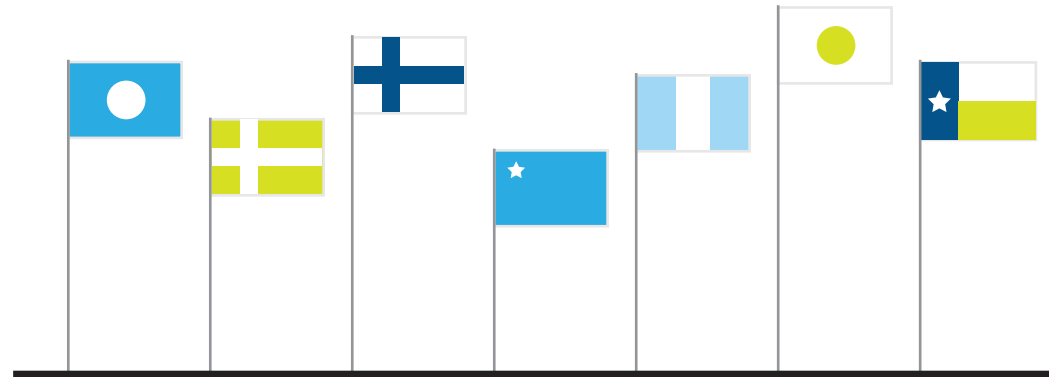
SHIP REGISTRY

Approximately 56 foreign shipping lines operate dedicated liner services to and from the South African ports to destinations worldwide. There are about 36 ship agencies in South Africa representing and looking after the interest of foreign merchant ships, cargo and crew of those shipping lines aforementioned.

More than 12 000 foreign ships carry approximately 240 million tonnes of cargo berth on South African ports per annum. Ship ownership is of strategic importance to any maritime state hence the rush by many maritime states to attract merchant ships to register on their national Ship Registers. South Africa's Ship Register is one of the oldest Ship Registers in the continent having been established in the 1840s. Currently, South Africa does not have merchant ship on its Ship Register. This is not because there is no South African company that own such ships but those shipping companies have opted to flag their ships in foreign jurisdictions due to the fact that the South African Ship Register is considered uncompetitive.

PORT CONSULTATIVE COMMITTEE

SAMSA provided secretariat duties to the Port Consultative Committee as per the National Ports Act, No. 12 of 2005.



SHIP REGISTRY

Shipping has become a global activity and ship owners have the freedom of flagging their ships in states different from that of the ship's owners. Today shipping owners decide where to locate their ships on the strength and attractiveness of national ship registers, a business decision influenced by factors such as the attractiveness of a ship registry's taxation and broader legal regime.

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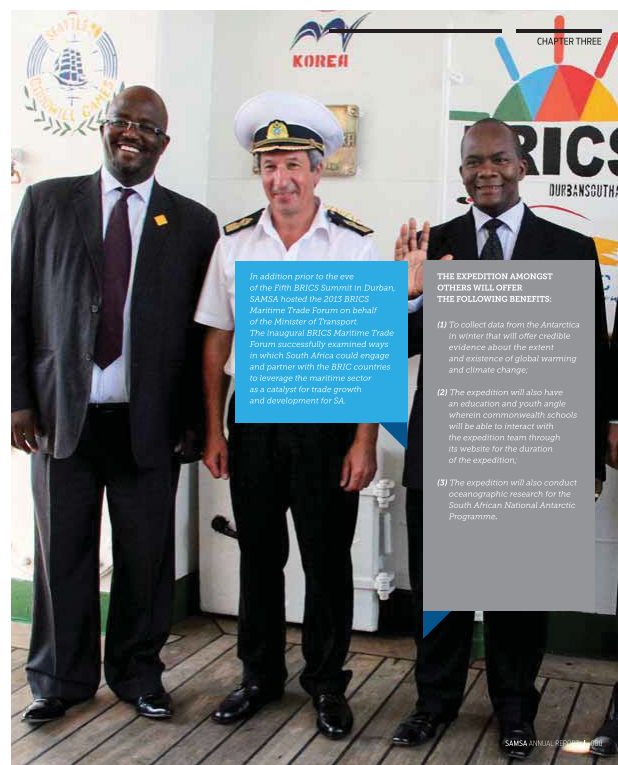
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INTERNATIONAL WORK

Internationally we have also tried to advance and raise South Africa's profile both regionally and internationally. In this regard, SAMSA participates at the International Maritime Organization and other international fora like the International Labour Organisation, International Telecommunications Union, Abuja AGU and Indian Ocean Memorandum of Understanding engagement platforms and search and rescue international platforms. More so, SAMSA has successfully implemented the World Bank Marine Highway Project which sought to position electronic charts on the Mozambican Channel. In a meeting that was held in early October 2012 in Mombasa, Kenya, SAMSA was appointed to chair the Association of the Heads of African Maritime Administrations and Ships Register Forum with South Africa further nominated to host the follow-up meeting to be held in 2013/14 financial year. In October 2012, South Africa successfully held the Torremolinos Diplomatic Conference on Fishing Vessel Safety in Cape Town to adapt the Provisions of the 1993 Protocol relating to the Torremolinos Convention after winning the bid to host the IMO Conference. The global maritime sector recognises SAMSA as the country's strategic maritime centre, soliciting our views and engaging SAMSA on key global maritime and related issues such as climate change and global warming, maritime security and piracy, and sector development.



SAMSA, amongst other stakeholders have been instrumental in providing strategic thought leadership towards the development of the first ever African Integrated Maritime Strategy (AIMS) 2000 Strategy. The strategy addresses Africa's socio-economic challenges by promoting the concept of African indigenous heritage, supported by African shipping companies, enhancing intra-Africa regional trade and integration and reversing the absence of maritime research and skills development capacity.



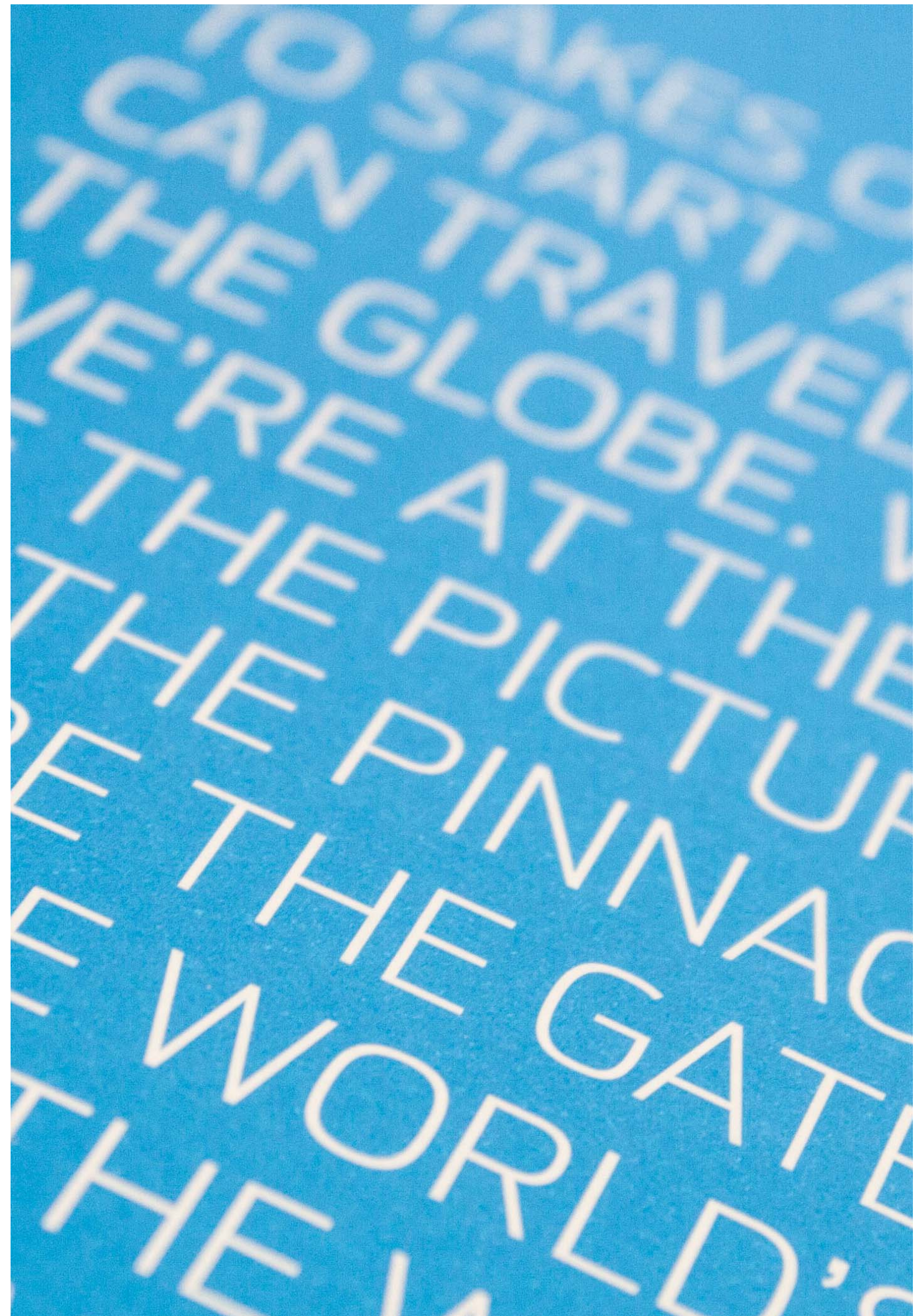
In addition prior to the eve of the 7th BRICS Summit in Durban, SAMSA hosted the 2012 BRICS Maritime Trade Forum on behalf of the Minister of Transport. The inaugural BRICS Maritime Trade Forum successfully examined ways in which South Africa could engage and partner with the BRIC countries to leverage the maritime sector as a catalyst for trade growth and development for SA.

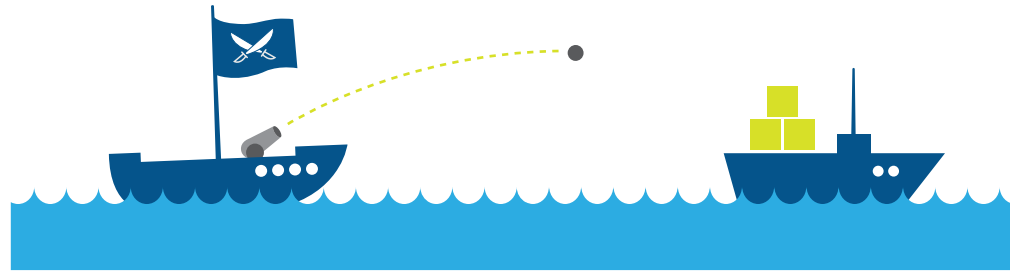
THE EXPEDITION AMONGST OTHERS WILL OFFER THE FOLLOWING BENEFITS:

- (1) To collect data from the Antarctica in winter that will offer credible evidence about the extent and existence of global warming and climate change.
- (2) The expedition will also have an educational and youth angle wherein continental schools will be able to interact with the expedition team through its website for the duration of the expedition.
- (3) The expedition will also conduct oceanographic research for the South African National Antarctic Programme.

MAKING WAVES

OUR DESTINATION IS BEING WAVE MAKERS OF GROWTH, NEW DEVELOPMENT AND EXPANSION, WHICH WILL RIPPLE OUTWARDS FROM OUR ORGANISATION, TO SOUTH AFRICA, THE CONTINENT AND ON TO THE REST OF THE WORLD.





RATIFICATION OF THE DJIBOUTI CODE OF CONDUCT: IMO ANTI-PIRACY CODE

On 15 May 2012, South Africa signed the Code of Conduct concerning the repression of piracy and armed robbery against ships in the Western Indian Ocean and the Gulf of Aden (Djibouti Code of Conduct). Signatories to the Djibouti Code of Conduct, which has been in effect since 29 January 2009, undertake to co-operate in a variety of activities, including: investigation, arrest and prosecution of persons reasonably suspected of having committed acts of piracy and armed robbery against ships, including those inciting or intentionally facilitating such acts; interdiction and seizure of suspect ships and property on board such ships; rescue of ships, persons and property subject to piracy and armed robbery and the facilitation of proper care, treatment and repatriation of seafarers, fishermen, other shipboard personnel and passengers subject to such acts, particularly those who have been subjected to violence; and conduct of shared operations – both among signatory States and with navies from countries outside the region – such as nominating law enforcement or other authorised officials to embark on patrol ships or aircraft of another signatory.

In addition, the Code provides for the sharing of maritime security related information, through the three Information Sharing Centres (ISCs) in Sana'a Yemen, Mombasa Kenya and Dar es Salaam Tanzania which have been established under the Code. Signatories to the Code also undertake to review their national legislation with a view to ensuring that there are laws in place to criminalise piracy and armed robbery against ships and to make adequate provision for the exercise of jurisdiction, conduct of investigations and prosecution of alleged offenders. In December 2012, South Africa supported by the International Maritime Organization (IMO) organised a workshop for all stakeholders to deliberate on the implementation of the Djibouti Code of Conduct. The workshop resolved, among others, on the need for designation of the National Focal Point (NFP) capable of receiving and responding to alerts and requests for information and assistance at all times 24/7/365 days. All stakeholders agreed to cooperate and collaborate in the interest of maritime security in South Africa.

CHAPTER FOUR Programme FOUR Maritime Security Programme

PROGRAMME FOUR

Maritime Security Programme

SAMSA is in the process of developing a Framework for Maritime Security. The objective of the framework is to outline the following key pillars: current state of maritime security in view of all existing and emerging threats and vulnerabilities in the maritime environment – e.g. transnational organised crime, insecure critical infrastructure, illegal exploration and exploitation of marine resources, inadequate legal system and environmental crime and marine degradation; development of strategic objectives to counter maritime security threats and vulnerabilities – e.g. ships, offshore installations and ports; infrastructure security, integrated maritime security, maritime environmental protection, regulatory/governance systems and maritime domain awareness; identify relevant key role players to ensure co-ordinated and integrated approach to maritime security – e.g. maritime industry participants, regulatory/governance authorities, law enforcement agencies, state departments and agencies and prosecution authorities; identify performance indicators to measure the achievement of the strategic objectives – e.g. legislation and regulations, surveillance and monitoring, formalised institutional arrangements clearly stipulating mandates of role players, strategy and policy and stakeholder engagements; and outline the strategic goal of the maritime security programme i.e. an orderly and secure maritime environment – e.g. maritime trade and supply chain security, elimination of sabotage in the sea environment, collaborative and functional partnership mechanism with key stakeholders and security of the national maritime resources (infrastructure, people, cargo, vessels and other conveyances).

THE MARITIME SECURITY FRAMEWORK CAPTURES THE VISION, MISSION AND STRATEGIC GOALS OF AN ORDERLY AND SECURE MARITIME ENVIRONMENT IN SOUTH AFRICA. THE FINAL FRAMEWORK FOR MARITIME SECURITY IN SOUTH AFRICA SHALL BE THE OUTCOME OF BROAD CONSULTATION AND CONSULTATION WITH ALL KEY ROLE PLAYERS IN THE MARITIME SECTOR.

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CHAPTER FOUR Programme FOUR Maritime Security Programme

S.A. AGULHAS

CAPE TOWN KAAPSTAD

PARTNERSHIP BETWEEN SAMSA AND THE SOUTH AFRICAN NAVY

SAMSA has identified the South African Navy (SA Navy) as a strategic partner in the advancement of Maritime Security in the maritime environment. SAMSA and the South African Navy explore possibilities of partnership for training and education of our cadets. The partnership entails the placement of cadets on board the SA Agulhas Dedicated Training Vessel (DTV) and SA Navy ships. Evolution Practical training for Navy cadets on Auto Navigation course on board the Agulhas Agulhas DTV cadets and staff orientation programme on board naval vessels. SAMSA to support plan to focus SA Navy training towards STCW compliance, possible alternations or adjustments on the SA Agulhas vessel to cater for navy training requirements, partnership on the establishment of a school or institute for maritime education and training including maritime sport, insurance funding for implementation of joint programmes, and SAMSA to facilitate the process of recruitment for SA Agulhas cadets as Navy Reserves.

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CHAPTER FOUR

PARTNERSHIP BETWEEN SAMSA AND THE SOUTH AFRICAN AIR FORCE

SAMSA has also identified the South African Air Force (SA Air Force) as one of the strategic partners in the advancement of the National Security in general and Maritime Security in particular. SAMSA and the SA Air Force explore possibilities for partnership to ensure the provision of suitable air capability and support for maritime law enforcement in our coastal waters, thus contributing to the protection of life and property at sea, prevention and combating of marine pollution by ships and promotion of the maritime interest of the Republic of South Africa. SAMSA, on occasions, require air capability to board ships at sea, either to deal with contravention of applicable laws in the maritime environment or inspection of a ship from a possible pollution and or safety threat prior to granting permission for a vessel to approach our coastline. These engagements will culminate in the signing of MoU between SAMSA and SA Air Force to ensure air capability and support in the interest of maritime safety and security in our coastal waters.

PARTNERSHIP BETWEEN SOUTH AFRICA AND THE UNITED STATES ON MARITIME SECURITY

SAMSA was part of the Maritime Security Advisory Committee (MSAC) delegation that hosted the United States Coast Guard (USCG) in South Africa during the period 20 to 24 August 2012. It was a reciprocal visit aimed at sharing of best practices in the implementation of maritime security with focus on the International Ships and Port Facilities Security (ISPS) code. The SA delegation visited USCG in 2011. The USCG delegation visited the ports of Port Elizabeth and Ngqura for the assessment of our ports' infrastructure and effectiveness of existing security systems. Overall, the visit was a success and the two (2) ports of Port Elizabeth and Ngqura were found to be adequately secured. The assessment identified shortcomings and recommended solutions to improve the level of security at the two ports. South Africa, represented by MSAC members, will undertake a reciprocal visit to the USCG in 2013.

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PROGRAMME SEVEN Service Delivery Excellence Programme

OUR VISION AND PHILOSOPHY PLACES THE HIGHEST PRIORITY ON EMBODIED A CULTURE OF HIGH PERFORMANCE. WE BELIEVE THAT IT IS NOT ENOUGH TO HAVE HIGH PERFORMANCE AS A VALUE BUT INSIST THAT WE DEMONSTRATE THIS THROUGH THE QUALITY OF OUR SERVICE DELIVERY SYSTEM AND THE WAY WE DELIGHT OUR CUSTOMERS AND BROADEN STAKEHOLDERS EXPERIENCE IN HOW THEY ACCESS OUR PRODUCTS AND SERVICES.

We contend that our stakeholder value proposition, properly constructed and delivered, can make a significant contribution towards sustainable value and benefits creation for our stakeholders. To this end SAMSA has adopted a phased approach to implementing a SAMSA Integrated Operations Management System (SIOMS), which aims to translate our values and objectives into total operational process excellence. SIOMS is a comprehensive means through which SAMSA aims to improve quality, faster throughput, improved use of resources, less waste and total operational excellence.

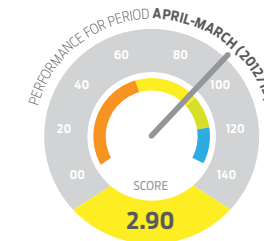
The first phase of implementation includes the integration of the process of automating the provision of certification services for all Seafarers, the ship registration process, marine incident and casualty management, statutory and compliance surveys and the accreditation and management of audits of recognised institutions. This also included the implementation of an enterprise document management system, which was designed during this financial year. We therefore believe that people see the likelihood of SAMSA's service delivery mechanism and that having excellent automated processes will enable them to do their work much more efficiently and effectively.

"If the interaction between people, processes and systems is right, the results will take care of itself."

At the heart of our excellence mantra is the building of a high performance culture.

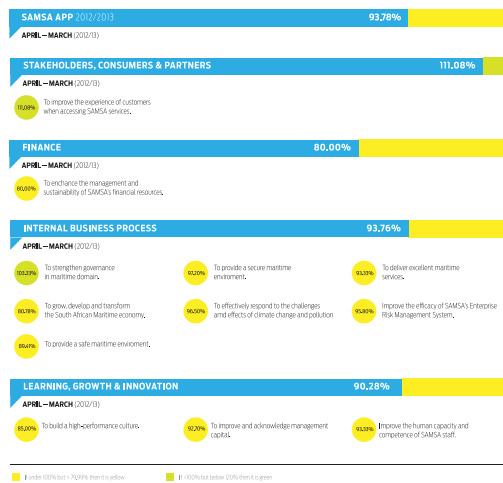
3 INTERNAL PROCESS PERSPECTIVE

3.1 Improve the efficacy of SAMSA's Corporate Governance and Enterprise Risk Management System.



NO.	KEY PERFORMANCE INDICATOR	BASELINE	TARGET YTD	ACTUAL YTD	TREND	COMMENTS	REASON FOR VARIANCE
6	Audit Opinion achieved on the AG's report	Unqualified Report (with matters of emphasis)	Unqualified Report (with no matters of emphasis)	Unqualified Report (with matters of emphasis)	▲	Tracking sheet put into place to address findings raised by the AG. Internal auditors assisting with the improvement of controls in line with Board approved plans.	Improved implementation of controls.
7	Level of maturity achieved on the SAMSA Enterprise Risk Management	Level 1	Level 3	Level 3	▲	The risk policy, strategy, framework and plan have been completed. The policy is waiting for approval from the Board.	SAMSA will start training for MANCO on ERM and deploy the system to all regions and centres by the end of the first quarter year 2013/14.
8	% Compliance with supply chain management regulations, PFMA and other governance frameworks	67%	100%	91.67%	▶	Internal auditors assessed overall legal compliance so that all matters can be addressed in currently financial year. Guidelines on SCM, Fraud Prevention, and Whistleblowing issued by the Office of the CEO. The Bid Evaluation Committee has been appointed starting from January 2013. SAMSA maintains a register of all irregular expenditure and actions taken in line with National Treasury Practice Note 4 of 2008/2009. All relevant disclosure requirements will from time to time be forwarded to Finance to be reported in the SAMSA's Annual Financial Statements.	Oversight on supply chain practice notes and regulations.

OUR PERFORMANCE INFORMATION



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Notes on the

Alan Fletcher



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JOHN FOSTER
FUSION COLLABORATIVE



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