

Marine Living Resources Fund

# ANNUAL REPORT

## 2023 – 2024

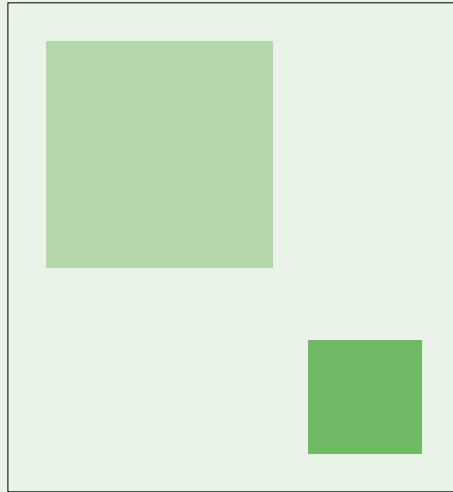


forestry, fisheries  
& the environment

Department:  
Forestry, Fisheries and the Environment  
REPUBLIC OF SOUTH AFRICA







**2023-2024**

# **Annual Report**

**MARINE LIVING RESOURCES FUND**

### ACRONYMS

AED	Aquaculture and Economic Development	FTC	Fisheries Transformation Council
ADZ	Aquaculture Development Zone	FTE	Full Time Equivalent
ADEP	Aquaculture Development and Enhancement Programme	GRAP	Generally Recognised Accounting Practice
APP	Annual Performance Plan	KZN	Kwazulu-Natal
CAF	Consultative Advisory Forum	MCS	Monitoring, Control and Surveillance
DAFF	Department of Agriculture, Forestry and Fisheries	MLRA	Marine Living Resources Act
DEFF	Department of Environment, Forestry and Fisheries	MLRF	Marine Living Resources Fund
DG	Director-General	MRM	Marine Resource Management
DPME	Department of Planning, Monitoring and Evaluation	MTEF	Medium Term Expenditure Framework
EC	Eastern Cape	NEDLAC	National Economic Development and Labour Council
EIA	Environmental Impact Assessment	NC	Northern Cape
FCO	Fishery Control Officer	PFMA	Public Finance Management Act
FRD	Fisheries Research and Development	SEIAS	Socio-economic Impact Assessment System
FOS	Fisheries Operations Support	SG	Strategic Goal
FPE	Fish Processing Establishment	SO	Strategic Objective
FPV	Fishery Patrol Vessel	TAC	Total Allowable Catch
FRAP	Fishing Rights Allocation Process	TAE	Total Allowable Effort
		TNPA	Transnet National Ports Authority
		WC	Western Cape
		WCRL	West Coast Rock Lobster
		WfFP	Working for Fisheries Programme

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Dr Dion George  
Minister of Forestry, Fisheries and the Environment

### Foreword

I am delighted to submit the Annual Report of the Marine Living Resources Fund (MLRF) for the 2023/24 financial year. The Marine Living Resources Fund (MLRF) generates income from the fishing industry, which covers the operational expenses of the Branch: Fisheries Management within the Department of Forestry, Fisheries, and the Environment. The MLRF plays a key role in the provision of incentives required and necessary to ensure the sustainable use of marine resources and the growth and development of the aquaculture sector.

The 2023/24 Annual Report for the MLRF not only showcases a number of successes, but also marks the receipt of a clean audit report from the Auditor-General South Africa. This signifies an important audit outcome for the second year in a row. We are very proud of this achievement. During the period under review, the MLRF has started with an internal process to review and amend the Marine Living Resources Act 18/1998, by conducting an International Benchmarking exercise in partnership with the United Nations Food and Agriculture Organization.

The following annual targets were achieved:

- A total number of 8 540 successful inspections were conducted in the six priority fisheries of hake, abalone, rock lobster, line fish, squid and pelagic.
- A total number of 373 successful verifications on right holders were conducted in the six priority fisheries of hake, abalone, rock lobster, line fish, squid and pelagic.
- A total number of 43 successful joint operations were conducted under Operation Phakisa Initiative 5.
- 4 key deliverables from the annual National Plan of Action for sharks were implemented.
- Small-Scale Fishing Rights were allocated to 62 cooperatives in the Western Cape.
- The 2023/24 Implementation Plan target of 100% on support programmes to small-scale fishers in the 4 coastal provinces was achieved and exceeded with 6%.
- In a bid to improve the socio-economic conditions in fishing communities, 1 003 Full-Time Equivalent Jobs and 1 594 Work Opportunities were created.

## Marine Living Resources Fund

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The MLRF continues to play a vital role in supporting the operations and achievements of the Fisheries Management Branch, which is mandated to ensure:

- effective fisheries management based on rigorous science,
- the promotion and development of South Africa's aquaculture and inland fisheries sectors,
- the provision of support to the small-scale fisheries sector,
- monitoring and enforced compliance with regulations and permit conditions,
- alleviation of poverty through job creation in coastal communities,

I present the Annual Report of the MLRF for the 2023/24 financial year.



DR DION GEORGE, MP  
MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT

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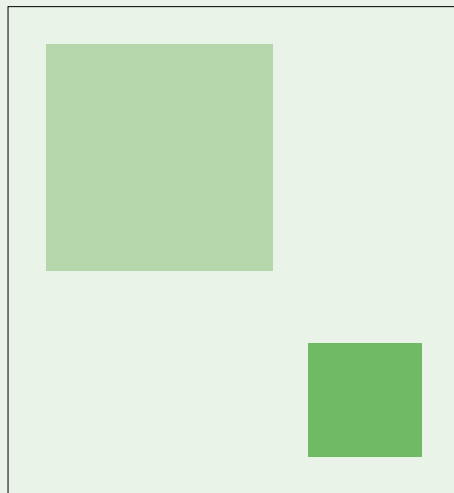




# Part A







# Statement of Responsibility

### STATEMENT OF RESPONSIBILITY for the year ended 31 March 2024

The Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, requires the accounting authority to ensure that the Marine Living Resources Fund keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of the Marine Living Resources Fund, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of the basis of accounting as set out in the notes to the financial statements.

The preparation of the annual financial statements are the responsibility of the Accounting Authority. The Auditor-General is responsible for independently auditing and reporting on the financial statements. The Auditor-General has audited the entity's financial statements and the Auditor-General's report appears on pages.

The annual financial statements have been prepared in accordance with the basis of accounting as set out in the notes to the financial statements. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Accounting Authority has reviewed the Entity's systems of internal control and risk management for the period from 1 April 2023 to 31 March 2024. The Accounting Authority is of the opinion that the Entity's systems of internal control and risk management were effective for the period under review.

The Accounting Authority sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute, assurance against material misstatements and losses. The Entity maintains internal financial controls to provide assurance regarding:

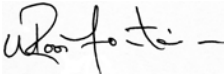
- The safeguarding of assets against unauthorised use or disposition.
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

## STATEMENT OF RESPONSIBILITY (continued) for the year ended 31 March 2024

The Accounting Authority has reviewed the Entity's budgets and cash flow forecasts for the year ended 31 March 2024. On the basis of this review, and in view of the current financial position, the Accounting Authority has every reason to believe that the Entity will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the financial statements.

In the opinion of the Accounting Authority, based on the information available to date, the annual financial statements fairly present the financial position of the fund at 31 March 2024 and the results of its operations and cash flow information for the year.

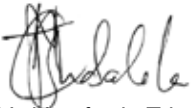
The annual financial statements for the year ended 31 March 2024, as set out on pages were submitted for auditing on 31 May 2024 in terms of section 55(1)(c)(i) & (ii) of the PFMA, 1999 (Act No. 1 of 1999) and approved by the Accounting Authority in terms of section 51(1)(f) of the PFMA (Act No 1 of 1999), as amended and are signed on its behalf by:



Wickness Rooifontein  
Chief Financial Officer  
Marine Living Resources Fund  
Date:

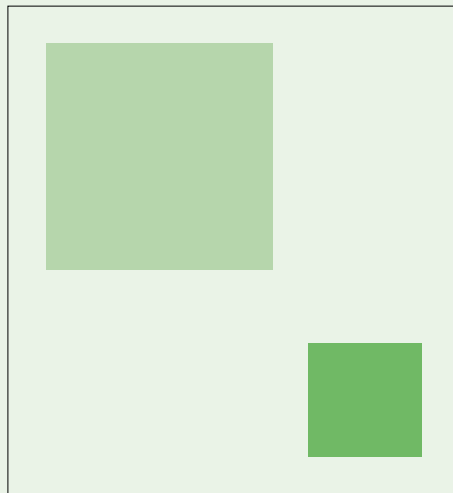


Sue Middleton  
Deputy Director-General: Fisheries Management  
Date:



Ms Nomfundo Tshabalala  
Director-General: Department of Forestry, Fisheries and the Environment  
Date:





# **Report of the Audit Committee**

### REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the financial ended 31 March 2024. The report has been prepared in accordance with the Public Finance Management Act, 1 of 1999 as amended (PFMA).

#### 1. Legislative Requirements.

The Audit Committee herewith presents its report for the financial year ended 31 March 2024, as required by the Treasury Regulation paragraph 3.1.

#### 2. Audit Committee Members and Attendance

The Audit Committee consists of five (5) members listed hereunder and should meet at least four (4) times per annum as per its approved terms of reference. Seven (7) virtual meetings were held in this financial year. Four (4) Quarterly meetings, three (3) special meetings.

Name of Members	Date Appointed	Date Resigned / Contract Expiry	No of meetings attended
Adv. Lufuno Tokyo Nevondwe (Audit Committee Chairperson)	01 October 2018	N/a	7
Ms Reyhana Gani (Audit Committee Member)	01 October 2018	N/a	7
Mr Norman Baloyi (Audit Committee Member)	01 June 2021	N/a	7
Ms Thandeka Ndlovu (Audit Committee Member)	01 February 2023	N/a	6
Mr Suren Maharaj (Audit Committee Member)	01 February 2023	N/a	7

#### 3. Audit Committee Responsibility

The Audit Committee reports that it has executed its responsibilities arising from section 38 (1) (a) (ii) of the PFMA and paragraph 3.1 of the Treasury Regulations.

The Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.

#### 4. The Effectiveness of Internal Control

In line with the PFMA, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency, and develop recommendations for enhancement. The Accounting Officer and Accounting Authority retains the responsibility for implementing such recommendations as per Treasury Regulation 3.1.12.

For the 2023/24 financial year, the co-sourced internal audit service provider contract came to an end on the 30 June 2023. The audit committee raised concerns regarding lack of co-sourced internal audit services provider and impact on the work of internal audit. The management made an appointment of the new co-sourced internal audit service provider on 14 February 2024. During 2023/24 financial year the Audit Committee:



## REPORT OF THE AUDIT COMMITTEE (continued)

- Reviewed significant issues raised by external audit processes.
- Reviewed the effectiveness of the entity's financial controls and received assurance from management.
- Reviewed the action plans in place to address the shortcomings identified in controls.
- Recommended internal control and compliance activities.

The Audit Committee commends the Accounting Authority and Management in improvements in all areas as well as no recurrence on repeat findings. Based on our interaction with the Entity, we conclude that the audit action plan system has been implemented adequately and effectively to address previous internal and external audit findings.

### 5. In -Year Monitoring and Monthly/Quarterly Report

The Entity has been reporting monthly and quarterly to the National Treasury as is required by the PFMA. The Audit Committee commends Management for the improvement over the content and quality of the monthly / quarterly financial reports prepared by the Entity during the year under review.

### 6. Risk Management

The Audit Committee has been recommending, for the past 5 years, that Enterprise Risk Management (ERM) become embedded into the fabric and discourse of the MLRF. Some progress has been made with the production of Strategic Registers. The Risk Committee has been convening and attendance from Management is vastly improving. Further progress and Management commitment is required from management as well as maturing in the space of risk management.

### 7. Evaluation of Financial Statements

The Audit Committee has reviewed the audited Annual Financial Statements prepared by the Entity. The Audit Committee commends Management for the improvement in the quality of financial statement by the Entity. There were no significant matters that the Audit Committee considered in relation to the Annual Financial Statements – all matters raised were addressed to the satisfaction of the Audit Committee. The Audit Committee recommends and urges the Management to consider implementing the AG recommendations on the quality of the Annual Financial Statements yet commends the CFO and finance function on their performance.

### 8. Performance Management

The Audit Committee reviewed the Entity's performance, through the quarterly reports submitted by Management. The Audit Committee was satisfied with the steady improvement of the Entity's performance between these quarters.

### 9. Internal Audit

The Accounting Authority is obliged, in terms of the Public Finance Management Act, 1999, to ensure that the entity has an effective system of Internal Audit under the control and direction of the Audit Committee. All internal audit work as well as quarterly progress reports were reviewed and approved by the Audit Committee. The Committee was satisfied with the effectiveness of the internal audit function. For the 2023/24 financial year, the co-sourced internal audit service provider contract came to an end on the 30 June 2023 and the new co-sourced internal audit service provider was appointed on 14 February 2024. The following internal audits were conducted during the 2023/24 financial year:

- Annual Performance Report (APR) Review
- Annual Financial Statements (AFS) Review
- Audit of Performance Information (AoPI Quarter 1)
- Risk Management Review

## **REPORT OF THE AUDIT COMMITTEE (continued)**

- Audit of Performance Information (AoPI Quarter 2)
- Audit of Performance Information (AoPI Quarter 3)
- Annual Performance Plan Review

### **10. Information Communication Technology (ICT Governance)**

The MLRF has the ICT Directorate which works closely with the Department to advise management on potential ICT related risks and possible recommendations for improvements. The Audit Committee has considered the ICT reports quarterly and advice on areas which needs improvements. The Audit Committee commends management on the improvements registered in the ICT since there were no findings from Auditor-General South Africa (AGSA).

### **11. Auditor-General's Report**

The Audit Committee has met with the representatives of AGSA to ensure that there are no unresolved issues. The Audit Committee concurs with and accepts the external audit outcome of the entity which has remain the unqualified audit opinion without material findings (clean audit) which is similar to the previous financial year 2022/2023. The Audit Committee commends management on the Audit outcome and challenged management to maintain the clean audit outcome for the next financial year.

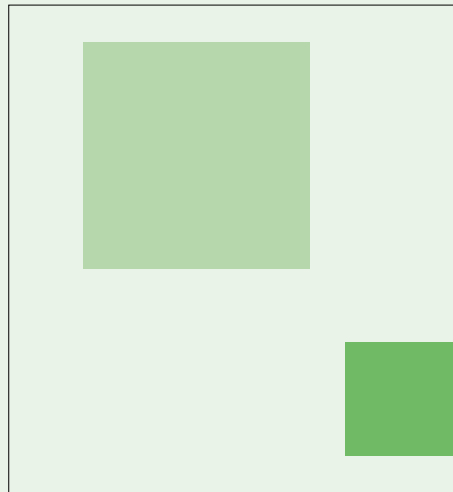
### **12. Appreciation**

I would like to thank the Audit Committee members for their contributions and constructive meetings that were held in the financial year.

The Audit Committee acknowledges the improvement in the functioning and commitment of the Management team and expresses its sincere appreciation to the Director-General of the Department of Forestry, Fisheries and the Environment as the Accounting Authority of the MLRF, the Management of the MLRF, staff and the AGSA for their support and co-operation during the year under review. Finally, we congratulate them for achieving the clean audit report.



Adv. Lufuno Tokyo Nevondwe  
Chairperson of the Audit Committee  
Marine Living Resource Fund  
Date: August 2024



# **Report of the Auditor-General**

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARINE LIVING RESOURCES FUND

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Marine Living Resources Fund set out on pages 45 to 78, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Marine Living Resources Fund as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

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

### Uncertainty relating to future outcomes of litigations

7. With reference to note 17 of the financial statements, the public entity is the defendant in various ongoing litigation and claims. The outcome of these cases cannot presently be determined and no provision for any liability or asset that may result has been made in the financial statements.

### Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARINE LIVING RESOURCES FUND (continued)

### Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 16, forms part of our auditor's report.

### Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to ensure the sustainability, utilisation and orderly access to marine living resources through improved management and regulation presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
  - Number of inspections conducted in the 6 priority fisheries (hake; abalone; rock lobster; line fish, squid and pelagic).
  - Number of verifications of right holders conducted (hake; abalone; rock lobster; line fish, squid and pelagic).
  - Number of joint operations conducted with partners (including) Initiative 5: Operations Phakisa.
  - Small-scale fishing co-operatives allocated fishing rights.
  - Percentage of Integrated Development Support Programme action plan implemented (small-scale fishing co-operatives supported).
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
  - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARINE LIVING RESOURCES FUND (continued)

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

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

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

### Other matter

18. I draw attention to the matter below.

### Achievement of planned targets

19. The annual performance report includes information or reported achievements against planned targets and provides explanations for over- or under achievements.

### Material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Ensure the sustainability, utilisation and orderly access to marine living resources through improved management and regulation. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. I did not identify any material non-compliance with the selected legislative requirements.

### Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARINE LIVING RESOURCES FUND (continued)

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

### Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

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

Auditor-General

Cape Town  
31 July 2024



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARINE LIVING RESOURCES FUND (continued)

### Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

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

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

#### Communication with those charged with governance

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

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



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MARINE LIVING RESOURCES FUND (continued)

## Compliance with legislation -selected legislative requirements

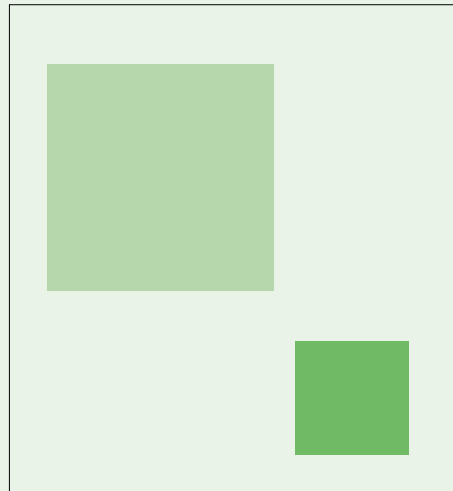
The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 44; 51(l)(b)(i); 51(l)(b)(ii); 51(l)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 56(2) 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.2 (e) Regulation 16A6.3(a); 16A6.3(b); 16A6.3(d) Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A6.9; Regulation 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1 Regulation 31.2.5; 31.2.(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3 Regulation 33.3.3
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(b) 2.1(f)
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1; 3.2.2; 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Instruction No. 1 of 2021/22	Paragraph 4.1



# Part B





# Performance Information

### PERFORMANCE INFORMATION

The Marine Living Resources Fund (MLRF) is a statutory fund listed as a Schedule 3A Public Entity in Government Gazette 22047 of 16 February 2001 under the Public Finance Management Act, 1999 (Act no 1 of 1999) and established in terms of the Marine Living Resources Act, 1998 (Act No. 18 of 1998) and falls under the control of the Department of Forestry, Fisheries and the Environment. The Branch Fisheries Management operates as Programme 9 within the National Department of Forestry, Fisheries and the Environment (DFFE) and its main purpose is to implement the mandate and provisions of the Marine Living Resources Act, 1998 (Act No. 18 of 1998) ("MLRA"). The MLRF provides funding to the Fisheries Management so that it can fulfil its mandate and obligations in terms of the MLRA which is mainly to manage marine resources, to ensure the development of sustainable use and orderly exploitation of marine and coastal resources, as well as the protecting the integrity and quality of our marine and coastal ecosystem. The MLRF existed as the Sea Fishery Fund under the Sea Fishery Act, 1988 (Act 12 of 1988) and its existence was continued by sections 10 and 11 of the MLRA, which reads as follows:

- "10. (1) The Sea fishery Fund referred to in section 27 of the Sea Fishery Act, 1988 (Act no. 12 of 1988), shall continue to exist under the name the Marine and Living Resources Fund, notwithstanding the repeal of the said Act by section 84.
- (2) Into the fund there shall be paid, notwithstanding the provisions of any other Act, but subject to section 22-
- (a) money paid in respect of fines, penalties and interest for any offence committed in terms of this Act, including any proceeds from the sale of any vessel, vehicle, aircraft, gear or fish forfeited or seized in terms of this Act;
  - (b) all interest and fees collected in terms of this Act;
  - (c) money appropriated by Parliament for the realisation of objects of the Fund;
  - (d) interest on investments
  - (e) donations, with the approval of the Minister in consultation with the Minister of Finance;
  - (f) money which, with the approval of the Minister in consultation with the Minister of Finance, accrue to the fund from any other source; and
  - (g) any levy on fish, fish products, aquatic plants or other marine resources, imposed and collected in terms of this Act, the Sea Fishery Act, 1988, or any other law.
- (3) The Fund shall be administered by the Director-General in consultation with the Minister, in accordance with an estimate or a supplementary or revised estimate of revenue of revenue and expenditure approved by the Minister in concurrence with the minister of Finance in respect of every financial year, which will end on 31 March, and no expenditure payable from the Fund may be incurred except in accordance with such estimate of expenditure.
- (4) The Director-General shall be the Accounting officer charged with the responsibility of accounting for money received and expenditure incurred in the Fund.
- (5) The Director-General shall invest money in the Fund not required for immediate use with the Public Investments Commissioners.
- (6) Any unexpected balance in the Fund at the end of the financial year shall be carried forward as a credit in the fund for the next financial year.
- (7) The Auditor-General shall annually audit the books and accounts of the Fund.

### EXECUTIVE OFFICERS

## PERFORMANCE INFORMATION (continued)

Director-General:Accounting Authority: N.Tshabalala  
Deputy Director-General: S.C Middleton  
Chief Financial Officer: W. Rooifontein

### GOVERNMENT DEPARTMENT

Department of Forestry, Fisheries, and the Environment

### ADDRESS

Foretrust Building Private Bag X2  
Martin Hammerschlag Way Vlaeberg  
Foreshore 8018  
Cape Town  
8001

### LEGAL REFORM

The entity is a Schedule 3A Public Entity under the Public Finance Management Act, 1999 (Act no 1 of 1999) and established in terms of the Marine Living Resources Act, 1998 (Act No. 18 of 1998).

### LEGISLATIVE MANDATE

The mandate and core business of the Marine Living Resources Fund (MLRF) is managed under the Branch Fisheries Management, Branch of the Department of Forestry, Fisheries, and the Environment (DFFE), underpinned by the Constitution of South Africa and all other relevant legislation, policies applicable to entities and government departments.

- Public Finance Management Act 1 of 1999 and its Regulations
- Preferential Procurement Framework Act 5 of 2000 and its Regulations

The specific mandate of the MLRF is derived from the following Acts, Policies, Treaties and Conventions:

- Constitution of the Republic of South Africa Act 108 of 1996
- Marine Living Resources Act 18 of 1998
- National Environmental Management Act 107 of 1998
- National Environmental Management Act: Integrated Coastal Management Act 24 of 2008
- Marine Pollution Act 6 of 1981
- Public Service Act 38 of 1999
- Basic Condition of Employment Act 75 of 1997
- Promotion of Access to Information Act 2 of 2000
- Promotion of Administrative Justice Act 3 of 2000
- National Treasury Regulations
- Supply Chain Management Framework
- Cabinet and Ministerial directives and policy decisions.

The prevailing economic challenges and the resulting fiscal constraints that the Government continues to

### PERFORMANCE INFORMATION (continued)

experience has an on-going impact in funding the operations of the MLRF. These challenges require that the Entity be more efficient and find innovative ways to deliver on its approved plans and constitutional mandate. The impact of these economic challenges has resulted in the National Treasury significantly reducing the personnel budget allocation over the past years and with further reductions or no increase expected in coming years.

To mitigate the resourcing challenges, the Entity will continuously work on building and strengthening partnerships with different sectors of society and key stakeholders, including international donor organisation. These collaborations and partnerships are aimed at ensuring that in addition to working together towards common goals, the Entity also explore other ways of funding and corporation on environmental management to reduce reliance on public funds.



PERFORMANCE INFORMATION (continued)

OUTCOMES	OUTPUT INDICATOR	2020/21 AUDITED PERFORMANCE	2021/22 AUDITED PERFORMANCE	2022/23 AUDITED PERFORMANCE	ANNUAL TARGET 2023/24	PROGRESS/ACHIEVEMENT AGAINST TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	CORRECTIVE MEASURES
Outcome: Effective and enabling regulatory framework for the management and development of marine and freshwater living resources (oceans, coasts, rivers, and dams.)	Aquaculture regulatory framework developed and finalised.	Aquaculture Development Bill revived.	Internal stakeholder engagement, took place as advised.	Aquaculture Development Bill submitted to the Office of Chief State Law Advisor (OCSLA) for pre-certification.	Draft Aquaculture Development Bill developed	Public comments review process concluded in March 2024 <b>ANNUAL:</b> Target not achieved.	Public consultation extended beyond 30 days to afford stakeholders more time to consider Bill and provide inputs	Bill will be submitted to Parliament during 2024/25 financial year
	National Freshwater (inland) Wild Capture Fisheries Policy developed and approved.	NEDLAC consultation on National Freshwater (inland) Wild Capture Fisheries Policy finalised.	National Freshwater (inland) Wild Capture Fisheries Policy was approved by Cabinet.	National Freshwater (inland) Wild Capture Fisheries Implementation plan approved.	100% National freshwater (inland) Wild Capture Fisheries 2023/24 action plan implemented	88% (7/8) Q4 key deliverables of the National Freshwater (Inland) Wild Capture Fisheries 2023/24 action plan implemented in March 2024 <b>ANNUAL:</b> Target not achieved.	Amendment of advertisement to appoint service provider to undertake review of legislative framework governing freshwater (inland) fisheries sector and republishing thereof caused unforeseen delays.	Service provider to undertake review of legislative framework governing freshwater (inland) fisheries sector to be appointed in Q1 of 2024/25 financial year.

PERFORMANCE INFORMATION (continued)

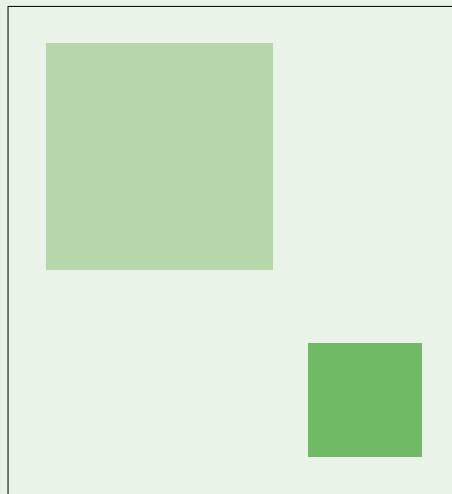
OUTCOMES	OUTPUT INDICATOR	2020/21 AUDITED PERFORMANCE	2021/22 AUDITED PERFORMANCE	2022/23 AUDITED PERFORMANCE	ANNUAL TARGET 2023/24	PROGRESS/ ACHIEVEMENT AGAINST TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	CORRECTIVE MEASURES
A well-managed fisheries and aquaculture sector that sustains and improves economic growth and development	Number of inspections conducted in the 6 priority fisheries (hake; abalone; rock lobster; line fish, squid and pelagic).	5 886 inspections conducted in the 6 priority fisheries.	5 860/5 500 inspections conducted.	6 407/5 500 inspections conducted per annum.	5 500	<b>ANNUAL:</b> 8 540 target over-achieved.	More inspections was conducted through the Working for Fisheries Programme. The additional capacity contributed in over achieving the target.	Not Applicable.
	Number of verifications of right holders conducted.	295 verifications of right holders conducted.	318/290 verifications of right holders conducted.	331/290 verifications of right holders conducted.	290	<b>ANNUAL:</b> 373 target over-achieved.	Through intelligence gathering, more high risk areas were identified, which led to more verifications of right holders.	Not Applicable.
	Number of joint operations conducted with partners (Initiative 50 Operation Phakisa).	40	52 joint operations under Phakisa were conducted.	44/40 joint operations conducted with partners.	40	<b>ANNUAL:</b> 43 target over-achieved.	There were more joint operations conducted with partners, during the busy December period which contributed to the over achievement.	Not Applicable.

PERFORMANCE INFORMATION (continued)

OUTCOMES	OUTPUT INDICATOR	2020/21 AUDITED PERFORMANCE	2021/22 AUDITED PERFORMANCE	2022/23 AUDITED PERFORMANCE	ANNUAL TARGET 2023/24	PROGRESS/ACHIEVEMENT AGAINST TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	CORRECTIVE MEASURES
	Revised National Plan of Action for Sharks developed and implemented.	-	-	National Plan of Action for Sharks Implementation plan approved.	4 key deliverables from the annual NPOA for Sharks implemented.	<b>ANNUAL:</b> 4 key deliverables from the annual NPOA for sharks implemented.	Not Applicable.	Not Applicable.
	West Coast rock lobster anti-poaching strategy developed and implemented.	-	-	West Coast rock lobster anti-poaching strategy submitted for approval.	Draft National West Coast rock lobster strategy (WCRL) developed.	The target was removed, from the Annual Performance Plan (APP) due to cost containment measures related matters. <b>ANNUAL:</b> On-hold.	Not Applicable.	Not Applicable.
<b>Socio-economic conditions for fishing communities improved</b>	Small-scale fishing cooperatives allocated fishing rights	Small-scale fishing rights not allocated	Small-scale fishers in the Western Cape not allocated fishing rights	Fishing rights allocated to all declared small-scale fishing co-operatives in Western Cape.	Fishing rights allocated to all declared small-scale fishing co-operatives in Western Cape.	Annual target achieved Small-Scale Fishing Rights allocated to all 62 cooperatives in the Western Cape.	Not Applicable.	Not Applicable.

PERFORMANCE INFORMATION (continued)

OUTCOMES	OUTPUT INDICATOR	2020/21 AUDITED PERFORMANCE	2021/22 AUDITED PERFORMANCE	2022/23 AUDITED PERFORMANCE	ANNUAL TARGET 2023/24	PROGRESS/ACHIEVEMENT AGAINST TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	CORRECTIVE MEASURES
Socio-economic conditions for fishing communities Improved	Percentage of Integrated Development Support Programme action plan implemented (small-scale fishing cooperatives supported).	Integrated Development Support Strategy Approved.	Integrated Development Support Strategy for small-scale fishers approved.	Integrated Development Support projects piloted in 20 small – scale fishing cooperatives.	100% Integrated Development support programme 2023/24 action plan implemented. (small-scale fishing cooperatives supported).	<b>ANNUAL:</b> 106% of the 2023/24 Implementation Plan implemented.	Not Applicable.	Not Applicable.
	Full-Time Equivalent Jobs (FTE's) created within the Fisheries Sector.	254 FTE's	254 FTE's	279 FTE's	900	<b>ANNUAL:</b> 1 003.69 target over-achieved	The annual target was exceeded. This was achieved due to the additional work opportunities created.	Not Applicable.
	Work Opportunities created within the Fisheries Sector.	-	-	600 Work Opportunities created within the Fisheries Sector.	1 500	<b>ANNUAL:</b> 1 594 target over-achieved.	The annual target was exceeded. This was achieved due to the additional work opportunities created.	Not Applicable.



# **Annual Service Delivery Improvement Plan**

## ANNUAL SERVICE DELIVERY IMPROVEMENT PLAN REPORT

### ACRONYMS

DFFE	Department of Forestry, Fisheries and the Environment
DDG	Deputy Director-General
DPSA	Department of Public Service and Administration
GDP	Gross Domestic Product
ICT	Information Communication and Technology
MDG	millennium development goals
MLRA	Marine Living Resources Act
MLRF	Marine Living Resources Fund
MTEF	Medium Term Expenditure Framework
OIE	Office International des Epizooties
PAIA	Promotion of Access to Information Act
SDIP	Service Delivery Improvement Plan

### 1. Introduction

The improvement of service delivery standards is as strategic imperative for government, especially in its drive to eradicate poverty and meet the other millennium development goals (MDG) to which it is committed. In response to the challenges of service delivery, government has introduced the concept of Batho Pele-People First which is aimed at changing attitudes and the culture of public service from a “can’t do to a “can do and will do” mindset. Service Delivery Improvement Plan (SDIP) is a value-add for the institution in that it ensures continuous improvement of services. The plan gives a focused approach in improving a specific service and ensures proper allocation of resources. Reporting against the plan is crucial as it highlights areas of improvement and how the relevant department aims at improving on the services from current standards to desired standards.

### 2. Purpose

SDIP is an action plan that outlines details on how the Batho Pele concept will be implemented. It is the “how” of Batho Pele. SDIP will focus on bringing the Batho Pele principles to life, thereby making service delivery a reality for the citizens. In terms of the Public Service Regulations, 2001, Part III.C.I, an executing authority must establish and sustain a service delivery improvement plan for his or her department. The Department of Public Service and Administration (DPSA) also requires that the SDIP should be developed, reported and implemented in accordance with the MTEF. Departments are expected to select and improve key services which have a direct impact on beneficiaries. Progress reporting must be done annually to the DPSA. DAFF has identified the following key services to be subjected to improvement processes;

- Developing policy on livestock identification and traceability system: and
- Issuing of permits in terms of the provisions of Section 13 and 83 of the MLRA.

These are the only key services that are planned and reported for improvement for the financial year under review. The Department is expected to improve on these services.

## Service Delivery Improvement Plan 2020/2021 - 2023/2024

### Improvement standard

KEY SERVICE	SERVICE BENEFCIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18		2018/19	2019/20	2020/21
Issuing of permits (except applications relating to exemptions)	Fishing industry; fishing rights holders; recreational fishers; foreign and local vessel owners; fish import and export industry	Quantity	100% of the properly lodged permit applications received 7 days before month processed per month	100% of the properly lodged permit applications received 7 days before month processed per month	100% of the properly lodged permit applications received 7 days before month processed per month	100% of the properly lodged permit applications received 7 days before month processed per month
		Quantity	95% to 100% of permits issued to clients error free	95% to 100% of permits issued to clients error free	95% to 100% of permits issued to clients error free	95% to 100% of permits issued to clients error free
		Consultation	Consult with stakeholders on permit application process and requirements or customer care issues through Management Working Meetings or Road Show or Workshops or one on one meeting as well as via other means of communication. The number of consultations to be held in a given financial year shall be determined by the availability of budget, internal stakeholders, external stakeholders or clients, and logistics.	Consult with stakeholders on permit application process and requirements or customer care issues through Management Working Meetings or Road Show or Workshops or one on one meeting as well as via other means of communication. The number of consultations to be held in a given financial year shall be determined by the availability of budget, internal stakeholders, external stakeholders or clients, and logistics.	Consult with stakeholders on permit application process and requirements or customer care issues through Management Working Meetings or Road Show or Workshops or one on one meeting as well as via other means of communication. The number of consultations to be held in a given financial year shall be determined by the availability of budget, internal stakeholders, external stakeholders or clients, and logistics.	Consult with stakeholders on permit application process and requirements or customer care issues through Management Working Meetings or Road Show or Workshops or one on one meeting as well as via other means of communication. The number of consultations to be held in a given financial year shall be determined by the availability of budget, internal stakeholders, external stakeholders or clients, and logistics.
			Currently, have: • One fully fledged centralised office to manage the consultation processes. • Fishery Control Officers and Fishery Community	The following is also desired: • A plan to decentralise the fully fledged office to all relevant provinces, airports and harbours so as to	The following is also desired: • Start rolling out the decentralisation of the fully fledged office to all relevant provinces, airports and harbours so as to ensure	The following is also desired: • Continue rolling out the decentralisation of the fully fledged office to all relevant provinces, airports

Service Delivery Improvement Plan 2020/2021 - 2023/2024  
(continued)

KEY SERVICE	SERVICE BENEFCIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18		2018/19	2019/20	2020/21
			Development Workers along the coast who do some of the consultations with stakeholders	ensure consultation shall be compiled. • Fishery Control Officers and Fishery Community Development Workers shall be maintained and strengthened.	consultation. • Fishery Control Officers and Fishery Community Development Workers shall be maintained and strengthened	and harbours so as to ensure consultation.. • Fishery Control Officers and Fishery Community Development Workers shall be maintained and strengthened
		Access	<p>• Currently, the office which is fully fledged for processing permits is centralised in Cape Town. Therefore, public citizens do not all have equal access to the permitting service to which they are entitled.</p> <p>• Management and monitoring of the proper usage of permit is also centralised in Cape Town (e.g. there are no officials to manage that the amount of fish and fishery products are exported and imported via airports and harbours or ports as permitted and that the amount of fish is caught and landed as permitted).</p> <p>Currently have compliance offices and fishery development workers along the coast.</p>	<p>• A plan to decentralise the fully fledged office to all relevant provinces, airports and harbours shall be compiled.</p> <p>• A plan to decentralise the management and monitoring of the proper usage of permits shall be put in place.</p> <p>Maintain and strengthen Compliance offices and Fishery Development Workers along the coast</p> <p>Walk-in centre: Foretrust Building Martin Hammerschlag Way Foreshore 8012</p> <p>Share-Call: 086 000 3474</p> <p>Telephone: 021-402 3911; 021-402 3259; 021-402 9180; 021-402 3436</p>	<p>• Start rolling out the plan to decentralise the fully fledged office to all relevant provinces, airports and harbours so as to ensure that all public citizens have equal access to the permitting service to which they are entitled.</p> <p>• Continue rolling out the plan to decentralise the management and monitoring of the proper usage of permits shall be put in place.</p> <p>Maintain and strengthen Compliance offices and Fishery Development Workers along the coast</p> <p>Walk-in centre: Foretrust Building Martin Hammerschlag Way Foreshore 8012</p> <p>Share-Call 086 000 3474</p>	<p>• Continue rolling out the plan to decentralise the fully fledged office to all relevant provinces, airports and harbours so as to ensure that all public citizens have equal access to the permitting service to which they are entitled</p> <p>• Continue rolling out the plan to decentralise the management and monitoring of the proper usage of permits shall be put in place.</p> <p>Compliance offices and Fishery Development Workers along the coast</p> <p>Walk-in centre: Foretrust Building Martin Hammerschlag Way Foreshore 8012</p> <p>Share-Call 086 000 3474</p>



## Service Delivery Improvement Plan 2020/2021 - 2023/2024 (continued)

KEY SERVICE	SERVICE BENEFEICIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18		2018/19	2019/20	2020/21
		<p>Walk-in centre: Foretrust Building Martin Hammerschlag Way Foreshore 8012</p> <p>Telephone: 021-402 3911; 021-402 3259; 021-402 9180; 021-402 3436</p> <p>E-mails MagdalenaB@daff.gov.za; AurielleD@daff.gov.za; NaeemA@daff.gov.za</p> <p>Fax: 021-402 3362</p> <p>Letters Private Bag X2, Vlaeberg, 8018</p> <p>Website www.daff.gov.za</p> <p>Share-Call: 086 000 3474</p> <p>Promotion of Access to Information Act (PAIA)</p>	<p>E-mails MagdalenaB@daff.gov.za; AurielleD@daff.gov.za; NaeemA@daff.gov.za</p> <p>Fax: 021-402 3362</p> <p>Letters Private Bag X2, Vlaeberg, 8012</p> <p>Website: www.daff.gov.za</p> <p>PAIA E-permitting application process</p> <p>Decentralise services for coastal provinces and including inland provinces for aquaculture</p>	<p>Telephone: 021-402 3911; 021-402 3259; 021-402 9180; 021-402 3436</p> <p>E-mails MagdalenaB@daff.gov.za; AurielleD@daff.gov.za; NaeemA@daff.gov.za</p> <p>Fax 021-402 3362</p> <p>Letters Private Bag X2, Vlaeberg, 8018</p> <p>Website: www.daff.gov.za</p> <p>PAIA E-permitting application process</p> <p>Decentralise services for coastal provinces and including inland provinces for aquaculture</p>	<p>Telephone 021-402 3911; 021-402 3259; 021-402 9180; 021-402 3436</p> <p>Emails: MagdalenaB@daff.gov.za; AurielleD@daff.gov.za; NaeemA@daff.gov.za</p> <p>Fax: 021-402 3362</p> <p>Letters: Private Bag X2, Vlaeberg, 8018</p> <p>Website www.daff.gov.za</p> <p>PAIA E-permitting application process</p> <p>Decentralise services for coastal provinces and including inland provinces for aquaculture</p>	<p>Maintain and strengthen the current standard.</p>
	Courtesy	<p>Currently the citizens are treated with courtesy and consideration at or by: • Customer Service Centre which is centralised and has access to MAST</p>	<p>Maintain and strengthen the current standard.</p>	<p>Maintain and strengthen the current standard.</p>	<p>Maintain and strengthen the current standard.</p>	<p>Maintain and strengthen the current standard.</p>

## Service Delivery Improvement Plan 2020/2021 - 2023/2024 (continued)

KEY SERVICE	SERVICE BENEFEICIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18		2018/19	2019/20	2020/21
			<p>which is the system used to issue permits, make use of Post Office for receipting if applications and forwarding of issued permits to remote clients who require the permitting service through Post Office and walk in for those who prefer to hand deliver their applications. There are also permit applications and requirement in place.</p> <ul style="list-style-type: none"> <li>• Fishery Community Development Workers</li> </ul> <p>who ensure promotion of awareness with regard to permitting process and requirement as well as assisting in connecting the clients to the relevant officials in the Department.</p> <ul style="list-style-type: none"> <li>• Chief Directorates: Marine Resources Management, Fisheries Research and Development, Aquaculture and Economic Development, Financial Management, and Monitoring, Control and Surveillance where applications for permits are further processed or usage of permits is controlled and monitored. MAST is also available to all these chief directorates</li> </ul>			

KEY SERVICE	SERVICE BENEFEICIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18		2018/19	2019/20	2020/21
			for processing of permits or to ensure proper utilisation of permits in terms of the MLRA and Regulations that are promulgated thereunder as well as permit conditions and policies. However, the key positions in processing of permits are either abolished, vacated or not filled when vacant due to red tape which emanate from cost containment measures.			
			<ul style="list-style-type: none"> <li>• CSC and All Chief Directorates through telephone and email which are also used as means of communication on issues with regard to permitting. For example Customer Service Centre is issuing SMS notifications confirming receipt of applications and informing clients of the issued permits which are ready for collection.</li> </ul>			

Service Delivery Improvement Plan 2020/2021 - 2023/2024  
(continued)

KEY SERVICE	SERVICE BENEFCIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18		2018/19	2019/20	2020/21
		Openness and transparency	Continue to inform clients of changes in services or service standards via public announcements and through fishery control offices along the coast as well as in management working group meetings or roadshows as well as in management working group meetings or roadshows or imbizo.	Continue to inform clients of changes in services or service standards via public announcements and through fishery control offices along the coast as well as in management working group meetings or roadshows or imbizo.	Continue to inform clients of changes in services or service standards via public announcements and through fishery control offices along the coast as well as in management working group meetings or roadshows or imbizo.	Continue to inform clients of changes in services or service standards via public announcements and through fishery control offices along the coast as well as in management working group meetings or roadshows or imbizo.
			Gazette any changes of the service (cost and process)	Gazette any changes of the service (cost and process)	Gazette any changes of the service (cost and process)	Gazette any changes of the service (cost and process)
		Information	The public is currently given full and accurate information which they are entitled to receive through notices displayed in relevant places in the Department, and notices that are displayed in hot spots, media, emails, telephone, meetings, brochures and public gazette.	Maintain and strengthen the current standard.  Ensure that the brochures, notices and pamphlets are updated or compiled when necessary.	Maintain and strengthen the current standard.  Ensure that the brochures, notices and pamphlets are updated or compiled when necessary.	Maintain and strengthen the current standard.  Ensure that the brochures, notices and pamphlets are updated or compiled when necessary.
		Redress	Acknowledgement of enquiries received within 1 day of receipt  Response on general enquiries within 20 working days	Acknowledgement of enquiries received within 1 day of receipt  Response on general enquiries within 20 working days	Acknowledgement of enquiries received within 1 day of receipt  Response on general enquiries within 16 working days	Acknowledgement of enquiries received within 1 day of receipt  Response on general enquiries within 14 working days

## Service Delivery Improvement Plan 2020/2021 - 2023/2024 (continued)

KEY SERVICE	SERVICE BENEFEICIARY	CURRENT STANDARD		DESIRED STANDARD		
		2017/18	2018/19	2019/20	2020/21	
		<p>Value for money</p> <p>Continue providing the best possible value for money to the service beneficiaries in the service area/s through easy access and at minimal cost based on efficiency, which results in enabling environment for economic growth</p> <p>The current process of permit application for permits requires completion of application forms by all applicants including those from whom we already have all their information that is required to issue a permit in our system and this tedious process does not come for free to the clients as some of them have to also pay the middleman who assists them in completion of the application forms which are not really necessary for some applicants. Some have to come all the way to submit the application forms and back to collect the issued permits. However, the officials at Customer Service Centre have made some interim provisions to collect</p>	<p>Introduction of e-licencing and provision of smart card to ensure efficiency</p> <p>Comprehensive catch management system (real time catch data for reconciliation and contraventions)</p> <p>Compile a turnaround strategy to streamline the permit application process – learn from the process that is being implemented by the Department of Transport in issuing the motor vehicle licence and licence disc in terms of the provisions of the National Road Traffic Act, 1996 at the counter within a few minutes.</p> <p>The strategy shall also take into consideration decentralisation of the officials to key areas where there will be more value for money spent on them (e.g. have offices in all relevant provinces, at key airports and ports or harbours which are entry or exit points for fish that is landed, imported and exported) so that we can have better data mining and a better reflection of the fisheries' contribution to GDP.</p>	<p>Introduction of e-licencing and provision of smart cards to ensure efficiency</p> <p>Comprehensive catch management system (real time catch data for reconciliation and contraventions)</p> <p>Roll out the turnaround strategy on streamlining the permit application process, management of application and permit fees and monitoring and control thereof.</p> <p>Support and strengthen the current initiative by Customer Service Centre in the interim</p>	<p>Introduction of e-licencing and provision of smart cards to ensure efficiency</p> <p>Comprehensive catch management system (real time catch data for reconciliation and contraventions)</p> <p>Continue rolling out the turnaround strategy on streamlining the permit application process, management of application and permit fees, monitoring and control thereof.</p> <p>Support and strengthen the current initiative by Customer Service Centre in the interim.</p>	

## Service Delivery Improvement Plan 2020/2021 - 2023/2024 (continued)

KEY SERVICE	SERVICE BENEFCIARY	CURRENT STANDARD		DESIRED STANDARD	
		2017/18	2018/19	2019/20	2020/21
		some of the applications and to hand deliver some of the issued permits.	strengthen the current initiative by Customer Service Centre in the interim.		
		Time	Permits issued in 1 to 7 working days	Permits issued in 1 to 5 working days	Permits issued in 1 to 4 working days
		Cost	MLRF application, permits and licence fees are gazetted.	MLRF application, permits and licence fees are gazetted	MLRF application, permits and licence fees are gazetted
		Human resources	57 human resources in total  Details: 2 officials for Directorate: Sustainable Aquaculture Management  13 officials for Directorate: Stakeholder Engagement (customer service)  1 officials for Directorate: Revenue Management (cashier)  41 officials for Chief Directorate: Marine Resource Management. The Customer Service Centre officials who initiate the processing of applications are located at the ground floor in Foretrust Building whereas the relevant officials who do further processing of the applications are located on the 3rd and 5th floor of Foretrust Building	169 human resources in total  Details: 35 officials for Directorate: Sustainable Aquaculture Management  28 officials for Directorate: Stakeholder Engagement (customer service)  6 officials for Directorate: Revenue Management (cashiers)  100 officials for Chief Directorate: Marine Resource Management  Roll out the seating arrangement plan which took into consideration putting all officials that are processing permit applications and/or issuing permits on the same floor.	169 human resources in total  Details: 35 officials for Directorate: Sustainable Aquaculture Management  28 officials for Directorate: Stakeholder Engagement (customer service)  6 officials for Directorate: Revenue Management (cashiers)  100 officials for Chief Directorate: Marine Resource Management  Continue rolling out the seating arrangement plan which took into consideration putting all officials that are processing permit applications and/or issuing permits on the same floor.

## **Contact details: Executive Officers**

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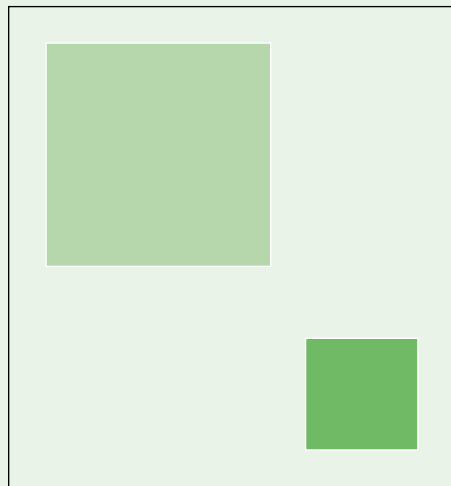
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# Part C





# Annual Financial Statements

## ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the annual financial statements presented to the Auditor-General:

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### Abbreviations used:

AA	Accounting Authority
GG	Government garage (accidents related to vehicles)
GRAP	Generally recognised Accounting Practice
EPWP	Expanded Public Works Programme
SAPO	South African Post Office
DFFE	Department of Forestry, Fisheries and the Environment
S&T	Subsistence and Travel
NT	National Treasury
B-BBEE	Broad-based Black Economic Empowerment
MLRF	Marine Living Resources Fund (the Fund)
SAMSA	South African Maritime Safety Authority



**Member** *Nomfundo Tshabalala*  
**Designation** *Director-General*

**Place of signature** *Pretoria*

## STATEMENT OF FINANCIAL POSITION as at 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	6 855 700	35 702 225
Receivables from exchange transactions	3	3 311 401	4 734 311
Receivables from non-exchange transactions	4	3 640 907	11 183 227
Prepayments	5	8 111 748	70 534 857
Cash and cash equivalents	6	93 789 632	177 591 551
		<b>115 709 388</b>	<b>299 746 171</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	283 951 994	240 461 927
Intangible assets	8	18 619 255	6 044 922
		<b>302 571 249</b>	<b>246 506 849</b>
<b>Total Assets</b>		<b>418 280 637</b>	<b>546 253 020</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	49 390 302	72 684 328
Performance guarantee and retentions	23	2 318 563	-
		<b>51 708 865</b>	<b>72 684 328</b>
<b>Total Liabilities</b>		<b>51 708 865</b>	<b>72 684 328</b>
<b>Net Assets</b>		<b>366 571 772</b>	<b>473 568 692</b>
Accumulated surplus		366 571 772	473 568 692
<b>Total Net Assets</b>		<b>366 571 772</b>	<b>473 568 692</b>

## STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Grant of right fee		1 185 835	11 712 634
Sale of confiscated assets and fish products		52 786 774	76 701 015
Other income		259 690	391 991
Application fee		3 926 700	4 068 967
Licences and permits		31 015 277	28 256 916
Harbour fees		4 226 082	3 459 612
Chartering of vessels		1 271 732	-
Interest revenue		12 712 231	11 579 753
Gain on foreign exchange		-	129 312
<b>Total revenue from exchange transactions</b>		<b>107 384 321</b>	<b>136 300 200</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies		322 845 000	316 625 000
Levies		35 447 521	47 225 564
Fines		2 236 603	1 000 847
Fair value of confiscated assets and fish product (movement)		20 822 607	20 146 914
Services in kind	10	420 272 585	406 481 983
<b>Total revenue from non-exchange transactions</b>		<b>801 624 316</b>	<b>791 480 308</b>
<b>Total revenue</b>		<b>909 008 637</b>	<b>927 780 508</b>
<b>Expenditure</b>			
EPVP: Working for Fisheries	11	(73 516 124)	(17 663 323)
Advertisement		(250)	(320 009)
Depreciation and amortisation	7 & 8	(34 961 320)	(24 573 651)
Impairment reversal		6 812	155 609
Lease rentals on operating lease	12	(2 727 063)	(1 967 161)
Bad debts written off		-	(217 031)
Contracted services		(5 393 891)	(2 540 173)
Loss on foreign exchange		(849 085)	-
Services-in-kind	10	(420 272 585)	(406 481 983)
Other operating expenses	14	(92 601 926)	(96 839 497)
Stock processing losses	2	(61 104 825)	(70 785 707)
Loss on disposal of fixed assets		(550 507)	(73 559)
Vessel operating costs	13	(272 777 416)	(262 235 018)
Transport costs		(51 257 373)	(46 677 755)
<b>Total expenditure</b>		<b>(1 016 005 553)</b>	<b>(930 219 258)</b>
<b>Deficit for the year</b>		<b>(106 996 916)</b>	<b>(2 438 750)</b>

## STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2024

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 1 April 2022 - previously reported</b>	<b>471 127 455</b>	<b>471 127 455</b>
Correction of error	4 879 986	4 879 986
<b>Balance at 1 April 2022 - restated</b>	<b>476 007 440</b>	<b>477 007 440</b>
Effects of correction of error	(2 367 963)	(2 367 963)
Deficit for the year	(70 788)	(70 786)
<b>Restated* Balance at 01 April 2023</b>	<b>473 568 691</b>	<b>473 568 691</b>
Changes in net assets		
Surplus/(deficit) for the year	(106 996 919)	(106 996 919)
Total changes	(106 996 919)	(106 996 919)
<b>Balance at 31 March 2024</b>	<b>366 571 772</b>	<b>366 571 772</b>

## CASH FLOW STATEMENT for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		140 228 694	169 719 731
Grants		322 845 000	316 625 000
Interest revenue		13 811 795	11 039 657
		<b>476 885 489</b>	<b>497 384 388</b>
<b>Payments</b>			
Suppliers		(474 947 430)	(407 183 143)
<b>Net cash flows from operating activities</b>	<b>16</b>	<b>1 938 059</b>	<b>90 201 245</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(77 840 334)	(24 214 840)
Proceeds from sale of property, plant and equipment	7	-	7 950
Purchase of other intangible assets	8	(7 899 644)	(3 095 478)
<b>Net cash flows from investing activities</b>		<b>(85 739 978)</b>	<b>(27 302 368)</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(83 801 919)</b>	<b>62 898 877</b>
Cash and cash equivalents at the beginning of the year		177 591 551	114 692 673
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>93 789 632</b>	<b>177 591 550</b>



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2024

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Grant of right fee	-	-	-	1 162 444	1 162 444	
Confiscated assets and fish products	60 000 000	-	60 000 000	51 796 612	(8 203 388)	N1
Application fees	5 500 000	-	5 500 000	3 753 135	(1 746 865)	
Licences and permits	35 000 000	-	35 000 000	29 559 854	(5 440 146)	N2
Harbour fees	3 500 000	-	3 500 000	5 195 990	1 695 990	
Chartering of vessels	-	-	-	1 271 732	1 271 732	
Other income	-	-	-	1 812 732	1 812 732	
Interest revenue	10 000 000	-	10 000 000	13 811 795	3 811 795	N3
<b>Total revenue from exchange transactions</b>	<b>114 000 000</b>	<b>-</b>	<b>114 000 000</b>	<b>108 364 285</b>	<b>(5 635 715)</b>	
<b>Revenue from non-exchange transactions</b>						
Government grants & subsidies	322 845 000	118 300 000	441 145 000	322 845 000	(118 300 000)	N4
Levies	53 500 000	-	53 500 000	43 610 386	(9 889 614)	N5
Fines, Penalties and Forfeits	1 000 000	-	1 000 000	2 065 817	1 065 817	
<b>Total revenue from non-exchange transactions</b>	<b>377 345 000</b>	<b>118 300 000</b>	<b>495 645 000</b>	<b>368 521 203</b>	<b>(127 123 797)</b>	
<b>Total revenue</b>	<b>491 345 000</b>	<b>118 300 000</b>	<b>609 645 000</b>	<b>476 885 488</b>	<b>(132 759 512)</b>	
<b>Expenditure</b>						
EPVWP: Working for Fisheries	(81 000 000)	-	(81 000 000)	(79 397 051)	1 602 949	N6
Advertisement	(1 576 124)	-	(1 576 124)	33 590	1 609 714	
Lease rentals on operating lease	(2 779 511)	-	(2 779 511)	(2 653 997)	125 514	
Contracted Services	(4 931 246)	-	(4 931 246)	(5 143 928)	(212 682)	
Transport costs	(30 509 842)	-	(30 509 842)	(63 250 362)	(32 740 520)	N7
Operating Expenses	(140 147 840)	(7 300 000)	(147 447 840)	(116 243 899)	31 203 941	N8
Vessel operating costs	(205 585 000)	(102 000 000)	(307 585 000)	(208 291 782)	99 293 218	N9
<b>Total expenditure</b>	<b>(466 529 563)</b>	<b>(109 300 000)</b>	<b>(575 829 563)</b>	<b>(474 947 429)</b>	<b>100 882 134</b>	

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2024 (continued)

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Operating surplus</b>	<b>24 815 437</b>	<b>9 000 000</b>	<b>33 815 437</b>	<b>1938 059</b>	<b>(31 877 378)</b>	
Depreciation and amortisation	-	-	-	(34 961 320)	<b>(34 961 320)</b>	
Loss on foreign exchange	-	-	-	(849 085)	<b>(849 085)</b>	
Impairment loss	-	-	-	6 812	<b>6 812</b>	
Inventories	-	-	-	(28 846 527)	<b>(28 846 527)</b>	
Receivables	-	-	-	(8 972 042)	<b>(8 972 042)</b>	
Prepayment	-	-	-	(62 423 109)	<b>(62 423 109)</b>	
Payables from exchange transactions	-	-	-	24 143 116	<b>24 143 116</b>	
Loss on disposal of assets	-	-	-	(550 507)	<b>(550 507)</b>	
Performance guarantee and retentions	-	-	-	(2 318 563)	<b>(2 318 563)</b>	
Payable to acquire intangible assets	-	-	-	5 836 250	<b>5 836 250</b>	
	-	-	-	<b>(108 934 975)</b>	<b>(108 934 975)</b>	
<b>Surplus / (Deficit) for the year</b>	<b>24 815 437</b>	<b>9 000 000</b>	<b>33 815 437</b>	<b>(106 996 916)</b>	<b>(140 812 353)</b>	
<b>Surplus/(Deficit) for the year from continuing operations</b>	<b>24 815 437</b>	<b>9 000 000</b>	<b>33 815 437</b>	<b>(106 996 916)</b>	<b>(140 812 353)</b>	
Purchase of capital assets	(24 815 437)	(9 000 000)	<b>(33 815 437)</b>	<b>(85 739 977)</b>	<b>(51 924 540)</b>	<b>N10</b>
	-	-	-	<b>(192 736 893)</b>	<b>(192 736 893)</b>	

### Budget Differences

The materiality is calculated as 0.50% of the total expenditure excluding services in kind. The calculated amount is R2 978 665.

Only variances not in line with the materiality figure are explained. The overall expenditure is 83% of the total operating budget.

The approved original budget for 2023/24 was submitted to the Executive Authority in line with section 53 of the Public Financial Management Act, 1999. The budget was approved by the Accounting Authority. The MLRF does not budget for a deficit. The format of the budget approved by the Minister, is based on programme components of the Fund. The details therefore are on the accounting system per economic classification which is linked the programme components. The statements of comparison of the budget and actual is therefore prepared per economic classification to align with the statement of financial performance.

The budget preparation basis is different to the basis of financial statements preparation. The actual figures in the statement of budget statement have been prepared on cash basis to be in line with budget basis. The reconciliation is based on the basis difference, which occur when the approved is prepared on a basis other than the accounting.

The reconciliation is disclosed on the face of statement of comparison of budget and actual amounts.

### Revenue

#### N1. Sale of confiscated assets and fish products

Less stock was confiscated during the year due to visible patrols and all the previous years stock on hand was sold previous financial years where sold in 2022/23 financial year.

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2024 (continued)

### N2. Licences and Permits

There was a significant decrease in the Total Allowable Catch (TAC), Right Holders felt that it is not financially viable for them to apply for permits and thus a significant decrease in License and Permits account.

### N3. Interest revenue

The increase is due to favourable bank balance on the short term investments accounts because of the increased government grant and retained surplus funds.

### N4. Government Grant

The changes between the approved and final budget for 2023/24 are due to approval from National Treasury to retain surplus funds from 2022/23 financial year.

### NS. Levies

The significant decrease in License and Permits, is a direct result of the decrease in levies as only permit holders expected to submit levies.

### Expenditure

### N6. EPWP: Working for Fisheries

The recruitment process and appointment of official to work of various EPWP project was concluded and the underspending is due to the timing of finalisation of various service level agreement of the procurement of profession protective clothing and training.

### N7 Transport cost

Increase is due to the increase in tariffs charged by Government Motor Transport, increase in fuel price and increase of usage as a result of increased capacity from Working for Fisheries officials.

### N8. Other Operating Expenses

The small-scale fishing rights allocation was delayed due to the process being set aside for the implementation of the audit investigation be finalised and restate the allocation process.

### N9. Vessel operating costs

Increase is due to major repairs on the Africana, dry dock for Ellen and cost of using a chartered vessel for research purposes.

### N10. Capital expenditure

The expenditure on vessels engines was realised in the year under review when the engines were put to use and also the procurement of vehicles to assist in the operation of the MLRF.

### Changes from the approved to the final budget

The changes between the approved and final budget for 2023/24 are due to approval from National Treasury to retain surplus funds from the 2022/23 financial year.

## ACCOUNTING POLICIES for the year ended 31 March 2024

### I. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

#### I.1 Basis of preparation

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

#### I.2 Presentation currency

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

#### I.3 Going concern assumption

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

#### I.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Based on the business nature of MLRF and as a public service organisation the best indicator with regard to the business activity is expenditure. The MLRF has determined its materiality level at 0.50% of expenditure. In determining said materiality, both qualitative and quantitative factors were considered. Quantitative factors include the nature of the entity's business, the statutory requirements laid down on the entity, with specific reference to PFMA, Treasury Regulations and MLRA and the control and inherent risk associated with the entity.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

#### I.5 Significant judgements and sources of estimation uncertainty

MLRF makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Provision for impairment of receivables

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for impairment of debt shall be calculated on trade receivables only. The total impairment provision of the Fund shall be

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

calculated either by individual debtors or at least per risk category by providing for 100% of serviceable debtors deemed irrecoverable.

The MLRF reviews trade receivables on a regular basis to identify amounts due by individual debtors that are no longer collectable and should be written off based on judgement of debt that are deemed irrecoverable. The total write-off amount is recognised in the statement of financial performance.

### Useful lives of property, plant and equipment and intangible assets

The MLRF assess the useful lives of each category of assets on an annual basis. In assessing the asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### Provisions

Provisions are raised on estimates based on information available. Additional disclosure of these estimates are provided in the notes.

### 1.6 Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Items of property, plant and equipment acquired at no or a nominal cost are initially recognised at fair value at the date of acquisition and are subsequently carried at deemed cost (fair value at the date of acquisition) less accumulated depreciation and impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is the purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs incurred in the acquisition, establishment and installation of such assets to bring them to a working condition for their intended use.

The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised.

The cost of the day-to-day servicing of plant and equipment are recognised in statement of financial performance as incurred.

#### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the MLRF and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment.

#### Depreciation

Depreciation is recognised in the statement of financial performance on a straight-line basis over the estimated useful life of each part of an item property, plant and equipment.

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

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 shall be depreciated separately. The MLRF deems vessels as the only item of property, plant and equipment with significant identifiable components for the purpose of depreciation.

Depreciation begins when an asset is available for use and ceases when the entity disposes of the assets or when there is no future economic benefits or service potential.

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight-line	2-22
Furniture and fixtures	Straight-line	10-25
Motor vehicles	Straight-line	12-22
Computer equipment	Straight-line	3-11
Vessels - inflatable and ski boats	Straight-line	5
Vessels - Research and patrol	Straight-line	25-35
- Hull	Straight-line	25-35
- Propulsion system, engine, gear box, propellers	Straight-line	25-35
- Deck equipment, rib, winches, cranes and anchors	Straight-line	25-35
- Navigation, communication and scientific surveillance equipment	Straight-line	25-35
- Life rafts	Straight-line	25-35

### 1.6 Property, plant and equipment (continued)

The depreciable method, useful lives and residual values are reviewed at each reporting date. In reassessing assets useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessment considers issues such as future market conditions, the remaining life of asset and projected disposal values.

Vessels under construction are stated at historical costs. Depreciation only commences when the assets is commissioned into use.

### Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its continued use or disposal. The carrying amounts of assets are written off on disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

### 1.7 Intangible assets

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.

### ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

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

Computer software acquired by the MLRF, which has a finite useful life, is measured at cost less accumulated amortisation and accumulated impairment loss.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits or service potential embodied in the specific asset to which it relates. All other expenditures are recognised in the statement of financial performance as they occur.

#### Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	2-17

The amortisation method, useful lives and residual values are reviewed at each reporting date. In reassessing asset useful lives, factors such as technology innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of asset and projected disposal values.

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

#### 1.8 Financial instruments

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

##### Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

##### Subsequent measurement of financial assets and financial liabilities

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

- Cash in the bank at amortised cost.
- Accounts Receivable at amortised cost
- Accounts Payable at amortised cost

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

All financial assets are subject to an impairment review. Impairment of financial assets

Financial assets are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted. For financial assets carried at fair value, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of financial performance.

### Financial liabilities

All financial liabilities of the MLRF were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Financial liabilities are initially measured at transaction price, net of transaction costs. The MLRF only has accounts payables as a financial liability category.

### 1.9 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The MLRF recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The MLRF initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The MLRF measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:



## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

### Accrued interest

Where the MLRF levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

### Impairment losses

The MLRF assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the MLRF considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an MLRF considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### Derecognition

The MLRF derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the MLRF transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the MLRF, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

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 entity:

- derecognise the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Payments made under operating leases (leases other than finance leases) are charged to the statement of financial performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in the statement of financial performance as an expense in the period in which the termination takes place.

### 1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. The fair value is the amount for which the inventory could be exchanged.

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

Inventory is subsequently valued at the lower of cost and net realisable value on a first-in first-out basis. Net realisable is the estimated selling price in the ordinary course of operation less estimates costs of completion and estimated costs estimated necessary to make the sale, exchange and distribution.

### 1.12 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts.

### 1.13 Impairment of non-cash-generating assets

The MLRF uses its assets to service the broader fishing industry and assesses them at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the MLRF shall estimate the recoverable service amount of the asset.

The MLRF takes the following factors into account when assessing indication for impairment of assets:

- Cessation or near cessation of the demand or need for service provided by the assets
- Significant long-term changes with an adverse effect in the technological, legal or government policy of the MLRF's operation.
- Available evidence of physical damage on the asset and indication that service performance of an asset is or will be worse than expected,
- Significant long-term changes with an adverse effect in the manner in which the asset is used or expected to be used.
- Decision to halt construction of the asset before it is completed or in usable condition.

### ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the assets shall be reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss shall be recognised immediately in the statement of financial performance.

#### 1.14 Provisions and contingencies

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed in the notes to the annual financial statements, unless it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes.

#### 1.15 Revenue from exchange transactions

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

An exchange transaction is one in which the MLRF 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.

#### 1.16 Revenue from non-exchange transactions

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

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

Levies on fish products are recognised on receipt of levy declaration certificates from the right holder.

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

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

An unconditional grant is recognised as revenue when the grant becomes receivable. Revenue received from conditional grant, donations and funding are recognised as revenue to the extent that the MLRF has complied with any of the criteria, conditions or obligation embodied in the agreement. To the extent that the criteria, conditional or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with the grant conditions. If it is payable to the grantor it is recorded as part of the liability and if not, it is recognised as interest earned in the statement of financial performance. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

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

### Services in-kind

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

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

Compensation of employees that administers the MLRF, IT services and lease of the premises which are utilised by the MLRF for administration purpose are paid by the Department of Forestry, Fisheries and the Environment. These transactions are disclosed as services in-kind in the financial statements and included in the Related Party note.

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

### 1.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the MLRF and when the amount of revenue can be measured, and specific criteria have been met for the MLRF's activities. The amount is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved.

The MLRF is exempt for Income Tax.

### 1.18 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.

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

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

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.

### 1.19 Fruitless and wasteful expenditure

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.

Fruitless and wasteful expense is disclosed in the notes to the Financial Statements.

### 1.20 Irregular expenditure

Irregular expenditure is recognised in the statement of financial performance against the respective class of expenditure in the period in which they are incurred and where recovered, it subsequently accounted for as revenue in the statement of financial performance.

Irregular expenditure is disclosed as such in the notes to the Financial Statements.

### 1.21 Budget information

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

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

The approved budget covers the fiscal period 1 April to 31 March each financial year. The annual financial statement and the budget are not on the same basis of accounting.

Explanatory comments are provided in the notes to the annual financial statements stating reasons for and motivation for overspending and underspending for the difference exceeding 0.5% of the expenditure. The annual budget figures included in the financial statements are for the MLRF. The budget is approved by the executive Authority.

### 1.22 Related parties

The MLRF operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the controlling department are disclosed as related parties.

Only if there is a related party transaction, the nature of the related party relationship, amount of the transaction, the amount of the outstanding balances including commitments, provision for doubtful debts related to the amount of the outstanding balances, expenses recognised during the period in respect of the bad or doubtful debts due from related parties will be disclosed.

A related party transaction is a transfer of resources, services, obligations between the MLRF and a related party regardless of whether a price is charged only if there have been a transaction, the following is disclosed:

## ACCOUNTING POLICIES for the year ended 31 March 2024 (continued)

- The nature of the related party relationship
- Amount of the transactions
- Amount of outstanding balances, including commitments
- Provision for doubtful debts related to the amount of outstanding balances
- Expenses recognised during the period in respect of bad or doubtful debts due from related parties

Management are those persons responsible for planning, directing and controlling the activities of the MLRF, including those charged with the governance of the MLRF in accordance with legislation, in instances where they are required to perform such functions

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the MLRF.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the MLRF.

### 1.23 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);

and

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The MLRF will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The MLRF will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.24 New GRAP Standards and interpretation

GRAP Standards effective in the current year

No new applicable GRAP standards became effective in the current year

GRAP Standards not yet effective

The following standards and interpretations have been issued but are not yet effective. An effective date still needs to be determined by the Minister of Finance. These standards have all been assessed as not applicable to the MLRF and will not have an impact, except GRAP 1 and GRAP 104 Revised. GRAP 1 will have an impact on the assessment of the MLRF as a going concern and GRAP 104 revised will not have a material impact on the MLRF when it becomes effective:

GRAP 103 Heritage Assets is not applicable to the MLRF.

GRAP 104 Revised Financial Instruments: the MLRF has adopted an accounting policy, however the impact of the standard is not material on the MLRF.

GRAP 106 Transfer of functions between entities not under common control

GRAP 107 Mergers

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024

Figures in Rand	2024	2023
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### 2. Inventories

Raw materials	2 895 980	18 342 540
Work in progress	3 959 720	17 359 685
	<b>6 855 700</b>	<b>35 702 225</b>

Stock processing loss as inventory that was recognised as expense	(46 702 957)	(68 283 041)
Inventory write-off expensed	(14 401 869)	(2 502 666)

MLRF does not have inventories pledged for securities for liabilities.

### 3. Receivables from exchange transactions

Trade receivables	3 327 238	4 251 527
Less: Provision for impairment of trade receivables	(15 837)	(50 338)
<b>Trade receivables from exchange transactions - net</b>	<b>3 311 401</b>	<b>4 201 189</b>

#### Other receivables

Staff debtors	-	8 014
GG accidents	-	497 340
S&T debtors	-	27 768

<b>Other receivables from exchange transactions</b>	<b>-</b>	<b>533 122</b>
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<b>Total receivables from exchange transactions</b>	<b>3 311 401</b>	<b>4 734 311</b>
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#### Analysis of Gross Receivables from non-exchange transactions

Current	2 094 006	2 490 554
31 to 60 days	214 490	128 396
61 days plus	1 018 742	1 632 577
	<b>3 327 238</b>	<b>4 251 527</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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#### 4. Receivables from non-exchange transactions

Trade receivables	3 672 989	11 187 618
Less: Provision for impairment of trade receivables	(32 081)	(4 391)
<b>Total receivables from non-exchange transactions - net</b>	<b>3 640 908</b>	<b>11 183 227</b>

#### Analysis of Gross receivables from non-exchange transactions

Current	1 074 227	11 411 966
31 to 60 days	397 618	(28 044)
61 days plus	2 201 144	(196 304)
	<b>3 672 989</b>	<b>11 187 618</b>

#### Statutory Receivables

Statutory receivables include grant of right fee, harbour fees, licence and permits, levies, fines and grants received which have been gazetted.

#### Statutory receivables included in receivables are as follows:

<b>Current year receivables</b>	<b>6 032 822</b>	<b>12 574 143</b>
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#### Analysis of Gross Statutory Receivables

	<b>6 032 822</b>	<b>12 574 143</b>
Current	2 200 828	19 096 651
1 to 30 days	612 107	(366 431)
61 days plus	3 219 887	(6 156 077)

#### 5. Prepayments

S&T advances	341 962	365 128
SAMSA prepayment	7 769 785	70 169 729
	<b>8 111 747</b>	<b>70 534 857</b>

The decrease in prepayment is as a result of the spending of the previous year advance payment relating to the procurement of engines for the Africana.

#### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 917	41 480
Bank balances	(882 290)	332 732
Short-term deposits	94 665 005	177 217 339
	<b>93 789 632</b>	<b>177 591 551</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

### 7. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	39 967 162	(22 560 937)	17 406 225	32 052 180	(19 412 340)	12 639 840
Furniture and fixtures	15 779 608	(6 382 765)	9 396 843	13 881 626	(5 721 302)	8 160 324
Motor vehicles	14 207 978	(4 355 053)	9 852 925	5 857 528	(3 010 878)	2 846 650
Computer equipment	14 565 013	(6 823 585)	7 741 428	10 437 742	(3 992 236)	6 445 506
Vessels	630 096 577	(390 542 004)	239 554 573	578 523 126	(368 153 519)	210 369 607
<b>Total</b>	<b>714 616 338</b>	<b>(430 664 344)</b>	<b>283 951 994</b>	<b>640 752 202</b>	<b>(400 290 275)</b>	<b>240 461 927</b>

#### Reconciliation of property, plant and equipment – 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	12 639 840	9 749 108	(133 582)	(4 849 141)	17 406 225
Furniture and fixtures	8 160 324	1 430 675	625 298	(819 454)	9 396 843
Motor vehicles	2 846 650	8 469 450	(63 632)	(1 399 543)	9 852 925
Computer equipment	6 445 506	5 616 453	(113 823)	(4 206 708)	7 741 428
Vessels	210 369 607	52 574 648	(864 768)	(22 524 914)	239 554 573
	<b>240 461 927</b>	<b>77 840 334</b>	<b>(550 507)</b>	<b>(33 799 760)</b>	<b>283 951 994</b>

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	10 919 936	3 659 462	(732 574)	(1 206 984)	12 639 840
Furniture and fixtures	3 523 387	1 836 346	(120 364)	2 920 955	8 160 324
Motor vehicles	1 550 785	1 289 789	37 087	(31 011)	2 846 650
Computer equipment	6 621 442	7 948 337	(3 248 324)	(4 875 949)	6 445 506
Vessels	221 852 027	9 480 906	(12 567)	(20 950 759)	210 369 607
	<b>244 467 577</b>	<b>24 214 840</b>	<b>(4 076 742)</b>	<b>(24 143 748)</b>	<b>240 461 927</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

### 7. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment.

Expenditure incurred to repair and maintain property, plant and equipment  
included in Statement of Financial Performance

	2024	2023
Vessels	18 234 914	8 296 173
Vehicles	25 173	38 724
Furniture	12 356	26 511
Computers	-	16 912
Equipment	262 932	225 970
Building	53 850	-
	<b>18 589 225</b>	<b>8 604 290</b>

Repairs and maintenance amounting to a total of R18 589 225 (R8 604 290) was incurred. The repairs were performed on all the vessels but major repairs was on the Africana for R8 421 364, Ellen Khuzwayo R2 154 668, Lillian Ngoyi for R1 347 690, Ruth First for R2 126 864 and R4 184 328 Victoria Mxenge. Any other repairs and maintenance that is not relating to the vessels is disclosed under Other Operating Expenses.

### 8. Intangible assests

	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	19 885 000	(1 265 745)	18 619 255	10 025 107	(3 980 185)	6 044 922

The reduction of accumulated amortisation is as a result of retired old Oracle financial system and its cost.

#### Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	6 044 922	13 735 893	(1 161 560)	18 619 255

#### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	3 379 347	3 095 478	(429 903)	6 044 922

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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### 9. Payables from exchange transactions

Trade and other payables	34 384 896	57 834 604
Payments received in advance	14 921 691	14 728 454
Employees claims control	83 715	121 270
	<b>49 390 302</b>	<b>72 684 328</b>

### 10. Service in-kind

#### Services in-kind that are significant to the entitie operations and/or service delivery objectives

Compensation of employees	320 647 240	314 536 334
Leases	76 287 666	71 676 308
IT services	23 337 679	20 269 341
	<b>420 272 585</b>	<b>406 481 983</b>

### 11. EPWP: Working for Fisheries

Expenditure relating to Working for Fisheries	73 506 124	17 663 323
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The expenditure relates to the salaries and wages of veterans and contracted personnel working on projects related to MLRF operations.

### 12. Lease rentals on operating lease

#### Lease rentals on operating lease

Operating leases expenditure	2 727 063	1 967 161
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The MLRF leases photocopy machines from Minolta. The lease payments differ per machine leased. The lease payments are fixed for the duration of the lease agreement, unless extended. No contingent rent is payable. The lease agreement has an option to renew at the end of lease term.

Operating lease commitment, where the MLRF is the lessee. The future aggregate minimum lease payments under noncancellation lease are as follows:

Not later than 1 year	1 245 170	448 695
Later than 1 year, but not later than 5 years	934 408	636 306
	<b>2 179 578</b>	<b>1 085 001</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
<b>13. Vessel operating costs</b>		
Crew costs	3 019 552	3 740 883
Catering	9 753 984	7 353 618
Consumables	6 342 175	7 397 788
Spare parts	6 129 051	4 313 794
Maintenance and repairs	18 181 708	8 273 588
Dry docking	-	4 297 059
Port and miscellaneous	35 783 537	32 283 604
Insurance	5 440 356	4 086 719
Bunkers	33 503 990	33 290 437
Management fees	30 496 518	31 349 980
Crew cost salaries	86 090 555	71 607 491
Other vessel operating costs	379 845	14 983 088
Chartering of vessels	37 656 145	39 256 969
	<b>272 777 416</b>	<b>262 235 018</b>
<b>14. Other operating expenses</b>		
Auditors remuneration	3 712 970	5 333 784
Bank charges	243 945	77 310
Commission paid	3 767 684	4 212 472
Computer expenses	216 249	84 382
Legal fees	2 309 183	12 018 411
Entertainment	70 558	28 404
Fines and penalties	6 038	-
Gifts	217	-
Conferences and seminars	57 885	118 250
Postage and courier	271 837	116 688
Printing and stationery	2 852 848	3 057 855
Repairs and maintenance	411 822	533 757
Software expenses	1 271 131	147 189
Subscriptions and membership fees	4 959 746	4 918 934
Telephone and fax	9 224 355	6 283 919
Transport and freight	972 925	725 782
Training	700 388	237 188
Travel - local	5 541 222	6 541 094
Travel - overseas	430 314	425 988
Uniforms	358 269	582 957
Subsistence accommodation	19 046 262	16 688 616
Other expenses	11 118 397	11 892 078
Outsourced services	25 007 719	22 648 484
Confiscation expenses	-	164 945
Venue expenses	49 962	1 010
	<b>92 601 926</b>	<b>96 839 497</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

### 15. Prior period errors

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior period adjustments:

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position 2023	As previously reported	Correction of error	Restated
Receivables from exchange transactions	5 081 427	(347 116)	4 734 311
Receivables from non-exchange transactions	2 446 002	8 737 226	11 183 228
Payables from exchange transactions	(66 806 244)	(5 878 085)	(72 684 329)
	<b>(59 278 815)</b>	<b>(2 512 025)</b>	<b>(56 766 790)</b>

Net Assets	As previously reported	Correction of error	Restated
Accumulated surplus - 31 March 2023	471 056 667	2 512 025	473 568 692
	<b>471 056 667</b>	<b>2 512 025</b>	<b>473 568 692</b>

#### Statement of Financial Position

Statement of Financial Performance	As previously reported	Correction of error	Restated
Levies	41 965 398	5 260 165	47 225 563
Grant of right fee	11 743 688	(31 054)	11 712 634
Application fees	4 097 670	(28 703)	4 068 967
Harbour fees	3 463 219	(3 607)	3 459 612
Gain on foreign exchange	101 691	27 621	129 312
Other operating expenses	(89 247 112)	(7 592 385)	(96 839 497)
	<b>(27 875 446)</b>	<b>(2 367 963)</b>	<b>(30 243 409)</b>

#### Adjustments/errors

#### Revenue and Receivables from exchange and non-exchange transactions

The accruals for 2021/22 for revenue from non-exchange was understated by R3 193 308 due the levies raised in 2023/24 financial year as a result of late declarations. The impact of the correction understated Accumulated Surplus. The effects of the correction are Dr Accounts Receivables Cr Accumulates Surplus.

The accruals for 2022/23 for revenue from both exchange and non-exchange was also understated by total of R5 224 422 which made up of reversal of R35 743 for various revenue from exchange accounts and R5 260 165 for non-exchange transactions. The impacted of the correction understated revenue for 2023 financial and accounts receivables. The effects of the correction is Dr Accounts Receivables with R5 260 165, and Cr Levies and Dr Various income accounts with R35 743 and Cr Accounts Receivables. Both receivables from exchange and non-exchange were adjusted with the amount of R283 752 which relates to the reclassification of debtors with credit balance, overall impact is NIL on the total receivable balance.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

### Expenses and Payable from exchange transactions

The payables for 2021/22 is understated by the legal costs R939 419 claims that are submitted for re-imbursement years later. The legal matters takes long time to finalise and invoice hence late claims are received. Another correction made is with regards to old purchase order which cannot be matched with the invoice for the amount R2 626174. The invoices we reversed. The impact is overstatement the Accounts Payables and the Accumulated Surplus. The effect is Dr Other Operating Expense, Cr Accounts Receivables with the difference.

In accruals for 2022/23 was also understated by legal costs and membership fees, which were paid on 2023/24. The effect of the correction is Dr Other Operating Expenses and Cr Accounts Payable.

### 16. Cash generated from operations

Figures in Rand	2024	2023
Deficit	(106 996 919)	(2 438 751)
<b>Adjustments for:</b>		
Depreciation and amortisation	34 961 320	24 573 651
Bad debts written off	-	217 031
Deficit on disposal of plant and equipment	-	4 245 408
Impairment reversals	(6 812)	(155 609)
Other operating expenditure	-	(230 090)
Loss on disposal of fixed assets	550 507	(7 950)
Loss on foreign exchange	849 085	-
<b>Changes in working capital:</b>		
Inventories	28 846 525	45 479 269
Receivables from exchange transactions	1 457 412	(2 906 423)
Other receivables from non-exchange transactions	7 514 635	1 097 530
Prepayments	62 423 109	(13 092 590)
Payables from exchange transactions	(24 143 116)	33 419 769
Performance guarantee and retention	2 318 563	-
Payable to acquire intangible assets	(5 836 250)	-
	<b>1 938 059</b>	<b>90 201 245</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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### 17. Contingencies

MLRF entered into an agreement with Sakaza for the rendering of services ie. Declaring individuals small-scale fishers. The service provider breached the terms and conditions of the agreement and as a result, MLRF withhold payment to the service provider due to non-performance. The Service provider issued summons against the Department for outstanding amounts due to it.

#### **Sakaza**

Estimated legal costs:	800 000	800 000
Possible losses	2 458 000	2 458 000
	<b>3 258 000</b>	<b>3 258 000</b>

Management for Excellence was appointed as an Implementer to implement the Working for Fisheries projects. The agreement entered into between the MLRF and Management was extended without following proper supply chain processes and upon discovering of that the agreement was cancelled. The service provider is suing the Department for breach of contract. Department opposed the matter as there is good prospects of successfully defending the matter.

#### **(Managing for Excellence)**

Estimated legal costs:	300 000	300 000
Possible losses	908 000	908 000
	<b>1 208 000</b>	<b>1 208 000</b>

The applicant issued summons against the Department for the payment of outstanding amounts for services that was rendered. The Department opposed the action, as the Department never appointed the applicant to render services for the Department.

Summons issued against the Department for services rendered. Department opposed the matter as there is good prospects of successfully defending the matter.

#### **(Moola)**

Estimated legal costs:	83 000	83 000
Possible losses	248 000	248 000
	<b>331 000</b>	<b>331 000</b>

All other matters reported in the prior financial year have been transferred to the Department. Contingent liability is raised for possible refund of cash surplus to National Treasury in terms of Instruction No 12 of 2020/21. The amounts to be repaid to the National Revenue Fund are dependent on a number of factors including projects currently implemented by the MLRF and national priorities. As such, the amount to be possibly repaid can only be known when National Treasury has directed amounts are to be repaid, which is after the issue of the financial statements. The amount is disclosed as follows:

Possible refund	51 351 642	95 417 000
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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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### 18. Related parties

#### Related party balances

The Marine Living Resources Fund is Programme 9 of the Department of Forestry, Fisheries and the Environment. The Department of Forestry, Fisheries and the Environment is the controlling department with Director-General being the Accounting Officer of the Marine Living Resources Fund.

#### Amounts included in Services in-kind regarding related parties

Compensation of employees	320 647 240	314 536 334
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The Fund does not have employees and therefore the Department pays employees costs for all the officials working for the Fund. The compensation of employees includes the salaries of internal audit, human resources management, Information and communication technology, legal services, communications and risk management. Any other salaries from support function that are not deemed material have not been included

#### Leases expenditure and municipal services for premises utilised by the MLRF and paid by the Department

Department of Forestry, Fisheries and the Environment	76 287 667	71 676 308
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The Department also pays leases and municipal services for buildings occupied by the officials working under the Fund.

#### Government grants received

Allocation for the year	322 845 000	316 625 000
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The grant allocation from National Treasury is received by the Department and allocated to the Fund.

#### IT services expenditure utilised by MLRF and paid by the Department

Department of Forestry, Fisheries and the Environment	23 337 679	20 259 341
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The Department pays for Microsoft Office licences, EDMS, SITA LAN and desktop support, data lines and internet connectivity.

#### Other transactions:

Payments made for the year	54 761 062	25 659 274
Outstanding balance payable as at 31 March 2024	248 632	20 106 614

Any other transactions are expenses incurred by the Department of behalf of the Fund and the Department is re-imbursed for those expenses.

The entities that are under the control of the Department of Forestry, Fisheries and the Environment which are related to the Marine Living Resources Fund are South African Biodiversity Institute (SANBI), South African Weather Services (SAWS), South African National Parks (SANParks) and Isimangaliso Wetland Park.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

## 18. Related parties (continued)

### Remuneration of management

#### Additional information

The Executive Authority of the MLRF was Minister Ms. Barbara Creecy and Deputy Minister Ms. Maggie Sotyu for the period under review. Their salaries have not been included as they do not form part of the services-in-kind. The salaries of both the Minister and the Deputy Minister are not paid by the Department of Forestry, Fisheries and the Environment but the Ministry. The Director-General and Chief Financial Officer of the Department of Forestry, Fisheries and the Environment have also not been included as part of the note as their salaries are paid by the Department.

#### Management class: Executive management 2024

Name	Basic salary	Pension fund	Non-pensionable allowance	Medical aid	Service bonus /13 <sup>th</sup> cheque	Housing allowance	Bargain council fee	Total
Ms. S Middleton: Deputy Director-General Fisheries Management	998 149	129 759	535 673	-	-	-	120	1 663 701
Mr. B Semoli: Chief Director Aquaculture and Economic Development	1 033 200	134 316	237 624	70 860	-	-	120	1 476 120
Mr. V. Rooftopfontein: Chief Financial Officer	988 693	128 530	295 195	-	-	-	120	1 412 538
Ms. K Prochazka: Chief Director Fisheries Research and Development	822 935	106 981	373 064	-	68 578	-	120	1 371 678
Mr. S Pheeha: Chief Director Marine Resource Management	822 935	106 981	396 366	15 000	-	30 276	120	1 371 678
	<b>4 665 912</b>	<b>606 567</b>	<b>1 837 922</b>	<b>85 860</b>	<b>68 578</b>	<b>30 276</b>	<b>600</b>	<b>7 295 715</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

### 19. Related parties (continued)

2023	Basic salary	Pension	Non-pensionable fund	Medical allowance	Service bonus aid	Housing /13 <sup>th</sup> cheque	Bargain allowance	Total council fee
<b>Name</b>								
Ms. S Middleton:		954 448	124 078	532 560	-	-	-	1 611 200
Deputy Director-General Fisheries Management								
Mr. B Semoli:		971 832	126 338	239 641	70 860	-	-	1 408 785
Chief Director Aquaculture and Economic Development								
Mr. W Rooifontein:		929 376	120 819	297 825	-	-	-	1 348 134
Chief Financial Officer								
Mr. Ms. K Prochazka:		774 757	100 718	396 567	-	65 403	25 004	1 362 563
Chief Director Fisheries Research and Development								
Mr. S Pheeha:		737 941	95 932	361 674	15 000	90 048	-	1 300 709
Chief Director Marine Resource Management								
Mr A Ngqongwa: Acting Chief Director Marine Resources Fund		773 768	100 590	273 797	59 016	64 481	145 928	1 417 694
		<b>5 142 122</b>	<b>668 475</b>	<b>2 102 064</b>	<b>144 876</b>	<b>219 932</b>	<b>170 932</b>	<b>8 449 085</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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### 19. Financial instruments disclosure

#### Categories of financial instruments

#### 2024

##### Financial assets

	At amortised cost	Total
Receivable from exchange transactions	919 486	919 486
Cash and cash equivalents	93 789 632	93 789 632
	<b>94 709 118</b>	<b>94 709 118</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	32 808 222	32 808 222

#### 2023

##### Financial assets

	At amortised cost	Total
Receivable from exchange transactions	3 429 890	3 429 890
Cash and cash equivalents	177 591 551	177 591 551
	<b>181 021 441</b>	<b>181 021 441</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	56 382 781	56 382 781

### 20. Risk management

#### Financial risk management

The management of the MLRF have overall responsibility for the establishment and monitoring of the MLRF's risk management policies and procedures which have been established to identify and analyse the risks faced by the MLRF, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the MLRF's activities.

The MLRF's activities expose it to a variety of financial risks: Market risk, Credit Risk, Liquidity Risk and Interest Rate Risk.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

### 20 Risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the MLRF will not be able to meet its financial obligations as they fall due. The MLRF's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The liquidity risk is deemed to be low, because the MLRF has adequate funds at its disposal.

The MLRF's exposure to changes in interest rates is on a floating rate basis relating to funds invested with reputable financial institutions. The carrying amount of financial assets and financial liabilities represent the maximum interest exposure.

#### Assumptions

1. Interest Rates had been 50 basis points higher or lower with all other variables held constant.
2. Rand strengthened or weakened by 10% against the US Dollar, Euro, Namibian Dollar (2023: Euro, US Dollar, Canadian Dollar, GBP) with all other variables held constant.

The maximum exposure to interest risk at the reporting date was:

#### Fair value interest rate risk

Financial assets	Carrying amount 2024	+50 basis points	-50 basis points	+ 10%	- 10%
Cash and cash equivalents	93 789 631	(468 948)	468 948	-	-
Trade payables (Foreign)	-	-	-	(204 463)	248 344
	<b>93 789 631</b>	<b>(468 948)</b>	<b>468 948</b>	<b>(204 463)</b>	<b>248 344</b>

At 31 March 2023, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, the deficit for the year would have been R468 948 lower/higher, mainly as a result of the higher/lower interest revenue on floating rate cash and cash equivalents. The figure of R468 948 is based on the cash and cash equivalent of R93 789 631.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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### 20 Risk management (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<b>Receivables from exchange transactions</b>	<b>919 486</b>	<b>3 429 890</b>
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For the ageing of the receivables, refer to note 3 and 4.

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provisions for impairment of debt shall be calculated on trade receivables only. The total impairment provision of the MLRF shall be calculated either by individual debtor or at least per risk category. The MLRF reviews trade receivables on a regular basis to identify amounts due by individual debtors that are no longer collectable and should be written-off. The total write-off amounts are recognised in the statement of financial performance.

Balance at the beginning of the year	54 730	210 338
Increase /(decrease) in impairment provisions	(6 812)	(155 608)
	<b>47 918</b>	<b>54 730</b>

#### Liquidity risk

At 31 March 2024	Within 1 year	Between 2 and 5 Years	Over 5 Years
Payables from exchange transaction	32 808 222	-	-
At 31 March 2023	Within 1 year	Between 2 and 5 Years	Over 5 Years
Payables from exchange transaction	50 382 781	-	-

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024 (continued)

Figures in Rand	2024	2023
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### 20. Risk management (continued)

#### Credit risk

Credit risk is the risk of financial loss to the MLRF if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the MLRF's receivables from customers. An allowance for impairment is established based on management's estimate of losses in respect of specific trade and other receivables. Bad debts identified are written off as they occur. The MLRF's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no significant concentration of unsecured credit risk. Reputable financial institutions are used for investing and cash handling purposes.

	2024	2023
Financial instrument	974 019	3 452 508
Receivables from exchange transactions	(54 533)	(22 618)
Receivables from non-exchange transactions	93 789 631	177 591 551

#### Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the MLRF's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

#### Foreign exchange risk

The MLRF operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from, recognised assets and liabilities. The MLRF has a medium foreign exchange risk for accounts payable as a result of not taking cover against unfavourable changes in the exchange rate. Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

### 21. Irregular expenditure

Irregular expenditure	54 112	592 420
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All cases are under investigation.

#### Fruitless and wasteful expenditure

No fruitless and wasterful expenditure was incurred for the year under review.

### 22. B-BBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 23. Performance Guarantee and Retentions

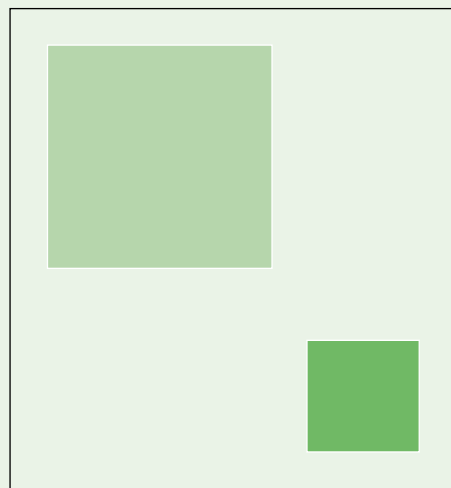
Performance guarantees and retention	2 318 562	-
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The performance guarantee relates to the last milestone for the operation of the engines. A payment withheld until confirmation of satisfactory performance with respect to the engine project.

# Part D







# Irregular Expenditure Disclosure

### Irregular Expenditure Reconciliation of irregular expenditure

Description	2023/24 R	2022/23 R
Opening balance	25 041 264	24 448 844
Add: Irregular expenditure confirmed	54 112	592 420
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	11 928	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
<b>Closing balance</b>	<b>25 083 448</b>	<b>25 041 264</b>

The opening balance of R24 448 844 has been assessed and a determination has been made for condonation to be finalised.

#### a) Reconciling notes to the annual financial statement disclosure

Description	2023/24 R	2022/23 R
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for current year	54 112	592 420
<b>Total</b>	<b>54 112</b>	<b>592 420</b>

During the financial year 2023/2024 irregular expenditure amounting to R54 112 (2022/2023: R592 420) was incurred. The winning supplier's tax status were found not to be in order.

#### b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2023/24 R	2022/23 R
Irregular expenditure under assessment	580 492	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
<b>Total</b>	<b>580 492</b>	<b>-</b>

An amount of R457 995 has been assessed and identified for condonement. No official could be held liable and no financial losses were incurred by the entity.

An amount of R122 497 is still under assessment.

**c) Details of current and previous year irregular expenditure condoned**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Irregular expenditure condoned	-	-
<b>Total</b>	-	-

**d) Details of current and previous year irregular expenditure removed (not condoned)**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Irregular expenditure not condoned but removed	11 928	-
<b>Total</b>	11 928	-

Assessment has been done management concluded that the amount of R11 928 should be removed from the irregular register as it does not meet the requirements of irregular expenditure.

**e) Details of current and previous year irregular expenditure recovered**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Irregular expenditure recovered	-	-
<b>Total</b>	-	-

**f) Details of current and previous year irregular expenditure written off (irrecoverable)**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Irregular expenditure written off	-	-
<b>Total</b>	-	-

**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance).**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
None	-	-
<b>Total</b>	-	-

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance).

Description	2023/24 R	2022/23 R
None	-	-
Total	-	-

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure.

Description	2023/24 R	2022/23 R
Total	-	-

### Fruitless and Wasteful Expenditure

#### Reconciliation of Fruitless and Wasteful expenditure

Description	2023/24 R	2022/23 R
Opening balance	17 896	1 077 428
Add: Fruitless and Wasteful expenditure confirmed	-	-
Less: Fruitless and Wasteful expenditure condoned	-	-
Less: Fruitless and Wasteful expenditure not condoned and removed	-	1 059 532
Less: Fruitless and Wasteful expenditure recoverable	-	-
Less: Fruitless and Wasteful expenditure not recoverable and written off	-	-
<b>Closing balance</b>	<b>17 896</b>	<b>17 896</b>

An amount of R17 896 is still under assessment.

#### a) Reconciling notes to the annual financial statement disclosure

Description	2023/24 R	2022/23 R
Fruitless and Wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and Wasteful expenditure that relates to 2022/23 and identified in 2023/24	-	-
Fruitless and Wasteful expenditure for current year	-	-
Total	-	-

**b) Details of current and previous year Fruitless and Wasteful expenditure (under assessment, determination, and investigation)**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Fruitless and Wasteful expenditure under assessment	-	-
Fruitless and Wasteful expenditure under determination	-	-
Fruitless and Wasteful expenditure under investigation	-	-
<b>Total</b>	-	-

**c) Details of current and previous year Fruitless and Wasteful expenditure condoned**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Fruitless and Wasteful expenditure condoned	-	-
<b>Total</b>	-	-

**d) Details of current and previous year Fruitless and Wasteful expenditure removed (not condoned)**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Fruitless and Wasteful expenditure not condoned but removed	-	1 059 532
<b>Total</b>	-	1 059 532

Fruitless and Wasteful expenditure amounting to R1 059 532 which was incurred in 2016/17 financial year for payments made to VLCHB Instructing attorneys (R345 025,85); Project Management (R314 106,19); and Adv Shaheen Moola (R400 400) was not condoned but upon investigation of the MLRF it was confirmed that the amounts were included in the irregular expenditure and thus should be removed from the fruitless and wasteful expenditure.

**e) Details of current and previous year Fruitless and Wasteful expenditure recovered**

<b>Description</b>	<b>2023/24 R</b>	<b>2022/23 R</b>
Fruitless and Wasteful expenditure recovered	-	-
<b>Total</b>	-	-

**f) Details of current and previous year Fruitless and Wasteful expenditure written off (irrecoverable)**

Description	2023/24 R	2022/23 R
Fruitless and Wasteful expenditure written off	-	-
Total	-	-

**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance).**

Description	2023/24 R	2022/23 R
None	-	-
Total	-	-

**h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance).**

Description	2023/24 R	2022/23 R
None	-	-
Total	-	-

**i) Details of current and previous year disciplinary or criminal steps taken as a result of Fruitless and Wasteful expenditure.**

Description	2023/24 R	2022/23 R
Total	-	-





