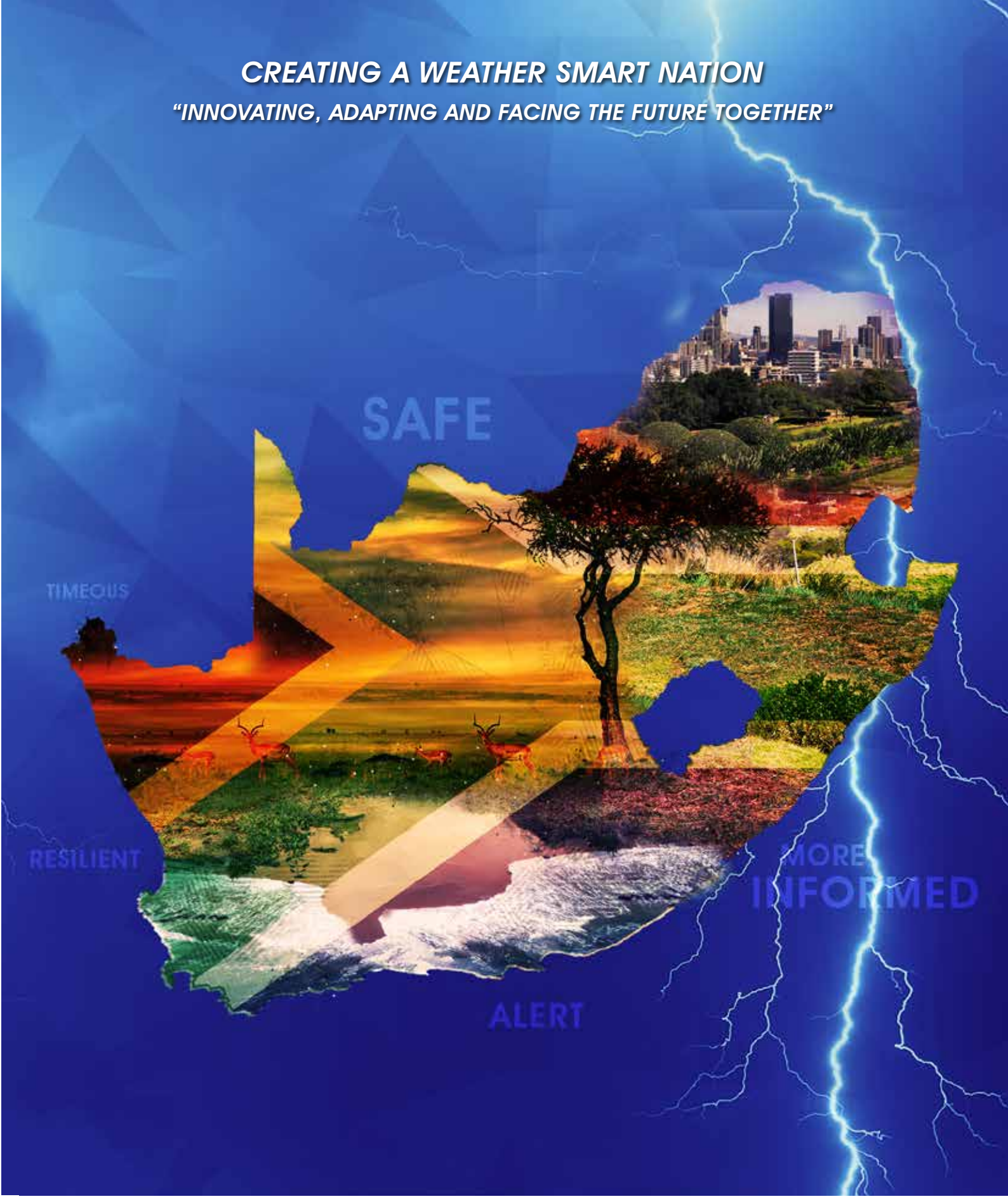
CREATING A WEATHER SMART NATION

"INNOVATING, ADAPTING AND FACING THE FUTURE TOGETHER"



ANNUAL REPORT 2015/16

South African Weather Service

ISO 9001 Certified Organisation




South African

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South African Weather Service
ISO 9001 Certified Organisation

CONTENTS

PART A

GENERAL INFORMATION

PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	South African Weather Service
ESTABLISHED IN TERMS OF	The South African Weather Service Act, 2001 (No. 8 of 2001) and the South African Weather Service Amended Act, 2013 (No. 48 of 2013)
LEGAL FORM OF ENTITY	Schedule 3A Public Entity in terms of the Public Finance Management Act, 1999 (No. 1 of 1999)
PHYSICAL ADDRESS	442 Rigel Avenue South Erasmusrand 0181
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EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Standard Bank Castle Walk Erasmuskloof Pretoria
COMPANY/ BOARD SECRETARY	Ms Zandile Nene

LIST OF ABBREVIATIONS/ACRONYMS

AASA	Airlines Association of Southern Africa
ABO	Aircraft-Based Observation
ACAMS	Advisory Committee for Aeronautical Meteorological Services
ACCESS	Applied Centre for Climate and Earth Systems Science
ACRE	Atmospheric Circulation Reconstructions of the Earth
ACRU	Agricultural Catchment Research Unit
ACSA	Airports Company of South Africa
AFRAA	African Airlines Association
AGSA	Auditor-General South Africa
AMCOMET	African Ministers Committee on Meteorology
AMDAR	Aircraft Meteorological Data Relay
APP	Annual Performance Plan
App	Application (Mobile)
AQMF	Air Quality Modelling and Forecasting
AQMS	Air Quality Modelling and Forecasting System
ARC	Agricultural Research Council
ARC	Audit and Risk Committee
ARMSCOR	
ARS	Automatic Rainfall Station
ARSAIO	Atmospheric Research in Southern Africa and Indian Ocean
ASBU	Aviation System Block Upgrade
ASCA	Agulhas System Climate Array
ASMET	African Satellite Meteorology Education and Training
ATNS	Air Traffic and Navigation Services
AVE	Advertising Value Equivalent
AWC	Aviation Weather Centre
AWS	Automatic Weather Station
BARSA	Board of Airline Representatives South Africa
BCM	Business Continuity Management
BCP	Business Continuity Plan
BSRN	Baseline Surface Radiation Network
CAP	Corrective Action Plan
CCDA-V	5th Conference on Climate Change and Development in Africa
CCL	Commission of Climatology
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CERM	Climate and Environmental Research and Monitoring
CFD	Computer Fluid Dynamics
CGICT	Corporate Governance of ICT
CGIS	Centre for Geo-Information Science
CHOC	Childhood Cancer Foundation
CHPC	Centre for High Performance Computing
CIMO	Commission for Instruments and Methods of Observation
COGTA	Department of Cooperative Governance and Traditional Affairs
COMET	Cooperative Program for Operational Meteorology Education and Training
COP21	Conference of the Parties (no 21 – relating to the UN Framework Convention on Climate Change)
CRR	Convective Rainfall Rate
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
DEA	Department of Environmental Affairs
DHET	Department of Higher Education
DMISA	Disaster Management Institute of Southern Africa
DNI	Direct Normal Irradiance
DST	Department of Science and Technology
DTU	Technical University of Denmark
DWA	Department of Water Affairs
DWS	Department of Water and Sanitation
DTU	Technical University of Denmark
EAP	Employee Assistance Programme

ECMWF	European Centre for Medium-Range Weather Forecasts
EEW-ERPG	Estuary Early Warning-Emergency Preparedness Response Guide
ENE	Estimated National Expenditure
ENSO	El Niño Southern Oscillation
ENTLN	Earth Networks Total Lightning Network
ERM	Enterprise-wide Risk Management
ESM	Earth System Model
EPS	Ensemble Prediction System
EUMETSAT	European Organisation for the Exploitation of Meteorological Satellites
EXCO	Executive Committee
FAO	UN Food and Agricultural Organization
FDI	Fire Danger Index
GANP	Global Air Navigation Plan
GAW	Global Atmosphere Watch
GCOS	Global Climate Observing System
GFCS	Global Framework on Climate Service
GGMT	Greenhouse Gases and Related Measurement Techniques
GHI	Global Horizontal Irradiance
GLADS	Global Aviation Dialogue
GMOS	Global Meteorological Observation System
GPC	Global Producing Centre
GRDS	Global Research and Development Services
GTZ	German Technical Cooperation
GPCLRF	Global Producing Centre for Long Range Forecasting
GRAP	Generally Recognised Accounting Practice
GSM	Global System for Mobile Communications
GTS	Global Telecommunication System
HPC	High Performance Computer
HRRC	Human Resources and Remuneration Committee
IBCS	Intergovernmental Body for Climate Service
ICAO	International Civil Aviation Organization
ICO	International Cloud Atlas
ICT	Information and Communication Technology
IDDR	International Day for Disaster Reduction
IMO	International Marine Organisation
IMT	Institute for Marine Technology
INAM	Mozambique National Meteorological Institute
INDARE	Indian Ocean Data Rescue
IOD	Indian Ocean Dipole
IoDSA	Institute of Directors for Southern Africa
IPCC	Intergovernmental Panel on Climate Change
IPWG	International Precipitation Working Group
IRI	International Research Institute for Climate and Society
ISO	International Organization for Standardization
ISOC	International Scientific Organizing Committee
ISO 9001	International Organization for Standardization 9001
JCOMM	Joint Commission for Oceanography and Marine Meteorology
JOC	Joint Operating Centre
JTA	Joint Tariff Agreement
KPA	Key Performance Area
KPI	Key Performance Indicator
LDN	Lightning Detection Network
LIGHTS	Lightning Interest Group for Health, Technology and Science
LRF	Long-Range Forecasting
LTI	Lightning Threat Index
MASA	Meteorological Association of Southern Africa
MDDA	Media Development and Diversity Agency
MEC	Member of the Executive Council
MET Authority	Meteorological Authority
MHQS	Message Handling Query System
MME	Multi-Model Ensemble

MMS	Multi-Model System
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MSTE	Mathematics, Science, Technology and Engineering
NAAQMN	National Ambient Air Quality Monitoring Network
NAC	National Agrometeorological Committee
NAEIS	National Atmospheric Emission Inventory System
NASA	National Aeronautics and Space Administration
NATJOC	National Joint Operating Centre
NCAR	National Centre for Atmospheric Research
NCEP	National Centre for Environmental Prediction
NDP	National Development Plan
NDMC	National Disaster Management Centre
NEHAWU	National Education and Allied Workers' Union
NEPAD	New Partnership for Africa's Development
NFCS	National Framework for Climate Services
NHMS	National Meteorological and Hydrological Services
NMMU	Nelson Mandela Metropolitan University
NMR	Nowcasting and Mesoscale Research
NOAA	National Ocean and Atmosphere Administration
NRF	National Research Foundation
NSAF	Nowcasting Satellite Application Facility
NSSD I	National Strategy for Sustainable Development
NSW	National Science Week
NVSRF	Nowcasting and Very Short-Range Forecasting
NWP	Numerical Weather Prediction
NWU	North-West University
OAGCM	Ocean Atmospheric Global Atmospheric Circulation Model
OCG	Observations Coordination Group
OFO	Organising Framework for Occupations
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act, 1995 (No 85 of 1995)

OPACE 5	Open Panel of CCL Experts
OPMET	Operation Meteorological
PAWUSA	Public Allied Workers Union of South Africa
PPCEA	Parliamentary Portfolio Committee on Environmental Affairs
PFMA	Public Finance Management Act
PPSA	Public Protector of South Africa
PRMA	Post-Retirement Medical Aid
PSA	Public Servants Association of South Africa
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
QPEs	Quantitative Precipitation Estimations
RA 1	Regional Association 1
R & D	Research and Development
RCMS	Regulatory Committee for Meteorological Services
RCOF	Regional Climate Outlook Forum
RDT	Rapidly Developing Thunderstorm
RHWAC	Regional Hazardous Weather Advisory
RHUL	Royal Holloway University of London
RSMC	Regional Specialised Meteorological Centre
RTC	Regional Training Centre
RTH	Regional Telecommunications Hub
SAA	South African Airways
SAAF	South African Air Force
SAASTA	South African Agency for Science and Technology Advancement
SAAQIS	South African Air Quality Information System
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SAEON	South African Environmental Observation Network
SAF	Satellite Application Facility
SAFFG	South African Flash Flood Guidance System
SAMREF	South African Marine Research and Exploration Forum
SANAS	South African National Accreditation System

SANDF	South African National Defence Force
SAMREF	South African Marine Research and Exploration Forum
SAMSA	South African Maritime Safety Authority
SANSA	South African Space Agency
SARS	South African Revenue Service
SAQA	South African Qualifications Authority
SARCOF	Southern African Regional Climate Outlook Forum
SASAS	South African Society for Atmospheric Sciences
SAWS	South African Weather Service
SCM	SAWS Coupled Model
SCM	Simple Climate Models
SCM	Supply Chain Management
SCWF	Seasonal Climate Watch Forum
SETI	Science, Engineering and Technology Institutions
SIGMET	Significant Meteorological phenomena (severe aviation weather phenomena)
SM	Senior Manager
SOLAS	Safety of Life at Sea
SOT	Ship Observations Team
SPC	Strategic Programmes Committee
SSW	Sudden Stratospheric Warming
START	System for Analysis, Research and Training, an international non-governmental organization incorporated in the United States as a 501(c) 3 non-profit organization
STEM	Science, Technology, Engineering and Mathematics
SVP	Surface Velocity Programme
SWFDP	Severe Weather Forecast Demonstration Project
SWWS	Severe Weather Warning System
TAF	Terminal Aerodrome Forecast
TETA	Transport Sectors Education and Training Authority
THI	Temperature Humidity Index
TIGGE	THORPEX Interactive Grand Global Ensemble
TQM	Total Quality Management
TUT	Tshwane University of Technology
UEA	University of East Anglia
UKMO	United Kingdom Meteorological Office
UKZN	University of KwaZulu-Natal
UM	Unified Model
USSD	Unstructured Supplementary Service Data
UVB	Ultra Violet B-Spectrum
VOS	Voluntary Observation Ships
VTPAAQMN	Vaal Triangle Priority Area Air Quality Monitoring Network
WASA	Wind Atlas Project of South Africa
WIGOS	WMO Integrated Global Observation System
WIS	WMO Information System
WDCGG	World Date Centre for Greenhouse Gases
WMO	World Meteorological Organization
WRC	Water Research Commission

MESSAGE FROM THE MINISTER OF ENVIRONMENTAL AFFAIRS

I am pleased to present the 2015/16 Annual Report of the South African Weather Service (SAWS), a key role player in supporting our country to mitigate and adapt to the effects of one of the most pressing issues of our time which is climate change.

SAWS is mandated by the South African Government to be the foremost provider of weather and climate services and related products. As a Public Entity of the Department of Environmental Affairs, the services provided by SAWS play an increasingly important role in the socio-economic sustainability of our country and the continent as a whole.

This enables us as government and as citizens to take appropriate action in response to climatic changes and challenges, such as the crippling drought experienced in the past year.

Climate change is already a measurable reality worldwide. In this regard, South Africa has developed a National Climate Change Response Policy that presents our country's vision to realise a climate change resilient, inclusive and lower carbon economy and society.

Its main objective is to effectively manage inevitable climate change impacts through interventions that build and sustain South Africa's social, economic and environmental resilience, and emergency response capacity.

This is in line with Vision 2030 of the National Development Plan (NDP).

If unmitigated, vulnerable communities will experience the most significant socio-economic impacts as a result of an ever-changing climate. Climate change affects food production, water availability, how energy is used, the loss of biological resources and the health of the community.

This necessitates that accurate and reliable climate- and weather-related information be made available that can be applied at all levels of society.

SAWS has stayed true to its long-term vision and goal of creating a weather-ready nation that is resilient to the negative impacts of climate change, as well as an informed public that is knowledgeable on climate change and variability.

During the year under review, SAWS collaborated with private and public entities to augment its products and services. SAWS engaged with stakeholders and learners as part of efforts to educate the public and raise awareness on climate-related matters.

Through collaboration with the Centre for High Performance Computing (CHPC) and other international partners, SAWS' long-range climate prediction capabilities have been enhanced.

The Ensemble Prediction System (EPS) supports various early warning systems on sub-seasonal to seasonal timescales, and was showcased at the El Niño 2015 Conference hosted by the International Research Institute for Climate and Society (IRI) at Columbia University, New York in November 2015.

If unmitigated, vulnerable communities will experience the most significant socio-economic impacts as a result of an ever-changing climate. Climate change affects food production, water availability, how energy is used, the loss of biological resources and the health of the community.

The monitoring of air quality remains a matter of high priority worldwide. SAWS hosts the South African Air Quality Information System (SAAQIS) and has increased the number of reporting stations to 143.

As one of the ten Global Atmosphere Watch (GAW) stations in the Southern Hemisphere, Cape Point continues to conduct research and monitoring of ozone, ultraviolet B (UVB) and trace gases in the atmosphere. The station recently passed a scientific station audit by the Swiss Federal Laboratories for Materials Science and Technology (Empa).

SAWS has positioned itself as a pre-eminent meteorological institution, playing a prominent role in important international engagements such as the 17th Session of the World Meteorological Congress, where South Africa co-chaired a debate on the issue of the free and unrestricted exchange of data in order to implement the Global Framework for Climate Services (GFCS).

Great strides have also been made towards the implementation of South Africa's National Framework for Climate Services (NFCS) to feed into the global framework.

During the past financial year, a number of advancements were made in the fields of hydro-meteorology, agro-hydrology, energy and solar radiation. Much of this research has also resulted in new products for the delivery of timely and accurate weather-related information to the public at large and to stakeholders in weather-sensitive sectors, ranging from agriculture to tourism.

SAWS plays an invaluable role in providing accurate, timely and critical information that enables real-time decision making across a range of sectors ranging from agriculture to aviation.

This 2015/16 annual report of SAWS complies with all statutory requirements of the Public Finance Management Act of 1999 and National Treasury regulations. I am proud to present it for your perusal.

Mrs B E E Molewa, MP
Minister of Environmetal Affairs

MESSAGE FROM THE DEPUTY MINISTER OF ENVIRONMENTAL AFFAIRS

The South African Weather Service (SAWS) has come a long way since its humble beginnings as the Cape Meteorological Commission that was established in 1860 as one of the first fully-functioning national weather services in the world. More than 150 years of dedicated innovation, technological advancements and infrastructure and capacity development have gone into building the climatology and meteorology scientific skills of the 21st Century SAWS – skills which have garnered respect for the organisation - and indeed for the country - the world over.

Today, SAWS is a vital cog in the Department of Environmental Affairs machine. Thanks to the organisation's dedicated monitoring of global climate trends and effective data capture and dissemination, the country was given advance warning of the severe El Niño episode that struck the region towards the end of 2015. This made it possible for national authorities, communities and individual citizens to make informed decisions and prepare for, or at the very least mitigate, the devastating impact of this climatological phenomenon.

It is particularly gratifying to note the proactive approach that SAWS continues to adopt in enhancing its observations network and forging new strategic links and partnerships, both nationally and internationally. Not only was South Africa one of the first countries to develop a National Framework for Climate Services (NFCS), the year under review has seen SAWS make great strides in the development of new products to better serve its stakeholders and support the National Development Plan (NDP).

In partnership with mobile technology provider AfriGIS, a Mobile Application (App) called the WeatherSmart App has been developed for Android handsets. This application provides weather-related information for the user's current location such as rain forecasting and temperatures as well as storm and other severe weather alerts. Another recent highlight was the signing of a cooperation agreement with Dutch company Hydrologic to develop and implement an online rainfall management application called HydroNET which offers easy access to real-time monitoring and rainfall predictions as well as information about water availability.

I had the pleasure of attending one of the engagements in a successful collaboration between SAWS and the New Partnership for Africa's Development (NEPAD). The aim of the six month Agromet Project was to assist

"It is particularly gratifying to note the proactive approach that SAWS continues to adopt in enhancing its observations network and forging new strategic links and partnerships, both nationally and internationally."

farmers in the use of agrometeorological information to adapt to climate change in South Africa where drought and flooding are a grave threat to the safety of livestock and crops. Three projects in each of the participating provinces (Free State and KwaZulu-Natal) received sponsorships to buy farming equipment and implements. Certificates of attendance and agricultural toolkits were awarded to all the farmers and extension officers who attended the workshops.

As SAWS perseveres in its ongoing hydro-meteorology, agrometeorology, energy and solar radiation research, I am confident that we will continue to see the emergence of new products and services that are highly relevant for disaster management and climate related strategic thinking.

The contribution of SAWS to both the socio-economic development of South Africa and international collaboration to address global climate and atmosphere issues is beyond question. It gives me great pleasure to join the Minister of Environmental Affairs and the SAWS Board, Executive and staff in presenting the 2015/16 Annual Report.

Ms B Thomson, MP
Deputy Minister of Environmental Affairs

FOREWORD BY THE

BOARD CHAIRPERSON

It was a great honour for me to take over as the Chairperson of the SAWS Board in the 2015/16 year and I trust that with the support and commitment of all the Board members, I will do justice to the oversight and strategic vision exercised by my very able predecessor, Professor Lindisizwe Magi and the members of the previous Board. The Board commits to ensuring that the organisation continues to develop relevant products and services, engage stakeholders and ensuring financial sustainability.

The SAWS 2015/16-2019/20 strategy is anchored in enabling the nation's economy and adaptation to climate change. SAWS has, indeed, as noted by the Honourable Minister and Deputy Minister of Environmental Affairs and the SAWS CEO in their forewords to this annual report, been able to celebrate a number of achievements in the past year. While many of these have involved the kind of international collaboration that is both critical and inevitable in an increasingly globalised world, it is the national imperatives such as the National Development Plan (NDP) 2030 that continue to drive and inform SAWS' initiatives and investment of resources.

The NDP's objectives of poverty alleviation and an improved standard of living for all South Africans are inextricably linked to the challenge of food security, and there is no doubt that the agricultural sector is one of the most weather-sensitive sectors the world over.

Given the increasing impact of climate change and variability, it is no surprise that the SAWS' Five Year Strategic Plan focuses on this sector of the South African economy and other weather-sensitive sectors. A number of the new products developed during this period are targeted at the agricultural sector, government (water resource management) and major industries such as the construction industry.

Significant progress was also made in harnessing technology to deliver vital forecasts and severe weather warnings to all stakeholders including those in the vulnerable rural areas of the country. This the organisation does through its extensive national footprint as well as using available technologies.

Free access to accurate and up-to-date information is a crucial component in preparing for and mitigating the impacts of weather events on communities.

Knowledge generation is an essential tool in enabling the National Climate Change Response Policy. The latest outcomes of COP 21 for climate change also bode well for the South African government's efforts in managing greenhouse gas emissions as the world's governments are now fully convinced of the scientific evidence of climate change and the need to take action. SAWS, in partnership with DEA, remains at the forefront of this movement as SAWS research efforts continue to inform climate change adaptation and mitigation strategies at all levels of government.

The Board had, over the years, also noticed that SAWS does a lot of scientific work which is not communicated to the broader public. Although numerous scientific contributions appear in academic journals, not much is found in more general publications about the organisation's scientific research and collaborations. During the period under review, SAWS launched its first

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scientific newsletter, *WEATHERSMART NEWS*, aimed at addressing this gap.

The media is an essential partner in the creation of weather-resilient communities and SAWS continues to leverage this relationship. In a year where the country experienced one of the most climatologically challenged periods since record keeping has begun, the role of the media became evident as one of the strongest ever El Niño episodes caused high temperatures, rolling heat waves and extreme drought, followed by severe storms and flooding in many areas. In the past year SAWS increased its media footprint in vulnerable communities through a specific focus on the empowerment of small commercial and community media.

SAWS has, during this period, also experienced a number of challenges. The main challenge remains resourcing the SAWS vision as mentioned by my predecessor in the previous financial year. This impacts on the ability of the organisation to rapidly implement planned infrastructure and human resource interventions. These challenges are compounded by the volatile global and national economic conditions within which SAWS operates. Leadership will need to proactively and innovatively manage people and resources in order to ensure a sustainable and vibrant organisation.

Looking at the year ahead, SAWS has adopted a refreshed approach to implementing its mandate. Weather- and climate-related challenges that were faced during the period under review have unquestionably laid the foundation for an intensified focus on this approach. SAWS' revised vision "A WeatherSMART nation", articulates the desired end-state where citizens, communities and business sectors are weather-resilient because they are able to use information, products and services provided by SAWS optimally. A WeatherSMART nation is therefore **S**afe, **M**ore informed, **A**lert and **R**esilient, and has **T**imeous access to relevant information and services.

Good governance is fundamental to the credibility of SAWS in the local and international scientific community as well as in its engagements with stakeholders at all levels of society. The numerous and varied achievements reflected in this annual report were supported by integrated reporting and audits and guided by strong strategic thinking and performance management. For this, I thank my fellow Board members and the SAWS Executive for their engagement and collaboration over the past year. It is a privilege for me to be part of an organisation that has such a central role to play in paving the way for a sustainable and equitable South Africa in the 21st Century.

I would like to congratulate the SAWS team for achieving a clean audit for both the 2014/15 and 2015/16 financial years.

Ms Ntsoaki Mngomezulu
Board Chairperson

OVERVIEW OF THE CHIEF EXECUTIVE OFFICER

The SAWS 2015/16 Annual Report gives an account of how the organisation has met its strategic goals over the past twelve months.

Advancing research and expanding service and product delivery to support adaptation to climate change remains a critical SAWS deliverable. The offerings of the organisation in this regard were emphasised by SAWS' role in responding to the challenges presented by the 2015/16 El Niño episode.

SAWS continued to take a systematic approach in the execution of its mandate and its vision to create a nation that is resilient to the impacts of climate change and driven by a thriving economy.

ENSURING A WEATHER-READY NATION THROUGH THE PROVISION OF RELEVANT METEOROLOGICAL AND RELATED PRODUCTS AND SERVICES

The impacts of climate change result in an increasing number of extreme weather events, often with devastating effects on food security, lives and property. These conditions require appropriate and timely information for decision-making and call for the development and provision of innovative products and services based on relevant research. Committed to providing accurate and timely reports and information to the public, relevant government departments and the particularly weather-sensitive sectors of the economy, SAWS renewed its efforts to generate the knowledge required towards achieving climate change adaptation and mitigation imperatives as well as deliver products and applications aimed at enhancing the nation's weather-readiness .

During the reporting period, SAWS in collaboration with the Centre for High Performance Computing (CHPC) and other international partners, significantly improved its climate prediction capabilities. This enabled the organisation to provide advance warning of the development and maturity of the 2015/16 El Niño episode (one of the strongest on record), and particularly the El Niño-induced extremely dry and hot conditions that resulted in southern Africa's worst ever drought since record keeping started.

Severe weather warnings issued by SAWS were particularly significant in the year under review. The heat waves and drought that accompanied the 2015/16 El Niño event were preceded by periods of intense cold and high rainfall that were also a challenge for disaster management authorities. The SAWS Hazardous Weather Warnings and Alerts forecasting products were successfully rolled out in this period.

The launch of the RainWatch suite of products in November 2015, which includes RainMap, Forecast and Weather Stations, was a particularly significant highlight and proud moment of the period under review. These products, provided on the HydroNET platform through an international collaboration with Hydrologic, a company based in the Netherlands, are an essential risk management tool for water resource management and the management of related risks. These products offer easy access to real-time monitoring and rainfall

"The launch of the Rainwatch suite of products in November 2015, which includes RainMap, Forecast and Weather Stations, was a particularly significant highlight and proud moment of the period under review... These products offer easy access to real-time monitoring and rainfall predictions, as well as information about water availability."

predictions, as well as information about water availability. The rapid uptake of this product by the Inkomati Usuthu Catchment Management Agency, as well as the Swaziland Department of Water Affairs bear testimony to its relevance. I would also like to take this opportunity to thank the Inkomati Usuthu Catchment Management Agency for their support during the testing and development stage of this project.

While the agricultural sector has been one of the greatest beneficiaries and focus sectors for SAWS products and services, particularly when temperatures and rainfall are an issue, the value of the organisation to the marine and aviation industries needs to be mentioned. Responsible for the second largest marine area in the world, SAWS has continued to provide accurate and timely coastal and ocean forecasts and warnings to this highly weather-sensitive sector, while also pursuing opportunities to expand its public good and commercial services in the aviation industry.

Over and above its contributions to enhancing the climatological and meteorological knowledge base and research methodologies, the true value of SAWS is indeed experienced on the ground through the products it continues to make available for use by national entities, commercial organisations, communities and individual citizens. These products continue to support the practical management of climate and weather phenomena that have a direct impact on personal safety, public health and national food security.

MAINTAINING AND EXPANDING THE SAWS OBSERVATIONS NETWORK

The convective tracking and hail warning calculations which were installed on all instruments in the SAWS radar network, as well as the optimisation of the Nowcasting Satellite Application Facility (NSAF) software for southern African conditions, allowed for the developing and improvement of nowcasting and short-range forecasting products and enhanced the organisation's capability to serve the needs of both public good and commercial users.

Of particular importance was the finalisation of the Lightning Threat Index (LTI) which improves the ability to forecast cloud to ground lightning strikes. The effective use of these products contributes to increased weather-resilience among the public, as well as the protection of lives and property.

Important work was done to expand and upgrade the SAWS observations network, which not only supports weather forecasting but also the monitoring of air quality that is critical for informed decision-making in the global response to challenges such as air pollution, greenhouse gases and ozone depletion.

In the year under review, SAWS continued to play a significant role in identifying and combating air pollution through a number of initiatives. One hundred and forty five (145) air quality monitoring stations are currently registered as data providers to SAAQIS and data requests relating to various air quality-related research areas have been successfully answered.

As one of the thirty Global Atmosphere Watch (GAW) stations in the world, Cape Point continued to research and conduct routine monitoring of ozone, ultraviolet B (UVB) and trace gases in the atmosphere.

DEVELOPING RELEVANT METEOROLOGICAL SCIENTIFIC CAPABILITY THROUGH COLLABORATION WITH STAKEHOLDERS, PARTNERS AND CLIENTS

SAWS functions in a complex scientific and service environment where it is essential to maintain and manage stakeholder relationships to benefit both parties. To this end, SAWS committed to effectively partner, collaborate, manage and leverage its key stakeholder relations in order to deliver on its mandate and objectives and to ensure its sustainability. SAWS addressed numerous national, regional and international priorities – all of which required productive stakeholder relationships.

The UK Met Office (UKMO) continues to be a strong collaborator in a number of areas. Their support in the commissioning of the newly acquired HPC and optimization of the Unified Model, leading to improvements in prediction capability, was invaluable. As part of a collaborative project supported by the Newton fund lecturers from the SAWS Regional Training Centre (RTC) received training on the optimised Unified Model and in exchange provided training to the UKMO in meteorological instrumentation and tropical weather.

As a Satellite Training Centre of Excellence, SAWS continues to partner with the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) and other global players in this area of expertise in building the necessary capacity and capability within the SADC region and continent. The RTC hosted workshops and courses in this respect. I am also proud of the contribution that Lee-Ann Simpson and Lithakazi Mkatshwa, lecturers at the SAWS Regional Training Centre, have made in the development of computer-aided learning modules focused on African weather phenomena as part of the ASMET 8 project.

South Africa was also re-elected into the World Meteorological Organization's (WMO) Executive Council and Audit Committee, and several SAWS personnel were elected into Expert Committees of the WMO to assist with the implementation of WMO programmes. These programmes contribute immensely to knowledge generation and the operations of national meteorological services globally.

A HUMAN CAPITAL DEVELOPMENT APPROACH

For SAWS, human capacity development is not only an integral part of enhancing the organisation's internal expertise, it is also about long term strategic thinking around future capacity in scarce and critical skills in the climatological and meteorological arena as well as ensuring users of SAWS information, products and services are capacitated to use these effectively.

One of the highlights in this area was the SAWS and New Partnership for Africa's Development (NEPAD) collaborative project. This agrometeorology-focused project was concluded in August 2015, with two workshops in the Free State and KwaZulu-Natal respectively, led by the respective provincial MEC's for Agricultural and Rural Development, aimed at validating the results of the six month research project in the two provinces.

The objective of the SAWS-NEPAD collaboration was to train extension agents and farmers on the application of agrometeorological information and how it can be used to develop adaptation and mitigation strategies. A secondary objective was to gather information on how climate change has impacted on agricultural practices and the adaptation strategies being implemented by farmers.

Youth and community outreach is an important part of the organisation's human capital development strategy. During the year under review, SAWS intensified its efforts not only to educate the South African youth about climate change and weather resilience but also to attract new students in areas of expertise that are becoming increasingly important globally.

Educational visits by learners and students took place at SAWS' weather offices across the country, and SAWS was involved in a number of pertinent events such as World Environment Day. Apart from participating in a variety of career expo's hosted by other organisations, SAWS also held its own Career Day in KwaZulu-Natal that was attended by over 1 000 learners as well as key stakeholders such as Disaster Management, the Zululand District Municipality and Fire Department, Mthashana FET College and Zululand University.

DEMONSTRATING FISCAL DISCIPLINE AND A COMMITMENT TO GOOD CORPORATE GOVERNANCE

During the period under review, SAWS received a clean audit award from the Auditor-General of South Africa. This bears testament to the organisation's unwavering commitment to good corporate governance and fiscal discipline. To this end, I would like to draw your attention to the disclosures that are contained in my compliance report, which confirms my commitment and that of the organisation to the use of best practice, fiscal discipline and a commitment to good corporate governance.

IN CONCLUSION

Before I end, I would like to acknowledge our donors who, through their collective contribution valued at R4,15 million, enabled SAWS to conduct relevant research, develop products and provide much needed services.

Our biggest contributors include the UK MET Office, who contributed to the Upper-Air Observations programme; NEPAD who ensured we trained farmers on agrometeorology in KwaZulu-Natal and the Free State; and last, but not least, the Department of Science and Technology, which continues to contribute to the Solar Radiation Project.

I have every reason to be proud of what SAWS has accomplished over the past year, at times in the face of financial and human capacity constraints. As I present the SAWS 2015/16 Annual Report, I salute the optimism, dedication and exceptional teamwork that keep this organisation at the forefront of developments in our increasingly vital area of expertise.

Dr Linda Makuleni
Chief Executive Officer

MEMBERS OF THE BOARD
From 1 September 2015


Ntsoaki Mngomezulu (Chairperson)


Dr Nolulamo Gwagwa (Deputy Chairperson)


Dr Linda Makuleni (Chief Executive Officer)


Nandipha Madiba


Rowan Nicholls


Sally Mudly-Padayachie

"It is better to lead from behind and to put others in front, especially when you celebrate victory when nice things occur. You take the front line when there is danger. Then people will appreciate your leadership."

- Nelson Mandela

Keabetswe Modimoeng

Jonty Tshipa

Adv Derick Block

David Lefutso

Prof Elizabeth Mokotong

Dr Jasper Rees

Judy Beaumont (DEA Representative)

MEMBERS OF THE BOARD
1 April 2015 - 31 August 2015


Prof Lindisizwe Magi (Chairperson)


Dr Nolulamo Gwagwa (Deputy Chairperson)


Andile Mvinjelwa


Siyabonga Makhaye


Jonty Tshipa


Prof Elizabeth Mokotong

Rowan Nicholls

Dr Shadrack Moephuli

Ntsoaki Mngomezulu

Zola Fihlani

Judy Beaumont (DEA Representative)

Dr Linda Makuleni (Chief Executive Officer)

EXECUTIVE MANAGEMENT

Dr Linda Makuleni (Chief Executive Officer)

Marilize Hogendoorn (Chief Financial Officer)

Mnikeli Ndabambi (General Manager: Operations)

Khanyisa Hanisi (Acting General Manager: Human Capital Management)

Dr Ziyanda Majokweni (General Manager: Corporate Affairs)

Mmapula Kgari (General Manager: Commercial)

SENIOR MANAGEMENT


Zandile Nene (Company Secretary)


Michelle Hartslief (SM: Commercial)


Dr Winifred Jordaan (Head: Meteorological Training Centre)


Anto Badimo (SM: Stakeholder Relations)


Khanyisa Hanisi (SM: Human Capital Services)


Mandy Tyikwe (SM: Supply Chain Management)


Gaborekwe Khambule (SM: Aviation)


Tshepho Ngobeni (SM: Forecasting)


Dr Nhlonipho Nhlabatsi (SM: Research)

SENIOR MANAGEMENT

Nomathamsamqa Tabata (SM: Human Capital Development)

Bubele Vakalisa (SM: ICT)

Kama Chetty (SM: Air Quality)

Lulama Gumenge (SM: Finance)

Nthabeleng Mokitimi (SM: Communications)

Nondumiso Mtombela (SM: Occupational Health and Safety)

Buhle Shandu (SM: Technical Services)

Prof Themba Dube (SM: Climate Service)

Mark Majodina (SM: International Relations)

EXECUTIVE REPORT

Report by the Chief Executive Officer to the Executive Authority and Parliament of the Republic of South Africa.

PREPARATION AND PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

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

SAWS complies with the Public Finance Management Act (PFMA), 1999 (No.1 of 1999); Treasury Regulations; Companies Act; and the principles of Good Corporate Governance recommended by King III in managing its financial affairs. The Annual Financial Statements for the year ended 31 March 2016 were compiled on the going concern basis as it is expected that SAWS will continue operations in the foreseeable future.

GENERAL REVIEW OF THE STATE OF AFFAIRS

SAWS is the primary provider of weather- and climate-related information within South Africa, as legislated in the South African Weather Service Act, 2001 (No. 8 of 2001) as amended by the South African Services Amendment Act, 2013 (No. 48 of 2013) – also referred to as "SAWS Act". It supplies weather-related information to the public at large as part of its public good mandate of which a government grant is received to support this activity.

SAWS also provides weather-related information to the aviation industry on a cost recovery basis through a regulated tariff. The Regulating Committee on Meteorological Services (RCMS) plays a pivotal role in these discussions by ensuring that the recommended tariff is just and fair to all parties involved. Once the discussions have been concluded, the Committee submits recommendations for approval to the Minister of Environmental Affairs and subsequent promulgation in the Government Gazette.

The SAWS Act also allows SAWS to provide weather and climate-related information to commercial clients. These include, amongst others mining; insurance; tourism; telecommunication; municipalities; and other international meteorological organisations to name a few.

Revenue

The Total Revenue decreased by 0.03% from R310,34 million to R310,33 million year-on-year. Included under total revenue of the prior year, i.e. 2014/15 is R30 million that was earmarked for the purchase of the High Performance Computer received in the form of a Capital Grant from the Department of Environmental Affairs.

Government Grant

The Operational Grant income increased by 5.21% (R7,95 million), while the Capital Grant income decreased by 100% from R30 million to R0 year-on-year. The total Operational Grant excluding SAAQIS income increased by 5.27% year-on-year to R145,52 million for the 2015/16 financial year.

Aviation Income

Aviation income increased by 15.48% from R104,51 million to R120,68 million year-on-year. This result is mainly due to higher air traffic volumes than those anticipated in the budgetary process.

Non-Regulated Commercial Income

Non-regulated commercial revenue increased by 51.9% from R12,52 million to R19,02 million year-on-year. There was an increase in the sale of Lightning Detection Network and Automatic Weather System Instruments, which increased by 316% and 415%, respectively. The organisation also experienced an increase in the sale of information fees which grew by 3.79%, while the Regional Training Centre realised sales of R389 835, an increase of R98 360 in comparison to 2014/15.

Revenue from the Aviation Instruments - Maintenance of Meteorological Equipment slightly reduced by 2.82% year-on-year to R848 854.

Table 1: Movement in Revenue 2015/16 versus 2014/15 (year-on-year)

	2015/16 R	2014/15 R	VARIANCE R	VARIANCE %
Revenue from Non-exchange Transactions				
Revenue from Non-exchange Transactions - Operational Expenditure	**160 434 311**	**152 489 000**	**7 945 311**	**5.21**
• Government grant - operational expenditure	145 518 311	138 229 000	7 289 311	5.27
• Government grant - SAAQIS project	14 916 000	14 260 000	656 000	4.60
Revenue from non-exchange transactions - capital expenditure	-	30 000 000	(30 000 000)	(100.00)
• Government grant - capital expenditure	-	30 000 000	(30 000 000)	(100.00)
Contributions and donations	7 099 722	5 818 790	1 280 932	22.01
• TETA-SETA grant	1 548 570	561 020	987 550	176.03
• Donations received	2 425 198	1 130 710	1 294 488	114.48
• Donor funding - research projects	3 125 954	4 127 060	(1 001 106)	(24.26)
Revenue from Non-exchange Transactions	**167 534 033**	**188 307 790**	**(20 773 757)**	**(11.03)**
Revenue from Exchange Transactions				
Regulated Commercial Revenue				
• Aviation	120 679 096	104 506 155	16 172 941	15.48
Non-regulated Commercial Revenue	**19 022 029**	**12 522 577**	**6 499 452**	**51.90**
• Aviation instruments maintenance income	848 854	873 514	(24 660)	(2.82)
• Information fees	9 973 393	9 608 876	364 517	3.79
• Training - RTC	389 835	291 475	98 360	33.75
• Lightning detection network sales	5 042 185	1 211 255	3 830 730	316.21
• Project/Automatic Weather Stations income	2 767 762	537 257	2 230 505	415.17
Total Commercial Revenue	**139 701 125**	**117 028 732**	**22 672 393**	**19.37**
Other Revenue	**3 097 907**	**5 002 571**	**(1 904 664)**	**(38.07)**
• Miscellaneous income	395 796	701 561	(305 765)	(43.58)
• Proceeds from disposal of assets	47 750	770	46 980	6 101.30
• Interest received rom receivables	861 427	293 949	567 478	193.05
• Income from investments	1 792 934	4 006 291	(2 213 357)	(55.25)
Revenue from Exchange Transactions	**142 799 032**	**122 031 303**	**20 767 729**	**17.02**
TOTAL REVENUE	**310 333 064**	**310 339 093**	**(6 029)**	**0.0**

Table 2: Relation between Externally and Internally Generated Revenue

	2015/16 R	2014/15 R
Internal Revenue as % of Total Revenue	52%	54%
External Revenue as % of Total Revenue	48%	46%

Table 3 Total Expenditure

	2015/16 R	2014/15 R	VARIANCE R	VARIANCE %
Administrative expenditure	(9 919 426)	(15 133 159)	5 213 733	34.45
Compensation of employees	(187 183 860)	(173 250 502)	(13 933 358)	(8.04)
Other operating expenditure	(102 003 584)	(93 047 824)	(8 972 080)	(9.64)
Amortisation	(3 233 246)	(2 753 953)	(479 293)	(17.40)
Depreciation	(26 967 797)	(23 787 002)	(3 180 795)	(13.37)
TOTAL EXPENDITURE	**(329 307 913)**	**(307 972 440)**	**(21 335 473)**	**6.93**

Other Income

Interest from investments decreased from R4,01 million to R1,79 million year-on-year. Available funds have been allocated to interest bearing short-term investment and call accounts. Interest rates are negotiated with financial institutions on a monthly basis or when the investment matures. Investments are placed according to the approved Investment Policy, aligned to legislative requirements.

The relation between externally and internally generated revenue is reflected in table 2 to the left.

- Internal revenue excludes CAPEX grants; and
- External revenue comprises aviation -; non-regulated commercial -; and other revenue.

Expenditure

The Total Expenditure have increased by 6.93% from R307,97 million to R329,34 million year-on-year as shown in table 3.

Administrative Expenditure

Administrative Expenditure has decreased by 34% year-on-year from R15,13 million to R9,92 million. The decrease was mainly attributed to the following

- The Impairment Adjustment on Trade Receivables, which decreased by R2,74 million for the financial year ended 31 March 2016; and
- Legal Fees decreased from R2,77 million in 2014/15 to R0,735 million in 2015/16.

Employee Costs

Compensation of Employees increased by 8.04% year-on-year to R187,18 million (2014/15 R173,25 million) and constitute 56.96% (2014/15 56.26%) of the Total Expenditure of SAWS.

The average increase in total remuneration of employees on salary levels 1 to 12 was 6.8% and the average increase for employees on salary levels above 12, including Senior and Top Management was 6.56%. The variance between the average annual salary adjustment percentages granted and the percentage increase in Compensation of Employees is due to the filling of staff vacancies during the 2015/16 financial year.

Operating Expenditure

Other operating expenses increased by 9.64% (R8,96 million) from R93,05 million to R102,01 million year-on-year. The following were the major increases in Operating Expenditure

- Leases and rentals, which mainly comprise office accommodation across SAWS' operational network represented in various provinces increased from R17,56 million to R19,65 million;
- Repairs and maintenance increased from R9,10 million to R11,03 million. This includes the cost of maintenance for our radar sites and support of software; and
- External audit fees went up from R2,97 million to R3,78 million.

Depreciation and Amortisation

Depreciation and Amortisation increased by 14.13% from R26,54 million to R30,20 million year-on-year. The increase is as a result of a corresponding increase in the acquisition of capital assets and intangible assets during the year.

SUPPLY CHAIN MANAGEMENT SYSTEM

SAWS has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective, in accordance with the Public Finance Management Act,1999 (No. 1 of 1999, as amended); Treasury Regulation 16A; and other applicable legislative frameworks.

POST-RETIREMENT MEDICAL AID BENEFIT

SAWS has a Defined Benefit Liability in the form of a Post-retirement Medical Aid Benefit Plan for all staff employed before November 2008. This obligation has been funded by payments from the entity and its employees, taking into account the recommendations of the independent qualified actuaries.

Actuarial gains and losses are recognised in surplus or deficit in accordance with GRAP 25.

As at 31 March 2016, SAWS' liability on the Post-Retirement Medical Aid (PRMA) decreased from R11,85 million to R8,32 million.

This Non-current Liability represents a total of 56 employees (2014/15 59 employees), 34 (2014/15 37) of those that are already on retirement/pension while the remaining 22 (2014/15 22) are still in service.

In addition to the above, SAWS purchased a plan asset in a "Customised With-Profit Annuity" from Momentum at a cost of R18,9 million in 2012, and the first instalment of R6 million was paid in 2012 with the remaining balance payable annually in equal instalments of R3,24 million.

CAPITAL EXPENDITURE

During the 2015/16 financial year, R10,81 million was spent on capital expenditure items. Major tangible and intangible assets acquired during the financial year were: Computer Equipment and Servers to the value of R4,83 million; and Meteorological Equipment and Air Quality Equipment of R5,98 million. Equipment amounting to R2,15 million was received as a donation from DEA related to air quality.

BUDGETED EXPENDITURE VERSUS ACTUAL EXPENDITURE

SAWS budgeted for a deficit of R28,12 million for the year under review, representing 109.87% of Budgeted Revenue (R312,99 million – Budgeted Expenditure / R284,87 million – Budgeted Revenue). The actual results for the 2015/16 financial year resulted in a deficit to revenue of 106.16% (R329,31 million – Actual Expenditure / R310,33 million – Actual Revenue). The outcome was a positive variance between budgeted and actual results of 3.71%.

SERVICES RENDERED BY THE SOUTH AFRICAN WEATHER SERVICE

A list of services rendered by the SAWS, significant events that have taken place during the year, as well as major projects undertaken are discussed in detail in the Annual Report, Part B and D.

CAPACITY AND OTHER CONSTRAINTS

Funding Sources - SAWS' optimal productivity relies heavily on the availability of financial enablers to ensure that desired yields on the investment are attained. It is in this context that the diminishing grant allocation from the Shareholder poses a significant constraint when compared against the economic realities under which SAWS as a public entity has to operate. During the Estimated National Expenditure (ENE) budgeting process, funding for both the 2014/15 and 2015/16 financial years was reduced by R20 million per financial year.

Operational Capacity - Global trends and developmental pressures have propelled organisations similar to ours to invest more heavily in capacity building, such as modern technology and human capital. The enhancement in capital injections and technology ensures that there are up-to-date enablers to assist in generating relevant applications in research that will assist government in planning- and decision-making processes. It is highly desirable that South Africa takes a leading role in this process. This is hamstrung by the lack of funds to invest in advanced technology and human capital, a necessary resource to drive these processes.

SAWS appreciates and welcomes the continued support it receives from Government and our Shareholder in investing in SAWS infrastructure for the benefit of the South African community. During the 2013/14 financial period, SAWS was allocated R50 million towards the purchase of a High Performance Computer, of which R20 million of this allocation was received during the 2013/14 financial period and the remaining amount of R30 million during the 2014/15 financial year. No Capital Grant has been received during the 2015/16 financial year.

Employees - In as much as there has been marked progress in the attraction and retention of skills, as demonstrated by the steadily declining turnover figures in critical and scarce skills, there is also an equally demanding challenge to maintain these figures and provide such employees with a conducive environment within which to operate.

Part of that responsibility is to respond to creating a greater pool of scientists and technologists with greater focus on previously disadvantaged individuals. However, without the necessary financial resources, it is a tall order to achieve these objectives, more so because these are part of the SAWS mandate, as per the SAWS Act.

SAWS continues to provide bursaries for external students who at the end of their studies are given opportunities to work at SAWS either through internships and/or full time employment. Most of the students on the scientific internships are subsequently employed on a full-time basis.

CORPORATE GOVERNANCE ARRANGEMENTS

SAWS is committed to the objectives and principles of transparency, accountability and integrity as explained in the King III Report on Corporate Governance. A detailed discussion of the application and results of Corporate Governance in the organisation is provided under Part C of the Annual Report.

Risk Management is disclosed under Note 24 in the Annual Financial Statements, whereas Related-Party Transactions are reflected in Note 23 in the Annual Financial Statements.

Disclosure of Remuneration to Members of the Accounting Authority and Executive Management is disclosed in Note 23 in the Annual Financial Statements. The SAWS Strategic Plan was amended and improved to include clear and precise direction for the organisation for the coming five years with the focus on the increase in commercial revenue and aligning the SAWS Strategy to government priorities including the National Development Plan.

The Audit and Risk Committee meets on a regular basis and ensures that management adheres to internal controls, accounting policies and procedures. This committee is chaired by an independent person and the majority of its members are non-executive Board members.

On 1 April 2013, SAWS appointed PriceWaterhouse-Coopers as its internal auditors for the next three years. This is an ongoing proc*+ess that aims to ensure adherence and implementation of effective and efficient internal controls and procedures.

The Audit and Risk Committee has adopted formal terms of reference and this committee is satisfied that it covered its responsibilities for the year, in compliance with its terms of reference. (Refer to Report of the Audit and Risk Committee in the Annual Report).

PERFORMANCE INFORMATION

Performance targets are set on an annual basis, refer to the specific section in the Annual Report for the disclosure of these targets and related performance. Quarterly performance reports are prepared by the South African Weather Service and submitted to the Department of Environmental Affairs, stating achievements during the previous year and assessing results against current year targets set.

EVENTS AFTER THE REPORTING DATE

Management is not aware of any matter or circumstances arising since the end of the financial period, which would affect the figures, as disclosed in the annual financial statements.

FRUITLESS AND WASTEFUL EXPENDITURE

During the period under review, management did not detect any fruitless and wasteful expenditure.

IRREGULAR EXPENDITURE

During the period under review, management did not detect any irregular expenditure.

DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

There were no discontinued activities during the period under review and there is no plan to discontinue activities in the 2016/17 financial year.

NEW OR PROPOSED ACTIVITIES

There were no new or proposed activities in the period under review.

REQUESTS FOR ROLL-OVER OF FUNDS

There were no requests to roll over funds during this period.

METEOROLOGICAL AUTHORITY

The South African Weather Service (SAWS) is the designated Meteorological (MET) Authority under the South African Weather Service Act, 2001 (No.8 of 2001 as amended). The MET Authority has a safety oversight obligation of the State under the Convention on International Civil Aviation (the Chicago Convention, 1947). The MET Authority ensures that aeronautical meteorological service provision is in accordance with international and national standards, as set out in the International Civil Aviation Organization (ICAO) Annex 3 to the Chicago Convention on International Civil Air Navigation and those defined under the Civil Aviation Act, 2013 (No. 9 of 2013) respectively.

During the period under review, the MET Authority, in collaboration with the Department of Transport, Department of Environmental Affairs and the South African Civil Aviation Authority (SACAO), established a team to review and enhance the existing regulatory framework governing safety oversight of aeronautical meteorological service provision. The team will review and develop existing legislation as well as regulations.

In 2013, ICAO conducted an audit in South Africa, also referred to as the ICAO Coordination Validation Mission under the ICAO Universal Safety Oversight Audit Programme. During the reporting period, SAWS appointed two inspectors to the MET Authority to enhance its ability to conduct safety oversights and address an ICAO finding in respect of the number of safety oversight technical personnel required.

The MET Authority conducted safety oversight activities at 20 aerodromes across South Africa. This was done under the Memorandum of Agreement signed between SAWS and SACAA, which empowered the MET Authority to conduct inspections at SACAA licensed aerodromes. The Meteorogical Authority Master Surveillance Plan for the 2015/16 financial year was successfully implemented during the reporting period.

The MET Authority continued to fulfil other compliance responsibilities on behalf of the State, such as those related to the review and updating of the State Protocol Questionnaire and the State Aviation Activity Questionnaire. The continuous monitoring and review of these questionnaires are key activities of an effective aviation system of the State. In addition, Article 38 to the Chicago Convention requires states to register difference(s) with ICAO in the case of any deviation to international standards. The primary purpose of registering differences is to promote safety and efficiency in air navigation by ensuring that governmental and other agencies, including operators and service providers, concerned with international civil aviation are made aware of all national regulations and practices in so far as they differ from those prescribed in the ICAO Standards.

South African Weather Service
ISO 9001 Certified Organisation

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully

Dr Linda Makuleni
Chief Executive Officer

Ms Ntsoaki Mngomezulu
Chairperson of the Board

STRATEGIC OVERVIEW

VISION

"A weather and climate centre of excellence providing innovative solutions to ensure a weather-ready region, sustainable development and economic growth."

MISSION

The South African Weather Service will realise its vision through excelling in the following areas

- Thought leadership in meteorological, climatological and other related sciences;
- The development of relevant and innovative applications and products utilising cutting-edge technology; and
- Establishing and leveraging collaborative partnerships.

VALUES

Thought Leadership A commitment to scientific excellence and innovation, always striving for knowledge leadership in our field of expertise.

Professionalism Self-control and behaviour that are aligned to best business practices, and display a high standard of excellence in the job.

Integrity A consistent sense of honesty, truthfulness and trust in one's own actions while valuing others' opinions and beliefs.

Caring A commitment to create a supportive environment that promotes compassion and understanding, both internally and externally.

Accountability A commitment to take responsibility for things expected from the position and/or role occupied - Responsible for own actions.

Recognition of Excellence A willingness to identify, recognise and acknowledge individuals and teams who demonstrate outstanding performance.

Teamwork A willingness to work together towards achieving a common goal by making use of and/or appreciating individuals' diverse strengths and abilities.

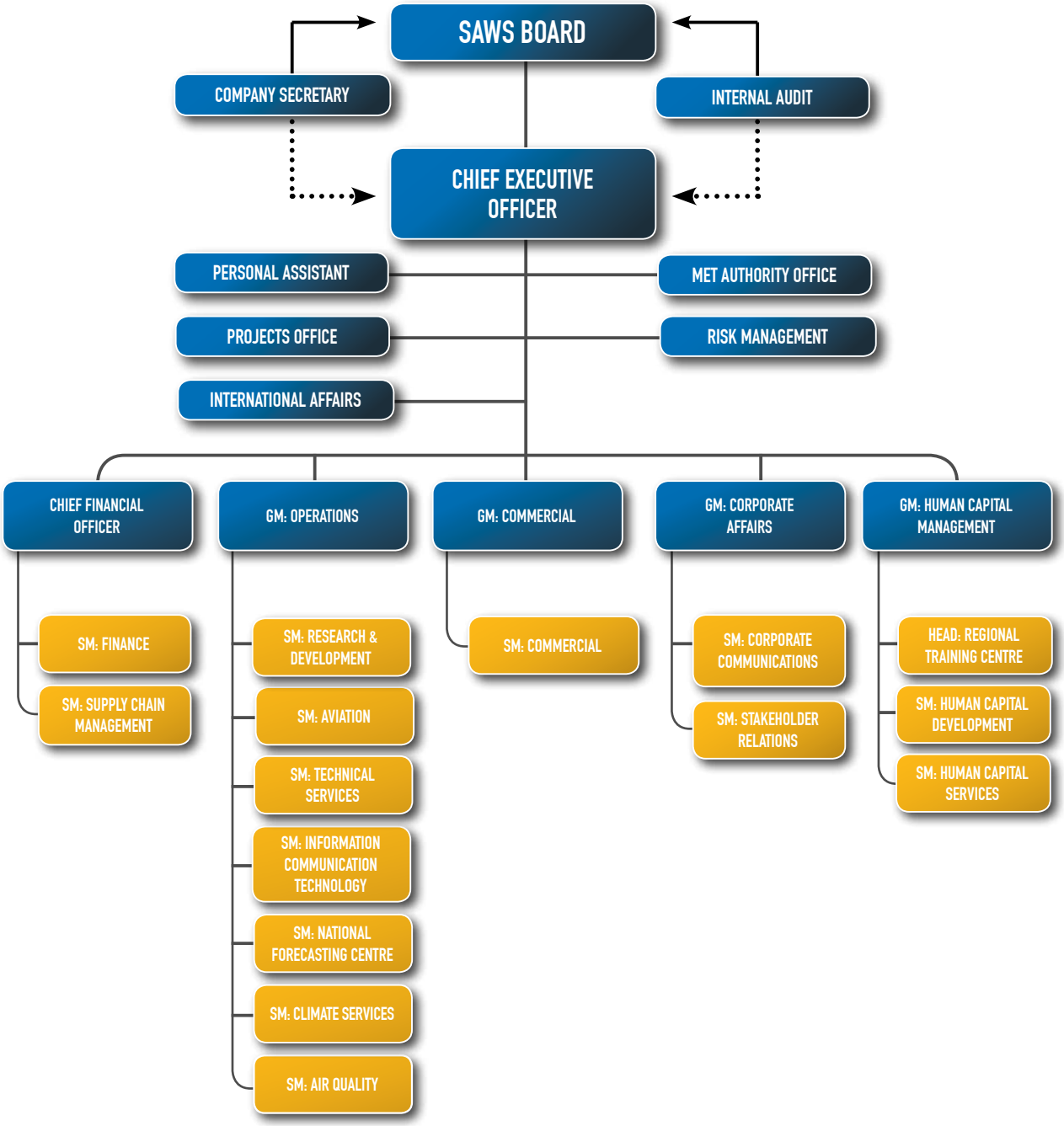
LEGISLATIVE AND OTHER MANDATES

The South African Weather Service is a Schedule 3A entity, in terms of the Public Finance Management Act (PFMA), 1999 (No. 1 of 1999) and relevant Treasury Regulations and derives its mandate from the South African Weather Service Act, 2001 (No. 8 of 2001) as amended by the South African Service Amendment Act, 2013 (No. 48 of 2013).

The objectives of SAWS are to:

- Maintain, extend and improve the quality of meteorological services for the benefit of all South Africans;
- Provide public good services and commercial services to all South Africans;
- Ensure the ongoing collection of meteorological and ambient air quality data over South Africa and surrounding southern oceans for use by current and future generations;
- Be the long-term custodian of a reliable national climatological and ambient air quality record;
- As the national meteorological service of the Republic of South Africa, to fulfil the international obligations of government under the Convention of the World Meteorological Organization;
- As the Aviation Meteorological Authority, to fulfil the international obligations of government under the Convention of the International Civil Aviation Organization;
- Provide services that are sensitive to the demographic realities of the country;
- Fulfil such other weather-related or ambient air quality information international obligations as the Minister may direct; and
- Be the custodian of the South African Air Quality Information System (SAAQIS).

ORGANISATIONAL STRUCTURE



PART B

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to the Auditors Report, published as Part E, Financial Information, page 103.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

The South African Weather Service (SAWS) is an ISO 9001 (2008) certified provider of meteorological services and the national provider of weather and climate-related information. Within this context, SAWS is well positioned to significantly contribute to socio-economic development and thus, a prosperous and equitable society living in harmony with its natural resources. As a provider of reliable weather and climate information, through its products and services, the organisation continues to enable various sectors and communities to develop weather and climate risk mitigation strategies and reduce the impact of climate change and weather-related natural disasters.

Some of the benefits derived from the use of SAWS' products and services include, but are not limited, to

- Safe, regular and efficient aviation operations. This enables ease of access to markets and also various priority sectors such as the tourism industry, thereby contributing to socio-economic development and job creation.
- Risk management support for agriculture and fisheries, thereby contributing to improvements in food security and the sustainability of rural livelihoods.
- Monitoring of water resources which enables shipping and other related blue economy activities.

2.2. Organisational environment

The cardinal strategic intent of SAWS is the overarching goal of attaining a weather-ready nation through the provision of relevant meteorological products and services within an environment that needs to deal with the impacts of climate change and variability. To this end, SAWS has to comply with various regulatory frameworks, national and international priorities as well as increased competition at all levels. A volatile economy, and specifically a volatile aviation industry, poor service delivery, globalisation and WMO's Resolution 40 which requires global data sharing with other countries, could impact negatively on SAWS' agility, competitiveness and sustainability. Apart from these, risks that need to be managed include infrastructure management, financial sustainability, commercialising of SAWS' products and service, emerging competitors, the attraction and retention of critical and scarce skills, information and knowledge management innovation and also the safety and security of resources.

2.3. Key policy developments and legislative changes

The South African Weather Service Act, 2001 (No. 8 of 2001) as amended in 2013. During the period under review, no policy or legislative changes were implemented.

2.4. Strategic Outcome-Oriented Goals

Based on the organisation's mandate, shareholder programmes and key national priorities, SAWS' strategic goals were formulated as the basis towards maturity and sustainability in delivering its mandate and attaining its vision. The strategic goals are:

- To ensure a weather-ready nation through the provision of relevant meteorological and related products and services;
- To ensure the development of relevant meteorological scientific capability through collaboration with stakeholders, partners and clients;
- To ensure a financially sustainable organisation;
- To ensure continued provision of quality weather and related information in support of socio-economic development;
- To create a strategy-driven human capital capacity in support of a weather-ready nation.

3. PERFORMANCE INFORMATION BY PROGRAMME

Not since 1904 has the impact of weather, climate, water and related phenomena on members of society and sectors of the economy been so clearly felt in South Africa as in the period under review. The meteorological and hydrological effects associated with the worst El Niño phenomenon in fifteen years have been devastating for South Africa's social fabric, agricultural sector and national economy.

In light of the above and given the escalating effects of global climate change, the South African Weather Service (SAWS) is committed to creating a nation that is able to face the future through innovation and adaptation to climate change and its impacts.

Through its products, services and research initiatives, SAWS continues to enable various sectors and communities to develop weather and climate preparedness and risk mitigation strategies aimed at reducing the impact of climate change and weather-related natural disasters. SAWS has identified five Strategic Goals which guide the strategic and tactical outputs of the organisation and address the short and long term needs of its stakeholders, namely

1. To ensure a weather-ready nation through the provision of relevant meteorological and related products and services.
2. To ensure the development of relevant meteorological scientific capability through collaboration with stakeholders, partners and clients.
3. To ensure a financially sustainable organisation.
4. To ensure continued provision of quality weather and related information in support of socio-economic development.
5. To build strategy-driven human capital capacity in support of a weather-ready nation.

In order to create and maximise opportunities to achieve these broad-based goals, SAWS has formulated the following five programmes involving high impact initiatives that position the organisation to assist in meeting national imperatives and to contribute to the sustainability of meteorological competence in service of the South African economy

1. Climate Change and Variability.
2. Commercialisation and Resource Mobilisation.
3. Infrastructure Recapitalisation.
4. Business Optimisation and Re-alignment.
5. Human Capital Development.

Building stakeholder relations and conducting ongoing engagement with entities ranging from local communities to global authorities are extremely important elements in driving these focus areas, and in the past year SAWS continued to make public education and international collaboration one of its primary priorities.

PROGRAMME ONE

CLIMATE CHANGE AND VARIABILITY




The increasingly urgent challenges associated with climate change and variability were brought dramatically under the spotlight during the year under review by the crippling El Niño phenomenon that gripped southern Africa and stimulated unprecedented public awareness of and interest in SAWS' activities and offerings. SAWS rose to the occasion by playing a major role in terms of forecasting, issuing severe weather warnings and driving weather-readiness initiatives across the region, while also foregrounding South Africa's position as a contributor on climate change in the international arena.

DRIVING THE GLOBAL CLIMATE SERVICES AGENDA

One of the strategic objectives for SAWS in the year under review was to position the organisation as a pre-eminent meteorological institution not only nationally and regionally, but globally.

- **The National Framework for Climate Services (NFCS)**

  South Africa was one of the first countries to develop a National Framework for Climate Services (NFCS) that feeds into the GFCS, an initiative aimed at guiding the development and application of science-based climate information and services in support of decision-making in climate sensitive sectors.

  A number of milestones have been reached in the development of the NFCS since the successful hosting of the first national workshop in August 2013. South Africa is now at the stage where a Framework document was finalised to serve as a basis for implementation of the NFCS.

- **Global Atmosphere Watch (GAW)**

  As one of the thirty GAW stations in the world, Cape Point continued to research and conduct routine monitoring of ozone, ultraviolet B (UVB) and trace gases in the atmosphere.

  The GAW team started with total column ozone monitoring in Stellenbosch, using the Dobson 35 instrument. In addition, the Dobson Ozone Spectrophotometers at Springbok Dobson 132 and Dobson 089 from Irene operated well during the period under review, with good daily column ozone data being processed and added to the long-term data record.

  The complete 2015 quality checked trace gas data sets (CO, CO_2, CH_4 and O_3) were submitted to the World Data Centre for Greenhouse Gases (WDCGG) as well as the South African Air Quality Information System (SAAQIS). Following the upgrade of the latest trace gas database, updated trends and growth rates were prepared and will be displayed at Cape Point for visiting scientists and student groups.

THE NATIONAL CLIMATOLOGICAL DATABASE

SAWS is responsible for the collection, quality control and archiving of data from 227 automatic weather stations with 5-minute data; 161 rainfall stations with 5-minute data; 1165 rainfall stations with daily data as well as remote sensing networks such as satellite and radar. The National Climatological Database is set to become a valuable source of information for decision makers and individual citizens seeking assistance in being better prepared to deal with the challenges of weather and climate variability.

AIR QUALITY

In the year under review SAWS continued to play a significant role in identifying and combating air pollution through a number of initiatives, some in collaboration with DEA.

- **The South African Air Quality Information System (SAAQIS)**

  SAAQIS is a SAWS/DEA collaborative project which provides an online platform for managing air quality information in South Africa. The website is a mechanism for ensuring uniformity in the way air quality data is captured, validated, analysed and reported. Data is gathered via an established National Ambient Air Quality Monitoring Network (NAAQMN).

  The SAAQIS Ambient Air Quality Monitoring Module is an online platform that houses and provides access to ambient air quality data and reports from a number of registered air quality monitoring stations across the country. The objective is to provide all stakeholders with relevant, up-to-date and accurate information on ambient air quality in South Africa to support informed decision making.

  One hundred and forty five air quality monitoring stations are currently registered as data providers to SAAQIS (116 are government owned, 29 are industry owned). Figure 1 provides an overview of the total number of ambient air quality monitoring stations as of 31 March 2016.

Table 1: Summary of the main trace gases measured at Cape Point and their percentage availability for 2015.

TRACE GAS SPECIES	% DATA AVAILABILITY IN 2015 (SUBMITTED TO WDCGG / SAAQIS)	COMMENT(S)
CO_2	93.3	Target of >90% achieved
CH_4	93.5	Target of >90% achieved
CO	92.7	Target of >90% achieved
O_3	90.8	Ozone % data availability is lower compared to other parameters since at 1500 and 1530 automated daily spans and zeros are running every day hence no ambient data available.

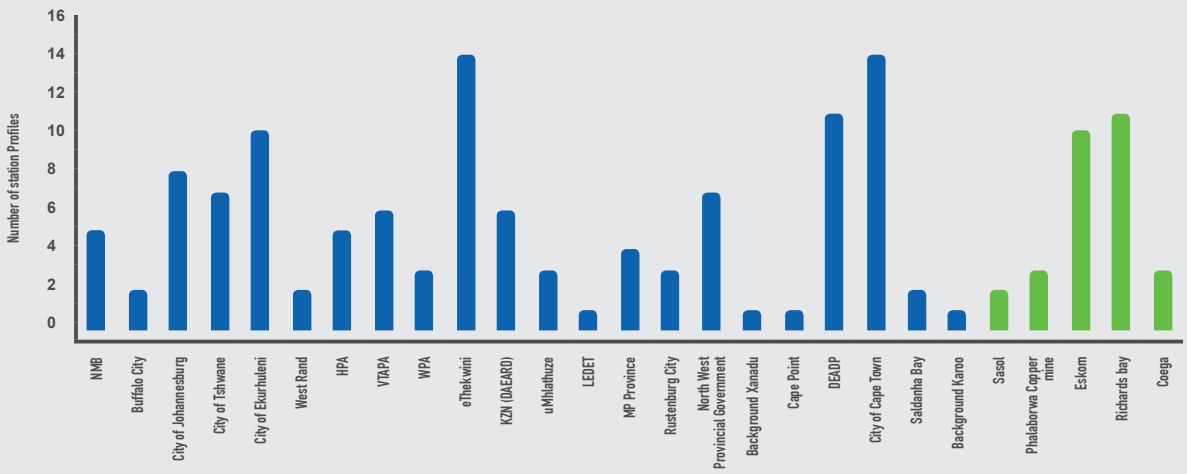


Figure 1: Number of ambient air quality monitoring stations with profiles on SAAQIS as at 31 March 2016

SAAQIS data requests per user category (figure 2) or research area (figure 3) for air quality information are depicted below.

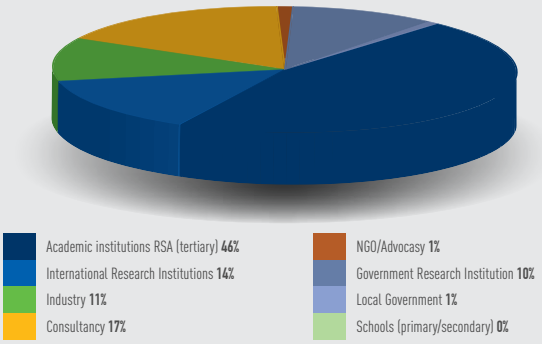


Figure 2: SAAQIS data requests per user category, 31 March 2016

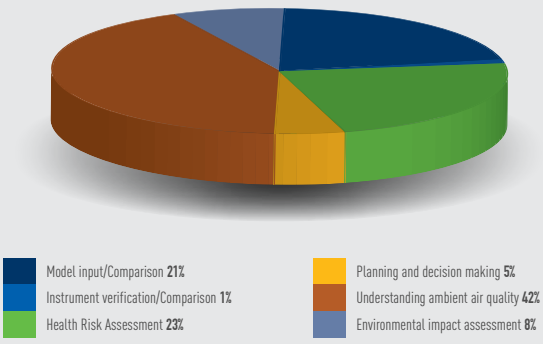


Figure 3: SAAQIS data requests per research area, 31 March 2016

RESEARCH

As the impact of El Niño made itself felt across the Southern African region from the second half of 2015, rainfall, temperatures and severe weather events dominated the media and public conversation. Committed to providing accurate and timely reports to the public, relevant government departments and the particularly weather-sensitive marine and aviation sectors, SAWS renewed its efforts to improve and expand its surface and remote observations networks and to deliver products and applications aimed at enhancing the nation's weather-readiness. With an eye on the impacts of climate change and variability, the development of means to adapt to this scenario received considerable attention.

NOWCASTING AND VERY SHORT RANGE FORECASTING (NVSRF)

The Nowcasting and Very Short Range Forecasting research that was conducted during the year under review focused on developing and improving SAWS products to enhance the organisation's capability to serve both the public good and commercial clients and are beneficial specifically in areas of the nation's vulnerability to climate change and vulnerability impacts.

- Work on the ***Lightning Threat Index (LTI)***, a product that uses Unified Model (UM) data to anticipate lightning activity, was finalised. SAWS collaborated with the University of Pretoria on the statistical approach for developing the new LTI. The best parameters for lightning prediction were selected and the most optimal equations for the new index

were designed. The product is available internally to SAWS forecasters as well as for the Southern African Development Community (SADC).

- With a view to improving the ***identification and tracking of convective storms and hail storms***, convective tracking and hail warning calculations were installed on all instruments in the SAWS radar network. A web tool to display storm tracks on an interactive map was also developed and implemented for SAWS forecasters.
- SAWS' ***processing of radar rainfall data*** was improved by means of SCOUT software. Various filters were developed, tested and combined with the result that error corrected images can now be generated. The new quality controlled radar data are used to generate the precipitation product. The system was implemented and adapted to run on the radar at Irene.
- Using daily statistics provided by the International Precipitation Working Group (IPWG) for various Quantitative Precipitation Estimations (QPEs), monthly and seasonal averages of the performance of these schemes were produced. This activity is important for monitoring of the impact of improvements to SAWS rainfall products.
- As part of a project funded by the Water Research Commission (WRC), research continued on the optimisation of the ***Nowcasting Satellite Application Facility (NWC SAF)*** software to improve the Rapidly Developing Thunderstorm (RDT) and Convective Rain Rate (CRR) products. Initial results presented at the inaugural meeting of the project in August 2015 showed that the inclusion of lightning data into the input of the RDT and CRR algorithms had a positive impact on the RDT product and resulted in a small improvement in the CRR product. Comparisons against radar data were reported to the WRC. The inclusion of lightning data into the RDT and CRR products were made available to SAWS forecasters from January 2016.

SHORT AND MEDIUM RANGE FORECASTING (SMRF)

Activities were focussed on the commissioning of the new High Performance Computer (HPC) followed by the implementation of the latest version (Version 9.2) of the Unified Model (UM) code. With the assistance of the UK Met Office the convective scale regional model code was successfully installed and the stability of the HPC platform tested. This resulted in an increase in forecast lead-times as well as the capability to initialise the models four times per day.

The operational Unified Model (Version 8.3, SA 12 km), which is the primary data source for all public good and commercial NWP-based products was stable with an

"Research continued on the optimisation of the Nowcasting Satellite Application Facility (NWC SAF) software to improve the Rapidly Developing Thunderstorm (RDT) and Convective Rain Rate (CRR) products."

availability of 96.7% since its implementation on the new HPC on 1 June 2015.

NCEP Model The modelling system at NCEP (National Centre for Environmental Prediction) underwent a major upgrade in 2015 resulting in improved in-house medium-range forecasts, and making more skilled and accurate predictions of the location and advection of weather systems possible.

ECMWF forecasts SAWS obtained ECMWF (European Centre for Medium-Range Weather Forecasts) forecasts for the South African domain for commercial purposes in May 2015, whereafter it was also made available to forecasters for public good services.

LONG RANGE FORECASTING (LRF)

Enhancements to the SAWS Ensemble Prediction System (EPS)

During the reporting period, the SAWS Long Range Forecasting (LRF) Group, in collaboration with the Centre for High Performance Computing (CHPC) and other international partners, was able to significantly enhance its climate prediction capabilities.

The robust operational Ensemble Prediction System (EPS) suite, which comprises two global climate models and a multi-model based regional forecasting system, supported various early warning systems on sub-seasonal to seasonal timescales. This noteworthy augmentation of the SAWS forecasting system significantly strengthened the organisation's forecasting skills and made an even more positive contribution to sustainable development in the national, regional and global arenas possible.

SAWS was able to give advance warning of the development and maturity of the 2015/16 El Niño episode (one of the strongest on record), and particularly the El Niño-induced extremely dry and hot conditions that resulted in southern Africa's worst ever drought since record keeping started.

An important element that emerged was that of the stratospheric process and its relevance to seasonal and inter-annual climate predictability. Useful information can now also be obtained about unprecedented events such as Sudden Stratospheric Warming (SSW), which has ozone implications. This is possible because it correlates well with wave forcing during spring which may also have far-reaching effects on other climate drivers such as El Niño Modoki during the summer season.

The SAWS Climate Prediction System was showcased at the El Niño 2015 Conference hosted by the International Research Institute for Climate and Society (IRI) at the Columbia University's Lamont-Doherty Earth Observatory Campus in New York in November 2015. The implementation of a fully operational ocean-atmosphere coupled global climate model, referred to as the SAWS Coupled Model (SCM), was highlighted as being the first of its kind on the

COMPARISON BETWEEN THE EL-NIÑO 1997 AND 2015 EVENTS

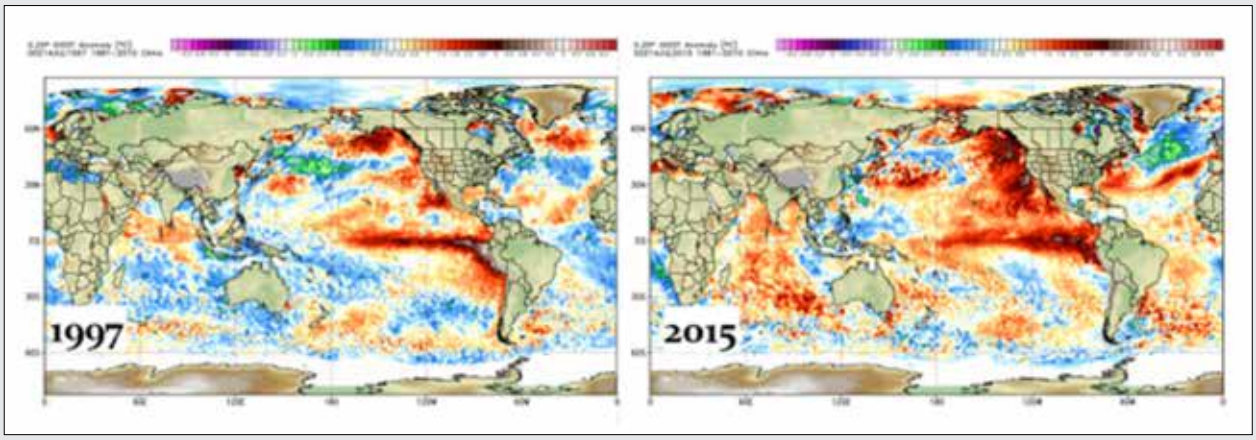


Figure 4: *In 1997/98 ocean-wide cooling occurred, while in 2015/16 ocean-wide warming occurred over the Indian Ocean. Warming of the ocean enhances convection rainfall over the ocean and subsidence over the sub-continent.*

African continent. Furthermore, the upgrade of the system also received prominence at the 31st Annual Conference of South African Society for Atmospheric Sciences (SASAS) in September 2015.

Seasonal Climate Watch

During the period under review, practical ways were established to provide timely information on the evolving climate system to stakeholders - from subsistence farmers to policy- and decision-makers. Guided by the seasonal outlook of the multi-model system and other climate drivers, SAWS was able, as early as August 2015, to alert the public and affected parties to the likelihood of dry and hot conditions into the summer season and the strong possibility of localised or regional drought. The dissemination of this crucial information via a variety of platforms allowed weather-sensitive industries and the public to prepare for the severe drought that subsequently occurred.

New River Flow Prediction Product

During the period under review, a new river flow prediction product was developed within the framework of the current multi-model system of which a prototype is expected early in the next financial year.

Modelling intra-seasonal rainfall characteristics variables across South Africa

Significant progress was made in the modelling of intra-seasonal rainfall characteristics across South Africa in the period under review. Some of these results were also published as part of the proceedings of the 2015 SASAS Conference.

CLIMATE AND ENVIRONMENTAL RESEARCH AND MONITORING (CERM)

During the year under review, research applications to support areas of agro-hydro-meteorology, energy and health, and a methodology for these research activities were conceptualised. The Agricultural Catchment Research Unit (ACRU) hydrological model was successfully installed and made operational. The concepts, structure, processes and development of the model were revised and test runs conducted with practical simulations of the ACRU4 Modelling System.

Energy and solar radiation research

SAWS reviewed the Solar Radiation Project and investigated sources of renewable energy that could support its observation infrastructure. The solar energy maps in figures 5 and 6 below successfully identify potential areas for solar plants.

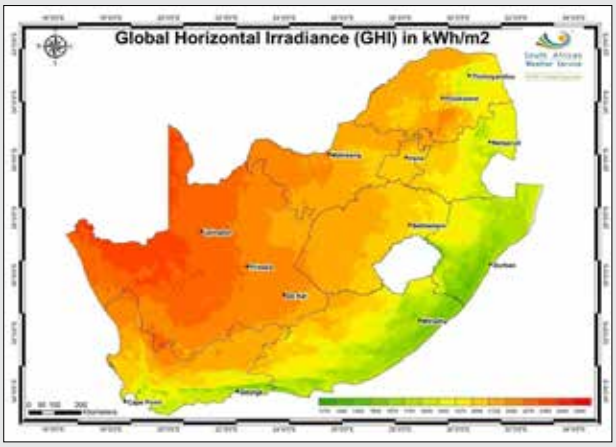


Figure 5: GHI-Long-term annual mean for global horizontal irradiance, period 2005-2014

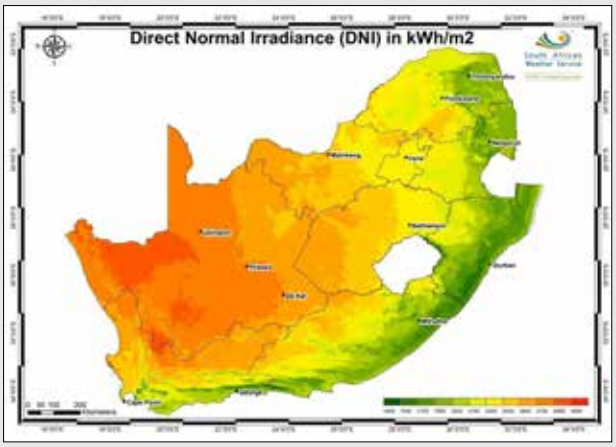


Figure 6: DNI-Long-term annual mean for direct normal irradiance, period 2005-2014

SEVERE WEATHER GUIDANCE PRODUCTS FOR SADC

Climate Change and vulnerability bring about an increase in severe weather that affects nations across borders. In an effort to build resilience and adapt to these hazards, the provision of early warning services to South Africa as well as SADC is of key importance to protect people and their livelihoods. As Regional Specialised Meteorological Centre (RSMC), SAWS provided five regional weather guidance maps through the RSMC web portal and maintained its partnership with national disaster management structures.

METEOROLOGICAL SERVICES

By the end of the period under review, as South Africans resorted to desperate measures to cope with the effects of El Niño, the critical role of the meteorological services offered by SAWS had never been clearer. The steady delivery of reliable data by the SAWS observations network was instrumental in preparing the country for mounting climatic challenges and enabling communities to take measures to mitigate the impact of severe weather events such as heat waves. The work of the organisation also contributed to a significant increase in public awareness of the short- and long-term effects of climate change and the need to find ways to deal with these by becoming more WeatherSMART. Such understanding and buy-in at grassroots level is an indispensable factor in ensuring that the country adapt and innovate for sustainable development in the years to come.

SEVERE WEATHER WARNINGS

An exceptional year, characterised by extreme weather conditions, including heat waves, call for resilience amongst all citizens.

The severe weather warnings issued by SAWS were particularly significant in the year under review. The heat waves and drought resulting from the El Niño later in the year were preceded by periods of intense cold and high rainfall that were also a challenge for disaster management authorities. Predictions during this period showed a progressive increase in the frequency and intensity of severe weather.

General warnings were issued in accordance with the SAWS' Severe Weather Programme with an accuracy of 99.7%, a false alarm rate of 11.5% and a probability of detection of 91.5%. Figure 7 indicates the categories of severe weather warnings issued during the year. Most warnings issued in the year were for the threat of veld fires. There were also severe storm warnings and a number of warnings for heavy rain and gale force winds.

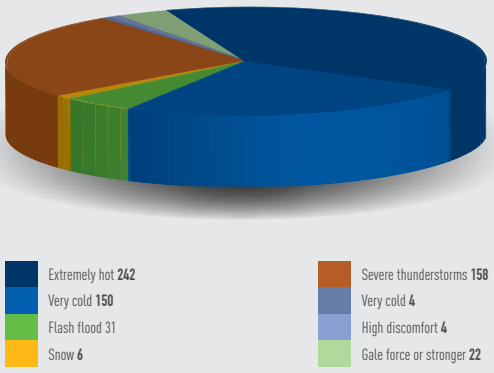


Figure 7: Forecast warning categories for 2015/16

The first severe weather event of the year was experienced in early June 2015, when an intense and well-developed cut-off low pressure system, coupled with a cold front and a strong ridge of a high pressure system, resulted in extreme weather conditions which affected most parts of the country. This intense weather system was well forecasted and monitored by SAWS, which enabled authorities to timeously implement risk mitigation measures such as protecting shark nets from damage.

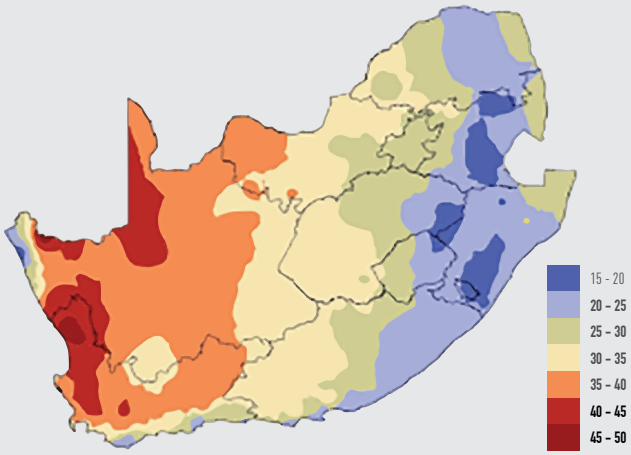
High seas occurred along the south-west and south coasts and high tide storm surges caused damage and flooding. As forecasted, heavy rains were experienced in the Western and Eastern Cape provinces. Table 2 below indicates some of the highest 24-hour rainfall measurements in the period from 1 to 3 June 2015.

Table 2: Highest 24-hour rainfall measurements 1-3 June 2015

STATION	AMOUNT (MM)	DATE
Port Alfred Airport	76.8	01-Jun
Cape Agulhas	52.0	02-Jun
Tygerhoek	58.8	02-Jun
Nieuwoudtville	58.2	03-Jun
Jonkershoek	113.0	03-Jun
Strand	53.8	03-Jun

Very cold conditions were also experienced in the Western and Eastern Cape provinces during this period. Some of the lowest recorded maximum temperatures are given in table 3 on the following page.

DAILY MAXIMUM TEMPERATURE FOR 27 OCTOBER 2015



MAP 1

The extremely high maximum temperatures that occurred over the Northern and Western Cape on 27 October 2015, are evident on the map displaying the daily maximum temperatures that were recorded countrywide. Twenty highest maximum temperature records were recorded on 27 October 2015, of which 18 were above 38 °C.

Table 3: Lowest maximum temperatures 2–5 June 2015

STATION	MAX. TEMP. (°C)	DATE
Springbok	8.7	02-Jun
Lady Grey	5.5	04-Jun
Jamestown	7.8	04-Jun
Buffelsfontein	6.1	04-Jun
Elliot	7.2	05-Jun
Barkley East	7.4	04-Jun
Noupoort	5.2	05-Jun

Further severe weather events occurred across the country, with heavy rains, gale force winds, rough seas, extreme cold and snowfalls. A cut-off low which invaded the entire country between 24 and 26 July 2015 resulted in widespread rain, which was outside the normal rainfall season in some provinces. Cold to very cold conditions were also experienced over much of the high-lying interior of the country and heavy snowfalls were reported over the southern Drakensberg, requiring the closure of several mountain passes over the north-eastern parts of the Eastern Cape. Lowest maximum temperatures for 24 and 25 July are depicted in tables 4 and 5.

Table 4: Lowest maximum temperatures for 24 July 2015

STATION	MAX. TEMP. (°C)
Belfast	11.1
Gariep Dam	11.1
Fraserburg	10.2
Noupoort	9.0
Springbok WO	6.1
Sutherland	7.6
Lady Grey	9.2
Kokstad	8.2
Excelsior Ceres	8.7

Table 5: Lowest maximum temperatures for 25 July 2015

STATION	MAX. TEMP. (°C)
Zuurbekom (Gauteng)	11.0
Wepener (Free State)	9.5
De Aar WO	9.7
Noupoort	6.0
Sutherland	8.5
Buffelsfontein	7.1
Bisho	9.7
Elliot	8.4
Graaff-Reinet	9.8
Jamestown	8.8
Kokstad	5.7

Near-gale to gale-force south-easterly winds caused havoc in parts of the Western Cape during the night of 21 and 22 July 2015. The Huguenot Tunnel on the N1 was closed after four trucks were blown over near the tunnel during the night of the 21st. The Bain's Kloof Pass was also closed following trees that were blown over onto the road. Motorists had to use alternative roads.

For the period August to September 2015, sporadic incidents of heavy rainfall were experienced over the southern and south-eastern parts of the country.

During the last three months of 2015 and the first two months of 2016, El Niño tightened its grip on the country as the northern, central and eastern parts experienced below-average rainfall. The El Niño phenomenon, combined on occasion with a persistent upper high-pressure system over parts of the country, resulted in extremely high temperatures. SAWS issued numerous heat-related warnings. The north-eastern parts of the country experienced most of the heat wave events during this period.

On 27 October 2015 the temperature station in Vredendal broke its highest ever maximum record with a temperature of 48.4°C. This was also recorded as the highest temperature in the world for the month of October 2015.

Other stations also broke their highest ever maximum temperature records on more than one occasion in the period under review. The Unisa station in Pretoria recorded a temperature of 40.3°C during a heat wave on 11 November 2015, and then went on to reach a maximum of 42.7°C on 7 January 2016, surpassing the previous record.

Table 6: Temperature records October 2015 – January 2016

STATION	NEW RECORD (°C)	DATE
Vredendal	48.4	27 Oct 2015
George (Witfontein)	41.0	28 Oct 2015
Oudestad (Groblersdal)	40.8	01 Nov 2015
Ladysmith	40.4	11 Nov 2015
Warden Heritage	35.1	11 Nov 2015
Madikwe Game Reserve	42.2	11 Nov 2015
Ermelo Weather Office	34.6	11 Nov 2015
Irene Weather Office	37.0	11 Nov 2015
Wonderboom Airport	38.0	11 Nov 2015
Newcastle	39.1	11 Nov 2015
Van Reenen	34.2	11 Nov 2015
Estcourt	40.2	01 Dec 2015
Giants Castle AWS	34.7	01 Dec 2015
Greytown	41.3	01 Dec 2015
Mooi River	38.0	01 Dec 2015
Royal National Park	37.1	01 Dec 2015
Bethlehem	35.6	07 Dec 2015
Frankfort	38.1	07 Dec 2015
Kuruman	40.8	07 Dec 2015
Vrede	36.0	07 Dec 2015
Pretoria (Unisa)	42.7	07 Jan 2016
Lephalale	44.5	07 Jan 2016
Mokopane	41.6	07 Jan 2016
Secunda	38.8	07 Jan 2016
Belfast	32.1	07 Jan 2016
Potchefstroom	40.8	07 Jan 2016
Skukuza	44.7	07 Jan 2016
Tzaneen	39.9	07 Jan 2016
Mahikeng	41.4	07 Jan 2016
Johannesburg Botanical Gardens	38.9	07 Jan 2016

The extremely high temperatures and heat wave conditions towards the end of 2015 and into the beginning of 2016 impacted the country very severely, exacerbating the drought conditions and water shortages in many of the provinces and not only affecting the public but having a devastating effect on farm animals and crops.

The heat wave during the second week of November that lasted on average around six days over the north-eastern provinces, was broken by much needed showers and thundershowers. This included severe thunderstorms over the north-eastern provinces, with reports of damaging hail, strong winds and localised flooding on 15 and 16 November 2015. On 15 November, severe thunderstorms moved over the extreme southern parts of Limpopo and extreme northern parts of Mpumalanga. Large hail, ranging between golf to tennis ball size, as well as large amounts of small hail was reported in Hoedspruit. Dullstroom and Burgersfort also had reports of hail.

On 16 November 2015, several severe thunderstorms moved over Gauteng, the extreme eastern parts of North West Province, southern Limpopo and western Mpumalanga. Large amounts of small hail and some large hail was reported in various places including Johannesburg, Centurion, Pretoria North, various suburbs in the East Rand as well as in eMalahleni and Middelburg. This resulted in some damage to cars, houses and crops. Flooding was also reported across those areas, while flights were delayed at OR Tambo International Airport. In addition, strong, damaging winds were reported in the East Rand.

Finally some relief arrived with tropical moisture from Angola being drawn in to South Africa during the second and third week of March 2016. This mainly affected the north-eastern parts of the country where heavy rainfall (50mm or more in a 24-hour period) was recorded at various stations as shown in table 7 below. Flooding was also reported in places over the central, eastern and north-eastern parts, including areas which did not receive heavy rain. National advisories were provided through presentations and engagements with various disaster management structures, technical committees and the media.

Table 7: 4-hour rainfall - 80mm and above for the period 8 – 12 March 2016

STATION	AMOUNT (MM)	DATE
Komatidraai	95	08-Mar-2016
Woodbush	107	08-Mar-2016
Bronkhorstspruit AWS	87	09-Mar-2016
Irene Weather Office	113	09-Mar-2016
Johannesburg Botanical Gardens	101	09-Mar-2016
UNISA (Pretoria)	80	09-Mar-2016
Springs	119	09-Mar-2016
Graskop AWS	92	11-Mar-2016
Haenertsburg ARS	119	11-Mar-2016
Levubu	107	11-Mar-2016

Regular meetings on drought risk reduction, preparedness, response and recovery were held in drought affected areas. Medium and long range forecasts were provided and historical rainfall and temperature data shared to promote a better understanding of the weather conditions.

MARINE FORECASTING SERVICES AND WARNINGS

SAWS is responsible for the second largest marine area in the world, called METAREA VII, superseded only by the United States of America. SAWS continued to provide accurate and timely coastal and ocean forecasts and warnings, as prescribed by the Safety of Life at Sea (SOLAS) Convention, for the highly weather-sensitive deep sea and coastal areas of METAREA VII. As can be seen from figure 8, the availability of these services stands at 99.7% for coastal areas and 97.5% for the deep sea.

Both the probability of detection and the false alarm rate for marine warnings were well within the accepted availability of 95%. With an accuracy of 99%, the probability of detection was 96.6% and the false alarm rate 5.3%. Most of the marine warnings issued during the period under review were for poor visibility and very rough seas.

According to figure 9, the target for accuracy was 95% and an accuracy of 98.9% was achieved. The majority of marine warnings were issued for reduced visibility due to fog. The second highest occurrence was for very rough seas (see figure 10).

In the first and third quarters of the year under review, the SA Agulhas II undertook its annual voyage to the Antarctic and its winter cruise as well as voyages to Marion and Gough Islands. Regular specialised weather forecasts and warnings were issued during all these voyages. Apart from its ongoing monitoring and warning activities, SAWS was active in important stakeholder-related research and development initiatives over the past year. More detail is provided in Annexure I.

AVIATION FORECASTING SERVICES AND WARNINGS

SAWS Aviation continued to provide aviation products and services to domestic and international aviation services users as per stipulations in the ICAO Annexure 3 to the Convention on International Civil Aviation, including the requirements relating to the aviation competencies of aeronautical meteorological forecasters. The targets set for operationally desirable accuracies in observations and forecasting were also met. SAWS remained 100% compliant in terms of the competence

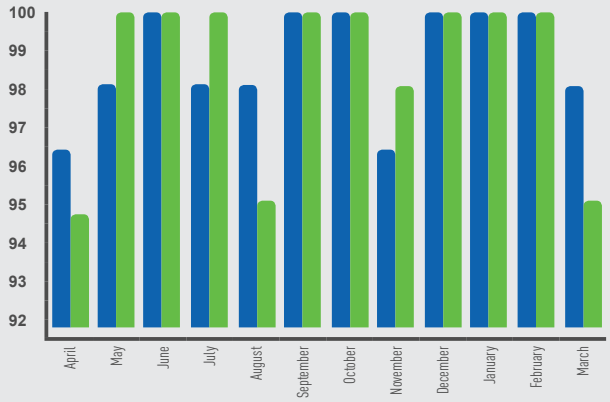


Figure 8: Monthly SOLAS availability for Coastal and Deep-sea for 2015/16

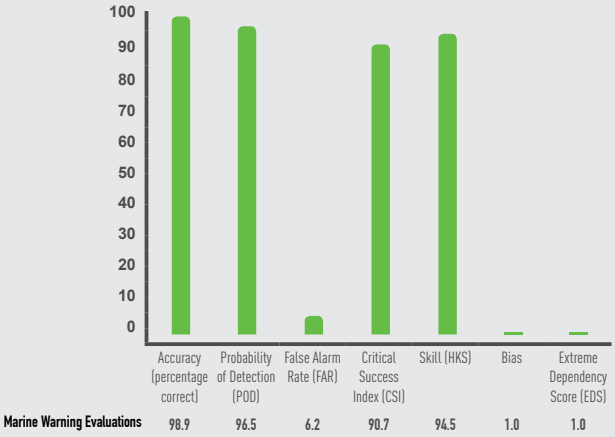


Figure 9: Marine warnings evaluation

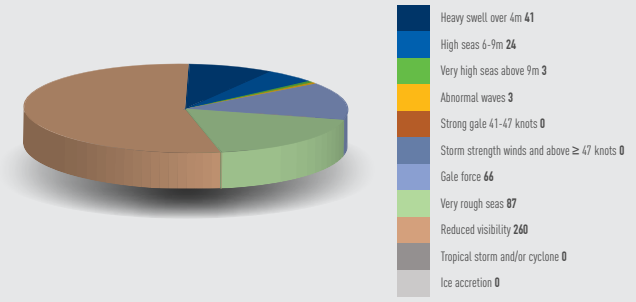


Figure 10: Marine warning categories

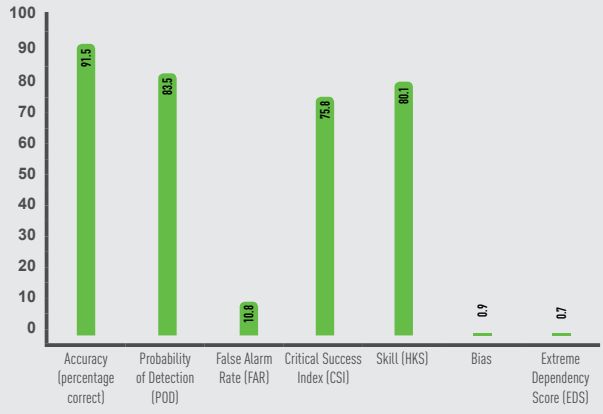


Figure 11: Total TAF evaluation

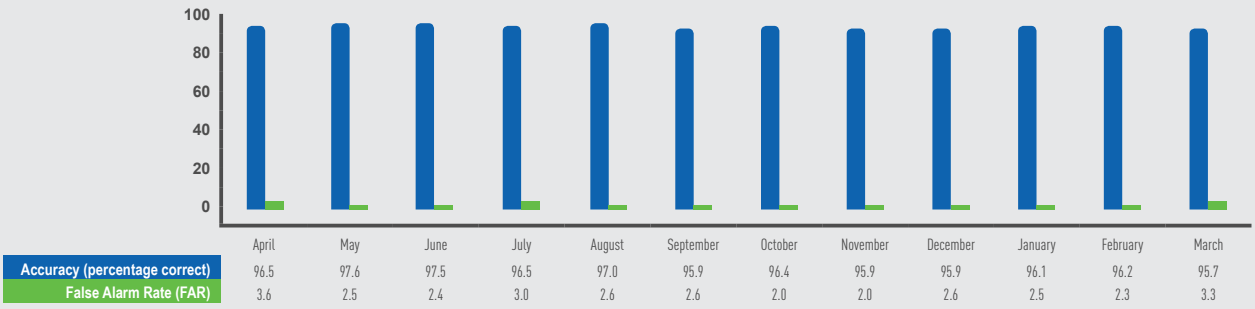


Figure 12: Trend Forecast

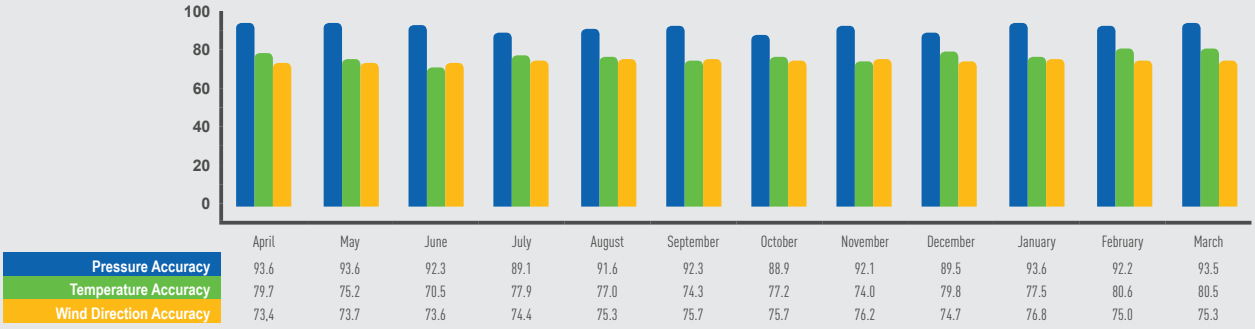


Figure 13: Take-off data accuracy

of aeronautical meteorological forecasting personnel and 90% competent in terms of meteorological technicians.

Figure 11 on the previous page shows the 91.5% overall accuracy of Terminal Aerodrome Forecasts (TAFs), with a detection probability of 83.5% and a false alarm rate of 10.8%. These were well within industry standards.

Trend Forecasts are landing forecasts that are appended to hourly actual coded messages called METAR's. The annual accuracy of these, as depicted in figure 12, remained well above 95% with a false alarm rate of below 4%.

Take-off forecasts are provided in terms of pressure, temperature and wind direction, all of which are critical factors in the loading, landing and take-off of aircraft. These are hourly forecasts with very strict tolerances and SAWS achieved an overall accuracy of 83.7% for the year. (See figure 13).

The SAWS Aviation website was upgraded to accommodate certain ICAO requirements. SAWS was also active in a number of aviation-related stakeholder engagements as detailed in Annexure I of this report.

WEATHER-RELATED PRODUCT DEVELOPMENT

Developing the means to adapt to the adverse effects of Climate Change and variability.

SAWS extended its non-commercial services to meet the needs of specific sectors and industries.

- SAWS was the main author of the Estuary Early Warning – Emergency Preparedness and Response Guide (EEW-EPRG). This guide was completed in consultation with the Ethekwini, Nelson Mandela Bay, Eden District and West Coast District Municipalities, the Department of Water Affairs and Sanitation, the Department of Environmental Affairs Oceans and Coasts, Western Cape Disaster Management, CapeNature and various technical experts.
- A new humidity index, the Keisan Discomfort Index, was introduced for use by organisations such as Mondi to monitor levels of discomfort among employees and take appropriate remedial measures. (See table 8).

Table 8: Forecast Keisan Discomfort Index

Forecast Keisan Discomfort Index KDI = T-0.55* (1-0.01*H) * (T-14.5) (Where T=Forecast maximum air Temperature, H= Forecast minimum relative humidity)

DISCOMFORT INDEX	DEGREE OF DISCOMFORT	ACTION TO BE TAKEN
Under 21	No discomfort	No action required
From 21 to 23	Under 50% of population feels discomfort	No action required
From 24 to 26	More than 50% of population feels discomfort	Encourage water intake
From 27 to 28	Most of the population feels discomfort	Encourage water intake of 600ml every hour
From 29 to 31	Everyone feels severe stress	Stop working. Encourage water intake of 600ml every hour. Workers with Heat Stress symptoms to seek medical attention.
32 and above	State of medical emergency	Strong discomfort may lead to heatstroke and subseqwuent death. Weak and infirm to remain cool and well hydrated.

PROGRAMME TWO
COMMERCIALISATION AND RESOURCE MOBILISATION




Providing weather-related information to the public is an intrinsic part of the SAWS Public Good mandate. However, the South African Weather Service Act, 2001 (No. 8 of 2001, as amended) also allows for the provision of weather and climate-related information to commercial clients. Developing products and services for weather-sensitive industries such as mining, insurance, tourism, telecommunications, municipalities and for other meteorological organisations is not only important in terms of contributing to the socio-economic development of the country but also for the organisation's financial sustainability.

The objectives of the SAWS Commercialisation and Resource Mobilisation Programme are:

1. To capitalise on the organisation's expertise and research outputs to develop marketable products and services that can serve as new sources of revenue.
2. To mobilise existing resources within the organisation to extend its reach and expand its footprint in all weather-sensitive sectors of the economy.

In order to ensure a relevant and coherent approach to stakeholder engagement across the organisation, a Commercial Stakeholder Relations Framework was developed in alignment with the SAWS Stakeholder Engagement Plan.

In addition, a business development service provider was contracted to conduct two workshops with SAWS personnel in April and May 2015 to assist in the development of the marketing competencies and sales strategies needed to grow commercial revenue.

REVENUE REPORT FOR THE 2015/16 FINANCIAL YEAR

Please refer to pages 105 - 158 of the Annual Financial Statements for the revenue report of the 2015/16 financial year.

COMMERCIALISATION INITIATIVES AND PROJECTS

Aviation

- With a view to growing revenue from the aviation industry, information supplied by the Met Authority was analysed to determine which airports were in need of Automatic Weather Stations. Discussions were held with airports such as the Richard's Bay, Pilanesberg, Mthatha and Mpumalanga International Airports to market the SAWS WMO compliant instrumentation to improve the provision of meteorological data. An AWS was subsequently installed at Pilanesberg and negotiations are underway for two AWS's at Mthatha.
- Project Aero was initiated to investigate opportunities for deploying the Aviation Automatic Weather Stations (AWS) that were previously earmarked for the Republic of Chad in North Africa. In South Africa, smaller airports wanting to accommodate commercial airlines are required to comply with International Civil Aviation Organization (ICAO) regulations and AWS services can assist in this regard.

  Opportunities at the Polokwane, Richards Bay, Virginia and Kruger Mpumalanga International airports were explored and budgets confirmed for deploying the AWS where required.

Agriculture and water sector

- The launch of the HydroNET Rainwatch suite of products consisting of RainMap, Forecast and Weather Stations, through an international collaboration with the Netherlands company Hydrologic was a highlight of the year. A cooperation agreement was signed with Hydrologic and the products were officially launched during the Netherlands Prime Minister's visit to South Africa in November 2015. The inclusion of SAWS radar, satellite and rain gauge information, and the weather station and weather forecasting applications developed by Hydrologic were well received by stakeholders in water-sensitive industries.

  In order to contribute to El Niño-related drought management initiatives, a marketing plan was developed and strategies explored for the provision of the HydroNET suite to key stakeholders, in particular the Department of Environmental Affairs (DEA), Department of Water and Sanitation (DWS) and the South African National Disaster Management Centre (DNMC). The HydroNET suite of products has since been sold to the Inkomati Ushuthu Catchment Management Agency as well as the Swaziland Department of Water Affairs.

Financial sector

- The rollout of products for Hazardous Weather Warnings and Alerts for clients in the insurance industry led to a signed contract with Absa Bank for the provision of hazardous weather warnings and alerts to the bank's clients via text message. In addition, opportunities were explored with regard to providing historical lightning verification reports that are linked to insurance claims submitted by Absa clients.

Energy sector

- SAWS continued to provide forecasting, climate

services and risk management services to the energy sector.

Consumer products

- New commercial partner AfriGIS was contacted in July 2015 to develop the WeatherSmart mobile app which gives smart phone users access to weather forecast information for their location up to seven days in advance. The product was upgraded to provide telephonic forecast information, and opportunities were explored for marketing the provision of additional information on the Unstructured Supplementary Service Data (USSD) protocol used by Global System for Mobile Communications (GSM) cellular telephones. WeatherSmart is fully customisable and includes features such as severe weather warnings and alerts, weather conditions such as minimum and maximum temperatures, and seven day forecasts for the user's current location or other specified location.

Research and training services

- A research project on the impact of climate change in the Nelson Mandela Metropolitan area was completed and the SAWS report well received by the stakeholders. Opportunities for conducting similar research for other municipalities will be explored going forward.
- SAWS continued to provide articles on the impact of weather and climate on the wildlife ranching sector for publication in the Wildlife Ranching South Africa journal. These articles were of particular importance to readers as the El Niño effect associated with the development of a band of warm ocean water in the central and east-central equatorial Pacific strengthened during the summer period.
- SAWS has not limited its capacity development to its own internal staff. Proposals were submitted to the Meteorological Services in Oman, Tanzania and Mozambique for the training of forecasters and meteorological technicians by the Regional Training Centre. Four forecasters from the Mozambique National Meteorology Institute (INAM) subsequently attended aeronautical and public forecasting training in Pretoria in October 2015, and marine forecasting

SAWS and Hydrologic, a company from the Netherlands, signed the cooperation agreement in November 2015.

PROGRAMME THREE

INFRASTRUCTURE RECAPITALISATION




SAWS continued to maintain its observations network to ensure reliability, availability and accuracy of information.

EXPANDING AND SUSTAINING THE SAWS OBSERVATIONS NETWORK

SAWS continued to maintain its observations network to ensure reliability, availability and accuracy of information.

The radar network was maintained and data availability was on average at 69% as depicted in figure 14.

The Lightning Detection Network continued to provide information towards the SAWS observation network and an availability of 95% was maintained (see figure 15).

The use of radar data in storm tracking results in safety of skies, thereby protecting lives and property on land as well as in the air. Radar data is also used in commercial ventures by, amongst others, sports organisers, schools and communties at risk.

South Africa is a lightning-prone country, associated with more than 60 thunderstorms per year. Lightning can cause loss of lives and damage to property, while lightning data can assist insurance companies in verifying claims and forms part of SAWS' early warning system.

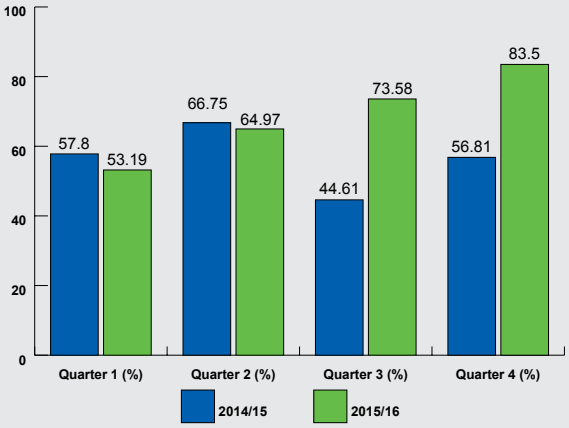


Figure 14: Radar Network – data availability

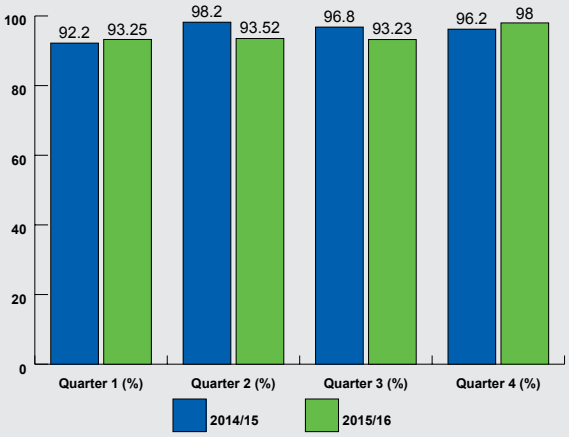


Figure 15: Lightning Detection Network – data availability

The Irene Radar forms part of the SAWS Radar Network

PROGRAMME FOUR

BUSINESS OPTIMISATION AND RE-ALIGNMENT




The South African Weather Service has successfully implemented Enterprise Risk Management (ERM), a Quality Management System (QMS), Occupational Health and Safety (OHS), and Business Continuity Management (BCM) programmes over the years. These programmes are reviewed on a regular basis, and management reviews conducted during the year under review indicated that some of these systems are maturing well, while areas of improvement were also identified.

BUSINESS CONTINUITY PROGRAMME

Business Continuity Programme (BCP) tests revealed areas which require attention, such as policy review, training of personnel and overall business impact analysis to ensure the smooth running of the programme. Improvements in the programme will include reviewing the list of critical systems as well as the entire BCP in order to ensure the effective and efficient running of BCM within the organisation. BCM capacity development is recommended for all SAWS personnel.

The development of relevant business continuity capability within SAWS considers collaborations with stakeholders, partners and clients. In this respect, progress was made in the maintenance of and improving business process management and business processes to ensure cost effectiveness, and the implementation of the BCP.

TOTAL QUALITY MANAGEMENT SYSTEM (QMS)

SAWS manages a Total Quality Management system (TQM) based on ISO 9001:2008 requirements. ISO 9001:2008 certification is also an International Civil Aviation Organization (ICAO) requirement for all meteorological organisations providing aviation meteorological information. Further to this, an ISO 9001:2008 guideline was released by the World Meteorological Organization to encourage national meteorological services to improve their management systems and attain certification.

The SAWS ISO 9001:2008 certification is valid until October 2017 and the organisation will be required to obtain the ISO 9001:2015 certification at the next re-certification audit to be conducted by the end of October 2017. A high-level transition plan has been developed to manage the transition to the ISO 9001:2015 standard.

The first surveillance audit subsequent to the ISO 9001:2008 re-certification was conducted in September and October 2015. SAWS was commended for the maturity of its QMS and its visible management commitment to the maintenance and improvement of the QMS.

Updates to the customer feedback procedure resulted in better management of stakeholder feedback and facilitated the implementation of quality improvements.

During the period under review, SAWS remained committed to maintaining a high standard of quality in its products and services by ensuring ongoing compliance with the ISO 9001 requirements issued by the International Organization for Standardization (ISO). Regular training and quality auditing took place for the purposes of retaining SAWS ISO 9001 certification and maintaining the Total Quality Management system.

The induction programme for new employees was improved and certain training modules are now provided electronically.

With a view to encouraging ongoing improvement, quality consciousness was promoted during World Quality Month, in November 2015, under the theme “I am TQM”.

SAWS’ retention of ISO 9001 certification serves to assure users, stakeholders, clients and the general public of the quality of SAWS’ products and services.

Mr Mandla Mavimbela, Total Quality Manager, receiving the chairperson’s award for sustained high quality in his field, the application of unique skills and the solution of problems.

STAKEHOLDER RELATIONS MANAGEMENT

Initiatives associated with Programme Five are discussed in Part D Human Capital Management.




A Key Stakeholder Engagement Plan, drafted in line with the SAWS Strategy and Annual Performance Plan, was effectively implemented during the period under review. SAWS played an active role in local and international research and policy initiatives and disseminated information on user-oriented solutions for climate-related challenges to various stakeholders. This included strengthening strategic links with stakeholders, partnering with allied bodies and organisations, and vigorous community outreach, information sharing and training.

REGIONAL, NATIONAL AND INTERNATIONAL PARTICIPATION

Through the work of SAWS, South Africa remained an important contributor to the global climate agenda. The country was one of the first to develop a National Framework for Climate Services (NFCS) and is represented on the World Meteorological Organization (WMO) Inter-governmental Board for Climate Services.

In the period under review, SAWS was particularly active in projects and engagements relating to the WMO, the Global Atmosphere Watch (GAW) as well as the international aviation and marine sectors. There was also some collaboration on international research projects and national engagements continued to bear fruit. Detail of these engagements is contained in Annexure I.

Engaging with communities is a critical part of the SAWS commitment to building a WeatherSMART nation. To this end a number of activities took place during the period under review as contained in Annexure II hereto.

There is a critical shortage of skills in the weather, climate and meteorological sectors in South Africa. During the year under review, SAWS intensified its efforts not only to educate South African youth about weather-readiness but also to attract new students in the areas of expertise that are becoming increasingly important across the world. Detail of SAWS' activities are contained in Annexure III hereto.

MEDIA AND COMMUNICATIONS

Internal Communications and Events

SAWS is committed to building a complement of staff members who are both equipped and motivated to champion the organisation's strategic objectives, programmes and policies, and to be proactive as well as reactive in their interactions with each other and with stakeholders. To this end, optimal use is made of internal communications platforms to provide SAWS employees with coherent, relevant and up to date information on an ongoing basis.

During the period under review, Corporate Communications released various communiques that were pertinent to operational activities in the organisation. In addition to the publication of three internal newsletters, a regular "Hot off the Press" communication tool was introduced to alert staff to news of a particularly interesting or urgent nature.

SAWS participated in the national government campaign to create awareness and lobby against violence towards foreign nationals. In solidarity with the government stand in this regard, SAWS offices around the country observed a moment of silence, and the organisation issued internal and external statements in support of the campaign against xenophobia.

MET Mbokodo Unite

SAWS commemorated Women's Month through various internal communications and activities, culminating in the launch on 22 August 2015 of the MET Mbokodo Unite project, a networking and mentorship programme for women in meteorology and related sciences. Attended by both men and women from the sector, the event was opened by the Honourable Minister of Environmental Affairs, Ms Edna Molewa.

Under the banner of "Women United in Moving South Africa Forward", the aim of MET Mbokodo Unite is to celebrate the achievements of women in South Africa, particularly those in the meteorological and related sciences, while advancing the representation, rights and full equality of women in these sectors and developing their advocacy, leadership and competencies.

Total Quality Month

In November 2015, an internal campaign to raise awareness about total quality was launched. Total Quality Month is an educational initiative aimed at fostering a corporate culture of total quality management in every employee within the organisation. This year, the campaign ran under the theme of "I AM TQM" and promoted the personal quality pledge, "I am committed to Quality, and Quality is the commitment that I give to all SAWS clients and stakeholders."

External Communications and Events

Media Analysis

Given that the media is the primary dissemination point for SAWS weather forecasts and alerts, effective media management forms an integral part of the SAWS communication strategy.

- Media communications tend to be seasonally based. While reporting in the winter months focuses on "the

first real winter cold" and other extraordinary winter events, matters of interest and importance in spring and summer are items such as "the first spring rains", or severe storm, flooding, hail or drought alerts. With 2015/16 bringing the worst El Niño event in decades to the region, the ensuing drought and related issues garnered a great deal of media interest.

- In terms of online and social media, SAWS improved its Twitter handle to provide daily weather forecasts, issue weather warnings, promote the organisation's products and communicate key organisational events.
- From 2 November 2015, SAWS was subjected to criticism via various media houses. This media coverage came amidst the organisation's continued labour dispute on salaries, a matter which was subsequently successfully concluded through mediation by the CCMA. In order to sensitively and effectively manage communications around the issue, SAWS established a Crisis Communication Plan which ensured that all stakeholders, including employees, the Shareholder and the media, were kept up to date on developments.

Advertising Value Equivalent

Advertising Value Equivalent (AVE) is a measure of the value of media exposure that would have been received had it been paid for by advertising using the selected channels. For the period under review a total of R78 770 994 AVE was realised, as depicted in figure 16.

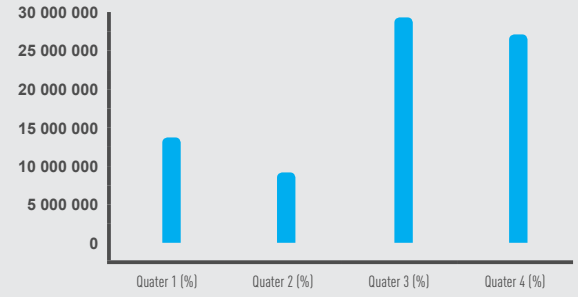


Figure 16: Advertising Value Equivalent in Rand

Small Commercial and Community Media Workshops

In partnership with the Media Development and Diversity Agency (MDDA) and DEA, SAWS conducted two workshops to educate the small commercial and community media sector on basic meteorology, weather forecasting, climate change and disaster management. The aim of the workshops was to equip the media to effectively analyse and communicate weather information, thereby ensuring that information reaches vulnerable communities timeously and in a form that they can understand. The workshops were attended by 40 and 29 media representatives respectively.

LIGHTS Conference

SAWS hosted the 2015 LIGHTS on Lightning conference in association with the Lightning Interest Group for Health Technology and Science (LIGHTS), a forum established with a view to driving lightning research in South Africa and the African continent. This unique forum brought together multiple stakeholders from various walks of life, who engaged on lightning-related topics ranging from indigenous knowledge to a sharing of research results. SAWS is a key member of the forum and serves on its steering committee. Opened by the Minister of Environmental Affairs, the LIGHTS on Lightning conference also provided a platform for science and engineering students to present their research and for seasoned researchers to debate topical matters related to lightning and its multifaceted impacts on individuals and industry. The event concluded with the official launch of the LIGHTS website as a national repository for lightning information and research.

Launch of Scientific Newsletter – WeatherSMART News

Knowledge generation is an essential tool in developing adaptation strategies at national, provincial and local government levels. Based on an initiative of the SAWS Board launched its first scientific newsletter entitled *WeatherSMART NEWS*. This publication is aimed at addressing the gap in communicating SAWS' research outputs to various stakeholders. It is also envisaged that the wider circulation of SAWS' research outputs will stimulate collaborative partnerships and fast-track innovation across a number of economic sectors and institutions.

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SAWS employees highlighted.

SAWS conducted two workshops to educate the small commercial and community media on basic meteorology.

ANNEXURE I
INTERNATIONAL AND NATIONAL ENGAGEMENTS

INTERNATIONAL

In the year under review, South Africa was re-elected into the WMO Executive Council and the WMO Audit Committee. Some SAWS employees were also elected into Expert Committees of the WMO to assist the Executive Council with the implementation of WMO programmes during the inter-sessional period, including election as Co-Chair of the Open Panel of CCI Experts (OPACE 5) at a meeting of the Commission of Climatology (CCI) Management Group of WMO.

A highlight of the year included the valuable inputs made by SAWS at the 17th Session of the World Meteorological Congress. South Africa and Germany co-chaired a contentious debate that culminated in an important agreement on the free and unrestricted exchange of data in order to implement the GFCS.

SAWS representatives participated in the following international conferences, workshops and meetings:

- The EUMETSAT Meteorological Satellite Conference in France in September 2015. One SAWS representative was the keynote speaker and another gave a presentation.
- The 5th Conference on Climate Change and Development in Africa (CCDA-V) in Zimbabwe in October 2015, where SAWS representatives presented two papers.
- The 8th Atmospheric Circulation Reconstruction over the Earth (ACRE) workshop and WMO meeting of the Commission for Climatology (CCL) Expert Team on Data Rescue in Chile in October 2015.
- The WMO Integrated Global Observation System (WIGOS) workshop for Permanent Representatives to the WMO for Region 1 Anglophone countries in Namibia in November 2015. The workshop was held to introduce the pre-operational phase of WIGOS from 2016 to 2019. SAWS was invited to present on how the WMO Information System (WIS) supports WIGOS.
- The final 2015 Global Meteorological Observation System (GMOS) meeting in Brussels. The 4th International GAW Workshop in Indonesia, where SAWS also gave a presentation. Furthermore, the SAWS GAW office attended the WMO/IAEA meeting on Carbon Dioxide, Other Greenhouse Gases and Related Measurement Techniques (GGMT-2015). Discussions included current trends and future directions with respect to global greenhouse gas monitoring techniques and instruments and issues around the GAW quality system.
- A workshop on future directions in GAW Data Management and the second meeting of the Task Team on GAW Observational Requirements and Satellite Measurements.
- A WMO-funded exhibition during the 4th Aviation Stakeholders Convention hosted by the African Airlines Association (AFSAA) in April 2015. SAWS presented the AMDAR programme to African airlines to lobby for their participation in enhancing upper-air observations through aircraft-based observations across the continent.
- A joint meeting of the Aircraft Based Observation (ABO) Airborne Observation Platform held in Morocco, where a SAWS representative was asked to present on the RA1 AMDAR implementation programme. The AMDAR programme was adopted as a flagship programme of the African Ministers Committee on Meteorology (AMCOMET) at a meeting in Cape Verde.
- The 5th International Workshop of Port Meteorological Officers in Chile in July 2015, where SAWS shared information on the organisation's marine meteorological services.
- The 19th Southern African Regional Climate Forum (SARCOF-19) in the Democratic Republic of Congo in August 2015.
- A meeting of the CCI Expert Team on Education and Training and a WMO Curriculum Development workshop in November 2015.
- A WMO-hosted workshop on Operational Climate Prediction in India in November 2015.
- The WMO Indian Ocean Data Rescue (INDARE) meeting hosted by the Indian Ocean Commission in Mauritius.
- A Board meeting of the Meteorological Association of Southern Africa (MASA). SAWS continued to play a central role in matters relating to MASA.
- A meeting of the WMO Nowcasting Project for Lake Victoria in Tanzania in August 2015, where SAWS gave a presentation.
- The WMO Working Group for Nowcasting and Mesoscale Research (NMR) in Geneva in December 2015.
- A GDRI project meeting at the Cape Point GAW Station and the Stellenbosch office to review research collaborations between South Africa and France. Representatives from SAWS, CSIR and the University of KwaZulu-Natal (UKZN) met with delegates from France and Réunion Island.

- In support of the WMO Severe Weather Forecasting Demonstration Project (SWFDP), SAWS' researchers presented at the eastern African SWFDP event in Ethiopia and the southern African SWFDP event in Pretoria.

In addition, SAWS hosted the following engagements

- The 8th Session of the JCOMM Ship Observations Team (SOT) in Cape Town (Chaired by South Africa) and the 6th Session of the JCOMM Observations Coordination Group (OCG).
- The first meeting of the Regional Association (RA1) Working Group on Compliance in Marine and Aeronautical Meteorological Services and Cost Recovery in October 2015. SAWS' Senior Manager Aviation chaired the working group on the competence and qualifications of aeronautical meteorological personnel and the maintenance of Quality Management Systems (QMS) in African countries.

In the year under review, SAWS continued to contribute to ongoing projects and research initiatives involving international collaboration:

- Progress continued in collaborative Global Atmosphere Watch (GAW) projects with the National Oceanographic and Atmospheric Administration (NOAA), the University of East Anglia (UEA) and the Royal Holloway, University of London (RHUL).
- In collaboration with postdoctoral students from North-West University (NWU) and Finland, SAWS GAW personnel applied a trend run model to the Cape Point ozone data that predicted forcings which play a role in ozone formation and trends.
- SAWS and WMO jointly developed a regional implementation plan for the Aviation Meteorological Data Relay (AMDAR) programme in Africa.
- SAWS participated in the implementation of deliverables for Phase 1 of the Aviation System Block Upgrade, the rolling implementation plan of the Global Air Navigation Plan guiding complementary and sector-wide air transport improvements for the period 2013 to 2028. SAWS continued to function as an ICAO Operation Meteorological (OPMET) Databank for the collection of southern African aviation data, developing backup procedures between Pretoria and the OPMET Databank in Dakar to ensure continuity in the provision of aviation safety information.
- In support of the ICAO development of a Regional Hazardous Weather Advisory Centre (RHWAC), SAWS was instrumental in conducting ICAO scheduled hazardous weather (SIGMET) tests for the southern African region.
- SAWS became involved in a United Nations Food and Agriculture Organization (FAO) project to help small farmers in southern Africa to better manage climate-related risks to crop production and post-harvest handling.
- In collaboration with France, SAWS continued to participate in Phase II (2014-2017) of the GDRI-ARSAIO Project Atmospheric Research in Southern Africa and Indian Ocean.

NATIONAL

Not surprisingly, many of SAWS' national activities during the period under review focused on disaster management. A number of presentations and training sessions were delivered to relevant agencies and the public:

- In September 2015, SAWS presented and showcased its products and services at the annual conference of the Disaster Management Institute of Southern Africa (DMISA), with the theme "The 2030 Resilience, Sustainability and Adaptation Mandate: A New Action Agenda for Disaster Risk Reduction".
- SAWS weather offices continued to attend Provincial Disaster Management Advisory Forum meetings to provide medium term and seasonal forecasts and to give presentations on persistent El Niño and drought conditions. Furthermore, presentations were made to various municipalities on SAWS' early warning system and its effective utilisation.
- At a Natural Hazard Task Team meeting in Limpopo in June 2015 about the severe water shortage in the Mopani District, SAWS advised on water rationing and optimal planning for the seasonal forecast.
- SAWS participated in the 10th Annual Air Quality Governance Lekgotla hosted by DEA with the theme "Launching Air Quality Management Systems for Transparent Governance and Improved Service Delivery".
- At pre-COP21 consultative workshops organised by DEA in Mpumalanga and Limpopo, SAWS made a valuable contribution to the South African position presenting on early warning systems as a means of adapting to climate change.

- At the 2015 annual conference of the South African Society for Atmospheric Sciences (SASAS), SAWS contributed two long-range forecast posters, a peer-reviewed conference proceeding article and a presentation on the new SAWS Lightning Threat Index.
- Regular Seasonal Climate Watch discussions took place during the year and reports were presented at the quarterly meetings of the National Agro-meteorological Committee (NAC).
- SAWS hosted the 2015 LIGHTS on Lightning Conference in association with the Lightning Interest Group for Health Technology and Science (LIGHTS).
- Representatives of the Aviation Weather Centre (AWC) attended quarterly meetings of the Advisory Committee on Aeronautical Meteorological Services (ACAMS) to promote SAWS products and services and discuss service delivery in terms aviation safety and quality.
- SAWS also participated in quarterly business and safety meetings of the Airlines Association of Southern Africa (AASA) and meetings of the Local Runway Safety Team. As an associate member of the AASA, SAWS was acknowledged as one of the long standing sponsors of the AASA Annual General Meeting.
- At the African Airlines Association (AFRAA) conference in April 2015, SAWS presented on the success of the collaboration with South African Airways (SAA) and the benefits of the AMDAR programme for both national meteorological services and airlines. There was increased interest in the provision of observations to the Numerical Weather Prediction models for improved weather forecasting, and SAWS was subsequently invited to give a presentation to the SADC Civil Aviation Committee.

Existing strategic and commercial partnerships were strengthened and new ones established in the year under review:

- SAWS entered into a partnership with the University of Witwatersrand to establish postgraduate research capacity in the Atmospheric Sciences. In terms of the agreement, SAWS will offer undergraduate and postgraduate bursaries, share meteorological data with university researchers and provide in-service and internship opportunities for graduates.
- SAWS continued to pursue partnerships that will support business continuity. This included re-affirming the organisation's strategic intent with key commercial partner WIS, and exploring opportunities for collaboration with the Tshwane University of Technology (TUT), the City of Johannesburg and digital platform provider Brighthouse Networks.
- In collaboration with new commercial partner AfriGIS, SAWS developed the WeatherSMART public good mobile application which gives smart phone users access to weather forecast information for their location up to seven days in advance.
- A cooperation agreement between SAWS and a Dutch company Hydrologic, signed in the presence of the Dutch Prime Minister in November 2015, resulted in the launch of three applications on the HydroNET platform. (More details on this and the WeatherSMART product are provided under Programme 2).
- The SAWS Marine and Training units participated in the first meeting of the South African Marine Research and Exploration Forum (SAMREF) of Operation Phakisa B3 which exploits research opportunities in offshore oil and gas exploration in South Africa to help build the knowledge base on the offshore marine environment. The SAWS Marine Unit attended the South African National Antarctic Expedition cargo planning meeting to discuss SA Agulhas II cargo logistics.

In addition to participation in formal engagements, SAWS made further contributions in the aviation and marine fields:

- Installation of the X-Band radar commenced on the airside at OR Tambo International Airport in order to provide better forecasting during turbulent weather, which is a critical safety factor for landing aircraft.
- The first ever sea ice observations made during a training voyage by a member of the SAWS Marine unit were a valuable contribution to future marine observational abilities.
- The Marine Unit assisted the Department of Science and Technology by providing five Surface Velocity Programme (SVP) drifters for the Agulhas System Climate Array (ASCA) research cruise, and attended two ASCA planning meetings in January and March 2016.

ANNEXURE II
COMMUNITY ENGAGEMENT

As a critical part of the organisation's commitment to building a WeatherSMART nation, SAWS participated in a number of activities during the period under review:

- In August 2015, SAWS and the New Partnership for Africa's Development (NEPAD) held workshops in Free State and KwaZulu-Natal respectively to validate the results of the six month Agromet research project in the two provinces. The SAWS-NEPAD collaboration was aimed at training extension agents and farmers on the application of agro-meteorological information to develop adaptation and mitigation strategies, while also gathering information on how climate change has impacted on agricultural practices and the adaptation strategies used by farmers.
- SAWS planned the Ministerial public awareness and outreach campaign around the SAWS-NEPAD project which was championed by the Deputy Minister of Environmental Affairs during an event at Memel in the Free State in July 2015.
- SAWS participated in the World Environment Day celebrations championed by the Minister of Environmental Affairs in Kimberley in the Northern Cape with the theme "One Million Climate Actions Towards a Weather-Ready Nation". As part of its exhibition, SAWS showcased a weather station and tornado machine. The launch of a weather balloon was featured on SABC 2's Morning Live show during which a SAWS representative was also interviewed.
- SAWS took part in the annual Sustainable Living exhibition hosted by the Ethekwini Municipality and the Department of Co-operative Governance and Traditional Affairs (Cogta) in Durban in August 2015. The event was described by Ethekwini Mayor Cllr. James Nxumalo as a platform for the sharing of ideas and information that would have a positive impact on the planet.

As part of the public awareness and outreach campaign of the SAWS-NEPAD project, SAWS engaged in planting a vegetable garden in Memel, Free State on 15 July 2015.

ANNEXURE III

CAREER EXHIBITIONS, OPEN DAYS, EDUCATIONAL VISITS AND YOUTH OUTREACH

During the year under review, SAWS intensified its efforts to educate South African youth about weather-readiness and attract new students in the weather-related areas of expertise that are becoming increasingly important across the world:

- SAWS participated in and exhibited at a number of Science Weeks throughout the year, including those hosted by Arcelor Mittal Science Centre in Sebokeng, the Mondi Science Centre in Piet Retief, Mpumalanga, and SAASTA in Giyani, Limpopo. The organisation was also involved in an event at the Sci-Bono Discovery Centre in Johannesburg and one in Kuruman in the Northern Cape.
- SAWS took part in the Wonders of Aviation career exhibition organised by the South African Air Force (SAAF) Museum in collaboration with Mango Airlines at Swartkop Air Force Base in May 2015. SAWS collaborated with Mango Airlines to arrange for mentors in the aviation and meteorological related fields.
- SAWS was also represented at a career expo hosted by Mango Airlines in Cape Town aimed at introducing learners to the aviation industry and related scientific institutions such as SAWS and the South African Astronomical Observatory. Most of the approximately 2 000 learners who visited the expo were from previously disadvantaged schools in the southern Cape Peninsula.
- The SAWS Career Day in KwaZulu-Natal in August 2015 was attended by approximately 1 000 learners from 18 schools in the Zululand district. Key stakeholders such as the Provincial Disaster Management Centre, the Zululand District Municipality and Fire Department as well as Mthashana FET College and Zululand University participated.
- SAWS partnered with the South African Agency for Science and Technology Advancement (SAASTA) to promote awareness about careers in the Atmospheric Sciences among school leavers with Mathematics and Physical Science. Site visits were organised to expose learners and their teachers to real-life applications of Mathematics, Science, Engineering and Technology. Events were staged in Mahikeng in North West province, Mthatha in the Eastern Cape, Kuruman in the Northern Cape and Giyani in Limpopo. Local political structures and heads of departments were made aware of the importance of accurate weather observation, available forecasting products and the assistance SAWS can provide in support of informed weather-related decision-making.
- SAWS participated in a Science exhibition held in Makhado, Limpopo in April 2015 where over 150 learners visited the SAWS exhibition stand.
- In April 2015, the Durban Weather Office exhibited at the Science, Technology, Engineering and Mathematics (STEM) Expo at the UKZN Edgewood Campus in Pinetown.
- The first ever GCOS Science Day was co-hosted by SAWS and MASA in Cape Town in September 2015. The event was sponsored by the South African Environmental Observation Network (SAEON) in collaboration with the South African National Space Agency (SANSA), the Applied Centre for Climate and Earth Systems Science (ACCESS) and SAWS in conjunction with the GCOS Steering Committee. SAWS CEO Dr Linda Makuleni opened the event and WMO RA1 President Dr Amos Makarau gave an address which emphasised the partnerships involved in developing the national WMO Integrated Global Observing System (WIGOS).
- SASOL TechnoX is an annual Mathematics, Science, Technology and Engineering (MSTE) exhibition which is traditionally held in Sasolburg and attracts more than 20 000 learners from over 300 schools. Held in Secunda, Mpumalanga in the year under review, the exhibition is aimed at introducing learners to the exciting world of MSTE and enhancing their understanding and knowledge through interactive workshops and demonstrations. The SAWS exhibition was a crowd favourite amongst learners and teachers, as the team gave lectures and conducted weather experiments and demonstrations with the mobile Automatic Weather Station (AWS) display unit, Automatic Rain Station (ARS) and Community ARS.
- In August 2015, SAWS participated in the Department of Science and Technology's (DST) National Science Week (NSW) held at North-West University. Opened by the Premier of North West Province, the theme of the event was light and light-based technologies. Four thousand learners were invited to the exhibition

where SAWS representatives gave presentations and provided career guidance.

- In December 2015, SAWS participated in South Africa's first International Science Forum held at Sammy Marks Square in central Pretoria under the slogan "Science and Technology Activities in the Street".
- The Bloemfontein weather office contributed to youth empowerment initiatives by participating in the "Take a Girl Child to Work" project organised by Airport Companies South Africa (ACSA) at Bram Fischer International Airport. The event was a resounding success.
- In support of International Nelson Mandela Day, the SAWS Bloemfontein Office also partnered with ACSA in an outreach programme at Uitkoms Primary School close to Bram Fischer International Airport. Learners were provided with soup and donations of snacks, non-perishables and fresh fruit and vegetables, and a vegetable garden was planted at the school.
- In May 2015, SAWS participated in the second annual Rural Educational Festival at the former Sekgosese College of Education in Senwamokgope, Limpopo. The festival introduced approximately 30 000 learners and 832 teachers from rural areas in Limpopo Province to career opportunities in the fields of Mathematics, Science, Technology and Engineering (MSTE) and included interactive workshops and presentations.
- In support of the DEA school competition for World Environment Day, SAWS donated geographical instruments in the form of Stevenson screens and a rain gauge as prizes for participating schools.

SAWS weather offices and facilities across the country hosted educational visits by learners and educators to demonstrate the organisation's products and services and promote interest in weather- and climate-related careers.

SAWS participated in the career expo hosted by Mango Airlines as part of the "Wonders of Aviation" careers exhibition.

4. PERFORMANCE AGAINST STRATEGIC OBJECTIVES

SAWS' performance information for the 2015/16 financial year is aligned to the performance indicators and targets in the organisation's Annual Performance Plan 2015/16.

SAWS' performance against strategic targets is tabulated below:

GOAL: 1 TO ENSURE A WEATHER-READY NATION THROUGH THE PROVISION OF RELEVANT METEOROLOGICAL AND RELATED PRODUCTS AND SERVICES						
STRATEGIC OBJECTIVE	**OBJECTIVE STATEMENT**	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2014/15**	**TARGET 2015/16**	**RESULT**	**COMMENT ON DEVIATION**
(1.1) Provide programmes/ applications for weather and climate variability, climate change adaptation and mitigation	Development of dissemination platforms for air quality in support of weather and climate variability, climate change adaptation and mitigation strategies and programmes	An air quality modelling and forecasting system developed	New KPI	Air quality modelling and forecasting system feasibility study conducted and approved	**Achieved** Feasibility study was developed during December 2015 and approved by EXCO on 24 February 2016.	N/A
		Percentage availability of SAAQIS	New KPI	SAAQIS availability 90%	**Achieved** SAAQIS availability 97%	Enhanced power supply following the HPC installation improved system availability.
	Conduct research in support of National climate change and variability adaptation and mitigation strategies and programmes	Percentage of milestone achieved as per the R&D strategy	New KPI	70% of milestones achieved	**Achieved** 75% of milestones achieved	This is due to the recruitment of scientists in the department during the financial year.
(1.2) Develop products and services	Product and service development in support of both the public good and commercial mandates	Number of new products and services	**Achieved** 6 products and/or services developed namely 1. Rapidly Developing Thunderstorm (RDT) 2. Convective Rain Rate (CRR) 3. New Public Good Fire Danger Index (FDI) products developed for each province 4. Lightning Threat Index (LTI) 5. Cloud Top Temperature 6. Cloud Type Identifier	4 products and/or services developed	**Achieved** 4 products and/or services developed 1. Site-specific forecast product (Makana Bricks) 2. Lightning Threat Index (enhancement of the index) 3. Keisan Discomfort Index 4. Evapo-transpiration product	N/A
	Development and enhancement of sector-specific products/ applications	Renewable energy sector product/ application developed	New KPI	Renewable energy sector product / application developed	**Achieved** One solar energy potential product (made up of 2 MAPS/ parameters). 2 x solar energy maps for South Africa were developed Global Horizontal Irradiance (GHI); and Direct Normal Irradiance (DNI).	N/A
		Agro/Hydrological product developed	New KPI	Agro/Hydrological product developed	**Achieved** 3 x Agro/Hydrological products launched– HydroNET platform.	A strategic partnership gave the organisation access to the HydroNET platform which provided 3 products.
	Severe Weather Guidance Products for SADC countries — as a Regional Specialised Meteorological Centre (RSMC)	Number of regional severe weather guidance maps provided daily in the RSMC web	New KPI	Provision of 5 regional severe weather guidance maps daily in the RSMC web	**Achieved** 5 x Regional severe weather guidance maps are provided through the RSMC web portal.	N/A

GOAL 2: TO ENSURE THE DEVELOPMENT OF RELEVANT METEOROLOGICAL SCIENTIFIC CAPABILITY THROUGH COLLABORATION WITH STAKEHOLDERS, PARTNERS AND CLIENTS						
STRATEGIC OBJECTIVE	**OBJECTIVE STATEMENT**	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2014/15**	**TARGET 2015/16**	**RESULT**	**COMMENT ON DEVIATION**
(2.1) Promote SAWS and its distinctive capabilities	Conduct a Stakeholder Perception Survey and achieve stakeholder satisfaction level as per the set target	Percentage overall Stakeholder Satisfaction level	**Achieved** 84.8% Stakeholder Satisfaction Index	85%	**Partially Achieved** Results = 84%	Dependent on the opinion of the various participants in the Stakeholder Perception Survey
	Enhance SAWS stakeholder network in vulnerable communities	Develop and implement Stakeholder Engagement Plan for vulnerable communities	New KPI	Develop and implement Stakeholder Engagement Plan for vulnerable communities	**Achieved** Developed and implemented Stakeholder Engagement Plan for vulnerable communities	N/A
	Design and create programmes that promote the organisation	Programmes and campaigns that promote the organisation as per the Communications Strategy and Implementation Plan	**Achieved** Programmes implemented as per the Communications Plan	Develop and implement programmes and campaigns that promote the organisation as per the Communications Strategy and Implementation Plan	**Achieved** Implemented programmes and campaigns that promote the organisation as per Communications Strategy and Implementation Plan	N/A
	Communication of research outputs of the R&D strategy	Number of articles in scientific publications	**Achieved** 28 scientific publications	14	**Achieved** 28 scientific publications 2015:18 2016:10	Since October 2015 a number of scientists joined SAWS and published articles in scientific journals
(2.2) Manage and leverage strategic partnerships and collaborations to ensure SAWS sustainability	Development of strategic partnerships as part of the implementation of the Commercial Strategy	Number of strategic partnerships as per the implementation plan of the Commercial Strategy	**Not Achieved** No increase in partnership	8 partnerships	**Achieved** 8 partnerships in place 1. WIS 2. Hydrologic 3. AfriGIS 4. GRIP 5. Spatial Technologies 6. AFRISEC 7. UK Met 8. WRC	N/A
(2.3) Position SAWS as a pre-eminent Meteorological Institution nationally, regionally and globally	Development of the implementation plan for National Framework for Climate Services in support of the NCCRP	National Framework for Climate Services (NFCS) developed and implemented	New KPI	NFCS developed and approved	**Achieved** NFCS developed and approved	N/A
	WMO accredited responsibilities	Maintain position as the Regional Telecommunications Hub (RTH) in Africa	New KPI	Quarterly RTH reports	**Achieved** Maintained position as RTH as confirmed by quarterly RTH reports	N/A
		Maintain position as the Regional Training Centre	New KPI	Implementation as per strategy milestone	**Achieved** Maintained position as the Regional Training Centre – 97% implementation achieved as per the strategy milestone	97% of the strategy milestones were achieved. The funding model was partially achieved, resulting in the 97% achievement.

GOAL 3: TO ENSURE A FINANCIALLY SUSTAINABLE ORGANISATION						
STRATEGIC OBJECTIVE	**OBJECTIVE STATEMENT**	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2014/15**	**TARGET 2015/16**	**RESULT**	**COMMENT ON DEVIATION**
(3.1) Grow aviation revenue	Implement a Revenue Enhancement Strategy	Aviation revenue growth	**Achieved** R104,5M	R98,449M	**Achieved** R120,679,096	Increased revenue generation was due to increased flight volumes and tariff increase
	Ensure compliance with ICAO requirements	Met Authority inspections performed as per schedule	New KPI	20 inspections performed	**Achieved** 20 inspections performed	N/A
(3.2) Grow commercial revenue	Implement the Commercial Strategy	Commercial revenue growth	**Not Achieved** R12,5M	R16M (Revised) Minister approved budget adjustment from R36M to R16M	**Achieved** R19,022,029	Higher than targeted revenue generation was due to additional sales realised on historical climate information
(3.3) Maintain fiscal discipline	Ensure that fiscal discipline is maintained and that principles of corporate governance are observed	Unqualified audited Annual Financial Statements	**Achieved** Unqualified audit	Unqualified audited Annual Financial Statements	**Achieved** Unqualified audited Annual Financial Statements	N/A

GOAL 4: TO ENSURE CONTINUED PROVISION OF QUALITY WEATHER AND RELATED INFORMATION IN SUPPORT OF SOCIO-ECONOMIC DEVELOPMENT						
STRATEGIC OBJECTIVE	**OBJECTIVE STATEMENT**	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2014/15**	**TARGET 2015/16**	**RESULT**	**COMMENT ON DEVIATION**
(4.1) Improve and enhance optimal observation network, processing and dissemination platforms	Implementation of: • Master Systems Plan • Business Continuity Plan • Infrastructure Recapitalisation • Preventative Maintenance Plan	% Availability of data Radar	**Not Achieved** % Availability of data Radar = 56.81%	Radar data availability = 80%	**Not Achieved** Radar data availability = 69%	This is due to poor radar data availability in the 1st and 2nd quarters of the 2015/16 as a result of long delivery lead times of spares; intermittent power supply/load shedding. The set target was met in the 3rd and 4th quarter due to various interventions
		% Availability of data LDN	**Achieved** % Availability of data LDN = 96.48%	LDN data availability = 80%	**Achieved** LDN data availability = 95%	Over achieved due to Maintenance support agreement with Vaisala (OEM), and concerted maintenance effort by staff.
	Establish collaboration with relevant partners to ensure business continuity	MoU with Security cluster or other partner with similar capabilities	New KPI	Develop MoU with Security cluster or other partner with similar capabilities	**Partially Achieved** MoU drafted and not finalised as parties are currently in negotiation.	Parties are still negotiating the terms of the agreement.
(4.2) Retain certification and maintain Total Quality Management System	Implement a Total Quality Management Programme	Maintenance of ISO Certification	**Achieved** Retention of ISO Certificate	Retention of ISO Certificate	**Achieved** Retention of ISO Certificate	N/A

GOAL 5: TO CREATE A STRATEGY-DRIVEN HUMAN CAPITAL CAPACITY IN SUPPORT OF A WEATHER-READY NATION						
STRATEGIC OBJECTIVE	**OBJECTIVE STATEMENT**	**KEY PERFORMANCE INDICATOR**	**ACTUAL ACHIEVEMENT 2014/15**	**TARGET 2015/16**	**RESULT**	**COMMENT ON DEVIATION**
(5.1) Ensure the availability of strategy-driven human capital capacity	Implement SAWS Talent Management Programme	Talent retention rate[1]	**Achieved** 98% Talent retention rate	92%	**Achieved** Talent retention rate at 93%	Due to the implementation of various Human Capital-related programmes
		% Average organisational performance rating[2]	**Achieved** 78.26% Average organisational performance rating	80%	**Achieved** Average organisational performance rating of 86%	Due to continued monitoring of performance on objectives and timeous implementation of corrective measures where necessary
(5.2) Build a talent pool for atmospheric science and related services	Develop and implement a National Education plan for atmospheric and related sciences	Implementation of plan	**Achieved** Developed and presented the plan to MINMEC	Implement phase 1 of the plan	**Achieved** Phase 1 of plan implemented. Occupational list of all relevant qualifications was developed and various stakeholders engaged	N/A
	Develop skills required for the optimal functioning of SAWS	Number of bursaries	**Partially Achieved** 62 Bursaries	62	**Not achieved** 57	Financial constraints
		Percentage of bursars absorbed by SAWS in critical strategic areas	**Achieved** 65% of bursars absorbed by SAWS in critical strategic areas	45% *	**Achieved** 65%	Availability of funds to absorb interns

Achieved *- Met all requirements*

Partially achieved *- Met requirements substantially – there may be changes to requirements/within 10% range of target*

Not achieved *- Met none/some requirements – requires urgent attention*

[1] Talent retention of scarce and critical skills
[2] The 2014/15 calculation was based on individual employee scores. 2015/16 calculation based on organisational performance.
* Based on resource availability.

4.1 CHANGES TO PLANNED TARGETS

Changes in year were made to selected targets and indicators as illustrated below. One target relating to the development of a Stakeholder Relations Management Maturity Framework was achieved, reported on and audited in the 2014/15 financial year. The KPI has been removed from the revised Strategic Plan 2015/20 and the 2016/17 APP.

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	CURRENT 2015/16 TARGET	PROPOSED AMENDMENT	BRIEF MOTIVATION/REASONS FOR THE PROPOSED AMENDMENTS
1.1 To provide programmes/ applications for weather and climate variability, climate change adaption and mitigation	An air quality modelling and forecasting system developed	90% (estimated)	SAAQIS availability >90%	SAAQIS availability 90%	To make the target more specific and measurable.
2.1 Promote SAWS and its distinctive capabilities	Conduct a stakeholder Perception Survey and achieve stakeholder satisfaction level as per the set target	85% (estimated)	75%	85%	To set a realistic target. High levels of satisfaction remain despite resource challenges.
3.2 Grow commercial revenue	Commercial revenue growth	R12.5M (audited actual)	R36.9M	R16M	To set a realistic target and to change the baseline to the figure reflected in the audited financial statements for 2014/15.
4.1 Improve and enhance optimal observation network, processing and dissemination platforms	% Availability of Radar data	Radar data availability = 56.81% (audited actual)	Initial estimated performance for 2014/15 96% Initial Target to be achieved by end Q1 55%	Revised estimated performance for 2014/15 56.81% (Audited Actual)	To set a realistic target and to change the baseline to the figure reflected in the audited financial statements for 2014/15.
5.1 Ensure the availability of strategy-driven human capital capacity	% Average organisational performance rating	86%(estimated)	75%	80%	To set a realistic target in line with the relevant policies.

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	PROPOSED ANNUAL TARGET	QUARTERLY TARGETS	ENABLING CONDITIONS/ RESOURCE CONSIDERATIONS	MEANS OF VERIFICATION
1.1 To provide programmes/ applications for weather and climate variability, climate change adaption and mitigation	An air quality modelling and forecasting system developed	90% (estimated)	SAAQIS availability 90%	Q3: SAAQIS availability 90% Q4: SAAQIS availability 90%	Requires adequate human, financial and infrastructure resources	SAAQIS data availability report
2.1 Promote SAWS and its distinctive capabilities	Conduct a stakeholder Perception Survey and achieve stakeholder satisfaction level as per the set target	85% (estimated)	85% (APP) Revised estimated target to be achieved by end Q4 Achieve Percentage overall stakeholder satisfaction level of 85%	Q3: Conduct a survey Q4: Achieve Percentage overall stakeholder satisfaction level of 85%	Requires adequate human, financial and infrastructure resources	Stakeholder Survey Report
3.2 Grow commercial revenue	Commercial revenue growth	R12.5M (audited actual)	R16M	Q3: R4.2M Q4: R5.1M	Requires adequate human, financial and infrastructure resources	Audited Financial Statements
4.1 Improve and enhance optimal observation network, processing and dissemination platforms	% Availability of Radar data	Radar data availability = 56.81% (audited actual)	Revised estimated performance for 2014/15 56.81% (audited actual)	Q1: Radar data availability = 65% Radar data availability = 70% Radar data availability = 75% Radar data availability = 80%	Requires adequate human, financial and infrastructure resources	Systems Availability Report
5.1 Ensure the availability of strategy-driven human capital capacity	% Average organisational performance rating	86% (estimated)	80%	Q1: N/A Q2: 80% Q3: N/A Q4: 80%	Requires adequate human, financial and infrastructure resources	Organisational Performance Review 2015/16– internal Audit

4.2 Changes to the financial considerations

DESCRIPTION	PREVIOUS FINANCIAL YEAR		MEDIUM TERM ESTIMATES						PROJECTIONS			
	2014/15 BUDGET R'000	2014/15 ACTUAL R'000	2015/16 ORIGINAL R'000	2015/16 REVISED R'000	2016/17 ORIGINAL R'000	2016/17 REVISED R'000	2017/18 ORIGINAL R'000	2017/18 REVISED R'000	2018/19 ORIGINAL R'000	2018/19 REVISED R'000	2019/20 ORIGINAL R'000	2019/20 REVISED R'000
Revenue												
Government Grant - Operational	138 229	138 229	145 507	145 507	194 278	194 278	182 990	182 990	225 895	225 895	237 189	237 189
Government Grant - Capex	30 000	30 000	-	-	-	-	35 000	35 000	-	-	-	-
Government Grant - SAAQIS	14 260	14 260	14 916	14 916	15 707	15 707	16 492	16 492	17 317	17 317	18 182	18 182
Commercial Income	26 000	12 523	36 981	16 000	46 892	18 000	48 993	21 600	51 443	25 900	54 015	31 000
Aviation Income	101 800	104 506	98 449	98 449	103 371	103 371	108 540	108 540	113 967	113 967	119 665	119 665
Other income and Donor Funds	7 000	10 821	7 500		7 875	10 000	8 269	10 000	8 682	10 500	9 117	11 025
Total Revenue	**317 289**	**310 339**	**303 353**	**284 872**	**368 123**	**341 356**	**400 284**	**374 622**	**417 303**	**393 578**	**438 168**	**417 062**
Expenditure												
Employee Costs	(196 401)	(173 250)	(209 167)	(190 686)	(222 763)	(222 763)	(234 243)	(238 356)	(245 955)	(250 274)	(258 252)	(262 787)
Administrative and Operating Costs	(90 888)	(108 181)	(94 186)	(94 186)	(116 468)	(118 593)	(135 797)	(101 266)	(142 587)	(143 304)	(149 716)	(154 274)
Total Expenditure	**(287 289)**	**(281 431)**	**(303 353)**	**(284 872)**	**(339 231)**	**(341 356)**	**(370 040)**	**(339 622)**	**(388 541)**	**(393 578)**	**(407 969)**	**(417 062)**
Operating Surplus Before Depreciation and Amortisation	30 000	28 908	-	0	28 892	-	30 244	35 000	28 762	0	30 200	0
Depreciation and Amortisation	(28 743)	(26 541)	(28 116)	(28 116)	(30 250)	(28 892)	(30 244)	(30 244)	(31 759)	(31 759)	(35 443)	(35 443)
Surplus / (Deficit) for the year	**1 257**	**2 367**	**(28 116)**	**(28 116)**	**(1 358)**	**(28 892)**	**-**	**4 756**	**(2 997)**	**(31 758)**	**(5 243)**	**(35 443**

4.3 Expenditure per strategic goal

The budget will be correlated to the strategy programme as follows

	STRATEGIC GOAL	2015/16 EXPENDITURE R'000	2016/17 EXPENDITURE R'000	2017/18 EXPENDITURE R'000	2018/19 EXPENDITURE R'000	2019/20 EXPENDITURE R'000
1	To ensure a weather-ready nation through the provision of relevant meteorological and related products and services	177 880	213 150	212 067	245 758	260 422
2	To ensure the development of relevant meteorological scientific capability through collaboration with stakeholders, partners and clients	13 891	16 645	16 561	19 192	20 337
3	To ensure a financially sustainable organisation	44 598	53 441	53 169	61 616	65 293
4	To ensure continued provision of quality weather and related information in support of socio-economic development	5 458	6 540	6 507	7 540	7 990
5	To create a strategy driven human capital capacity in support of a weather-ready nation	43 045	51 580	51 318	59 472	63 020
	Total Expenditure	**284 872**	**341 356**	**339 622**	**393 578**	**417 062**

5. REVENUE COLLECTION

A report on revenue collection is included under Part E, Financial Report.

6. CAPITAL INVESTMENT

A report on capital investment is included under Part E, Financial Report. However, note that SAWS did not receive a Capex Allocation during the period under review.

PART C

GOVERNANCE

1. INTRODUCTION

During the period under review, the South African Weather Service Board ("the Board") continued to provide leadership and oversight in terms of the governance of SAWS. The responsibilities of the Board include, but are not limited to, ensuring that the organisation is well managed, that operations are aligned with governance best practice and that all the necessary governance structures are in place.

2. MANDATE

SAWS derives its mandate from the South African Weather Service Act, 2001 (No. 8 of 2001) as amended by the South African Weather Service Amendment Act, 2013 (No. 48 of 2013). As a Schedule 3A public entity, SAWS is also governed by relevant provisions of the Public Finance Management Act, 1999 (No. 1 of 1999) ("the PFMA"), as amended, associated Treasury Regulations and all other legislative prescripts and governance frameworks applicable to Schedule 3A public entities.

In addition, SAWS also has international governance obligations as a representative of South Africa in various important international bodies such as the World Meteorological Organization (WMO), the Meteorological Association of Southern Africa (MASA) and the International Civil Aviation Organization (ICAO).

3. PARLIAMENTARY PORTFOLIO COMMITTEE ON ENVIRONMENTAL AFFAIRS

The Parliamentary Portfolio Committee on Environmental Affairs (PPCEA) continued to provide oversight of SAWS affairs through reviewing the SAWS Strategic and Annual Performance Plans and associated Quarterly Reports as well as the SAWS Annual Report for the 2014/15 financial year.

SAWS appears before the PCEA together with the Department of Environmental Affairs (DEA), and the Board is extremely appreciative of the ongoing guidance and support of DEA and the many opportunities for fruitful engagement.

4. EXECUTIVE AUTHORITY

The Minister of Environmental Affairs represents Government as the sole shareholder in and executive authority over SAWS. The Minister is assisted in her oversight role by the Department of Environmental Affairs (DEA) and the SAWS Board.

Key reports and documents that were reviewed by the Board and approved and/or reviewed by the Minister during the 2015/16 financial year include

a) The SAWS Five-Year Strategic Plan and Annual Performance Plan, and the associated Budget;
b) Quarterly Performance Reports against the SAWS Annual Performance Plan for the 2015/16 financial year; and
c) The SAWS Annual Report and Audited Annual Financial Statements for the 2014/15 financial year.

As a Schedule 3A public entity, SAWS is not obliged to hold Annual General Meetings. Engagements between the Board and the Minister are scheduled as and when required, and the Minister's ongoing involvement and support in this regard are highly appreciated.

5. THE ACCOUNTING AUTHORITY (THE BOARD)

5.1 Introduction

The South African Weather Service Board is appointed by the Minister in terms of the South African Weather Service Act, 2001 (No. 8 of 2001), as amended by the South African Weather Service Amendment Act, 2013 (No. 48 of 2013) ("the SAWS Act").

The mandate of the Board is derived from the same legislation as augmented inter alia by the relevant provisions of the PFMA, the Treasury Regulations issued in terms of the PFMA, and, to a certain extent, the King Report on Corporate Governance for South Africa.

The three year term of office of the SAWS Board came to an end in the period under review, and the Minister appointed a new Board for the period 1 September 2015 to 31 August 2018. SAWS highly appreciates the smoothness and continuity with which the appointment was effected, ensuring a good balance going forward between new and reappointed members.

5.2 Role of the Board

The primary responsibilities of the Board are as follows

- Providing SAWS with the strategic direction and leadership required for long-term sustainability.
- Setting policies and standards and monitoring the execution of the SAWS Five-Year Strategic Plan, Annual Performance Plan and Budget.
- Ensuring that SAWS maintains an appropriate balance between its public good and commercial mandates and ensures that commercial projects and products do not compromise the delivery of public good services.
- Exercising all reasonable care for the protection of SAWS assets and records.
- Ensuring the implementation and maintenance of effective, efficient and transparent financial and risk management systems and internal controls.
- Ensuring Board and organisational compliance with all relevant provisions of the PFMA and any other legislation applicable to SAWS.
- Taking responsibility for the submission by SAWS of all reports, returns, notices and other information to Parliament, the Minister, National Treasury and the Auditor-General as may be required by the PFMA.
- Enforcing comprehensive corporate governance including, to the fullest extent possible, compliance with the recommendations and principles contained in the King Code of Governance for South Africa, particularly those relating to
    - risk and information and communications technology (ICT), and
    - the management and integration of ethics into SAWS strategies and operations.

5.3 Board Charter ("the Charter")

The Board has an approved Charter which is reviewed annually and serves to guide the functioning of the Board.

The Charter makes provision for the Board to establish and delegate functions to committees in order to assist the Board in the execution of its mandate. It also allows for the Board to delegate in writing any of the powers entrusted or delegated to it by the PFMA to an official of SAWS or to instruct an official to perform any of the duties assigned to the Board by the PFMA.

In compliance with applicable legislative and governance frameworks, the Board ensured that the following duties, inter alia, were executed within the prescribed timelines during the period under review

a) Strategy, Annual Performance Plan and Budget Review

The SAWS 2015/16 Five-Year Strategic Plan, Annual Performance Plan and Budget were reviewed and submitted to the Minister.

b) Performance Monitoring

The implementation of the 2015/16 Annual Performance Plan was monitored through Board reviews of Quarterly Performance Reports compiled by Management and the submission of the reports to the Minister at the end of each quarter as required.

The Board is also responsible for managing the performance of the CEO, and as such reviewed and concluded the CEO's Performance Agreement for the 2015/16 financial year and conducted the annual assessment of the performance of the CEO for 2014/15 in July 2015. The 2015/16 annual assessment will be conducted in July 2016, following receipt of the audited 2015/16 Annual Financial Statements from the Auditor-General.

c) Review of Policies and Governance Frameworks

Several policies and governance frameworks, including the Board Charter and the Terms of Reference of the Board Committees, were reviewed for the purpose of strengthening internal controls and ensuring compliance with governance requirements.

5.4 Composition of the Board

The structure and composition of the Board are guided by Section 5 of the SAWS Act and are in compliance with corporate governance best practice. The Board has thirteen members all of whom are non executive members with the exception of the SAWS Chief Executive Officer who is an executive member.

5.5 Board Meetings

During the period under review, six Board meetings

were held in accordance with the provisions of the Board Charter and in line with the Board Calendar and Annual Work Plan. Paragraph 6 of the Charter also makes provision for the Board to hold special meetings, as, and when, the need arises.

Four scheduled Board meetings were held on 28 May 2015, 30 July 2015, 27 November 2015 and 28 January 2016, and two Strategic Sessions on 26 June 2015 (ad hoc) and 17 August 2015. Four of these meetings took place during the previous Board's term of office and two during the new Board's term.

The appointment of the new Board in September 2015 was also followed by a Board Induction Session held in two parts, on 13 October 2015 and 04 December 2015 respectively.

The Board members and meeting attendance are reflected in the table below.

Table 1: Board Membership and Attendance of Meetings

LEGEND | RETAINED MEMBERS | NEW MEMBERS | RETIRED MEMBERS

NAME	DESIGNATION IN TERMS OF SAWS STRUCTURE	DATE OF APPOINTMENT	DATE RESIGNED OR RETIRED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES	NO. OF MEETINGS			
								SCHEDULED	HELD	OPPORTUNITY TO ATTEND	ATTENDED
Ms Ntsoaki Mngomezulu	Non-Executive member Chairperson	*Appointed* 01/06/2012 *Reappointed* 01/09/2015	-	BA (Social Science) Neuro-Linguistic Programming (NLP).	Public policy development; capacity building and research; skills audit gap analysis and stakeholder management	Ansaset Resources	Member of the Human Resources and Remuneration Committee (HRRC)	5	6	6	5
Dr Nolulamo Gwagwa	Non-Executive Member Deputy Chairperson	*Appointed* 01/06/2012 *Reappointed* 01/09/2015	-	PhD; MSc (Cum Laude); MTRP; B.A	Policy research and development; strategy and policy formulation; town and regional planning.	First Rand; Lulu Gwagwa Development Consulting; Siphiwo Sethu Family Trust; Lereko Investments; Euricon; Sun International; Massmart; Tsebo Outsourcing and Cisco Technology Services (Pty) Ltd	Chairperson of the HRRC (1/4/2015 to 31/8/2015) Audit and Risk Committee (ARC) Member from 1/9/2015	5	6	6	4
Mr Rowan Nicholls	Non-Executive Director Audit and Risk Committee (ARC) Chairperson	*Appointed* 01/06/2012 *Reappointed* 01/09/2015	-	CA (SA);BComm;CIA and MICS (UK)	Accounting; Auditing and Financial Management	Film and Publication Board; RMTC;CUT and ArgRC	Member of ARC from 1/4/2015 and ARC Chairperson from 1/9/2015	5	6	6	5
Mr Jonty Tshipa	Non-Executive Director Strategic Programmes Committee (SPC) Chairperson	*Appointed* 01/06/2012 *Reappointed* 01/09/2015	-	Masters in Finance and Investment (Cum Laude) MBA; National Diploma in Electrical Engineering (Heavy Current); Project Management	Credit Management; Corporate Finance; Financial Statement analysis; Human Resource Management; Business Development; Consultancy; Strategy; Technology Management; Project engineering	ZADNA (Non-Exec Director) Brand SA (Exec Director) Tshipa Consulting (Director/ Shareholder) CumLaude Travel (Director/ Shareholder)	Member of the ARC, HRRC, SPC (1/4/2015 to 31/8/2015 Chairperson of the SPC and Member of the HRRC from (1/9/2015)	5	6	6	5
Prof Elizabeth Mokotong	Non-Executive Member	*Appointed* 01/06/2012 *Reappointed* 01/09/2015	-	B.A Social science (social work); B.A (Hons) Social science; Certificate course in adult education; Diploma in adult education	Social and environmental awareness; Sociological research; community development	None	Member of the SPC	5	6	6	6
Ms Judy Beaumont	Non-Executive Member DEA Representative	*Appointed* 01/06/2012 *Reappointed* 01/09/2015	-	M. Phil, Environmental science; B.A (Hons) African Studies Department and B.A (English and Industrial Psychology)	Environmental sciences and sustainable development processes; Policy programmes and formulation and implementation; Research and Process facilitation and mediation None	None	Member of the SPC	5	6	6	3
Dr Linda Makuleni	Executive Member Chief Executive Officer (CEO)	*Reappointed* 01/09/2015	-	MBA; Bachelor of veterinary medicine and surgery; Management Advancement Programme and International Executive Advancement Programme	Chief Executive Officer	UNISA Graduate School of Business Leadership	Has a standing invitation to all Board Committees meetings in ex-officio capacity)	5	6	6	5

NOTE: New members could only attend meetings held during their tenure

Table 1: Board Membership and Attendance of Meetings (continued)

NAME	DESIGNATION IN TERMS OF SAWS STRUCTURE	DATE OF APPOINTMENT	DATE RESIGNED OR RETIRED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES	NO. OF MEETINGS			
								SCHEDULED	HELD	OPPORTUNITY TO ATTEND	ATTENDED
Mr David Lefutso	Non-Executive Director HRRC Chairperson	*Appointed* 01/09/2015	-	BComm; MBA; MPhil; Cert. Change Management Practitioner; Certified MSP Practitioner	Strategy formulation; Project Management; Marketing strategy; relationships and strategic partnerships management; morphological analysis; Environmental scanning; Policy formulation and implementation and capacity building	Kayamandi Informatics (Pty) Ltd (Director) Lefutso Capital (Pty) Ltd (Director) Rapid Infrastructure Development Agency (Pty) Ltd	None	5	6	2	2
Adv Derick Block	Non-Executive Member	*Appointed* 01/09/2015	-	Law Advocate	Governance and Compliance; Contract drafting and Implementation; Contract Management; Supply Chain Management; Tender administration; Investment; Risk Management; Research Development; Community Development and Auditing Compliance	MINTEK	Member of the HRRC	5	6	2	1
Ms Nandipha Madiba	Non-Executive Member	*Appointed* 01/09/2015	-	Hons BCompt; CTA (NDP); MSc in Financial Management-Part 1 (PGD)	Risk assessment and management; Strategic Planning and Budget implementation; Financial reporting; Diversity Management; Conflict resolution; Financial and internal audit policies development; quality assurance and Project management	National Heritage Council Eastern Cape Provincial Treasury Eastern Cape department of Social development Abathembu Royal Development Trust The big break legacy Tshwane North College Eastern Cape Development Corporation HPCSA Vuza Group Stats SA Golden Leopard resorts	Member of the ARC	5	6	2	2
Ms Sally Mudly-Padayachie	Non-Executive Member	*Appointed* 01/09/2015	-	Pharm; Masters Degree (Medical Science)	Strategic business planning and analysis; Pharmaceutical innovations; Information and communication Technology; Community Development; CSI and Leadership	SA Pharmacy Council Member	Member of the ARC	5	6	2	2
Mr Keabetswe Modimoeng	Non-Executive Member	*Appointed* 01/09/2015	-	NDip Public Relations Management Cert Project Management MBA	Corporate citizenship conceptualisation, implementation and monitoring; Stakeholder management ; Public Relations and CSI	None	Member of the SPC	5	6	2	2
Dr Jasper Rees	Non-Executive Member	*Appointed* 01/09/2015	-	BA (Hons) Biochemistry; MA; DPhil	Research and Innovative systems; Biochemistry; Genomics and Biotechnology	Agricultural Research Council; UP Genomics Research Institute	Member of the SPC	5	6	2	2
Prof Lindisizwe Magi	Non-Executive Member Former Board Chairperson	*Appointed* 01/04/2008 *Reappointed* 01/06/2012	Retired 31/08/2015	PhD in Geography (Recreation and environment); MA in Geography and Environmental sciences; BA Hons (Urban and Economic Geography) and BA Degree (Geography and Psychology)	Environmental sciences and Geography and Tourism research	African Cycad guest house; University of Zululand (UniZulu); Foundation of UniZulu; SA National Committee of the ICA; National Committee of the IGU-GeoParks Commission; Committee for Spatial Information; Mthonjaneni Development Network CC.	Member of the HRRC (1/4/2015 to 31/8/2015)	5	6	6	4
Mr Siyabonga Makhaye	Non-Executive Member Former ARC Chairperson	*Appointed* 01/04/2008 *Reappointed* 01/06/2012	Retired 31/08/2015	Masters in Business Leadership; International Baccalaureate Diploma; BSc Hons Environmental Management; MSc Environmental Science and Management Diploma (Executive education)	Strategic leadership and financial management; Environmental management sciences and stakeholder management	Broadway Mzansi Trading; Triple S Logistics; Impala SHEQ specialist	Chairperson of the ARC (1/4/2015 to 31/8/2016)	5	6	6	4

Table 1: Board Membership and Attendance of Meetings (continued)

NAME	DESIGNATION IN TERMS OF SAWS STRUCTURE	DATE OF APPOINTMENT	DATE RESIGNED OR RETIRED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES	NO. OF MEETINGS			
								SCHEDULED	HELD	OPPORTUNITY TO ATTEND	ATTENDED
Mr Andile Mvinjelwa	Non-Executive Member Former SPC Chairperson	*Appointed* 01/06/2012	Retired 31/08/2015	Master of business Leadership (MBL); BSc Electrical Engineering (Light Current) and BSc (Maths and Applied Maths)	Strategy development and implementation; Human Resources and Risk Management and Technical Engineering	Connex Travel (Pty Ltd) Shumi Investment Holdings	Chairperson of the SPC (1/4/2015 to 31/8/2016)	5	6	6	4
Dr Shadrack Moephuli	Non-Executive Member Former SPC Member	*Appointed* 01/06/2012	Retired 31/08/2015	PhD	Biochemistry; Scientific research; environmental health; strategic leadership; policy and strategy formulation and implementation; Animal Genetics	South African Forestry Company Limited (SAFCOL)	Member of the SPC(1/4/2015 to 31/8/2016)	5	6	6	2
Mr Zola Fihlani*	Non Executive Member Former Member of the ARC and	*Appointed* 01/06/2012	Retired 31/05/2015	BComm. Accounting; B Compt (Hons); Accounting Theory Certificate (CTA); Higher Diploma in Tax Law and Higher Diploma in International Tax Law	Auditing and Accounting; Financial Management; Asset Finance and Deal structuring and Execution	Pelchen SOC Ltd; Richards Bay IDZ SOC Ltd; Gauteng Partnership Fund; EVI Capital Foundation and Council for Medical Schemes	None	5	6	6	0

*Did not attend any meeting during the period under review; and his membership terminated on 31 May 2015

5.6 Board Committees

The Board Committees were reconstituted subsequent to the appointment of the new Board. Three Committees with clear Terms of Reference were retained, namely the Audit and Risk Committee (ARC), the Human Resources and Remuneration Committee (HRRC) and the Strategic Programmes Committee (SPC).

1) Audit and Risk Committee

The primary responsibility of the ARC is to assist the Board in discharging its duties with respect to monitoring SAWS compliance with all applicable legislation, regulations and governance frameworks. This responsibility includes the following

- Review of financial management processes and internal controls.
- Review of the Annual Financial Statements, the Annual Report and related regulatory filings to ensure the accuracy and completeness of the information prior to publication.
- Governance of risk and ICT.
- Oversight of internal and external audit functions and audit processes and ensuring that a risk-based approach is adopted.
- Review of compliance with performance management and reporting systems.
- Ensuring adherence to all disclosure and/or reporting requirements when reporting to the Board, the Minister, the National Treasury and the Auditor-General.

The ARC held four scheduled meetings on 20 May 2015, 21 July 2015, 16 November 2015 and 15 January 2016. Two of the scheduled meetings took place during the previous Committee's tenure. No special or ad hoc meetings were required.

The committee membership and attendance of meetings are reflected in the table below.

Table 2: Membership and attendance of Audit and Risk Committee meetings

LEGEND: RETAINED MEMBERS | NEW MEMBERS | RETIRED MEMBERS | ROTATED MEMBERS

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED OR RETIRED	NO. OF MEETINGS		
						HELD	OPPORTUNITY TO ATTEND	ATTENDED
Mr Rowan* Nicholls	CA (SA); BComm; CIA and MICS (UK)	External	Board Member and ARC Chairperson	Appointed 01/06/2012 Reappointed 01/09/2015	-	4	4	4
Mr Jonty Tshipa	Masters in Finance and Investment (Cum Laude) MBA; National Diploma in Electrical Engineering (Heavy Current); Project Management and	External	Board Member and ARC Member (ARC membership terminated 31/8/2015)	Appointed 01/06/2012 Reappointed 01/09/2015. Member of the ARC 1/4/2015-31/8/2015	-	4	2	2

Table 2: Membership and attendance of Audit and Risk Committee meetings (continued)

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED OR RETIRED	NO. OF MEETINGS		
						HELD	OPPORTUNITY TO ATTEND	ATTENDED
Dr Nolulamo Gwagwa	PhD in Philosophy; Masters in Town and Regional Planning; MSc in Urbanisation; gender Planning and Development Theory and Practice; Bachelor of Arts and Gender Planning certificate	External	Deputy Board Chairperson and ARC Member	Appointed 01/06/2012 Reappointed 01/09/2015 Member of the ARC 01/09/2015	-	4	2	1
Ms Nandipha Madiba	Hons BCompt; CTA (NDP); MSc Financial Management	External	Board Member and ARC Member	Appointed 01/09/2015	-	4	2	2
Ms Sally Mudly-Padayachie	B.Pharm; Masters Degree (Medical Science)	External	Board Member and ARC Member	Appointed 01/09/2015	-	4	2	2
Mr Siyabonga Makhaye**	Masters in Business Leadership; International Baccalaureate Diploma; BSc Hons Environmental Management; MSc Environmental Science and Management Diploma (Executive education)	External	Former Board Member and ARC Chairperson	Appointed 01/04/2008 Reappointed 01/06/2012 Retired 31/08/2015	Retired 31/08/2015	4	2	2

* Appointed ARC Chairperson effective 1 September 2015.
**Former ARC Chairperson 1 April 2015-31 August 2015.

Note The former Board Chairperson (Prof Magi) was invited to attend the 21 July 2015 ARC meeting.

2) Human Resources and Remuneration Committee

The HRRC assists the Board in discharging its duties with respect to human capital management by ensuring that

- The SAWS Human Capital Management Strategy is aligned with the SAWS Vision, Mission and Objectives.
- Policies, frameworks and systems pertaining to human capital are place and compliant with all applicable legislative and governance frameworks, particularly those relating to performance management, succession planning and employee benefits.
- SAWS' organisational ethics are managed appropriately.

The HRRC held four scheduled meetings during the 2015/16 financial year, on 11 May 2015, 21 July 2015, 10 November 2015 and 14 January 2016. Two of these meetings took place during the previous Committee's term of office. One ad hoc meeting was held on 24 November 2015 (during the new Committee's tenure). The committee membership and attendance of meetings are reflected in the table below.

Table 3: Membership and attendance of Human Resources and Remuneration Committee meetings

LEGEND: RETAINED MEMBERS | NEW MEMBERS | RETIRED MEMBERS | ROTATED MEMBERS

NAME	DESIGNATION	NO. OF MEETINGS			NO. OF AD HOC MEETINGS	
		HELD	OPPORTUNITY TO ATTEND	ATTENDED	HELD	ATTENDED
Ms Ntsoaki Mngomezulu	Member	4	4	4	1	1
Mr Jonty Tshipa	Member	4	4	3	1	1
Mr David Lefutso*	Chairperson	4	2	2	1	1
Adv Derick Block	Member	4	2	2	1	1
Dr Nolulamo Gwagwa**	Chairperson	4	2	1	1	-
Prof Lindisizwe Magi	Member	4	4	2	1	-

* Appointed HRRC Chairperson effective 1 September 2015
** Former HRRC Chairperson 1 April 2015 -31 August 2015 (rotated)

3) Strategic Programmes Committee

The SPC oversees SAWS strategic programmes and special projects. It assists the Board in ensuring that appropriate scientific research and technical and commercial programmes are undertaken and effectively managed, including those relating to infrastructure recapitalisation. The Committee also oversees matters relating to environmental sustainability. The SPC held four scheduled meetings during the 2015/16 financial year on 11 May 2015, 14 July 2015, 10 November 2015 and 14 January 2016. Two of these meetings took place during the previous Committee's term of office (1 April 2015 – 31 August 2015) and two during the current Committee's term of office (1 September 2015 – 31 March 2016). No special meetings were held during the period under review. The committee membership and attendance of meetings are reflected in the table below.

Table 4: Membership and Attendance of the Strategic Programmes Committee meetings

LEGEND: RETAINED MEMBERS | NEW MEMBERS | RETIRED MEMBERS | ROTATED MEMBERS

NAME	DESIGNATION	NO. OF MEETINGS		
		HELD	OPPORTUNITY TO ATTEND	ATTENDED
Mr Jonty Tshipa*	Chairperson	4	4	4
Prof Elizabeth Mokotong	Member	4	4	3
Ms Judy Beaumont	Member	4	4	4
Mr Keabetswe Modimoeng	Member	4	2	2
Dr Jasper Rees	Member	4	2	1
Mr Rowan Nicholls**	Member	4	2	2
Mr Andile Mvinjelwa ***	Chairperson	4	2	2
Dr Shadrack Moephuli	Member	4	2	2

* Appointed as SPC Chairperson effective 1 September 2015.
** Member of the SPC 1 April 2015 – 31 August 2016 (rotated).
*** SPC Chairperson 1 April 2015 -31 August 2015 (retired).

5.7 Board Remuneration

During the period under review, eligible Board members were remunerated and reimbursed for additional expenses incurred in the course of executing SAWS-related activities. This was done in accordance with the Remuneration Framework as determined annually by the Minister.

Note The Board members who are in the employ of the public sector (Dr S Moephuli, Ms J Beaumont and Dr Jasper Rees) are not eligible for Board fees.

For the disclosure of Board fees and other related expenses, please refer to Note 23 - Related Party Transactions of the Audited Annual Financial Statements.

5.8 Board Induction and Development

Induction of the new Board appointed effective 1 September 2015 took place in two phases, the first on 13 October 2015 and the second on 4 December 2015.

With a view to the ongoing development of its members, the Board approved the Board Development Plan in May 2015, the implementation of which was facilitated by the Company Secretary. The ongoing development includes the renewal of the Board's membership of the Institute of Directors for Southern Africa (IoDSA) which ensures that Board members receive regular updates on legislative and governance-related topics.

5.9 Board Evaluation

The Board evaluation for the 2014/15 financial year could not be concluded due to unforeseen circumstances, including the timing in the expiry of the previous Board's term of office. However, based on the review of the implementation of the Board's and Board Committees' Annual WorkPlans for 2014/15, the Board and all its Committees had performed very well.

6. GOVERNANCE OF RISK AND ICT

As per governance best practice, the Board plays a key oversight role in the governance of risk and ICT. It is assisted in this role by the Audit and Risk Committee and other operational structures such as the Risk Management Committee which is chaired by the SAWS CEO and the ICT Steering Committee which is chaired by the General Manager Operations.

Risk Management and ICT Reports were standing agenda items at all ARC and Board meetings.

At an operational level, the Executive Committee, the Risk Management Committee and the ICT Steering Committee were responsible for the oversight of their respective areas to ensure that all ICT and risk management related matters were attended to and managed effectively.

6.1 Governance of Risk

During the period under review, SAWS adopted an Enterprise-wide Risk Management (ERM) model in order to enhance the alignment of strategy, processes, people and information technology.

The annual review of the SAWS risk profile that was conducted in April 2015 culminated in a review of the Strategic Risk Register which formed the basis for the development of a risk-based Internal Audit Plan and Divisional Risk Plans. The Strategic Risks were included in the review of the SAWS Strategic and Annual Performance Plans.

The SAWS risk profile review was also followed by a determination of risk appetite.

With a view to enhancing the effectiveness of risk management efforts, all risk management programmes, including business continuity management and total quality management elements, are integrated into the SAWS Risk Management Policy and Risk Management Plan.

6.2 Governance of ICT

ICT is a pivotal component of the SAWS value chain as it supports and enables mission-critical business processes. Any failure in terms of ICT governance and management could result in SAWS being so significantly exposed that the organisation is unable to meet its strategic objectives and fulfil its stakeholder obligations. Good Corporate Governance of ICT (CGICT) practice is therefore critical to the successful functioning of this aspect of the organisation.

The Board actively monitors CGICT through the following governance structures:

- Audit and Risk Committee
- Strategic Programmes Committee
- Executive Committee
- ICT Steering Committee

The SAWS ICT Governance framework developed in 2012 was reviewed during the period under review and aligned with the Public Sector Corporate Governance of ICT Policy Framework. This exercise culminated in the development of a SAWS-Specific CGICT Policy and Charter.

In addition to the above, SAWS Management monitors the implementation of AGSA recommendations, reporting to the Board on a quarterly basis.

7. INTERNAL CONTROL UNIT

Through the Finance and Supply Chain Management Departments, the Office of the Chief Financial Officer ensures that internal control processes and systems are in place. This is complemented by the Quality Management Unit which ensures that processes and systems are in place in terms of compliance with ISO 9001 requirements.

Management reviews the findings of all audits conducted by relevant bodies in order to take corrective measures and enhance existing controls which in turn improves efficiencies.

8. INTERNAL AND EXTERNAL AUDIT

During the period under review, the internal audit function was outsourced to an independent firm, PricewaterhouseCoopers, while the external audit was conducted by the Auditor-General. Both the Internal and External Auditors had a Board-approved Audit Plan or Strategy.

The internal audit assists in the identification and assessment of significant organisational risks and gives the Board and the ARC the assurance that internal financial controls and systems are effective and in line with the approved Internal Audit Plan. The Board monitored progress in the implementation of the Internal Audit Plan by reviewing all reports made at ARC meetings.

The external auditors are responsible for independently auditing and reporting on SAWS' financial statements, in accordance with auditing standards and in line with the External Audit Strategy.

9. LEGISLATIVE AND REGULATORY COMPLIANCE

Monitoring of compliance with regulations is ongoing, with quarterly reporting to the Board through the Audit and Risk Committee. During the period under the review, there were no instances of non compliance. The results of a legal compliance audit initiated in the 3rd quarter of the 2015/16 financial year will be made available to Management and the Board following analysis of the findings.

10. FRAUD AND CORRUPTION MANAGEMENT

Governance frameworks are in place for the management and minimisation of potential risk in this regard, inter alia, the Fraud Prevention Policy, the Risk Management Policy and the Code of Conduct and Ethics Policy. These policies govern the role and responsibilities of the Board and various staff categories with respect to fraud prevention, risk management and ethical conduct in general. Fraudulent activities can be reported through internal mechanisms as contained in the Fraud Prevention Policy as well as through the national anti-corruption hotline 0800 701 701.

A few allegations of fraud were brought to the attention of the Board during the period under review, some by anonymous concerned employees and some through the Office of the Minister.

In March 2016, the Minister commissioned an investigation into allegations reported via the presidential hotline in the last quarter of the financial year. The investigation is still underway.

Reports of fraud by concerned SAWS employees were addressed to the Office of the Public Protector during the 3rd quarter of the year under review and it was confirmed in November 2015 that the allegations had been assigned for investigation. The outcome of the investigation is still awaited.

Other concerns were and continue to be addressed through internal mechanisms and structures.

11. CODE OF CONDUCT

The SAWS Code of Conduct and Ethics Policy includes a fraud prevention and ethics hotline that can be used by SAWS employees and stakeholders to report fraudulent activities and unethical conduct.

12. MINIMISING CONFLICT OF INTEREST

Potential conflict of interest is managed throughout SAWS through various mechanisms. Members of the Board and SAWS employees are required to sign a Declaration of Interest upon appointment and at the beginning of each financial year.

Conflict of interest in terms of matters on the meeting agenda is also declared at all Board and Board Committee meetings. Meeting attendees are also required to declare whether they are aware of any fraudulent activities or allegations of fraud. Such reporting can also be done anonymously through mechanisms outside the meetings, including the national anti-corruption hotline.

12.1 Minimising Conflict of Interest in Supply Chain Management (SCM)

SAWS maintains a fair, equitable, transparent, competitive and cost-effective procurement and provisioning system in accordance with the PFMA, Treasury Regulation 16A and other applicable legislative frameworks.

The risk of conflict of interest in supply chain management is minimised through the training and development of SCM officials in order that they stay abreast of latest developments and best practice. In addition, the procurement of goods and services takes place by way of quotations or through a bidding process as determined by the National Treasury.

Bidding Procedures

The SAWS SCM system provides for the establishment, composition and functioning of bid specification, evaluation and adjudication committees. Bidding documentation is in accordance with the relevant prescripts, duties and responsibilities are appropriately apportioned across the SCM process, and declaration of interest registers are circulated at relevant committee meetings. A Compliance Officer also attends SCM meetings for monitoring purposes.

Compliance with Ethical Standards

All SCM officials are required to comply with the highest ethical standards as contained in the National Treasury's Code of Conduct for Supply Chain Management Practitioners. This is important for the promotion of mutual trust and respect and creating an environment where business can be conducted with integrity and in a fair and reasonable manner.

Supply chain management officials and other role players

a) must recognise and disclose any conflict of interest that may arise;
b) must treat all suppliers and potential suppliers equitably;
c) may not use their position for private gain or to improperly benefit another person;
d) must ensure that they do not compromise the credibility or integrity of the supply chain management system through the acceptance of gifts or hospitality or any other act;
e) must be scrupulous in their use of public property; and
f) must assist the Accounting Authority in combating corruption and fraud in the supply chain management system.

Should a SCM official or other role player, or any close family member, partner or associate of such official or other role player, have any private or business interest in any contract to be awarded, they are required to disclose that interest and withdraw from participating in any manner whatsoever in the process relating to that contract.

An official who becomes aware of a breach of or failure to comply with any aspect of the supply chain management system must immediately report the breach or failure to the Accounting Authority or delegated official in writing.

Managing Abuse of the Supply Chain Management System

The Accounting Authority or delegated officials take all reasonable steps to prevent abuse of the supply chain management system. Any allegation of corruption, improper conduct or failure to comply with SCM system regulations is investigated and appropriate steps are taken as necessary against the relevant official or other role player.

Prior to the awarding of any contract, the National Treasury's database is checked to ensure that a recommended bidder or any of its directors are not listed as companies or persons prohibited from doing business with the public sector.

Bids may not be accepted from suppliers who cannot provide written proof from the South African Revenue Service that they have no outstanding tax obligations or have made arrangements to meet outstanding tax obligations.

Internal Audit

SAWS' Internal Auditors audit and report to the Accounting Authority on the internal controls within the organisation.

13. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

In keeping with its Strategic Goal No. 5 which relates to strategy-driven human capital as well as good governance, SAWS continuously strives to implement health and safety practices that promote a safe and healthy working environment whilst also complying with the regulations and standards of the Occupational Health and Safety Act, 1993 (No. 85 of 1993) ("the OHSA").

During the period under review, SAWS continued to regularly consult with its employees in order to meet the legal requirements of the OHSA and section 24 of the Constitution of the Republic of South Africa, 1996 (No. 108 of 1996), which proclaims that "everyone has the right to an environment that is not harmful to their health and well-being".

SAWS has an occupational health programme in place for the prevention and mitigation of all occupational health risks.

13.1 Responsibility for Occupational Health and Safety (OHS)

The OHSA dictates that the CEO is ultimately responsible for the health and safety of employees at SAWS. In accordance with Section 16.2 of the OHSA, the CEO has delegated this responsibility to Human Capital Management where the OHS Committee has the duty of providing and maintaining, as far as reasonably practicable, a safe and healthy environment for employees, visitors and clients.

SAWS health and safety representatives regularly represent employees on health and safety related matters, and SAWS has trained in-house fire and evacuation marshals and first aiders. Team meetings are held regularly to share experiences and/or health and safety information.

Injury on Duty

Health and safety did not emerge as a major risk for SAWS in the period under review and there were no reports of disabling injury or fatality on duty.

The only reported OHS-related incidents were a veld fire at the Irene Weather Office which resulted in damage to electrical wiring on the perimeter fence and an instance of a person falling on a slippery floor. Corrective and preventive measures were put in place following the reported incidents.

OHS Risk and Mitigation

The SAWS fire marshals, first aiders and health and safety representatives submit monthly OHS reports. All SAWS office environments are carefully and continuously monitored for any potential hazards, and if any are identified, they are reported, investigated and addressed through corrective action.

To further equip the SAWS Management and health and safety representatives, legal liability training with an emphasis on OHS was provided during the period under review. In addition, safety bibs were issued to the evacuation marshals.

14. COMPANY SECRETARY

The Board is supported by the Company Secretary in ensuring the existence and effective functioning of appropriate Board governance structures that are in line with corporate governance best practice.

The responsibilities of the Company Secretary are inter alia

a) Ensuring Board compliance with all applicable legislative and governance frameworks.
b) Providing procedural guidance to the various Board structures in the execution of their duties.
c) Facilitating the development and implementation of the Board Development Plan.

d) Coordinating and attending Board and Committee meetings and Strategic Sessions.

e) Facilitating the Board evaluation process.

f) Acting as custodian of statutory records.

g) Serving as point of contact between SAWS and the Portfolio Committee, between SAWS and the Shareholder (Ministry and DEA), and between the Board and SAWS Management and staff.

h) Managing resources allocated to the Board and the Secretariat.

i) Assuming the role of Chief Risk Officer in the coordination of SAWS risk management processes.

The Board Charter also makes provision for the Board to seek paid independent professional advice on OHS matters should this be deemed necessary.

Note: SAWS is not subject to the Companies Act, 2008 (No. 71 of 2008), and the reports and returns required in terms of this Act are not applicable to SAWS. However, all reports and returns required by the PFMA and Treasury Regulations were submitted to the relevant authorities during the period under review.

15. SOCIAL RESPONSIBILITY

SAWS is committed to the socio-economic development of South Africa and the southern African region. The Organisation strives to be a good corporate citizen through complying with the relevant regulatory framework, investing in people, conducting business ethically and being environmentally and socially sensitive. Employees are encouraged to participate and invest in social investment programmes and initiatives that could have a positive impact on the environment, consumers, employees, communities and all members of the public who could be considered SAWS stakeholders.

SAWS adopts a holistic approach to the empowerment of communities and all corporate social investment (CSI) programmes are aligned with national priorities focusing on contributions to education and related initiatives. As part of its operations, SAWS also provides opportunities for the development of sustainable economic viability in communities.

During the period under review, SAWS' participation in community projects, severe weather campaigns and school outreach programmes, partnerships with provincial Disaster Management Centres and engagements with other stakeholders were all aimed at moving the country towards becoming a WeatherSMART nation.

SAWS' CSI initiatives are also in line with its mandate to provide public good services. These are discussed in more detail under "Effective Stakeholder Relationship Management" in Part B of this report.

16. AUDIT AND RISK COMMITTEE REPORT

The Report of the Audit and Risk Committee is included in Part E of this report.

17. ENVIRONMENTAL SUSTAINABILITY REPORT

SAWS continued to commit towards sustainable development during the year under review.

Green ICT

Centralised Printing

The introduction of centrally controlled printing facilities led to a significant and quantifiable decrease in the number of documents printed by SAWS. To further optimise the benefits of centralisation, a number of technologies and practices were implemented during the period under review, such as document management systems and electronic approvals.

Videoconferencing

During the period under review, the use of SAWS' in-house videoconferencing facilities helped to reduce the number of local and international trips required for internal and external engagements, and thereby also carbon emissions.

Virtualisation

Since 2010, SAWS had been consolidating its server hardware through the use of virtualisation technologies. Storage virtualisation makes it possible for systems to access shared storage facilities. This has helped SAWS reduce the number of storage devices needed as well as the associated energy requirements and heat produced by servers.

Climate change and variability programme

Wind Atlas Project of South Africa (WASA)

The Wind Atlas Project of South Africa (WASA) is a joint effort between SAWS, the CSIR, the University of Cape Town and the Technical University of Denmark (DTU), with

the South African National Energy Development Institute as the executing partner. In the year under review, Phase 2 of this project commenced, covering the remainder of the Eastern Cape not included in Phase 1, KwaZulu-Natal, Free State and some western and south-western parts of the Northern Cape.

SAWS is the leading partner in Work Package 5 of the project. This work package deals with the development of extreme wind statistics, which are essential for the planning of wind farms. The other partner in Work Package 5 is DTU, which is mainly concerned with the modelling of the extreme wind statistics from reanalysis and meso-scale model data.

Accurate extreme wind statistics are important for the design of a safe and economic built environment. The work of WASA feed into the recent revision of the South African Wind Loading Code for engineers (SANS 10160-3:2011), which will also include a reassessment of design wind speed statistics. The way forward in this regard is to provide extreme wind statistics for every local municipality, which have already been developed in partnership with the CSIR and the University of Stellenbosch.

Wind farms are planned for areas with relatively strong and sustained winds, with wind turbines classed according to their suitability for different wind conditions. The regional extreme wind climate (REWC) statistics are used during the construction and design phase to make assumptions about the local strong wind climate that the wind turbines will be exposed to, with the local environment and topography as additional input. The correct turbine class, according to the relevant ISO standards, can then be selected for the wind farm site. This work is vital for climate change mitigation as wind energy is, with sunshine, the most viable alternative options in SA's energy mix.

Developing early warning systems Severe Weather Warning System (SWWS) and Severe Weather Forecasting Demonstration Programme (SWFDP) for SADC

Climate change brings about an increase in the severity and magnitude of severe weather hazards according to the WMO. Adaptation to climate change therefore includes the improvement of early warning systems against severe weather hazards and their consequences to people and their livelihoods. SAWS maintained its severe weather warning service through its partnership with disaster management structures countrywide.

Global Framework for Climate Services (GFCS)

The NFCS Project Management team (SAWS and DEA) finalised the National Framework for Climate Services for South Africa and completed an Information Management Plan and landscape document during the period under review. The NFCS Implementation Plan will enable the implementation of targets in the new financial year.

ICAO's Global Aviation Dialogue (GLAD) on market-based measures to address climate change

The International Civil Aviation Organizsation (ICAO) requires of member states to provide information on their measures to reduce Carbon Dioxide (CO_2) emissions. Although Aviation is contributing only 2% of global CO_2 emissions, the aim is to cut CO_2 emissions by half by 2020.

Considerable effort was put into reducing aviation's impact on the climate. Aviation deals with disruptive weather on a regular basis and these events are likely to become more extreme and more frequent as we experience the impacts of climate change. As an aeronautical meteorological provider, SAWS ensured the resilience of its infrastructure and the provision of safe, reliable operations and passenger services in a changing climate.

Observation Infrastructure

SAWS introduced technologies which use lower power consumption to be more efficient. This included weather stations that were run on solar power and the use of wind power generators in certain areas.

PART D

HUMAN RESOURCE MANAGEMENT

OVERVIEW OF HR MATTERS AT THE SAWS IN 2015/16

Integral to SAWS Strategic Plan is the understanding that if the organisation is to meet its strategic goals and fulfil its mandate, it must be well resourced with talented, skilled, energised and passionate employees. To this end, it is a key focus of Human Capital Management at SAWS to build lasting, healthy and rewarding relationships with all employees.

In essence, the aim of Human Capital Management is to successfully manage the "people" aspect of SAWS' medium to long-term goals, by ensuring that employees:

- Have the skills sets needed to drive SAWS' strategic objectives;
- Show the right attitude and behaviour, and
- Are capacitated in line with their career paths.

SET HR PRIORITIES FOR 2015/16 AND THEIR IMPACT

Key strategic priorities that were identified for the period under review in line with SAWS' overall strategy were as follows

a) Ensuring the availability of strategy-driven human capital with the skills required for SAWS to fulfil its mandate.
b) Retaining scarce and critical requisite skills.
c) Conducting a leadership development programme.
d) Managing organisational transformation in line with national imperatives.
e) Developing capacity for the organisation, the country and the world.
f) Building sustainable employee relationships.
g) Implementing a succession plan.

Notwithstanding a number of challenges such as resource limitations and constraining external regulatory factors, SAWS has managed to deliver on its strategic goals and its mandate. This would not have been possible without the commitment of people who met their performance targets despite the challenges. In particular, SAWS was able to achieve at least 80% of the targets set in terms of Strategic Goal No. 5.

The shortage of scientists in South Africa and international competitiveness in a limited talent pool continue to pose a major risk for SAWS.

WORKFORCE PLANNING FRAMEWORK & KEY STRATEGIES TO ATTRACT AND RETAIN SKILLED CAPABLE WORKFORCE

Recruitment

Attracting top talent remained a key driver of the human capital agenda in 2015/16 and significant progress was made in attracting and promoting African talent as compared to the previous financial year. This achievement should not be underestimated given the organisation's resource constraints as clearly delineated in the ICT Master Plan and the SETI Review which analyse the capacity of the organisation to optimally deliver on its mandate. Great strides were made in terms of executive and middle management appointments during the year under review through a blend of external appointments and internal promotions to ensure a well-balanced management team.

The scarcity of scientists in South Africa remains a national crisis that negatively impacts on efforts to make appointments in line with employment equity targets and often results in the recruitment of foreign nationals in order to acquire the requisite skills sets. The plan is to encourage the transfer of skills to young scientists through further development of the SAWS Coaching and Mentorship Framework.

Workforce Demographics

The gender distribution within the SAWS workforce remained stable in the period under review, with 60.09% male and 39.91% female employees at the end of the financial year. The total workforce increased marginally by 4.46% year-on-year. As at 31 March 2016, the organisation had 401 permanent employees, five non-permanent employees and 20 interns.

Employment Equity

SAWS is fully committed to transformation and reflecting the natural demographics of the South African society in its workforce. Efforts to attain employment equity are not only seen as a contribution to fundamental social change but also as support for the achievement of SAWS' strategic goals and objectives through broadening the available skills base.

While the Employment Equity Act, 1998 (No. 55 of 1998) sets out fundamental compliance principles, SAWS

recognises that the future of the organisation depends on all employees accepting employment equity initiatives as being both necessary and socially responsible.

SAWS made good progress in achieving employment equity targets during 2015/16, particularly in terms of empowering women at management level and in core business functions, and the achievement of targets, particularly for Africans, women and people with disabilities, will continue to be a priority going forward. SAWS is in the process of developing its Three-Year Employment Equity Plan for the period October 2016 to September 2019, and primary focus areas will be the placement of women in management positions, the placement of people with disabilities and Africans.

In the year under review, a Disability Audit of the current SAWS premises in Pretoria was conducted to determine which forms of disability can reasonably be accommodated, given that SAWS does not own the building. Certain of the audit findings were communicated to the landlord and recommendations were implemented. A sensitisation workshop on Disability will be conducted in the first quarter of 2016/17 for all employee levels.

Retention and Succession Planning

The implementation of the SAWS Attraction and Retention Programmes provided the foundation for the integration of all programmes into the Skills Transfer Programme, thus facilitating the implementation of the Succession Plan while simultaneously expanding the skills pool and reducing the scarce and critical skills gaps.

SAWS achieved very satisfactory employee retention, particularly in the areas with critical and scarce skills, exceeding the 92% target for the 2015/16 financial year.

It should be noted that the reasons for termination reasons were varied and included employees seeking better prospects, retirement, ill-health and expiry of contracts.

Skills Development

In the year under review, SAWS continued to prioritise the development and retention of skills within the organisation and the field of science in general with a view to fulfilling the SAWS mandate, remaining competitive as an employer in the scientific field, and helping to meet the skills needs of the country, specifically in the weather and climate arena.

Efforts to engender an enabling learning culture in the organisation continued as a way of supporting employees in developing and reaching their full potential. This was achieved through various cross-functional collaborations, for example with external stakeholders, so as to include a diversity of experience, knowledge and competencies in the sphere of weather and climate.

With SAWS' direction towards being innovative, its human capital is the primary source for organisational innovation and renewal, and human capital development has the potential to address effectiveness and efficiency issues within SAWS and increase productivity. The over-riding priorities for the organisation are to increase skills to improve productivity and efficiency of SAWS, as well as remain competitive within the market.

In the year under review, SAWS spent R1 459 491 on learning activities, the majority of which focused on historically disadvantaged groups. Since this equates to 1.0% of leviable payroll spend, SAWS successfully met the target as regulated.

Internships

In the 2015/16 financial year, SAWS partnered with the Transport Sectors Education and Training Authority (TETA) to offer learnerships to previously disadvantaged school leavers and unemployed graduates. In this period, 14 SAWS internships were offered through TETA programmes.

Learnerships and Bursaries

In the year under review, six learners were given the opportunity to obtain forecasting skills through working at SAWS. All six were subsequently appointed as forecasters. In addition to this, nine bursaries were offered for the Weather Observer Certificate. As at end March 2016, 17 of the bursars qualified to be retained, with the remainder still needing to meet the set requirements.

Graduate Programme

SAWS once again ran its annual graduate programme which caters for the development of skills of university graduates in the fields of meteorology and climate. A total of 29 graduates were supported, of which 17 completed the programme in 2015. Altogether, 65% of the 2015 graduate intake was retained.

Leadership Development

With a view to offering opportunities for growth and developing leadership skills in the SAWS staff complement, SAWS partnered with the University of Pretoria's GIBS Business School to offer a Leadership Programme for Executive Management which will be done in phases and also reach senior, middle and junior management.

Career Exhibitions

As the critical shortage of skills in the science sphere and particularly in the field of weather and climate, showed no sign of abating, SAWS continued in its efforts to empower communities and address the challenge at its foundation by exposing children to opportunities in the field of science and promoting science as a career of choice. During the period under review, SAWS participated in no less than 11 career exhibitions across the country, reaching a potential 5,000 students in mainly rural communities. More information is contained under Effective Stakeholder Relations Management in Part B of this report.

Collaborations with Stakeholders

Over the past year, SAWS continued to collaborate with influential stakeholders in terms of weather and climate-related capacity building. A highlight in this regard was the signing of a three year Memorandum of Agreement with the University of the Witwatersrand.

Education and Training

During the year under review, the training budget was mainly used for training as per personal development plan, core functions as well as leadership development programme as detailed in table 1 below.

Table 1: Education and Training

CORE BUSINESS TRAINING	SUPPORT RELATED TRAINING	LEADERSHIP DEVELOPMENT PROGRAMME	COMPLIANCE RELATED	COMMERCIAL RELATED TRAINING
• Working at Heights • Integrated Programme • Assessor Course • Dump Data • Ozone Training • Methods and Tools for Operational Forecasting in the Region of Responsibility Cape Town Weather Office. • MSc related course • Air Conditioning and Refrigeration Technology 1 • Development with 32 –bit MCU Practical Training • Weiss Training • Pentaho BI Enterprise Suite Training • Assistance Envi Viewer Data Logging System • ITIL Foundation • Short course in GIS intermediate • ArcGIS Advanced GIS	• Coaching and Mentoring • Negotiation Skills • Redesign Your Life and Career Workshop • Microsoft Word and Advanced Excel • Report Writing • Advanced Office Management & Administration • IPM Workshop (Human Resource) • Effective Managing Account Receivable and Debt Recovery	• Executive Leadership • Building IQ • Leading in Conversation • Mobilizing Strategy and Culture • Negotiating with Impact	• Legal Liability Training • Fire Fighting • Skills Audit Programme • First Aid Level 1 • SHE Representative • Total Quality Management Programme • Business Continuity DR Training • Collective Bargaining • Introduction to SAMTRAC • National Public Sector Supply Chain Process Audit Convention	• Leading in with Insight • Discovery Sales Effectiveness • Project Management

Regional Training Centre

The primary mandate of the RTC is to educate and train or assist in the education and training of meteorologists and meteorological technicians in collaboration with Universities. As a WMO-accredited training centre for SADC and beyond, the RTC was audited and re-accredited for the next five years. In terms of the WMO, the RTC offers formal longer term courses, short courses or workshops and distance learning among other international activities.

International Civil Aviation Organization (ICAO) Requirements

ICAO regulates the compliance of countries with flight safety standards and prescribes the aviation competencies and quality systems that are required. SAWS committed to achieving the prescribing ICAO competencies. This resulted in a competency improvement of 20% in the year under review, with 97% of SAWS Aviation Forecasters and 93.7% of Aviation Meteorological Technicians being certified competent to ICAO standards. The assessment of employees in other aviation-related positions continued.

Training Institution Requirements

During the period under review, all TETA-accredited training institutions (of which SAWS is one) were audited and re-accredited until 2020.

With the SAQA-accredited National Certificate Weather Observation Qualification due for re-registration, the TETA advised that the Unit Standard Model of the Qualification was being changed over to a modular format. The SAWS Regional Training Centre therefore engaged with the TETA and the Quality Council for Trades and Occupations (QCTO) with a view to developing the Meteorological Technician qualification. This involved attendance at monthly TETA-sponsored scoping workshops on the qualification and publishing the proposal for public comment. All comments received were addressed.

International Collaborations

During the period under review, a new course on using gridded satellite data for climatological research was offered for African Climatologists. The course was supported by EUMETSAT and the German Weather Service. Eight South Africans and 13 climatologists from elsewhere in Africa were trained.

The yearly international METEOSAT Second Generation satellite workshop took place from 29 February to 4 March 2016. In order to be invited onto this course, participants had to pass complete a pre-online course satisfactorily. Eight SADC representatives attended.

The Conceptual Model, part II of the Satellite Book, was developed and referred for specialist comments. South Africa developed a conceptual model for colds fronts in South Africa.

The WMO is in the process of updating the International Cloud Atlas – Manual on the Observation of Clouds and other Meteors (WMO-No. 407, Volume I and II). The international Cloud Atlas is the international standard for the classification of cloud types used by all meteorologists and aviation users worldwide, but was last updated in 1975 (Part I) and 1987 (Part II) and is also currently only available in hard copy. This led to numerous alternative cloud atlases emerging in digital form and thus, in order for the WMO ICA to retain its role as the global standard for cloud observation, a WMO Commission for Instruments and Methods of Observation (CIMO) Task Team was formed to deliberate on the amendments and enhancements to be effected. The third session of this Task Team (of which a SAWS employee is a member) was hosted by the Regional Training Centre from 21 to 25 September 2015.

In terms of the Newton Fund Work package 3, RTC trainers received “train the trainer” sessions during the year under review. The Numerical Weather Prediction training aimed to address the new 4km resolution of the Unified Model and the changes those would bring to how students and operational forecasters are to be trained, was particularly beneficial. The UKMO also benefitted from the training due to their own shortage of skills in meteorological Instrumentation and tropical weather.

Since 1997, the National Centre for Atmospheric Research (NCAR) began a working programme with the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) where computer aided learning modules focused on African weather phenomenon are created using satellite meteorological with computer aided learning. Known as the African Satellite Meteorology Education and Training (ASMET), trainers from the Regional Training Centre have been actively involved in the ASMET 2-7 programmes. The ASMET 8 project,

started in June 2014 and is now complete, and being programmed for publication by COMET. This module was published on the COMET (MedEd) websites. Lee-ann Simpson and Lithakazi Mkatshwa, trainers of the RTC, were the authors.

Four Mozambican forecasters were trained on aviation forecasting competencies and severe weather warnings during October 2015, and two Oman forecasters were trained in marine forecasting during November 2015.

National Education Plan

In response to South Africa's National Development Plan, SAWS developed a National Education Plan which aims to assist in the development of the relevant weather and climate-related skills required for the implementation of some of the key priorities of the country by 2030 as well as the continuous achievement of SAWS mandate. The plan is projected for a 15 year implementation period and is divided into three phases and its success will be dependent on the availability of financial resources.

Phase 1 of the plan is the engagement of key strategic stakeholders that will play a crucial role in the implementation of the plan. Discussions are underway with the Department of Higher Education and Training (DHET) whose relevance is on the development of the occupations that are in demand and are a priority for the country as well as with TETA SETA specifically for the inclusion of Air Quality related skills that are also in demand. Through negotiations the occupation Meteorology and it different components and the air quality has been listed on the occupations of high demand. The Agrometeorology occupation is yet to be listed in the Organising Framework for Occupations (OFO) codes, and has been referred to the Agricultural Research Council and the Department of Higher Education and Training to get this occupation listed in the OFO codes. A meeting will be held with the Department of Higher Education and Training as well as the different Universities. The group leaders of the different occupations has been invited to the meeting.

Discussions are underway with the University of the Witwatersrand to create a Climate course that is aligned to the WMO draft competencies for Climate.

Graduation Ceremony

The 2015 official long term courses concluded with a graduation ceremony in November 2015. Five Forecasting learners and eight Meteorological Technician learners graduated. An additional Forecasting learner and Meteorological Technician learner respectively obtained their certificates in January 2016.

Community Media Course Understanding Forecasting Terminology

A media course entitled "Understanding Forecasting Terminology" was developed on behalf of the SAWS Corporate Communications department and offered to community media in June 2015. An expanded version was presented in September 2015.

Library Services

SAWS employees were kept up to date on the latest publications received at the SAWS library and encouraged to read beyond their scope of expertise. In the presentation on indigenous meteorological knowledge compiled by Corporate Affairs for Heritage Month in September 2015, staff were encouraged to make use of the SAWS library in order to read more about the topic.

As part of SAWS' staff awareness campaign, regular intranet post updates included subjects such as the newspaper article index, electronic databases and portals, periodicals list, SAWS staff in publication and SAWS data acknowledged.

With the assistance of the intern assigned to the RTC, work continued on the digital capturing of various SAWS publications. The library's online catalogue software was updated also with the latest software.

Training for library users was provided on an ad hoc basis and as part of the SAWS staff orientation programme. A Library Orientation and Information Access course was also offered to BSc Meteorology Honours students and Forecasting Meteorological Technician learners.

Library Week in March 2016, with the theme #libraries4lifelonglearning, was used as a further opportunity to inform SAWS staff of the information and services available through the library.

PERFORMANCE MANAGEMENT

SAWS aims to achieve its strategic objectives through the effective management of employee performance and to this end an enhanced performance management approach was introduced with the purpose of ensuring that employee performance is consistently monitored and fairly reviewed. Apart from engendering a culture of high performance within SAWS, as a management tool performance management is aimed at empowering employees to have a greater understanding of what is expected of them and have a say in their personal career progression.

SAWS has a well-embedded and standardised process for the setting of performance objectives and the evaluation of performance. Formal performance reviews are conducted twice a year in April and July. Year-end performance ratings are also an important input in terms of decisions regarding performance bonuses and salary adjustments at senior and executive management level.

The SAWS Performance Management System comprises five phases, namely planning, monitoring, reviewing, moderation and rewarding.

Employee coaching and development is an ongoing process within the organisation and employees receive regular feedback on their performance.

EMPLOYEE WELLNESS PROGRAMME

Employee Assistance Programme (EAP)

The EAP is a counselling benefit for SAWS employees that has proven to be successful in reducing absenteeism, healthcare costs and accidents on the job while also increasing employee morale, job performance, and quality of life and work environment. Employees are referred to professionals for therapy as and when necessary.

In the year under review, one employee was referred for assistance under the EAP, with positive results.

Employee Fitness Programme

During the year under review, the SAWS "Weather Boys" football club played friendly matches against private companies and various Government entities such as the National Treasury, the Department of Basic Education, SARS, ARMSCOR, StatsSA and CSIR.

The "Weather Boys" also participated in the Childhood Cancer Foundation (CHOC) tournament for the second year running.

Employee Financial Wellness

Given the holistic approach that SAWS takes to employee wellness, financial wellness is an important part of the organisation's Employee Wellness Programme. Financial challenges have a psychological and even physical impact, resulting in decreased productivity in the form of absenteeism.

SAWS held a Financial Wellness Day in April 2015 in conjunction with Old Mutual (one of SAWS' pension administrators) and other service providers. An Old Mutual representative gave a talk on financial wellness with a view to educating employees on responsible

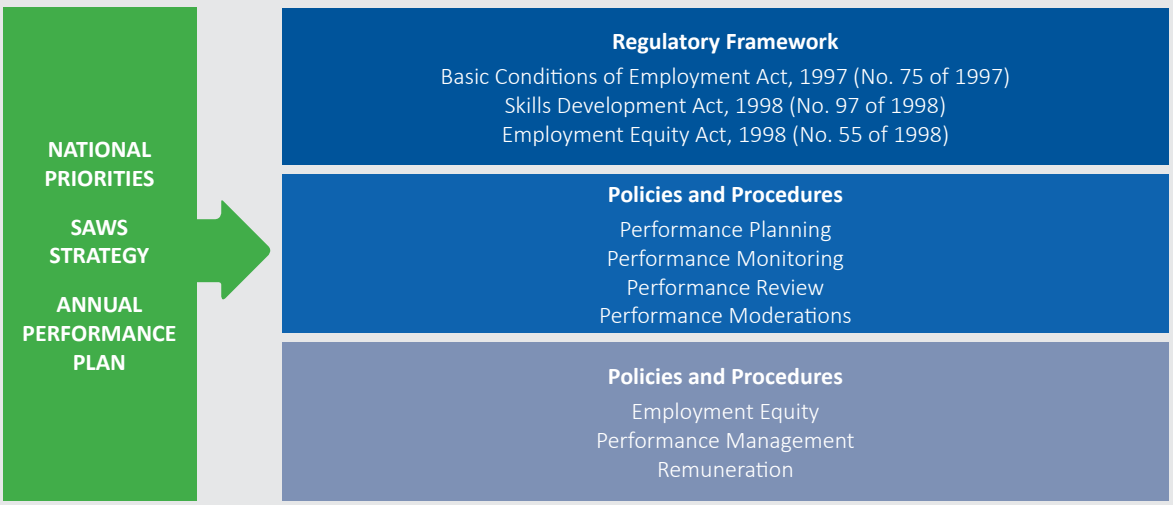

Figure 1 Performance Management Framework

financial behaviour and equipping them with money management knowledge and tools. South Africa's major banking institutions (ABSA, First National Bank, Nedbank, Standard Bank and Capitec) were also invited to showcase their products and services.

The Financial Wellness Day was clearly a success as evidenced by the follow up meetings that took place between employees and banking institution representatives for further assistance in terms of banking and financial wellness requirements.

SAWS Annual Wellness Day

The SAWS Annual Wellness Day is aimed at building awareness and supporting employees on their journey towards total wellness. In the year under review, Wellness Day was scheduled so as to coincide with World Aids Day on 1 December. One of the highlights was a medical survey conducted by Occupational Health Practitioners to assess adverse health effects and determine the effectiveness of exposure prevention strategies. A talk was given on gender violence and how it relates to HIV & AIDS, and service providers in the form of Bonitas, Medihelp and Discovery offered voluntary HIV counselling and testing.

POLICY DEVELOPMENT

SAWS aims to ensure that all its Human Capital Management policies are aligned to the strategic goals of the organisation as were as the relevant guiding regulatory framework. For 2015/16 financial year, the following policies were reviewed and approved by the Board

- Performance Management policy; and
- Sexual Harassment.

EMPLOYEE RELATIONS

Employee Engagement

SAWS aspires to becoming an employer of choice and fostering healthy and mutually beneficial employee relationships is fundamental to realising this ambition.

In 2014/15 financial year, the Employee Perception Survey was conducted. The aim of the survey was to gauge employee engagement levels and perceptions about their work environment. The results indicated that SAWS employees could be described as happy, engaged and interested in the work they did. While the survey results indicated no areas in which people were very unhappy, the five dimensions that received the lowest ratings were Learning and Development, Change and Innovation, Organisational Leadership and Decision-making, Rewards and Recognition and Communication.

In the year under review, 2015/16 salary negotiations resulted in a labour dispute which brought into sharp focus the complexity of the relationships between employees, labour unions and Management as well as the scale of consequences and challenges when these relationships break down. The process resulted in damaged relations

SAWS conducted a financial wellness day in April 2015 to equip employees with money management skills.

Table 2: Union Membership

OCCUPATIONAL LEVEL	NEHAWU	PAWUSA	PSA	SOLIDARITY	TOTAL
Top Management	0	0	0	0	0
Senior Management	3	0	1	0	4
Middle Management/Professionally Qualified	43	0	25	1	69
Junior Management/Skilled	54	1	31	3	90
Semi-Skilled	32	0	32	2	66
Unskilled	10	0	2	0	12
Total	**143**	**1**	**91**	**5**	**241**
Other	0	0	0	0	185
Grand Total	**143**	**1**	**91**	**6**	**426**

with the labour unions, media reports that were potentially damaging to the SAWS brand, and low staff morale and effectiveness due to the delays in concluding negotiations.

Lessons were learned from this process and SAWS is committed to building better and mutually rewarding relations with its internal stakeholders. An Employee Engagement Plan with planned activities for the year was developed and communicated to the Board, Management and labour unions. Employees were encouraged to participate in the planned activities and invited to make inputs into SAWS' "people"-related programmes.

As an organisation, SAWS strives to create the framework for a stable working environment that fosters good relations between employees and management. A relationship building exercise involving the CCMA was scheduled for all Bargaining Forum members early in the 2016/17 financial year, and further activities discussed with labour unions will also be implemented going forward.

Through continuous employee engagement, SAWS aims to achieve

a) Healthy employee relations;
b) Retention of core competencies;
c) Effective employees;
d) A high performance culture; and
e) A culture of openness.

Union Membership

SAWS is affiliated with four recognised organised labour unions, namely the National Education, Health and Allied Workers' Union (NEHAWU), the Public Servants Association of South Africa (PSA), Solidarity, and the Public Allied Workers Union of South Africa (PAWUSA). Two of these organised labour unions (NEHAWU and PSA) have collective rights as a result of majority representation. In the period under review, 56.6% of SAWS employees were union members, as detailed in table 2 above.

HIGHLIGHT ACHIEVEMENTS FOR 2015/16

Notwithstanding the financial and human capital resources constraints, SAWS has achieved the following under the "people pillar";

a) Empowerment of women in core and managerial positions;
b) Transformed workforce that aspires to reflect the demographics of the country;
c) Retention of scarce and critical skills;
d) Leadership development assessments;
e) Skills audit within the organisation;
f) Training of Forecasters and Meteorological Technicians that meet international standards;
g) Average competency rate of 97% for Aviation competencies; and
h) Absorption of 65% of bursars as SAWS employees.

CHALLENGES FACED – 2015/16

The 2015/16 financial year was an exciting yet challenging period for the organisation.

Salary negotiations brought into sharp focus the complexity of the relationships between the employees, labour unions and Management as well as the scale of consequences and challenges when these relationships

break down. The process result into damaged relations with the labour unions, media reports that were potentially damaging to the SAWS brand, and low staff morale and effectiveness due to the delays in concluding negotiations. The salary adjustment negotiations were finalised through conciliation at the Commission for Conciliation, Mediation and Arbitration (CCMA) on 15 December 2016.

SAWS remains committed to building better and more rewarding relations with all key stakeholders including the employees. Management continues to engage with employees on all issues of concern. To this end an Employee Engagement Plan was developed for the 2016/17 financial year. The competition for talent within the market remains a risk for the organisation given the nature of our business, however, through the development and implementation of various talent management and attraction and retention initiatives, SAWS aims to create an environment that will enhance the level of employee engagement as well as the realization of its ambition of being an employer of choice.

SAWS developed the National Education Plan which seeks to address the scarcity of relevant skills within the country through capacity development of the requisite skills in the area/field of weather and climate. It is anticipated that the plan shall be implemented for a period of 10 years and as such, requires a cash injection of least R500m for its successful implementation. Resource mobilisation for purposes of implementing the plan poses a risk in as far as the set time lines for the implementation of the plan in line with vision 2030 priorities of the country. SAWS continues to engage the key strategic stakeholders for purposes of securing funding for the plan.

FUTURE HR RELATED PLANS

In the interests of promoting a culture of innovation within SAWS, efforts were made to offer relevant training programmes and develop appropriate policies and procedures. Incentives were also introduced such as the "Bright Ideas Forum" which will be implemented in the 2016/17 financial year.

- Implementation of the National Educational plan for weather and climate and use it to seek external funding;
- Leadership Development Programme;
- Dual Career-pathing;
- Development of a 3-year Employment Equity Plan;
- Alignment of SAWS Human Capital Management strategy to SAWS strategic objectives;
- Development and implementation of programmes which seek to promote innovation;
- Alignment of SAWS polices to the HR Policy Framework as mandated by the Minister of DEA;
- Development and implementation of the Rewards and Recognition Strategy; and
- Development of Employee Relations Strategy.

The Annual Employee Awards and Recognition event was held in December 2015.

HUMAN RESOURCE OVERSIGHT STATISTICS

Table 3: Employee Costs – as of 31st March 2016

STRATEGIC GOAL*	TOTAL EXPENDITURE FOR SAWS (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE VERSUS TOTAL EXPENDITURE (%)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Goal 1 and 4 (Operations Division)	202,864	137,793	68%	333	414
Goal 3 (Office of the CEO)	14,294	6,602	46%	10	660
Goal 2 and 4 (Corporate Affairs Division)	10,196	5,178	51%	9	575
Goal 5 (Human Capital Management Division)	30,199	11,074	37%	32	346
Goal 3 (Finance Division)	24,252	12,089	50%	21	576
Goal 3 (Commercial Division)	5,629	2,746	49%	4	687
TOTAL	**287,435**	**175,482**	**61%**	**409**[3]	**429**

* These figures in the above table are based on SAWS Divisions, however they largely contribute to the Strategic Goals, as specified.

Table 4: Employee Costs by Salary Level

OCCUPATIONAL LEVELS	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE VERSUS TOTAL EXPENDITURE (%)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	8,282	5%	5	1,656
Senior Management	23,640	13%	19	1,244
Professional qualified	53,363	30%	93	574
Skilled	51,639	29%	147	351
Semi-skilled	32,105	18%	108	297
Unskilled	6,452	4%	37	174
TOTAL	**175,482**	**100%**	**409**[4]	**429**

Table 5: Performance Bonus

OCCUPATIONAL LEVELS	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE* (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (%)
Top Management	1,527	7,147	0.88%
Senior Management	2,100	23,240	1.21%
Professional qualified	3,724	53,363	2.14%
Skilled	2,135	51,639	1.23%
Semi-skilled	966	32,105	0.56%
Unskilled	103	6,452	0.06%
TOTAL	**10,556**	**173,947**	**6.07%**

* In respect of Eligible Employees

[3] No. excluded interns
[4] No. excluded interns

Table 6: Training Costs

OBJECTIVE*	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AT % OF PERSONNEL COST (%)	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Goal 1 and 4 (Operations)	139,098	1,016	0.73%	192	5
Goal 3 (Office of the CEO and Commercial)	9,422	71	0.75%	7	10
Goal 2 and Goal 4 (Corporate Affairs)	5,240	23	0.43%	5	5
Goal 3 (Finance)	12,194	201	1.65%	24	8
Goal 5 (Human Capital Management)	19,754	149	0.76%	16	9
TOTAL	**185,707**	**1,459**	**0.79%**	244	**6**

* These figures in the above table are based on SAWS Divisions, however they largely contribute to the strategic objectives as specified

Table 7: Employment and Vacancies

PROGRAMME	2014/2015 NO. OF EMPLOYEES	2015/2016 APPROVED POSTS	2015/2016 NO OF EMPLOYEES	2015/2016 VACANCIES	% OF VACANCIES
All offices	407	497	426	71	14,2%

PROGRAMME	2014/2015 NO. OF EMPLOYEES	2015/2016 APPROVED POSTS	2015/2016 NO OF EMPLOYEES	2015/2016 VACANCIES	% OF VACANCIES
Top Management	5	6	5	1	16%
Senior Management	18	18	16	2	11%
Professional qualified	94	121	100	21	17%
Skilled	145	183	150	33	18%
Semi-skilled	111	128	118	10	8%
Unskilled	34	41	37	4	10%
TOTAL	**407**	**497**	**426**	**71**	**14.2%**

Table 8: Reasons for Staff Leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	29	60.4%
Dismissal	0	0%
Discharged	2	4.2%
Retirement	6	12.5%
Ill Health	3	6.3%
End of Contract	8	16.7%
Other	0	0%
TOTAL	**48**	**100%**

* In respect of Eligible Employees

It should be noted that approximately 40% of the terminations during the period were involuntary (retirement, ill-health, discharge, expiry of contracts) while 60% were voluntary. The reasons for voluntary termination of employment ranged from emigration to career advancement and career change.

Employee Relations

In light of SAWS' commitment to providing an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives, it is gratifying to note that in the period under review, few employee related matters were referred to the CCMA, as detailed in table 9 below and two of those cases were referred settled amicably.

Table 9: Employee Relations

DIVISION/PARTY	LITIGATION MATTER	RESOLUTION
LITIGATION		
Support Services	Unfair Dismissal	Matter settled Q3 of 2015/16
CCMA DISPUTE		
Operations	Unfair Labour Practice	Arbitration set for 2016/17
Labour Unions	Salary Adjustments 2015/16	Matter settled Q3 of 2015/16

DIVISION/PARTY	ALLEGATION/S	RESOLUTION
DISCIPLINARY HEARING		
Operations	Damage to SAWS property	Final Written Warning
WRITTEN WARNINGS ISSUED		
Operations	Gross Misconduct	Final Written Warning
	Insubordination	Written Warning
	Absenteeism	Final Written Warning
Support	Insubordination	Final Written Warning

Table 10: Employment Equity Statistics as at 31st March 2016

OCCUPATIONAL LEVELS	MALE					FEMALE					FOREIGN NATIONALS	TOTAL
	A	C	I	W	SUB-TOTAL	A	C	I	W	SUB-TOTAL		
Top Management	1	0	0	0	1	3	0	0	1	4	0	5
Senior Management	6	0	1	0	7	7	0	0	2	9	0	16
Professional qualified	39	4	1	22	66	18	1	0	8	27	7	100
Skilled	57	5	5	25	92	35	4	2	16	57	1	150
Semi-skilled	42	10	0	7	59	45	9	1	3	58	1	118
Unskilled	10	2	0	1	13	2	0	0	0	2	0	15
TOTAL	**155**	**21**	**7**	**55**	**238**	**110**	**14**	**3**	**30**	**157**	**9**	**404**
Total Temporary Employees	10	0	0	1	11	10	1	0	0	11	0	22
GRAND TOTAL	**165**	**21**	**7**	**56**	**249**	**120**	**15**	**3**	**30**	**168**	**9**	**426**

Note A=Africans, C=Coloureds, I=Indians and W=Whites

Table 11: National Demographics of the Country versus SAWS Statistics

RACE	NATIONAL DEMOGRAPHICS	SAWS TARGETS	SAWS ACTUAL STATISTICS	VARIANCE SAWS TARGET VERSUS ACTUAL
Africans	80.50%	74.00%	66.90%	-7.10%
Whites	8.30%	14.70%	20.19%	5.49%
Coloured	8.80%	8.80%	8.45%	-0.35%
Indians	2.50%	2.50%	2.35%	-0.15%
Foreigners	0.00%	0%	2.11%	2.11%
TOTAL	**100.10%**	**100.00%**	**100.00%**	-0.4%
Employees with Disabilities	2.00%	3%	1.10%	-1.90%

Table 12: Employment Equity Status - Male

OCCUPATIONAL LEVELS	MALE					FOREIGN NATIONALS	TOTAL
	A	C	I	W	SUB-TOTAL		
Top Management	1	0	0	0	1	0	1
Senior Management	6	0	1	0	7	0	7
Professional qualified	39	4	1	22	66	5	71
Skilled	57	5	5	25	92	1	93
Semi-skilled	42	10	0	7	59	1	60
Unskilled	10	2	0	1	13	0	13
TOTAL	**155**	**21**	**7**	**55**	**238**	**7**	**245**
Total Temporary Employees	10	0	0	1	11	0	11
GRAND TOTAL	**165**	**21**	**7**	**56**	**249**	**7**	**256**

Table 13: Employment Equity Status - Female

OCCUPATIONAL LEVELS	FEMALE					FOREIGN NATIONALS	TOTAL
	A	C	I	W	SUB-TOTAL		
Top Management	3	0	0	1	4	0	4
Senior Management	7	0	0	2	9	0	9
Professional qualified	18	1	0	8	27	2	29
Skilled	35	4	2	16	57	0	57
Semi-skilled	45	9	1	3	58	0	58
Unskilled	2	0	0	0	2	0	2
TOTAL	**110**	**14**	**3**	**30**	**157**	**2**	**159**
Total Temporary Employees	10	1	0	0	11	0	11
GRAND TOTAL	**120**	**15**	**3**	**30**	**168**	**2**	**170**

Table 14: People with Disabilities

OCCUPATIONAL LEVELS	A	C	I	W	SUB-TOTAL	FOREIGN NATIONALS	TOTAL
Top Management	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0
Professional qualified	0	0	0	0	0	0	0
Skilled	1	0	0	2	3	0	3
Semi-skilled	0	0	0	2	2	0	2
Unskilled	1	0	0	0	1	0	1
TOTAL	**2**	**0**	**0**	**0**	**0**	**0**	**6**
Total Temporary Employees	0	0	0	0	0	0	0
GRAND TOTAL	**2**	**0**	**0**	**4**	**0**	**0**	**6**

PART E

FINANCIAL INFORMATION

REPORT BY THE AUDIT AND RISK COMMITTEE

For the financial year ended 31 March 2016, the Committee complied with its responsibilities, arising from Section 77 of the Public Finance Management Act (PFMA), 1999 (No. 1 of 1999), as amended and Treasury Regulation 27.1.8 including the review and adoption of the Committee Charter that regulates the Committee's mandate and the execution thereof.

AUDIT AND RISK COMMITTEE MEMBERSHIP AND ATTENDANCE OF MEETINGS

The composition of the Committee and the attendance of meetings during the period under review are listed under the Corporate Governance Section of the Annual Report.

AUDIT AND RISK COMMITTEE'S RESPONSIBILITIES

The main responsibilities of the Committee, as outlined in the Committee's Charter include amongst others:

- a review of the financial management processes and the adequacy of internal controls;
- a review of the Annual Financial Statements, the Annual Report and related regulatory filings before these are released, in order to consider the accuracy and completeness of the information;
- the governance of risk;
- the governance of Information Communication Technology (ICT);
- overseeing the internal and external audit functions and related audit processes;
- a review of SAWS' compliance with the performance management and reporting systems; and
- ensuring that all the disclosures and/or reporting requirements to the Board, the Shareholder, the National Treasury and the Auditor-General are adhered to.

The activities of the Committee for the year under review were also guided by the Committee's Annual Work Plan that sets out the key issues to be considered by the Committee during the course of the financial year.

THE EFFECTIVENESS OF INTERNAL CONTROL

The implementation of effective and efficient internal controls and procedures is an ongoing process. The Committee guided the Internal Auditors in the preparation and implementation of the Annual Audit Plan and ensured that the Internal Audit Plan was risk-based, taking SAWS' risk profile into consideration.

The Committee reviewed the reports from both Internal and External Auditors and is satisfied that overall, the systems of internal control for the period under review were effective. Where weaknesses were identified, corrective measures were put in place.

REVIEW AND MONITORING OF MONTHLY / QUARTERLY / ANNUAL PERFORMANCE INFORMATION

The Committee reviewed the actual performance of SAWS against the Strategic Objectives and Targets set in the Annual Performance Plan for 2015/16 and was satisfied with the content and quality of the Monthly/Quarterly/ Annual Performance Reports prepared and issued by the Chief Financial Officer (CFO) and presented by the Chief Executive Officer (CEO) during the year under review. Where required, the Committee made recommendations for enhancements of the reports.

EVALUATION OF THE UNAUDITED AND AUDITED ANNUAL FINANCIAL STATEMENTS

The Unaudited Annual Financial Statements were compiled by Management and reviewed by the Internal Auditors. Subsequently, the Committee reviewed and discussed the Unaudited Annual Financial Statements prior to submission thereof to the Department of Environmental Affairs; National Treasury; the Accountant General; and the Auditor-General on 31 May 2016, in accordance with Regulatory prescripts.

No material amendments to the Annual Financial Statements were required during the Regularity Audit conducted by the Auditor-General.

The Committee reviewed, discussed, and recommended to the Board the Audited Annual Financial Statements to be included in the Annual Report in consultation with the Accounting Officer (the CEO), the Internal Auditors and the Auditor General.

SUMMARY OF MAIN ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

The Audit and Risk Committee attended to the following matters:

- The quarterly review of performance (SAWS' Financial Report) against the 2015/16 Budget; and a review of

the Annual Budget for the 2016/17 financial year for the Board's consideration and approval;
- A review of the Annual Financial Statements for the year ended 31 March 2016;
- The review of governance frameworks, such as SAWS' Risk Profile (Strategic Risk Register); the determination of SAWS' Risk Appetite; and monitoring the implementation thereof;
- Monitoring the implementation of Risk Management; Information Communication Technology Strategy; and Legal Matters, with reports on these areas submitted as standing items at all Committee Meetings; and
- Keeping the Board informed of key issues within the Committee's scope; with Committee Reports submitted and presented at all Board Meetings.

INTERNAL AUDIT

At the end of the 2015/16 financial year, the Internal Auditors reported that they had executed all the activities expected of them in terms of the Internal Audit Plan for the reporting period; and where control deficiencies were identified, these were reported to Management and the Audit and Risk Committee with recommendations for improvement. Management was required to provide corrective action for these findings in writing, as part of the Internal Audit Reports before they could be issued or completed.

EXTERNAL AUDIT

The audit findings issued by the Auditor-General during the 2014/15 Regularity Audit were, to the extent possible, addressed by SAWS; and in respect of some findings either partially resolved or not resolved, the associated risks were accepted by SAWS.

The Committee reviewed and accepted the Auditor-General's Final Management Letter and Audit Opinion that the Annual Financial Statements presented fairly in all material respects, the financial position and financial performance of SAWS as at the end of the 2015/16 financial year and recommended to the Board the inclusion thereof in the SAWS 2015/16 Annual Report.

The following Summarised Results for the 2015/16 Regularity Audit have been Achieved:

- No material misstatements in the Unaudited Annual Financial Statements that were submitted on 31 May 2016;
- Unqualified Opinion on the Usefulness and Reliability of Performance Information;
- Positive Dashboard on the Drivers of Internal Control;
- Positive assessment of Governance Assurance Drivers from Senior Management to the Audit Committee;
- No major deficiencies reported on Internal Control Measures;
- Satisfactory financial indicators that relate to Budget-; Expenditure-; Revenue-; Assets-; Liability-; and Cash Management; and
- An Unqualified Audit Opinion on the Annual Financial Statements with no emphasis of matter or any non-compliance matter.

OTHER AUDITS

The South African Weather Service embraces good governance and as such implements policies that guide prevention of fraud and anti-corruption processes and responds to reports received through whistle blowing and/or from stakeholders. During the financial year under review, services of an independent consulting firm were sought to conduct a forensic investigation in response to certain reports received through whistle blowing. As at the date of closing the 2015/16 financial year, the outcome of such investigation was still pending, and on its conclusion the Accounting Authority will take appropriate action.

CONCLUSION

The Audit and Risk Committee can report that it has complied with its Charter and that the systems of internal control for the period under review were effective and efficient; and where deficiencies were noted, corrective measures were or are being implemented.

The Committee recommended the approval of the Audited Annual Financial Statements to the Board at the Board Meeting held on 27 July 2016.

Mr Rowan (Nick) Nicholls
Chairperson of the Audit and Risk Committee
Date: 29 July 2016

REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE SOUTH AFRICAN WEATHER SERVICE

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the South African Weather Service set out on pages 105 to 158 which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's Responsibility for the Financial Statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Weather Service as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined Objectives

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

   - Objective 1: To ensure a weather-ready nation through the provision of relevant meteorological and related products and services on page 67.

- Objective 2: To ensure the development of relevant meteorological scientific capability through collaboration with stakeholders, partners and clients on page 68.
- Objective 3: To ensure a financially sustainable organisation on page 69.
- Objective 4: To ensure continued provision of quality weather and related information in support of socio-economic development on page 69.
- Objective 5: To create a strategy-driven human capital capacity in support of a weather-ready nation on page 70.

9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- To ensure a weather-ready nation through the provision of relevant meteorological and related products and services on page 67.
- To ensure the development of relevant meteorological scientific capability through collaboration with stakeholders, partners and clients on page 68.
- To ensure a financially sustainable organisation on pages 69.
- To ensure continued provision of quality weather and related information in support of socio-economic development on page 69.
- To create a strategy-driven human capital capacity in support of a weather-ready nation on page 70.

Additional Matter

12. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of Planned Targets

13. Refer to the annual performance report on pages 67 to 72 for information on the achievement of the planned targets for the year.

Compliance with Legislation

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

Internal Control

15. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General
Pretoria
29 July 2016

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note(s)	2016 R	2015 R
ASSETS			
Current Assets		**68 144 707**	**78 241 405**
Cash and Cash Equivalents	3	43 887 490	56 684 098
Receivables from Exchange Transactions	4	2 694 039	3 039 065
Statutory Receivables	4	12 875 124	12 041 398
Inventory	5	3 863 969	5 111 567
Prepayments and Advances	9	4 824 085	1 365 277
Non-Current Assets		**427 234 312**	**443 297 097**
Property, Plant and Equipment	7	348 402 575	368 000 580
Intangible Assets	8	21 018 228	18 512 747
Investment Property	6	57 813 509	56 783 770
TOTAL ASSETS		**495 379 019**	**521 538 502**
LIABILITIES			
Current Liabilities		**49 080 490**	**55 262 671**
Trade and Other Payables from Exchange Transactions	12	26 690 287	30 233 198
Unfulfilled Conditional Non-Exchange Revenue	13	3 528 065	6 565 524
Provisions	14	15 764 000	15 189 747
Revenue Received in Advance	15	2 200	58 623
Short-Term Employee Benefits	11	3 095 938	3 215 579
Non-Current Liabilities		**11 560 548**	**14 914 165**
Operating Lease Liability	10	2 807 702	2 632 861
Employee Benefits	11	8 321 964	11 850 821
Provisions	14	430 882	430 483
TOTAL LIABILITIES		**60 641 038**	**70 176 836**
Net Assets		**434 737 981**	**451 361 666**
Revaluation Reserve		59 460 462	59 735 041
Accumulated Surplus		375 277 519	391 626 625
TOTAL NET ASSETS AND LIABILITIES		**495 379 019**	**521 538 502**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R	2015 R
Revenue			
Revenue from Non-Exchange Transactions		**167 534 033**	**188 307 790**
Government Grant - Opex		160 434 311	152 489 000
Government Grant - Capex		-	30 000 000
Contributions and Donations		7 099 722	5 818 790
Revenue from Exchange Transactions		**142 799 031**	**122 031 303**
Commercial Revenue		139 701 125	117 028 731
Other Revenue		3 097 906	5 002 572
Total Revenue	16	**310 333 064**	**310 339 093**
Expenditure			
Administrative Expenditure	19	(9 919 426)	(15 133 159)
Compensation of Employees	17	(187 183 860)	(173 250 502)
Amortisation	7	(3 233 246)	(2 753 953)
Depreciation	6	(26 967 797)	(23 787 002)
Other Operating Expenditure	18	(102 003 584)	(93 047 824)
Total Expenditure		**(329 307 913)**	**(307 972 442)**
(Deficit) / Surplus for the Year before Other Gains / (Losses)		**(18 974 849)**	**2 366 651**
Other Gains / (Losses)		**2 625 739**	**(27 988 627)**
Gain / (loss) from Fair Value Adjustments - Investment Property		1 029 739	(26 400 627)
Actuarial gain / (loss) - Post Retirement Medical Aid	11	1 596 000	(1 588 000)
Deficit for the Year		**(16 349 110)**	**(25 621 975)**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2016

	Revaluation Reserve R	Accumulated Surplus R	Total Net Assets R
Balance at 31 March 2014	**67 234 248**	**417 248 603**	**484 482 853**
Land and buildings revaluation decrease	(6 920 200)	-	(6 920 200)
Aircraft revaluation decrease	(579 011)	-	(579 011)
Deficit for the year	-	(25 621 974)	(25 621 974)
Balance at 31 March 2015	**59 735 037**	**391 626 628**	**451 361 665**
Land and buildings revaluation decrease	(179 992)	-	(179 993)
Aircraft revaluation decrease	(94 583)	-	(94 583)
Deficit for the year	-	(16 349 109)	(16 349 109)
Balance at 31 March 2016	**59 460 462**	**375 277 519**	**434 737 981**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Note(s)	2016 R	2015 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**301 362 554**	**313 440 734**
Government Grant, Donations and Other Grants		164 448 824	188 200 725
Commercial and Other Income		135 120 796	121 233 717
Income from Investments		1 792 934	4 006 291
Payments		**(302 954 770)**	**(273 792 462)**
Compensation of Employees		(188 661 706)	(173 250 502)
Suppliers		(114 293 064)	(100 541 960)
Net Cash Flows from Operating Activities	20	**(1 592 216)**	**39 648 272**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	7	(11 252 141)	(58 086 738)
Sale of Property, Plant and Equipment		47 750	770
Acquisition of Intangible Assets	8	-	(2 014 370)
Net Cash Flows Used in Investing Activities		**(11 204 391)**	**(60 100 338)**
Decrease in Cash and Cash Equivalents		(12 796 607)	(20 452 066)
Cash and Cash Equivalents at Beginning of the Year		56 684 097	77 136 163
Cash and Cash Equivalents at End of the Year	3	**43 887 490**	**56 684 097**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

Budget on Accrual Basis

	Actual	Provisional Budget	Variance (Provisional – Final Budget)	Final Budget	Variance (Final Budget – Actual)
	2016 R	2016 R	2016 R	2016 R	2016 R
Revenue					
Revenue from Exchange Transactions	**167 534 033**	**166 023 000**	**2 500 000**	**168 523 000**	**(988 967)**
Government grant - OPEX	160 434 311	160 423 000	-	160 423 000	11 311
Contributions and donations	7 099 722	5 600 000	2 500 000	8 100 000	(1 000 278)
Revenue from Exchange Transactions	**142 799 031**	**137 330 000**	**(20 981 000)**	**116 349 000**	**26 450 031**
Commercial revenue	139 701 125	135 430 000	(20 981 000)	114 449 000	25 252 125
Other revenue	3 097 906	1 900 000	-	1 900 000	1 197 906
Total Revenue	**310 333 064**	**303 353 000**	**(18 481 000)**	**284 872 000**	**25 461 064**
Expenses					
Administrative expenses	(9 919 426)	(8 253 089)	-	(8 253 089)	(1 666 337)
Employee costs	(187 183 860)	(209 167 000)	17 499 000	(191 668 000)	4 484 140
Amortisation	(3 233 246)	(3 635 473)	-	(3 635 473)	402 227
Depreciation	(26 967 797)	(24 480 527)	-	(24 480 527)	(2 487 270)
Other operating expenses	(102 003 584)	(85 932 911)	982 000	(84 950 911)	(17 052 673)
Total Expenses	**(329 307 913)**	**(331 469 000)**	**18 481 000**	**(312 988 000)**	**(16 319 913)**
Other Gains / (Losses)	**2 625 739**	**-**	**-**	**-**	**2 625 739**
Fair value adjustment - Investment property	1 029 739	-	-	-	1 029 739
Actual (loss) / gain- post retirement medical aid	1 596 000	-	-	-	1 596 000
Deficit for the Year	**(16 349 110)**	**(28 116 000)**	**-**	**(28 116 000)**	**11 766 890**

Refer to Note 28 for the variance analysis.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, 1999 (No. 1 of 1999). The Annual Financial Statements have been prepared on an Accrual Basis of accounting and incorporate the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand since that is the functional currency in which the majority of the South African Weather Service's transactions are denominated. All figures have been rounded to the nearest Rand.

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

A summary of the significant accounting policies are disclosed below.

1.1 Going Concern Assumption

These Annual Financial Statements have been prepared on the Going Concern Basis. All accounting policies have been consistently applied to all the periods presented.

1.2 Significant Judgements and Sources of Estimation Uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

Useful lives of Property, Plant and Equipment and Other Assets

For the financial period under review, management applied judgement in determining the extended useful lives of fixed assets in terms of GRAP 17: Property, Plant and Equipment and the results thereof as disclosed in the Notes to the Annual Financial Statements.

Revaluations

Significant assumptions, in determining fair values of revalued items of Property, Plant and Equipment; and investment property are applied using industry methodologies to determine valuations based on the entity-specific or observable market input coupled with assumptions on future expectations. Refer to Notes 6 and 7.

Impairment of Non-Cash Generating Assets

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets. SAWS assesses its non-cash generating assets at year end for any indication of impairment. For the year ended 31 March 2016, there was no impairment loss recognised for non-cash generating assets.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.2 Significant Judgements and Sources of Estimation Uncertainty (continued)

Impairment of Receivables

Trade receivables which are past due are not automatically considered to be impaired.

Management's judgement is used to impair amounts that are past due based on being satisfied that all reasonable steps have been taken to recover the debt or that the recovery of the debt would be uneconomical; or the recovery would cause undue hardship to the debtor or his or her dependents; or it would be to the advantage of the state to effect a settlement or waive the claim.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 14 - Provisions.

Post-Retirement Benefits

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

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

1.3 Investment Property

Investment Property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Fair Value

Subsequent to initial measurement Investment Property is measured at fair value. The fair value of Investment Property reflects market conditions at the reporting date. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises. Investment property is de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.3 Investment Property (continued)

The gain or loss arising from the de-recognition of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Such a difference is recognised in surplus or deficit when the investment property is de-recognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Property, Plant and Equipment

Property, Plant and Equipment are initially recognised at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

When an item of Property, Plant and Equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation reserve. The revaluation surplus in net assets related to a specific item of land, buildings and aircraft categories is transferred directly to accumulated surplus when the asset is de-recognised.

Subsequent to initial measurement all other items of Property, Plant and Equipment are carried at cost less accumulated depreciation and any impairment losses.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.4 Property, Plant and Equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. The depreciable amount of an asset is allocated on a systematic basis using the straight-line method over its useful life on the following bases:

Item	Years
Buildings - Lease improvements	10 - 15
Fence	10
Property – Buildings	50
Aircraft - Airframes	20
Aircraft - Engines	5 400 hours
Aircraft – Propellers	5 - 20
Motor vehicles	5 - 20
Meteorological equipment - Other	10 - 15
Meteorological equipment - Radar	25
Meteorological equipment - Air quality	10 -15
Office equipment	15 - 20
Computer equipment	5 - 10
Library books and equipment	10 - 20
Furniture and fittings	15 - 20
Tools and equipment	10 - 15

Items of Property, Plant and Equipment are de-recognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is de-recognised.

Compensation from third parties for an item of Property, Plant and Equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Intangible Assets

Intangible assets are initially at cost. Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when: it is technically feasible to complete the asset so that it will be available for use or sale; there is an intention to complete and use or sell it; there is an ability to use or sell it; it will generate probable future economic benefits or service potential; there are available technical, financial and other resources to complete the development and to use or sell the asset; and the expenditure attributable to the asset during its development can be measured reliably.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.5 Intangible Assets (continued)

Subsequent to initial measurement, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

Item	Years
Computer software	5 - 10
Servitude	25

Intangible assets are de-recognised:

- 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 de-recognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is de-recognised.

1.6 Financial Instruments

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Class	Category
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Prepayments and advances	Financial asset measured at cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Revenue received in advance	Financial liability measured at amortised cost

Initial Recognition

The entity recognises a Financial Asset or a Financial Liability in its Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises Financial Assets using trade date accounting.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.6 Financial Instruments (continued)

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

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

Gains and Losses

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

Impairment and Uncollectability of Financial Assets

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

For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

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

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.6 Financial Instruments (continued)

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

De-recognition

Financial Assets

The entity derecognises Financial Assets using trade date accounting.

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

On de-recognition of a Financial Asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial Liabilities

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

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

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

1.7 Tax

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (No. 58 of 1962).

1.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.8 Leases (continued)

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

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

Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and current replacement cost where they are held for:

distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge. The cost of inventories is assigned using the weighted average cost formula.

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

1.10 Value-Added Tax (VAT)

The South African Weather Service is exempt from VAT registration.

1.11 Impairment of Cash-Generating Assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.11 Impairment of Cash-Generating Assets (continued)

Discount Rate

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

Recognition and Measurement (Individual Asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

Cash-Generating Units

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

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

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified. The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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

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

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.11 Impairment of Cash-Generating Assets (continued)

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

Reversal of Impairment Loss

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

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

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

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

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

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

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

1.12 Impairment of Non-Cash-Generating Assets

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

Identification

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.12 Impairment of Non-Cash-Generating Assets (continued)

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

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

Value in Use

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

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

Depreciated Replacement Cost Approach

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

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

Recognition and Measurement

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. An impairment loss on a revalued amount is recognised directly against any revaluation surplus for

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.12 Impairment of Non-Cash-Generating Assets (continued)

the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset.

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

Reversal of an Impairment Loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset. An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. A reversal of an impairment loss on a revalued asset is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset.

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

Re-designation

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

1.13 Statutory Receivables

Statutory receivables constitute revenue charged to aviation clients, in a form of an approved tariff promulgated by the Minister of Environmental Affairs as published in the Government Gazette.

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.13 Statutory Receivables (continued)

- the definition of an asset is met; and
- it its probable that future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

The entity measures a statutory receivable initially at its transaction amount. The entity measures all statutory receivables after initial recognition using the cost method. Under the cost method the amount recognised initially is only changed subsequently to reflect any: interest or other charges that may have accrued on the receivable; impairment loss; and amounts de-recognised. The entity assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired. For amounts due the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - 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.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The entity derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:

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FOR THE YEAR ENDED 31 MARCH 2016

1.13 Statutory Receivables (continued)

- derecognises the receivable;
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and de-recognised is recognised in surplus or deficit in the period of the transfer.

1.14 Employee Benefits

Short-Term Employee Benefits

Short-Term Employee Benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-Term Employee Benefits include items such as: wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service; bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

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

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

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.14 Employee Benefits (continued)

Post-Employment Benefits

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

Post-Employment Benefit plans are formal or informal arrangements under which the entity provides Post-Employment Benefits for one or more employees.

Defined Benefit Plan

Defined Benefit Plans are Post-Employment Benefit Plans other than defined contribution plans.

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

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

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

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

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

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

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.14 Employee Benefits (continued)

The amount recognised as a defined benefit liability is the net total of the following amounts: the present value of the defined benefit obligation at the reporting date; minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly; plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of: the amount determined above; and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset: current service cost; interest cost; the expected return on any plan assets and on any reimbursement rights; actuarial gains and losses, which is recognised immediately; past service cost, which is recognised immediately; the effect of any curtailments or settlements; and the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from: the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

Actuarial Assumptions

Actuarial assumptions are unbiased and mutually compatible.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.14 Employee Benefits (continued)

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

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

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

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

1.15 Provision 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.

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

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

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

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

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.15 Provision and Contingencies (continued)

Provisions are not recognised for future operating expenditure.

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

Contingent Liability

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; or a present obligation that arises from past events but is not recognised because:

- 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 Asset

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the Notes to the Annual Financial Statements.

1.16 Commitments

Commitments represent orders issued to the suppliers that have been approved, but where no delivery has taken place as at reporting date.

Commitments are not recognised in the Statement of Financial Position as a liability or asset, but are included in the Notes to the Financial Statements.

1.17 Revenue from Exchange Transactions

An exchange transaction is one in which the entity 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. Revenue from exchange transactions comprises regulated and non-regulated commercial revenue. Regulated commercial revenue results from fees annually gazetted by the Minister of Environmental Affairs, levied for the supply of weather related information to the aviation industry. Non-regulated revenue is revenue resulting from fees levied for the supply of weather related information to other users. Revenue from information fees levied is recognised when the information is supplied to the customer.

Interest income is accrued in a time basis, by reference to the principal amount outstanding and at the interest rate applicable. Other income, mainly the letting of aircraft, is recognised when the service is rendered to the customer.

Project income received is recognised together with the respective expenses in the Statement of Financial Performance.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.18 Revenue from Non-Exchange Transactions

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

Recognition

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

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

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

Measurement

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

1.19 Budget Information

The approved budget is prepared on the accrual basis. The approved budget covers the fiscal period from 1 April 2015 to 31 March 2016. The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

1.20 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to the changes in the presentation in the current period.

1.21 Fruitless and Wasteful Expenditure

Fruitless Expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1. 22 Irregular Expenditure

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

(a) this Act; or
(b) the State Tender Board Act, 1968 (No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any regulation made in terms of the PFMA.

All expenditure relating to irregular expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Related Parties

All transactions and balances with national departments of government and state-controlled entities are regarded as related party transactions and are disclosed separately in the Notes to the Financial Statements.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

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

Only transactions not within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and where terms and conditions not within the normal operating parameters established by the reporting entity's legal mandate are disclosed.

1.24 Events after Reporting Date

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity discloses 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.

1.25 Foreign Currencies

Foreign currency transactions are recorded, on initial recognition in the functional currency (Rand), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of transaction.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

1.25 Foreign Currencies (Continued)

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 foreign currency are translated using the exchange rate at the date when the fair value was determined.

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

SAWS did not enter into forward exchange contracts and options in order to hedge its exposure to foreign exchange risks during the financial period under review.

2. New Standards and Interpretations

2.1 Standards and Interpretations Effective

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 18: Segment Reporting

The standard is not applicable to SAWS and therefore, the amendment has no effect.

2.2 Standards and Interpretations Issued, but not yet Effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2016 or later periods:

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32, the principles in the standard on accounting for such arrangements will apply.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

2.2 Standards and Interpretations Issued, but not yet Effective (continued)

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the Entity's Annual Financial Statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the interpretation for the first time once it becomes effective.

It is unlikely that the interpretation will have a material impact on the Entity's Annual Financial Statements.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

3. Cash and Cash Equivalents

Cash and Cash Equivalents consist of:	2016 R	2015 R
Bank balances and cash on hand	34 900 453	19 280 531
Short-term investments	8 987 037	37 403 567
	43 887 490	**56 684 098**

4. Trade and Other Receivables from Exchange Transactions

4.1 Receivables from Exchange Transactions

	2016 R	2015 R
Trade receivables	3 930 021	3 044 849
Impairment of receivables	(3 036 568)	(1 317 832)
Recoveries and sundry receivables	1 800 586	1 312 048
	2 694 039	**3 039 065**

Interest is charged on invoices over 60 days outstanding in the accounts receivable age analysis. Trade receivables are stated at amortised cost using effective interest rate method less impairment of receivables.

Trade receivables amounting to R751 087 (2015: R978 396) are neither past due nor impaired and are considered to be fully recoverable.

Trade receivables which are past due are not automatically considered to be impaired. Management's judgement is used to impair amounts that are past due. At 31 March 2016 trade receivables of R142 366 (2015: R748 621) were past due but not impaired.

4.2 Statutory Receivables

	2016 R	2015 R
Statutory receivables	19 067 781	18 013 715
Impairment of receivables	(6 192 657)	(5 972 317)
	12 875 124	**12 041 398**

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

4.2 Statutory Receivables (continued))

Statutory receivables constitute of revenue charged to aviation clients due at year-end, in a form of an approved tariff promulgated by the Minister of Environmental Affairs, as published in the Government Gazette.

Interest is charged on invoices over 60 days outstanding in the statutory receivables age analysis. Statutory receivables are stated at amortised cost using effective interest rate method less impairment of receivables.

Statutory receivables amounting to R10 989 467 (2015: R9 386 913) are neither past due nor impaired and are considered to be fully recoverable.

Statutory receivables which are past due are not automatically considered to be impaired. Management's judgement is used to impair amounts that are past due. At 31 March 2016, statutory receivables of R1 885 657 (2015: R2 654 485).

Statutory Receivables Past Due but not Impaired

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

	Total R	31-60 Days R	61-90 Days R
Trade receivables - 2016	1 885 657	1 885 657	-
Trade receivables - 2015	2 654 486	1 925 951	728 535

Reconciliation of Provision for Impairment for Trade and Statutory Receivables	**2016 R**	**2015 R**
Opening balance	7 290 149	3 760 901
Provision increase / (reduced)	1 939 076	4 652 656
Provision utilised	-	(1 123 408)
Closing Balance	**9 229 225**	**7 290 149**

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of trade receivables mentioned above. The entity does not hold any collateral as security. Trade receivables are individually and collectively assessed for impairment, whether significant or not, and are included within the group of trade receivables with similar credit risk characteristics.

SAWS therefore recognises impairment of trade receivables based on individual and collective assessment as follows:

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

4. Receivables from Exchange Transactions (continued)

	Total R	61 - 90 R	90 -120 R	Over 120 R
Regulated Commercial Debtors	**6 192 657**	**43 075**	**290 007**	**5 859 575**
Non-regulated Commercial Debtors				
Eskom group	8 432	1 311	1 977	5 144
Insurance clients	856 475	27 927	19 688	808 860
Contracts	221 009	2 091	112 205	106 713
Others	1 950 652	1 245 896	11 441	693 315
	3 036 568	**1 277 225**	**145 311**	**1 614 032**
Regulated commercial debtors	6 192 657	43 075	290 007	5 859 575
Non-regulated commercial debtors	3 036 568	1 277 225	145 311	1 614 032
Total Impairment	**9 229 225**	**1 320 300**	**435 318**	**7 473 607**

	2016 R	2015 R
5. Inventory		
Consumables	92 281	99 732
Raw materials and finished goods	2 434 363	4 790 702
Other – Commercial	1 337 325	221 133
	3 863 969	**5 111 567**

SAWS does not have inventories pledged as security for liabilities.

6. Investment Property

Fair value at beginning of the year	56 783 770	83 184 397
Fair value adjustment	1 029 739	(26 400 627)
Fair Value at End of the Year	**57 813 509**	**56 783 770**

Details of Valuation

The investment property includes portions 411, portion of portion 412 and portion 423 (which are portions of the remaining extent of portion 407) of the farm Garsfontein 374, Registration Division JR, Gauteng. The property is 37,1116 ha, located in the west of N1 National Freeway and immediately north of Rigel Avenue (South) in the Waterkloof Heights suburb of Pretoria.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

6. Investment Property (continued)

The property was valued at 31 March 2016 by Mr EL Jansen van Rensburg from TI Lehobye Valuations, a qualified independent professional valuer with MIVSA, and Practice No. 3475. TI Lehobye Valuations is not connected to the entity and has recent experience in location and category of the investment property. The valuer used the market data valuation approach, whereby similar properties' valuations are used as a motivation to value the property, which is an acceptable method to determine the value of this type of property.

If the property was stated on the historical cost basis, the amounts would be as follows:

Historical cost - Investment property	R26 890 000

Valuations were made on the basis of open-market value. The property was brought to book in 2003. The valuation from independent valuers was accepted to reflect the fair value at 31 March 2002 for comparative purposes.

7. Property, Plant and Equipment

2016

	Total R	Land and buildings: Garsfontein property R	Land and buildings: Irene property R	Land and buildings: Houses R	Land and buildings: Leasehold improvements R	Fence R	Aircraft: Airframes R	Aircraft: Engines R	Aircraft: Propellers R	Motor vehicles R	Meteorological Equipment: Radars R	Meteorological Equipment: Other R	Meteorological Equipment: Air quality R	Office equipment R	Computers: Equipment R	Computers: Servers R	Library books and equipment R	Furniture and fittings R	Tools and other equipment R
Cost or Revaluation																			
At 1 April 2015	**500 102 008**	13 216 230	3 850 000	1 860 300	2 274 481	2 537 167	2 771 274	2 754 992	145 000	814 352	277 647 954	62 321 196	26 679 800	6 181 738	33 547 271	53 680 307	52 309	7 576 968	2 190 669
Additions - at cost	**13 398 495**	-	-	8 000	-	-	-	-	-	-	-	268 499	7 861 947	84 219	1 380 892	3 452 480	-	50 348	292 110
Additions - at fair value	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-allocation out	**(6 004 673)**	-	-	-	-	-	-	-	-	-	-	-	(5 935 040)	-	(69 633)	-	-	-	-
Re-allocation in	**265 947**	-	-	-	-	-	-	-	-	-	-	-	56 043	-	163 233	-	-	46 671	-
Disposals/adjustments	**(162 400)**											(3 163)	(1 483)	(24 069)	(103 298)	-	-	(19 657)	(10 730)
Revaluations	**(185 169)**	270 261	(550 000)	50 000	-	-	(186 657)	186 120	45 107	-	-	-	-	-	-	-	-	-	-
At 31 March 2016	**507 414 208**	13 486 491	3 300 000	1 918 300	2 274 481	2 537 167	2 584 617	2 941 112	190 107	814 352	277 647 954	62 586 532	28 661 267	6 241 888	34 918 465	57 132 787	52 309	7 654 330	2 472 049
Accumulated Depreciation																			
At 1 April 2015	**(132 101 427)**	-	-	(6 022)	(1 710 200)	(975 784)	(509 369)	-	-	(341 977)	(52 524 741)	(36 992 570)	(3 842 974)	(2 328 235)	(23 034 405)	(3 306 809)	(17 853)	(4 981 229)	(1 529 259)
Depreciation	**(26 967 796)**	-	-	(101 658)	(414 939)	(254 300)	(299 565)	-	(145 000)	(160 724)	(11 054 085)	(3 742 651)	(2 240 777)	(410 528)	(1 803 252)	(5 746 521)	(5 250)	(445 662)	(142 886)
Pre-allocation	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/adjustment	**146 995**	-	-	-	-	-	-	-	-	-	-	2 998	-	19 217	102 599	-	-	13 469	8 712
Revaluations	**(89 406)**	-	-	49 747	-	-	(139 153)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2016	**(159 011 634)**	-	-	(57 933)	(2 125 139)	(1 230 084)	(948 087)	-	(145 000)	(502 701)	(63 578 826)	(40 732 223)	(6 085 234)	(2 719 546)	(24 735 058)	(9 053 330)	(23 103)	(5 413 422)	(1 663 433)
Net Book Value	**348 402 575**	**13 486 491**	**3 300 000**	**1 860 367**	**149 342**	**1 307 083**	**1 636 530**	**2 941 112**	**45 107**	**311 651**	**214 069 128**	**21 854 310**	**22 577 516**	**3 522 342**	**10 183 407**	**48 079 457**	**29 206**	**2 240 908**	**808 616**

2015

	Total R	Land and buildings: Garsfontein property R	Land and buildings: Irene property R	Land and buildings: Houses R	Land and buildings: Leasehold improvements R	Fence R	Aircraft: Airframes R	Aircraft: Engines R	Aircraft: Propellers R	Motor vehicles R	Meteorological Equipment: Radars R	Meteorological Equipment: Other R	Meteorological Equipment: Air quality R	Office equipment R	Computers: Equipment R	Computers: Servers R	Library books and equipment R	Furniture and fittings R	Tools and other equipment R
Cost or Revaluation																			
At 1 April 2014	**58 086 738**	20 555 097	3 650 000	1 691 346	2 254 099	2 537 167	2 994 528	3 240 000	205 200	814 352	277 658 151	60 598 036	18 330 817	6 215 996	38 523 318	6 058 757	52 309	7 489 051	2 205 802
Additions - at cost	**58 086 738**	-	-	-	20 382	-	-	-	-	-	-	1 714 871	8 416 577	125 194	383 953	47 332 989	-	90 602	2 170
Additions - at fair value	**11 564**	-	-	-	-	-	-	-	-	-	-	11 564	-	-	-	-	-	-	-
Disposals/adjustments	**(5 337 991)**	-	-	(6 046)	-	-	-	-	-	-	(10 197)	(3 275)	-	(161 153)	(5 087 311)	-	-	(52 706)	(17 303)
Revaluations	**(7 732 329)**	(7 338 867)	200 000	175 000	-	-	(223 254)	(485 008)	(60 200)	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	**500 102 008**	13 216 230	3 850 000	1 860 300	2 274 481	2 537 167	2 771 274	2 754 992	145 000	814 352	277 647 954	62 321 196	26 679 800	6 181 738	33 547 271	53 680 307	52 309	7 576 968	2 190 669
Accumulated Depreciation																			
At 1 April 2016	**(113 721 992)**	-	-	(6 330)	(1 292 429)	(722 179)	(448 781)	-	-	(220 232)	(41 502 899)	(31 907 716)	(1 922 241)	(1 992 831)	(27 389 988)	(528 919)	(12 617)	(4 392 689)	(1 382 041)
Depreciation	**(23 787 002)**	-	-	(44 453)	(417 771)	(253 605)	(209 020)	-	(41 018)	(121 745)	(11 024 256)	(5 087 568)	(1 920 543)	(435 671)	(1 163 031)	(2 277 860)	(5 236)	(623 198)	(162 027)
Disposals/adjustment	**5 174 450**	-	-	1 094	-	-	-	-	-	-	2 414	2 714	-	100 353	5 018 504	-	-	34 562	14 809
Revaluations	**233 117**	-	-	43 667	-	-	148 432	-	41 018	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	**(132 101 427)**	-	-	(6 022)	(1 710 200)	(975 784)	(509 369)	-	-	(341 977)	(52 524 741)	(36 992 570)	(3 842 974)	(2 328 235)	(23 034 405)	(3 306 809)	(17 853)	(4 981 229)	(1 529 259)
Net Book Value	**368 000 581**	**13 216 230**	**3 850 000**	**1 854 278**	**564 281**	**1 561 383**	**2 261 905**	**2 754 992**	**145 000**	**472 375**	**225 123 213**	**25 328 626**	**22 836 826**	**3 853 503**	**10 512 866**	**50 373 498**	**34 456**	**2 595 739**	**661 410**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

7. Property, plant and equipment (continued)

Revaluations

Reconciliation of surplus or loss recognised in the revaluation reserve in the statement of changes in net assets:

Revaluation of PPE

	2016 R	2015 R
Aircraft - revaluation	**94 583**	**579 011**
Aircraft airframes	325 810	74 823
Aircraft engines	(186 120)	485 008
Aircraft propellers	(45 107)	19 180
Land and buildings - revaluation	**179 992**	**6 920 200**
Bethlehem property	(99 747)	(218 667)
Garsfontein property	(270 261)	7 338 867
Irene property	550 000	(200 000)
Total Revaluations for the Year	**274 575**	**7 499 211**

Aircraft

The entity's aircraft were revalued at 31 March 2016 by independent valuers, Skycare Maintenance. Valuations were made on the basis of open market value. The revaluation deficit was debited to the revaluation reserve as sufficient credits existed to offset the deficit.

If the aircraft were stated at historical cost basis, the amounts would be as follows:

	2016 R	2015 R
Cost	9 811 735	9 811 735
Accumulated depreciation	(9 811 735)	(9 811 735)
Net Book Value	**-**	**-**

Bethlehem Property

The property was revalued at 31 March 2016 by an independent valuer, Mr Johan Breytenbach, an attorney and professional valuer (board registration number 2669) in terms of the provisions of the Property Valuations Profession Act, 2000 (No. 47 of 2000). Valuations were made on the basis of open-market value. The revaluation surplus was credited to the non-distributable reserve.

If the property was stated at historical cost basis, the amounts would be as follows:

	2016 R	2015 R
Cost	600 000	600 000
Accumulated depreciation	(168 000)	(156 000)
Net Book Value	**432 000**	**444 000**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

7. Property, Plant and Equipment (continued)

The property includes Erf 1997 and Erf 2064 in the town of Bethlehem in the Free State province.

Erf 1997, also known as 8 Dr Clark Street, Bethlehem, has an area of 1,997 square meters and includes a house and outbuildings.

Erf 2064, also known as 19 Gordon Dreyer Street, Bethlehem, has an area of 1,568 square meters and includes a house and outbuildings. The title deed of the Bethlehem property was not registered in the name of SAWS at financial year-end, however, the Minster of Public Works passed all rights, obligations and liabilities to SAWS on the commencement of the SAWS Act, 2001 (No. 8 of 2001).

Commercial property comprised the Garsfontein and Irene properties.

Garsfontein Property

The entity's Garsfontein property was revalued at 31 March 2016 by EL Jansen van Rensberg from TI Lehoybe Valuations, a qualified independent professional valuer with MIVSA, and Practice No. 3475. The Garsfontein property is made up of portion 424 of the farm Garsfontein 374 JR measuring 5.9825 and is classified as such in property, plant and equipment. This property is located in the west of the N1 National Freeway and immediately north of Rigel Avenue (South) in the Waterkloof Heights suburb of Pretoria. Valuations were made on the basis of open-market value. The property was brought to book in 2003. The valuation from independent valuers was accepted to reflect the fair value at 31 March 2002 for comparative purposes.

If the property was stated on the historical cost, the amounts would be as follows:

Historical cost - Garsfontein property	R8 960 000
Actual costs - security services	R 383 089
Net Book Value	**R9 343 089**

Irene Property

SAWS utilises Portion 110 of the farm Doornkloof 391 JR for scientific purposes for no consideration, which was fair valued at R2 412 847 on 31 March 2013. Improvements on the property consist of two interconnected offices, workshop, storage wings and some outbuildings and carports. In accordance with the registration of ownership the property may not be transferred to SAWS. The improvements were revalued at 31 March 2016 by EL Jansen van Rensburg from TI Lehobye Valuations, a qualified independent professional valuer with MIVSA, and Practice No. 3475. Valuations were made on the basis of open market value.

There were no contractual commitments for the acquisition of property, plant and equipment entered into by SAWS at the reporting date. SAWS does not have assets pledged as security.

Capital commitments have been disclosed in Note 21.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

8. Intangible Assets

Intangible assets comprise of computer software (including website costs) and a servitude. SAWS acquired the right of use of land for its meteorological equipment for an indefinite period of time from AP Beckely in Bloemfontein. The servitude is amortised over the useful life of the meteorological equipment installed on the land.

2016	Total	Computer Software	Servitude
	R	R	R
Cost			
at 1 April 2015	39 129 743	37 629 743	1 500 000
Additions - at cost	-	-	-
Disposals / adjustments	(5 992 239)	(5 992 239)	-
Re-allocation	5 738 724	5 738 724	-
At 31 March 2016	**38 876 228**	**37 376 228**	**1 500 000**
Accumulated Amortisation			
At 1 April 2015	(20 616 996)	(20 501 838)	(115 158)
Disposals / adjustments	5 992 239	5 992 239	-
Amortisation	(3 233 246)	(3 173 121)	(60125)
At 31 March 2016	(17 858 003)	(17 682 720)	(175 283)
Net Book Value	**21 018 228**	**19 693 508**	**1 324 717**

2015	Total	Computer Software	Servitude
	R	R	R
Cost			
at 1 April 2014	37 115 373	35 615 373	1 500 000
Additions - at cost	2 014 370	2 014 370	-
At 31 March 2015	**39 129 743**	**37 629 743**	**1 500 000**
Accumulated Amortisation			
At 1 April 2014	(17 863 043)	(17 807 846)	(55 197)
Amortisation	(2 753 953)	(2 693 992)	(59 961)
At 31 March 2015	(20 616 996)	(20 501 838)	(115 158)
Net Book Value	**18 512 747**	**17 127 905**	**1 384 842**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

9. Prepayments and Advances

	2016 R	2015 R
Prepaid expenses	4 824 085	1 365 277

Prepaid expenses comprise of services paid in advance and staff travel advance payments.

10. Operating Lease Liability

The following lease payments are related to operating leases for the rental of premises and motor vehicles:

SAWS leases 10 premises (2015: 26 premises) from various lessors. The rental agreements for the premises include escalation clauses of between 8% and 11% per year in rental payments. The duration of the rentals varies between two and ten years. The major lease contract for Bolepi House expired in April 2013 and was renewed for a further 5 years, effective 1 May 2013, with an annual escalation of 9%. SAWS has an agreement with Dihlabeng Municipality which stipulates that SAWS will offer free rental to the municipality in exchange for SAWS incurring no levies and electricity costs on the same.

SAWS entered into a contract with Swartland Municipality and Alkantpan where SAWS provides lighting data in exchange for free rental space. SAWS utilises Portion 110 of the farm Doornkloof 391 JR for scientific purposes for no consideration, which was valued at R2 412 847 on 31 March 2013. Improvements to the property consists of two interconnected offices, a workshop, storage wings and some supporting outbuildings and carports. In accordance with the registration of ownership, the property may not be transferred to SAWS.

SAWS signed a contract for the rental of photocopy machines for SAWS' offices with Itec Business Development (ITECBIZ) for a total amount of R4 337 378 for 3 years, effective from 1 September 2014, the date on which installation and commissioning was completed.

SAWS signed a contract for the rental of motor vehicles with ABSA Vehicle Management Solutions (Pty) Ltd for a total amount of R6 445 750 for 3 years, effective 1 June 2015, the date on which the vehicles were delivered to SAWS.

2016	**Equipment** R	**Premises** R	**Motor Vehicles** R	**Total** R
Future minimum lease payments				
Not later than 1 year	1 445 793	10 472 159	2 104 757	14 022 709
Later than 1 year and not later than 5 years	602 414	11 650 425	350 793	12 603 632
Later than 5 years	-	4 390 890	-	4 390 890
Total Commitment	**2 048 207**	**26 513 474**	**2 455 550**	**31 017 231**

2015	**Equipment** R	**Premises** R	**Motor Vehicles** R	**Total** R
Future minimum lease payments				
Not later than 1 year	1 445 793	11 164 757	-	12 610 550
Later than 1 year and not later than 5 years	2 168 689	25 049 555	-	27 218 244
Later than 5 years	-	1 490 392	-	1 490 392
Total Commitment	**3 614 482**	**37 704 704**	**-**	**41 319 186**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Straight Lining Effect on Operating Lease Liability:

	2016 R	2015 R
Opening balance	2 632 861	1 692 073
Deferred rental	174 841	940 788
Closing Balance	**2 807 702**	**2 632 861**

11. Employee Benefit Obligations

Defined Benefit Plan

11.1 Post-Retirement Medical Aid Plan

The entity has a defined benefit plan in the form of a post-retirement medical aid liability.

All eligible employees of SAWS, who joined SAWS before 1 November 2008, excluding those that accepted the settlement offer in September 2011, receive a 100% subsidy of medical aid scheme contributions in retirement, provided that the employee belonged to a registered medical scheme before leaving SAWS on grounds of retirement, including early retirement and retirement due to ill-health and death. The subsidy is subject to a maximum cap amount. The Rand cap amount for 2016 is R2 320 (2015: R2 187), irrespective of the number of dependents. The Rand cap is expected to increase with health care cost inflation each year.

During the financial year, the number of employees eligible to receive post-employment medical aid subsidies from the entity was as follows:

Category	**2016**	**2015**
Current (in service) employees	22	22
Continuation members (pensioners)	34	37
Total	**56**	**59**

The actuarial valuation of the liability in respect of the post-employment medical aid benefit is performed on balance sheet date as summarised below. The 2016 actuarial valuation has been performed by ZAQEN Consultants and Actuaries (Pty) Ltd.

Movement in net liability recognised in the statement of financial position:

	2016 R	2015 R
Balance as at 1 April	11 850 821	12 945 821
Contributions paid	(3 240 825)	(4 119 000)
Charge to statement of financial performance	(287 968)	3 024 000
Balance as at 31 March	**8 321 964**	**11 850 821**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11. Employee Benefit Obligations (Continued)

Net Expense of the Defined Benefit Obligation Recognised in the Statement of Financial Performance	2016 R	2015 R
Current service cost	347 000	311 000
Net interest cost	2 181 000	2 073 000
Actuarial (gain) / loss	(1 596 000)	1 588 000
Expected return on pan assets	(1 219 968)	(948 000)
	(287 968)	**3 024 000**
Movement in the Defined Benefit Obligation for the Year:		
Balance as at 1 April	26 480 535	23 612 535
Current service costs	347 000	311 000
Interest costs	2 181 000	2 073 000
Actuarial (gain) / loss	(2 256 000)	1 436 000
Benefits paid	(907 822)	(952 000)
Balance as at 31 March	**25 844 713**	**26 480 535**
Movements in the Fair Value of the Plan Assets for the Year:		
Balance as at 1 April	14 629 714	10 666 714
Expected return on plan assets	1 219 968	948 000
Actuarial (gain) / loss	(660 000)	(152 000)
Employer contributions	3 240 825	4 119 000
Benefits paid	(907 822)	(952 000)
Balance as at 31 March	**17 522 685**	**14 629 714**
Net Liability Recognised in the Statement of Financial Position	**8 321 964**	**11 850 821**
Amounts Recognised in the Statement of Financial Performance:		
Current service costs	347 000	311 000
Interest costs	2 181 000	2 073 000
Expected return on plan assets	(1 219 968)	(948 000)
Actuarial (gain) / loss	(1 596 000)	1 588 000
Total	**(287 968)**	**3 024 000**

The expected return on plan asset is based on the market expectations at the beginning of the period, for the returns over the entire life of the related obligation.

The two most important variables are the discount and medical aid inflation rates.

SAWS undertook an investment plan with Momentum, Customised With-Profit Annuity portfolio (Plan Asset) in order to transfer the financial risk associated with this post-retirement medical liability. This investment plan will also provide SAWS with the ability to share in the benefits with regard to the investment and mortality experience underlying the liability through future contributions due to the policy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11. Employee Benefit Obligations (Continued)

The total amount of the investment is R18,9 million with an upfront payment of R6 million that was paid in 2011 and the balance payable in equal instalments amounts to R3,2 million annually until December 2015.

Principal Actuarial Assumptions at Statement of Financial Position Date:

	2016	2015
Discount rates used	9.68%	8.34%
Consumer price inflation	7.65%	6.52%
Medical aid contribution inflation	9.15%	8.02%
Active members expected to continue after retirement	100%	100%
Mortality pre-retirement (years)	85-90	85-90
Mortality post-retirement (years)	90	90
Average retirement age (years)	60	60

Other Assumptions

The Effect of an Increase and Decrease of 1% Point in the Assumed Medical Aid Inflation Rate which might have a Direct Effect on the Liability of Future Retirees is as follows:

	-1% Medical Aid Inflation	Valuation assumption	+1% Medical Aid Inflation
	R	R	R
Total accrued liability	22 629 000	25 845 000	29 765 000
Interest cost	2 157 000	2 472 000	2 855 000
Service cost	295 000	365 000	456 000

The Present Value of the Defined Benefit Obligation, the Fair Value of Plan Assets and the Surplus or Deficit in the Plan for the Current and Previous Reporting Dates are as Follows:

	2016	2015	2014	2013	2012	2011
	R	R	R	R	R	R
Present value of funded obligations	25 844 713	26 480 535	23 612 535	22 567 535	20 743 000	30 975 505
Fair value of plan assets	(17 522 717)	(14 629 714)	(10 666 714)	(8 066 857)	(4 541 000)	-
Net Liability	8 321 996	11 850 821	12 945 821	14 500 678	16 202 000	30 975 505

The employee benefit obligation is partially funded by the plan assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11.2 Short-Term Employee Benefits

Leave Pay Accrual	2016 R	2015 R
Opening balance	3 215 579	3 140 924
Leave raised	340 009	505 907
Leave utilised	(459 650)	(431 252)
Closing Balance	**3 095 938**	**3 215 579**

12. Payables from Exchange Transactions

Trade payables	13 004 718	21 770 800
Other payables	13 685 569	8 462 398
Accruals	8 555 999	4 161 057
Payroll payables	4 158 390	3 237 774
Bursary students	319 358	295 608
Debtor: Staff subsistence and travel	141 681	473 501
Sundry payables	510 141	294 458
	26 690 287	**30 233 198**

The trade and other payables are subsequently carried at amortised cost.

Unrealised foreign exchange gains and losses are calculated using the spot rate at year-end.

	2016 Foreign Currency	2015 Foreign Currency	2016 R	2015 R
Included in the Trade and Other Payables are Foreign Creditors				
EuMetNet	EUR 1 085	EUR 433	16 462	5 677
IBL Software Engineering	EUR 10 560	-	179 662	-
John Wiley & Sons Inc	USD 2 250	-	33 831	-
Vaisala Oyj	-	EUR 28 572	-	374 605
Eumetsys	-	EUR 32 788	-	429 874
World Meteorological Organization	-	EUR 4 000	-	52 444
World Meteorological Organization	-	CHF 241 425	-	3 024 741
UK Met Office	-	GBP 69 255	-	1 241 340
Meteorological Association of South Africa	-	USD 45 569	-	550 624
Microsoft Ireland Operations	-	USD 204 926	-	2 476 182
			229 955	8 155 487

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

12. Payables from Exchange Transactions (continued)

	2016	2015
Spot rates at period-end	USD = R15.0358	USD = R12.0833
	EUR = R17.0134	EUR = R13.1109
	-	GBP = R17.9242
	-	CHF = R12.5287

13. Unfulfilled Conditional Non-exchange Revenue

	2016 R	2015 R
Opening balance - 1 April	6 565 524	3 000 029
Receipts for the year	4 062 263	7 692 555
Utilised during the year	(7 099 722)	(4 127 060)
Unspent Donations – 31 March	**3 528 065**	**6 565 524**

Donor funds consist of funding received from various institutions. Memoranda of Understanding (MoUs) are entered into between SAWS and the donors with the aim of utilising SAWS' expertise in meteorology.

14. Provisions

Reconciliation of Provisions – 2016

	Opening Balance R	Additional Provision R	Utilised R	Closing Balance R
Bonus provision: Current	15 189 747	11 624 478	(11 050 225)	15 764 000
Capped leave provision: Non-current	430 483	34 807	(34 408)	430 882
	15 620 230	**11 659 285**	**(11 084 633)**	**16 194 882**

Reconciliation of Provisions – 2015

	Opening Balance R	Additional Provision R	Utilised R	Closing Balance R
Bonus provision: Current	11 879 896	14 579 896	(11 270 045)	15 189 747
Capped leave provision: Non-current	456 250	31 598	(57 365)	430 483
	12 336 146	**14 611 494**	**(11 327 410)**	**15 620 230**

	2016 R	2015 R
Current liabilities	15 764 000	15 189 747
Non-current liabilities	430 882	430 483
Total	**16 194 882**	**15 620 230**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

14. Provisions (continued)

Capped Leave Provision

Capped leave is calculated based on the working days due to each employee, as at 31 July 2001 from the payroll system. Adjustments to this provision relate to increases in salary rates, days claimed or paid out through retirement or death. It should be noted that employees resigning, forfeit their claim and the state of utilisation of the leave is not known.

Provision for Performance Bonus

This is a provision for the performance bonus based on the performance management of SAWS. The actual utilisation is approved by the Board based on a combination of both the entity's and individual performance against predetermined targets and performance contracts, respectively which are evaluated after year-end.

15. Revenue Received in Advance

	2016 R	2015 R
Advance Income	2 200	58 623

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

16. Revenue

Revenue from Non-exchange Transactions

	2016 R	2015 R
Revenue from Non-exchange Transactions - Operational Expenditure	**160 434 311**	**152 489 000**
- Government grant - operational expenditure	145 518 311	138 229 000
- Government grant - SAAQIS project	14 916 000	14 260 000
Revenue from Non-exchange Transactions - Capital Expenditure	**-**	**30 000 000**
- Government grant - capital expenditure	-	30 000 000
Contributions and Donations	**7 099 722**	**5 818 790**
- TETA -SETA grant	1 548 570	561 020
- Donations received	2 425 198	1 130 710
- Donor funding - research projects	3 125 954	4 127 060
Revenue from Non-exchange Transactions	**167 534 033**	**188 307 790**
Revenue from Exchange Transactions		
Regulated Commercial Revenue		
- Aviation	**120 679 096**	**104 506 155**
Non-regulated Commercial Revenue	**19 022 029**	**12 522 577**
- Aviation instruments maintenance income	848 854	873 514
- Information fees	9 973 393	9 608 876
- Training - RTC	389 835	291 475
- Lightning detection network sales	5 042 185	1 211 455
- Project / Automatic Weather Stations' income	2 767 762	537 257
Total Commercial Revenue	**139 701 125**	**117 028 732**
Other Revenue	**3 097 906**	**5 002 571**
- Miscellaneous income	395 796	701 561
- Proceeds from disposal of assets	47 750	770
- Interest received from receivables	861 426	293 949
- Income from investments	1 792 934	4 006 291
Revenue from Exchange Transactions	**142 799 031**	**122 031 303**
Total Revenue	**310 333 064**	**310 339 093**

Commercial revenue consists of regulated and non-regulated commercial revenue. Regulated commercial revenue amounts to R120 679 096 (2015: R104 506 155) and non-regulated commercial revenue amounts to R19 022 029 (2015: R12 522 576).

Income from Investments

The income from investments consists of interest received on cash and cash equivalents from banks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

17. Compensation of Employees

	2016 R	2015 R
Salaries and wages	143 808 231	128 323 200
Medical aid contributions	10 083 218	9 553 628
Pension fund contributions	10 248 784	9 511 764
Overtime and shift allowance	9 377 925	9 523 943
Post-retirement medical aid	1 341 477	557 857
Leave pay and bonus performance	11 808 614	15 320 052
Compensation commissioner	269 409	313 696
Bargaining council and casual labour	246 202	146 362
Total Compensation of Employees	**187 183 860**	**173 250 502**

18. Other Operating Expenses

Aircraft expenses	148 438	153 535
Audit fees - external	3 778 090	2 969 445
Bursaries	1 400 009	1 991 287
Cleaning and security services	2 800 340	2 775 801
Communication costs	13 225 522	13 409 846
Computer expenses	7 073 070	9 977 588
Consumable spares	6 386 309	4 267 396
Electricity and power generator	4 114 049	3 254 958
Insurance	1 798 913	1 486 093
Key strategic projects	11 885 944	3 929 349
Leases and rentals	19 649 588	17 560 521
Levies and subscriptions	4 566 744	5 299 768
Motor expenses	1 016 765	1 144 612
Professional and research fees	176 244	602 326
Recruitment costs	592 614	679 831
Repairs and maintenance	11 025 001	9 097 692
Travel expenses - foreign and local	12 365 944	14 447 776
Total Other Operating Expenditure	**102 003 584**	**93 047 824**
Rental Expenditure: Buildings		
Actual contractual payments	**13 471 626**	**13 222 971**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

19. Administrative Expenses

	2016 R	2015 R
Administrative fees	995 583	1 250 767
Audit fees - Internal	800 131	1 139 101
Bank charges	268 370	331 519
*Board remuneration	634 645	444 608
Conference costs	799 929	459 650
Entertainment costs	175 355	220 898
Foreign exchange loss	570 223	275 679
Legal fees	735 946	2 773 129
Loss on disposal of assets	14 120	163 539
Marketing and sales	549 459	1 386 552
Printing and stationery	945 514	991 863
Impairment adjustment on trade receivables	1 939 076	4 678 694
Training expenses	1 491 075	1 017 160
Total Administrative Expenditure	**9 919 426**	**15 133 159**

* Refer to Note 23 – Related Party Transactions – for more detail.

20. Cash Generated from Operations

(Deficit) / Surplus	**(16 349 110)**	**(25 621 975)**
Non-cash movements		
Depreciation	26 967 797	23 787 002
Amortisation	3 233 245	2 753 953
Non-cash revenue	-	(106 294)
Foreign exchange gain	-	275 678
Inventory adjustment	-	(180 946)
Donations	(2 146 354)	-
Fair value adjustment - investment property	(1 029 739)	26 400 627
(Profit) / Loss on disposal of assets	(33 630)	162 769
Decrease / (Increase) in inventories	1 247 598	(1 799 368)
(Increase) / Decrease in receivables	(487 415)	2 216 726
(Increase) / Decrease in prepayments	(3 458 808)	991 978
(Decrease) / Increase in unfulfilled conditional non-exchange revenue	(3 037 459)	3 565 495
(Decrease) / Increase in short-term employee obligations	(119 641)	74 655
(Decrease) / Increase in payables	(3 542 913)	4 311 929
(Decrease) in payments received in advance	(56 423)	(313 829)
Increase in provisions	574 652	3 284 084
Increase in operating lease liability	174 841	940 788
(Decrease) in defined benefit obligation	(3 528 857)	(1 095 000)
Net Cash Flows from Operating Activities	**(1 592 216)**	**39 648 272**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

21. Commitments

Commitments

Commitments represent capital and operational commitments for both expenditure approved and contracted; and approved but not yet contracted for at reporting date.

	Less than 1 Year R	More than 1 Year less than 3 Years R	Total R
Approved but not contracted	4 066 500	2 133 000	6 199 500
Approved and contracted	21 643 715	19 019 929	40 663 644
	25 710 215	**21 152 929**	**46 863 144**

22. Contingencies

	2016 R	2015 R
Contingent Assets		
Legal matter pertaining to labour dispute	**-**	**134 802**
Contingent Liabilities		
Legal matters pertaining to contractual and labour disputes	**2 503 671**	**1 773 577**

The certainty of the legal matters relates to outcomes yet to be confirmed by legislative fora.

23. Related Party Transactions

Relationships

In preparing the Annual Financial Statements for the year ended 31 March 2016, SAWS has identified the related party relations and made the necessary disclosures in the Annual Financial Statements. SAWS is deemed to be under common control with all the entities in the national sphere of government and therefore these entities are considered to be related parties.

Background

Entity Structure

SAWS was established in terms of the national legislation as one of the government's essential scientific institutions providing information and services that have a direct impact on the lives of citizens and their properties and contributing greatly to sustainable development in South Africa. SAWS reports functionally to the Department of Environmental Affairs and therefore the Minister of Environmental Affairs is the Executive Authority. SAWS is governed by the Board as appointed by the Minister. The details of the Board members are disclosed below. SAWS also receives donor funds from the Department of Science and Technology for the financing of some research projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. Related Party Transactions (continued)

Related Party Transactions

SAWS provides weather and climate related services to various entities in national government. This includes provision of services and instruments to public entities.

SAWS further provides aviation services to the national carrier which is controlled by the national government. These services are provided on a cost recovery basis. The transaction amounts are included either in the Statement of Financial Performance as revenue from exchange transactions and related account balances in the Statement of Financial Position as trade and other receivables from exchange transactions or in the respective Notes.

Apart from transactions listed in the previous paragraph, SAWS undertakes the following transactions with other entities in the public sector:

- PAYE, UIF, SDL and other payroll taxes are collected by SAWS and remitted to the revenue authority on a monthly basis;
- Basic services such as electricity, water and sanitation by local municipalities;
- Air travel as supplied by the national carrier which is controlled by national government;
- Post-retirement benefits to former SAWS employees by the Government Pension Fund; and
- The collection of aviation and other related services revenue from entities controlled by national government.

The transaction amounts for the above services are included either in the Statement of Financial Performance as expenditure and related account balances in the Statement of Financial Position as trade and other payables or the respective Notes.

The following related party transactions occurred during the financial year which were not under arms-length:

	2016 R	2015 R
Revenue Related		
Grant received - DEA	160 434 311	182 489 000
Donations received - DEA (SAAQIS Project)	2 199 206	-
	162 633 517	**182 489 000**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. Related Party Transactions (continued)

Executive Management Remuneration – 2016

Name	Designation	Salary R	Medical Aid, UIF and Pension R	Performance Bonus R	Cell Phone Allowance R	Total R
Dr L Makuleni	CEO	2 414 491	253 156	627 654	-	**3 295 302**
Ms M Hogendoorn	CFO	1 683 670	123 213	381 226	36 000	**2 224 109**
Mr L Gcwensa*	GM: Human Capital Management	280 727	4 471	-	6 000	**291 198**
Mr M Ndabambi	GM: Operations	1 230 427	71 675	284 455	36 000	**1 622 556**
Dr Z Majokweni	GM: Corporate Affairs	1 127 032	136 000	234 068	36 000	**1 533 100**
Ms M Kgari**	GM: Commercial	708 084	108 373	-	27 000	**843 457**
Ms K Hanisi***	Acting GM: Human Capital Management	42 555	-	-	-	**42 555**
Total		**7 486 986**	**696 888**	**1 527 403**	**141 000**	**9 852 278**

* Contract terminated on 29 May 2015
**Appointed on 1 July 2015
***Appointed as acting General Manager: Human Capital Management on 15 September 2014

Executive Management Remuneration – 2015

Name	Designation	Salary R	Medical Aid, UIF and Pension R	Performance Bonus R	Cell Phone Allowance R	Total R
Dr L Makuleni	CEO	2 269 980	165 525	557 329	-	**2 992 834**
Ms M Hogendoorn*	CFO	1 336 731	145 382	-	31 258	**1 513 371**
Mr L Gcwensa	GM: Human Capital Management	1 200 736	25 444	266 190	36 000	**1 528 370**
Mr M Ndabambi	GM: Operations	1 156 651	115 105	238 967	36 000	**1 546 723**
Dr Z Majokweni	GM: Corporate Affairs	1 091 981	56 491	176 377	36 000	**1 360 849**
Mr L Gumenge**	Acting CFO	18 000	-	-	-	**18 000**
Total		**7 074 079**	**507 947**	**1 238 863**	**139 258**	**8 960 147**

* Appointed on 19 May 2014
**Appointed as acting Chief Financial Officer on 1 August 2013 until 18 May 2014

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

23. Related Party Transactions (continued)

Board Members

Name	Designation	2016 Fees R	2016 Travel R	2016 Total R	2015 Total R
Prof LM Magi*	Chairperson - Former	62 844	5 354	68 198	93 892
Ms N Mngomezulu**	Chairperson - Current	105 371	4 989	110 360	69 958
Dr NN Gwagwa**	Deputy Chairperson - Current	32 830	655	33 485	24 419
Mr S Makhaye*	Non-Executive Member	34 340	2 423	36 763	45 957
Prof EN Mokotong**	Non-Executive Member	74 340	986	75 326	69 345
Mr AM Mvinjelwa*	Non-Executive Member	31 512	1 870	33 382	39 681
Mr R Nicholls**	Non-Executive Member	27 918	627	28 545	42 228
Mr J Tshipa**	Non-Executive Member	90 830	2 474	93 304	78 428
Mr D Lefutso***	Non-Executive Member	43 878	2 896	46 774	-
Adv DJ Block***	Non-Executive Member	33 228	1 969	35 197	-
Ms N Madiba***	Non-Executive Member	35 784	10 408	46 192	-
Mr K Modimoeng***	Non-Executive Member	39 618	1 825	41 443	-
Ms S Mudly-Padayachie***	Non-Executive Member	22 152	-	22 152	-
Total		**634 645**	**36 477**	**671 122**	**463 908**

* Term expired on 31 August 2015
** Re-appointed on 1 September 2015
***Appointed on 1 September 2015

Members employed in the public sector do not receive Board fees.

24. Risk Management

In the course of the entity's operations it is exposed to interest rate, foreign exchange, credit and liquidity risk. The entity has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity does not use derivative financial instruments to hedge risk exposures. Risk management is performed by management under policies approved by the Executive Committee. Management identifies, evaluates and mitigate financial risks through the Risk Committee of the Board.

Liquidity Risk

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24. Risk Management (continued)

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity'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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

Management monitors monthly performance against budgets (reviewing receipt of government grants, and cash and cash equivalents) on the basis of expected cash flow.

Prudent liquidity risk management implies maintaining sufficient cash and obtaining the continued commitment from the Department of Environmental Affairs for the government grant and the collection of the aviation income from respective airlines. Due to the nature of the business, management maintains flexibility in funding by maintaining expenses below budget and continuously pursuing additional income via donor funding, information fees and the sale of lightning detection networks.

The table below analyses the entity's financial liabilities at reporting date.

	Less than 1 Year R	Between 1 and 2 Years R	Between 2 and 5 Years R	Over 5 Years R
Period ended 31 March 2016				
Trade and other payables	13 006 918	-	-	-
Period ended 31 March 2015				
Trade and other payables	21 829 423	-	-	-

Interest Rate Risk

The entity's exposure to market risk (in the form of interest rates risk) arises primarily form the entity's investment in cash and cash equivalents, accounts receivable and payable. The entity manages its interest rate risk by obtaining competitive rates from approved financial institutions on a monthly basis. The entity policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/ (deficit).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24. Risk Management (continued)

The entity's exposure to interest rate risk and the effective interest rates on financial instruments at the Statement of Financial Position date is as follows:

	2016 Effective Interest Rate	2016 R	2015 R
Cash	5.54 %	43 887 490	56 684 097
Accounts receivable	9.17 %	23 026 123	21 058 564
Total financial assets	**7.36 %**	**66 913 617**	**77 742 661**

	2016 Effective Interest Rate	2016 R	2015 R
Total financial assets	7.36 %	66 913 617	77 742 661
Total financial liabilities	-	(13 006 918)	(21 829 424)
	7.36 %	**53 906 699**	**55 913 237**

Credit Risk

Financial assets, which potentially subject the entity to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The entity managed to limit its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury in accordance with the Investment Policy. The entity's exposure is continuously monitored by the Accounting Authority.

The entity does not have any material exposure to any individual or counter-party. The entity's largest concentration of credit risk is limited mainly to the aviation industry. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that have not been adequately provided for. Credit risk with regard to accounts receivable in the aviation industry is limited as the fees are charged in terms of legislation.

Foreign Currency Risk

The entity does not operate internationally but undertakes certain transactions denominated in foreign currencies, and is exposed to foreign exchange risk arising from fluctuations in foreign currencies. The entity does not hedge against its exposure to foreign exchange risk.

Exposure to foreign currency exposure at financial year-end relates to trade payables and is disclosed under Note 12.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24. Risk Management (continued)

	2016 Foreign Currency	2015 Foreign Currency	2016 R	2015 R
EUR Payables	EUR 11 645	EUR 65 793	196 144	862 600
CHF Payables	-	CHF 241 425	-	3 024 741
GBP Payables	-	GBP 69 255	-	1 241 340
USD Payables	USD 2 250	USD 250 495	33 831	3 026 806
			229 945	**8 155 487**

The entity is mainly exposed to the Euro, US dollar, British Pound and Swiss Franc currencies.

The following table details the entity's sensitivity to a 5% increase and decrease in Rand against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a 5% change in foreign currency rates.

A positive number below indicates an increase in surplus where the Rand strengthens 5% against the relevant currency.

For a 5% weakening of the Rand against the relevant currency, there would be an equal and opposite impact on the surplus and the balances below would be negative.

Euro Impact		USD Impact	
2016 R	**2015 R**	**2016 R**	**2015 R**
9 806	3 026	1 692	(64 330)
GBP Impact		**CHF Impact**	
2016 R	**2015 R**	**2016 R**	**2015 R**
-	2 986	-	(168 322)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the period-end exposure does not reflect the exposure during the full period.

25. Events after the Reporting Date

Management is not aware of any matter or circumstances arising since the end of the financial period which would affect the figures, as disclosed in the Annual Financial Statements.

26. Fruitless and Wasteful Expenditure

During the period under review, management did not detect any fruitless and wasteful expenditure.

27. Irregular Expenditure

During the period under review, management did not detect any irregular expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

28. Explanations of Variances – Statement of Comparison of Budget and Actual Amounts

Budgetary Basis, Classification and Period of the Budget

The budget is approved on an accrual basis. The approved budget covers the period 1 April 2015 to 31 March 2016. The budget basis and the accounting basis are the same; both are on the accrual basis.

Explanation of Material Differences between Approved Budget and Final Budget:

During the year under review, an application was made by SAWS management after approval by the Board to the Minister of Environmental Affairs to consider the reduction of the Non-Regulated Commercial Revenue target. The application was subsequently approved by the Minister and resulted in the following:

- Reduction of the Non-Regulated Commercial Revenue target from R36 981 000 to R16 000 000;
- Increase in Other Revenue (Donor Funds) Budget from R7 500 000 to R10 000 000;
- Reduction in the Budget for Employee Costs from R209 167 000 to R191 668 000; and
- Reduction in Other Operating Expenses Budget from R85 932 911 to R84 950 911.

Explanation of Material Differences between Final Budget and Actual Results:

Revenue

Total revenue for the period is above the final budget by R25 461 064 (8.91%).

During the year under review, SAWS received a Government Grant of R160 434 311 for operational activities. No Capital Expenditure Grant was received during the year under review. The Contributions and Donations amount to R7 099 100 is made up of TETA-SETA Grants amounting to R1 548 570 for skills development, while the remaining amount of R5 551 152 relates to donor funds that were realised during the current financial year. These donor funds are ring-fenced and specifically used for projects in accordance with the Service Level Agreements. The variance is due to the utilisation and allocation of projects received in the previous financial year after meeting the recognition criteria.

Revenue from exchange transactions is R26 450 031 (22.73%) above budget. This is mainly attributable to Regulated Commercial Revenue and Non-Regulated Commercial Revenue which are above budget by R22 230 096 and R3 022 029 respectively. The increase in Regulated Commercial Revenue is mainly due to increased traffic volumes which exceeded budgeted volumes.

The increase in Non-Regulated Commercial Revenue is mainly due to Lightning Detection Network sales which exceeded the budget by R3 760 000.

Expenses

Total Expenses for the year are above the budget of R312 988 000 by 5.20% (Actual: R329 307 913), which is within the acceptable variance spend. SAWS continues to manage its actual spend to budget in an efficient manner, in line with the cost containment measures, as issued by National Treasury.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

28. Explanations of Variances – Statement of Comparison of Budget and Actual Amounts (continued)

Major savings were realised in employee costs where posts were temporarily frozen, without negatively impacting on crucial operating activities, resulting in savings of R4 484 140. However, this practice will not be sustainable in the long run as it will put pressure on existing human capital and operational resources.

Below are major variances in total expenses compared to budget:

	2016 R
• Administrative Expenses	1 666 337
• Other Operating Expenses	(17 052 673)
• Employee Costs	4 484 140
• Depreciation and Amortisation	(2 085 043)

Administrative expenses incurred amount to R9 919 426 for the year, 20.10% above the budget of R8 253 089. This is mainly due to the Provision for Doubtful Debts of R1 933 390, emanating mainly from aviation clients. Other Operating Expenses exceed the budget by 20.00%, mainly due to Repairs and Maintenance, as a result of old infrastructure that needs regular maintenance.

Depreciation is above budget by 10.16%, mainly due to the re-assessment of assets that have reached a zero net book value, but are still in use. This is mainly due to a lack of funding for capital infrastructure and as a result, the fixed assets have to be utilised for extended periods beyond the planned useful life.

29. Changes in Accounting Estimate

Based on experience gained in practice, SAWS re-assessed the useful lives of meteorological equipment, furniture and fittings, office equipment and tools, computer equipment and other equipment.

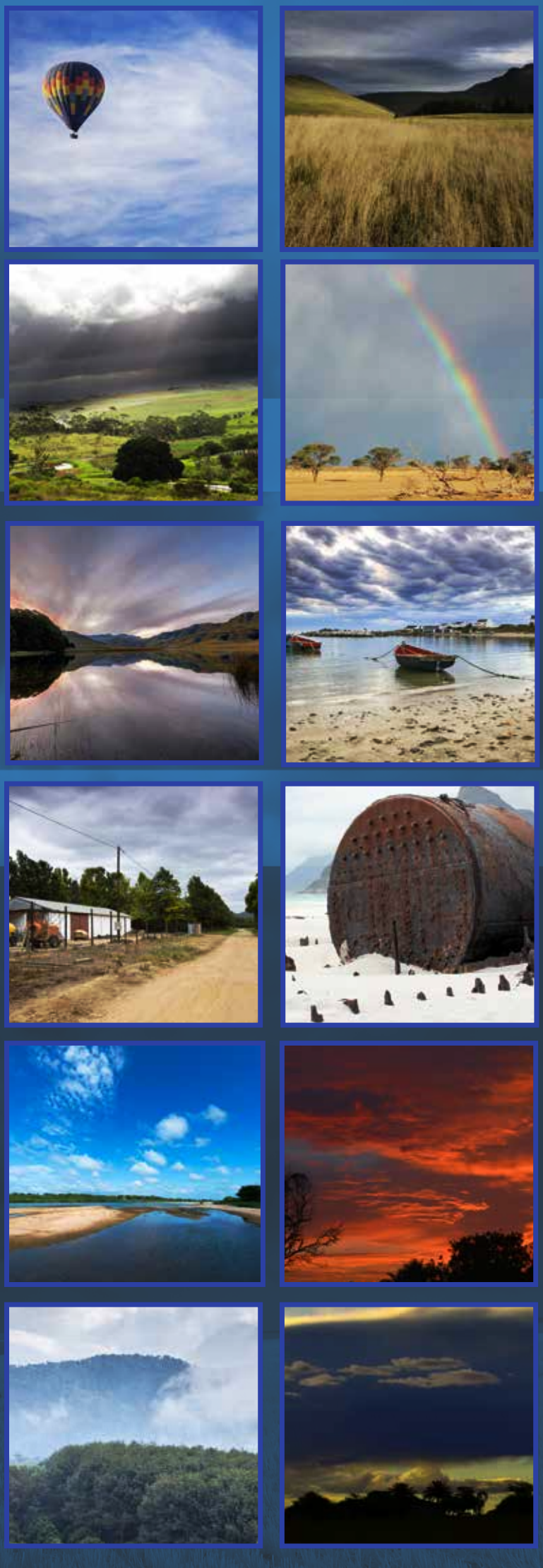
The assessed useful lives are believed to fairly represent the consumption of economic benefits embodied in the assets at the following ranges:

Leasehold Improvements	10-15
Meteorological Equipment – Other	10-15
Office Equipment	15-20
Computer Equipment	5-10
Computer Software	5-10
Furniture and Fittings	15-20
Tools and Other Equipment	10-15

The effect of the change in accounting estimate amounts to R6 322 147 and is included in the depreciation charge.

The future effect of the change in accounting estimate amounts to R4 300 461.

NOTES



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Bram Fisher International Airport
Private Bag X20562
Bloemfontein
9300
Tel: 051 433 3281

Cape Town International - Weather Office
ATNS Tower
Tower Street
Cape Town International Airport
PO Box 21
Cape Town International Airport
7525
Tel: 021 934 0749/0831

King Shaka International - Weather Office
Ground Floor
ATNS Building
King Shaka International Airport
PO Box 57733
King Shaka International Airport
4407
Tel: 032 436 3820/3812

OR Tambo International - Aviation Weather Centre
Room N161
3rd Floor
OR Tambo International Airport
PO Box 1194
Kempton Park
1627
Tel: 011 390 9329/9330

Port Elizabeth - Weather Office
Roof Top
Departures Hall
Port Elizabeth Airport
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Walmer
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