



I N K O M A T I
CATCHMENT MANAGEMENT AGENCY

ANNUAL REPORT

2010- 2011

Gathering Momentum



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ICMA STRATEGIC OBJECTIVES



Ensure Effective, Efficient and Sustainable Management of Water Resources

Ensure Collaborative and Co-Ordinated IWRM for Wise Socio-Economic Development

Ensure Effective and Efficient Management of ICMA Resources

Promote Knowledge Generation and Distribution

Promote and Pursue an International Developmental Agenda

STRATEGIC ACTION PROGRAMMES EMANATING FROM OUR CATCHMENT MANAGEMENT STRATEGY



Achieving Equity

Water Availability & Flow Management

Managing Water Quality

Generating & Managing Knowledge

Achieving Compliance and Enforcement

Generating Revenue

Vision: Water for All in Inkomati

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ICMA GOVERNING BOARD MEMBERSHIP



TP Nyakane-Maluka (Chairperson)
Local Govt. – Water Services



N Govender (Deputy Chair)
Industry, Mining & Power



C Du Preez
Commercial Agriculture



Dr. GH Karim
Office of Premier



SE Thwala
Tourism & Recreation



TG Mokoena
Forestry (SFRA)



F Roux
Conservation



EG Mashele
Productive use by the Poor



LS Masilela
Civil Society



BK Mokoena
Potential Agric. Use by HDI's

ICMA MANAGEMENT



MM Selepe
Acting Ceo until Jan 2011 &
Executive Manager: Water Use



BR Jackson
Acting Ceo From Feb 2011 &
Executive Manager: Water Resources Planning



Adv. JE Boshoff
Board Secretary



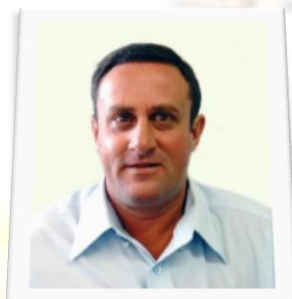
CA Nkuna
Executive Manager:
Corporate and Finance



JH Mabunda
Executive Manager:
Institutions & Participation



PV Khosa
Manager: Office of CEO



GC Robbertze
Manager: Finance



N Mashele
Manager: Human Resources

CHAIRPERSON'S STATEMENT

It is with great pleasure that I present this annual report for 2010/11 financial year on behalf of the governing board of the ICMA, which is appointed by the Minister of Water Affairs to act as the accounting Authority for the ICMA and ensures that it exercises its powers and performs its functions in a proper, efficient, economical and sustainable manner. I am particularly pleased to report that the 2010/11 financial year represented another year of outstanding performance by the ICMA. These achievements for the year under review are dealt with in greater details under the section that focuses on programme performance.

Gathering Momentum is a theme attached to this Annual Report for the 2010/11 financial year. The amount of work done as well as the developments that the ICMA witnessed during the year under review can only be fittingly equated to a journey that is gathering momentum –setting the institution up to be fully functional in IWRM.

Submission of the Catchment Management Strategy

A key milestone during 2010/11 financial year has been the submission of the first generation Catchment Management Strategy (CMS) to the Minister of Water Affairs as contemplated in section 80 of the National Water Act, Act 36 of 1998. The strategy was largely completed in house by the ICMA itself, a fact of which we are very proud.

Our stakeholders were extensively involved in the development of the strategy to the extent that the

vision and objectives in the strategy were stakeholder derived. Essentially, the stakeholders reflected on the current status of water resources in the catchment management area and looked to the desired future, also identifying appropriate mechanisms to address the identified challenges.

Meaningful stakeholder involvement

The ICMA strives towards achieving cooperation and consensus in managing the water resources under its control, and seeks to give effect to the initial functions. It is against this backdrop that stakeholders' involvement and participation in the business of ICMA has been encouraged at all times. For example, the 2010/11 strategic plan and budget on which this annual report is based and the proposed strategic plan for 2011/12 to 13/14 financial years which have been approved by the governing and submitted to the Minister of Water Affairs are reflective of stakeholder inputs.

Delegation of powers and functions by the Minister of Water Affairs

Another critical milestone during 2010/11 financial year has been the delegation by the Minister of Water Affairs of schedule 3 powers and functions to the ICMA. Without doubt, the delegation of these powers and functions has actually set the ICMA into a full functional mode. These powers and functions will take effect from the beginning of the 2011/12 financial year.

Role in Trans Boundary Water Management

I am particularly thrilled to announce that the ICMA has actively supported the implementation of the Interim Inco-Maputo Agreement (IIMA) through involvement in the activities of the Komati Joint

Operations Forum (KJOF) and the PRIMA (Progressive Realisation of the Inco-Maputo Agreement) projects.

THE KJOF implements water allocations to the member states of South Africa and Swaziland. The PRIMA Programme will result in new International Operating Rules for our rivers in which the management of the rivers will be coordinated between the three countries involved. The ICMA will play a significant role in implementing the rules on the South African side.

Trans-boundary conference in Swaziland

At international level, the ICMA participates in a twinning arrangement involving Waterschap Groot-Salland from the Netherlands. In pursuit of the objectives of the twinning arrangement, members of the governing board and management co-hosted the River and Environment Management Cooperation (REMCO) conference that was held in Swaziland.

The conference focused on institutional approaches for enhancing cooperation between countries for the management of trans-boundary water resources to support sustainable development. It was acknowledged that shared water resources can actually provide the basis for cooperation and sharing of benefits provided that threats to international water resources are objectively recognised and institutional structures for cooperation are created and sustained.

River Systems Operations

The ICMA continues to play a leading role in the implementation of operating rules on our rivers

through the continued success of the Crocodile Catchment Operations Committee and the Crocodile River Forum. Decisions on the allocations and restrictions of water to our water users are made at these forums with the aid of sophisticated software. The ICMA is also playing a role in the development of the operating rules for the Sabie-Sand catchment and will take over the implementation of these rules once they have been developed by DWA.

Compliance with legislative requirements

The governing board being the accounting authority in relation to the Minister, has been able to submit within prescribed timeframe the budget of estimated revenue and expenditure for approval by the Minister as contemplated by section 53 of Public Finance Management Act.

Quarterly reports with regard to performance, revenue and expenditure and compliance with PFMA and National Treasury have also been submitted as required by the applicable legislations. This Annual Report detailing all activities of the ICMA for the financial year under review, including the audited financial statements as well as the report of the auditors on the financial statements has been prepared within the prescripts of the applicable legislations. It can also be reported that proposed strategic plan for 2011/12 – 13/14 financial years as approved by the governing board has been re-submitted to DWA on 29 April 2011 following appraisal by senior management.

Internal Control Environment

In order to enable the governing board to discharge its oversight responsibilities with diligence and with a goal of ascertaining that risks

are managed appropriately and the ICMA's resources are used responsibly, management has developed and continues to maintain a risk management policy and a system of internal control.

The internal control system has been designed to provide reasonable assurance with regard to the integrity of the financial records of ICMA. It incorporates a comprehensive budgeting and reporting system operating within set deadlines envisaged by section 51 of the Public Finance Management Act 1 of 1999. This is subject to regular monitoring by the Audit Committee.

Acknowledging that the operating environment is not stagnant, the Audit Committee has from time to time recommended the review of the risk management policy and system of internal control to ensure that the identified risks are effectively mitigated. Therefore, the governing board is particularly satisfied that the system of internal control is adequate such that the financial records may be relied upon for preparing the financial statements as well as maintaining accountability of assets and liabilities.

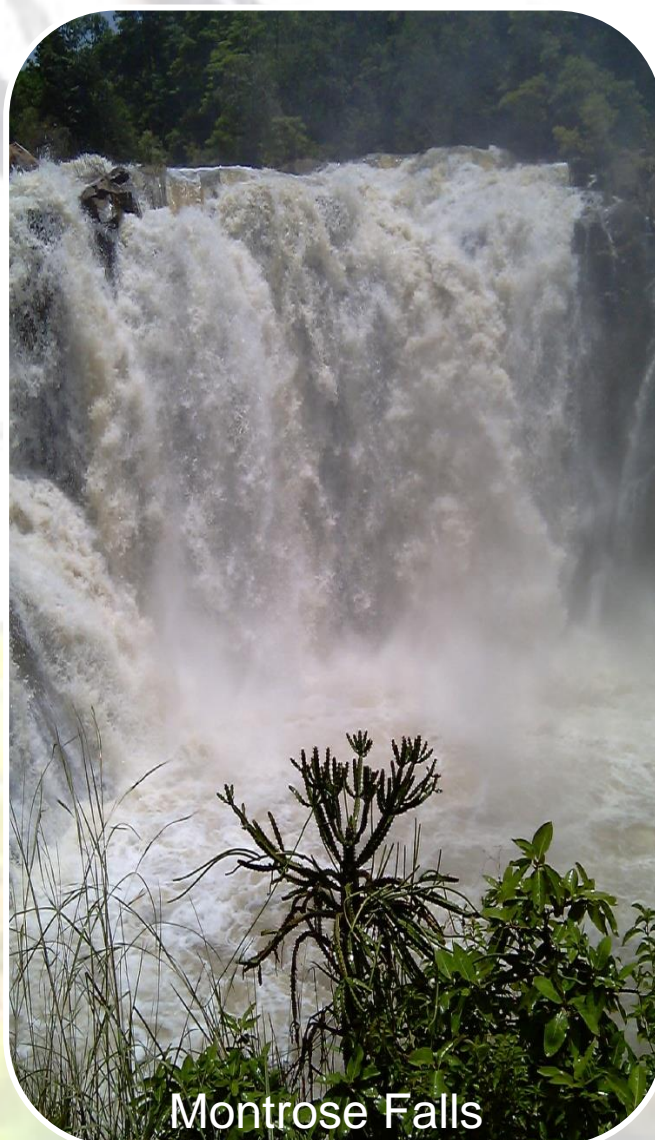
Conclusion

In conclusion, it is indeed a reassuring experience for me to have been afforded an opportunity to be the first chairperson of the governing board of an institution that shows significant progress in a quest to become a model of excellence in the field of water resources management. The level and quality of service the ICMA provides is dependent primarily on the hard work, dedication and professionalism among members of staff, and I would like to express my sincere gratitude to staff, both on my own behalf and on behalf of the governing board.

I also wish to extend my sincere thanks to the members of the Governing Board for their dedication.

I further wish to pay special tribute to all our partners in service provision, water users, stakeholders and practitioners in water resources management for the ongoing contribution to the work of ICMA.

Lastly, I wish to extend our Gratitude to the Minister of Water and Environment for her role in expediting the delegation of further functions to the ICMA. We believe that we will do justice to the trust shown in us.



OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER

I consider it a privilege to present my first overview as the acting Chief Executive Officer of the Inkomati Catchment Management Agency.

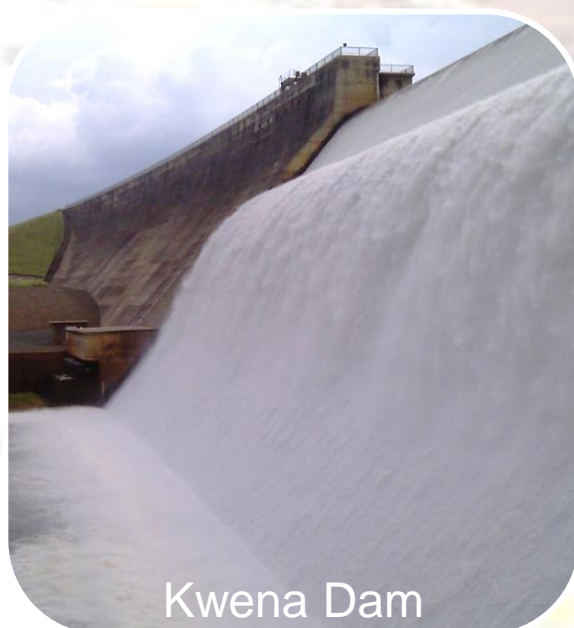
The financial year under review has been an eventful one for a number of reasons and the prominent achievements of the ICMA have been highlighted in the Chairpersons Statement. It is not necessary to repeat those here, suffice to say that these achievements effectively set the ICMA into a full operational mode with regard to integrated water resources management.

Firstly, we have once again achieved a clean audit which highlights the fact that the ICMA is still on course towards achieving its goals of good governance. We derive great pleasure in this achievement which we will continue to strive for in the future.

I also feel it necessary to highlight the completion of our first order Catchment Management Strategy and the efforts made during the year on our 3 year Strategic Plan following the completion of the CMS and the delegation of further powers and functions by the honourable Minister of Water Affairs on 17 December 2010.

These powers and functions together with the strategic action programmes derived from the CMS have been incorporated into the 3 year strategic plan that has been submitted to the Department of Water Affairs. Our Stakeholders were extensively consulted during the development of this plan and have indicated that they are very happy with our strategic direction. Considerable progress has been made during the year in review with regard to building the required institutional capacity to enable the ICMA to effectively perform these powers and functions with critical positions in the technical divisions having been filled. These critical posts will continue to be filled as a priority.

The ICMA also co-hosted the first River and Environmental Management Cooperation (REMCO) steering committee meeting with Ara-Sul in Mozambique and the Komati River Basin Authority (KOBWA) in Swaziland.



Kwena Dam

This annual report highlights the Legislative Mandate of the ICMA including the ICMA objectives and their links to the presidential outcomes and DWA priorities; the Organisational Management of the ICMA; divisional reports from each division; our performance tables for the year as well as our financial statements.

I believe that we are truly gathering momentum and look forward to much further progress in the future.

DEFINING THE INKOMATI CATCHMENT MANAGEMENT AGENCY

Legislative framework

The ICMA is a water management institution in the Inkomati Water Management Area (WMA) and it is established in terms of section 78 of the National Water Act 36 of 1998.

The ICMA has the following inherent functions in terms of Section 80 of the National Water Act:

- Investigate and advise interested persons on water resource management
- Compilation of the CMS
- Co-ordinate related activities of water users and WMLs
- Promote co-ordination of implementation of any applicable development plan
- Promote community participation in water resource management

In addition to section 80 above, the ICMA also has the following functions:

- Prevention and remedying effects of water resource pollution as stipulated in section 19 of the NWA
- Control of emergency incidents in respect of water resource pollution as stipulated in section 20 of the NWA.

On 17 December 2010 the Minister of Water and Environmental Affairs delegated the powers and functions in the following provisions of the National Water Act to the Inkomati Catchment Management Agency:



Bio- Monitoring at
Malelane Gate

- Schedule 3 – Power to manage, monitor, conserve and protect water resources and to implement catchment management strategies; To make rules to regulate water use; To require establishment of management systems; To require alterations to water works and To temporarily control, limit, or prohibit use of water during periods of water shortage.
- Section 34(2) – To register an existing lawful water use
- Section 35(1) – To verify the lawfulness or extent of an existing water use by written notice requiring any person claiming an entitlement to that water use to apply for a verification of that use
- Section 92 – Establishment and amendment of Water User Associations subject to certain conditions

In terms of section 25 of the National Water Act the Inkomati Catchment Management Agency may as water management institution on request authorise the temporary use of existing authorised irrigation water for a different use on the same property or for the same use or similar use on another property in the vicinity.

The Inkomati Catchment Management Agency may as a water management institution appoint in terms of section 124 Authorised Persons to perform inspection and remedy functions in respect of water resources in terms of section 125(1) – (3).

In terms section 57(2) of the NWA charges within a specific water management area may be made by and are payable to the relevant water management institution. In the case of the Inkomati WMA the ICMA is the relevant water management institution. However, the ICMA is not in a position to undertake

this function until the linkage between the ICMA systems and the Water Authorisation and Registration Management System (WARMS) and SAP is in place to enable billing.

ICMA Mission

The mission of the ICMA is of a pioneering catchment management system that empowers stakeholders to engage in consensual and adaptive decision making, to achieve reform, and to promote persistent social, economic and environmental justice across the Inkomati catchment. The ICMA exists within the Inkomati WMA with a purpose to:

- Manage the water resources according to the National Water Act. We will achieve this through the development and implementation of a Catchment Management Strategy with all stakeholders, balancing the utilisation, development and protection of the water resource.
- Manage all water uses to promote equity and efficiency. We will achieve this through appropriate authorisation, pricing, control and enforcement of water use together with programmes to promote water conservation and pollution control.
- Protect the water resources to support biodiversity and local use by communities. We will achieve this through setting objectives through a consensus seeking process that balances the need to protect and sustain, with the need to develop and use the water resource.
- Involve stakeholders in water resources decision making. We will achieve this through mobilising, empowering and consulting water users and stakeholders, focussing on expanding

participation by communities, women and rural poor.

- Facilitate co-operation between water related institutions to promote political credibility within the Inkomati WMA. We will achieve this through building strong relationships, advising, supporting and monitoring the water related activities of private and public sector bodies.
- Contribute towards social and economic development in the Water Management Area. We will achieve this through allocation of water and creative initiatives in support of government objectives and strategies.
- Support the co-operative management of the Inkomati basin as an internationally shared water course. We will achieve this by supporting the Department of Water Affairs (DWA) to implement international agreements

ICMA Strategic Objectives

1. *Ensure Effective, Efficient and Sustainable Management of Water Resources*

- Develop/implement empowerment programmes that promote strategic and consensual decision making across the stakeholder base.
- Develop/implement systems and strategies (e.g. the CMS and river operating systems) that facilitate improved and equitable access to the resource.
- Develop/implement cost effective monitoring programmes that serve strategic, adaptive and consensual decision making.
- Ensure integrated planning and operation of systems

2. *Ensure Collaborative and Co-Ordinated IWRM for Wise Socio-Economic Development*

- Grow multi-level, multi-sectoral (Private, NGO and Gov.) governance networks and engagement processes that keep ICMA agendas at the forefront, taking advantage of existing structures wherever they can achieve this purpose.
- Structure the ICMA's advisory function, within resource constraints, to ensure ICMA needs are served alongside those who are requesting advice.
- Support the development, and where appropriate transformation, of other WRM institutions (WUA, CMC, etc.).
- Develop and implement rules and procedures for operational river management.

3. *Promote and Pursue an International Developmental Agenda*

- Improve cross-boundary stakeholder relationships and understanding of current agreements.
- Strategically improve understanding of local catchment conditions and IWRM needs to inform decision-making about international obligations under changing circumstances. (i.e. do not wait for a crisis or demand from a neighbour).
- Exchange of knowledge and expertise.

4. *Promote Knowledge Generation and Distribution*

- Design and implement a system of data and meta-data management, pertinent to participative IWRM in the Inkomati, that is accessible to all stakeholders.
- Identify, collect and collate data/information for the system in 4a) and map the stakeholder network, including the distribution of STEEP competencies, activities, needs, decision making mandates, etc..
- Using outputs from a) and b), develop a strategic plan for knowledge acquisition that will guide future partnerships with stakeholders, and with other knowledge/skills providers.
- Develop/implement strategic empowerment programmes that are explicit about the transfer and diffusion of knowledge/skills across the stakeholder network.

5. *Ensure Effective and Efficient Management of ICMA Resources*

- Explore and internalise the characteristics and processes of an enabling environment for pioneering IWRM in an emerging African democracy.
- Ensure appropriate capacity is built within the ICMA for participative IWRM.
- Co-ordinate and align the adaptive systems that serve objectives 1-4.
- Improve internal and external networking.
- Improve internal service infrastructure e.g. the computer network.



Strategic Action Programmes emanating from the Catchment Management Strategy

The ICMA finalised the development of its draft first generation catchment management strategy in the 2010-11 financial year. The process of promulgating the catchment management strategy, which involves consulting with the Minister for her consent in terms of section 8(4) of the National Water Act as well as a 90 days period for public comment, must still be completed during the 2011-12 financial year.

The Strategic Action Programmes derived from the stakeholder derived vision for the Inkomati are summarised below. They have been incorporated into the Strategic Plan for 2011-2012 developed during the financial year and have also been linked to the strategic objectives of the ICMA in that Strategic Plan:

Strategic Action Programme 1 from CMS:	Achieving Equity
Strategic Action Programme 2 from CMS:	Water Availability and Flow Management
Strategic Action Programme 3 from CMS:	Managing Water Quality
Strategic Action Programme 4 from CMS:	Generating and Managing Knowledge
Strategic Action Programme 5 from CMS:	Achieving Compliance and Enforcement
Strategic Action Programme 6 from CMS:	Generating Revenue

The ICMA's mandate and functional responsibilities are aligned to achieve the Department of Water Affairs' Priorities as well as align with the Outcomes of National Government. The table below demonstrates how the Department of Water Affairs' Priorities are linked to the Outcomes of National Government and the inputs of the ICMA in to the priorities of the Department of Water Affairs. These DWA Priorities have been linked to the ICMA Strategic Objectives and Strategic Action Programmes emanating from the CMS in the 2011-2012 Strategic Plan that was developed during the financial year.

Number	DWA Priority	ICMA Input
1	Contribute to Economic Growth, Rural Development, Food Security and Land Reform (Outcome 6; 7 and 9)	Yes. Through provision of strategic support and creating an enabling environment. All actions shown under DWA priority 2.
2	To promote Sustainable and Equitable Water Resources Management (Outcome 10).	Yes
3	Strengthening the regulation of the water sector (Outcome 6 and 10).	Yes (CMS Strategic Action Programme: Achieving Compliance & Enforcement but shown under DWA priority 2)
4	Support Local Government to deliver services (Outcome 9).	Yes. Through involvement in their planning as part of our initial functions (Eg. WSDP's)
5	Contribute to Improved International Relations (Outcome 11)	Yes
6	Build capacity to deliver Quality Services	Yes

ORGANISATIONAL MANAGEMENT

Governance

The Governance section comprises the Governing Board and is supported by the Board Secretary and the staff reporting to the Board Secretary. In terms of the reporting requirements in relation the Minister, the Governing Board is the Accounting Authority of the ICMA with the Chief Executive Officer as the Head of Administration. In carrying out its mandate, the Governing Board is obliged to ensure that the following processes and documents are in place every financial year as required by the legislative environment:

- Strategic Plan and Budget:
 - Proposed Strategic Plan and Budget by 30 September; and
 - Final Strategic Plan and Budget by 31 March.
- Financial Statements by 31 May
- Annual Report by 31 August
- Quarterly Reports within 30 days after each quarter, including:
 - Expenditure and revenue;
 - PFMA Compliance; and
 - Performance.

The Board Secretary must advise the Governing Board and the administration of the ICMA on compliance and see to all agendas, reports and minutes of the Governing Board and its committees. Essentially, Governance is a support function to ensure compliance and assisting with the achievement of the objectives and goals of the ICMA.

In order for the Governing Board to fulfil its mandate as outlined above, it is anticipated that the following minimum number of meetings and events will be convened during 2010/11 financial year to ensure effective compliance.

- Governing Board meetings X7
- Committee meetings (Excluding Audit Committee) X12
- Audit Committee meetings X5
- Capacity building and training of the Governing Board and Audit Committee members X2
- Other official events including international relations, governmental relations and stakeholders participation

Management Structure

The Chief Executive Officer's office is responsible for strategy implementation and day-to-day management of the activities of the ICMA. Being the accounting officer in relation to the Governing Board, the CEO is responsible for building, maintaining and protecting the reputation and integrity of the ICMA. This office is also responsible for identifying and ensuring that the activities necessary for the implementation of the ICMA strategic plan are carried out effectively and efficiently. Providing strategic direction, ensuring performance management, motivation of personnel, risk management as well as prudent and judicious use of resources are therefore some of this office's most critical responsibilities.

Executive management also fulfils important management functions including the roles of Heads of Divisions. The management structure of the ICMA is set out as indicated in the diagram over the page to ensure effective and efficient execution of the mandate of the institution in terms of the National Water Act.

Employment Equity in the ICMA

Salary Level	African Male	Coloured male	Indian Male	White male	African Female	Coloured Female	Indian Female	White Female	Total
2					1				1
3							1		1
4	1								1
5	1								1
6	3								3
7	1				1				2
8	4								4
9					4				4
10					1				1
11	1								1
12	1			2	1				4
13	2			1	1				4
Total	14	0	0	3	9	0	1	0	27
%	52%	0%	0%	11%	33%	0%	4%	0%	

Office of the CEO:

1 Acting Chief Executive Officer

1 Manager Office of the CEO; 1 Marketing & Communications Officer

Institutions & Participation:

1 Executive Manager
Institutional Specialist

Water Use:

1 Executive Manager

Water Resources Planning & Programmes:

1 Executive Manager

Corporate and Finance

1 Executive Manager

Sabie Sand Catchment:

2 Community Officers

Crocodile Catchment:

2 Community Officers

Komati Catchment:

1 Community Officer

Resource Protection and Waste:

Water Utilization:

Information Management & Systems:

Systems Planning and Operations:

Finance:

1 Finance manager
Expenditure
 1 Finance Officer
Payroll
 Payroll Officer
Supply Chain
 1 SCM Officer
Risk management:
Revenue:

Human Resources:

HR Manager
 Admin Officer
 Receptionist
 Driver/Messenger
 General Office Assistant
 Auxiliary Services Officer

Water Quality Management

River System Health:

Water Allocation:

Water Use Efficiency:

Compliance Monitoring & Enforcement

GIS & Data Management

WDGS & WMS:

WARMS:

Planning Coordination & CMS:

River System Operation

1 Hydrologist

Governance:

Board Secretary
Committee Clerk

DIVISIONAL REPORTS

Water Use

Much of the effort within the Water Use Management division is directed at optimising the efficient use of water and in minimising the environmental impact.

Successful management of water resources requires careful management of trade-offs in terms of knowledge of the resource, the various uses and competing demands for the resource, measures and processes to evaluate the significance and worth of competing demands as well as mechanisms to translate policy decisions into adaptive actions on the ground.



Champagne Canal

Ensure Effective and Efficient Management of Water Resources

In terms of ensuring effective and efficient management of water resources, the Water Use division has managed to process one exemption and recommended it to DWA. Considerable progress had been recorded in processing license applications, however, the process has since been

taken over by DWA through Letsema – a project intended at eradicating water use licenses backlog.

Pollution Control

A total of fourteen EMPR documents have been successfully evaluated and recommended within set timeframes. The annual target of twenty could not be achieved due lack of required human capacity and divided focus since the Executive Manager: Water Use was Acting Chief Executive Officer for most of the year.

Staff Transfer

The governing board since resolved that the ICMA should appoint DWA Regional Office through the service level agreement as its agent with regard to emergency pollution incidents. Following this appointment, a total of three pollution incidents were

successfully attended to and satisfactorily remedied during the financial year under review.

However, this is a temporary arrangement and the full transfer of staff from the DWA Regional Office to the ICMA as agreed has not been finalised and is behind schedule. This is detrimentally affecting the Division in the performance of its functions. A process to finalise the transfer of staff is underway.

The division has also collaborated with DWA on Real Time Operation of the Crocodile River as well as partaking in DWA Regional Office Operations Meetings. Further milestones recorded during the financial year under review include active participation in the institutional realignment project driven by DWA head office as well as working with Water Research Council on Water Allocation Reform project in South Africa, which includes the history, processes involved as well as prospects for the future implementation.

Participation in latest national & international IWRM related networks, forums, conferences, projects, programmes

Many of the forums and project coordinating committees listed under the Report of Water Resources Planning and Programmes Division are also attended by Water Use.

River Health Programme

The division attended and supported the initiative of MTPA to revitalise the River Health Programme along with the Water Resources Planning and Programmes Division, as this is seen as a key requirement to enable proper monitoring of our effectiveness in operating our river systems. Funds have been set aside in the 2011-12 Strategic Plan to assist with bio-monitoring in support of the programme.

Promote knowledge generation and distribution

The Water Use Management division has played a constructive role by way of supporting the DWA Regional Office in water quality data capturing on the Water Management System.

Water Meters

The bids for phase one of installation of water meters in the middle Komati between Mananga and Tonga project has been evaluated and adjudicated. Appointment has been made and work will be done in the new financial year.

Water Resources Planning and Programmes

Out of the five overarching strategic objectives, the Water Resource Planning and Programmes division relates to four of these, namely to ensure effective and efficient management of water resources; ensure integrated planning and operations of systems; promote and pursue international developmental agenda as well as promote knowledge generation and distribution.

The investigation and provision of technical inputs and advice to water users on the protection, use, development, conservation, management and control of the water resources within the Inkomati water management area envisaged in section 80 of the National Water Act, number 36 of 1998 is made possible through the Water Resource Planning and Programmes division.

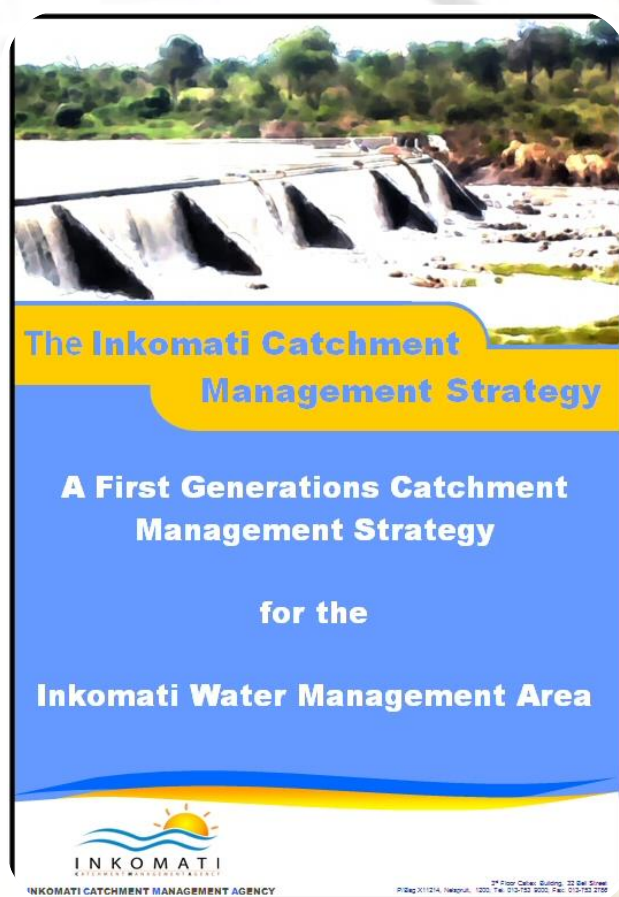
Ensure Effective and Efficient Management of Water Resources

Catchment Management Strategy

The key milestone achieved during the financial year under review has been the completion and submission of the first generation Catchment Management Strategy (CMS) to DWA on 16 April

2010 and again on 25 of March 2011. It needs to be noted that this stakeholders-driven CMS was done in-house in collaboration with the DWA national and regional offices. A written consent by the Minister to enable the ICMA to proceed with public comments process is still being awaited.

The stakeholders were extensively involved in the development of the strategy to the extent that the vision and objectives in the strategy were stakeholder derived. The 6 main Strategic Action Programmes, which form the core of the CMS were also derived from the Stakeholder interactions. The ICMA is very proud of the extensive Stakeholder involvement from beginning to end and believe it to be a pioneering effort.



CMS made-easy brochure

A brochure that simplifies the CMS has been developed – CMS made-easy and will be distributed to stakeholders once printing is completed.

Water Allocation Reform Programme

Water Resource Planning and Programmes division has also been instrumental in supporting the Water Allocation Reform Programme through the commencement of tenders for the verification of existing lawful water use and to update the cadastral database of DWA. This is the next critical step in the WAR Programme for the Inkomati. The evaluation and adjudication have been completed and appointments will be finalised in the new financial year. The budget to complete these projects has been ring-fenced from the 2010/11 budget and factored as roll-over funds in the 2011/12 strategic plan.

Cooperative Governance

On the cooperative governance front, the filling of the position of Manager: Planning and System within the division could not be completed, negatively affecting the ability of the division to effectively inform and advise other organisations on their planning documents (eg. WSDP's, IDP's). However, the Mbombela Bulk Strategy was supported and advised.

Ensure Integrated Planning and Operations of River Systems

Operating Rules

The Division continues to play a leading role in the implementation of operating rules on rivers within its water management area through the continued success of the Crocodile Catchment Operations Committee (CROCOC), which is chaired by the Executive Manager: WRP&P. Decisions on the releases from dams and restrictions of water to water users etc. are made at this committee with the aid of sophisticated software. A milestone of this committee during the year was the

implementation of the Real Time Reserve Calculation model.

The ICMA is also playing a role in the development of the operating rules for the Sabie-Sand sub-catchment through the provision of technical input and advice and will take over the implementation of these rules once they have been developed by DWA.



Guaging Station

Promote and Pursue an International Developmental Agenda

The ICMA has actively supported the implementation of trans boundary water management obligations of the Komati Treaty and the Interim Inco-Maputo Agreement (IIMA) through involvement in the activities of the Komati Joint Operations Forum (KJOF) and the PRIMA (Progressive Realisation of the Inco-Maputo Agreement) projects.

The KJOF implements water allocations to the member states of South Africa and Swaziland. The PRIMA Programme will result in new International Operating Rules for our rivers in which the management of the rivers will be coordinated between the three countries involved; namely, South Africa, Swaziland and Mozambique. It emerged that going forward; the ICMA will play a much bigger role than in the past with specific reference to Tri-Partite Permanent Technical Committee (TPTC), PRIMA and Interim Inco-Maputo Agreement (IIMA) from the South African side.

The Division also hosted a delegation from Monash University in Australia. A presentation on water resources management was made to them and they were taken around the catchment.

Promote knowledge generation and distribution

Real Time Data Loggers

Approval has been received from DWA Hydrology division for the ICMA to utilise the DWA tender for the Installation of real time data loggers at all priority DWA river gauging stations to support effective river systems operations. Requests for proposals to install the real time data loggers have been drafted. The adjudication of the proposals and appointment of the service provider will be completed in the new financial year.

GIS

A Plotter and ARCGIS 10 software have been purchased and a set of Maps for the Inkomati have been produced and made available to numerous Stakeholders. The adjudication of cadastral update project has been completed.

Participation in latest national & international IWRM related networks, forums, conferences, projects, programmes

Strategic networks and partnerships in IWRM have received substantial attention during the financial year under review. A highlight of these is the participation of the Executive Manager:WRP&P in the RISKOMAN project funded by UNESCO to the extent that he has been registered for an MSc in conjunction with the project.

The division also made large strides in positioning itself as a central advisory player on development planning initiatives within the Inkomati Water Management Area and played an active role in establishing and advising many forums, projects and programmes. These included:

Forums attended on Advisory Capacity:

- ICMA / IIF Forum (Inkomati irrigation Forum): Established to assist the ICMA to transform irrigation Boards to Water user Associations
- DWA Low Flows & Restrictions Forum (OLLI)
- MCCAWE (Mpumalanga Coordinating Committee on Water Use)
- EDM (Ehlanzeni District Municipality) Water Sector Collaboration Forum
- Mpumalanga Wetlands Forum
- KJOF (Komati Joint Operations Forum). Operation Rules for Driekoppies and Maguga Dams

Water Research Commission. Project Coordinating Committee member of all projects below:

- Shared Rivers Initiative. Confronting the challenges of keeping the rivers of the eastern Lowveld healthy. Will provide

Useful Info on the Stakeholder perception of Water Resources Management for the CMS.

- Application And Testing Of A Strategic Adaptive Management System For Fresh Water Protection. This project will result in an official MOA with the Kruger National Park relating to the gathering, sharing etc of information.
- National water resource planning for operational needs. Integrated Modelling for Water Resource Planning and Operational Management
- Hydro-Economic Model. A model to investigate the implications of water availability on farm economics in the Inkomati
- CSIR Learning Strategy Project. Portions of this were incorporated into our Catchment Management Strategy.

DWA Projects. PCC Project Coordinating Committee member of all projects below:

- A Real Time Decision Support System for the Crocodile River System.
- New Operating Rules for the Sabie River System. Proposed future project.
- Water Use Verification. ICMA in the process of taking over this function from DWA.
- IWAAS (Inkomati Water availability assessment study). Updated hydrology for the IWMA
- All Towns Strategy for towns in the Eastern Region. Reconciliation Strategies for all Towns in the Region. Inkomati Comprehensive Reserve Project. Will determine the comprehensive reserve scenarios for the Crocodile and Sabie Rivers.

International Projects:

- Progressive realisation of the Inco-Maputo Agreement (PRIMA). This programme consists of 12 projects, which will allow the international agreement with Mozambique and Swaziland to be updated including new operating Rules. The main projects involving the ICMA are:
 - Disaster management
 - Operating Rules
 - Integrated Water Resources management
 - Information sharing
- UNESCO and WRC funded RISKOMAN and WATPLAN projects to develop a risk based operational management of the Inkomati as well as to improve the hydrological understanding of the Inkomati.
- Komati Basin Water Authority (KOBWA): Komati River future development Studies Project.
- Twinning Agreement with Groot Salland Water Board in the Netherlands to share knowledge. This led to a number of projects during the year under the review

Institutions and Participation

In terms of the institutional arrangements, the ICMA has established Institutions and Participation division whose mandate is to build and maintain sound stakeholders relations in the water management area.



Ensure Effective and Efficient Management of Water Resources

Coordinate the related activities of water users

A number of initiatives have been under taken during 2010/11 financial year wherein water users were advised on IWRM as well as on the implications of the respective activities on water resources. These initiatives range from participating in the Mpumalanga Wetland Forum and the Enhlazeni District Municipality Water Sector Collaboration Forum that seeks to foster cooperative governance in the water sector. The Integrated Development Plans and their associated Water Service Development Plans are also discussed in these forums.

Promote Community Participation

Throughout the financial year under review, the ICMA has maintained a strong presence in the activities of the catchment management forums, namely Crocodile, Sabie, Sand, Lower and Upper Komati Catchment Management Forums. Effectively, these are voluntary associations of water users and stakeholders use these platforms to raise water resource issues for discussion and consensus. The ICMA also exploit these forums for

information dissemination. The ICMA also partakes in the Mpumalanga Coordination Committee on Agricultural Water (MCCAW) alongside the Department of Agriculture and DWA. The committee deals generally with water use applications and makes recommendations for approval or rejection.

Regarding the resource poor farmers support, the Institutions and Participation has collaborated with the Department of Agriculture, Rural and Land Development (DARDLA). Through DARDLA's extension officers, emerging and resource poor farmers are assisted with water use registrations, and license applications to ensure that they ultimately become lawful water users.

Promote and Pursue an International Developmental Agenda

In terms of sound trans-boundary stakeholder relations, the ICMA has also participated in the PRIMA Project Steering meetings and REMCO inaugural conference held in Swaziland.



Strat. Plan Stakeholder Meeting

Corporate and Finance

The corporate and finance management exercises custodianship with regard to ensuring effective and efficient management of the ICMA resources including financial services.

Ensure Effective and Efficient Management of ICMA Resources

Except missing out on keeping the variance at acceptable levels due to delays in the appointment of service providers, all the targets relating to sound financial services have been achieved. These include quarter reports in terms of timeously prepared quarterly financial reports, compliance with Public Finance Management Act, performance reports, revenue due to the ICMA accurately recorded, as well as all payments due for goods supplied and services rendered to the ICMA accurately recorded and paid on time.

Supply Chain Management

There has been no variance in expected performance with regard to effective cash flow management. However, due to lack of capacity, effective supply chain management could not be achieved. As part of the remedial action, the

supply chain management policy has since been reviewed, consulted with staff and the submission to the governing board will be done during the 2011/12 financial year for adoption.

A service provider has been appointed to provide IT support with regard to integration of HR and finance systems. This will be rolled out during 2011/12 financial year

Organisational Development

Regarding organisational development, the position for Control Environmental Officer received an offer & will assume duty in May 2011 while Manager Systems Planning and Engineering had to be re-advertised as suitably qualified candidate to fill the position could not be found. The Human Resource Development officer position has been prioritised for 2011/12 financial year. Appointment of the Chief Executive Officer has since been kept in abeyance as per the instructions from the office of the Minister.

Performance Management

In terms of the implementation of Performance Management and Development System, it can be reported that the mid-term reviews and annual performance assessments have been concluded for all staff members. A committee for moderation has also been constituted. Performance agreements for 2010/11 financial year have been concluded and submitted to HR sub-division.

Policy Development

Considerable progress has been recorded with regard to internal policy development. The table below illustrates policies that have been developed or reviewed.

POLICY	DATE
Induction Manual	28 May 2010 and 28 March 2011
Cellular Phone Policy	28 May 2010
Procedure Manual and Policy on Strategic Planning and Reporting	30 July 2010
Governing Board Bereavement Policy	30 July 2010
Acting Policy	1 November 2010
Motor Vehicle Allowance Policy for level 1-10	28 March 2011
Travel and Subsistence Policy	28 March 2011



REMCO Conference

Marketing and Communications

The focus of the Marketing and communications section is on the coordination and integration of all external marketing and communication tools, avenues and information sources into a seamless programme in order to maximise the impact on end users at a minimal cost.

Promote and Pursue an International Developmental Agenda

On the international mission front, it can be reported that the twinning agreement with Waterschap Groot Salland within the context of LOGO South Project progressed well during the financial year with the ICMA successfully facilitating



Sincobile School

the implementation of phase 1 of the Sincobile Secondary School Project based on the re-use of nutrients, energy, establishment of a Permaculture garden, the development of the school website (www.sincobile.co.za) as well as the training of Municipal Operation and Maintenance workers. This has forged good working relations between the ICMA and the municipalities within Ehlanzeni district. Through this partnership, a film based on the activities of the twinning has been developed.

Officials from Waterschap Groot Salland also visited the ICMA during the year to discuss future partnership opportunities and initiatives. Consequently, the inaugural REMCO conference involving the ICMA, Komati Basin Water Authority in Swaziland and Ara-Sul in Mozambique was a resounding success. A Terms of reference for this committee was drafted and items to be presented to the tripartite PRIMA programme were agreed on. Chief among these items was the request that REMCO be recognised in the Institutional arrangements required for the implementation of the inco-Maputo agreement.

All events involving stakeholders were well branded. These included stakeholder consultation meetings on the proposed strategic plan and budget as well as other workshops facilitated by the ICMA. New branding material was purchased in the year to enable improved branding at these events in future.

Following the development of internal capacity in the area of IT, considerable progress has also been recorded with regard to migration of the ICMA website from the old to the latest version. And this will see a more interactive website going forward.

Water users in particular and stakeholders in general have been kept informed on all developments affecting them through quarterly newsletters. All these achievements mentioned above have been flagged in the newsletters developed in the year under review.

A CMS made-easy brochure was developed and it is currently being translated into local languages. This will be carried forward in the next financial year.



REMCO Conference

Governance

The governance key performance areas include the committee work in respect of the Governing Board and its committees and legal services. Governance is also to ensure that the ICMA adheres to accepted ethical standards as envisaged in the applicable legislative frameworks.

Ensure Effective and Efficient Management of ICMA Resources

Governing board and committees

Notices and agendas for scheduled Governing Board and Committee meetings have been delivered well in time to ensure effective preparation. This practice has gone a long way in enabling the governing board to exercise its oversight role on the management of the ICMA as stipulated in Schedule 4 of the National Water Act 36 of 1998.

During 2010/11 financial year, a total of ten Governing Board meetings were held. Over and above these meetings, two stakeholder consultative meetings in respect to the strategic

plan and budget were also held. A total of nine executive committee meetings were held while the water committee managed to hold four meetings during the financial year under review. The Audit Committee has met five times.

The register of outstanding Governing Board resolutions has been updated quarterly and submitted to the governing board to enable it to track progress in respect to the implementation thereof. Similarly, legal guidance has been effectively provided throughout the financial year under review.

The output relating to the induction of new Governing Board members could not be achieved as the Minister is yet to appoint a new Governing Board. The current Governing Board members will remain in terms of section 81(13) of the National Water Act in office until the first meeting of the next Governing Board to be appointed.



Sincobile Greening

Attendance of Meetings by Governing Board members and Audit Committee External members

ACRONYMNS:

GB ORD – Ordinary Governing Board Meeting

GB SPEC – Special Governing Board Meeting

GB W/S – Governing Board Workshop

GB S/H – Governing Board Stakeholders Meeting

AUDIT – Audit Committee

EXCO – Executive Committee

WACO – Water Committee

CMS - Catchment Management Strategy

AR/R - Annual Report Review

SP&B - Strategic Plan & Budget

S/O BBR - Satellite Office Bushbuckridge

Member	GB ORD	GB SPEC	GB W/S	GB S/H	AUDIT	EXCO	WACO	TOTAL
BENCHMARK	4	6	0	2	5	9	4	
Ms TP Nyakane-Maluka	4	6		2	-	9	-	21
Mr N Govender ¹	1	0	0	0	-	-	2	3
Mr CJH du Preez	4	6	0	2	-	-	4	16
Dr GH Karim ²	0	0	0	0	-	2	-	2
Ms EG Mashele	4	6	0	2	-	-	4	16
Ms LS Masilela	4	5	0	2	5	-	-	16
Inkosi MG Makhathshwa ³	1	1	0	0	-	2	-	4
Mr BK Mokoena	3	6	0	2	-	9	-	20
Mr F Roux	4	5	0	2	-	-	4	15
Mr SE Thwala	4	6	0	2	4	-	-	16
Mr TG Mokoena	4	4	0	0	-	7	-	15
Audit Committee External Members								
Mr S Mthembu	1 ⁴	-	-	-	5	-	-	5
Ms R Kalidas	-	-	-	-	1	-	-	1
Mr NL Mathebula	-	-	-	-	5	-	-	5

1: Mr N Govender vacated his position as member in March 2011

2: Dr GH Karim vacated his position as member in March 2011

3: Inkosi Mkhathshwa passed away in December 2010.

4: The Audit Committee Chair Mr Mthembu was requested to attend all ORD GB Meetings as from March 2011

Governing Board Meetings

Ordinary	: 4
Special	: 6
Workshop	: 0
Stakeholders	: 2
TOTAL	: 12

Committee Meetings

Audit Committee:	5
Executive Committee:	9
Water Committee:	4
TOTAL:	18

Ad Hoc Committees

Member	CMS	AR/R	SP&B	S/O BBR	TOTAL
Ms TP Nyakane-Maluka	1	1	1	1	4
Mr N Govender	1				1
Mr CJH du Preez	1		1	1	3
Mr TG Mokoena	1		1		2
Mr SE Thwala	1		1	1	3
Mr BK Mokoena	1			1	1

Legal Services

The outputs in respect of legal services are demand-driven such that they can only be acted on when the need arises. The affected outputs in this regard include: court and tribunal rules fully complied with, appropriate legal opinions, appropriate and legally compliant contracts, comments on applicable draft legislation submitted in time as well as misconduct cases referred for disciplinary procedures finalised.

During the financial year under review, only one labour dispute arose which has been successfully attended through conciliation.

PERFORMANCE TABLES

The detailed performance tables for the financial year are shown on the following pages, starting over the page.

Water Use Management Division

Strategic Objective 1: Ensure effective and efficient management of water resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
DWA supported in processing license applications	Number of license applications processed and recommended within set timeframes	12	12 licenses evaluated and recommended to head office	One exemption processed and recommended to head office. One water use license application processed but subsequently taken over by the Letsema at DWA for finalisation. The Water Use division supported the Letsema project to eradicate water use licenses backlog	Demand-driven	None
Water resource pollution prevented and remedied	Number of potential water pollution cases prevented through measures proposed in EMPRs and EIA evaluation processes	20 EMPR 20 EIAs	20 EMPR (Demand-driven) 20 EIAs (Demand driven)	A total of fourteen EMPR documents were evaluated and recommended within set timeframes. There were no EIA received during the financial under review.	the divided focus of the Executive Manager: Water Use as Acting CEO reduced performance The target is demand driven and there were no EIA received during the financial under review	None None
	Number of emergency pollution incidents remedied and cleaned up.	5	Incident driven	Following the appointment of the DWA Regional Office as an agent of the ICMA through service level agreement, a total of three pollution incidents were attended to and satisfactorily remedied.	None	None
DWA programmes and projects supported	Number of DWA programmes supported	3	Support 3 DWA programmes	Supported Water quality data capturing on Water Management System (WMS), Real Time Operation of the Crocodile River and attended the Mpum. Regional Office operations meetings	None	None
	Number of DWA projects supported	3	Support 3 DWA projects	Attended two institutional realignment project meetings and one WRC project on WAR in South Africa, History, processes and prospects for future implementation.	None	None

Performance Tables

Installation of water meters	Number of water meters installed in the middle Komati between Mananga and Tonga gauging stations	Nil	Initiate public consultation and conclude survey.	Tender documentation for phase one of the project advertised and the evaluation process is complete. The adjudication, appointment and project implementation will be done in the next financial year	Availability of key personnel to finalise the adjudication.	Adjudication & appointment will be finalised in the 1st quarter of the new year
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Water Resource Planning and Programmes

Strategic Objective 1: Ensure effective and efficient management of water resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Catchment Management Strategy	Gazetted CMS	CMS Document	Gazetted CMS	Presented CMS to DWA on 25 March. DWA accepted as is and will send to minister to approve gazetting for public comment.	Gazetting for public comments could not be done during the financial year under review as the written consent by the Minister of Water Affairs is still being awaited.	DWA senior management is being engaged to finalise the process.
DWA programmes and projects supported	Number of DWA programmes supported	3	Support 3 programmes	DWA WAR Programme supported through ICMA tender to complete the verification of water use, which is the next important step in the WAR programme. The evaluation process is complete. The adjudication, and appointment and implementation will be done in the next financial year. Other programmes where DWA has been supported include Low Flow and Restrictions as well as providing technical inputs and advice in Project Coordinating Committee	Although the target is demand-driven in some instances support could not be provided due to lack of capacity. No alternative when Executive Manager is not available.	Appointment of staff: Manager: Planning & Systems prioritised & in process.

	Number of DWA projects supported	3	Support 3 DWA projects	Tender documentation for Cadastral update project to assist verification project above advertised and the evaluation process is complete. The adjudication and appointment will be done in the next financial year. Funds have been committed in the 2011-12 Strategic Plan for these projects.	Availability of key personnel to finalise the adjudication.	Adjudication & appointment will be finalised in the 1st quarter of the new year
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Strategic Objective 2: Ensure Integrated Planning and Operations of Systems

OUTPUT	PERFORMANCE INDICATOR	BASLINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Co-operative governance supported	Number of IDPs and WSDP's commented on	7 IDPs	7 IDPs	The target is demand-driven; however, a decision has since been taken to encourage water services authorities to submit their IDPs to the ICMA to enable relevant units to prepare inputs. Manager: Planning and Systems post interviewed for 2nd time but no suitable candidate found.	No personnel were available in WRP&P division to provide comments on IDP's. No suitable candidates were found for post.	A recruitment agency will be approached to assist in finding a suitable candidate.
	PGDS commented on	1 PGDS	1 PGDS	The target is demand-driven and there was no request received.	The target is demand-driven and there were request received.	None
	Number of water sector forum meetings attended in advisory capacity	2	Attend EDM water sector collaboration and MWF meetings as and when required	The water forums attended in advisory capacity include: <ul style="list-style-type: none"> NFEPA implementation workshop; MWF meeting; ICMA/IIF forum; Crocodile River Forum; and EDM 	Could not attend all forums due to capacity constraints	Appointment of Manager: Planning & Systems has been prioritised. In the meantime officials from I&P are attending
DWA assisted and advised on water resources planning related projects.	Number of times DWA advised and assisted on water resource related	4	Provide support to the following projects:- CROC DSS Sabie ROR	Attended Sabie DSS Steering Committee Meeting. Chaired one CROCOC meeting. Advice provided to Mbombela Bulk	None	None

Performance Tables

projects		Water resource infrastructure needs MABEDI Ground water studies	Water Strategy project. The Water Resources Planning and Programmes has since taken over the implementation of real time reserve calculation model for CROCOC from consultants. Attended workshop to revitalise the River Health Programme where the ICMA has pledged its support and included budget for 2011/12.		
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Strategic Goal 3: Promote and pursue an International Developmental Agenda

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
DWA assisted and advised on international Agreements	Percentage of PRIMA meetings attended in advisory capacity	Nil	100% of PRIMA meetings attended as and when required requested/facilitated:	The WRP&P has participated in PRIMA activities including: <ul style="list-style-type: none"> PRIMA Operating Rules, Disaster management and IWRM Stakeholder and PSC meetings; Hosted Visit from Monash University and toured the catchment with the team 	Could not attend Prima Disaster Man. Workshop on 8-9 Feb as it clashed with the Strategic Planning session of the ICMA	Key positions within the WRP&P have been prioritised for appointment in the next financial year.
	Number of KJOF meetings attended in advisory capacity	6	Attend 8 KJOF meetings in advisory capacity	The target is demand-driven. A total of three KJOF meetings were attended. WRP&P also served on KJOF Task Team to revise the TOR.	Could not attend all meetings as others clashed with pressing commitments in the office of the CEO since EM: WRP&P has been requested to act in that position.	The EM: WU also attends to ensure that the ICMA is represented.

Strategic Goal 4: Promote Knowledge Generation and Distribution

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Integrated water resource database.	Data requirements for planning and operations functions being met.	DWA WRIM	- Set up network link to DWA Regional Office. - Finalise Link to and use/sharing of DWA & ICMA GIS information.	Arc Info10 GIS software and plotter purchased.	Awaiting ICMA network and Server before link to DWA can be completed	Server and network budgeted for in 2011-12 Strategic Plan.
			Set up river operations data collection and maintenance contracts to support DWA Hydrology where gaps exist.	Written approval obtained from DWA Hydro to use DWA tender. Request to submit Proposals drafted but not yet sent to DWA tender Service Providers.	Awaiting final written agreement from DWA Regional Office	DWA Hydro in Pretoria have provided written consent.
			Set up Library	Not achieved	Waiting Server. Not prioritised.	Server and network budgeted for in 2011-12 Strategic Plan.
ICMA aware of and implementing the best water resources planning, management and operations systems	Participation in latest national & international IWRM related networks, forums, conferences, projects, programmes etc Use of Suitable software		Participation in latest national & international IWRM related networks, forums, conferences, projects, programmes etc that support the ICMA prioritised objectives PCC and reference group member for priority IWRM projects (WRC, CSIR, DWA etc)	The national and international IWRM related networks WRP&P has participated on include inter alia: <ul style="list-style-type: none"> • WRC Hydro Economic Project Stakeholder & PCC meetings; • Climate change workshop; • WISA Conference; • Hydrological uncertainty workshop; • Reserve Compliance workshop • NFEPA implementation workshop; • WRC Evaluation Panel meetings for inaugural Shared River Initiative Evaluation Panel; Water Temp's & Ecological Reserve; Water Law workshop • Represented ICMA on WATPLAN Project inaugural meeting • RISKOMAN Project Steering Committee meeting; • 2nd reference group meeting for integrated modelling for water 	None	None

resource planning and operational management

Institutions and Participation

Strategic Objective 1: Ensure effective and efficient management of water resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	4 TH QUARTER PERFORMANCE	REASONS FOR VARIANCE	REMEDIAL ACTION
Sound Stakeholder Relations	Number of stakeholder meetings invited to or facilitated		Attend all stakeholders meetings invited or facilitated	The stakeholders meetings attended include: <ul style="list-style-type: none"> • Two initial stakeholders meeting in Middleburg; • One Grootdraai Dam Forum in Ermelo • Two IDP meeting in Carolina and Badplaas; • Two landcare meetings organized in collaboration with DARDLA in Marite and Timbavati; • Participated in 2 x land care meetings at Dixie and Mpisane school wherein the role of IWRM was clarified; • Participated in EXXARO stakeholder meeting on the expansion of the mine. • Participated in lessons learnt workshop on CMS in collaboration with BOCMA 	None	None
DWA supported in transformation and establishing Water User Associations	Number of transformed and established Water Users Associations	2	Drafting of framework for establishment of Water Users Associations	The draft constitution for the establishment of WUA's has been submitted by the IIF. The process is being guided by the Governing Board Secretary.	The draft framework will be considered at the next meeting of the ICMA/IIF forum	None

Strategic Objective 2: Ensure integrated planning and operation of systems

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASONS FOR VARIANCE	REMEDIAL ACTION
Stakeholders participation in ROR	Number of stakeholders participation in ROR attended		Attend all stakeholders' participation in ROR.	Facilitated stockholder's participation in Sabie Sand DSS meeting and a field visit to the catchment. The tour was conducted in collaboration with the consultant to verify current water use.	None	None
	Number of water sector forums attended in advisory capacity	2	Attend all EDM water sector collaboration and MWF meetings and all relevant meetings	Presentation made at EDM Water sector meeting on the delegated functions, CROCOC and Sabie Sand DSS. Municipalities were encouraged to attend the Sabie DSS meetings. Participated in Mpumalanga Wetlands Forum on wetland invasion; wetland road shows in communities and the extension of mining into farms that have wetlands.	None	None
Sound stakeholder relations	All relevant stakeholder consultation meetings supported or facilitated		Facilitate and attend all relevant stakeholder consultation meetings	Presentation made to emerging farmers in Lower and Upper Komati on Resource Poor Farmer and DARDALA earth dams project. Facilitated Crocodile Forum meeting on water conservation and demand management and resource protection. Attended River Health Programme revitalisation meeting. Collaborated with Nelspruit Agricultural Development Association on Resource poor Farmer Support. Facilitated a planning session on the WRC project for stakeholder capacity and empowerment programmes.	None	None

Strategic Objective 4: Promote knowledge generation and distribution

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	4 th QUARTER PERFORMANCE	REASONS FOR VARIANCE	REMEDIAL ACTION
Water users capacitated on IWRM	Number of sub-catchments where capacity building of land reform beneficiaries is done	Nil	3 (Komati, Crocodile and Sabie/Sand sub-catchments)	1 meeting in Crocodile sub-catchment held wherein a presentation was made on CROCOC and the farmers elected two representatives to the CROCOC.	None	None
	Number of DWA programmes and projects supported		Support the RHP, Adopt-a-River programme, NWW; Arbor day and the Rain Water harvesting project	Conducted 2 National water week celebrations events targeting learners held at Mkhuhlu Hall. Facilitated a field visit to Injaka dam and Hoxane water treatment works. The aim was to expose learners to water resource management issues. Learners made presentations on the theme of the national water week.	None	None
	Number of registered resource-poor farmers /foresters capacitated.	Nil	Number of registered resource-poor farmers/foresters capacitated	The function is still being performed by DWA. The ICMA supports by way of supplying information and referral of the farmers to relevant officials	Procedures for the implementation of delegated functions still being developed.	To be done in the first quarter of 2011/12 financial year.
Donor funded projects on IWRM identified	Number of projects identified for donor funding	Nil	3 projects	Funding for MABEDI project application being sought by EM:WRP&P in Australia. DWA and DARDLA did not budget. The Msogwaba earth dam project to be supported by DARDLA.	DWA took long to process funding as requested.	Follow-up to be made with funding agents on status.

Corporate and Finance

Strategic Objective 5: Ensure effective and efficient management of ICMA resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASONS FOR VARIANCE	REMEDIAL ACTION
Sound Financial services	Timeously approved budget	Approved budget	Approved Budget	Achieved	None	None
	All expenditure in line with projection	10%	Variance kept at acceptable level	Not achieved	Delays in the appointment of consultants for some projects. Some of the budgeted amounts were much lower than actually required and projects had to be re-rendered.	Adjudication & appointments will be completed in 1st quarter of new year & the relevant funds are being rolled over. An expenditure vs budget and CPIX exercise to ensure that budget projections for the new year are realistic was done.
Sound Financial services	Timeously prepared quarterly financial reports	4 Quarterly reports	4 Quarterly reports	Achieved	None	None
	Compliance with PFMA	4 Quarterly reports	4 Quarterly reports	Achieved	None	None
	Timeously prepared performance reports	4 Quarterly reports	4 Quarterly reports	Achieved	None	None
	Revenue due to ICMA accurately recorded	Zero exceptions	Zero exceptions	Achieved	None	None
	All payments due for goods supplied and services	Zero exceptions	Zero exceptions	Achieved	None	None

	rendered to the ICMA accurately recorded and paid on time					
Effective Cash Flow Management	Number of weekly bank reconciliations done	Weekly bank reconciliations	52 bank reconciliations	Achieved	None	None
Effective SCM systems implemented	Number of procurement plans done	0	4	Not achieved	Lack of capacity	Workshop will be conducted on how to draft such plans in the first quarter of the 2011/12 financial year.
	Up-to-date supplier database	Supplier database	Up-to-date supplier database	Achieved	None	None
	Updated SCM policy		Updated SCM policy	Achieved	The policy has been reviewed consulted with staff and consented to by the governing board	None
	Up-to-date assets register	Asset Register	Asset Register updated 4 times	Achieved	None	None
Efficient and Accurate Payroll management	Number of exceptions recorded on payroll	Zero exceptions	Zero exceptions	Achieved	None	None
	Number of third party payments not done accurately and on time	5%	Zero exceptions	Achieved	None	None
	Number of payroll reports	12 Payroll report	12 Payroll report	Achieved	None	None
	Integrated HR and Finance systems	Nil	Integrated HR and financial systems	Not achieved	Lack of internal expertise	A service provider has been appointed in April 2011 to provide full IT support to the ICMA.

	Number of Staff training on the HR and Finance systems	Staff training programmes	4 Staff training programmes	Nil	The target is demand-driven and there was no need for such training during the financial year under review	Future staff training programmes to be undertaken as the need arises
Ensure Organizational Development	% of required posts filled		100% of required posts filled	60% (6/10)	Position for Control Environmental Officer received an offer & will assume duty in May. Manager Systems Planning and Engineering was re-advertised, couldn't find any suitably qualified candidates CEO's position remains frozen HRD officer was also held back	Use recruitment agencies to find the candidate for the Manager Systems Planning and Operations.
	Performance Management and Development System implemented at all staff levels	Nil	PMDS implemented at all staff levels	Partially achieved- most of the divisions finished the mid-term reviews, but not all. Training for Assessments was given in the third quarter.	The delay in the provision of training for assessments affected the completion of mid term reviews.	Performance Reviews are being finalized and will be moderated in the 1 st Quarter of 2011-12
Skills development within a framework of personal development plans per employee implemented	% implementation of the Workplace Skills Plan	Nil	100%	Achieved	None	None
	Number of Personal Development Plans implemented	Nil	20 Personal Development Plans implemented	Partly Achieved	Some of the training that was identified to be done was not due to schedule clashing with the reporting requirements	The Personal Development Plans that could not be done during 2010/11 will be prioritised for 2011/12 financial year.
	Number of Performance review reports per	1	4 Performance review reports per intern	Achieved	None	None

	intern					
Sound labour relations realised	% disputes resolved		100% resolution of grievances received per quarter	Achieved- All 4 grievances that were received were attended to, feedback was given to the aggrieved employees	None	None
Staff attraction, wellness and retention programmes	Approved staff retention policy		Approved staff retention policy	Partially done	Policy has been reviewed and consulted with staff	None
Reduced risk exposure for the ICMA	Updated risk register		Updated risk register	Achieved	None	None
			Implemented Fraud prevention Plan	Achieved	None	None
Safe and healthy working environment	Implement occupational health and safety (OHS) programmes	Nil	OHS operational plan implemented	Not achieved	The draft policy has been developed and consulted with staff	Implementation procedures have been developed and will be submitted to the next governing board meeting for approval
Optimum fleet utilisation	% reduction on cost of fleet management		10%	Not achieved	The procurement of new fleet by the ICMA has been finalised and 3 vehicles were purchased.	Thus full fleet management will be possible from April 2011
Optimum use of tele-communications	% reduction on cost of telephones		20% reduction	25% reduction was achieved	None	None
Records system optimally used	A records systems manual implemented		A records systems manual implemented	Partially achieved	Some units use the system but some don't due to lack of understanding the process.	The development of a procedure manual is being finalised as a priority to simplify this process and will be finalised by the end of the May 2011.

Governance: Governing Board and Committees

Strategic Goal 5: Ensure effective and efficient management of the ICMA resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASONS FOR VARIANCE	REMEDIAL ACTION
Delivery of notices and agendas for scheduled meetings in time	% of notices and agendas delivered in time	100% of convened meetings	100% of convened meetings	Meetings held: GB X3; S/H X1; Exco X1; Waco X1; Audit X1 Ad Hoc X1 (Objectors with respect to the closure of Bushbuckridge Satellite Office)	None	None
Provision of guidance and advice per need	% of times of successful guidance and advice	100% of times of successful guidance and advice	100% of times needed	100%	None	None
Governing Board resolutions implemented	Number of updated register of outstanding resolutions	Updated register of outstanding resolutions submitted to the Governing Board	4	1	None	None
New Governing Board members inducted	Number of induction sessions done	0	1X Induction session for new Governing Board members	0	New Governing Board still not appointed.	Induction of new GB members will be done as soon as they are appointed.

Governance: Legal Services

Strategic Goal 5: Ensure effective and efficient management of the ICMA resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASONS FOR VARIANCE	REMEDIAL ACTION
Court and tribunal rules fully complied with	% Notices, pleas and affidavits filed within the applicable timeframes		100%	No cases	None	None

Appropriate legal opinions	% of required legal opinions given or submitted	100%	100%	None requested	None	None
Appropriate and legally compliant contracts	% of contracts required	100%	100%	None required	None	None
Comments on applicable draft legislation submitted in time	% of applicable draft legislation commented on in time		100%	None required	None	None
Misconduct cases referred for disciplinary procedures finalised.	% of disciplinary procedures received finalised		100%	None referred	None	None
Labour disputes attended to	% of labour disputes attended to		100%	1 conciliation case in respect of office cleaner at Bushbuckridge attended by HR Man. At the time of reporting there was no certification in respect of the matter issued.	None	None

Office of the Chief Executive Officer

Strategic Objective 5: Ensure effective and efficient management of ICMA resources

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Strategic Plan implemented	Operational plan implemented	100%	Operational plan implemented	The adjusted Operational Plan to align with the revised strategic plan as approved by the Governing Board effectively implemented	None	None
Required reporting done	Number of reports submitted to the GB	Legislative and GB requirements	4 Quarterly Performance Reports 1 Annual Report, 1 Strategic Plan 1 Operational Plan	4 quarter performance reports produced and adjusted to reflect the inputs of the Executive Committee and the Audit Committee. Annual Report for 2009/10 financial year developed and submitted timeously to DWA, Auditor General and National Treasury.	None	None

				Proposed Strategic Plan for 2011/12 consulted with stakeholders, approved by the Governing Board and submitted to DWA as required by the National Water Act.		
Minimised risk environment	Number of internal audit reports Internal audit plan developed		1 Internal audit plan developed	1 Internal audit report produced 1 internal audit plan developed	None	None
Intergovernmental relations established and maintained	Number of forum meetings attended		Ensure effective co-operation is established and maintained	Facilitated the revitalization of the river health programme in collaboration with SANPARKS, MTPA and DWA Regional Office.	None	None

Strategic objective 4: promote and pursue international developmental agenda

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET	4TH QUARTER PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Participate in international forums on IRWM	Number of forum/ meetings attended		Improved ICMA profile in Africa and at a global scale	Participated in an international seminar on IWRM organised by WISA in collaboration with the Netherlands Water Partnership and the embassy of the Kingdom of Netherlands. It was a platform for the South African and Dutch water management institutions to explore as well as expand existing initiatives and facilitate new partnerships. The seminar coincided with the water week celebrations.	None	None

Marketing and Communications

Strategic Objective 2: Ensure integrated planning and operation of systems

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Participate in relevant water sector forums, conferences, networks and opportunities beneficial to the ICMA	Number of relevant conferences, networking with other national institutions attended	WISA	Participate in all relevant conferences, networks and other opportunities beneficial to the ICMA	Participated in Enhlazeni District Municipality Sector Collaboration Forum	None	None

Strategic Objective 3: Promote and pursue an international developmental agenda

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	4 TH QUARTER PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Well co-ordinated International Missions	All international missions coordinated		Coordinate international missions as per requirements	The visit of Waterschap Groot Salland officials for future partnership opportunities and initiatives was successfully facilitated	None	None
				Inaugural REMCO steering Committee meeting successfully facilitated	None	None
Corporate social responsibility	Number of projects supported	3	Provide support to Sincobile High School	Implementation of the Sincobile School project effectively coordinated	None	None

Strategic Objective 4: Promote knowledge generation and distribution

OUTPUT	PERFORMANCE INDICATOR	BASELINE INFORMATION	ANNUAL TARGET 2010/11	ANNUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Participation in external communication forums/platforms	Number of meetings attended	Nil	11 DCF meetings	The target is demand-driven and could not attend external communication forums due to internal commitments	Currently, Marketing and Communication is manned by one employee and cannot delegate in the event of counter-attraction or	Attend all other in future where possible

					clash of dates	
Marketing and Communication strategy aligned with the corporate strategy	Updated Marketing and Communication strategy		Updated Marketing and Communication strategy	The review of Marketing and Communication Strategy awaits the finalisation of the CMS	To be done once CMS is finalised	None
Marketing, Communication and Knowledge dissemination	Marketing and branding the institution	Existing material	Acquire material and market the institution during events	The stakeholder consultation meeting on the proposed strategic plan and budget was well branded. 2 Sabie Sand Sub-Catchment awareness workshops well branded. New branding material procured	None	None
	Number of Website updates per annum	Nil	6 website updates	Website migrated from the old to the latest version. Updated on a continuous bases	None	Website will be further developed in the new year
	Number of quarterly newsletters published	4	4	1 Quarterly Newsletter developed and currently being printed	None	None
	Number of programme-based advertorials	Nil	Advertise 4 programmes	1 CMS made-easy brochure developed and will be distributed to stakeholders once translated into local languages and printed	Translation has been outsourced and will be finalised during 2011/12 financial year.	None

AUDIT COMMITTEE STATEMENT

Introduction

The Audit Committee is pleased to present our report for the financial year ended 31st March, 2011

Responsibility

The Audit Committee has complied with its responsibility arising from Section 51(1)(a)(ii) and 76(4)(d) of the PFMA and regulation 27.1 of the National Treasury Regulations, 2005 in executing its duties. It has adopted a formal terms of reference by way of the Audit Committee Charter and has discharged all of its responsibilities as contained therein

Comments on the effectiveness of System of Internal Control

The system of Internal Control applied by the Inkomati CMA over financial risks and risks' management was effective, adequate and transparent throughout the financial year. In line with the PFMA and King III on Corporate Governance requirements, the Internal Auditors provided the Audit Committee and Management with assurance that the internal controls were adequate and effective. This was achieved through the risk management processes, as well as the identification of corrective actions and enhancements to risks control purposes. The various reports of the Internal Auditors and the management report of the Auditor General indicated that the system of internal control was effective and adequate throughout the financial year.

Evaluation of Financial Statements

The Audit Committee performed its duties as follows:

- Reviewed and discussed the audited annual financial statements included in this annual report;
- Reviewed the Auditor General's management report and management's response thereto;
- Reviewed the Inkomati CMA's compliance with all applicable legal and regulatory provisions;

The Audit Committee concurred and accepted the Auditor General's unqualified audit report.

Independence of the Audit Committee:

The Audit Committee confirms that it is independent of management in the execution of its duties.

Internal Audit

The Audit Committee is satisfied that the Internal Auditors are operating effectively and that they have addressed the risks pertinent to the Inkomati CMA in their periodic audits.

Appreciation

The Audit Committee appreciates the assistance and cooperation of management in assisting the committee to discharge its duties.



Mr. M.S. MTHEMBU

CHAIRPERSON: AUDIT COMMITTEE

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2011

The accounting authority is responsible for monitoring the preparation and integrity of the financial statements and related information included in the annual report. In order for the accounting authority to discharge these responsibilities, as well as those bestowed on it in terms of the Public Finance Management Act and other applicable legislation, it has developed and maintained a system of internal controls.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the entity's policies and procedures.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practices (GAAP), including any interpretation of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP). They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting authority believes that the Inkomati Catchment Management Agency will be a going

concern in the year ahead due to the Government grant. For this reason the accounting authority continues to adopt the going concern basis in preparing the annual financial statements.

The accounting authority approved the annual financial statements for the year ended 31 March 2011 set out on pages 50 to 64 which were signed on its behalf by:



MS T.P. NYAKANE-MALUKA
CHAIRPERSON

MR B. JACKSON
ACTING CEO

ANNUAL FINANCIAL STATEMENTS

Independent Auditors Report to the Members of the Inkomati Catchment management Agency

Report to the financial Statements

We have audited the accompanying financial statements of the Inkomati Catchment Management Agency, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages 50 to 64.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA GAAP) including any interpretations of such Statements by the Accounting Practising Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act of South Africa and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers Inc, 19 Brander Street, Mbombela 1200, P O Box 1875, Mbombela 1200
Reg. no. 1998/012055/21. T: +27 (13) 754 3300, F: +27 (13) 754 3400, www.pwc.com/za*

Executive: S P Kana (Chief Executive Officer) T P Blandin de Chaligny D J Fölscher G M Khumalo S Subramoney F Tonelli
Director in Charge: P J Cronje
The Company's principal place of business is at 2 Eglon Road, Sunninghill where a list of directors' names is available for inspection.
VAT reg.no. 4950174682.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inkomati Catchment Management Agency as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the South African Statements of Generally Accepted Accounting Practice (SA GAAP) including any interpretations of such Statements by the Accounting Practicing Board, with the prescribed Standards of Generally Recognized Accounting Practices (GRAP) and the requirements of the Public Finance Management Act of South Africa.

Report on other legal and regulatory requirements

In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, we include below our findings on the annual performance report as set out on pages 29 to 45 of the Annual Report and material non-compliance with laws and regulations applicable to the type of entity.

Predetermined objectives

No matters came to our attention that requires inclusion in the audit report.

Appreciation

We also hereby extend our appreciation to the management and staff to their availability and assistance throughout the audit process.

Yours sincerely

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc
Director: Andries Oosthuizen
Registered Auditors
Nelspruit
4 August 2011

Enquiries: Andries Oosthuizen
Telephone: 013 754 3300
Fax: 013 754 3400
Email: andries.oosthuizen@za.pwc.com

Report of the Accounting Authority

For the year ended 31 March 2011

The accounting authority has pleasure in presenting its report for the year ended 31 March 2011

Review of the activities

The Inkomati Catchment Management Agency (ICMA) is responsible for the integrated management of the water resource in the Inkomati Water Management Area.

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

The surplus for the year amounted to R12 065 044 (2010 surplus R7 432 083). Delays in procuring the major contracts included in the operational plan covering the financial year under review resulted in severe underspending of the budget which has resulted in such a high surplus for the year.

Members

The members of the Governing Board of the Agency during the year and to date of this report are as follows:

T.P. Nyakane-Maluka (Chairperson)

N. Govender (Deputy Chairperson)

C.J.H. du Preez

Dr. G.H. Karim

L.S. Masilela

E.G. Mashele

M.G. Mkhatswa

Deceased

B.K. Mokoena

S.E. Thwala

F. Roux

T.G. Mokoena

The members of the Audit Committee of the Agency during the year and to date of this report are as follows:

M.S. Mthembu (Chairperson)

R. Kalidass

Resigned

N.L. Mathebula

S.E. Thwala

L.S. Masilela

Post balance sheet events

There were no significant subsequent events to year end, as well as no fruitless or wasteful expenditure. There is nothing that the Board wishes to draw attention to that has not already been highlighted elsewhere in the annual report.

Statement of Financial Position

at 31 March 2011

	Notes	2011 R	2010 R
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,487,134	594,213
Deposits		-	32,030
Current assets		18,191,846	7,660,148
Trade & Other Receivables	5	72,860	3,427,852
Cash and cash equivalents	6	18,118,986	4,232,296
TOTAL ASSETS		19,678,980	8,286,391
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		18,170,524	6,105,480
Liabilities			
Non-Current liabilities			
Finance lease obligations	12	117,773	34,546
Current liabilities		1,390,683	2,146,365
Accounts payable	7	917,895	1,846,655
Provisions	9	375,597	236,741
Finance lease obligations - short term	12	97,191	62,969
		19,678,980	8,286,391

Statement of Financial Performance

For the year ended 31 March 2011

	Notes	2011 R	2010 R
Revenue	2	28,193,000	20,958,313
Operating and administrative expenditure		-16,099,835	-13,469,810
Surplus from operations	3	12,093,165	7,488,503
Finance costs		-28,121	-56,420
Surplus for the year		12,065,044	7,432,083

Statement of Change in Net Assets

For the year ended 31 March 2011

	Accumulated (Deficit)/Surplus R	Totals R
2007		
Balance as at 1 September 2006	-	-
Net surplus for the year	601,343	601,343
Balance at 31 March 2007	601,343	601,343
2008		
Net surplus for the year	4,547,962	4,547,962
Balance at 31 March 2008	5,149,305	5,149,305
2009		
Net deficit for the year	-6,475,908	6,475,908
Balance at 31 March 2009	-1,326,603	1,326,603
2010		
Net surplus for the year	7,432,083	7,432,083
Balance at 31 March 2010	6,105,480	6,105,480
2011		
Net surplus for the year	12,065,044	12,065,044
Balance at 31 March 2011	18,170,524	18,170,524

Cash Flow Statement

For the year ended 31 March 2011

	Notes	2011 R	2010 R
Cash flows from operating activities			
Cash receipts from Department of Water Affairs		28,193,000	20,958,313
Cash paid to suppliers and employees		-13,078,990	-16,696,105
Cash generated by operating activities.	11	15,114,010	4,262,208
Finance costs		-28,121	-56,420
Net cash inflow from operating activities		15,085,889	4,205,788
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	-1,348,678	-48,181
(Increase) Decrease in deposits		32,030	-1,770
Net cash outflow from investing activities		-1,316,648	-49,951
Cash flows from financing activities			
Finance lease obligation		117,449	-55,608
Net increase in cash and cash equivalents		13,886,690	4,100,229
Cash and cash equivalents at beginning of the year		4,232,296	132,067
Cash and cash equivalents at end of the year	6	18,118,986	4,232,296

Accounting Policies

For the year ended 31 March 2011

The financial statements incorporate the principal accounting policies set out below.

Statement of compliance

The financial statements are prepared in accordance with South African Statements of

Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP). The GRAP Standards replacing the equivalent GAAP Statements where applicable are GRAPS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 19, 100, 101 and 102.

GRAPS 21, 23, 25, 26, 103 and 104, although approved, the Minister of Finance has not yet issued a date of implementation, and thus the equivalent GAAP Statements are therefor still recognised where applicable.

The recognition and measurement principles in the relevant GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP Statements has resulted in the following significant changes in the presentation of the financial statements:

1.1 Terminology differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit for the period	Profit/loss for the period
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

1.2 The cash flow statement can only be prepared in accordance with the direct method.

1.3 Specific information such as:

- (a) Receivables from non-exchange transactions, including taxes and transfers;
- (b) Taxes and transfers payable; and
- (c) Trade and other payables from non-exchange transactions;

must be presented separately on the statement of financial position.

1.4 The amount and nature of any restrictions on cash balances is required to be disclosed.

Compliance with Paragraphs 11 – 15 of GRAP 1 is ensured by including the National Treasury prescribed reconciliation within the notes to the financial statements.

Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial instruments carried at fair value.

Property, plant and equipment

Items of property, plant and equipment and motor vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses.

The expected useful lives of these assets are as follows:

Computer equipment	3 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years

Depreciation is provided on the straight-line basis, over the estimated useful lives of the assets. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Leases

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

Finance leases

The entity leases certain office equipment. Leases of office equipment where the entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the leases's commencement, at the lower of the fair value of the leased equipment and the present value of the minimum payments.

Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in short-term and long term interest bearing borrowings. The interest element of the finance cost is charged in the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The office equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset term.

Revenue

Revenue comprises government grants, which are brought to account in the year in which the amounts are due.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies, should any exist at year-end, are translated at the rate of exchange ruling at the reporting date. Gains and losses arising on translation are credited to or charged against income.

Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Financial instruments

Initial recognition

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the entity's statement of financial position when the entity becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provisions for impairment of trade receivables are established if there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables.

Trade and other payables

Trade payables are carried at fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft.

Provisions

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the risks specific to the obligation.

Notes to the Financial Statements

For the year ended 31 March 2011

1 Income tax

No provision for income tax is made as the Inkomati Catchment Management Agency Board is exempt from payment thereof in terms of section 10(1)(cA)(i) of the Income Tax Act.

2 Revenue

	2011 (R)	2010 (R)
Government Grant from the Department of Water Affairs	28,193,000	20,958,313
Transferred to Statement of financial performance	<u>28,193,000</u>	<u>20,958,313</u>

3 Surplus from operations

The surplus from operations is arrived at after taking into account the following items:

	2011 (R)	2010 (R)
Auditors' remuneration		
External audit fee		
Current year	86,640	68,400
Accommodation	237,264	82,654
Advertising and Marketing	254,346	287,140
Computer expenses	198,045	135,878
Conference facilities	325,052	193,706
Consulting fees	198,911	602,933
Depreciation of property, plant and equipment	455,757	363,132
Maintenance office furniture and equipment	122,851	115,147
Motor vehicle hire	217,621	195,003
Operating lease - office and other equipment	910,553	911,304
Printing and stationery	148,749	36,133
Telephone and fax	271,137	360,978
Training and staff development	182,400	111,729
Travel and subsistence	671,319	457,841
Employee costs	10,339,006	8,256,518

Members' remuneration: non-executive members

- Fees for services as Board members - aggregate

	Reimbursive allowance 2011 R	Remuneration 2011 R	Reimbursive allowance 2010 R	Remuneration 2010 R
T.P. Nyakane-Maluka (Chairperson)	15,091	171,059	418	136,000
N. Govender (Deputy Chairperson)	4,562	8,062	8,861	41,250
C.J.H. du Preez	14,045	101,235	27,666	105,000
Dr. G.H. Karim	8,122	9,289	13,000	17,500
E.G. Mashele	-	72,193	-	59,500
L.S. Masilela	2,825	63,963	2,844	49,000
M.G. Mkhatswa	8,401	18,812	10,326	38,500
B.K. Mokoena	25,694	101,470	15,534	73,500
F. Roux	19,640	83,218	17,062	52,500
S.E. Thwala	1,336	84,539	2,389	14,000
T.G. Mokoena	1,410	86,420	718	35,000
B.M. Khumalo	-	-	-	3,500
	101,126	800,260	98,818	625,250

- Fees for services as Audit Committee members - aggregate

M.S. Mthembu (Chairperson)	2,988	30,043	932	20,799
R. Kalidass	-	1,403	-	5,612
N.L. Mathebula	9,367	11,224	7,301	11,224
S.E. Thwala	63	17,011	-	7,000
L.S. Masilela	799	20,774	613	10,500
	13,217	80,455	8,846	55,135

Management's remuneration

- Executive managers - aggregate

R.S. Ndlovu (CEO - resigned 30 April 2009)	-	102,030
J.H. Mabunda	824,463	764,252
M.M. Selepe	879,847	796,906
C.A. Nkuna	828,971	765,114
B.R. Jackson (Acting CEO)	864,864	769,072
	3,398,145	3,197,374
Staff Remuneration – other employees	6,940,861	5,059,144

4 Property, Plant and Equipment

		2011 (R)		2011 (R)
	Depre- ciation rate %	Cost/ Valuation R	Accumulated depreciation R	Carrying amount R
2011				
Motor vehicles	20.00	609,184	-	609,184
Computer equipment	33.33	1,031,639	609,350	422,289
Furniture and fittings	20.00	654,801	427,853	226,948
Office equipment	20.00	527,298	298,585	228,713
		2,822,922	1,335,788	1,487,134

2010				
Computer equipment	33.33	622,876	368,612	254,264
Furniture and fittings	20.00	554,389	308,858	245,531
Office equipment	20.00	296,979	202,561	94,418
		1,474,244	880,031	594,213

	Carrying value at beginning of period R	Additions/ Valuation R	Disposals/ Scrapping R	Depreciation R	Carrying value at end of year R
2011					
Motor vehicles	-	609,184		-	609,184
Computer equipment	254,264	408,763		240,738	422,289
Furniture and fittings	245,531	100,412		118,995	226,948
Office equipment	94,418	230,319		96,024	228,713
	594,213	1,348,678	-	455,757	1,487,134

2010					
Computer equipment	403,131	43,042		191,909	254,264
Furniture and fittings	356,409	-		110,878	245,531
Office equipment	149,624	5,139		60,345	94,418
	909,164	48,181	-	363,132	594,213

Assets subject to finance lease (carrying value)	2011 (R)	2010 (R)
Office equipment	202,286	79,599

5 Trade and other receivables from exchange transactions

Grants receivable	-	3,307,000
Prepayments	25,569	111,515
Deposits	32,030	-
Sundry debtors	15,261	9,337
	72,860	3,427,852

6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with the bank. The primary banking account is a current account with ABSA Bank. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

Bank balances	18,118,986	4,232,296
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7 Accounts Payable

Sundry creditors	174,564	231,711
Trade creditors and accruals	743,331	1,614,944
	917,895	1,846,655

8 Retirement benefits

The Agency employs the services of Akani Retirement Fund Administrators (Pty) Ltd to invest the employee contribution into their own fund named Bokamoso Retirement Fund. The fund is a defined contribution fund.

9 Provisions

Provisions	375,597	236,741
Reconciliation of provisions		
Opening balance	236,741	389,370
Additions during period	138,856	-152,629
Balance end of year	375,597	236,741

This provision is created based on staff leave days outstanding at year end which might have to be paid out to them if they are to leave the Agency. The leave provision was calculated based on cost to company for each individual and the leave days not taken at year end for each individual employee.

10 Commitments

Operating leases:

- payable within one year
- payable between 2 and 5 years

2011 (R)	2010 (R)
278,250	834,751
-	278,250
278,250	1,113,001

11 Cash Generated by Operations

Operating surplus

12,065,044 7,432,083

Adjustments for

Depreciation of property, plant and equipment

455,757 363,132

Finance costs

28,121 56,420

12,548,922 7,851,635

Changes in working capital

(Increase)/Decrease in trade and other receivables

3,354,992 -3,338,192

(Decrease) in accounts payable

928,760 -98,606

(Decrease)/Increase in Provisions

138,856 -152,629

15,114,010 4,262,208

12 Finance Lease Obligation

Minimum lease payments due

Within one year

126,036 71,632

In second to fifth year

135,329 35,816

Later than five year

- -

261,365 107,448

Less: Future finance charges

46,401 9,933

214,964 97,515

Present value of minimum lease payments

Within one year

97,191 62,969

In second to fifth year

117,773 34,546

Later than five year

- -

214,964 97,515

Non-current lease obligation

2011 (R) 2010 (R)
117,773 34,546

Current portion of lease obligation

97,191 62,969

214,964 97,515

The total future minimum sublease payment expected to be received under non-cancellable sublease.

The average lease term is five years and the average effective borrowing rate was 18.0%

No arrangements have been entered into for contingent rentals

The entity's obligations under the finance lease are secured by the lessor's charge over the leased assets.

The lease does not contain a renewal option and ownership remains with the lessor.

13 *Reconcillation between budget and cash flow statement*

Reconcillation of net surplus per approved budget with the net cash generated from operating, investing and financing activities

	Operating	Financing	Investing	Total
Net surplus per approved budget	R-	R-	R3,080,200	R3,080,200
Completion of Catchment Management Strategy	R200,000			R200,000
Verification of Existing Water Use	R1,950,000			R1,950,000
Updating Cadastral Database	R2,000,000			R2,000,000
Maintenance of Crocodile Decision Support System Models	R959,788			R959,788
Water Meter Installation in Middle Komati	R1,000,000			R1,000,000
Installation of River Flow Data Loggers	R1,500,000			R1,500,000
Other timing differences	R5,595,100	R117,449	R-1,316,648	R4,395,901
Actual amount in the cash flow statement	R13,204,888	R117,449	R1,763,552	R15,085,889

14 *Risk Management*

Risk management is carried out by an appointed committee under policies approved by the Governing Board. The committee identifies, evaluates and hedges financial risks in close co-operation with operating units. The Governing Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

Market Risk

Comprises the interest rate risk arising from the disclosed finance lease obligations.

Credit Risk

Arises from cash and cash equivalents and deposits with banks and financial institutions

Liquidity Risk

Cash flow forecasting is performed to ensure sufficient funds to meet operational needs.

Capital Risk

The objective here is to safeguard the ability to continue as a going concern.

15 *Events after reporting date*

There are no material events that took place after the reporting date.

16 *Comparative figures*

Comparative figures are reclassified where necessary



I N K O M A T I

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