



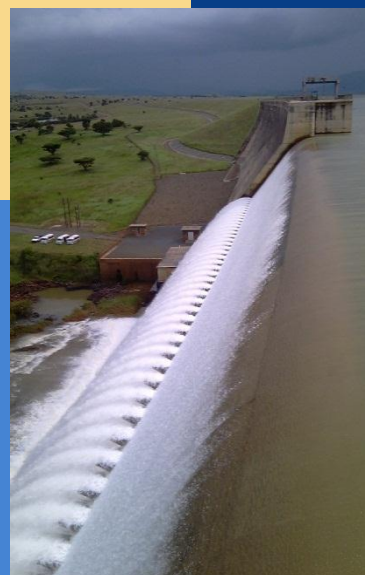
INKOMATI

CATCHMENT MANAGEMENT AGENCY

ANNUAL REPORT

2011 – 2012

No Turning Back



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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

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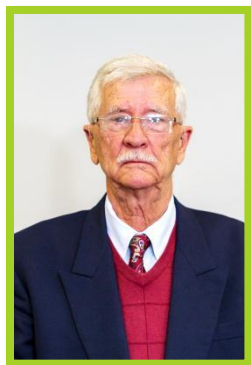
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ICMA GOVERNING BOARD MEMBERSHIP



TP Nyakane-Maluka (Chairperson)

Local Govt. – Water Services



C Du Preez

Commercial Agriculture



SE Thwala

Tourism & Recreation



TG Mokoena

Forestry (SFRA)



LS Masilela

Civil Society



F Roux

Conservation



EG Mashele

Productive Use by the
Poor



BK Mokoena

Potential Agricultural Use
by HDI's

ICMA MANAGEMENT



BR Jackson

Acting CEO &

Executive Manager: Water Resources Planning



Adv. JE Boshoff

Board Secretary



MM Selepe

Executive Manager:

Water Use



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

ACRONYMNS

ACRONYM	DESCRIPTION
APP	Adaptive Planning Process or Annual Performance Plan
AMD	Acid Mine Drainage
AWARD	Association for Water and Rural Development
SP	Strategic Plan
COGTA	Cooperative Governance and Traditional Affairs
CL	Compulsory Licensing
CM	Compliance monitoring
CMA	Catchment Management Agency
CME	Compliance Monitoring and Enforcement
CMS	Catchment Management Strategy
CROCOC	Crocodile River Operations Committee
DSS	Decision Support System
DNA	National Department of Water Affairs in Mozambique
DME	National Department of Minerals and Energy
DMS	Decision Making System
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DWA	Department of Water Affairs
EE	Employment Equity
EEA	Employment Equity Act
EEP	Employment Equity Plan
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
ER	Ecological Reserve
EWR	Environmental Water Requirement
GB	Governing Board
GIS	Geographical Information Systems
HDI's	Historically Disadvantaged Individuals
HYCOS	Hydrological Cycle Observing System
HYDSTRA	Surface Hydrology Information System
IAAP	Implementation Activity and Action Plan
IAP's	Invasive Alien Plants
ICMA	Inkomati Catchment Management Agency
IGR	Inter-Governmental Relations
IDPs	Integrated Development Plans
IFR	In-Stream Flow Requirement

ACRONYM	DESCRIPTION
IIF	Inkomati Irrigation Forum
IIMA	Interim Inco-Maputo Agreement
ISOTG	Inkomati Systems Operations Task Group
IS	Information Systems
IT	Information Technology
IWAAS	Inkomati Water Availability Assessment Study
IWMA	Inkomati Water Management Area
IWRM	Integrated Water Resources Management
KJOF	Komati Joint Operations Forum
KNP	Kruger National Park
KOBWA	Komati Basin Water Authority
LM	Local Municipality
MAR	Mean Annual Runoff
MCCAW	Mpumalanga Coordinating Committee on Water Use
MDALA	Mpumalanga Department of Agriculture and Land Administration
MOA	Memorandum of Agreement
MSF	Mpumalanga Spatial Framework
MTEF	Medium Term Expenditure Framework
MTPA	Mpumalanga Tourism and Parks Agency
MTSF	Medium Term Strategic Framework
MWF	Mpumalanga Wetland Forum
NFEPA	National Freshwater Ecosystems Priority Areas
NGO	Non Governmental Organization
NWA	National Water Act, Act 36 of 1998
NWRI	National Water Resources Infrastructure
NWRIA	National Water Resources Infrastructure Agency
NWRS	National Water Resources Strategy
OHS	Occupational Health and Safety
OP	Operational Plan
OR	Operating Rules
OSD	Occupation Specific Dispensation
PA	Performance Agreements
PCC	Project Coordinating Committee
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategies
PMDS	Performance Management and Development System
PRIMA	Progressive Realisation of the Inco-Maputo Agreement
PSP	Professional Service Provider
RDM	Resource direct Measures

ACRONYM	DESCRIPTION
RHP	River Health Programme
ROR	River Operating Rules
RPF	Resource Poor Farmers
RQO	Resource Quality Objectives
RWQOs	Resource Water Quality Objectives
SADC	Southern African Development Community
SAM	Strategic Adaptive Management
SANBI	South African National Biodiversity Institute
SANCIAHS	South African National Committee on Implementing Applied Hydrological Sciences
SANCOLD	South African National Convention on Large Dams
SANPARKS	South African National Parks
SASRI	South African Sugar Research Institute
SCM	Supply Chain Management
SDC	Source Directed Controls
SDP	Spatial Development Plans
SG	Surveyor General
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprises
SP	Strategic Plan
STEEP	Social, Technological, Ecological, Economic, Political
TOR	Terms of Reference
TPTC	Tri-Partite Permanent Technical Committee
VSTEEP	Values, Social, Technological, Ecological, Economic, Political
WAP	Water Allocation Plan
WARMS	Water Authorisation and Registration Management System
WAR	Water Allocation Reform
WC/DM	Water Conservation /Demand Management
WDCS	Waster Discharge Charge System
WISA	Water Institute of South Africa
WMA	Water Management Area
WMI	Water Management Institution
WRC	Water Research Commission
WRM	Water Resource Management
WReMP	Water Resources Management Platform
WRIM	Water Resources Information Management
WSDP	Water Services Development Plan
WUA	Water Users Association
WWTW	Waste Water Treatment Works

CHAIRPERSON'S STATEMENT

I am delighted to report that the ICMA has accomplished a strong set of results which can be attributed to the delegation of powers and functions by the Honourable Minister of Water Affairs, dedicated cadre of employees, co-operation from stakeholders and institutional support by DWA.

Gathering Momentum was the theme attached to the previous annual report and **No turning back is the theme for this 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 has now gathered sufficient momentum to the extent that there is no turning back.

Some of the key achievements for the year have been:

SUBMISSION OF REVISED 5-YEAR STRATEGIC PLAN AND BUDGET AND THE ANNUAL PERFORMANCE PLAN

National Treasury issued the amended strategic plan and annual performance timeframes at the beginning of December 2010 to be applied as from the 2012/13 financial year. The strategic plan must be now for a period of 5 years which remains in place for the whole 5 year period and the previous annual strategic plan with 3 year projections will no longer apply. The 3 year projections will now appear in the annual performance plans, however. The ICMA has managed to prepare and submit copies of its 5-year Stakeholder centred Strategic Plan for 2012/13 and Budget for 2012/13 – 2016/17 fiscal years as well as the Annual Performance Plan for 2012/13 fiscal year by following the prescribed planning timeframes to submit the first drafts in August 2011, the second drafts in November 2011 and the final documents in January 2012 to the Minister.

CATCHMENT MANAGEMENT STRATEGY APPROVAL FOR GAZETTING

Section 80 of the National Water Act 36 of 1998 requires a Catchment Management Agency to develop a Catchment Management Strategy. In line with the National Water Resources Strategy of 2004 the ICMA completed and submitted the first the first generation Catchment Management Strategy in April 2010 which was approved by the Minister on 6 February 2012 to be gazetted for public participation and finalisation, subject to immediate revision once the revised National Water Resource Strategy is published. The Catchment Management Strategy should thus be finalised during the next financial year.

INSTITUTIONAL REALIGNMENT

During February 2012 it was announced that the Minister resolved to implement the recommendation that the number of catchment management agencies be reduced from 19 to 9. The draft Inkomati-Usuthu CMA Business Case has been drafted for the consultation process. In this business case the extension of the water management area of the Inkomati CMA by the incorporation of the Usuthu catchment is recommended.

To implement the amalgamation of the Usuthu catchment with the Inkomati CMA, the National Water Resource Strategy has to be amended in respect of the determination of the water management areas to be administered by catchment management agencies. After that the processes have to start to dissolve the Mhlathuze-Usuthu CMA and extend the water management area of the Inkomati CMA by incorporating the Usuthu catchment and to change the name of Inkomati CMA to Inkomati-Usuthu CMA.

It should be mentioned that 85% of the population of the recommended Inkomati-Usuthu CMA is within the Inkomati water management area

GOOD GOVERNANCE

The ICMA once again received an unqualified external audit opinion which has been the case since inception in 2006 and is a result of good corporate governance. The Governing Board succeeded to submit its annual report for 2010/11, its strategic plan and budget for 2012/13 and quarterly reports during 2011/12 in time. In the absence of a Chief Executive Officer since 1 May 2009 this is really significant to still maintain sound corporate governance in the ICMA by complying with the reporting, planning and compliance requirements. There exists a general belief that acting with integrity and upholding corporate governance constitute an essential component of the delivery of the approved strategy.

ORGANISATIONAL RESTRUCTURING AND REMUNERATION STRATEGY

In order to ensure optimal organisational performance that supports the approved Strategic Plan, the Governing Board has since deemed it fit to embark on restructuring the remuneration strategy and organisational structure of the ICMA. This process effectively started in October 2011 and on 28 March 2012 the new Remuneration Strategy and organisational Structure were approved by the Governing Board. The placement of the staff in the new organisational structure is to be finalised in the 2012/13 financial year. These processes will result in savings on staff costs. The new organisational structure provides for a Chief Executive Officer with the Chief Operations Officer responsible for the core functions of the ICMA and the Executive: Corporate Services responsible for the support functions reporting to the Chief Executive Officer. Regarding the governance administrative functions the Board Secretary will report to the Governing Board being the advisor of the Governing Board, its committees and its members.

CHALLENGES

Although the ICMA has achieved much during the year, there are still a few challenges that must be addressed. These include:

- The position of the CEO has been vacant since May 2009 and has not been filled because the Minister requested that it not be filled until finalisation of the merging of the Usuthu Catchment with the Inkomati Water Management Area,

ACHIEVEMENTS

- As a result of the Institutional Realignment process of DWA, the CMA for this water management area will have to manage an extended water management area that includes the Usuthu Catchment.
- During the first half of 2012, the Minister approved the Catchment Management Strategy of the ICMA for the promulgation process subject to alignment with the revised National Water Resources Strategy when published.

CONCLUSION

On behalf of the governing board, I would like to pay tribute to the support of the Minister, DWA, the commitment and support of the Governing Board members during the financial year, the support of the stakeholders, the sterling efforts of the acting Chief Executive Officer, the management team and all staff members in achieving what has been a good year in making progress with the implementation and maintenance of the core functions of the ICMA as water resource management institution. It cannot be an overstatement to maintain that the results could not have been possible had it not been for the concerted efforts towards the promotion of multi-sector approach to water resources management and strengthened mechanisms for participation by all role players in the water sector.

OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER

I consider it a privilege and I draw remarkable pleasure in presenting my second annual report overview in my capacity as the Acting Chief Executive Officer of the Inkomati Catchment Management Agency. Throughout my stay in the above-mentioned capacity I have come to undisputed conclusion that while the ICMA places the aspirations of its stakeholders at the heart of its day-to-day business it also strives to provide a first class service and value for money.

A comprehensive presentation was made to the Portfolio Committee on Water on water resources management and use during its visit to the catchment management area and I believe that this paved the way for the realignment project of DWA to decide that CMS's are the correct mechanism to ensure stakeholder based ground level IWRM is effective.

In this regard, I would like to highlight the key achievements as well as the challenges of the ICMA during the year per output in the Strategic Plan:

VALIDATION AND VERIFICATION OF WATER USE AND WATER ALLOCATION PLAN

The verification of existing lawful use within the Inkomati is ongoing but has been significantly delayed by the loss of cadastral data at the Mpumalanga SG office. A work around to this issue is being developed and will require a variation order to the project. A high resolution land cover classification of the entire Inkomati WMA was completed in support of the verification project.

OPERATIONALISE LEARNING REFLECTION AND REVIEW SYSTEM:

34 real time water flow data loggers and 15 real time data loggers have been installed throughout the Inkomati WMA in support of river operations. A Water Resources Information management Dashboard has also been successfully installed that will enable our stakeholders to access all water resources operational data. Please refer to the divisional reports for more detail.

SYSTEMS FOR INTEGRATED PLANNING AND OPERATIONS OF THE RIVER SYSTEMS EFFECTIVELY IMPLEMENTED

The Crocodile Catchment Operations Committee continued to function effectively and the first expansion of the operating rules into a tributary of the Crocodile River – namely the Kaap River – was commenced during the year. The ICMA is also effectively collaborating with DWA on the ongoing development of operating rules for the Sabie-Sand System.

STAKEHOLDER CENTRED IMPLEMENTATION OF THE RESERVE

MOA's with SANPARKS and the MTPA were entered into to ensure that effective bio-monitoring of the rivers within the Inkomati will take place. The first step, a full River Health Programme study of the Sabie Sand Catchment, was completed during the year. SANPARKS developed a proposed methodology exploring strategic adaptive management system associated with implementation of the Ecological Reserve through their MOA with the ICMA and which will be further investigated.

DISCHARGE AND WATER RESOURCE QUALITY EFFECTIVELY MONITORED

The ICMA took over the sampling of all DWA water quality monitoring points during the year and all data is being captured by the ICMA onto the DWA WMS database. A new laboratory services contract is in the process of being finalised by the ICMA to enable an effective water quality monitoring service to be performed by the ICMA. The ICMA also took over the function to recommend water quality related authorisations from DWA.

WATER RESOURCES POLLUTION REMEDIED

Following the outbreak of water quality problems in Carolina, the intensive investigations that ensued led to a number of point sources which discharge into the Boesmanspruit being identified. Engagement with four mining houses coupled with the review of available surface water data resulted in four pre-directives being issued in terms of the National Water Act. A Task Team has also been set and tasked with responsibility of implementing all recommendations taken. This process is ongoing.

COOPERATIVE GOVERNANCE

The ICMA has been a partner in the development of the Mbombela Municipality Bulk Water Strategy and is collaborating with DWA in the ongoing Mbombela Water Resources Reconciliation Strategy.

METERED WATER USE

The first phase of the project to install water meter in the middle Komati River between Mananga and Carolina was completed. The actual installation will commence in the new year.

EXCHANGE KNOWLEDGE AND EXPERTISE

A proposal to cooperate between the ICMA and the Waterschap Groot Salland in the Netherlands on remote sensing data and its use in water resources management was finalised and is ongoing. The first remote sensing data from the WATPLAN project became available providing farmers with valuable information on their water use. This will be further expanded in the future.

EFFECTIVE STAKEHOLDER PARTICIPATION

It is encouraging to report that during the final year under review the ICMA has placed considerable emphasis on the establishment, strengthening and supporting forums and mechanisms for stakeholder involvement and as such is intimately involved with the University of the Witwatersrand to look at improved mechanisms for stakeholder involvement. The equity working group established by the ICMA is continuing its work and a number of capacity building workshops were held during the year.

CONCLUSION

Please refer to the divisional reports and the detailed table for more information on the achievements and challenges during the year under review.

Although we have achieved much during the year, without doubt, the future looks challenging. I am personally pleased that we have an equally motivated and skilled team in place who fully understand what needs to be done to give effect to the strategic vision as set out in the Catchment Management Strategy and for what they are accountable. I am encouraged to note that everybody is geared up to challenges lying ahead, including but not limited to the following:

- Due to the delegation of powers and functions received from the Minister on 17 December 2010, the Governing Board resolved to restructure the ICMA to ensure sufficient capacity for implementation of the delegations
- The Water Allocation Reform Programme will be implemented as soon as the validation and verification processes are finalised. Arrangements have been made to obtain from Mpumalanga Surveyor General's office the outstanding cadastral information required for the verification of existing lawful water use.
- The Pollution of the Boesmanspruit dam affecting the quality of water supply to the Albert Luthuli Municipality



Inyaka Dam

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 WMIs
- 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:

- 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 are 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

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

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.

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.

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 4(a) 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.

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 and approval has been given to gazette for public comment. This process will happen during the 2012-13 financial year.

The Strategic Action Programmes emanating from the stakeholder derived vision for the Inkomati are summarised below. They have been incorporated into the Strategic Plan 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. These DWA Priorities have been linked to the ICMA Strategic Objectives and Strategic Action Programmes emanating from the CMS in the Strategic Plan that was developed during the financial year.



Flood Damage from January 2012 Floods

ORGANISATIONAL MANAGEMENT

MANAGEMENT STRUCTURE:

The Chief Executive Officer's office is responsible for strategy implementation and day-to-day management of the activities of the Inkomati CMA. 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 Inkomati CMA. This office is also responsible for identifying and ensuring that the activities necessary for the implementation of the Inkomati CMA 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 Inkomati CMA 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.

However, a review of this organogramme is being conducted to ensure that it is the most efficient and relevant structure possible and will be implemented in 2012.

EMPLOYMENT EQUITY IN THE ICMA

Occupational Level	AM	CM	IM	WM	AF	CF	IF	WF	FOREIGN M	FOREIGN F	TOTAL
Top Management-CEO	-	-	-	-	-	-	-	-	-	-	-
Senior Management-Executive Managers	2	0	0	1	1	0	0	0	0	0	4
Professionally qualified & experienced specialists & mid-management-Level 10-12	3	0	0	2	3	0	0	0	0	0	8
Skilled technical & academically qualified workers, jnr mgt, supervisors, foremen & superintendents-Level 8&9	8	0	0	0	5	0	0	1	0	0	14
Semi skilled & discretionary decision making Level 4-7	6	0	0	0	2	1	0	0	0	0	9
Unskilled & defined decision making- Level 1-3	0	0	0	0	1	0	1	0	0	0	2
TOTAL	19	0	0	3	12	1	1	1	0	0	37

GLOSSARY:

AM: African male
AF: African Female

CM: Coloured male
CF: Coloured Female

IM: Indian male
IF: Indian female

WM: White Male
WF: White Female

NEW EMPLOYEES AT THE ICMA DURING 2011-12

L Mnisi- Budget Management Officer
 R Mogane- Revenue Officer
 C Hoffman- Secretary
 S Mhlongo - Community Officer-
 M Kolesky- Manager Systems Planning & Operations (Engineer)
 J Maluleke- Manager Resource Protection & Waste
 T van der Merwe- Payroll Officer
 T Nkosi – Human Resources Practitioner
 A Mbetse-Control Environmental Officer
 T Rasiuba- Control Environmental Officer
 M Nkuna- Environmental Officer
 R Ramunenyiwa- Environmental Officer
 M Mashile- General Office Assistant (Bushbuckridge)
 B Mkhabela- Procurement Clerk
 G Mthembi- Community officer
 E Mkhombo- Auxiliary Services Officer



Key note Address by DWA Mpumalanga Chief Director at the Water Week

ORGANISATIONAL STRUCTURE

Office of the CEO

1 Acting Chief Executive Officer

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

Institutions & Participation:

1 Executive Manager

1 Institutional Specialist

Sabie Sand Catchment:

2 Community Officers

Crocodile Catchment:

2 Community Officers

Komati Catchment:

1 Community Officer

Water Use:

1 Executive Manager

Resource Protection and Waste:

1 Manager

Water Quality Management

2 x Control Env. Officer

2x Env. officers

1 Admin Clerk

River System Health

Water Utilisation:

1 Manager

Water Allocation:

Water Use Efficiency:

Compliance Monitoring & Enforcement:

Water Resources Planning & Programmes:

1 Executive Manager

1 Hydrologist

Corporate and Finance

1 Executive Manager

1 Personal Assistant

Finance:

1 Finance manager

Expenditure

1 Finance Officer

Budget Management Officer

Payroll

Payroll Officer

Senior Admin Clerk

Supply Chain

1 SCM Clerk

SCM Officer

Risk management:

Revenue:

Revenue Officer

Human Resources:

HR Manager

2X HR Practitioners

Receptionist

Driver/ Messenger

General Office Assistant

Auxillary Services Officer

Governance:

Board Secretary

Committee Clerk

GOVERNANCE

This unit is the administrative and advisory arm of the governing board and is headed by the Board Secretary. The Division is responsible for assisting and advising the governing board and its committees to achieve ethical leadership, compliance with laws, rules and standards with resolutions and accounting and provides legal advice where necessary. Administratively this section coordinates the governance of risk, the compilation of agendas and minutes of the proceedings of the governing board and its committees and renders legal services to the ICMA.

GOOD COOPERATE GOVERNANCE EFFECTIVELY IMPLEMENTED

The Governing Board does an evaluation of itself and its committees annually. For this purpose there is an evaluation questionnaire based on the King Reports that is completed to monitor compliance.

The attendance of meetings by the Governing Board members and the external members of the Audit Committee is reflected in the schedule. It can be reported that there has been more meetings than reflected in the performance plan.

The only exception relates to the performance indicator that deals with induction of new governing board members, because the new governing board members were not appointed.

No variance to the expected performance regarding rendering of the legal services. The Risk Management Committee has also been instituted during the third quarter of 2011/12 financial year and is now fully functional and the Risk Management Report was submitted to the governing board in the 4th quarter.

The Board Secretary was also appointed as the administrator for the Remuneration Ad Hoc Committee with the restructuring of the remuneration strategy and organisational structure of the ICMA, which documents were approved by the Governing Board on 28 March 2012.



Minister of DWAE at Carolina

ATTENDANCE OF MEETINGS BY GOVERNING BOARD MEMBERS AND AUDIT COMMITTEE EXTERNAL MEMBERS

MEMBER	GB ORD	GB SPEC	GB W/S	GB S/H	AUDIT	EXCO	WACO	GB AD HOC*	GB DELEGATIONS**	GB CONSULT***	TOTAL
BENCHMARK	4	4	1	1	5	7	4				
Ms TP Nyakane-Maluka	4	4	1	1	N/A	7	N/A	6	2	4	29
Mr CJH du Preez	4	4	1	1	N/A	N/A	4	6		5	25
Ms EG Mashele	4	4	1	1	N/A	N/A	4				14
Ms LS Masilela	4	4	1	1	5	N/A	N/A	1			16
Mr BK Mokoena	4	3	1	1	N/A	7	N/A	1	1	1	19
Mr F Roux	4	4	0	1	N/A	N/A	4				13
Mr SE Thwala	2	3	0	0	4	N/A	N/A	2		2	13
Mr TG Mokoena	2	4	1	1	N/A	5	N/A	5		1	19
Audit committee ext members	4										4
Mr S Mthembu	2	N/A	N/A	N/A	4	N/A	N/A				6
Mr NL Mathebula	2	N/A	N/A	N/A	4	N/A	N/A				6

GLOSSARY:

- 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

- * Ad Hoc GB Meetings During the year:
Included Remuneration and Organisational Restructuring Ad Hoc Committee meetings and a CEO shortlisting Meeting.
- ** Delegations of GB Members sent to various meetings including a visit to the ICMA's Bushbuckridge Satellite Office and a meeting with the Landlord of our Office Building.
- *** Consultative Meetings between GB Members and ICMA Staff relating to the Remuneration and Organisational Restructuring



Presentation to Albert Luthuli Municipality

DIVISIONAL REPORTS

WATER USE

The Division is responsible for the protection of the Resource and the management of water use. This includes compliance monitoring and enforcement functions. At present, these functions are limited to water quality and pollution related water uses. Further responsibility relating to water abstraction and storage related activities have yet to be delegated by DWA. The key achievements and challenges for the year are:

AUTHORISED WATER USE

The 2011/12 financial year has witnessed a total of twelve water licence applications received. The evaluation process is being undertaken in collaboration with relevant directorates in DWA. So far, the water use licence for MMC Kingstonsvale has been recommended. Pre-application consultation process for the Rainbow Chicken water use licence has also been initiated with a view of identifying applicable water uses.

Regarding the percentage of temporary transfer in terms of section 25 of the National Water Act, it can be reported that only one application was received wherein request for further information has also been sent.

METERED WATER USE

Following the appointment of the Professional Service Provider for phase 1 of the installation of water meters in the middle Komati River between Mananga and Tong, three project management committee meetings were held during 2011/12 financial year, two consultative meetings were also held which resulted in stakeholders' buy-in. In terms of progress made, it can be reported that surveys of all pump stations have been completed wherein a close-out report is being finalised. The actual installation will commence as part of phase 2 of the project in the next financial year.



Spoons 7b Irrigation Pump Station from Water Meter Survey

DISCHARGED AND WATER RESOURCE QUALITY EFFECTIVELY MONITORED

2011/12 financial year saw a total of one thousand three hundred and thirty eight (1338) of the registered sites monitored.

The ICMA has been using DWA laboratory services contract which has since lapsed. Arrangements for analysis were made to use DWA IQS which is not working effectively. As a remedial action, the ICMA has prioritised the finalisation of the contract for analytical services in the first quarter of 2012/13 financial year.

With regard to review of monitoring requirements, it can be reported that the working procedures were developed and approved by the governing board. However, due to unavailability of personnel owing to the acid mine drainage problems affecting drinking water in the Carolina area, progress regarding the review of monitoring programme could not be recorded.

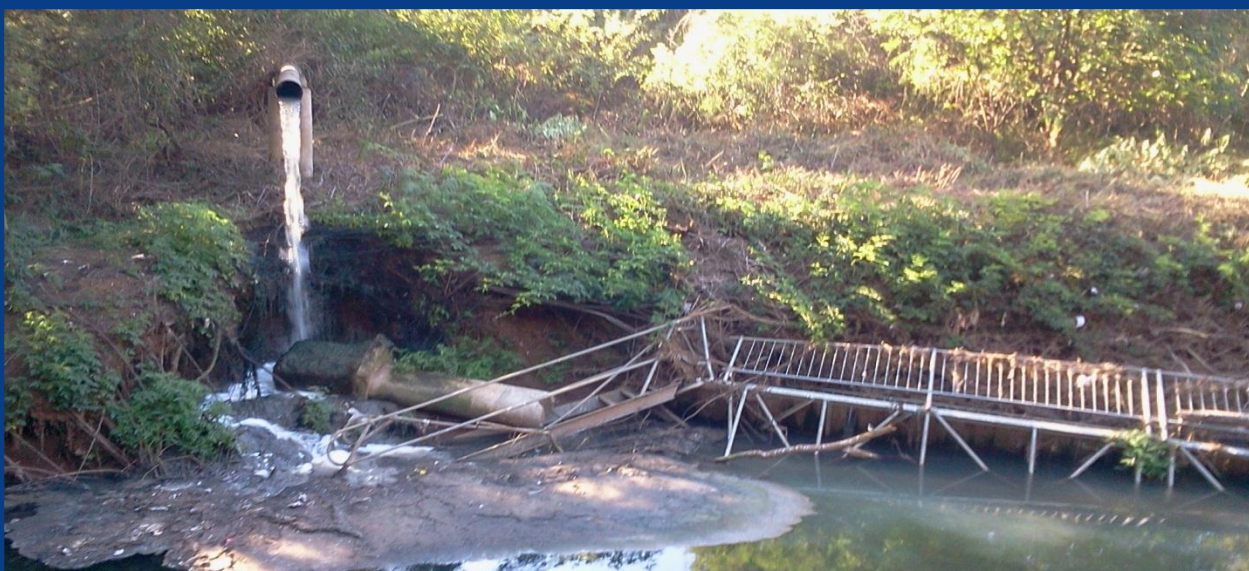
PROACTIVE AMD STRATEGY

Although the Terms of Reference have been developed during the second quarter of the financial year under review, the advertised tender for the Professional Service Provider to assist with the development of inventory of mines and other sources of potential pollution; monitoring programme to monitor discharges to surface water and remediation/prevention of impact was subsequently withdrawn due some gaps identified in the Supply Chain Management process. It will be re-advertised in the new financial year.

Therefore, the audit on the effectiveness and efficiency of AMD strategy could not be performed as a result of the above-mentioned challenges. It can only be performed once the pro-active AMD strategy has been completed and implemented.

WATER RESOURCE POLLUTION REMEDIED

Following the development of human resources capacity, it can be reported that during 2011/12 financial year a total twenty seven (27) pollution incidents were attended to and satisfactorily remedied. However, new data could not be captured due to challenges regarding the interim arrangements for sample analysis with the new laboratory since it is yet to be registered in WMS. The ICMA laboratory contract is currently being finalised.



Raw Sewerage spilling into Sabie River near Sabie

The Carolina Pollution is an ongoing issue and the ICMA is at the forefront of resolving the situation and putting in place future measures to ensure that it will not re-occur. This has included numerous inspections, letters of intent and membership of all government task teams involved. The ICMA hopes to finalise the steps during the new financial year.



Acid Mine Drainage, Carolina

WATER QUALITY STATUS REPORT

Throughout the 2011/12 financial year, the water quality status for the third quarter was only presented at the Crocodile and Sabie- Sand forums. The deficit is consequential to the absent of contractual agreement involving the ICMA and the laboratory for sample analysis. The appointment of the new laboratory contract is at an advanced stage and it is prioritised to be finalised in the new financial year.

COMPLIANCE MONITORING EFFECTIVELY IMPLEMENTED

Out of the targeted sixty five (65) inspections, only thirty six (36) inspections, five (5) of which were audits in support of DWA (during the third quarter) were conducted in 2011/12 financial year. The shortfall is entirely attributed to the delays in transfer of proto-CMA staff from DWA.

ENFORCEMENT EFFECTIVELY IMPLEMENTED

In terms of effectively implementing enforcement, it can be reported that the first quarter of 2011/12 financial year witnessed one (1) notice of the intention to issue a directive issued. None of the inspected users warranted a notice or directive during the second quarter, while five (5) notices of intention and one (1) directive were issued in the third quarter. The fourth quarter saw three (3) inspections conducted.

CO-OPERATIVE GOVERNANCE

While acknowledging that the target is demand-driven, it can be reported that a total of three (3) Environmental Impact Assessments were evaluated and recommended within the specified timeframe in the first quarter and second quarter of 2011/12 financial year.

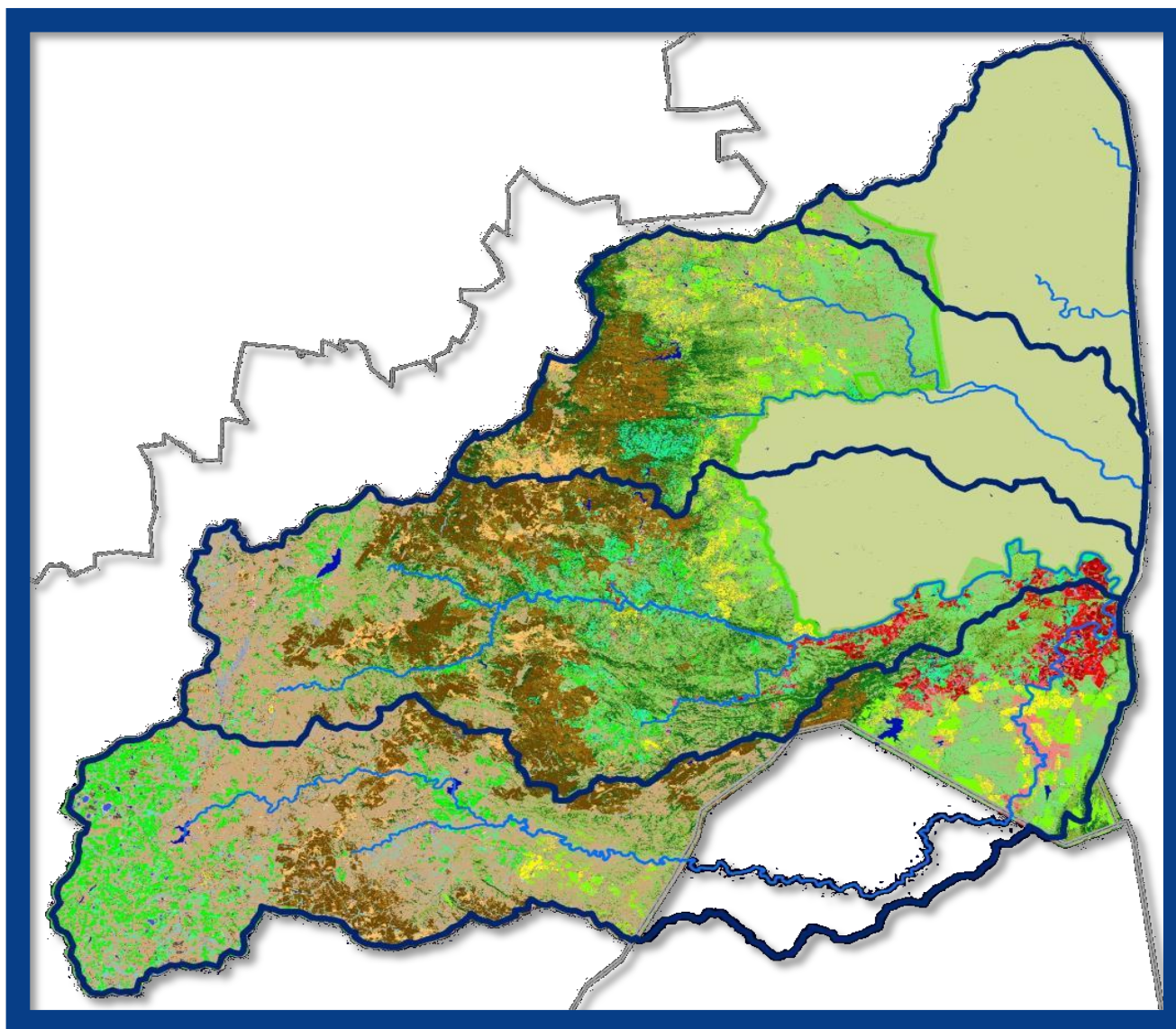
The Water Use division also evaluated and made recommendations within the specified timeframe on eleven (11) Environmental Management Programme Reports (EMPR). Recommendations were also made on three (3) EMPs during the third quarter of the financial year under review.

WATER RESOURCE PLANNING AND PROGRAMMES

The Water Resources Planning and Programmes Division is responsible for the coordination of all planning activities in the Inkomati WMA that impact on the water resources as well as the day to day implementation of the operating rules for the rivers which includes management of dam releases and the restriction of water use. The coordination of the Catchment Management Strategy, verification of existing water use, water resources modelling and water allocation planning fall within the functional area of responsibility of this division. As a further part of this responsibility, the division also maintains a detailed water resources information management system and provides advice to various role-players and other ICMA divisions. The main achievements for the year include:

VALIDATION AND VERIFICATION OF WATER USE – WATER ALLOCATION PLAN

The Professional Service Provider for the verification and cadastral update project has been appointed and the draft inception report received. A variation order to extend the scope of the project as a result of the Inception report findings has also been approved. Further, a 2,5m resolution Land-Cover Classification Project has also been completed. This report will be of great assistance to the Verification Project.

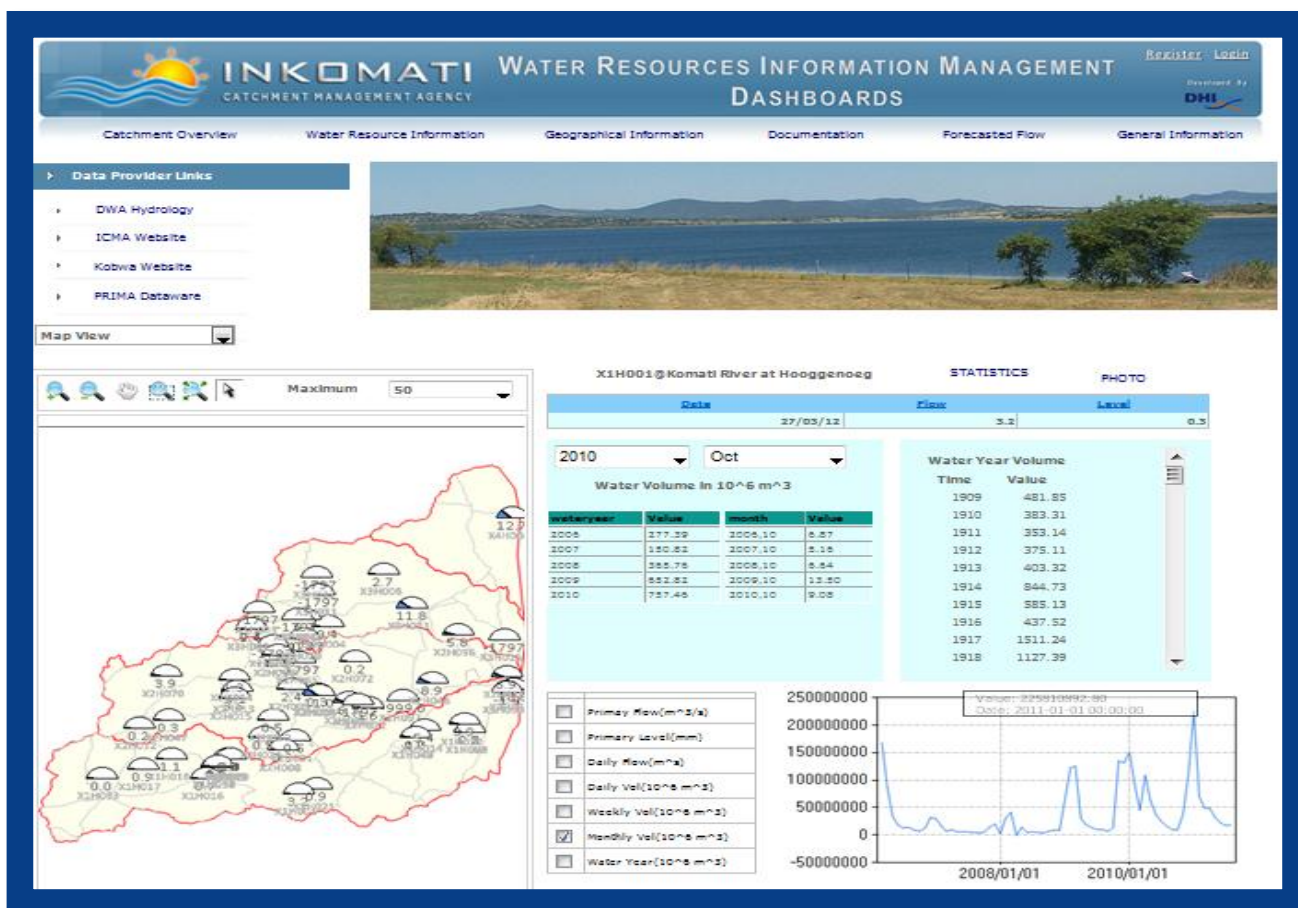


Unfortunately, the Cadastral survey has been delayed by the lack of cadastral information forthcoming from the Mpumalanga SG Office. A variation order for the PSP to collect this information themselves is being prepared. This delay is also affecting the verification project.

SYSTEMS FOR INTEGRATED PLANNING AND OPERATIONS OF RIVER SYSTEMS EFFECTIVELY IMPLEMENTED

It can also be reported that the Crocodile DSS and related Crocodile Catchment Operations Forum are running successfully and that a contract to do Kaap River Operation Rules and data management dash board has also been signed. The data dashboard (or Water Resources Information Management System) has been successfully installed and is running. It can be found at <http://riverops.inkomaticmaa.co.za>. I looks like this:

Inkomati Water Resources Information Dashboard:



Further, it is worth reporting that two IT servers dedicated to the river Systems Operations have been installed alongside the operational data dashboard and the associated website

The ICMA also effectively collaborated with DWA on the ongoing development of the Sabie River Operating Rules and DSS and will commence implementation thereof during 2012-13.

STAKEHOLDER CENTRED IMPLEMENTATION OF THE RESERVE

The ICMA has signed a memorandum of agreement with Mpumalanga Tourism and Parks Agency for RHP bio-monitoring which has already commenced in the Sabie River Catchment. Craig McLoughlin from the SANPARKS has also been appointed to continue with the Water Research Commission Project – Exploring critical feedback components of strategic adaptive management (SAM) system associated with the implementation of the Ecological Reserve in the Inkomati Catchment Management Area.

The envisaged deliverables have been received including the framework and proposed methodologies for implementing the reserve through SAM. A presentation on the framework for strategic adaptive management to support the ecological reserve was made by SANPARK. It is also worth noting that the ICMA resolved to adopt the framework and will phase in its implementation in conjunction with the MTPA.

CATCHMENT MANAGEMENT STRATEGY EFFECTIVELY IMPLEMENTED

A critical success factor that stood out during the 2011/12 financial year has been the approval of the Catchment Management Strategy during the fourth quarter by the Minister of Water Affairs for gazetting and the associated public comments. This will be done in the new financial year

BUILD KNOWLEDGE SHARING NETWORKS AMONG STAKEHOLDERS

The 2011/12 financial year has seen the ICMA stepping up efforts to occupy space across IWRM forums both locally and internationally. Chronicled herein is a comprehensive account of the ICMA performance in pursuit of the strategic target on building knowledge sharing networks among stakeholders during the financial year under review.

The ICMA participated in the SANCIAHS conference and Water Research Commission 40-year celebration conference as well as the International Water Week Conference held in Amsterdam. Presentations were also made at the SABI and DHI conferences.

Overall, the Water Research Commission- led knowledge building projects in which the ICMA has played an active role during the 2011/12 financial year include:

- Water Research Commission and UNESCO Projects – RISKOMAN to update our the water resources management practitioners understanding of the hydrology and WATPLAN to obtain and utilise remote sensing data;
- Phase 1 & 2 Evaluation Panel Meetings;
- Seminar on the Future Direction of Hydrology Research in the age of Global Change;
- Hydro Economic Model Evaluation Panel Meeting;
- Strategic Adaptive Management for implementing IWRM Evaluation Panel meeting;
- Hylarsmet-PYTOPKAPI rainfall run-off model training session;
- Evaluation Panel and Stakeholder meeting on integrated planning and operations, where it was agreed that WRC will use the Kaap catchment to test the functionality of the model;
- Workshop on integrated water quality management system for the Crocodile River; and
- Strategic Adaptive Management for fresh water ecosystems evaluation panel

The ICMA also participated in the Mpumalanga Tourism and Parks Agency's seminar focusing on payment for ecosystem services.

OPERATIONALISE LEARNING, REFLECTION AND REVIEW SYSTEM

Another milestone achieve during the financial year under review relates to the installation of all high and medium priority river flow data loggers. Furthermore, another fifteen real time rainfall data loggers were also installed during the 2011/12 financial year. However, the maintenance contract could not be finalised and is still being investigated by the ICMA.

It can also be reported that one GIS license has been purchased during the fourth quarter of the financial year under review. The second license is in the process of being purchased; thereafter the GIS system will be installed on the ICMA server.

PROVISION OF INFORMED ADVICE TO DWA ON INTERNATIONAL AGREEMENTS

The ICMA fully recognises that South Africa is a signatory of the Interim Inco – Maputo Agreement which is a legal instrument to facilitate cooperation among member states and in this context further subscribes to the concept of integrated river basin management. Hence, the ICMA continues to play a critical role by way of providing informed advice to DWA to enable meaningful implementation of international agreement in the context of shared watercourses.

Although the target is demand-driven, it is worth noting that in terms of the institutional arrangements the ICMA plays an active in the activities of PRIMA and KJOF. During 2011/12 financial year the ICMA has participated in the development of PRIMA Operating Rules, IWRM and Disaster Management workshops.

The ICMA has also been a beneficiary on the PRIMA DARE disaster model. Unless prevented by the unavailability of personnel or counter-attraction with other commitments most of the KJOF meetings were attended. The ICMA also assisted with the review of the Terms of Reference for KJOF.

At the international front, it can also be reported that during the governing board sanctioned official visit to the Netherlands the ICMA participated in the finalisation of inputs on Remote Sensing cooperation proposal with Waterschap Groot Salland. It is rather encouraging to note that proposal has since been approved for funding and will commence in the new financial year.



New iMetos Real Time Rain Gauge Installed at Da Gama Dam

INSTITUTIONS AND PARTICIPATION

The Institutions and Participation division is responsible for facilitating participation of stakeholders in consensual decision-making processes, capacity building as well as inclusive governance of water resources within the Inkomati catchment management area.

In the context of the ICMA, stakeholders include national and provincial government, mining and industrial users, commercial agriculture, groups concerned with protecting aquatic environment, water services authorities, catchment management forums and historically disadvantaged groups.

ESTABLISHED WATER USERS ASSOCIATIONS AND TRANSFORMED IRRIGATION BOARDS

While the establishment of all-inclusive Water Users Associations is part of the ICMA powers and functions as delegated by the Minister, progress in this regard has been impacted by the inherent limitations contained in the delegations. This relate to clause indicating that the newly established Water Users Associations could not appoint staff for their day-to-day administrative requirements. A letter has since been written to the Minister requesting for amendment in the delegations to allow for the Water Users Associations to appoint their staff, and an approval of the requested amendment of the delegated powers and functions is still being awaited.

In the meantime, the ICMA continues to play a constructive role by way of supporting the service provider appointed by DWA to facilitate the establishment of Water Users Associations in the Inkomati Catchment Management Area. Considerable progress has been recorded with regard to supporting Elands River Catchment Water Users Association in business plan development.

EFFECTIVE STAKEHOLDERS PARTICIPATION

Working in collaboration with Wits Centre for Environment – ‘Equity Working Group’, the ICMA has successfully developed Terms of Reference and the associated Action Plan for stakeholders’ empowerment. Two reflection workshops were also held during the financial year under review.

The ICMA has and continues to play a constructive role in the re-establishment of the Komati Forum and in the after-establishment support. In terms of cooperative governance, the ICMA has been active in the programme on the protection of wetlands, the environment and water resources with DARDLA as the lead agent, and continues to partake in Mpumalanga Wetlands Forum.

During 2011/12 financial year, a total of twenty awareness campaigns targeting historically disadvantaged individuals were conducted focussing on a range of topical areas including converting agricultural water to tourism, water resources management and funding, water conservation and demand management, water resources protection.

STAKEHOLDERS EMPOWERED ON IWRM

Recognizing that if the vision - ‘water for all in Inkomati’ is to be realised, the themes equity and participation have always and continue to occupy dominant space in the ICMA stakeholders’ empowerment agenda. It is against this backdrop that the ICMA has worked in collaboration with other role players including DWA, DARDLA as well as Wits Centre for Environment in capacity building among stakeholders. The beneficiaries in this regard during the financial year under review include Sabie River Farmers Association, Komati Farmers Union, Suid Kaap Farmers Association, Carolina Farmers and New Forest Irrigation Scheme. Across the six empowerment workshops facilitated in 2011/12 the central subjects include water use licences, water conservation and demand management as well as potential sources of funding.



Sabie Forum Members

EXCHANGE OF KNOWLEDGE AND EXPERTISE

The ICMA participated in a REMCO trans-boundary meeting alongside ARA-Sul (Mozambique) and Komati Basin Water Authority (Swaziland) wherein the Terms of Reference were finalised. These Terms of Reference will be presented to the TPTC in 2012/13 financial year.

Support was also provided to Komati Basin Water Authority on the fact finding mission conducted by Waterschap Velt en Vecht regarding possible future cooperation between the two water management institutions.

There has been on-going cooperation with Waterschap Groot Salland nutrients reuse project at Sincobile School. Though the project proposal and cooperation agreement for MYSWEPS ten schools nutrients reuse has been drafted in conjunction with Mpumalanga Provincial Department of Education, at the time of reporting funding is still being sought.



Shiyalongubo Canal

OFFICE OF THE CEO

The provision of overall strategic leadership and ensuring alignment between strategy and operational activities as well as organisation-wide coordination remain the functional area of responsibility of the office of the CEO. As the head of administration, the Chief Executive Officer is also the administrative accounting officer in relation to the governing board.

In terms of the operational matters the following outputs applies to the Office of the Chief Executive officer:

STRATEGIC PLAN IMPLEMENTED

Mid-way through the reporting period, the National Treasury issued amendments to the regulations in respect the Strategic Plan period – from three years to five-years. The ICMA has managed to finalise the five-year Strategic Plan and Budget for 2012/13 – 2016/17 fiscal years as well as the Annual Performance Plan as approved by the governing board in line with the afore-mentioned regulations. These have since been submitted to DWA and approved.

REPORTING REQUIREMENTS DONE

There has been no variance recorded whatsoever with regard to compliance with the applicable reporting requirements during 2011/12 financial year. It is against this backdrop that it can be reported that the achievements in this regard include the timeously submission of the Annual Report for 2010/11 financial year, four quarter performance reports and the associated financial performance reports for the financial under review.

AUDIT REQUIREMENTS AND RECOMMENDATIONS COORDINATED AND IMPLEMENTED

In order to achieve enhanced organisational performance and accomplish agreed upon objectives, the ICMA has created an enabling environment for both the internal and external auditors to execute their responsibilities. This has gone a long way in assurance with regard to the effectiveness of risk management, improved internal controls as well as ethical and governance processes. In terms of variance, it can be reported that the schedule of outstanding audit recommendations could not be implemented during the financial year under and will be finalised and implemented in the new financial year.

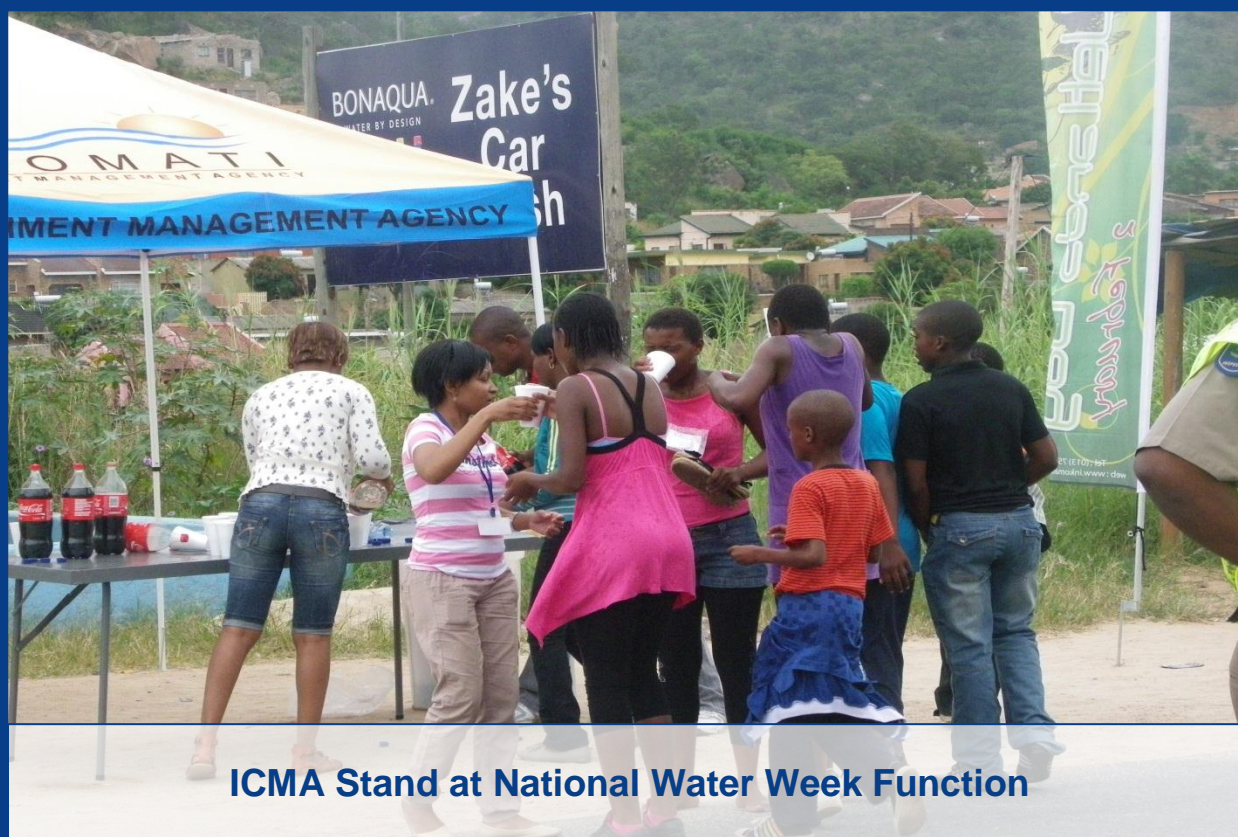
MARKETING AND COMMUNICATIONS

Marketing and Communications unit is an integral part of the Office of the CEO and is responsible for conveying ICMA information and creating awareness among stakeholders on the value the organisation is generating in relation to their livelihood. Both internal and external communication as well as marketing the operational matters of the ICMA fall within the area of responsibility of this unit; and involve brand management, corporate identity management, media liaison and advertising.

BRANDING AND MARKETING

In pursuit of output on branding and marketing, one Inkomati Flows Magazine was produced during 2011/12 financial year. In total, three advertorials were also made during the financial year under review and can be broken down as follows: one for the Wetlands, one the Water Week which was incorporated into Mom's notes pamphlet distributed to local schools and the other advertorial was on stakeholders' database. Over and above the advertorials, the water quality status report was placed on the provincial print and electronic media. The ICMA pool vehicles have been branded.

Branding materials have also been widely utilised at ICMA forum including stakeholders' consultation session on the proposed strategic plan and budget.



ICMA Stand at National Water Week Function

FINANCIAL MANAGEMENT

Establishing and maintaining financial and management procedures and systems for the ICMA is within the functional scope of finance division. Apart from being responsible for ensuring compliance with all applicable regulatory requirements, finance division is also responsible for the maintenance of day-to-day financial controls to ensure that spending is within budget heads as approved by the governing board. The preparation of quarterly financial performance reports to the governing board and ultimately the executive authority on income, expenditure and any variations from budget is the functional area of responsibility of finance division. It also plays a role in organisation-wide risk management processes.

RISK MANAGEMENT AND FRAUD PREVENTION

No variance in performance has been recorded during 2011/12 financial year with regard to risk management as the risk register has been successfully evaluated and reviewed to ensure minimal risk exposure.

REVIEWED ANNUAL TARIFF

It needs to be noted that the output on tariff setting is demand-driven and is still being performed by DWA. There has been no invitation from DWA in this regard during the financial year under review. The ICMA is currently engaging DWA to ensure full participation from 2012/13 financial year going forward.

BILLING OF TARIFFS TO WATER USERS

Considerable progress has been made in getting the billing function transferred to the ICMA. The ICMA is actively participating in the task team along with DWA to fast track the process of transferring the billing function to the ICMA. However, the current agreement with DWA is that the billing function will only be transferred to the ICMA once the verification project is complete and in a phased manner.

The Master System Plan has since been finalised and was considered by the Audit Committee. Further, an IT forum has been established involving the ICMA, Breede- Overberg Catchment Management Agency and DWA to deal with the ICMA's IT requirements and access to DWA systems. A Service Level Agreement will be entered into with DWA to ensure ICMA access to WARMS and other related systems once specific needs have identified and access permit agreed on.

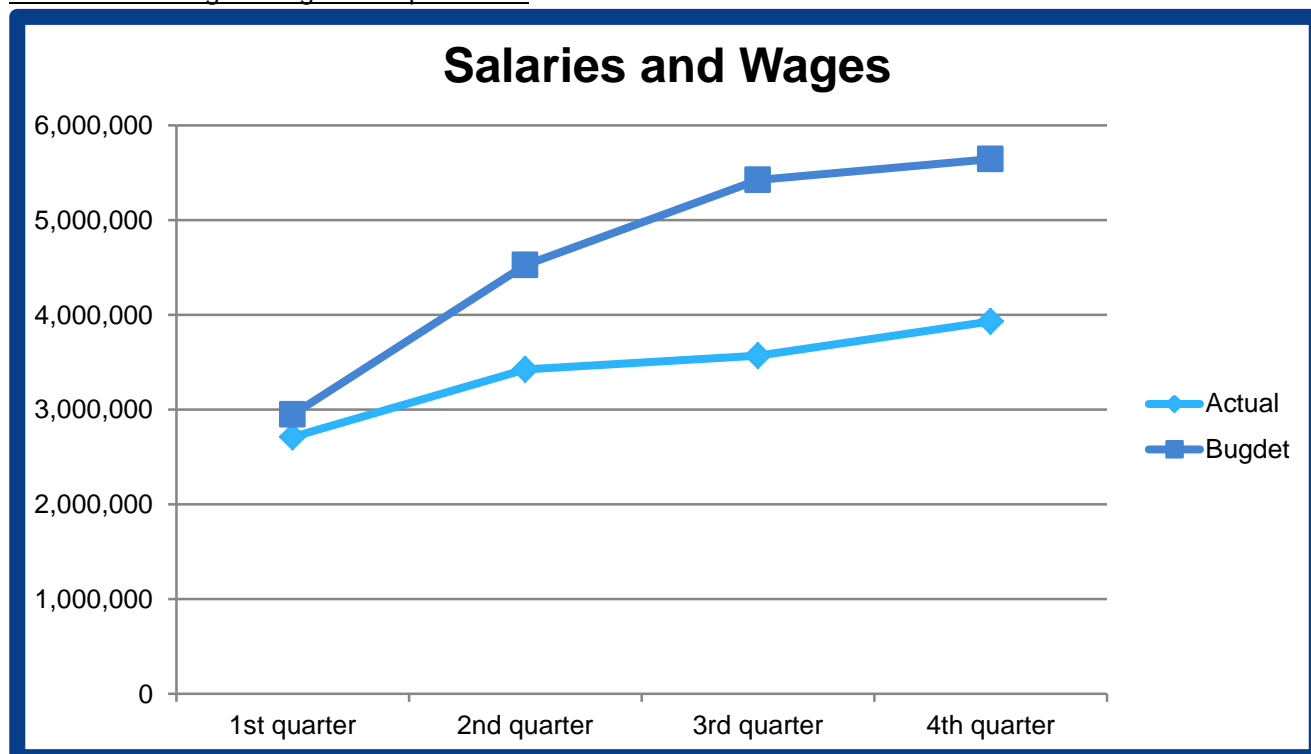
SOUND FINANCIAL SERVICES

There has been no variance from the expected performance to in ensuring that the compliance checklist is fully compliant with applicable legislation like the PFMA and Treasury Regulations. A schedule of policies and procedures has also been compiled and updated during the financial year under review.

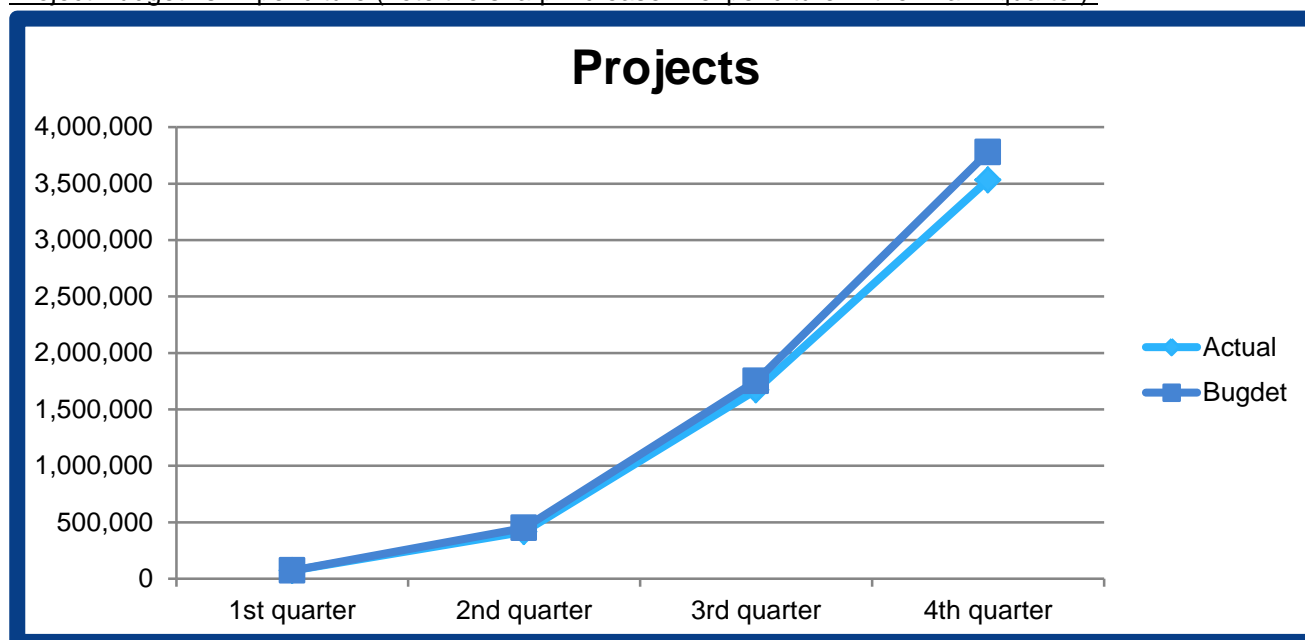
The budget for 2011/12 was also approved and the budgeted funds were received in full during the financial year with an additional amount of R5 755 496 transferred over and above what was required. This amount will be allocated to the 2012/13 financial year. It can also be reported that 85% of the 2011/12 financial year budget has been spent. Out of the R7 804 082 surplus reported, R4 905 505 is related to the salary vote.

The under-spending can be attributed to two factors. Firstly, the position of the CEO has not been filled and the governing board has placed a moratorium on filling vacant posts due to organisational restructuring currently underway. Secondly, the under-spending related to projects has been due to the fact the most projects only commenced in the middle of the financial year due to planning resulting from the recently delegated powers and functions by the Minister. The quarterly expenditure graphs below illustrate the effects of these issues and the rapid increase in expenditure in the last 2 quarters:

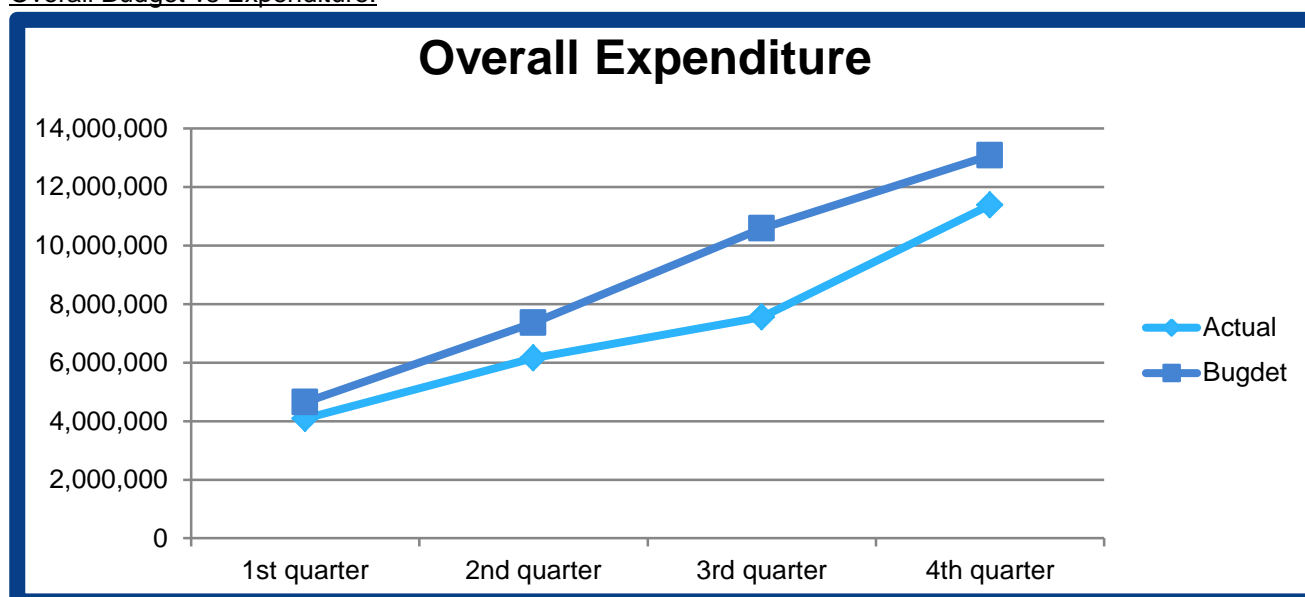
Salaries and Wages budget vs Expenditure:



Project Budget vs Expenditure (note the sharp increase in expenditure in the final 2 quarter):



Overall Budget vs Expenditure:



It is hoped that finalisation of the organisational restructuring and the associated remuneration strategy will enable placement of staff and filling of vacant posts.

A call deposit account was opened with the Reserve Bank (Corporation for Public Deposits) with an amount of R20 000 000. These funds are taken from the accumulated surplus over the years in accordance with Treasury Regulations.

There has been no variance in performance with regard to the financial reports as all four quarter financial performance reports have been timeously prepared and submitted to the governing board and the executive authority.

CORPORATE SERVICES

As a support function, corporate services encompass general administration, human resources, skills development occupational health and safety as well as fleet management. It also plays a role in organisation-wide risk management processes.

SOUND CORPORATE SERVICES

It can be reported that the quarterly updates of the compliance checklist has been done as per the legislative requirements. A policy schedule has also been developed detailing all existing policies, new policies as well revised policies.

The staff attraction and retention policy has also been developed and consulted with employees. In line with policy, it can be reported that employees who have reached on 5-year service with the ICMA have duly received their awards. The staff disability policy has also been approved by the governing board during 2011/12 financial year.

Although the Employment Equity Plan has been drafted and consulted with the Executive Committee of the governing board, the governing board which has since resolved to put it in abeyance until the organisational restructuring currently under way is finalised.

EFFECTIVE AND EFFICIENT AUXILIARY SERVICES

There has been no variance in performance with regard to effective and efficient auxiliary service. The ICMA now owns three (3) motor vehicles which are used by its employees to carry out official business of the ICMA. These vehicles have been branded to spread the message of efficient water resource management and to give details of pollution incidents.

These have also been fitted with a tracking device that allows management to see and identify whether they are not being misused by the officials.

EFFECTIVE ORGANISATIONAL DEVELOPMENT

A moratorium has since been placed in the light of the organisational restructuring currently under way. Therefore, only 13 vacant positions were filled out of 25 that were earmarked for filling during 36 out of 42 posts were filled at the end of the financial year under review.

It can be further reported that a total of three disciplinary cases for misconduct were dealt with during the financial year. The two grievances received were also successfully concluded.

The EAP (Employee Assistance Program) contract is working quite effectively and it can also be reported that employees in need of counselling have been duly referred for such services.

As indicated earlier on, the ICMA Remuneration Strategy could not be implemented during the year following the fact that the scope of the service provider was extended to include organisational restructuring that has since delayed the whole process since timelines had to be adjusted to accommodate the extended scope.

The transfer of Proto-CMA employees from DWA Regional Office to the ICMA could not be finalised during the year because of the delays in reaching agreement on the transfer issues related to the Government Employees Pension Fund and subsidised vehicles.

An effective Performance Management and Development System is being implemented. A workshop for employees was conducted.

The Workplace Skills Development Plan and the Personal Development Plans have been implemented accordingly.

SAFE AND HEALTHY WORK ENVIRONMENT

The ICMA moved offices to a bigger office suit as a result of an increased number of employees in the Technical Divisions. These premises are fully compliant in terms of the Health and Safety Regulations and have good security systems in place for the safe guarding of ICMA assets. The previous offices did not sufficiently cater for parking, generator backup or security.

IDENTIFY MONITORING AND INFORMATION INSTITUTIONS AND FORMALISE AGREEMENTS

Following delays in the recruitment of Information Office Manager, the agreements with monitoring and information institutions including DWA, SANPARKS and MTPA could only be concluded and implemented in the third quarter of 2011/12 financial year.

PERFORMANCE TABLES

The detailed performance tables for the financial year are shown on the following pages, starting over the page. The colours in the tables refer to the various divisions of the ICMA responsible for the output as indicated below:

	Water Use Division
	Water Resources Planning & Programmes Division
	Institutions and Participation Division
	Corporate Services and Governance
	Multiple division responsibility

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
DWA PRIORITY 2: TO PROMOTE SUSTAINABLE AND EQUITABLE WATER RESOURCES MANAGEMENT (OUTCOME 7 & 10)						
ICMA Strategic Objective 1: Ensure Effective, Efficient and Sustainable Management of Water Resources						
CMS Strategic Action Programme 1: Achieving Equity						
Validation and Verification of water use	Percentage of validation and verification completed	70% completed of 6800 registrations.	90% validation and verification completed including review of work done.	None	The data from the Surveyor General that must inform the Cadastral Project delayed the process of validation and verification project, because the Surveyor General system crashed.	Two meetings with Surveyor General office held and official letter requesting urgent delivery of data sent. The land cover classification project is complete with the Draft final classification submitted for approval.
			Investigate Access to WARMS system	Not Achieved.	None.	Will be followed up in new year
Water Allocation Plan	Percentage of Water Allocation Plan completed	Nil	Set up Reference Group and commence Scenario modelling. 10%	Not achieved.	Shortage of staff in the division, EM: WRP&P acting as CEO has an impact on functions. WAP is dependent on verification project which is still in progress and which is experiencing delays.	Newly appointed engineer in division to commence work on the project. The 2012-17 Strategic Plan adjusted to cater for delays. Alignment of the TOR's of DWA River Classification Project and the ICMA WAP project will be done.

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Established Water Users Associations and transformed Irrigation Boards	Number of WUA established (7 in Total)	2	2 WUAs established	Not achieved However, the ICMA has facilitated the establishment of a WUA establishment Steering Committee and assisted in drafting of a constitution for the Sand River Farmers Association. Received Sabie Rivers WUA draft Constitution for approval.	Lack of approval of the proposed amendments to the NWA and delegated powers and functions of the CMAs by the Minister still being awaited before further WUA's can be established.	Follow up on the approval of the amendments of the NWA and the delegated powers and functions of the ICMA as well as the WUAs membership must be made compulsory.
	Number of existing WUA supported	2	Support the 4 existing WUA	2 Elands River and Upper Komati WUAs partially supported <i>Letter of Delegation to Elands WUA finalised and delivered.</i>	The Existing Elands and Upper Komati WUA's are being assisted by the ICMA and DWA to compile their Business Plan.	Follow up on the approval of the amendments of the delegated powers and functions of the ICMA as well as the WUAs membership must be made compulsory.

CMS Strategic Action Programme 2: Water Availability and Flow Management						
Systems for integrated planning and operations of river systems effectively implemented	Number of DSS for ROR developed and effectively implemented.	1	Operate the Crocodile DSS and expand operation to the Kaap River. (DWA developing OR for Sabie)	Achieved. Two servers installed and Contract to develop kaap OR's commenced. Participated in Sabie OR project and DWA licensing support Project	None	None
Stakeholder centred	Progressive implementation of	1: Inkomati Comprehen	Commence progressive real time implementation	Achieved	None	None.

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
implementation of the Reserve	Reserve	sive reserve completed	on the Crocodile River through DSS and CROCOC. Support RHP in cooperation with MTPA and KNP for bio monitoring aspects of monitoring reserve.	Achieved		
Authorised Water Use	Percentage of water quality related authorisations processed & recommended within time frame (est. 24 applications per year)	0	12 (50%) Implement Technical Advisory Contract.	3 (37.5%) of 8 received	Technical advisory contract not implemented. Shortage of staff in the division	Implement the technical advisory contract Appoint staff
	% of temporary Transfers to S 25 approved (estimated 36 applications per year)	0	IB's perform function within boundaries (60%). Develop Procedures for other areas.	Not achieved.	One application received. Request for further information sent to applicant. Still in progress.	Follow up the outstanding information with the applicant
	Percentage by Volume of water allocated to HDIs	25% of 1,446 million m ³	Verification process in progress	Not achieved.	The delay in the verification process.	The status quo on % allocation to HDI's will be captured by the verification project and be available in mid 2013.
Metered water use	Number of water meters installed	0	Phase 1: Survey of pump stations and Stakeholder Process for meters between Mananga and Tonga complete.	Achieved	None	None
CMS Strategic Action Programme 3: Managing Water Quality						
Discharge and water resource quality	Number of sites monitored per month	126	100% of DWA monitoring points are monitored at the required frequency.	75% achieved	100% samples were taken at the monitoring points but due to the fact that the DWA contract expired	Finalisation of the new contract for analytical services from a

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
effectively monitored					thus not all the samples were not tested	laboratory will be done in 1st quarter of 2012-13.
	Review monitoring requirements	0	Develop Working Procedures for S19 & 20. Review the current number of DWA monitoring points required as well as the optimum frequency of sampling. (Taking into account priorities and the costs involved.)	Achieved Not achieved	None Shortage of critical staff	None Employed staff to focus on the review
Proactive AMD Strategy	Inventory of mines and other sources of potential pollution	0. RO has a list of existing operational mines	Identify all Uses and users that have the potential to cause AMD.	Not achieved	Tender was advertised and subsequently withdrawn due to some gaps in the TOR.	Tender will be re-advertised in the new financial year.
	Monitoring programme to monitor discharges to surface water	0	Design & implement a monitoring programme to measure the impacts of each priority ID'd water use discharge	Not achieved	Tender was advertised and subsequently withdrawn due to some gaps in the ToR.	Tender will be re-advertised in the new financial year.
Water resource pollution remedied	Percentage of pollution incidents attended to and remedied to the satisfaction of the ICMA	100% of estimated 6 incidents per year)	Respond to 100% reported pollution incidents within 24 hours.	100% achieved	None	None
	Percentage of monthly monitoring data captured on WMS	100% of 126	Investigate and implement access to DWA WMS system. Commence capture of 100% of 126 monitoring points.	Achieved Achieved 100% of analytical data received captured	None None	None None

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
ICMA Strategic Objective 2: Ensure collaborative and co-ordinated IWRM for wise socio-economic development						
CMS Strategic Action Programme 1: Achieving Equity						
Effective stakeholder (sectors) participation	Number of relevant stakeholder groups (sectors) participating	14	18 Develop TOR and action plan for the development of stakeholder participation and empowerment.	Patially Achieved. Equity working Group Established and 2 reflection workshops held.	None	None
			Manage the ICMA sub catchment forums support all water sector forums. Support all relevant national water events.	Achieved	None	None
				Achieved	None	None
	Support ICMA Projects with Stakeholder communications & Involvement Maintain and Update Stakeholder Database	Achieved	None	None		
		Achieved	None	None		
% HDI's engaged and participating	10%	20%	20% Achieved on HDIs in current database	None	None	
Strategic Action Programme 2: Water Availability and Flow Management						
River operations established and maintained	Number of River Operating Committees established and maintained	1	2 river operating committees established. (CROCOC and Sabie).	1 achieved- CROCOC	The DSS for Sabie River not yet finalised by DWA.	Follow up on the finalisation of DSS.

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
ICMA Strategic Objective 4: Promote Knowledge Generation and Distribution						
CMS Strategic Action Programme 1: Achieving Equity						
Stakeholders empowered on IWRM	Number of IWRM empowerment workshops conducted	6	6 empowerment workshops conducted	6 Achieved	None	None
			Partner with Wits University to develop and present empowering courses on a range of IWRM skills, knowledge and attitudes (SKA)	Not achieved	The relevant person from Wits University has not been available	Continue discussions with Wits Centre for Environment and finalise a funding proposal.
			Explore and implement external mechanism of funding and mentoring for Resource Poor Famers (investigate current status of the MABEDI project and Badplaas lemon project).	Not achieved	We have explored and funding proposals have been submitted. The ICMA cannot implement but can only facilitate the process.	Continue the exploration and facilitate the options available.
CMS Strategic Action Programme 3: Managing Water Quality						
Water Quality status report	Number of water quality reports produced and disseminated	Nil	4	1 report achieved.	Issues with the laboratory contract of DWA expiring and interim agreement to use RQS at DWA not working due to them not analysing samples created delays in this reporting for 1st three quarters of the year.	New laboratory contract will be finalised and entered into in the new year, and be captured on WMS.
CMS Strategic Action Programme 4: Generating and Managing Knowledge						
Catchment Management Strategy effectively implemented	1 Gazetted CMS.	Nil	1 CMS Promulgated.	Not achieved	CMS approved by minister of DWA for gazetting for public comment in 4th quarter.	Gazetting of CMS for public comment will commence in new year.
Build knowledge	Number of meetings,	10	Participation in 10 IWRM	Achieved: Participated in 15	None	None

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
sharing networks amongst stakeholders	forums, projects, conferences, networks, organisations, associations attended and participated in.		related Projects, forums, conferences, associations, organisations, networks etc.			
Operationalise Learning Reflection and Review System	Collecting, managing, storing, producing & disseminating data in an appropriate format to support priority strategic action programmes.	Maintenance contracts in place.	Purchase and install priority real-time river flow Data Loggers and rainfall data loggers.	Achieved	14 of 15 rainfall data loggers installed. Last rainfall logger could not be installed due to lack of cellular signal at location	Last rainfall logger will be installed when cellular signal is available at location.
		Nil	Set up GIS Database System. Investigate Access to DWA GIS Systems	Not achieved	1 ArcGIS software package installed. No Personal to run GIS systems Access to DWA systems not finalised with DWA.	None Access to DWA system is being managed by the DWA and ICMA IT/IS owners task team.
Identify Monitoring and Information Institutions and formalise agreements	Number of agreements with monitoring and information institutions in place	Nil	3 agreements finalised with DWA, SANPARKS and MTPA	2 Achieved: SANPARKS and MTPA.	DWA transfer agreement still in progress.	Finalise DWA transfer agreement

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
DWA PRIORITY 3: STRENGTHENING THE REGULATION OF THE WATER SECTOR (OUTCOME 6 & 10)						
ICMA Strategic Objective 1: Ensure Effective, Efficient and Sustainable Management of Water Resources						
CMS Strategic Action Programme 5: Achieving Compliance and Enforcement						
Compliance monitoring effectively implemented	Number of inspections conducted, including both quality and quantity	65	65 inspections conducted	49 inspections conducted.	Shortage of staff	Appointment and transfer of staff
Enforcement effectively implemented	% of inspections requiring prosecution successfully completed. 6 cases expected per year.	0	50% of 6 cases expected	6 notices of intention and 1 directive issued in 1st 3 quarters of the year. 6 notices issued and appropriate responses received in 4th quarter	None	None

DWA PRIORITY 4: SUPPORT LOCAL GOVERNMENT TO DELIVER SERVICES (OUTCOME 9)						
ICMA Strategic Objective 2: Ensure collaborative and co-ordinated IWRM for wise socio-economic development						
CMS Strategic Action Programme 1: Achieving Equity						
Co-operative governance	Percentage of EIAs evaluated and commented on within specified time frame	100% of 36 EIA's expected per year	Evaluate 100% of received EIAs within set timeframes	Achieved 100% of 3 received EIAs	None	None

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
	Percentage of EMPRs & prospecting applications evaluated & commented on within specified time frame	100%	Evaluate 100% of received EMPRs within set timeframes	Achieved- evaluated 100% of 18 EMPRs received	None	None
	Inputs made on IDPs; WSDP's; PGDS; SDP's and other relevant planning Documents	9	9	Not achieved	IDP's and SDP's were collected but due to shortage of staff inputs couldn't be made to the documents.	Coordinated inputs will be sourced from all relevant divisions
	Support DWA NWRP All Towns Strategy and Mbombela Bulk Water Strategy.	0	2 Strategies Supported	2 strategies supported (Mbombela Bulk Strategy and DWA Mbombela Reconciliation Strategy)		

DWA PRIORITY 5: CONTRIBUTE TO IMPROVED INTERNATIONAL RELATIONS (OUTCOME 11)

ICMA Strategic Objective 3: Promote and Pursue International Developmental Agenda

CMS Strategic Action Programme 1: Achieving Equity

Provision of informed advice to DWA on international agreements	Percentage of PRIMA project meetings attended in advisory capacity	50% of 12 meetings expected	100%	Achieved. Participated in PRIMA operating Rules, IWRM and Disaster Management workshops. Received training on PRIMA DARE disaster model	None	None
	Number of KJOF meetings attended in advisory capacity	12	12	Achieved	None	None

CMS Strategic Action Programme 4: Generating and Managing Knowledge

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Exchange of knowledge and expertise	Number of international programmes and other relevant opportunities beneficial to the Inkomati CMA participated in	2	4	5 achieved: REMCO Committee meeting. Visited Waterschap Groot Salland in the Netherlands to finalised inputs on Remote Sensing cooperation proposal. Sincobile School Project in cooperation with Groot Salland on nutrient reuse completed	Project Proposal and cooperation agreement for MYSWEPS 10 schools nutrient reuse project drafted but not implemented due to funding constraints.	None

DWA PRIORITY 6: BUILD CAPACITY TO DELIVER QUALITY SERVICES (Outcome 5)

ICMA Strategic Objective 5: Ensure Effective and Efficient Management of ICMA Resources

Strategic Action Programme 6: Governance and Administrative Support

Governance						
Good cooperate governance effectively implemented	Schedule of meeting dates for Governing Board and Committees to enable compliance with legislative and policy requirements	1	1	1 achieved	None	None
	Updated register of outstanding governing board resolutions	4	4	4 achieved	None	None
	Induction of new governing board members	0	2 (1x Powers and Functions and 1x Corporate Governance	Not achieved	New Governing Board not appointed	Minister has to appoint new Governing Board

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Legal services rendered to Institution	Provision of legal advice and opinions as and when required	% cases of legal advice and opinions	100%	100% achieved	None	None
	Compliance with rules of relevant court or tribunals in cases of suites and disputes		100% cases	0 cases received.	None	None
Operational Risk Management Committee	Report of the Risk Management Committee submitted to the Audit Committee and GB	0	2	2 achieved	None	None
Office of the CEO						
Strategic Plan implemented	Strategic Plans and Annual Performance Plans approved by GB and implemented	2 Plans Approved & implemented	2 Plans Approved & implemented	Achieved	None	None
Reporting Requirements done	Required reports submitted to GB, DWA, treasury, portfolio committee and auditors	4 Quarterly Performance Reports 1 Annual Report,	4 Quarterly Performance Reports 1 Annual Report,	Achieved	None	None
Audit Requirements and recommendations coordinated and implemented	Unqualified Audit Opinions and well-coordinated audit responses	Audit requirements met. Unqualified Audit Opinion.	Audit requirements met. Unqualified Audit Opinion	Achieved	None	None

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
Communications and Marketing						
Published Newsletter	Newsletters coordinated and produced.	2	4	1 of 4 achieved.	Insufficient capacity	Annual target to be reviewed for the 12-13 in line with the capacity within the unit
Branding and Marketing	Publish Inkomati Flows Magazine	1	2	1 of 2 achieved.	Insufficient capacity	Annual target to be reviewed for the 12-13 in line with the capacity within the unit
	Effective utilization of National and Local Electronic and Print media	0	Do 4 advertorials	4 achieved	None	None
	ICMA Website effectively managed	1 Website	1 Website updated on a monthly basis	Not achieved	The contract with PSP not finalised	The contract with PSP to be finalised. Monthly updates of the website will be implemented once finalised
Financial Management						
Reviewed Annual tariff	Number of sustainable tariff proposals	3 (Irrig, SFRA, Ind)	4. (Irrig, SFRA, Ind& Discharge). Investigate access to DWA SAP System.	Not achieved	ICMA did not participate in the tariff setting process, because no invitation received from DWA	Will ensure proper participation from 2012-13 onwards.
Billing of tariffs to water users	Number of billing functions transferred	0	Initiate process of getting the billing function to the ICMA	Achieved	None. Process still ongoing.	Will only be finalised on completion of the verification of water use project.
	Operational Computer Systems for billing	0	Investigate access to required DWA Computer	Partially Achieved	MSP has been finalised and considered by the Audit Committee	The Access process will be completed in

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
	function		Systems eg. WARMS & SAP		An IT forum has been setup with DWA and BOCMA to deal with the ICMA IT requirements and access to DWA systems and 1 meeting has been held	the new year.
	Billing Agent Agreements with established WUA's	0	2	Not achieved	Nothing Received and still a DWA function	Follow up on the approval of the proposed amendments to the delegated powers and functions of the ICMA
Sound Financial Services	No over or under expenditure in terms of the budget	Zero variances	Zero variances	Not achieved	Budgeted funds were received in full during the year with an additional amount of R5 755 496 transferred over and above what was required. 85% of 2011-12 budget spent. Surplus of R7 804 082 of which R4 905 505 related to salaries vote.	The over allocation will be allocated to the 2012-13 financial year. Finalisation of organisational restructuring and remuneration strategy will enable placement of staff and filling of vacant posts.
	Timeously prepared financial reports	4 quarterly financial reports	4 quarterly financial reports	Achieved	None	None
		Unqualified Annual Financial Statement	Unqualified Annual Financial Statement	Achieved	None	None
	Efficient and accurate	Zero	Zero exceptions	Achieved.	None	None

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
	Payroll management	exceptions				
Corporate Services						
Risk Management and fraud prevention	1 Updated Risk Register	1 Risk Register	Evaluate and review the Risk Register to ensure low risk exposure for the Strategic Action Programme	Achieved	None	None
Sound Corporate Services	ICMA compliance checklist Compliant with legislation	100% of 1 Compliance checklist	100% of checklist compliant. Compile, implement, evaluate & review policies & procedures to ensure compliance with legislation	Achieved	None	None
			Staff attraction & retention; staff disability and Long Service policies and EE Plan consulted with employees	Partially Achieved	The EE plan has been drafted and consulted with EXCO which recommended that it put in abeyance until the new organisational structure is finalised.	None
Effective and efficient auxiliary services	IT enabled work environment with consolidated and integrated systems	0	Produce 1 MSP to ensure 100% availability of required IT infrastructure, equipment and software	Achieved	None	None
Effective Organisational Development	% funded posts filled	25 posts filled	80% of 52 Priority posts filled. (40 posts)	36 of 40 posts filled	Further filling stopped due to organisational restructuring process on the go.	Moratorium lifted after the finalisation of the organisational restructuring
	Sound labour relations realised	3 grievances resolved.	100% attendance of all ER incidences	Achieved	None	None
			EAP program working effectively	Achieved.	None	None

OUTPUT	PERFORMANCE	BASELINE	ANNUAL TARGET	ANNUAL PERFORMANCE	REASON/S FOR VARIANCE	REMEDIAL ACTION
			Revise ICMA Remuneration Strategy.	Achieved	None	None
			Facilitate the transfer of employees from PROTO CMA to ICMA	Not achieved	Delays in reaching agreement on the transfer agreement and issues related to the GEPP and subsidised cars has delayed the transfer process	Process should be finalised in 1st quarter of 2012-13.
			Fleet control measures developed and communicated to all employees	Achieved.	None	None
			Determine compliance requirements with the National Archives Policy and records management policy and procedures drafted	Achieved	None	None
	Effective Performance Management and Development System	100% of 25 post assessed	100% of Performance assessments for all staff members done (40 staff)	Achieved	None	None
	Skills development Plan (Workplace Skills Plan and Personal Development Plan)	1	1	Achieved	None	None
Safe and Healthy Work Environment	Compliance with legislature	0	Implement, evaluate and review policies and procedures to legislation to ensure continued compliance. 0 Injuries	Achieved	None	None

AUDIT COMMITTEE STATEMENT

INTRODUCTION

The Audit Committee is pleased to present our report for the financial year ended 31st March, 2012

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. This was confirmed by the Internal Auditors who provided the Audit Committee and Management with this assurance through their various reports as well as by the external Auditors through their management report. This was achieved through the risk management processes, as well as the identification of corrective actions and enhancements to risks control purposes.

The Audit Committee would like to highlight its concern over the ongoing delays in the appointment of a permanent CEO for the ICMA as well as the effects that the ongoing institutional realignment process of DWA may cause.

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 external auditor's management report and management's response thereto;
- Reviewed the Risk Management and the implementation of the risk management measures reports;
- 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 2012

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 2012 set out on pages 5 to 22 which were signed on its behalf by:



Ms T.P. Nyakane-Maluka
Chairperson



Mr B Jackson
Acting Chief Executive Officer

ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE INKOMATI CATCHMENT MANAGEMENT AGENCY



INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE INKOMATI CATCHMENT MANAGEMENT AGENCY

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the Inkomati Catchment Management Agency set out on pages 5 to 22, which comprise the statement of financial position as at 31 March 2012, 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..

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.

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 2012, and its financial performance and cash flows for the year then ended in accordance with the applicable financial reporting framework and the requirements of the Public Finance Management Act of South Africa.

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Executive: S P Kana (Chief Executive Officer) T P Blandin de Chalan 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 Egin Road, Sunninghill where a list of directors' names is available for inspection.
VAT reg no. 4950174682

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PAA requirements

In accordance with the PAA and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the usefulness and reliability of the information in the Annual report as set out on pages 40 to 54 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

We did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

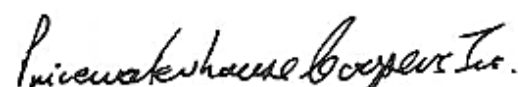
Internal control

We did not identify any deficiencies in internal control that we considered sufficiently significant for inclusion in this 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
Director: Andries Oosthuizen
Registered Auditors
Nelspruit
31 July 2012
Telephone: 013 754 3300
Email: andries.oosthuizen@za.pwc.com

REPORT OF THE ACCOUNTING AUTHORITY

For the year ended 31 March 2012

The accounting authority has pleasure in presenting its report for the year ended 31 March 2012

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 R7 804 082 (2011 surplus R12 065 044).

Delays in procuring the major contracts included in the operational plan covering the financial year under review resulted in severe under spending of the budget which has resulted in the 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)

C.J.H. du Preez (Acting Deputy Chairperson from 29 November 2011)

L.S. Masilela

E.G. Mashele

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)

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 2012

	Notes	2012 R	2011 R
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,538,106	1,487,134
Deposits		195,900	-
Current assets		27,348,805	18,191,846
Trade & Other Receivables	5	124,507	72,860
Cash and cash equivalents	6	27,224,298	18,118,986
TOTAL ASSETS		30,082,811	19,678,980
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		25,974,606	18,170,524
Liabilities			
Non-Current liabilities			
Finance lease obligations	12	109,040	117,773
Current liabilities		3,999,165	1,390,683
Accounts payable	7	3,499,036	917,895
Provisions	9	394,739	375,597
Finance lease obligations - short term	12	105,390	97,191
		30,082,811	19,678,980

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2012

	Notes	2012 R	2011 R
Revenue	2	34,766,713	28,193,000
Operating and administrative expenditure		-27,514,762	-16,099,835
Surplus from operations	3	7,839,801	12,093,165
Finance income		587,850	-
Finance costs		-35,719	-28,121
Surplus for the year		7,804,082	12,065,044

STATEMENT OF CHANGE IN NET ASSETS

For the year ended 31 March 2012

	Accumulated (Deficit)/Surplus	Totals
2007	R	R
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

	Accumulated (Deficit)/Surplus R	Totals R
2010		
Net surplus for the year	<u>7,432,083</u>	<u>7,432,083</u>
Balance at 31 March 2010	6,105,480	6,105,480
2011		
Net surplus for the year	<u>12,065,044</u>	<u>12,065,044</u>
Balance at 31 March 2011	18,170,524	18,170,524
2012		
Net surplus for the year	<u>7,804,082</u>	<u>7,804,082</u>
Balance at 31 March 2012	<u>25,974,606</u>	<u>25,974,606</u>

CASH FLOW STATEMENT

For the year ended 31 March 2012

		2012	2011
		R	R
	Notes		
Cash flows from operating activities			
Cash receipts from Department of Water Affairs		34,766,713	28,193,000
Cash paid to suppliers and employees		-24,318,236	-13,078,990
Cash generated by operating activities.	11	10,448,477	15,114,010
Finance income		587,850	
Finance costs		-35,719	-28,121
Net cash inflow from operating activities		11,000,608	15,085,889
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	-1,698,862	-1,348,678
(Increase)/Decrease in deposits		-195,900	32,030
Net cash outflow from investing activities		-1,894,762	-1,316,648
Cash flows from financing activities			
Finance lease obligation		-534	117,449
Net increase in cash and cash equivalents		9,105,312	13,886,690
Cash and cash equivalents at beginning of the year		18,118,986	4,232,296
Cash and cash equivalents at end of the year	6	27,224,298	18,118,986

ACCOUNTING POLICIES

For the year ended 31 March 2012

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

1 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.

2 BASIS OF PREPARATION

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

3 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.

4 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.

5 REVENUE

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

6 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.

7 EMPLOYEE BENEFITS

Defined contribution plans

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

8 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.

9 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 2012

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

	2012	2011
	R	R
Revenue		
Government Grant from the Department of Water Affairs	34,766,713	28,193,000
Transferred to Statement of financial performance	34,766,713	28,193,000

3 SURPLUS FROM OPERATIONS

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

	2012	2011
	R	R
Auditors' remuneration		
External audit fee		
Current year	102,600	86,640
Accommodation	479,578	237,264
Advertising and Marketing	510,897	254,346
Computer expenses	382,008	198,045
Conference facilities	413,370	325,052
Consulting fees (Project Expenditure)	5,724,993	198,911
Depreciation of property, plant and equipment	647,890	455,757
Electricity	204,244	108,157
Maintenance office furniture and equipment	60,421	122,851
Motor vehicle hire	38,954	217,621
Operating lease - office and other equipment	1,976,749	910,553
Printing and stationery	93,354	148,749
Telephone and fax	217,916	271,137
Training and staff	234,495	182,400

development

Travel and subsistence 1,007,419 671,319

Employee costs 13,636,713 10,339,006

Members' remuneration: non-executive members

- Fees for services as Board members - aggregate

	Reimbursive allowance	Remuneration	Reimbursive allowance	Remuneration
	2012	2012	2011	2011
	R	R	R	R
T.P. Nyakane-Maluka (Chairperson)	24,462	232,608	15,091	171,059
N. Govender (Deputy Chairperson)	-	-	4,562	8,062
C.J.H. du Preez (Acting Dep Chair from 29/11/2011)	18,460	163,385	14,045	101,235
Dr. G.H. Karim	-	-	8,122	9,289
E.G. Mashele	-	86,722	-	72,193
L.S. Masilela	2,493	75,214	2,825	63,963
M.G. Mkhatswa	-	-	8,401	18,812
B.K. Mokoena	23,988	130,095	25,694	101,470
F. Roux	16,848	80,735	19,640	83,218
S.E. Thwala	763	58,593	1,336	84,539
T.G. Mokoena	1,318	111,406	1,410	86,420
	88,332	938,758	101,126	800,260

- Fees for services as Audit Committee members - aggregate

M.S. Mthembu (Chairperson)	1,167	34,665	2,988	30,043
R. Kalidass	-	-	-	1,403
N.L. Mathebula	15,719	18,239	9,367	11,224
S.E. Thwala	165	24,292	63	17,011
L.S. Masilela	875	29,504	799	20,774
	17,926	106,700	13,217	80,455

Management's remuneration	Reimbursive allowance	Remuneration	Reimbursive allowance	Remuneration
- Executive managers - aggregate				
	2012	2012	2011	2011
	R	R	R	R
Executive Manager: Institutions and Participation	92,603	875,684	56,034	824,463
Executive Manager: Water Use	106,086	858,752	95,701	879,847
Executive Manager: Corporate and Finance (Chief Financial Officer)	60,173	893,515	30,006	828,971
Executive Manager: Water Resource Planning and Programmes (Acting Chief Executive Officer)	112,717	972,638	74,147	864,864
	371,579	3,600,589	255,888	3,398,145
Staff Remuneration – other employees	449,141	10,036,124	239,496	6,940,861

4 PROPERTY, PLANT AND EQUIPMENT

	Depreciation rate	Cost/ Valuation	Accumulated depreciation	Carrying amount
	%	R	R	R

2012

Motor vehicles	20.00	609,184	121,837	487,347
Computer equipment	33.33	2,306,709	874,732	1,431,977
Furniture and fittings	20.00	969,163	571,742	397,421
Office equipment	20.00	371,397	150,036	221,361
		4,256,453	1,718,347	2,538,106

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

	Carrying value at beginning of period	Additions/ Valuation	Disposals/ Scrapping	Depreciation	Carrying value at end of year
	R	R	R	R	R

2012

Motor vehicles	609,184	-		121,837	487,347
Computer equipment	422,289	1,275,070		265,382	1,431,977
Furniture and fittings	226,948	314,362		143,889	397,421
Office equipment	228,713	109,430		116,782	221,361
	1,487,134	1,698,862	-	647,890	2,538,106

	Carrying value at beginning of period	Additions/ Valuation	Disposals/ Scrapping	Depreciation	Carrying value at end of year
	R	R	R	R	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

Assets subject to finance lease (carrying value)**2012****2011****R****R**

Office equipment

200,393**202,286****5 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Prepayments	37,478	25,569
Deposits	-	32,030
Sundry debtors	87,029	15,261
	124,507	72,860

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:

ABSA Current Account	7,216,216	18,115,786
Corporation for Public Deposits	20,006,082	-
Petty cash float	2,000	3,200
Bank balances	27,224,298	18,118,986

7 ACCOUNTS PAYABLE

	2012	2011
	R	R
Accounts payable		
Sundry creditors	1,160,611	174,564
Trade creditors and accruals	2,338,425	743,331
	3,499,036	917,895

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	394,739	375,597
Reconciliation of provisions		
Opening balance	375,597	236,741
Additions during period	19,142	138,856
Balance end of year	394,739	375,597

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	3,615,686	278,250
- payable between 2 and 5 years	12,999,719	-
	16,615,405	278,250

11 CASH GENERATED BY OPERATIONS

	2012	2011
	R	R
Operating surplus	7,804,082	12,065,044
Adjustments for		
Finance Income	-587,850	
Depreciation of property, plant and equipment	647,890	455,757
Finance costs	35,719	28,121
	7,899,841	12,548,922
Changes in working capital		
(Increase)/Decrease in trade and other receivables	-51,647	3,354,992
Increase/(Decrease) in accounts payable	2,581,141	-928,760
Increase in Provisions	19,142	138,856
	10,448,477	15,114,010

12 FINANCE LEASE OBLIGATION

Minimum lease payments due

Within one year	135,283	126,036
In second to fifth year	122,093	135,329
Later than five year	-	-
	257,376	261,365
Less: Future finance charges	42,946	46,401
	214,430	214,964

Present value of minimum lease payments

Within one year	105,390	97,191
In second to fifth year	109,040	117,773
Later than five year	-	-
	214,430	214,964

	2012	2011
	R	R
Finance lease obligation (continued)		
Non-current lease obligation	109,040	117,773
Current portion of lease obligation	105,390	97,191
	214,430	214,964

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 17.9%

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 RECONCILIATION 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 -	R 2,344,000	R 2,344,000
Additional Grants received	R 5,755,496			R 5,755,496
Other timing differences	R 2,256,508	R -534	R 645,138	R 2,901,112
Actual amount in the cash flow statement	R 8,012,004	R -534	R 2,989,138	R 11,000,608

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



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