



**INKOMATI-USUTHU**  
CATCHMENT MANAGEMENT AGENCY

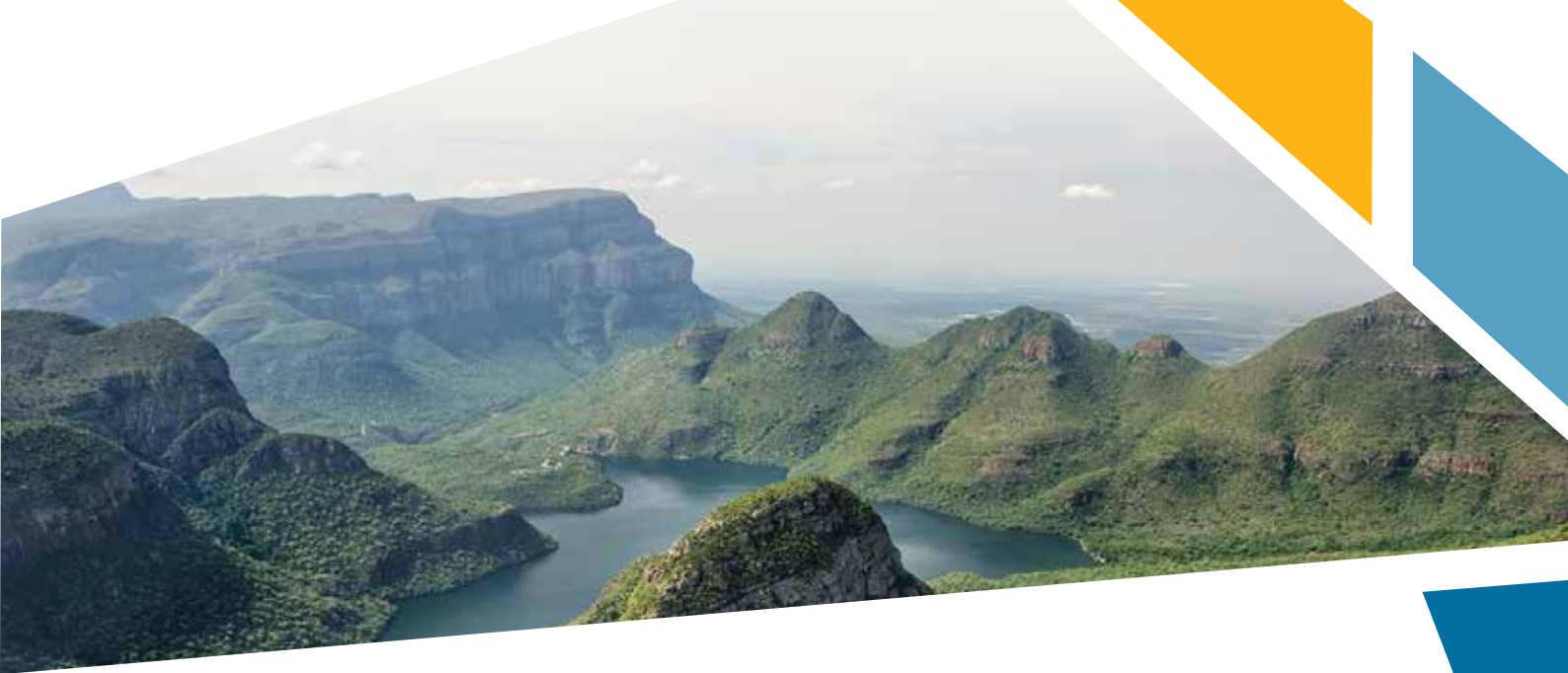
# **ANNUAL REPORT 2017/18**

(01 April 2017 - 31 March 2018)





**ANNUAL  
REPORT**  
2017/18



#### **OFFICIAL SIGN OFF**

It is hereby Certified that this Annual Report:

- Was developed by the Governing Board of the Inkomati-Usuthu Catchment Management Agency (IUCMA) with the assistance of its Management;
- Considers all relevant legislation, policies, and other mandatory documents applicable to the IUCMA; and
- Accurately reflects the performance of the IUCMA in 2017/18 financial year.

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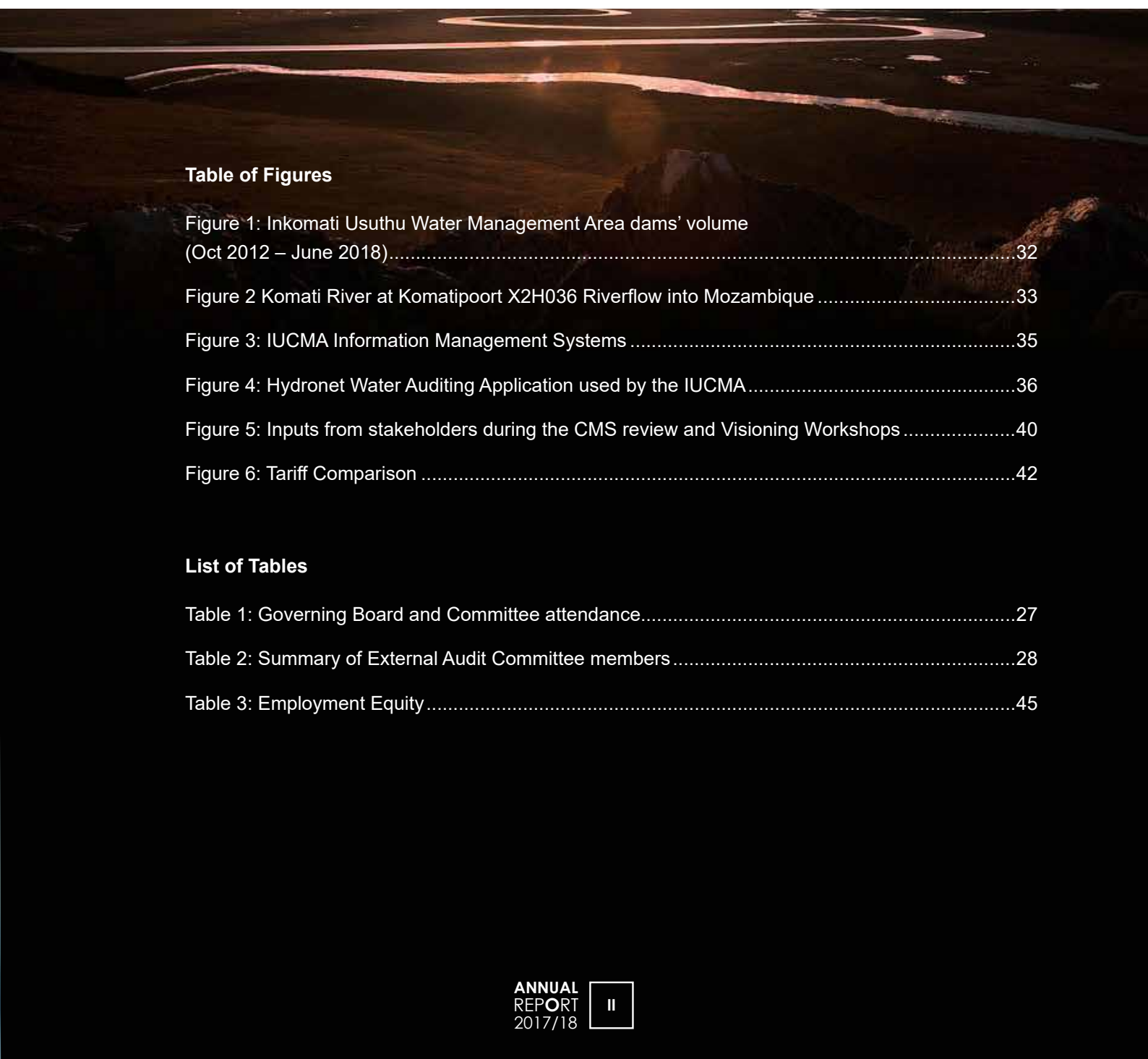
**Dr TK Gyedu-Ababio**  
**CHIEF EXECUTIVE OFFICER**

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**Ms TP Nyakane-Maluka**  
**CHAIRPERSON: GOVERNING BOARD**

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## LIST OF ACRONYMNS

ACRONYM	DESCRIPTION
APP	Annual Performance Plan or Annual Performance Plan
ARA-Sul	Aqua Regional Association- South (Mozambique)
BGCMA	Breede-Gouritz Catchment Management Agency
CMA	Catchment Management Agency
CME	Compliance Monitoring and Enforcement
CMF	Catchment Management Forum
CMS	Catchment Management Strategy
CROCOC	Crocodile River Catchment Operations Committee
CSIR	Centre for Scientific and Industrial Research
D&I	Domestic and Industrial Use
DSS	Decision Support System
DWS	Department of Water and Sanitation
EE	Employment Equity



## ACRONYM

## DESCRIPTION

EIA	Environmental Impact Assessment
ELU	Existing Lawful Use
EMPR	Environmental Management Programme Report
GA	General Authorisation
GB	Governing Board
GIS	Geographical Information Systems
GWP	Global Water Partnership
HDIs	Historically Disadvantaged Individuals
HYDSTRA	Surface Hydrology Information System
IB	Irrigation Board
IUCMA	Inkomati-Usuthu Catchment Management Agency
IGR	Inter-Governmental Relations
I&P	Institutional Participation
IDPs	Integrated Development Plans
INBO	International Basin Organisation
IRR	Internal Rate of Return
IS	Information Systems



ACRONYM	DESCRIPTION
IT	Information Technology
IUCMA	Inkomati-Usuthu Catchment Management Agency
IWA	International Water Association
IWRM	Integrated Water Resources Management
KJOF	Komati Joint Operations Forum
KOBWA	Komati Basin Water Authority
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organization
NWA	National Water Act, Act 36 of 1998
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act 1 of 1999
PMDS	Performance Management and Development System
REMCO	River and Environment Management Corporation
REMP	River Eco-status Monitoring Programme



## ACRONYM

## DESCRIPTION

RHP	River Health Programme
SFRA	Stream Flow Reduction Activity
SLA	Service Level Agreement
STEEP	Social, Technological, Ecological, Economic, Political
TOR	Terms of Reference
TSB	Transvaal Sugar Board
WAP	Water Allocation Plan
WARMS	Water Authorisation and Registration Management System
WAR	Water Allocation Reform
WISA	Water Institute of South Africa
WMA	Water Management Area
WMI	Water Management Institution
WRM	Water Resource Management
WRU	Water Resource Utilization
WUA	Water Users Association
WUAAAC	Water Use Application Authorisation Assessment Committee
WWTWs	Water Treatment Works

# MINISTER'S FOREWORD



The Inkomati-Usuthu Catchment Management Agency (IUCMA) established in terms of Section 78 of the National Water Act 36 of 1998 (NWA) perform water resource management in the Inkomati-Usuthu Water Management Area (WMA) as contemplated in the NWA.

As per requirements, a Shareholder Compact (SHC) and an Annual Performance Plan (APP) need to be developed to outline the planned activities and associated budget for the coming financial year. The current APP, just like others in the past is in harmony with the National or Ministerial Outcomes, the National Development Plan (NDP), the Department of Water and Sanitation (DWS) Strategic Objectives and the IUCMA Strategic Objectives which also emanate from the IUCMA Catchment Management Strategy (CMS) which is in harmony with the National Water Resources Strategy (NWRS). The three main pillars of the NWA are equity, sustainability and efficiency. The NWA emphasises the issue of decentralisation and as such the establishment of the IUCMA was to;

- Ensure that the nation's water resources are protected, used, developed, conserved, managed and controlled; and CMAs
- Improve decentralised decision making with the stakeholders and thereby improve water resources management at local level.

It is believed that the activities of the IUCMA will help to address the past imbalances in the water sector to contribute to socio-economic development as a whole.

The IUCMA being a CMA in a transboundary basin has the responsibility to collaborate with other institutions locally, regionally and nationally to ensure that the resources in the basin are managed to the satisfaction of all parties.

The activities of IUCMA in processing water use licenses applications have been very encouraging. The necessary aspects of water resources management will be delegated to the IUCMA to ensure the effective operation and effective water resources management are achieved.

I appreciate the good work of the IUCMA Governing Board, management and the entire staff. I encourage the IUCMA to work together with the DWS closely to ensure that we move South Africa forward in the management of our precious water resources.

A handwritten signature in black ink, appearing to read 'N. K. GE', written over a horizontal line.

**NKWINTI GE (MP)**

**MINISTER OF WATER AND SANITATION**





## CHAIRPERSON'S FOREWORD

### Introduction

This Annual Report of the Inkomati-Usuthu Catchment Management Agency (IUCMA) for the 2017/18 is submitted with great pleasure, enthusiasm and confidence under the theme: "Additional Momentum".

### Strategic Change

The IUCMA undertook extensive strategic workshops to develop and implement organisational strategies and it is believed that the outcome-based system will be implemented progressively as per the planned activities. The IUCMA embarked on a review of the Catchment Management Strategy (CMS) that existed before the merger with Usuthu Catchment to ensure that the CMS incorporates all aspects of the Inkomati-Usuthu water management area (WMA). The CMS review is projected to be completed by the 2018/19 financial year. Similarly, the Verification and Validation (V&V) of the of existing lawful water use commenced in the Usuthu Catchment in the year under review and hope to be completed by the end of the 2019/20 financial year. The Water Allocation Plan (WAP) which is to be developed and implemented as part of the Water Allocation Reforms (WAR) will depend largely on the V&V.



The challenges experienced during 2017/18 emphasised the need for full delegation of the Responsible Authority powers and functions to the IUCMA by the Minister to enable the IUCMA to complete the validation and verification of the ELU within its WMA. Furthermore, the Minister is requested to also delegate the powers and functions in Schedule 3 of the National Water Act 36 of 1998, (NWA) which, inter alia include streamflow monitoring, water management structures and water use control measures such as water use restrictions and river operating rules, to the IUCMA. The taking over of the billing in November 2017 came with its own challenges as the debtors' book was not cleaned.

There were rigorous activities for the realignment or establishment of Catchment Management Agency/Agencies during the 2017/18 financial year and the IUCMA was very much involved. It is believed that the realignment process and/or the establishment of the CMAs will be finalised to ensure enhanced service delivery in the management of the precious water resources in the country. The Minister came up with some good propositions for the restructuring of water management institutions in the country during the 3rd quarter of the year under review. They include the establishment of Water Resources and Water Services Authority and Water Resources and Water Services Regulator. It is believed that if all the CMAs are operational, the regulating body will function properly.

It can be reported that the activities of the IUCMA Governing Board and its two committees, the Executive and Audit, performed their functions as expected and pledge to continue with their oversight activities in the years ahead. It must also be reported that the board fees of the IUCMA board members have remained stagnant since the date of their appointment. It is the request of the board that the Minister addresses this issue to further motivate the industrious board members.

### **International Relations**

The River and Environmental Management Cooperation (REMCO) constitution was approved for implementation in the year under review. The Steering Committee of REMCO - the cooperation between South Africa, Swaziland and Mozambique water resource management institutions decided that a bank account must in future and be operated by the IUCMA on behalf of REMCO.

The IUCMA continued with its International Collaboration relationship with the Water Boards in the Netherlands having the cooperation with remote sensing of water resources. There was also participation in Hydronet and the "training of trainers" where IUCMA personnel received training so as to be able to train others in similar organisations. The IUCMA also sent two young ladies to the Netherlands for training in the water sector administration organised by the Dutch Municipal Organisation, VNG.





## Planning

The IUCMA complied with all legislative requirements in the 2017/18 financial year in relation to the executive authority. The IUCMA took over the billing of water use charges on 01 Nov 2017 and inherited a debtors' book totalling R199 million. The IUCMA is working on improving the recovery rate. An improved plan will be put in place to ensure effective and efficient collection from water users. There is however, a challenge in the determination of the water resource management charges according to the actual costs. In terms of section 57 of the NWA, read with the Pricing Strategy for Raw Water of 16 March 2007, the IUCMA must determine the water resource management charge.

The Water Resource Management function of the IUCMA established the Compliance, Monitoring and Enforcement (CME) division as from 1 April 2017. This division has been provided with human resources and the personnel are continuously being capacitated to promote compliance in the WMA.

## Gratitude

I wish to take this opportunity to sincerely express my gratitude to the Minister of Water and Sanitation and my colleagues on the IUCMA governing board for their guidance and support as well as the IUCMA management and employees for a job well done; all our stakeholders; research institutions and practitioners as well as the regional and international water resources management partners for their various contributions. Our achievements during 2017/18 financial year are attributed to your respective massive contributions.

Since inception, the IUCMA's strategic framework has consistently placed strong emphasis on organisational capacity building to enhance service delivery in accordance with the mandate as envisaged in the National Water Act.

On behalf of the governing board, I wish to express our profound appreciation to management for having recorded yet another unqualified audit opinion. It is a source of inspiration to all of us.

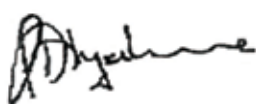
The IUCMA stakeholders and their participation in the activities in the catchments under the jurisdiction of the IUCMA is close to the core of the institution's mandate. The IUCMA has, during the year, engaged the stakeholders vigorously to ensure that the necessary capacity and awareness on various water resources management are extended throughout the Inkomati-Usuthu water management area. These include the setting of water tariffs which the IUCMA does in consultation with the stakeholders. One of the programmes in which the stakeholders participated effectively was the "Clear Rivers" campaign during the Madiba month of July.

## Way Forward

I can confidently say that the IUCMA is dealing competently with the delegated functions. The IUCMA is therefore ready for further or full delegations. The IUCMA can also act as implementing agent for other functions as well as challenges in integrated water resource management. The IUCMA will continue with its progressive water resource management by continuing with identified projects, including:

- Catchment Management Strategy (CMS) review and implementation;
- Completion of the verification of existing lawful use of water in the entire WMA;
- Drafting of a Water Allocation Plan (WAP) with a Water Allocation Reform (WAR) plan;
- Prevention and remedying of water resource pollution through constructive interaction with local government regarding their waste water treatment works;
- Joint Climate Change research project between South Africa, Swaziland and Mozambique; and
- REMCO work plan to include programmes for knowledge exchange by Governing Boards.

In closing, Honourable Minister, I would like to emphasise that it is indeed inspirational for all of us in the IUCMA to devote our energy towards serving the interests of the water management area in the best way possible and we look forward to your continued support and contribution in all our endeavours in 2018/19 financial year and beyond.



**Ms TP Nyakane-Maluka**

**CHAIRPERSON: GOVERNING BOARD**



# GOVERNING BOARD



Ms T.P. Nyakane-Maluka  
**Chairperson**

**QUALIFICATION:**

BA (SENIOR  
EDUCATION)

**SKILLS:**

CORPORATE  
GOVERNANCE

Mr M.S. Mthembu  
**Deputy Chairperson**

**QUALIFICATION:**

MBL  
B.COM  
(ACCOUNTING)

COMMERCIAL  
BANKING  
LICENTIATE  
DIPLOMA

**SKILLS:**

LEGAL AND RISK

Ms S.D. Wiggins  
**Member**

**QUALIFICATION:**

BSC HONS  
(TOWN & REGIONAL  
PLANNING)

**SKILLS:**

CORPORATE  
GOVERNANCE  
AND TECHNICAL

Mr N. Govender  
**Member**

**QUALIFICATION:**

BSC (MECHANICAL  
ENGINEERING)

**SKILLS:**

CORPORATE  
GOVERNANCE,  
TECHNICAL  
AND RISK

Mr J.M. Mathebula  
**Member**

**QUALIFICATION:**

BA (HUMAN  
RESOURCE)

**SKILLS:**

HUMAN  
RESOURCE  
MANAGEMENT



Mr P.A. Tshabangu  
**Member**

**QUALIFICATION:**

BCOM (COST  
MANAGEMENT  
ACCOUNTANCY)

**SKILLS:**

AGRICULTURE

Dr P.E. Molokwane  
**Member**

**QUALIFICATION:**

PHD (CHEMICAL  
TECHNOLOGY –  
ENVIRONMENTAL)

MSC (APPLIED  
RADIATION  
SCIENCE AND  
TECHNOLOGY)

BSC (PHYSICS)

**SKILLS:**

CORPORATE  
GOVERNANCE  
AND TECHNICAL

Mr P.J. Venter  
**Member**

**QUALIFICATION:**

BSC (WOOD  
SCIENCE  
MECHANICAL)

N. DIP  
(AGRICULTURE,  
ANIMAL HUSBANDRY)

**SKILLS:**

WATER RESOURCE  
MANAGEMENT AND  
TECHNICAL

Dr T.K. Gyedu-Ababio  
**Member**

**QUALIFICATION:**

PHD (AQUATIC  
EXOTOXICOLOGY)

MSC (WATER  
POLLUTION)

BSC HONS  
(BIOLOGICAL  
SCIENCE)

DIP. ED, CERT. ADV  
MANAGEMENT

**SKILLS:**

CHIEF EXECUTIVE  
OFFICER

WATER RESOURCE  
MANAGEMENT

Adv J.E. Boshoff  
**Board Secretary**

**QUALIFICATION:**

B ADMIN (UNISA)

LLB (UNISA)

IAC MANAGEMENT  
DIPLOMA

INSTITUTE OF TOWN  
CLERKS DIPLOMA  
(MUN LAW & ADMIN)

INTERNAL  
AUDITING (INTERNAL  
CONTROLS)  
CERTIFICATE (UP)

**SKILLS:**

LOCAL  
GOVERNMENT

GOVERNANCE

LAWYER

# EXECUTIVE COMMITTEE



Mr M.S. Mthembu  
**Chairperson**



Ms T.P. Nyakane-Maluka  
**Member**



Ms S.D. Wiggins  
**Member**



Mr P.J. Venter  
**Member**



Mr J.M. Mathebula  
**Member**

# AUDIT COMMITTEE



Mr M. Secker CA(SA)  
**Chairperson**  
**External Member**



Dr P.E. Molokwane  
**Member**



Mr P.A. Tshabangu  
**Member**



Mr N. Govender  
**Member**



Ms V.M. Moholovela  
**External Member**



## OVERVIEW BY CHIEF EXECUTIVE OFFICER

### Introduction

The theme adopted for the 2017/18 is “Additional Momentum”. A committed and dedicated staff worked hard to ensure that the set targets for the year under review were achieved. The merger with the Usuthu in 2014 to form the Inkomati-Usuthu meant additional employees would be needed to ensure that the whole water management area experienced the good services provided by the IUCMA. Even though the whole organogram was not populated, the IUCMA staff component was enlarged and the provision of services was further improved.

The following were attestations to the operations and the legal mandate of the IUCMA during the 2017/18 financial year:

- Strategic workshops for the IUCMA management and the various divisions were organised. This was to effect synchronised and coordinated planning and reporting;
- The filling of critical posts in the core and support divisions to ensure efficiency in the Compliance, Monitoring and Enforcement (CME), River Systems Operations and Planning (RSOP) as well as the Water Resource Utilisation (WRU);
- The expansion of the support services division to cater for the SAP system which demanded separation of duties to improve internal control and ensuring accountability and to prevent fraud in the finance and supply chain divisions;



- The taking over of the billing (water resource management charges) function from the DWS on 01 November 2017;
- The loss of Human Resources Manager; and
- Technology -
  - o Improvement in the information systems of the IUCMA and links to those of the DWS through WARMS and SAP; and
  - o Development of a Master Systems Plan (MSP) and related policy to enhance information technology applications in the IUCMA.

### **Catchment Management Strategy (CMS) Review**

The review and update of the Catchment Management Strategy (CMS) for the IUCMA continued in the 2017/18 financial year to be completed during the 2018/19 financial year. The IUCMA saw a positive response by stakeholders during the Usuthu workshops conducted for CMS development.

### **Building Partnerships for sustainable IWRM**

The IUCMA has remained steadfast in its commitment to generate value for all stakeholders over the years and the year under review was no exception. The IUCMA subscribes to a vision that sees water resources as an integral component of the ecosystem, a natural resource and a social and economic good which is particularly important in playing a redress and transformational role. Hence, in delivering on its mandate, the IUCMA strives to work in collaboration with strategic partners and stakeholders to promote and strengthen cooperation across all levels and sectors to ensure sustainable Integrated Water Resources Management (IWRM). As per the APP, the IUCMA was able to host the Catchment Management Forums (CMF) and participated in Trans-boundary water resource management forum meetings, international programmes beneficial to IUCMA, IWRM related projects, DWS strategic forums & projects and other relevant conferences.

The IUCMA continues to be a key member of an international trans-boundary River and Environmental Management Cooperation (REMCO). The IUCMA contributes in terms skills (technical and non-technical). The committee is functioning well and convenes regularly.

Our stakeholder empowerment as a result of capacity building and stakeholder interactions improved greatly in the 2017/18 financial year. The IUCMA continues to add more stakeholders to and maintain the existing stakeholder base. Capacity building workshops targeting HDIs and other emerging water users were conducted in the





financial year under review. These workshops focused on the National Water Act, Water use license applications, Resource Protection as well as Water Conservation and Water Demand Management.

The cooperation with the municipalities within the Inkomati-Usuthu WMA has greatly improved. Many interactions at strategic level took place. A seminar on the improvement in the functioning of WWTWs was organised by the IUCMA to establish areas where the IUCMA and partners can assist the municipalities. Operational issues relating to pollution of our precious resource by mal-functioning Waste Water Treatment Works (WWTWs) and sewage spillages were central to these interactions.

### **Accomplishing Planning and Reporting requirements**

As in previous years, the IUCMA never reneged on its legislative requirements. The Annual Performance Plan (APP) for 2018/19, all the quarterly reports (2017/18) and the Annual Report for 2016/17 were submitted as required. The IUCMA complied with all other regulatory requirements during the year under review. The IUCMA also received an unqualified audit. Thanks to the management and staff of the IUCMA.

### **Equitable allocation of the resource**

Rainfall statistics have been poor for the past three years. Even though water levels increased in the year under review (as compared to 2016/17) in the IUCMA WMA, water users were cautioned to use water sparingly. The IUCMA River Operations Committee which has the DWS, Irrigation Boards and the Komati Basin Water Authority (KOBWA) as members managed to provide all water users their equitable share of the resource. This includes neighbouring countries, Mozambique and Swaziland. The IUCMA is a partner in the provincial and basin-wide climate change adaptation strategy and planning task team. The strategy development is completed and is in the implementation phase.

### **Management of Risk**

The IUCMA is very concerned about optimising operational efficiency. The IUCMA therefore manages risks in a manner that increases the probability of achieving success in the organisation's overall objectives. Over the course of the year under review, the risk management committee members were capacitated by attending risk management courses. The Risk Management Committee had to appoint a new external chairperson during the course of the year under review due to the unavailability of the then chairperson. A risk management workshop was organised for senior managers and supervisors and they contributed to the new updated risk management register. An updated risk management framework has also been developed to cover areas like:



- the determination of the IUCMA risk appetite; and
- the control methods in terms of management responsibilities for risk management.

Quarterly updated risk registers were submitted to the Governing Board's Audit Committee and subsequently the Governing Board, addressing areas of importance as listed above.

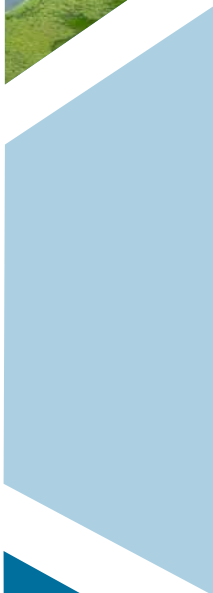
### **Water Quality**

The problems affecting water quality in the Inkomati-Usuthu WMA have always been mainly due to industrial and mining activities and the poor state of water service authorities' infrastructure. The common causes during the year under review included:

- Raw water (water resources) contamination by sewage (e.g. from overflows, spills and leakages or by discharge of untreated/partially treated sewage into the resource); and
- Decanting of mining effluents or leachate into the water resources.

Enforcement measures were taken to mitigate the pollution incidents. Positive outcomes were realised from the actions. However, there is still have room for improvement in this area as microbial pollution remains a human health risk, especially to the vulnerable rural communities that at times have to use the river water for domestic, religious, cultural and recreational purposes.

Additional monitoring points were identified and established in the WMA to ensure effective monitoring. This increased the number of samples and subsequently, the cost of analysing the water samples.





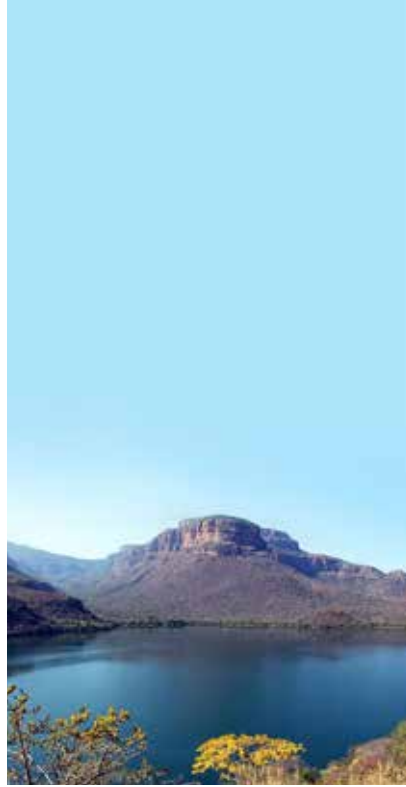
### **Water Allocation Plan (WAP)**

The IUCMA has updated the White River sub-system hydrology; which consists of quaternary catchment X22G and X22H and contains the dams Klipkopje, Longmere and Primkop. The revised hydrological analysis carried out as part of the WAP indicated that there will be reduced yield from the Klipkopje and Longmere dams but increased yield from the Primkop Dam.

As the IUCMA proceeds to another promising financial year, it is envisaged that there will be continued support from stakeholders to successfully implement its WAR and WAP.

### **Human Capacity Development and Redress**

The institution has made focussed efforts and ensuring that there is human capacity building for the institution and the sector. Three external bursaries given to needy (HDI) but intelligent matriculants and 19 internal bursaries were awarded. Twenty one (21) new employees were recruited in the year under review. Approximately 48% of our workforce are women. There was improvement in terms of work awarded to BBBEE (BBBEE spend) which exceeded the set targets.



### Way Forward

The finalisation of the CMS review and the completion of the V&V will provide further impetus to the WAP including WAR which needs to be prioritised. The cleaning of the stakeholder database and the debtors' book inherited from the DWS will be embarked on to ensure sanity in our revenue stream. Thus, the IUCMA will improve IWRM by ensuring that the necessary resources are in place. These include human capital, ICT and other related systems in our domain of operations. The IUCMA will continue with the processing of WULAs and attention will also be given to pollution remediation in the IUCMA WMA.

The leadership of the governing board and support from DWS as well as the dedication of IUCMA employees is highly appreciated.

---

**Dr TK Gyedu-Ababio**  
**CHIEF EXECUTIVE OFFICER**



# IUCMA MANAGEMENT



Dr Thomas Gyedu-Ababio  
**Chief Executive Officer**



Dr Jennifer Molwantwa  
**Executive: Water Resource  
Management**



Ms Thembelihle Mbatha CA(SA)  
**Executive: Corporate  
Services**

## OFFICE OF THE CEO



Ms Remofilwe Morekisi  
**Office/Planning Manager:**  
Office of the CEO



Ms Sylvia Machimana  
**Manager: Marketing and**  
Communications

## WATER RESOURCE MANAGEMENT



Mr Marcus Selepe  
**Manager: Resource**  
Protection and Waste



Dr Tendai Sawunyama  
**Manager: River Systems**  
Operations and Planning



Mr Joseph Mabunda  
**Manager: Institutions**  
and Participation



Ms Felicia Nemathaga  
**Manager: Water**  
Resource Utilization



Mr Andrew Mbhalati  
**Manager: Compliance**  
Monitoring and Enforcement

## CORPORATE SERVICES



Mr Christopher Sewela  
**Acting Manager:**  
Human Resource



Mr Gary Robbertze  
**Manager: Finance**



Ms Zakithi Zwane  
**Manager: Supply**  
Chain Management



Mr Lington Skhosana  
**Manager: Information**  
Technology

# MINISTER

## GOVERNING

### Chief Executive

**Office/Planning Manager**  
Internal Audit Specialist

**Board  
Secretary**

Committee  
Secretary

#### Executive: Water Resource Management

Executive Secretary  
Administrative Assistant

##### **Resource Protection and Waste Manager**

Specialist  
Scientist:  
River Eco-Status  
Monitoring  
Programme

**4X Scientists  
(Geomorphology,  
Fish, Macro-Invert  
and Vegetation)**

Control  
Environmental  
Officer: Chemical  
and Microbiological  
Monitoring

**Control  
Environmental  
Officer**

8X Chief Auxiliary  
Service Officers

##### **River Systems Planning and Operations Manager**

Specialist  
Scientist/  
Engineer:  
River Systems  
Planning and  
Operations  
(RSP & O)

**Hydrologists  
RSP & O**

2X Engineering/  
Scientific  
Technicians

**Geohydrologist**

GIS and  
Information  
Coordinator

##### **Water Resource Utilization Manager**

**Assistant  
Manager:  
WULAS**

Geohydrologist

**Control  
Environmental  
Officer**

3X Environmental  
Officers

**Scientist:  
Systems Modeler**

Scientist/  
Technologist:  
Water Quantity

**2X Scientific/  
Engineering  
Technicians:  
Water Quantity**

Technologist:  
Dam Safety

**2X Engineering  
Technicians:  
Dam Safety**

WARMS  
Coordinator

**3X WARMS  
Information  
Officers**

##### **Compliance Monitoring and Enforcement Manager**

**4X Control  
Environmental  
Officers**

8X  
Environmental  
Officers

**Geohydrologist**

**Scientist/  
Engineering  
Technologist**

2X Scientific  
Technicians/  
Engineering  
Technicians

##### **Institutions and Participation Manager**

**Assistant  
Manager: I&P**

8X  
Community  
Officers

# BOARD

## Officer

**Marketing and Communications Manager**  
Graphic Designer  
Communications Officer

### Executive: Corporate Services

Executive Secretary  
Risk and Compliance Management Specialist  
Occupational Health and Safety Officer

#### Human Resource Manager

Human Resource Practitioner

#### Human Resource Officer

#### Organisational Development Specialist

Employee Relations Specialist

#### 3X Receptionists

3X General Office Assistant

#### Finance Manager

#### Accountant: Financial Accounting

3X Senior Accountant Officers

#### Payroll Officer

Asset Management Officer

#### Accountant: Management Accounting

3X Revenue Officers

#### Records Supervisor

Driver/Messenger

2X Records Officers

#### Supply Chain Management Manager

2X SCM Specialists

2X SCM Officers

#### Information Technology Manager

2X IT Technicians



# STRATEGIC OVERVIEW

## IUCMA Vision

The IUCMA vision remains “Water for all in the Inkomati-Usuthu”.

## IUCMA Mission

The mission of the IUCMA is 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 IUCMA 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, focusing 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 and Sanitation (DWS) to implement international agreements

## **IUCMA Strategic Objectives**

The five (5) Strategic Objectives of the IUCMA highlighted here are linked to the outputs of the IUCMA for the 2017/18 financial year.

### **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 being mindful of the constitutional imperative to redress the results of racial and gender discrimination in performing the functions of the IUCMA.
- Develop/implement cost effective early warning and 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 IUCMA agendas at the forefront, taking advantage of existing structures wherever they can achieve this purpose.
- Structure the IUCMA's advisory function, within resource constraints, to ensure IUCMA needs are served alongside those who are requesting advice.
- Support the development, and where appropriate transformation, of other WRM institutions (WUA, CMC, IBs 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.
- Sharing resources to optimise trans-boundary water resource management in respect of inter alia flow monitoring, reporting, early warning systems, etc.





### **Promote Knowledge Generation and Distribution**

- Design and implement a system of data and meta-data management, pertinent to participative IWRM in the Inkomati-Usuthu that is accessible to all stakeholders.
- Identify, collect and collate data/information for the system and map the stakeholder network, including the distribution of STEEP competencies, activities, needs, decision making mandates, etc.
- 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.
- Do statutory reporting to the Minister of Water and Sanitation and National Treasury.
- Do strategic inter action with stakeholders in the WMA.

### **Ensure Effective and Efficient Management of IUCMA Resources**

- Ensure an effective, relevant and enabling financial and corporate environment
- 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 IUCMA for participative IWRM.
- Co-ordinate and align the adaptive systems that serve the IUCMA objectives.
- Improve internal and external networking.
- Improve internal service infrastructure e.g. the computer network.

It can be reported that the IUCMA achieved most of its targets under the stated strategic objectives in the year under review. In total, out of the 52 indicators, 42 were achieved which gives 83% success rate for the year under review.

# LEGISLATIVE FRAMEWORK

The current mandate of the IUCMA is reflected below.

The IUCMA has the following initial functions in terms of Section 80 of the NWA:

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

Section 80(b) must be read with Section 8 to 11 of the NWA. In terms of section 8 the IUCMA must by notice in the Gazette, establish a catchment management strategy for the protection, use, development, conservation, management and control of water resources within its water management area. A catchment management strategy or any component of that strategy may only be established with the written consent of the Minister.

In addition to Section 80 above, the IUCMA also has the following inherent 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 15 January 2015, the Minister of Water and Sanitation delegated the powers and functions in the following provisions of the National Water Act to the Inkomati-Usuthu Catchment Management Agency, but were withdrawn on 12 December 2015:

- Section 33 – Declaration of water use as existing lawful water use;
- Section 34 – Authority to continue with existing lawful water use, including request to register such use;
- Section 35 – Verification of existing water uses;
- Section 40 – Application for license;
- Section 41 – Procedure for license applications;
- Section 42 – Reasons for decisions;
- Section 44 – Late applications;





- Section 51 – Successors in title (Adjudication of conflict claims);
- Section 52 – Procedure for earlier renewal or amendment of licenses;
- Section 53 – Rectification of contraventions;
- Section 54 – Suspension or withdrawal of entitlements to use water;
- Section 55 – Surrender of license;
- Section 57 – Application of pricing strategy (Making and receiving of water use charges);
- Section 58 – Recovery of water use charges (Directive to water management institution);
- Section 66 – Condonation of failure to comply with period;
- Section 141 – Provision of information [Sub-par (a) and (b)];
- Section 145(2) – Establish early warning system in respect of floods, droughts, water works, risk by a dam, levels of flood water, risk posed by water quality and any matter connected to water/ water resources the public need to know.; and
- 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.

The IUCMA appeals to the Minister to restore the delegations to ensure smooth operations and efficient service delivery to water users. If the above delegations to the IUCMA would be restored, to make the implementation and application of the delegations practical and realistic the following related provisions should also be delegated to the IUCMA:

- Section 28(3) to (6) – Extension of license period if done as part of general review of licenses in terms of section 49;
- Section 29 – Conditions for issue of (general authorisations) and licenses (only in respect of licenses);
- Section 30 – Security by applicant (if necessary for the protection of water resource or property);
- Section 49 – Review and amendment of licenses; and
- Section 50 – Formal amendment of licenses

To make the exercising of the delegations practical, the Minister should give written consent in terms of section 63(3) of the National Water Act to the IUCMA for sub-delegation.

## Other Original Functions

In terms of section 25(1) of the National Water Act, the Inkomati–Usuthu Catchment Management Agency may as a 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–Usuthu Catchment Management Agency may as water management institution appoint in terms of section 124 Authorised Persons to perform inspection and remedy duties 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–Usuthu WMA the IUCMA is the relevant water management institution. However, the IUCMA is not in a position to undertake this function until the linkage between the IUCMA's systems and the Water Authorisation and Registration Management System (WARMS) and billing software is in place to enable billing.

## Social Responsibility

The main activities of the IUCMA in respect of social responsibilities are the capacity building of historical disadvantaged persons by means of workshops being part of the performance objectives of the Institutions & Participation (I&P) Division. When boreholes are drilled for testing of ground water, where practical it is done in such a way that schools, institutions and communities in the remote and rural areas can benefit from such boreholes.

Social responsibility investment can be enhanced if DWS appoints the IUCMA as implementing agent for assistance to resource poor farmers, rainwater harvesting and simple water purification where communities are still dependent on raw water direct from the rivers or streams.



# GOVERNANCE

## Good Corporate Governance

There were no negative deviations from the governance expected performance that includes legal services, committee work for the Governing Board and its Committees, and advisory services regarding ensuring compliance with legislation and policies and also with risk management.

The Governing Board has two committees to assist it with its decision and policy making powers and functions, namely the Executive Committee and Audit Committee. The attendance of the meetings of the Governing Board and its Committees by Members is reflected in the tables below.

**Table 1: Governing Board and Committee attendance**

Member	GB ORD	GB SPEC	IUCMA/ BGCMA	EXCO	AUDIT	TOTAL	BENCH- MARK
<b>BENCHMARK</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>6</b>		
Ms TP Nyakane-Maluka	3	1	1	3	N/A	<b>8</b>	<b>11</b>
Mr MS Mthembu	4	2	1	4	N/A	<b>11</b>	<b>11</b>
Dr PE Molokwane	3	1	1	N/A	5	<b>10</b>	<b>13</b>
Ms SD Wiggins	3	2	1	3	N/A	<b>8</b>	<b>11</b>
Mr PA Tshabangu	4	2	1	N/A	5	<b>11</b>	<b>13</b>
Mr PJ Venter	4	2	1	4	N/A	<b>11</b>	<b>11</b>
Mr J Mathebula	3	2	1	4	N/A	<b>10</b>	<b>11</b>
Mr N Govender	4	2	1	N/A	6	<b>13</b>	<b>13</b>
Dr TK Gyedu-Ababio ( <i>ex officio</i> )	4	2	1	N/A	N/A	<b>7</b>	<b>7</b>

**Table 2: Summary of External Audit Committee members**

External Audit Committee Members	GB ORD	GB SPEC	EXCO	AUDIT	TOTAL	BENCH-MARK
Mr M Secker	3	1	N/A	6	10	11
Ms VM Maholovela	4	1	N/A	5	10	11

**AD HOC COMMITTEE and AD HOC MEETINGS: 2017/18**

Member	Appraisal Committee	Performance Moderation	Total
Ms TP Nyakane-Maluka	2		2
Mr MS Mthembu		1	1
Mr PA Tshabangu	2	1	3
Mr PJ Venter		1	1

**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

**GOVERNING BOARD MEETINGS**

Ordinary	: 4
Special	: 2
IUCMA/BGCMA	: 1
<b>TOTAL</b>	<b>: 7</b>

**COMMITTEE MEETINGS**

Executive Committee	: 4
Audit Committee	: 6
Ad Hoc	: 4
<b>TOTAL</b>	<b>: 14</b>



## STRATEGIC ACTIVITIES

Some of the strategic activities undertaken by the governing board for the year under review included the review of the following strategic documents:

1. Governing Board Charter
2. Audit Committee Charter
3. Terms of Reference of the Executive Committee
4. Delegation of Powers and Functions within the IUCMA

Two stakeholder meetings were held to consult the Annual Performance Plan for 2018/19 which included the determination of the water resource management charges and budget.



# OFFICE OF THE CHIEF EXECUTIVE OFFICER

## Reporting Requirements

The 2017/18 financial year witnessed no variance from the expected performance provided for in the applicable legislative frameworks as the following reporting requirements in relation to the executive authority were fulfilled:

- 2016/17 Annual Report submitted to National Treasury, Auditor-General and Office of the Minister and subsequently to parliament;
- 2018/19 Annual Performance Plan and Shareholders Compact were also submitted to DWS; and
- All four (4) quarter reports, namely performance report, revenue and expenditure report and PFMA Compliance Checklist were submitted to DWS every quarter.

## MARKETING AND COMMUNICATIONS

The IUCMA continues to strengthen its brand and image by use of various forms of promotional material and information booklets. The institution prides itself by producing most of its documents in-house, and only outsource printing for bulkier documents and in instances where mass printing is required. This has improved the turn-around time tremendously. Through information newsletter and brochures/booklets, the Marketing & Communications unit strives to convey technical information generated by the institution in a simple and reader-friendly manner.

## Corporate uniform

This is the second year since corporate uniform has been introduced. This has significantly improved and enhanced the image of the institution. The uniform is generally worn three (3) days in a week and to all important events of the IUCMA, particularly those related to stakeholder consultations and meetings out of the IUCMA. This has also brought back the pride to the staff members.





## Media usage

Both Print and Electronic media continues to be utilized to enhance public awareness of the IUCMA by the stakeholders and the general public. The IUCMA entered the social media platform to ensure increased visibility. The website use is going strong and Facebook is also strongly utilised to promote events, especially live events. The IUCMA has thus affiliated to several organizations that help to strengthen its online presence. These are the likes of Impumelelo Top Empowerment, Mpumalanga business, Alive2green and other local Media online advertising platforms. Due to intense advertising, the IUCMA has been named one of SA's top empowered companies, particularly in women empowerment category.

## Affiliations

The IUCMA continues to be patron member of the Water Management Institute of Southern Africa (WISA). Patron membership is the most prestigious form of membership offered by WISA, which seeks to promote professional excellence in the water sector through building expertise, sharing knowledge and improving quality of life.

In addition, the IUCMA is also affiliated to three international water management organizations namely; the International Water Association (IWA) and the International Network of Basin Organization (INBO), and the Global Water Partnership (GWP). The GWP has been established to advocate for the implementation of integrated water resources management (IWRM), the coordinated development and management of water, land, and related resources to maximise economic and social welfare without compromising the sustainability of vital environmental systems within the water sector internationally.

## EXPOs

The IUCMA has also participated in several EXPOs for more exposure and brand strengthening. To mention but a few, the IUCMA participates in the annual TSB career EXPO, the City of Tshwane's Annual Sustainable Water week EXPO that takes place at the CSIR International Convention Centre in Tshwane. It also participated in a few other Local career expos to complement the services of the Department of Education and other local institutions that strive to enhance the lives of our local learners, particularly those from rural communities. One of the highlights of the career expos is the recent innovation of establishing an internet hub where matriculants can register for higher education online, download necessary documents for research, and other school related needs. A big-up to all IUCMA interns and other staff members who contributed to this initiative by making their computers and data available for this course. The support from the HR department in this regard is also appreciated.



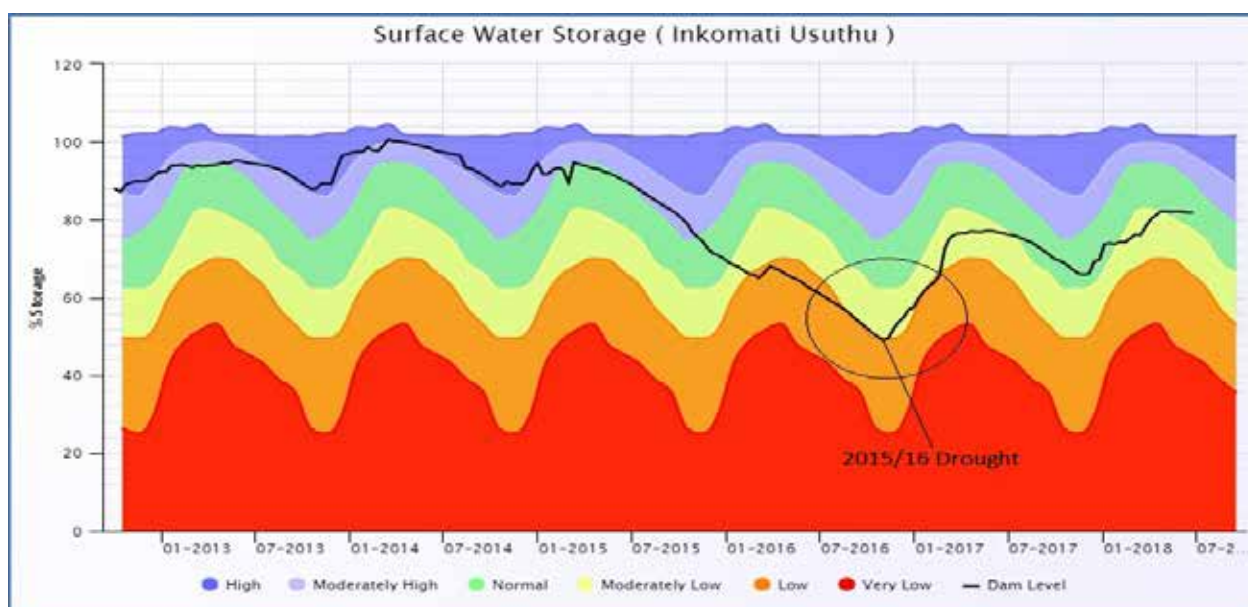
# WATER RESOURCE MANAGEMENT

## RIVER SYSTEMS PLANNING AND OPERATIONS

### Effective river operations

#### Highlights

The River Operating Systems enable us to manage the levels of dams and river flows in the Inkomati-Usuthu Water Management Area. The IUCMA in 2016/17 (Oct - Sept) hydrological year received normal to above normal cumulative rainfall in the Inkomati-Usuthu Water Management Area (WMA) compared to the previous hydrological year 2015/16 (Oct - Sept) in the Crocodile, Komati, and Sabie Sand catchment (Figure 1). The El Niño induced drought in 2015/16 severely affected the water availability in the Inkomati-Usuthu WMA, and the imposed water use restrictions were lifted only in May 2017.



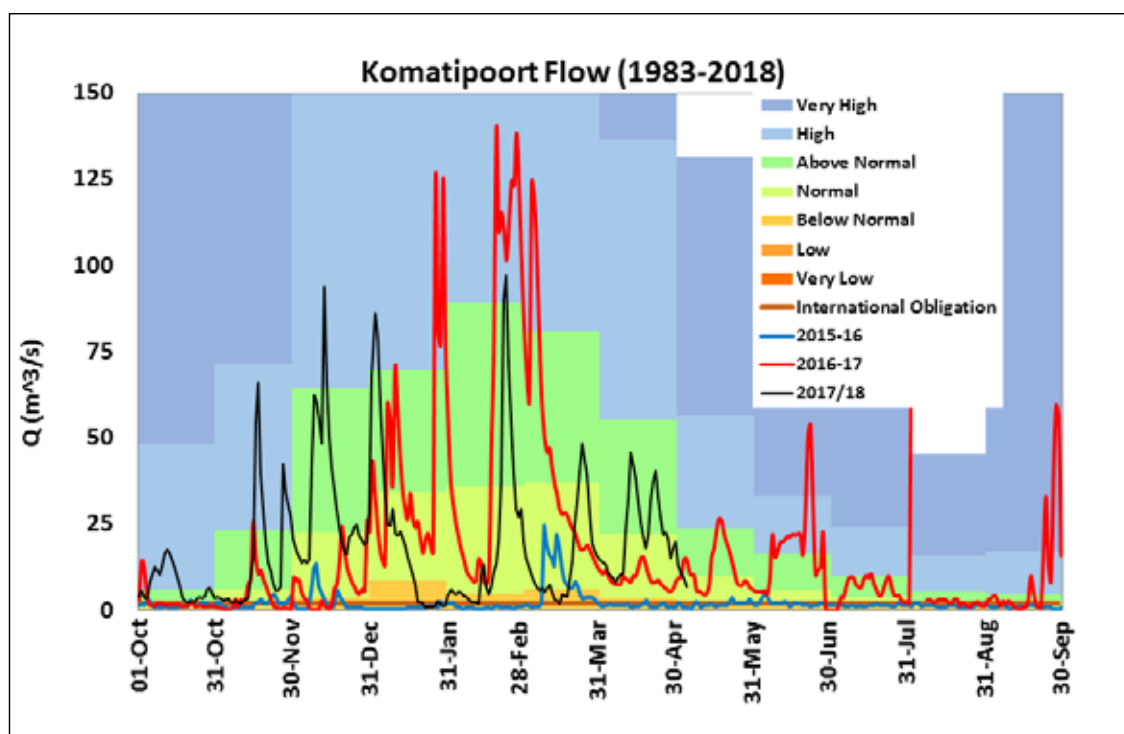
**Figure 1: Inkomati Usuthu Water Management Area dams' volume (Oct 2012 – June 2018)**

The normal to above normal rainfall in the Inkomati-Usuthu WMA from Oct 2017 to March 2018 increased the water availability in the major dams, hence more water was released from the dams especially in the Crocodile and Lower Komati river catchments. The releases from Kwena dam in the Crocodile River catchment varied from 0.4cumecs to 10.2cumecs since the start of March 2017 to 31 March 2018. Almost 83.9Mm<sup>3</sup> of water was released from Kwena dam in total compared to 67.3



Mm3 released in 2016/17 financial year. Releases from Inyaka dam in the Sabie catchment were however constant (approximately 1cumec). These systems were effectively managed through adaptive water resources management approach by involving all stakeholders in decision making through the Crocodile and Sabie River Operations Committees. The dams in the Lower Komati catchment are managed by Komati River Basin Authority (KOBWA), and IUCMA participates in all the Komati Joint Operations Forum (KJOF) meetings to ensure effective management of the resource. The dams in the Usuthu and Upper Komati catchments are operated by Department of Water and Sanitation (DWS) as part of the Integrated Vaal River System and IUCMA participates in the Vaal River System Annual Operating Forum. It is envisaged that an Operations Committee for the Usuthu-Upper Komati System will be established in the 2018/2019 financial year.

The effective implementations of the river system operating rules and the availability of water in the dams have enabled the IUCMA and other institutions to effectively meet the international obligations into Mozambique (Figure 2). More water was flowing into Mozambique in 2016/2017-2017/18 compared to the drought period in 2015/16.



**Figure 2 Komati River at Komatipoort X2H036 Riverflow into Mozambique**

IUCMA is continuing to maintain and expand the real-time monitoring network (rain-fall and river flow) as per our APP within the WMA to support DWS functions in flood and drought management. There is a need to install flow data loggers in the Usuthu River to monitor ecological flows and cross border flows to Swaziland.

## Water Allocation Plan

### Highlights

It is a requirement of the National Water Act that the Catchment Management Agency develops a Water Allocation Plan (WAP) which indicates to which sectors water is allocated and how this will change in future to meet growing water demands. The WAP must be done for the whole Water Management Area and will require intense stakeholder consultation. Since a WAP has not yet been done anywhere in South Africa due to many issues related to completion of relevant studies such as validation and verification, updated hydrology as well as institutional arrangements, the division decided to pilot the process initially on the White River System then followed by Kaap River System. The IUCMA has updated the White River sub-system hydrology; which consists of quaternary catchment X22G and X22H and contains the dams Klipkopje, Longmere and Primkop. The revised hydrological analysis carried out as part of the WAP indicated that there will be reduced yield from the Klipkopje and Longmere dams but increased yield from the Primkop Dam. The White River catchment was selected as the pilot catchment because of its limited extent (two Quaternary catchments), it is well understood and has a good institutional backing with the bulk water supply being managed by the White River Valley Conservation Board and minor irrigation boards. There are also many pressing issues regarding additional water for domestic use which the WAP can hopefully resolve or be used to formulate the IUCMA's policy for the catchment. The process for a WAP is to develop a range of development scenarios for the catchment from a 'do nothing' scenario to various development options in 2018/2019 financial year. The scenarios are modelled using a water resources model and outcomes presented in terms of water supply (volume and assurance of supply) to the various water use sectors in the catchment.

### IUCMA data & information management systems

The IUCMA has Geographical Information System (GIS) centre responsible for managing GIS data and information from different divisions and other sector departments (e.g. monitoring data, land cover datasets etc.). The Water Resources Planning models are available for water availability assessments and long-term planning as well as implementation of ecological requirements.

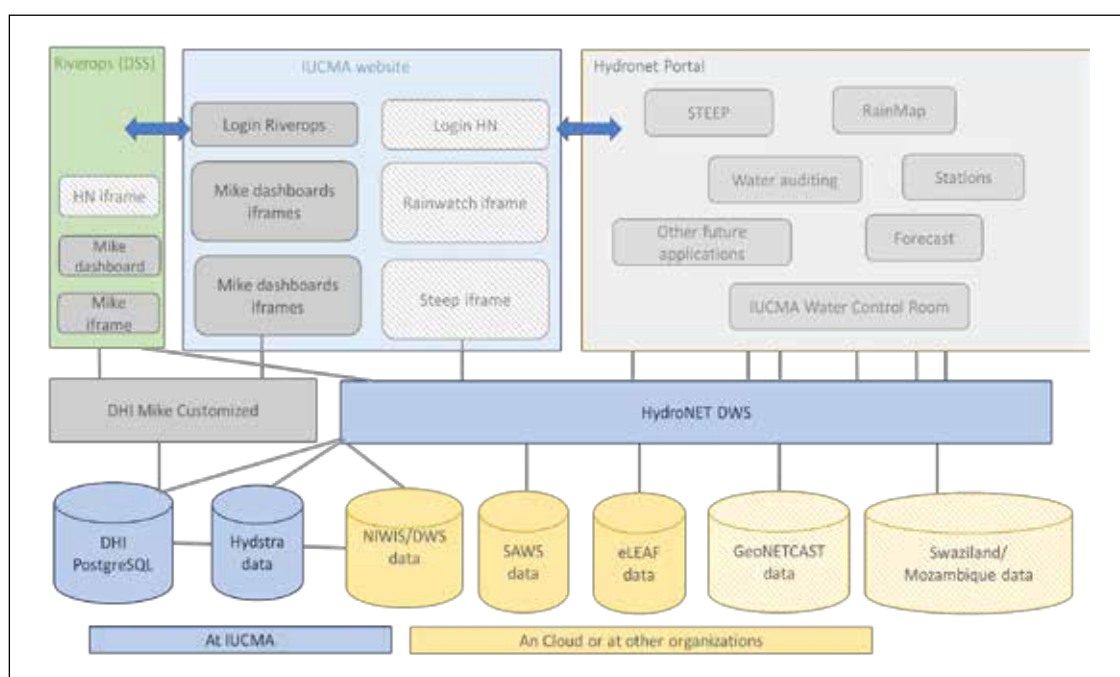
The IUCMA during the 2017/18 financial year purchased Hydstra database software which comprises several fully integrated modules (two Hydstra/TS (Time Series) licenses (water quantity), one Hydstra/WQ (Water Quality) license, and one Hydstra/GW (Ground Water) license) to allow easy exchange of information with KOBWA, ARA Sul and DWS which uses similar databases. Hydstra enables the IUCMA to internally store and manage the collected hydrological, groundwater and water quality data, which reduces the risk of relying on DWS to store and manage data on behalf of IUCMA.





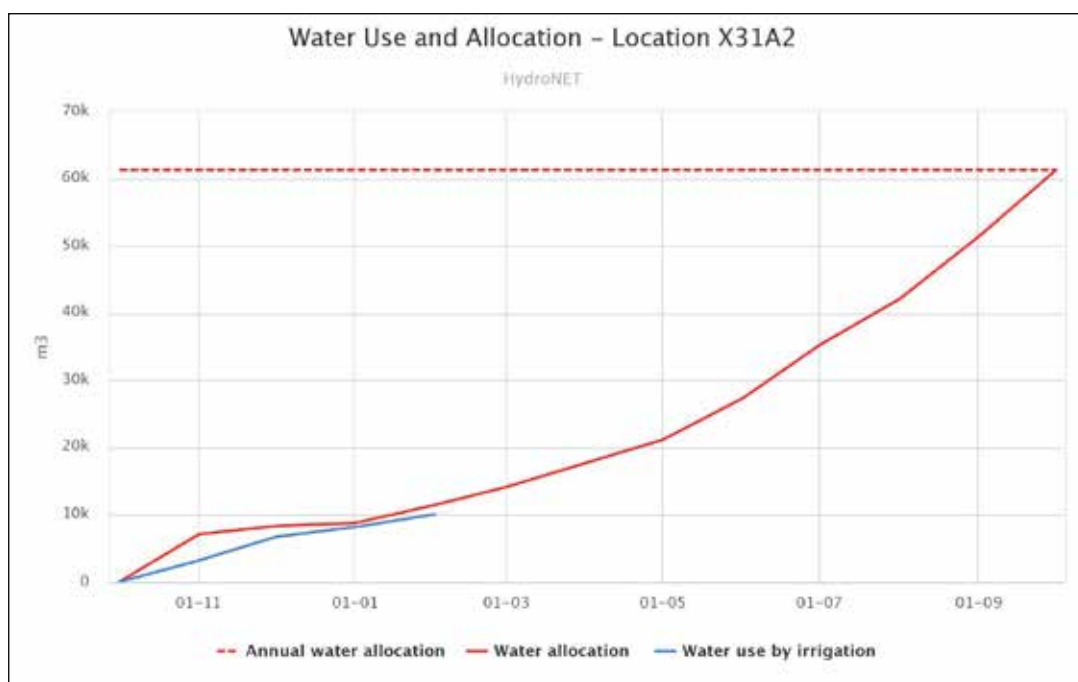
Figure 3 shows the linkages of the Data and Information Management Systems used at IUCMA and how these systems are linked to website portal to disseminate information to stakeholders. The three Systems (Hydstra, Hydronet, and Riverops (DHI DSS)) are managed by IUCMA, and are used to enhance integrated water resources management.

- The Hydronet application provide easy access to a wealth of essential external hydrological, meteorological and water quality data to support IUCMA functions and operations. There is easy access of remote sensing data, satellite data and South African Weather forecasting products as well as simple extraction of reports for presentation to stakeholders.
- Hydstra database stores, verify and archive the IUCMA collected hydrological, groundwater and water quality data into a single database.
- DHI postgres (Riverops) manages real time operations: short term releases, the riverops website, send daily email to stakeholders, downloads data from external stakeholders.



**Figure 3: IUCMA Information Management Systems**

Hydronet has finally been approved for 7 Proto-CMAs, there will be an 80% discount on subscription for the IUCMA from 2018/2019 financial year as Swaziland is also using Hydronet. There is a new application now available on Hydronet called the Water Auditing application. The Water Auditing (WA) application offers solution to the IUCMA to check water permit compliance in irrigation allocations. Based on satellite information the water consumption by evapotranspiration (ET) is estimated, differentiating between the ET linked to rainfall and ET linked to the supplementation of water via irrigation (incremental ET). This estimation of incremental ET is then automatically compared against monthly allocation volumes, flagging non-compliance (Figure 4).



**Figure 4: Hydronet Water Auditing Application used by the IUCMA**

The WA application provides a farm specific overview on a month-by-month basis. It allows water managers to 1) prioritize where to investigate over-usage or illegal abstraction of water and 2) make better decisions on where to place water meters.

### Financial Obligation

Given the importance of the Information Management Systems currently at IUCMA, there is need to provide annual budget for maintenance licences, to ensure that the division and IUCMA will effectively continue to perform its functions to meet the strategic objectives of IUCMA.

### WATER RESOURCE UTILISATION

The Water Resource Division (WRU) has for 2017/2018 financial achieved all the targets as per the approved Annual Performance Plan (APP) as follows:

In the project of drilling monitoring boreholes the IUCMA has, as part of its CSI, donated a borehole to the Meyershoop Community in Usuthu. The IUCMA held a very successful handover event to the community. Such initiatives display the people centeredness of the IUCMA and ensuring that our communities are provided with the resource.



The water dialogue platform was established in the year under review. This was to ensure that all relevant stakeholders are given an opportunity to present their challenges to the IUCMA, DWS and Irrigation Boards. This platform has proven to be fruitful for all stakeholders.

The WARMS division received a WARMS systems administration award for 2017/18, after a successful WARMS audit by DWS. This is due to dedication from the team. All WUAAAC meetings were attended and all RoRs and WULs were presented at WUAAAC. The IUCMA hosted the quarter 4 WUA forum and an award event and it was successful.

## **INSTITUTIONS AND PARTICIPATION**

Since its establishment, the IUCMA has focused on the establishment of Water User Associations (WUAs) and other associated Water Management Institutions (WMIs) such as Catchment Management Forums (CMFs). The Department of Water and Sanitation's policy direction was aimed at transforming the Irrigation Boards (IBs) into WUAs that would operate within the CMA's water management area (WMA). While the project of transforming Irrigation Boards into Water User Associations has been on hold pending the Department's policy position, the IUCMA has been tasked to conduct an internal analysis (due diligence) on the operations of IB's within the water management area and come with recommendations for an appropriate model for local water management. The IUCMA is currently working in collaboration with the Department to revive the transformation process of Irrigation Boards into Water User Associations.

Under this primary strategic objective, the IUCMA through the I&P division has established six functional CMF's in all the sub-catchments. These CMFs meet on bi-monthly bases whereby broad water use related issues are discussed by the different stakeholders within their respective areas. The IUCMA had continuously provided administrative support to all the six sub-catchments committees in the facilitation of the bi-monthly CMF meetings. The private sector was successfully lobbied into hosting some of the CMF's meetings by providing for venues and food for stakeholders. This is viewed as another achievement towards building water stewardship amongst stakeholders.

### **Highlights of achievements**

The annual target for the 2017/18 financial year was to have 36 CMF meetings in all the six sub-catchments (Crocodile, Lower Komati, Sabie, Sand, Upper Komati and Usuthu), and all those meetings were successfully facilitated by the I&P division through the coordination of the Community Officers, the Assistant Manager and the Manager in the division. In these meetings matters around water quality, water



availability and river operations, water allocation and institutional issues were discussed. A total number of 1801 stakeholders from different sectors were interacted with during the CMF meetings in the year under review.

It is important to note that the above-mentioned forums were used as the channel for information sharing regarding the review and other projects lead by the Department of Water and Sanitation, such as Water Allocation Reform. The I&P facilitated, amongst other programmes, the Catchment Management Strategy (CMS) and visioning review. This was in line with the legislative requirement of periodically reviewing the CMS. The I&P championed the Visioning process in the Usuthu catchment to streamline the entire vision of the institution. This process followed an interactive stakeholder participation from all sectors in the water management area.

The IUCMA conducted a Water Sector Summit where municipalities engaged on challenges experienced with waste water systems and regulation. This event was held in Nuttinghouse Lodge on the 15th of March 2018 after a recommendation of the Parliamentary Portfolio Committee on Water and Sanitation.

## **Stakeholder interactions and empowerment**

### **Background**

Stakeholder interactions is another key priority and the IUCMA continues to ensure that all stakeholders actively and effectively participate in Integrated Water Resources Management (IWRM) issues affecting the Water Management Area (WMA). In promotion of the Intergovernmental Relations (IGR) Framework, the IUCMA continuously interact with other institutions and government entities involved in environmental and water related activities. This is a platform created to share vital information and raise awareness on environment protection and other related interventions.

### **Highlights of achievements**

Stakeholder empowerment workshops conducted with HDI users and Traditional Authorities

The I&P conducted workshops on water resources management in all the six sub-catchments. A total of 34 capacity building workshops targeting HDIs and other emerging water users were conducted in the financial year under review. These workshops focused on the National Water Act, Resource Poor Farmer Support, Resource Protection as well as Water Conservation and Water Demand Management.





## **Stakeholder interactions/involving other external stakeholders**

The IUCMA conducted a survey to measure the stakeholder satisfaction and measuring how the CMF is performing. A focus group of 154 respondents was targeted in all the 6 sub-catchments. A questionnaire with 12 questions including two open questions were distributed to the stakeholders attending the CMF meetings. A total of 154 stakeholders responded only to the 10 questions whilst 97 respondents described the general performance of the CMF meetings and only 89 indicated how they would prefer the frequency of the CMF meetings to be. The analysis indicated that an average of 50 % of people agree that the forum agenda addressed the needs of the water users; that the forum agenda addressed the needs of the different sectors; that the IUCMA provided the required support to water users, and strongly agree that the frequency of the CMF meetings is acceptable. Sixty (60) % agree that the CMF Committee was strategic in planning forum meetings and that the frequency of meetings should be held on quarterly bases.

As a continuation of the three-year RAITH foundation project which is facilitated in collaboration with Pegasys Institute, the I&P has continuously supported Mswati CPA in accessing water for productive use. Pegasys Institute also sourced Vumelana Investment Fund to acquire private investors in the farm and a 20 years lease agreement was signed as part of the deal. A great breakthrough.

The IUCMA conducted the annual Science Schools Competitions during the National Water Week celebrations. Preliminary competitions were first conducted in the 6 sub-catchments to select the top 3 schools representing each sub-catchment to participate in the main competition that was held on the 23rd of March 2018 in River side in Mbombela. A total of 18 schools participated in the main Competition. The total prize amount was R57 000 sponsored by SAPPI for learners and the educators.

The IUCMA facilitated the drilling and handed over of two boreholes in the Crocodile and Usuthu sub-catchments respectively, where Mhwayi Primary school in Clau-Clau village and a farming settlement in Meyershoop benefited from the two initiatives.

## **River Cleaning Exercises conducted to support Adopt-A-River Programme**

### **Background**

The Inkomati-Usuthu Water Management Area is part of an international basin shared between the Republic of South Africa, Mozambique and the Kingdom of Swaziland. The Inkomati part of the IUCMA water management area is a critical element of an internationally renowned conservation area and international tourist hot-spot both of which are dependent on healthy aquatic systems and good water supply and governance. It is upon this premise that the IUCMA strives to develop and

maintain working relations with the wide and diverse water users, cultures, skills, knowledge and attitudes in the catchment. The I&P division participate in several localized forums of voluntary resource-sharing, relationship building and skills development within and outside the water management area. A total of six knowledge sharing networks were attended during the financial year.

### Highlights of achievements

There is a prevalence of waste dumping by communities that culminate in water resources pollution throughout the water management area. The I&P rolled out several Adopt-A-River and River Clean-up Campaigns throughout the WMA. Communities and schools were encouraged to adopt rivers, streams and wetlands and conduct ongoing cleaning activities to protect the resource. A total number of 49 river cleaning campaigns were conducted throughout the water management area during the financial year under review.



**Figure 5: Inputs from stakeholders during the CMS review and Visioning Workshops**





# CORPORATE SERVICES

The role of the corporate services section of the IUCMA is to provide support services in terms of finance, Human Resource, Information Technology, Records management, Supply Chain management, Risk Management and outsourced internal Audit services to the operations departments to ensure they meet their operational and strategic objectives.

The key strategic objective related to Corporate Services is to ensure effective and efficient management of IUCMA resources. The key activities carried out during the financial year include ensuring compliance with financial regulations, treasury regulation implementation and risk management amongst others.

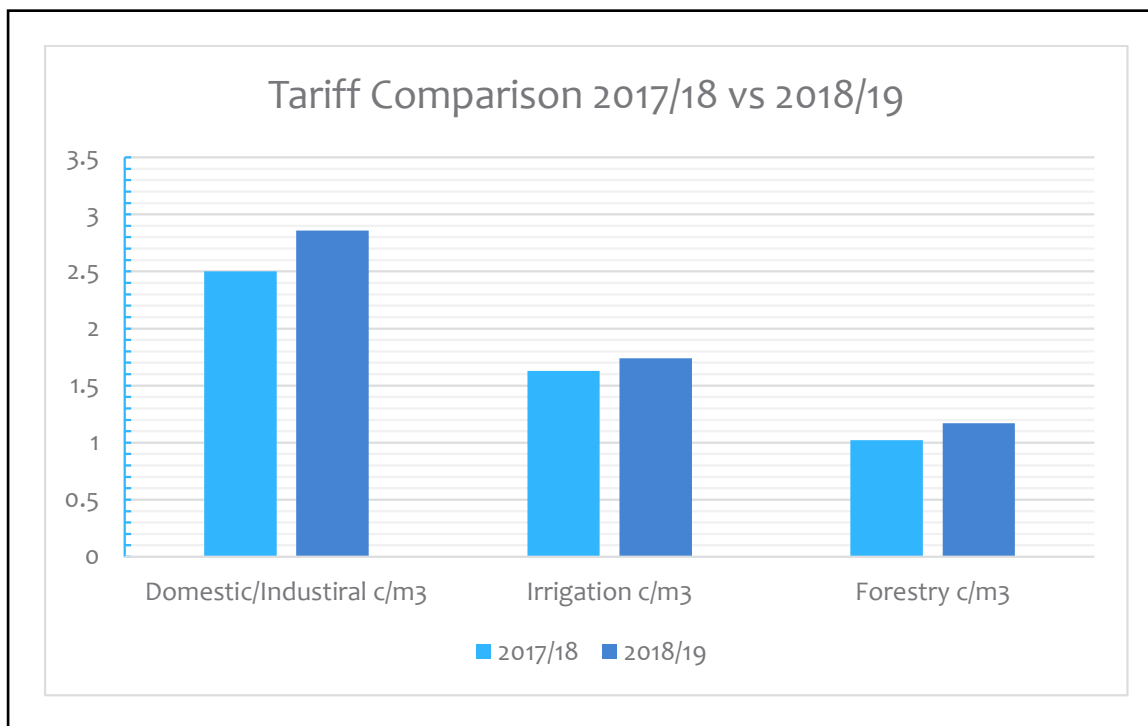
## FINANCE AND COMPLIANCE

The year under review saw a continued enforcement of Cost Containment Measures as directed by National Treasury, which has seen the organization realizing some cost savings. We have reviewed the Supply Chain policy of the IUCMA to align to these measures and best practices in line with the latest treasury instructions and notices.

The IUCMA has once again achieved an unqualified audit opinion. The IUCMA continues to comply with all regulatory and compliance requirements. However, the IUCMA took over the billing function from DWS WTE from 1 November 2017. This included the transfer of outstanding debtors of R199million. DWS WTE did not provide for any impairments on the balance as at date of transfer to the IUCMA resulting in the IUCMA adopting an accounting approach in line with GRAP 105, whereby, any additional assets or liabilities would be recognized and adjusted for, during the measurement period of 2 years. The IUCMA has adopted this approach and should there be any material changes during this transitional period, such adjustments will be processed on the provisional debtors balance amounts received in November 2017. The current year audit opinion has not been impacted. However, this transferred debtors book requires some major reconciliation exercise with the customers to get it to the most accurate form.

## Tariffs

The IUCMA had two successful tariff consultation sessions during the year under review, one in the Inkomati and the other in Usuthu. A trend analysis is provided below. It is however important to note that the tariffs are still not representative of a full cost recovery of work undertaken by the IUCMA towards water resource management in the catchment as they are still partly subsidised through augmentation by the department of Water and Sanitation considering the affordability and current economic conditions.



**Figure 6: Tariff Comparison**

D&I tariffs rose from 2.50 c/m3 to 2.86c resulting in an increase of 14.4% from 2017/18 to 2018/19. IRR increased from 1.63c/m3 to 1.74c translating into a 7% increase from the prior year. Affordability of tariffs in the IRR sector has far reaching implications towards the greater economy and food security. SFRA increased from 1.02c/m3 to 1.17c translating into a 14.7% increase.

#### Human Capital Highlights for 2017/18

Human Resource division recruited 21 suitable and competent candidates to increase the staff complement of the IUCMA to improve service delivery as indicated elsewhere in this annual report. The staff complement as at 31 March 2018 is eighty-nine 89 employees plus ten 10 interns. In terms of staff turnover rate, three (3) employees resigned from the institution. Employees were trained as per their training needs indicated in their Personal Development Plans (PDP). Bursaries were awarded to both internal employees (19) and external candidates (3). Performance Management and Development System (PMDS) policy has been implemented accordingly whereby employees have signed Performance Agreements and quarterly reviews.



## Challenges

The following challenges were identified:

- Out of the four external candidates awarded bursaries, only one candidate is continuing with the bursary. The others declined our bursary since they have received bursaries from other institutions;
- Few applications for external bursaries received for 2018 academic year and only two qualified as new bursars thereby having a total of three (3) externally awarded bursaries;
- Most of Human resource policies are due for review; and

## Mitigation for Challenges

The above-mentioned challenges will be mitigated as follows:

- External bursaries for 2019 academic year will be advertised in August 2018 with a closing date of January 2019
- All Human Resource policies which are due for review will be reviewed during second and third quarter of 2018/19 financial year.

## Information Technology and Records Management

The Master System Plan for 2018/19 Financial year was developed in line with the IUCMA strategic objectives and to complement the necessary information systems required in achieving the set objectives, together with IT Policies and procedures, governance framework and technology for further enhancement within the IT division.

## Information Management Systems

Due to the change in the HydroNet Datacenter provision of configuration was effected to ensure system availability, stability and uptime. An incident (Pollution) management system Hystra was implemented to guard against incidents of pollution within the IUCMA WMA. Physical Access control has been upgraded with a new Biometric management system.





### **Digitizing Satellites Offices**

IUCMA satellite offices have been digitised with Local Area Networks, Virtual Private Network, and Network Security.

### **B-BBEE**

At an industry level, although much still needs to be done, we have seen improvement in terms of work awarded in this regard as depicted in the corporate services performance tables in terms of BBBEE spend which exceeded the set targets. Within the IUCMA, we continuously review our procurement systems and processes such that we ensure that they are effective, efficient, economical, transparent and ethical, in line with the prescripts of the Framework for Supply Chain Management.

### **IDENTIFIED RISKS**

During the 2017/18 financial year the IUCMA has achieved significant progress in providing services within the legislative framework to the satisfaction of the water users in its WMA. However, the following major risk factors were identified, and mitigation strategies were employed to enhance performance towards the achievement of targets as per the APP.

- Transfer of unaudited figures on revenue: The transfer, by the DWS to the IUCMA, of the billing and collection function took place in November 2017. Inherent to this transaction was the risk of under/over statement of revenue. However, through stakeholder engagement forums and direct communication with the clients the risk exposure is addressed.
- Drought conditions from the past years affected water allocation to water to full assurance levels. However, the sector forums were continued to ensure integrated approach that saw restrictions on water use being removed in May 2017. The DWS has budgeted for the feasibility studies of an additional dam in the Crocodile Catchment towards a long-term water security in the area.



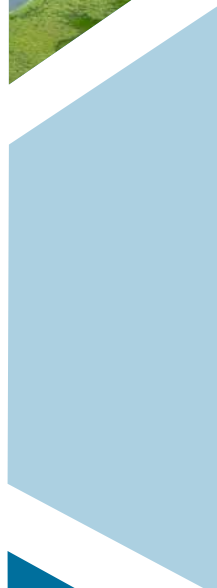
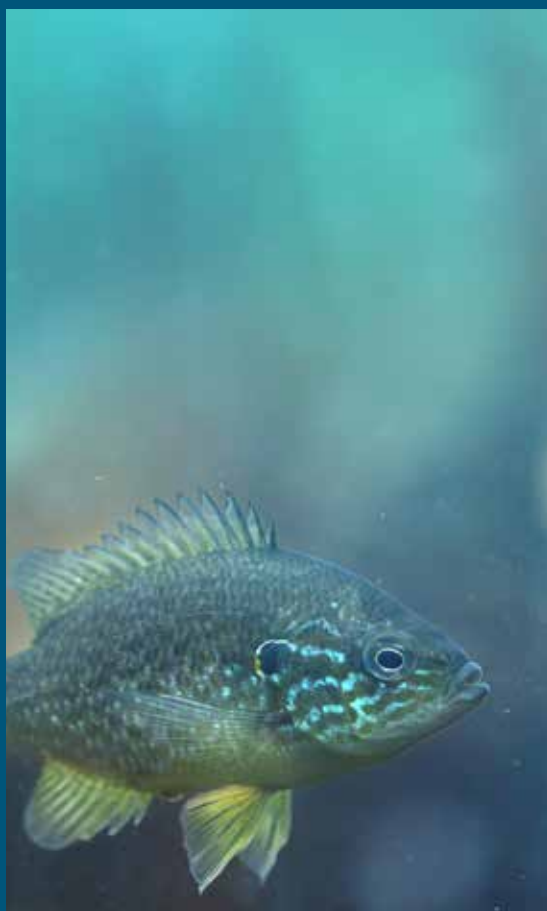


- Inadequate delegations/ assignment of functions from the Minister: Engagements were made with the Minister and the DWS to ensure that the delegations are properly done and implemented to ensure compliance with the National Water Act. The IUCMA worked in close collaboration with the Department to ensure that no legislation would be flouted. This relationship with the DWS head office and regional office will continue.
- The issue of pollution of the resource by poor quality effluents from waste water treatment works cannot be overlooked. The risk of court legal action against the IUCMA by affected stakeholders is a possibility. IUCMA has engaged the municipalities in its water management area to ensure that their problems are understood and that assistance in various forms are being provided on continuous basis. The IUCMA is embarking on correcting some of the minor deficiencies in the system with the intention of reclaiming the monies spent from the defaulting municipalities.
- The transfer of the debtor's book from DWS poses a risk on the recoverability of outstanding debts and cashflow management.

## Employment Equity

**Table 3: Employment Equity**

Occupational Level	AM	CM	IM	WM	AF	CF	IF	WF	FOREIGN M	FOREIGN F	TOTAL
Top Management	1				2						3
Senior Management	4			2	2						8
Professionally qualified and experienced specialists & mid Management -D band	7				5						12
Skilled technical & Academically qualified workers (Jnr management, supervisors, foreman & superintends - C Band	25	1		1	21	1		1			50
Semi-skilled & discretionary decision making-B Band	5				8						13







# **CONSOLIDATED** ANNUAL PERFORMANCE TABLES

Consolidated Annual Performance Report  
2017/18 Financial Year

## GOVERNANCE

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective and Efficient Management of IUCMA resources	Effective Corporate Governance	Number of Governing Board and committee meetings	6 X Governing Board 4 X EXCO 5 X Audit Committee 2 X Stakeholder Consultation	5 X Governing Board 4 X EXCO 5 X Audit 2 X Stakeholder Consultation	<b>Target exceeded</b> 6 X Governing Board 4 X EXCO 6 X Audit 2 X Stakeholder Consultation	A special Audit Committee meeting was convened on 8 August 2017 to consider the external audit final adjusted annual financial statements and annual performance tables together with the final management letter and audit report.	None

## OFFICE OF THE CHIEF EXECUTIVE OFFICER

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective and Efficient Management of IUCMA resources	Legislative reporting requirements effectively complied with	Number of Approved Plans (APP, SHC) within the legislative timeframes	1X APP 1X SHC	1X APP 1X SHC	<b>Target achieved</b> 1X APP 1X SHC	None	None
		Number of Statutory reports submitted within the legislative timeframes	4X Quarterly Performance Reports 4X SHC quarterly reports 1X Annual Report	4X Quarterly Performance Reports 4X SHC quarterly reports 1X Annual Report	<b>Target achieved</b> 4X Quarterly Performance Reports 4X SHC quarterly reports 1X Annual Report	None	None
	IUCMA activities effectively marketed	Number of newsletters produced bi-annually	2	2	<b>Target not achieved</b> 1	Put on hold as per the request of the CEO to include developments on the single CMA and National Water Week Activities, which took place until the end of March	The final print out will be produced in the 1st quarter of 2018/19
		Number of activities advertised through electronic and print media quarterly	25	4X Electronic Adverts 4X Print Media	<b>Target achieved</b> 33 Electronic Adverts 9 Print Adverts	Demand Driven (Drought and single CMA issues were prominent)	None
	Corporate Social Responsibility initiatives	Number of initiatives implemented or % support to CSI initiatives	0	100%	<b>Target achieved</b> 100% (2/2)	None	None





## WATER RESOURCE MANAGEMENT

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Water Allocation Reform	Percentage of Usuthu Validation and verification completed	0%	50% of the project progress	<b>Target exceeded</b> 69%	50/50% verification and validation was an estimation. The actual split based on implementation is 65% Validation and 35% verification because of a high number of forestry activities in the Usuthu Catchment. The remaining 35% will be completed in the 2018/19 financial year, therefore there is no variance.	None
		Review and integration of Usuthu catchment into the IUCMA CMS	0%	80%	<b>Target exceeded</b> 70%	The announcement of the single CMA in the 3rd quarter led to a halt on this project. However, the remainder will be concluded by Q2 of the 18/19 FY.	None
		Compilation of a WAR Plan	1	1	<b>Target exceeded</b> 2	The 2017/18 WAR plan was reviewed and resubmitted in the 1st quarter	PME will manage the submission of the WAR Plan and Reports to DWS as part of Compliance.
		Number of WAR reports submitted to WAR Office	2	4	<b>Target exceeded</b> 4	None	None



Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Drilling of Monitoring Boreholes	Number of contracts for drilling and testing of Monitoring boreholes completed (on behalf of DWS as implementing agents)	1 Drilling contract completed	1 Drilling contract completed	<b>Target achieved</b> 1 drilling contract awarded	None	None
	Effective River Operations	Number of operational DSS for sub-catchments reports produced per annum	8 quarterly reports produced	8 river operations quarterly reports produced	<b>Target achieved</b> 8 river operations quarterly reports produced	None	None





Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Water Resource Protection	Number of water samples taken with analysis results	2949	3132 samples taken with analysis results produced	<b>Target not achieved</b> 3075	57 monitoring sites were not monitored due to no flow and no access	Better control on access, plan better for no flow sites in 18/19 FY.
		Percentage of reported pollution incidents attended to	100% (40/40)	100%	<b>Target achieved</b> 100% (20/20)	None	None
		Percentage of pollution incidents identified as critical for mitigation	0	30%	<b>Target not achieved</b> 0%	None	None
		Percentage of positive responses received from notices issued to non-complaint water users	0	100%	<b>Target achieved</b> 100% (53/53)	None	None
		Percentage of positive responses received from notices issued to non-complaint water users	0	100%	<b>Target achieved</b> 100% (9/9)	None	None
	Effective compliance monitoring	Number of routine water quality and illegal water use inspections	200 water quality inspections	292	<b>Target not achieved</b> 282	This was due to the withdrawal of delegations by the Minister of DWS. The vacancy of the Environmental officer in Usuthu is still not filled hence the shortfall of 10.	Vacancy to be filled

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Effective compliance monitoring	Number of compliance audit reports finalized	0	8	<b>Target achieved</b> 15	Additional 7 audits were conducted as part of training in the newly established CME unit.	None
	River Eco-status monitoring (Catchments) effectively conducted	Ensure data collection for river ecosystem monitoring program (REMP) a specific catchment	1 (Usuthu River Eco-Status Monitoring)	1 (Crocodile Catchment)	<b>Target achieved</b> 1 Crocodile Catchment data collected	None	None
		Comprehensive River-Eco status report produced for a specific catchment	Usuthu Catchment	Crocodile Catchment	<b>Target achieved</b> 1 Crocodile Catchment report produced	None	None
		Number of sub-catchments monitored (data collection) for REMP and reports produced	1	Sabie, Komati and Usuthu	<b>Target achieved</b> 3 reports for Usuthu, Sabie and Komati produced	None	None
	Water Quality Status Reporting	Number of bimonthly water quality status reports produced and disseminated	36	36	<b>Target exceeded</b> 38	2 additional presentations made at the Forum meetings held as part of DWS consultation on the Single CMA.	None





Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Water Quality Status Reporting	Number of Annual status reports produced and disseminated	1	1	<b>Target achieved</b> 1	None	None
	Authorized water Use	Percentage of water quality related authorizations recommendations forwarded to DWS	100% (10 of 10)	100%	<b>Target achieved</b> 100% (34/34)	None	None
		Percentage of water quantity related authorizations recommendations forwarded to DWS	100% (0/0)	100%	<b>Target achieved</b> 100% (30/30)	None	None
Promote Knowledge generation and distribution	Strengthened IWRM knowledge sharing networks	Number of IWRM related forums with the provision of advisory services from IUCMA ( <b>Kingfisher projects, ARAsul, WWIBC</b> ) with external stakeholders	29	30	<b>Target exceeded</b> 35	Demand Driven	None
	Stakeholder interactions and empowerment	Number of stakeholder empowerment workshops conducted with HDI users including traditional authorities	36	28	<b>Target exceeded</b> 35	Demand Driven	None

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Promote Knowledge generation and distribution	Stakeholder interactions and empowerment	Number of planned I&P river cleaning and adopt a river campaigns with communities	63	48	<b>Target exceeded</b> 50	Demand Driven	None
	Provision of advisory services in respect of international agreements	Number of meetings attended whereby advisory inputs are made in international engagements (KJOF, REMCO ARASul, WiWiBC)	16	14	<b>Target exceeded</b> 15	Demand Driven	None
Ensure collaborative and coordinated IWRM for wise socio-economic development	Co-operative governance	Percentage of EIAs received DEA (DARDLEA) and reviewed within set timeframes of 30 days	100% (11 of 11)	100%	100% (0/0)	The relevant departments have advised the consultants to consult IUCMA as I&AP.	Collapse the Indicator as no longer relevant
		Percentage of EIAs and Development studies received and reviewed within 30 days where IUCMA registered as an interested and affected party.	100% (4 of 4)	100%	<b>Target achieved</b> 100% (14/14)	Demand Driven	None
		Percentage of EMPRs and prospecting applications received and reviewed within specific timeframes (60 days)	100% (0 of 0)	100%	<b>Target achieved</b> 100% (10/10)	None	None





Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Interactions with Catchment Management Forums	Number of CMF meetings coordinated	36	36	Target achieved 36	None	None
	Effective data management of river operations	Number of routine quarterly inspection and maintenance of 28 installed river flow data loggers	20	112	Target achieved 112	None	None
		Number of routine quarterly inspection and maintenance of 19 installed rainfall gauges.	19	76	Target exceeded 80	2 new station installed	None
		Number of river flow and rainfall reports produced and disseminated to stakeholders.	0	24	Target not achieved 23	In Q2 only 5 reports were produced due to the lower Komati mainly being managed by KOBWA, hence there was no report for Lower Komati.	None



## CORPORATE SERVICES

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective Management of IUCMA resources	Annual tariff proposals	Number of tariff proposals developed and submitted to the Governing Board for approval	1 tariff proposals developed and submitted to the Governing Board for approval	1 tariff proposals developed and submitted to the Governing Board for approval	<b>Target achieved</b> 1 tariff proposals developed and submitted to the Governing Board for approval	Quarterly timing difference are resolved at the end of the financial year	None
	Effective internal control	Percentage compliance to audit	4	100%	<b>Target achieved</b> 100%	None	None
	Effective risk management	Number of risk assessment reports	1	4 Risk Management reports compiled	<b>Target achieved</b> 4	None	None



Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective Management of IUCMA resources.	Increase BBBEE spend	Percentage of factual expenditure on BBBEE	30% (451 316 of 16 893 643)	30%	<b>Target exceeded</b> 37% (R90,898,246.)	Over achievement resulting from expediting delayed project spending in Q2	None
	Effective records management	Number of records management reports produced quarterly	100%	4 records management reports produced quarterly	<b>Target achieved</b> 4	None	None
	Effective and reliable IT management	MSP annual review	100%	1 MSP review	<b>Target achieved</b> 1 MSP review	None	None
		4 IT Management reports compiled quarterly.	4	4 IT management reports reviewed quarterly	<b>Target achieved</b> 4	None	None
		Annual IT policy review	0	1	<b>Target achieved</b> 1	None	None
	Training and skills development	Number of trainings facilitated	All staff (68/68)	All staff	Target achieved 56	All trainings were external and there was no internal training conducted	Most trainings will be conducted during quarter 1 2018/19 financial year

Outcomes/Impact	Performance Objective	Indicators	Baseline	Target 17/18	Actual 17/18	Reasons for Variance	Corrective action
Ensure Effective Management of IUCMA resources	Jobs created	Number of Permanent and Contract (direct) Jobs Created	13	4	<b>Target exceeded</b> 16	Demand Driven	None
	Filled vacant and funded positions	Percentage of Vacant and funded positions filled according to the annual recruitment plan	1	100%	<b>Target achieved</b> 100% (21/21)	None	None
	Employee health and Wellness	Number of employee wellness activities coordinated	2	2	<b>Target achieved</b> 1	None	None
	Occupational health and safety	Number of OHS committee reports produced quarterly	4	4 OHS quarterly reports produced.	<b>Target achieved</b> 4	None	None
	Skills Development	Number of Internal Bursaries awarded	100% (18/18)	100% of received applications	<b>Target not achieved</b> 76% (19/25)	Applicants did not submit all the relevant documentations, and some applied for courses which are not relevant to their divisions/unit. While some employees applied for bursary after the due date.	Employees must attach all the relevant documentations when applying for bursary and they must also apply bursary for courses relevant to their divisions before the due date
		Number of External bursaries awarded	4	4	<b>Target not achieved</b> 3	Applicants did not meet the requirements	None







**ANNUAL FINANCIAL**  
STATEMENTS 2017/18  
Financial Year

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Index

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The reports and statements set out below comprise the annual financial statements presented to the the Minister of Water and Sanitation, Auditor General and National Treasury :

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# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Statement of Responsibility for the Annual Financial Statements

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The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the Agency as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the Agency and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, it has set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

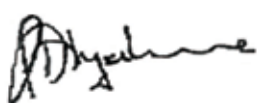
The Accounting Authority has reviewed the Agency's Annual Performance Plan forecasts for the year to March 31, 2019 and, in the light of this review and the current financial position, they are satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Agency is partly dependent on the Water Trading Entity of the Department of Water and Sanitation (DWS) for continued augmentation in the funding of operations over and above own revenue collection from water users. The annual financial statements are prepared on the basis that the Agency is a going concern and that the Minister of Water and Sanitation, the Executive Authority via the budget of DWS has neither the intention nor the need to liquidate the agency or curtail the materially the augmentation funding to the Agency.

Although the Accounting Authority is primarily responsible for the financial affairs of the Agency, they are supported by the Agency's external auditors.

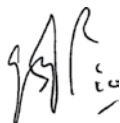
The external auditors are responsible for independently reviewing and reporting on the Agency's annual financial statements. The annual financial statements have been examined by the Agency's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 6 to 27, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2018 and were signed on its behalf by:



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**Ms TP Nyakane-Maluka (Chairperson)**  
Chairperson



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**Dr TK Gyedu-Ababio (Ex-Officio)**  
Chief Executive Officer

**Place of signature: Mbombela**

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Audit Committee Report

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We are pleased to present our report for the financial year ended March 31, 2018.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved Audit Committee Charter. During the current year six (6) meetings were held.

Name of member	Number of meetings attended
Mr M Secker (Chairperson)	6
Ms Maholovela	5
Mr N Govender	6
Mr PA Tshabangu	5
Dr PE Molokwane	5

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 51(1)(a)(i) of the PFMA and Treasury Regulation 27.1.8.

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

### The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the External Auditors, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The IUCMA has submitted quarterly reports to the Executive Authority in terms of the PFMA.

The audit committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the agency during the year under review. It was however noted that there were challenges experienced with the handing over of the billing and revenue function from DWS Water Trading Entity (WTE) in that customers will need to continually be sensitised of these new developments.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the External Auditors and the Accounting Authority;
- reviewed the External Auditor's management report and management's response;
- reviewed the entities compliance with legal and regulatory provisions.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Audit Committee Report

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### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The following Internal Audit work was completed but not limited to the below:

- Reviewed the Internal Audit Plan
- Report on Compliance Review
- Audit Readiness Assessment and Human Resource Audits
- Performance Information Review Audits

Areas of concern in the financial year under review are the following:

### Recoverability of Debtors:

There has been significant doubt on the recoverability of debtors on the balances transferred from the Department of Water and Sanitation (DWS) Water Trading Entity (WTE) during the handover of the billing and revenue function of water resources management charges on 1 November 2017 with debtors amounting to R199 million.

### Annual Performance Indicators:

There are also certain performance indicators that were not achieved in the current year due to challenges detailed in the annual performance tables themselves as a result of demand driven activities. The concern over the impact of withdrawn delegations of authority from the IUCMA by the former Minister of Water and Sanitation still remains a challenge and will continue to be escalated to the Minister of Water and Sanitation through the Governing Board.

### Internal Audit performance:

Due to the closure of the KPMG regional Nelspruit office, as outsourced internal auditors of the IUCMA, the contract will be terminated based on mutual agreement at the end of September 2018.

### External Auditor

The audit committee has met with the External Auditors to ensure that there are no unresolved issues.

The audit committee concur with and accept the External Auditors's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the External Auditor.



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**Mr M Secker : Chairperson of the Audit Committee**

Date: 31/07/2018

# Independent auditor's report to accounting authority on Inkomati-Usuthu Catchment Management Agency

## Report on the audit of the financial statements

### Opinion

1. We have audited the financial statements of the Inkomati-Usuthu Catchment Management Agency set out on pages 7 to 27, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inkomati Usuthu Catchment Management Agency as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Standards (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.
4. We are independent of the agency in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct of registered auditors (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and in accordance other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (parts A and B).
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

## **Report on the audit of the annual performance report**

### **Introduction and scope**

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.
11. Our procedures address the reported performance information, which must be based on the approved performance planning documents of the agency. We have not evaluated the completeness and appropriateness of the performance measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the agency for the year ended 31 March 2018:

Objectives	Pages in the annual performance report
Objective 1: Ensure effective, efficient and sustainable management of water resources	51 - 57

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. We did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Objective 1: Ensure effective, efficient and sustainable management of water resources

#### **Other matters**

15. We draw attention to the matters below

#### **Achievement of planned targets**

16. Refer to the annual performance report on pages x- x; for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets.

#### **Adjustment of material misstatements**

17. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 1: Ensure effective, efficient and sustainable resource management of water resources. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

### Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the agency with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
19. We raised material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Annual financial statements

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements of revenue from exchange transactions and disclosure identified by the auditors in the submitted financial statements, were corrected resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 401 073 as disclosed in note 27 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was due to management not adequately monitoring adherence with the requirements of Treasury Regulation for Supply Chain Management processes.

### Procurement and contract management

22. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

## Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting authority's report, the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
24. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. We did not receive the other information prior to the date of this auditor's report. After we receive and read this information, and if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

27. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

## Leadership

28. Although leadership implemented controls to ensure compliance with laws, regulations and internally designed policies and procedures, certain instances non-compliance issues were identified.

## Financial and performance management

29. Management did not adequately monitor adherence with the requirements of Treasury Regulation for Supply Chain Management processes and as a result irregular expenditure was incurred.

30. Although management reviewed the financial statements and annual performance report for completeness and accuracy prior to its submission for audit purposes, certain misstatements and non-compliance issues were identified.

#### Auditor tenure

31. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia-SAB&T has been the auditor of Inkomati-Usuthu Catchment Management Agency for 2 years

*Nexia SAB&T*

**Nexia SAB & T**

Per: S. Kleovoulou

Director

Registered Auditor

**31 July 2018**

28 van Rensburg Street  
Suite 18/19 Liza's Court  
Nelspruit  
1200



## Annexure – Auditor’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the agency’s compliance with respect to the selected subject matters.

### Financial statements

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



### **Communication with those charged with governance**

3. We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also confirm to the accounting authority that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, related safeguards.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Authority's Report

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The Accounting Authority submits its report for the year ended March 31, 2018.

### 1. Review of activities

#### Main business and operations

The Inkomati-Usuthu Catchment Management Agency (IUCMA) is a Schedule 3A Public Entity domiciled on the 8th Floor, Suite 801, The Maxsa Building, 13 Streak Street, Mbombela 1200, responsible for the integrated management of the water resource in the Inkomati-Usuthu Water Management Area.

Net surplus of the Agency was R 2,864,563 (2017: surplus R 1,713,351). The Agency has deferred income R52, 276,758 (2017: R17, 285,224) of the funded Water Resource Management Charges and Government grants & subsidies to the next financial year to cover expenditure budgeted for the current financial year but only to be incurred in the next financial year where there is no provision made in that year's budget for such carried over expenditure. The impact is also mainly due to the delay in budget transfers experienced during the financial year with a transfer of R 61,163,329 in February 2018 of the outstanding 2017/18 financial year budget thereby impacting on cash flow and timing of procurement activities.

During the year under review, the IUCMA took over the billing and invoicing function from the Department of Water and Sanitation Water Trading Entity on 1 November 2017. This followed the successful go live on the SAP System ISU (Revenue modules of SAP) which are fully funded by DWS i.e licensing of the software and related IT infrastructure of SAP. There were challenges encountered during the transition such as not sending out customer statements and invoices timeously, together with continuous reconciliation of customer accounts.

The transferor (DWS WTE) of the debtor's book transferred did not provide for any impairments on the balance as at date of transfer to the Acquirer (IUCMA). In terms of GRAP 105, additional assets or liabilities will be recognised during the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities. The measurement period (which shall not exceed two years) ends as soon as the acquirer (IUCMA) receives the information it was seeking. The IUCMA has adopted this approach and should there be any material changes during this transitional period, such adjustments will be processed on the provisional debtors balance amounts received in November 2017.

The IUCMA is however confident that as the financial year progresses, there will be improved customer management and debtor collection processes.

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

### 2. Subsequent events

The institutional realignment process of governance models for the single CMA proposal has been put on hold. The Minister of Water and Sanitation has since tabled the 2018/19 budget speech and key points affecting the Agency will be factored into its 2018/19 risk assessment processes.

### 3. Accounting Authority

The members of the entity during the year and to the date of this report are as follows:

Ms TP Nyakane-Maluka (Chairperson)  
Mr MS Mthembu (Deputy Chairperson)  
Dr PE Molokwane  
Ms SD Wiggins  
Mr PA Tshabangu  
Mr PJ Venter  
Mr JM Mathebula  
Mr N Govender

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Statement of Financial Position as at March 31, 2018

	Note(s)	2018	2017
<b>Assets</b>			
Current Assets			
Receivables from exchange transactions	4	17,641,322	35,300
Cash and cash equivalents	5	53,128,297	31,525,158
		<b>70,769,619</b>	<b>31,560,458</b>
Non-Current Assets			
Property, plant and equipment	3	5,603,478	5,593,339
Deposits		252,811	195,900
		<b>5,856,289</b>	<b>5,789,239</b>
<b>Total Assets</b>		<b>76,625,908</b>	<b>37,349,697</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	6	270,641	135,219
Payables from exchange transactions	9	5,670,410	2,645,784
Provisions	8	1,788,320	1,432,414
Deferred Income	7	52,276,758	17,285,224
		<b>60,006,129</b>	<b>21,498,641</b>
Non-Current Liabilities			
Finance lease obligation	6	288,010	218,601
<b>Total Liabilities</b>		<b>60,294,139</b>	<b>21,717,242</b>
<b>Net Assets</b>		<b>16,331,769</b>	<b>15,632,455</b>
Accumulated surplus		16,331,768	15,632,454

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Statement of Financial Performance

	Note(s)	2018	2017
Revenue	10	91,684,083	80,151,265
Other income	11	27,684	396,205
Operating expenses		(93,777,412)	(80,431,735)
<b>Operating (deficit) surplus</b>		<b>(2,065,645)</b>	<b>115,735</b>
Investment revenue	12	2,864,563	1,713,352
Finance costs	14	(99,605)	(115,736)
<b>Surplus for the year</b>		<b>699,313</b>	<b>1,713,351</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
<b>Balance at April 1, 2016</b>	<b>13,919,103</b>	<b>13,919,103</b>
Changes in net assets		
Surplus for the year	1,713,351	1,713,351
Total changes	1,713,351	1,713,351
<b>Balance at April 1, 2017</b>	<b>15,632,455</b>	<b>15,632,455</b>
Changes in net assets		
Surplus for the year	699,313	699,313
Total changes	699,313	699,313
<b>Balance at March 31, 2018</b>	<b>16,331,768</b>	<b>16,331,768</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Cash Flow Statement

	Note(s)	2018	2017
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Water Resources Management Charges Invoiced		24,868,318	665,775
Grants and WTE invoiced WRMC		126,447,273	80,151,265
Interest income		2,864,563	1,713,352
Other receipts		-	268,011
		154,180,154	82,798,403
<b>Payments</b>			
Employee costs		(59,090,657)	(47,302,977)
Suppliers		(106,484,987)	(32,846,449)
		(165,575,644)	(80,149,426)
<b>Net cash flows from operating activities</b>	17	<b>(11,395,490)</b>	<b>2,648,977</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(2,098,131)	(4,352,603)
Proceeds from sale of property, plant and equipment	3	-	157
<b>Net cash flows from investing activities</b>		<b>(2,098,131)</b>	<b>(4,352,446)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		105,226	(46,427)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>21,603,139</b>	<b>(2,287,479)</b>
Cash and cash equivalents at the beginning of the year		31,525,158	33,812,637
<b>Cash and cash equivalents at the end of the year</b>	5	<b>53,128,297</b>	<b>31,525,158</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
WRMC Invoiced	-	-	-	17,513,568	<b>17,513,568</b>	Note 28
Other Income	-	-	-	27,684	<b>27,684</b>	Note 28
Interest received - investment	-	-	-	2,864,563	<b>2,864,563</b>	Note 28
<b>Total revenue from exchange transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,405,815</b>	<b>20,405,815</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	109,162,049	17,285,224	<b>126,447,273</b>	74,170,515	<b>(52,276,758)</b>	Note 28
<b>Total revenue</b>	<b>109,162,049</b>	<b>17,285,224</b>	<b>126,447,273</b>	<b>94,576,330</b>	<b>(31,870,943)</b>	
<b>Expenditure</b>						
Personnel	(59,650,527)	263,880	<b>(59,386,647)</b>	(60,020,344)	<b>(633,697)</b>	Note 28
Depreciation and amortisation	-	-	-	(2,087,993)	<b>(2,087,993)</b>	
Finance costs	(82,500)	-	<b>(82,500)</b>	(99,605)	<b>(17,105)</b>	
Lease rentals on operating lease	(4,343,510)	(1,288,000)	<b>(5,631,510)</b>	(4,864,480)	<b>767,030</b>	Note 28
General Expenses	(43,982,042)	(7,471,155)	<b>(51,453,197)</b>	(26,804,595)	<b>24,648,602</b>	
<b>Total expenditure</b>	<b>(108,058,579)</b>	<b>(8,495,275)</b>	<b>(116,553,854)</b>	<b>(93,877,017)</b>	<b>22,676,837</b>	
<b>Surplus before taxation</b>	<b>1,103,470</b>	<b>8,789,949</b>	<b>9,893,419</b>	<b>699,313</b>	<b>(9,194,106)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>1,103,470</b>	<b>8,789,949</b>	<b>9,893,419</b>	<b>699,313</b>	<b>(9,194,106)</b>	

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment is initially measured at cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The building is owner occupied and therefore accordingly recognised at cost less accumulated depreciation.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.2 Financial instruments

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

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, trade receivables from exchange transactions and payables from exchange transactions. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.

#### Financial assets

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are recognised at fair value. Fair value adjustments are recognised in surplus and deficit. Cash includes cash on hand and cash with banks.

Cash equivalents are short-term highly-liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to insignificant risk of change in value.

#### Financial liabilities

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities consist of obligations to delivery of cash or another financial asset or to exchange financial instruments with another entity on potentially-unfavourable terms. Financial liabilities, other than derivative instrument instruments, are measured at amortised cost. Trade and other payables are stated at their nominal value.

#### Initial recognition

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.2 Financial instruments (continued)

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

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

#### Fair value measurement considerations

##### Impairment of Financial Assets

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in surplus and deficit when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument

Debtors handed over from the historical book debt from DWS will be assessed for impairment and a debtors provision will be raised as assessed.

### 1.3 Leases

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

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### 1.4 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

#### Short-term employee benefits

Short term employee benefits are recognised during the period in which the related service is rendered. Accruals for employee entitlements to salaries, performance incentives and annual leave represent the amounts which the entity has a present obligation to pay as a result of employee services provided at the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. The expected cost of incentive is recognised as a liability when there is a legal or constructive obligation to make such a payment as a result of past performance.

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

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.5 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

### 1.6 Revenue from exchange transactions

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

Water Resources Management Charges are statutory charges determined in terms of section 57 of the NWA and these charges are payable to the IUCMA as the relevant water management institution within the Inkomati-Usuthu Water Management Area. Therefore these charges are statutory charges which are billed to water users in line with the water pricing strategy set tariffs based on the allocation of the amount or volume of raw water as it appears on the user's water license.

### Interest, royalties and dividends

Interest is recognised, in surplus or deficit, using the effective interest method.

### 1.7 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. An annual transfer of revenue as per the approved Annual Performance Plan is received from the Department of Water and Sanitation-Water Trading entity.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.8 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

### 1.9 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. There was no fruitless and wasteful expenditure identified in the current year.

### 1.10 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.11 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied any standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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Directive 12: The Selection of an Appropriate Reporting

Framework by Public Entities

April 2018, Unlikely impact will be a material

### 3. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	1,351,252	(97,734)	1,253,518	1,351,252	(30,172)	1,321,080
Furniture and fixtures	3,372,036	(2,212,118)	1,159,918	2,758,288	(1,785,993)	972,295
Motor vehicles	1,352,497	(924,875)	427,622	1,352,497	(697,609)	654,888
Office equipment	2,578,678	(1,354,048)	1,224,630	1,984,057	(881,592)	1,102,465
Computer equipment	6,172,644	(4,634,854)	1,537,790	5,316,347	(3,773,736)	1,542,611
<b>Total</b>	<b>14,827,107</b>	<b>(9,223,629)</b>	<b>5,603,478</b>	<b>12,762,441</b>	<b>(7,169,102)</b>	<b>5,593,339</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Buildings	1,321,080	-	(67,562)	1,253,518
Furniture and fixtures	972,295	597,427	(409,804)	1,159,918
Motor vehicles	654,888	-	(227,266)	427,622
Office equipment	1,102,465	591,122	(468,957)	1,224,630
Computer equipment	1,542,611	909,582	(914,403)	1,537,790
	<b>5,593,339</b>	<b>2,098,131</b>	<b>(2,087,992)</b>	<b>5,603,478</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	-	1,351,252	-	(30,172)	1,321,080
Furniture and fixtures	914,160	451,923	-	(393,788)	972,295
Motor vehicles	389,405	488,801	-	(223,318)	654,888
Office equipment	544,287	944,910	(136)	(386,596)	1,102,465
Computer equipment	1,233,924	1,115,717	(21)	(807,009)	1,542,611
	<b>3,081,776</b>	<b>4,352,603</b>	<b>(157)</b>	<b>(1,840,883)</b>	<b>5,593,339</b>

#### Assets subject to finance lease (Net carrying amount)

Office equipment	541,817	352,286
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# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
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### 3. Property, plant and equipment (continued)

#### Details of properties

##### Office Building in Mkhondo Municipality

Building is situated on Portion 1 of Erf 32 Piet Retief (Mkhondo)

- Purchase price: 1 December 2008 - 1,351,252

### 4. Receivables from exchange transactions

Trade debtors	208,751,255	-
Sundry debtors	7,584,954	35,300
Provision for Bad debts on historical debtors transferred from DWS	(198,694,887)	-
	<b>17,641,322</b>	<b>35,300</b>

#### Debtors transferred in terms of Grap 105 Transfer of billing function from DWS WTE to IUCMA

Trade and other receivables balance of R199million was transferred from DWS (WTE) to the IUCMA in November 2017. A corresponding provision for doubtful debts on the historic debt has been raised in line with approach adopted below.

The transferor DWS (WTE) of the debtor's book transferred did not provide for any impairments on the balance as at date of transfer to the Acquirer (IUCMA). In terms of GRAP 105, additional assets or liabilities will be recognised during the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities. The measurement period (which shall not exceed two years) ends as soon as the acquirer (IUCMA) receives the information it was seeking. The IUCMA has adopted this approach and should there be any material changes during this transitional period, such adjustments will be processed on the provisional debtors balance amounts received in November 2017

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash float	498	763
ABSA Current Account	3,836,216	1,167,765
Corporation for Public Deposits	49,291,583	30,356,630
<b>Cash and cash equivalents</b>	<b>53,128,297</b>	<b>31,525,158</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
<b>6. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	305,382	158,661
- in second to fifth year inclusive	301,722	231,421
	607,104	390,082
less: future finance charges	(48,453)	(36,262)
<b>Present value of minimum lease payments</b>	<b>558,651</b>	<b>353,820</b>
<b>Present value of minimum lease payments due</b>		
- within one year	270,641	135,219
- in second to fifth year inclusive	288,010	218,601
	<b>558,651</b>	<b>353,820</b>
Non-current liabilities	288,010	218,601
Current liabilities	270,641	135,219
	<b>558,651</b>	<b>353,820</b>

It is Agency policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 8% to 10% (2017:8% to 10%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent<sup>8</sup>.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

## 7. Deferred Income

Current year budget transfers were once again received late in the last quarter of the financial year (23 February 2018), this resulted in the excess budget of R52 276 2758 to be deferred and expended in the next financial year, only the unbudgeted investment income received is recognised as a surplus in the current year. The annual budget also did not factor the unbudgeted revenue to be raised through the hand over of the billing and revenue function to the IUCMA which contributes to an amount of R24 million of the deferred revenue.

Delayed budget transfers also occurred in the 2016/17 Financial year resulting also resulting in income of 17 285 224 to be deferred into the 2017/18 financial year

### Movement during the year

Balance at the beginning of the year	17,285,224	17,822,807
Additions during the year	128,840,867	79,613,682
Income recognition during the year	(93,849,333)	(80,151,265)
<b>Deferred Income</b>	<b>52,276,758</b>	<b>17,285,224</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017			
<b>8. Provisions</b>					
<b>Reconciliation of provisions - 2018</b>					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay provision	1,432,414	355,906	-	-	1,788,320
<b>Reconciliation of provisions - 2017</b>					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay provision	1,177,728	512,806	(17,367)	(240,753)	1,432,414
<b>9. Payables from exchange transactions</b>					
Trade payables				1,987,447	1,415,949
Sundry Payables				3,105,954	962,165
Accruals				577,009	267,670
				<b>5,670,410</b>	<b>2,645,784</b>
<b>10. Revenue</b>					
Water Resources Management Charges Invoiced since November 2017				17,513,568	-
Transferred Government grants & Water Resource Management Charges (WTE)				74,170,515	80,151,265
				<b>91,684,083</b>	<b>80,151,265</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>					
Water Resources Management Charges Invoiced since November 2017				17,513,568	-
<b>11. Other income</b>					
Dam safety inspections, fees for tender documents and cost recoveries from DWS				27,684	396,205
<b>12. Investment revenue</b>					
<b>Interest revenue</b>					
Bank interest and Interest on receivables				2,864,563	1,713,352
<b>13. Employee related costs</b>					
Basic				43,963,633	35,577,104
WCA				82,789	67,141
Leave pay provision charge				929,687	512,806
Company Contributions				7,810,904	6,044,185
Overtime payments				3,302	73,534
Car allowance				7,230,029	5,028,207
				<b>60,020,344</b>	<b>47,302,977</b>
<b>14. Finance costs</b>					
Finance leases				99,605	115,736

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
<b>15. General expenses</b>		
Advertising and Marketing	690,950	1,452,380
External Auditors remuneration	217,290	197,221
Computer expenses	475,195	1,838,405
Consulting and professional fees	11,325,288	10,062,283
Consumables	124,967	128,479
Rental expense	4,851,733	4,119,089
Insurance	137,315	199,128
Motor vehicle expenses	285,044	313,516
Printing and stationery	259,635	322,519
Repairs and maintenance	621,005	676,808
Security	-	172,687
Subscriptions and membership fees	340,973	150,152
Telephone and fax	1,594,883	1,076,880
Training	1,693,926	1,826,447
Travel - local	5,079,175	4,723,545
Travel - overseas	150,819	66,345
Electricity	702,639	624,507
Laboratory testing	1,649,824	1,713,336
Relocation expenses	269,235	429,784
Venue expenses	1,002,780	1,074,676

The above significant expenses form part of general expenses as presented on the Statement of Financial Performance

## 16. Auditor's remuneration

Fees	217,290	197,221
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## 17. Cash (used in) generated from operations

Surplus for the year	699,313	1,713,351
<b>Adjustments for:</b>		
Depreciation and amortisation	2,087,993	1,840,884
Finance costs - Finance leases	99,605	115,736
Movements in provisions	355,906	254,686
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(17,606,022)	372,564
Prepayments	(56,911)	14,700
Payables from exchange transactions	3,024,626	(1,662,944)
	<b>(11,395,490)</b>	<b>2,648,977</b>

## 18. Financial instruments disclosure

### Categories of financial instruments

#### 2018

#### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	19,806,572	19,806,572
Cash and cash equivalents	53,128,297	-	53,128,297
	<b>53,128,297</b>	<b>19,806,572</b>	<b>72,934,869</b>

#### Financial liabilities

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
<b>18. Financial instruments disclosure (continued)</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions	5,299,017	5,299,017
Finance Lease Liability	558,651	558,651
	<b>5,857,668</b>	<b>5,857,668</b>

### 2017

#### Financial assets

	<b>At fair value</b>	<b>At amortised cost</b>	<b>Total</b>
Trade and other receivables from exchange transactions	-	35,300	35,300
Cash and cash equivalents	31,525,158	-	31,525,158
	<b>31,525,158</b>	<b>35,300</b>	<b>31,560,458</b>

#### Financial liabilities

	<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions	2,645,785	2,645,785
Finance Lease Liability	353,820	353,820
	<b>2,999,605</b>	<b>2,999,605</b>

### 19. Commitments

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses and generated revenue from water resource management charges.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	4,873,151	4,050,721
- in second to fifth year inclusive	3,412,169	6,663,221
	<b>8,285,320</b>	<b>10,713,942</b>

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed. No contingent rent is payable.

### 20. Contingencies

There are currently two pending CCMA cases of which one has been set down for arbitration in June 2018, the anticipated legal costs have been factored into the 2018/19 financial year budget. The other pending CCMA case is due for an arbitration date not yet received by the IUCMA.

Estimated maximum awards should the actions be successful, are estimated to be R90 000 for one case and R120 000 for the second case. Legal costs related to both cases are sufficiently covered in the current year budget.

### 21. Related parties

#### Relationships

Members

Refer to members' report note

Shareholder with significant influence

Minister of Water and Sanitation

There were no related party transactions during the current financial year. The Minister of Water and Sanitation is the only shareholder and custodian of Water resources in the Republic of South Africa

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
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### 22. Members' and prescribed officer's emoluments

#### Governing Board

##### 2018

	Committees fees	Total
Ms TP Nyakane-Maluka (Chairperson)	134,012	134,012
Mr MS Mthembu (Deputy Chairperson)	111,449	111,449
Dr JB Molwantwa	-	-
Dr PE Molokwane	30,872	30,872
Ms SD Wiggins	44,800	44,800
Mr PA Tshabangu	40,468	40,468
Mr PJ Venter	91,687	91,687
Mr JM Mathebula	67,608	67,608
Mr N Govender	42,260	42,260

##### 2017

	Committees fees	Total
Ms TP Nyakane-Maluka (Chairperson)	201,220	201,220
Mr MS Mthembu (Deputy Chairperson)	94,930	94,930
Dr JB Molwantwa	62,120	62,120
Dr PE Molokwane	101,306	101,306
Ms SD Wiggins	99,720	99,720
Mr PA Tshabangu	94,026	94,026
Mr PJ Venter	122,044	122,044
Mr JM Mathebula	118,460	118,460
Mr N Govender	46,856	46,856
	<b>940,682</b>	<b>940,682</b>

#### Audit Committee

##### 2018

	Committees fees	Total
Mr M Secker (Chairperson)	46,592	46,592
Ms V Maholovela	27,200	27,200
Mr PA Tshabangu	18,332	18,332
Dr PE Molokwane	24,156	24,156
Mr N Govender	33,116	33,116
	<b>149,396</b>	<b>149,396</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
<b>22. Members' and prescribed officer's emoluments (continued)</b>		
<b>2017</b>		
	<b>Committees fees</b>	<b>Total</b>
Mr M Secker (Chairperson)	48,384	48,384
Ms V Maholovela	41,344	41,344
Mr MS Mthembu	23,594	23,594
Mr PA Tshabangu	27,565	27,565
Dr PE Molokwane	36,526	36,526
	<b>177,413</b>	<b>177,413</b>

### Management

<b>2018</b>	<b>Emoluments</b>	<b>Other benefits*</b>	<b>Performance Bonus</b>	<b>Total</b>
Chief Executive Officer	1,636,658	154,884	152,816	1,944,358
Executive Corporate Services (Chief Financial Officer)	1,391,758	154,884	103,960	1,650,602
Executive Water Resources Management	1,313,909	154,884	-	1,468,793
	<b>4,342,325</b>	<b>464,652</b>	<b>256,776</b>	<b>5,063,753</b>

<b>2017</b>	<b>Emoluments</b>	<b>Other benefits*</b>	<b>Performance Bonus</b>	<b>Total</b>
Chief Executive Officer	1,528,159	129,600	171,382	1,829,141
Executive Corporate Services (Chief Financial Officer)	1,315,085	129,396	97,158	1,541,639
Executive Water Resources Management	519,354	53,916	-	573,270
	<b>3,362,598</b>	<b>312,912</b>	<b>268,540</b>	<b>3,944,050</b>

\* Other benefits comprise travel allowance.

### 23. Comparative figures

No comparative figures have been reclassified.

### 24. Risk management

#### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

	2018	2017
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### 24. Risk management (continued)

#### Market risk

##### Interest rate risk

As the entity has no significant interest-bearing assets, the risks comprises of the interest rate risk arising from the disclosed finance lease obligations. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates

### 25. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds (Grants/Augmentation and Water Resource Management Charges) will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 26. Events after the reporting date

The Minister of Water and Sanitation since tabled the 2018/19 budget speech and the IUCMA is in the process of analyzing the impact of the risks facing the Department of Water and Sanitation and the potential impact of risks identified on the IUCMA with particular focus on future funding pressures and continuity with systems such as SAP which were procured for all CMA's together with policy directions that may impact the work done at a local level.

### 27. Irregular expenditure

Opening balance	217,018	-
Add: Irregular Expenditure - current year	401,073	217,018
Less: Amounts not recoverable (not condoned)	(217,018)	-
	<b>401,073</b>	<b>217,018</b>

#### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Payment to incorrect supplier	Steps have been taken to recover the money from the incorrect supplier which were due to be refunded back to the IUCMA by 31 May 2018. An investigation has been concluded and disciplinary action is in progress.	107,844
Tax non-compliance status of supplier paid	The non-compliance was discovered during the audit process and investigation are yet to be concluded	15,000
Deviation not considered a deviation through audit process	The non-compliance was discovered during the audit process and investigation are yet to be concluded	211,590
Non-compliance on price quotations	The non-compliance was discovered during the audit process and investigation are yet to be concluded	66,639
		<b>401,073</b>

#### Details of irregular expenditure not recoverable (not condoned)

This relates to prior year expenditure that was not deemed to meet the requirements of a deviation in line with Treasury Regulation 16A. The investigation has been finalised.	217,018
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# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

2018

2017

### 28. Budget differences

#### Material differences between budget and actual amounts

The budget was based on assumptions that the full budget allocation would be transferred at the beginning of the financial year thereby allowing sufficient time for cash flows to occur as planned and interest to be accumulated accordingly. Following the introduction of the Department of Water and Sanitation implementing a half yearly invoice system during the previous financial year.

Funds were yet again transferred late in the fourth quarter of the financial year (February 2018) resulting in delays and unearned planned interest income. This therefore created timing differences mainly due to delays in recruitment of staff as per the organogram and the implementation of major projects.

Current year budget transfers were received late in the last quarter of the financial year (End of February 2018), this resulted in the excess budget classified as water resource management charges to be deferred and expended in the next financial year, only the unbudgeted investment income received is recognised as a surplus in the current year.

There were no other material differences between the final budget and the actual amounts.

#### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

These changes were approved by the Accounting Authority, Changes are summarised as follows:

The adjustments on Other Income (R27 684) and Investment Interest received (R2 864 563) are items not budgeted for due to the uncertainty of cash flows and are accounted for once actual cash flows are determined

Government grants and subsidies budget was adjusted by R 17 285 224 to cater for the deferred Revenue from the 2016/17 financial year to defray expenditure related to that budget in the current year, this adjustment was approved by the Accounting Authority and submitted to DWS.

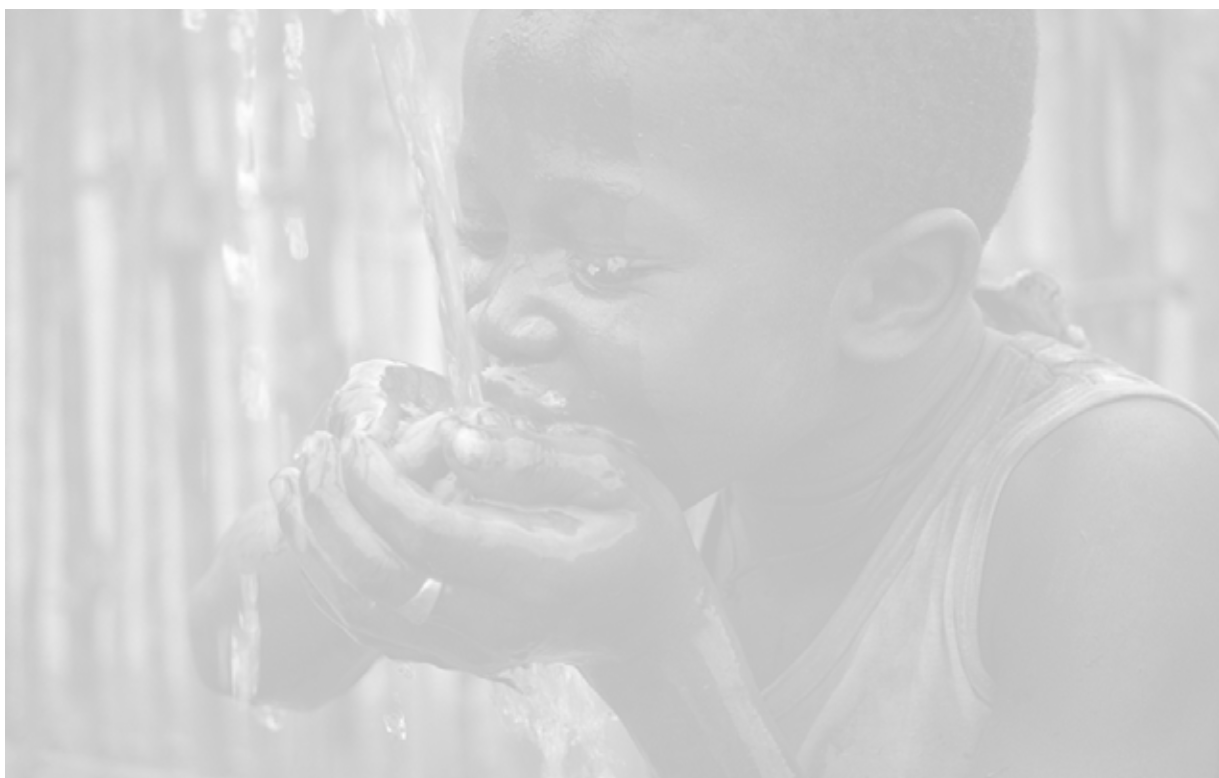
Depreciation of R2 087 992 is an unbudgeted non cash item

The adjustments on General Expenses of R 7 471 155 form part of the expenditure on projects that had to be delayed for implementation in 2016/17 due late cash flow transfers from DWS. These adjustments comprise of purchasing of land and Building for head office, Office equipment, Remediation of pollution project amongst other projects deferred for implementation in the 2016/17 Financial year.



# VISION:

***“WATER FOR ALL IN  
INKOMATI-USUTHU”***



**INKOMATI-USUTHU**  
CATCHMENT MANAGEMENT AGENCY

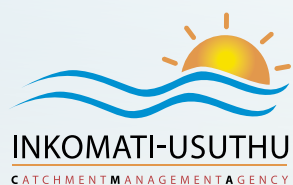
# SLOGAN:

***“IUCMA, YOUR PARTNER IN  
WATER MANAGEMENT”***



**INKOMATI-USUTHU**

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# ANNUAL REPORT 2017/18

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